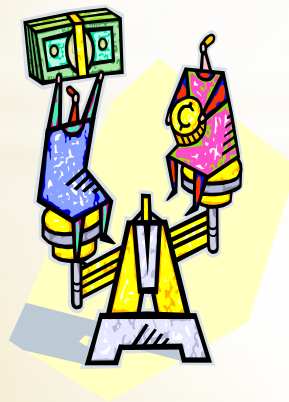
Basics of Budgeting



Local Government Services Bureau

Presented by: Tod Kasten

May 2016

*Goals for today:

- *- Budget is a legal document.
- *- Cover Some Basics: what, when, why, some definitions…
- *- Basic MCA (Montana Code Annotated)
- *- Reserves
- *- Steps in the process
- *- Cover the generic format of the budget
- *- Mill levy(s):
- *- Monitoring and Amendment
- *- Where you can get more information and assistance

A Local Government is comprised of:

* *Legislative Branch* (Council)

  Establishes laws and policy.

* *Executive Branch* (Mayor, Dept. Heads)

  Carries out the laws and policies.

The adopted budget is official policy based in Montana Code Annotated.

The executive branch is bound by it.

If the Executive Branch Exceeds the Budget as Adopted by the Legislative Branch, It has Violated the MCA (Montana Code Annotated).

Expenditures are limited to appropriations 7-6-4005 MCA:

* Local Government Officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund. A Local Government Official who violates this section is liable for the amount of the excess personally. *Subsequent* approval does not limit or mitigate this.

What is a budget and why do we need one?

Budget: A formal plan approved to control and finance the government's objectives and goals within a specific time period.

The plan includes the estimate of requirements (expenditures + reserves), and the resources available (total revenues + cash available), usually compared with one or more past periods.

It is a reasonable, right and responsible thing to do, and…

An annual government budget is **mandated** by Title 7, Chapter 6, Part 40 Montana Code Annotated. The budget is completed by fund and passed by the governing body.

LOCAL GOVERNMENT BUDGET ACT

BUDGET AND LEVIES TO DOA (7-6-4003)
The Local Government shall submit a complete copy of the final budget together with a statement of tax levies to the Department by the later of October 1 or 60 days after the receipt of the taxable values from the Dept. of Revenue. The Dept. of Admin. sets the format of the budget to use.

APPROPRIATION POWER (7-6-4006)
The governing body can appropriate money and may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. *Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue or previously unbudgeted revenue that will fund the appropriations*.

FEE BASED BUDGETS (7-6-4012)
The governing body, *in its final budget resolution, may authorize adjustments to appropriations funded by fees throughout the budget period (including enterprise funds, fee-based appropriations)* Adjustments must be based upon the cost of providing the services supported by the fee and fully funded by the related fees for services, fund reserves or non-fee revenues such as interest **NOTE: Good idea to consider doing this.**

PRELIMINARY BUDGET (7-6-4020)
A Preliminary Budget must be prepared by the local government and contain a list of all revenues and expenditures for prior year (actual amt) and (proposed) budget year. *Expenditures classified by salaries, operations & maintenance, capital outlay, debt service and transfers.* Projection of changes in fund or cash balances, detailed list of capital expenditures, debt obligations, schedule of personnel or position counts for prior year and budget year. Counties before June 1 (request) and before June 10 (receive) from all units/boards of the county.

LOCAL GOVERNMENT BUDGET ACT (cont.)

PUBLIC HEARING NOTICE (7-6-4021) (in accordance with 7-1-4127)
Give notice of public hearing by newspaper published twice with 6 days separating each publication and contain the following: date, time and place of hearing and contact information. (*except if population under 500* – posting in 3 public places designated by ordinance)

PUBLIC HEARING HELD (7-6-4024)
Hearing may continue from day to day; local government officials shall attend; must be concluded and budget approved by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable value.

RECEIPT AND EXPENDITURE PRIOR TO ADOPTION OF BUDGET (7-6-4025) Okay to receive and expend money between July 1 and date of the adopted final budget.

FINAL BUDGET RESOLUTION (7-6-4030) *Always effective 7/1/xx*
Preliminary budget may be amended after public hearing. Final budget approved by resolution. *It should establish legal spending limits at the level of detail in the resolution.*

BUDGET AMENDMENTS (7-6-4031)
Budget resolution can be amended, notice and hearing required- may be at regular scheduled council meeting. (Not required for Fee based- especially if MCA 7-6-4012 used) *May authorize the governing body or a designated official to transfer appropriations between items within the same fund.* **NOTE: Good idea to consider doing this.**

LOCAL GOVERNMENT BUDGET ACT (cont.)

EMERGENCY EXPENDITURES (7-6-4032)
Must be approved by 2/3 of governing body present at meeting.

EXPENDITURE LIMITATION (7-6-4033)
The governing body is limited to appropriations by resolution except as provided in 7-6-4006 , 7-6-4011, 7-6-4012, 7-6-4015, 7-6-4032 (debt payments, borrowing, fee-based budgets, judgments, emergency)

FIXING TAX LEVY (7-6-4036)
The tax levy shall be set by the later of the first Thursday after the first Tuesday in September or within 30 calendar days after receiving certified taxable value. Subject to (15-10-201: fix tax levies for any purpose shall make and fix every such levy in mills and tenths and hundredths of mills) and (15-10-420). At a level that will balance the budget as provided in (7-6-4034).

***Send letter &/or the resolution approving them to the County.**

Section 15-10-420 Imposes Limits on the Mill Levy Authority of Local Governments

The mill determination process by MCA:

7-6-4034. Determination of fund requirements -- property tax levy.
(1) ***After determining the final budget, the governing body shall determine the property tax levy needed for each fund by:***
(a) adding the total amount of the appropriations and authorized expenditures for the budget year;
(b) adding an additional amount, subject to the provisions of subsection (2), as a reserve to meet expenditures made from the fund during the months of July to November of the next fiscal year;
(c) subtracting the working capital; and
(d) subtracting the total estimated revenue, other than the property tax levy, for the budget year.
(2) After deducting from the amount of the appropriations and authorized expenditures the total amount appropriated and authorized to be spent for election expenses and payment of emergency warrants, **the amount that may be added as a reserve**, as provided in subsection (1)(b), to:
(a) a county's fund may not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the current fiscal year; and
(b) a city's or town's fund may not exceed one-half of the total amount appropriated and authorized to be spent from the fund during the current fiscal year.

History: En. Sec. 30, Ch. 278, L. 2001.

Budgets have an economic, political and technical basis

Economic - the allocation of scarce resources

Political – different interests and goals

Technical – forecasting the levels of revenues & expenditures

The Role of the Budget:

To Set Public Policy

* Allow time for public comment

Serve as a financial planning tool to implement plans

* Short-term goals and priorities
* Long-term goals and priorities
* Capital asset repair & replacement plan

Act as a control on taxes and spending

* Determined & approved by Legislative branch (City Council action)
* Followed by Executive branch (Mayor, Dept. Heads)

Terms used in the budget document:

Appropriations – Amount budgeted to spend (expenditures)

Working Capital – A fund's current assets minus current liabilities and designated reserves. MCA 7-6-4002.

Cash available – Cash on hand July 1st less any liabilities for claims/accounts payable from prior fiscal year.

Non-tax revenues – All revenues including grants, state entitlements, charges for services, local option tax and P & I and donations. Does not include the amount that will be collected from the mill levies for real and personal property taxes.

Terms used in the budget document - cont.:

Property Tax Revenues – The amount collected from the current year and prior year mill levies. (aka ad valorem) Does not include penalty and interest on delinquent taxes and local option taxes.)

Total Requirements = Appropriations + Cash Reserves

Total Resources = Cash Available + Total Revenues

Total Revenues = Non-Tax Revenues + Property Tax Revenues

Balanced Budget: Total Requirements = Total Resources

(Appropriations + Reserves) = (Available Cash + Est. Revenues)

Reserves can not be negative.

Cash Reserves…

Cash reserves defined:

* **Cash reserves** in a fund are **used to meet expenditures/expenses** made from that fund during the months of July to November
* **Provide "cash flow"** for levied funds awaiting the next major "tax payment"
* **Cash reserves** are limited for municipalities to ½ of the **total amount appropriated** and **authorized to be spent** from the tax-levied fund during the fiscal year
* **Cash reserves should not** be looked at as a "savings account" or "rainy-day fund" although they can be used in times of emergencies
  * A plan to replenish should be made if used for emergencies

DANGER! of not having cash reserves:

* **Negative** cash balances in funds

  This is the equivalent of "**unofficial & unapproved borrowing**" from another fund

* **Cash Flow** issues

* **Trouble** if anticipated revenues are not received as predicted in the budget or cost to provide services increases mid-year

* **Hardship** in times of equipment failure, disasters or other emergencies

Basis of Accounting:

- GASB 1700. Indicates that GAAP accounting is not required.

- Three methods:
  1. Cash
  2. Modified Accrual (Govt. Funds: Expenditures)
  3. Accrual (Expenses- Proprietary)

- In MCA 7-6-4020 expenditures are to be dealt with in the budget process. Thus, indicating/suggesting a modified accrual basis to be used for local government budgeting. Cash is tracked and monitored in many MCA's regarding budgets. Including non-cash expenses may complicate budget development and monitoring. Thus, State forms and procedures support modified accrual (or cash) basis budgeting.

- An entity may want to consider clarifying in the budget document or in the approving resolution what basis of accounting is used. And, it is suggested that an entity should use the modified accrual or cash basis. Thus, not having to deal with non-cash expenses. Such as depreciation or net pension expense.

Types of Budgets:

Fixed – Spending cap which can't be exceeded without a budget amendment (Levied Funds)

Flexible – Varying level of spending based on demand or revenues (Enterprise Funds or fee-based budgets) 7-6-4012 MCA

Steps of the budgetary process:

* Budget formulation – reflecting on the past, set goals for the future and reconcile the difference
  - -Review Prior year budget and actual
* Revenue and Expenditure Estimation
* Budget hearings – include departments, sections, the public to discuss changes in the budget
* Budget adoption – final approval by the governing body
* Budget Execution – following the budget by budget to actual comparisons through the year and amending the budget if necessary

When can I start on the budget?

Plan throughout the year for the next year's budget by:

-Keeping notes on plans and priorities discussed during meetings

Prioritize projects throughout the year

-Note any upcoming changes to revenues & expenditures

-Review budget to actual comparisons throughout the year. Note significant changes

Are revenues coming in as planned?

Have you experienced unanticipated expenditures? Necessary budget amendments?

Keep accurate accounting records (correct account numbers and object codes)

What side of the budget to start on?

Revenues first

~ or ~

Expenditures first

There isn't a right answer….

Revenues including mill levies are limited – therefore, expenditures are limited by the amount of incoming revenues

Remember that **cash reserves** are important and can't be overlooked – they are not a rainy day savings account but a tool for ensuring cash flow in levied funds. (Cover expenditures July to Nov.)

Do we have to wait until after we calculate the mill levy to start our budget?

No – You can estimate your mill levy by using the amount that was levied in the prior fiscal year to start your budget for levied funds.

For non-levied funds use the amount of your charges for services in the prior fiscal year plus any approved rate increases

Where do I find the information to use on the budget?

Prior year budget to actual report for revenues and expenditures by fund and object code

Determine changes to revenues by reviewing the following:

State Entitlement – MT Dept. of Revenue website: http://revenue.mt.gov/home/local_governments

Gas Tax Apportionment – you will receive a letter from the MT Dept. of Transportation

Grants and other one-time revenues – from the granting agency, your contract and any engineers involved with the project.

Remember to budget for any matching funds

Water, Sewer, Garbage & Assessments – charges for services (budget for any upcoming rate increases)

Rate x # of customers = charges for services

Review all prior and all upcoming expenditures -

Consider:

* Prior year expenditures – will they be similar in upcoming year?
* Capital projects - ongoing or new projects

  (Budget for expenditures for grants and loans)
* Necessary repairs to equipment, infrastructure & facilities
* Changes in the cost to provides services such as utility increases, gas price fluctuations, chemical prices, etc.
* Payroll changes

  Raises, personnel changes, cost of benefits, upcoming retirements (vacation, sick leave payouts)
* Other Fixed Charges – liability and comp insurance, maintenance agreements
* Due to/from others and transfers
* Loan Proceeds
* Accruals (Expenses and Revenues) Make appropriate entries to cover them and to help insure a 12 month budget cycle

LEVEL OF BUDGETARY CONTROL:

* **Fund - General: 1000**
* **Function - General Govt.: 41xxxx**
* **Activity- Financial Services: 410500**
* **Sub-activity- Administration: 410510**
* **Object- Personal Services: 410510 100**
* **Sub-object Level- Salaries/Wages: 410510 110**

This detail may provide better management and planning. State documents only require summary level information. Example, just by 100, 200-800, 600-699, and 900 object code for General Fund. NOTE: Legal budgetary control is at total fund level, MCA 7-6-4005

We have gathered preliminary information – Now what?

Determine what format you will use to do the budget –

Excel budget document

- or -

Paper copy of the budget document

(Prints on legal-size paper)

Note: can change to print on letter.

You can use a format similar to the LGSB document as long as it contains the **equivalent information**

Using the current forms:

They change every year- insure you have the correct form.

Download the budget & mill levy comp form from the LGSB website

(Typically the new forms are available by May)

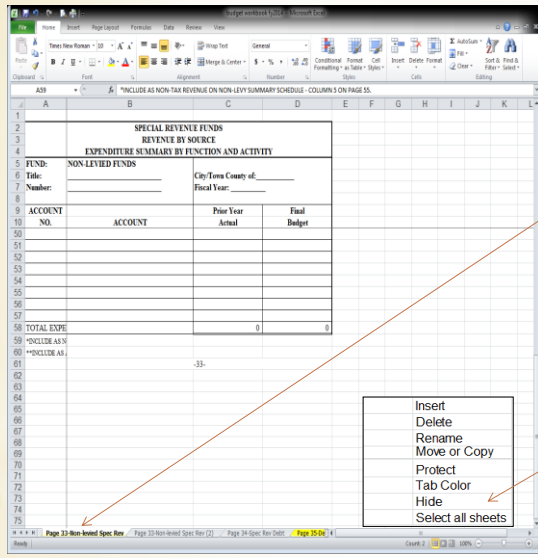
http://sfsd.mt.gov/LGSB

Right side of page – under Accounting & Management Section

~ Accounting forms and documents

~ Budget reports

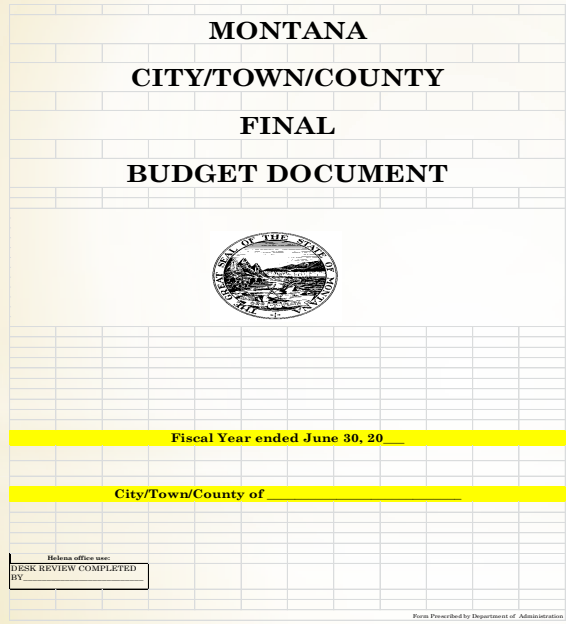
Hint: The budget document has lots of pages – If you don't need a page because it is a county-only page or a type of fund you don't have - Hide the pages you don't need by right clicking on the tab at the bottom of the page and click on hide



To hide unused/ unnecessary pages:

1) Right click on the tab at the bottom of the page

2) Click on hide



Complete the cover page ~ input fiscal year of the budget and name of local government:

Upcoming budget for:

Fiscal Year ended June 30, 2017

City or Town of
Your town/city name here

MONTANA CITY/TOWN/COUNTY FINAL BUDGET DOCUMENT
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Hide the row or cross out references to pages you are not including with your budget document

BUDGET CERTIFICATION

THIS IS TO CERTIFY that the Annual Budget for Fiscal 20___, was prepared according to law and adopted by the City/Town Council, City/Town Commission, Board of County Commissioners, on _____, 20__; and that all financial date and other information set forth herein are complete and correct to the best of my knowledge and belief.

Signed _____ Date _____
Mayor

Signed _____ Date _____
Manager

City/Town of_____

Ensure the budget document is signed before mailing to the Dept of Admin.

Cities/Towns

CLASS OF CITY/TOWN.....

COUNTY LOCATED IN.....

YEAR ORGANIZED.....

REGISTERED VOTERS.....

AREA (SQ. MILES).....

POPULATION OF CITY/TOWN.....

FORM OF GOVERNMENT.....

NUMBER OF EMPLOYEES (ELECTED).....

NUMBER OF EMPLOYEES (NON-ELECTED).....

MILES OF STREETS AND ALLEYS.....

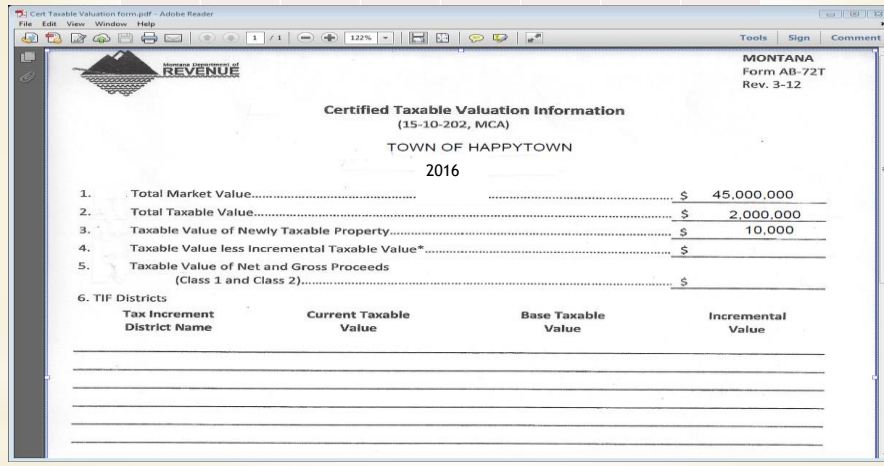
MUNICIPAL WATER

NUMBER OF CONSUMERS.....

WATER RATE PER 1,000 GALLONS.....

SEWER RATES.....

CERTIFIED TAXABLE VALUATION FORM



MONTANA
Form AB-72T
Rev. 3-12

Certified Taxable Valuation Information
(15-10-202, MCA)

TOWN OF HAPPYTOWN

2016

1. Total Market Value..... $ 45,000,000
2. Total Taxable Value..... $ 2,000,000
3. Taxable Value of Newly Taxable Property..... $ 10,000
4. Taxable Value less Incremental Taxable Value*..... $
5. Taxable Value of Net and Gross Proceeds (Class 1 and Class 2)..... $

6. TIF Districts

Tax Increment District Name	Current Taxable Value	Base Taxable Value	Incremental Value

Suggestion: Include the Mill Levy Determination Form also.

Date of form corresponds to the real property taxes to be billed/levied that November. Don't get confused: It is a year behind the budget being worked on.

	NAME OF CITY/TOWN OFFICIALS/OFFICERS	DATE TERM EXPIRES
Mayor		
Council/Commission		
City Manager		
Administrative Assistant		
Attorney		
Chief of Police		
Clerk		
Clerk/Treasurer		
Finance Director		
City Judge		
Treasurer		
Water/Sewer/Garbage Collector		

CITY/TOWN OF

SCHEDULE OF PERSONNEL LEVELS

OPERATING FUNDS

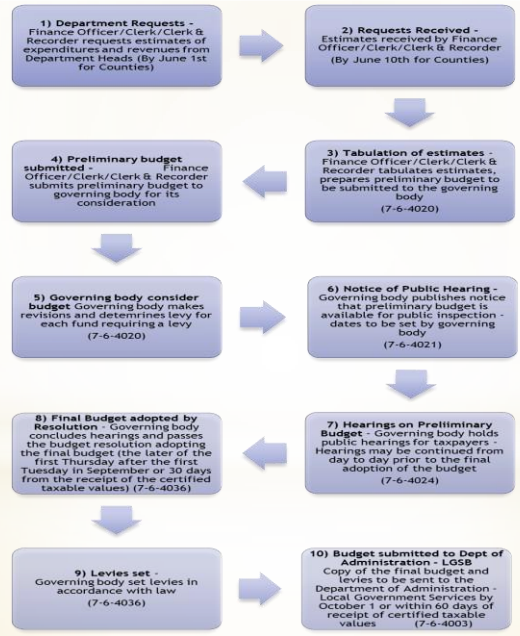
ELECTIVE AND NON-ELECTIVE EMPLOYEES

FUND	____ FY PERMANENT FULL-TIME EMPLOYEES	____ FY PERMANENT FULL-TIME EMPLOYEES	____ FY PERMANENT FULL-TIME EMPLOYEES	CURRENT FY PERMANENT FULL-TIME EMPLOYEES
General				
Airport				
Library				
Ambulance				
Cemetery				
Planning				
Water				
Sewer				
Solid Waste				
Gas/Electric				
Total City/Town Employees	0	0	0	0

Note: Do not include any FTE for those who are not employed directly by the entity.

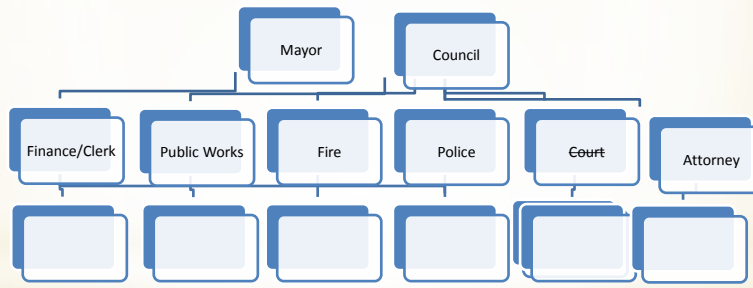
Local Government Budget Calendar

Local Budget Act: Title 7, Chapter 6, Part 40 MCA



Organizational Chart:

Update for your entity



In regards to the next page (typically page 9) of a budget… CHANGES are proposed. CHANGES if any will be posted hopefully prior to July 15, 2016

A small part of MCA (15-10-420) Procedure for calculating levy:

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

TAXABLE VALUATION/MILL LEVY
HISTORY AND ANALYSIS

Changes Proposed - This form may change

(NOTE: This analysis includes only those levies subject to the limitations of Section 15-10-420, MCA and does not include voted or permissive levies. In addition, only the levies assessed entity-wide are to be included.)

FISCAL YEAR	ENTITY-WIDE TAXABLE VALUATION	%INCREASE (DECREASE) FROM PREVIOUS YEAR	PREVIOUS YEAR LEVY	CURRENT YEAR AUTHORIZED LEVY	FLOATED MILL-UP (DOWN)	CURRENT YEAR ACTUAL LEVY	CARRY FORWARD MILLS AVAILABLE
1998-1999**	1,600,000	N/A	N/A	42.00	N/A		
1999-2000	1,650,000	3.13%	42.00	41.00	(1.00)	41	0.00
2000-2001	1,600,000	-3.03%	41.00	43.00	2.00	43	0.00
2001-2002	1,600,000	0.00%	43.00	43.00	0.00	43	0.00
2011 - 2012	1,700,000	-5.56%	46.00	45	(1.00)	44	1.00
2012 - 2013	1,900,000	11.76%	45.00	53	8.00	52	1.00
2013 - 2014	2,200,000	15.79%	53.00	45.33	(7.67)	45.33	0.00
2014 - 2015	2,000,000	-9.09%	45.33	50.83	5.50	50.83	0.00
		-100.00%	50.83		(50.83)		0.00
						Total carry-forward mills available:	2.00

**NOTE: 1998-1999 is the first base year under the provisions of Section 15-10-420, MCA. Each subsequent fiscal year becomes the base year for the next fiscal year. This section also allows an entity to carry forward any levies which could have been levied but were not to future periods.

The current year levies are at the maximum levels authorized under Section 15-10-420, MCA.
If not at maximum levels the difference will be shown in the carry-forward column. The difference between the amount authorized (column i) and the amount actually levied (column m) will be completed by a formula.

If you have levies that are voted/judgement/permissive levies please list below:
Permissive Medical Levy - 5 mills

Page 9 of typical Budget Format

Shows the history of certified taxable value, authorized mill levy and the actual mill levy

Current year info was input in the yellow cells

A. General Fund

Fund #1000

Revenue by Source

Expenditure Summary by

Function, Activity and Object

General Fund
Non-Tax
Revenue pages

Step 1: Input prior year's actual – round to nearest dollar

Notice:

There is no place to enter property taxes

Reason: They are only input on the Tax Levy Requirement Schedule. By MCA 7-6-4034 figure taxes/mills after everything else.

Step 2: Input estimated non-tax revenues

GENERAL FUND SUMMARY OF REVENUES BY SOURCE

SOURCE NO.	SOURCE DESCRIPTION	Previous Year Actual	Final Budget
310000	TAX REVENUES (Non-levied Ad Valorem Tax)		
312000	Penalty and Interest on Delinquent Taxes		
314140	*Local Option Tax (1/2%)		
314200	Flat Tax - Coal		
316100	Entitlement Levy Transfer		
SUBTOTAL	.....	0	0
320000	Licenses and Permits		
322000	Business Licenses		
10	Alcohol Beverage (Liquor/Beer/Wine)		
20	General/Professional and Occupational		
323000	Non-Business Licenses and Permits		
10	Building Permits		
30	Animal Licenses		
40	Concealed Weapon Permits		
50	Other Miscellaneous Permits		
SUBTOTAL	.....	0	0
330000	INTERGOVERNMENTAL REVENUES		
331000	Federal Grants (List and Describe)		
333000	Federal Payments in Lieu of Taxes		
20	Taylor Grazing		
40	Payments in Lieu (P.I.L.T.)		
70	Refuge Revenue Sharing		
334000	State Grants (List and Describe)		
335000	State Shared Revenues		
25	Drivers' License Reinstatements		
60	Coal Tax Apportionment		
65	Oil and Gas Production Tax		
80	911 Emergency Number		
95	District Court Reimbursement		
100	Bed Tax Apportionment		
110	Live Card Game Table Permits		
120	Gambling Machine Permits		
210	Personal Property Tax Reimbursement		
230	State Entitlement Share		

*NOTE: Can be used for any purpose as designated by governing body.

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Total at the bottom of the page is the non-tax revenue that is input on the

Tax Levy Requirement Schedule Column (5) page 53

GENERAL FUND SUMMARY OF REVENUES BY SOURCE

SOURCE NO.	SOURCE DESCRIPTION	Previous Year Actual	Final Budget
350000	FINES AND FORFEITURES		
351010	Justice Court		
11	50% Share of Fines		
12	Civil Fines		
13	Drug Forfeitures		
14	Tobacco Possession and Consumption		
351020	District Court Fines		
351030	City/Town Court Fines		
351040	Other		
SUBTOTAL	.....	0	0
360000	MISCELLANEOUS REVENUES		
361000	Rents/Leases		
362000	Other		
365000	Contributions/Donations		
SUBTOTAL	.....	0	0
370000	INVESTMENT AND ROYALTY EARNINGS		
371000	Investment Earnings		
372000	Royalties		
SUBTOTAL	.....	0	0
380000	OTHER FINANCING SOURCES		
381000	Proceeds of General Long-Term Debt		
50	Inception of Capital Lease Agreement		
70	Proceeds from Notes/Loans/Intercap		
382000	Proceeds of General Fixed Asset Disposition		
10	Sale of Assets		
SUBTOTAL	.....	0	0
383000	Interfund Operating Transfer (Specify Fund)		
SUBTOTAL	.....	0	0
TOTAL GENERAL FUND NON-TAX REVENUES		0	0

**INCLUDE AS NON-TAX REVENUE ON TAX LEVY REQUIREMENT SCHEDULE - COLUMN 5 ON PAGE 53

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Total of General Fund **Non-tax Revenues** is input here

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation_____
Tax Valuation:_____
1 Mill Yields(10):_____

Fiscal Year: 2016-2017

Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
	TOTAL	0	0	0	0	0	0	0	0	0	0

-53-

General Fund

Expenditure Pages

Start by inputting the prior year's actual expenditures and the previous year estimated FTE **(full-time equivalent employee numbers)**

Next step: Input the estimated expenditures by account and object code

FUND: Title: GENERAL Number: 1000		EXPENDITURES BY ACTIVITY AND OBJECT			City/Town/County of: Fiscal Year:					
ACCOUNT NO.	ACCOUNT	Previous Year F.T.E.	Previous Year Budget	Previous Year Actual	Authorized F.T.E.	(100) Personnel Services	(200-800) Operating & Maintenance	(600-699) Principal & Interest	(900) Capital Outlay	Final Budget
410000	GENERAL GOVERNMENT									
410100	Legislative Services									0
410200	Executive Services									0
410320	*District Courts									0
410340	Justice Courts									0
410360	Municipal Courts									0
410400	Administrative Services									0
410500	Financial Services									0
410510	Administration									0
410530	Auditing									0
410540	Treasurer									0
410550	Accounting									0
410580	Data Processing									0
410590	Assessor									0
410600	Elections									0
410700	Purchasing Services									0
410800	Personnel Services									0
410900	Records Administration									0
411000	Planning and Research Services									0
411100	Legal Services									0
411200	Facilities Administration									0
411300	Central Communication									0
411400	Engineering Services									0
411500	Estate Administration									0
411600	Public School Administration									0
411800	Others (List)									0
										0
										0
										0
										0
										0
SUBTOTAL	.....	0	0	0	0	0	0	0	0	0

*Total shown here should be the total from page 21.

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FUND: Title: GENERAL Number: 1000		EXPENDITURES BY ACTIVITY AND OBJECT			Town of Happytown Fiscal Year					
ACCOUNT NO.	ACCOUNT	Previous Year F.T.E.	Previous Year Budget	Previous Year Actual	Authorized F.T.E.	(100) Personnel Services	(200-800) Operating & Maintenance	(600-699) Principal & Interest	(900) Capital Outlay	Final Budget
480000	CONSERVATION OF NATURAL RESOURCES									
480100	Soil Conservation									0
480200	Water Quality Control									0
480300	Air Quality Control									0
	Others (List)									0
										0
										0
										0
SUBTOTAL	.....	0	0	0	0	0	0	0	0	0
490000	DEBT SERVICE									
490400	Interest on Registered Warrants									0
490500	Other Interest Principal Payments									0
SUBTOTAL	.....	0	0	0	0	0	0	0	0	0
510000	MISCELLANEOUS									
*510100	Special Assessments									0
510200	Judgements									0
510300	Unallocated Costs									0
	Others (List)									0
										0
										0
SUBTOTAL	.....	0	0	0	0	0	0	0	0	0
520000	OTHER FINANCING USES									
521000	Operating Transfers Out									0
	(Itemize by Fund)									0
										0
										0
										0
SUBTOTAL	.....	0	0	0	0	0	0	0	0	0
	TOTAL EXPENDITURES	3.5	184,500	0	0.0	0	0	0	0	0 **

* CITY/COUNTY PORTION OF SID BONDS/MAINTENANCE

** INCLUDE AS APPROPRIATIONS ON TAX LEVY REQUIREMENT SCHEDULE - COLUMN 1 ON PAGE 53.

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When finished inputting the General Fund Expenditures move the total to the Tax Levy Requirement Schedule; Column (1) on page 53

Move the total of the General Fund Expenditures here:

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation_____
Tax Valuation:_____
1 Mill Yields(10):_____

Fiscal Year: 2016-2017
Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
1000	General Fund			0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
	TOTAL	0	0	0	0	0	0	0	0	0	0

***Appropriations compared to Total Revenues:** 0

Total Requirements compared to Total Resources 0

-53-

Complete the Tax Levy Requirement Page:

1. Input Assessed (Market),Taxable Value & Value Per Mill
2. Input the Actual # of Mills to be Levied
3. Input the Property Tax (Mill levy x Value per Mill)

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation_____
Tax Valuation:_____
1 Mill Yields(10):_____

Fiscal Year 2016-2017
Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
1000	General Fund			0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
	TOTAL	0	0	0	0	0	0	0	0	0	0

***Appropriations compared to Total Revenues:** 0

Total Requirements compared to Total Resources 0

-53-

Input the Cash Available: Available cash on June 30 after all claims have been paid

Figure the budgeted Cash Reserve

Cash reserves are important for cash flow {Maximum 50% for towns (33.3% counties) of Appropriations}

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation_____
Tax Valuation:_____
1 Mill Yields(10):_____

Fiscal Year: 2016-2017

Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

-53-

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
1000	General Fund			0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
		0	0	0	0	0	0	0	0	0	0

*Appropriations compared to Total Revenues: 0 *if negative appropriations exceed revenues

Total Requirements compared to Total Resources 0 *if other than zero budget is not balanced

0 balanced Budget
Position number -Okay?
Negative number - NO!

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation_____
Tax Valuation:_____
1 Mill Yields(10):_____

Fiscal Year: 2016-2017

Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

-53-

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
1000	General Fund			0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
	TOTAL	0	0	0	0	0	0	0	0	0	0

*Appropriations compared to Total Revenues: 0

Total Requirements compared to Total Resources 0

Total Requirements = Total Resources

Amount to be spent (Appropriations) compared to the Revenues

Column 1 compared to **Column 7**

*If Appropriations are higher than revenues you are spending more than you are receiving

*Green boxes are formulas - use caution - don't overwrite

Town of Happytown
TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES

Assessed Valuation: 45,000,000
Tax Valuation: 2,000,000
1 Mill Yields(10): 2,000

Fiscal Year: 2016-2017

Page No. 1 of 1

*Column (3) Total Requirements must equal Column (8) Total Resources

-53-

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) *should equal column (8) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Non-Tax Revenues	(6)=(9)X(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) *should equal column (3) Total Resources	(9)=(6)÷(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Ending Cash Balance
1000	General Fund	200,000	100,000	300,000	110,000	88,350	101,650	190,000	300,000	50.83	100,000
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
				0				0	0		0
	TOTAL	200,000	100,000	300,000	110,000	88,350	101,650	190,000	300,000	51	100,000

*Appropriations compared to Total Revenues: -10,000

Total Requirements = Total Resources: 0

Is the General Fund budget in balance? Total Requirements = Total Resources

Are my Cash Reserves ok? Cash Reserves are 50% of Appropriations – If Cash Reserves are less than 25% of Appropriations you may have cash flow issues from July – November when incoming tax revenues are minimal

What about Appropriations compared to Revenues?

Appropriations are $200,000 – Revenues are $190,000 – (For your information) – if this trend continues your cash reserves will keep decreasing.

How much do you need in cash reserves?

An example would be to take your **appropriations** for the year - **divide by 12** to figure the monthly amount of appropriations (Or review prior year actual expenses from July thru October or November and use that total)

Multiply the monthly amount **by 4 (25%)(or even better- 5!)**

Or use actual expenditures from prior year:July-Oct.

This should be the **minimum in cash reserves** you keep for levied funds

Example:

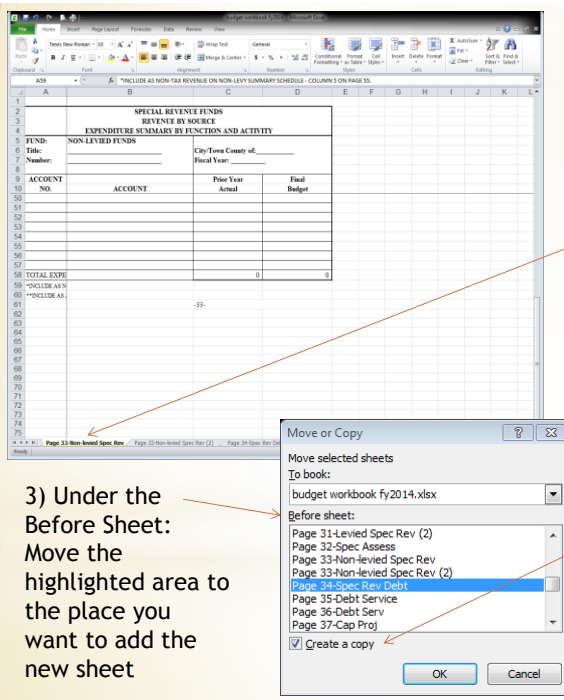
* Total General Fund **appropriations** from prior year was **$200,000**
* $200,000/12 months = **$16,667 a month**
* $16,667 x 4 = **$66,668**
* **Minimum cash reserves** in General Fund should maybe be **$66,668**
  * Reserves will provide cash flow from July to November

Special Revenue section includes levied and non-levied fund categories.

*Levied means funds that have a tax levy

*Non-levied funds may receive a transfer in or other revenue but do not have a mill levy

SPECIAL REVENUE FUNDS REVENUE BY SOURCE EXPENDITURE SUMMARY BY FUNCTION AND ACTIVITY			
FUND: Title: Number:	NON-LEVIED FUNDS _____ _____	Town of Happytown Fiscal Year 2017	
ACCOUNT NO.	ACCOUNT	Prior Year Actual	Final Budget
NON-TAX REVENUES			
TOTAL REVENUES……..…..*		0	0
EXPENDITURES			
TOTAL EXPENDITURES ……..…… **		0	0



To copy & add additional pages:

1) Right click on the tab at the bottom of the page

Pop up window-- Note: Can also hide or unhide or In this case "move or copy"

2) Check the create a copy box

3) Under the Before Sheet: Move the highlighted area to the place you want to add the new sheet

1) Complete the Fund Title and Fund Number

Enter Entity Name and FY

2) Input the **Revenue** Account # from BARS & Title

3) Input Prior Year Actual Amount

4) Input Final Budget

5) Input **Expenditure** Account # from BARS & Title

6) Prior Year Actual

7) Final Budget Amount

SPECIAL REVENUE FUNDS REVENUE BY SOURCE EXPENDITURE SUMMARY BY FUNCTION AND ACTIVITY			
FUND: Title: Number:	NON-LEVIED FUNDS Gas Tax 2820	Town of Happytown Fiscal Year 2017	
ACCOUNT NO.	ACCOUNT	Prior Year Actual	Final Budget
NON-TAX REVENUES			
TOTAL REVENUES……..... *		0	0
EXPENDITURES			
TOTAL EXPENDITURES ……..... **		0	0

Example

SPECIAL REVENUE FUNDS REVENUE BY SOURCE EXPENDITURE SUMMARY BY FUNCTION AND ACTIVITY			
FUND: Title: Number:	NON-LEVIED FUNDS Gas Tax 2820	Town of Happytown Fiscal Year 2016	
ACCOUNT NO.	ACCOUNT	Prior Year Actual	Final Budget
NON-TAX REVENUES			
335040	Gas Tax Apportionment	20,200	20,500
TOTAL REVENUES……..... *		20,200	20,500
EXPENDITURES			
430240 - 200	Street Maintenance Supplies	3,500	5,000
430240 - 300	Street Maintenance Purchased Services	3,500	5,000
TOTAL EXPENDITURES ……..... **		7,000	10,000

The budgeted totals are moved to the Non-Levied Funds - Summary Schedule

The Revenue Total: $20,500

The Expenditure Total: $10,000

Town of Happytown

NON-LEVIED FUNDS - SUMMARY SCHEDULE

Fiscal Year: 2016-2017

Page 1 of 1

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Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Total Non-Tax Revenues	(6)=(4)+(5) Total Resources	Estimated Ending Cash Balance
2820	Gas Tax	10000				20,500		
				0			0	0
				0			0	0
				0			0	0
				0			0	0
	TOTAL		0	0	0		0	0

*Appropriations compared to Total Revenues: 0

Input the Fund Number & Fund Name

Input the Total Appropriations $10,000

Input the Total Non-Tax Revenues $20,500

TOWN OF HAPPYTOWN

NON-LEVIED FUNDS - SUMMARY SCHEDULE

Fiscal Year 2016-2017

Page 1 of 1

-55-

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Total Non-Tax Revenues	(6)=(4)+(5) Total Resources	Estimated Ending Cash Balance
2820	Gas Tax	10,000	35,500	45,500	25,000	20,500	45,500	35,500
				0			0	0
				0			0	0
				0			0	0
				0			0	0
				0			0	0

*Appropriations compared to Total Revenues: 10,500

Input Cash Available

Cash on June 30th after all claims are paid

Next - input the Budgeted Cash Reserve

Note:
Total Requirements = Total Resources

Appropriations compared to Revenues
$10,000 < $20,500

E. Enterprise Funds

5000

Water Fund follows a flexible budget

Flexible – Varying level of spending based on demand or revenues (Enterprise Funds or fee-based budgets) 7-6-4012 MCA

7-6-4012. Fee based budgets -- adjustable appropriation. (1) In its final budget resolution, the governing body may authorize adjustments to appropriations funded by fees throughout the budget period. Adjustable appropriations are:

(a) proprietary fund appropriations; or

(b) other appropriations specifically identified in the local government's final budget resolution as fee-based appropriations.

(2) Adjustments of fee-based appropriations must be:

(a) based upon the cost of providing the services supported by the fee; and

(b) fully funded by the related fees for services, fund reserves, or non-fee revenue such as interest.

7-6-4013. Fees for services – How to set/determine them and the required hearing and resolution requirements

NOTE: Even if you use 4012; you maybe should adjust the budget in your accounting software if you are going over the original appropriation.

Enterprise portion of the budget document contains pages for water, sewer, solid waste, hospital, etc.

There are also separate pages for capital expenditure details

Use these pages for ongoing projects - These pages should reconcile to the total you listed on the Fund Budget Summary Page

ENTERPRISE FUND BUDGET SUMMARY

FUND:	**WATER OPERATING**		
Title:		**Town of Happytown**	
Number:	**5210**	**Fiscal Year**	
ACCOUNT NO.	**ACCOUNT**	**Previous Year Actual**	**Final Budget**
REVENUE			
343020	WATER REVENUES		
021	Metered Water Sales		
022	Unmetered Water Sales		
023	Bulk and Irrigation Water Sales		
024	Sale of Water, Materials and Supplies		
025	Water Permits		
026	Water Installation Charges		
027	Miscellaneous Water Revenue		
371000	INVESTMENT EARNINGS		
383000	TRANSFERS IN (From other Funds)		
	Itemize by Fund		
TOTAL REVENUES **		0	0
EXPENSES			
430500	WATER UTILITIES		
100	Personal Services (FTE)		
200	Supplies		
300	Purchased Services		
400	Materials		
500	Fixed Charges		
900	*Capital Outlay		
490000	DEBT SERVICE		
610	Principal		
620	Interest		
630	Service Charge		
521000	TRANSFERS OUT (To Other Funds)		
	Itemize by Fund		
TOTAL EXPENSES ***		0	0
510400	NON-CASH EXPENSES		
830	Depreciation - Retained Earnings		
840	Depreciation - Contributed Capital		
239000	Compensated Absences		
TOTAL NON-CASH EXPENSES		0	0
	OTHER CASH USES		
211000	Due to Other Funds		
	Additions to Restricted Accounts		
102210	Sinking/Interest		
102220	Reserve		
102230	Surplus		
102240	Replacement/Depreciation		
TOTAL OTHER CASH USES		0	0
TOTAL EXPENSES AND OTHER CASH USES		0	0

***SHOW DETAIL ON PAGE 45.**

****INCLUDE AS NON-TAX REVENUE ON NON-LEVIED FUNDS SUMMARY SCHEDULE - COLUMN 5 ON PAGE 55.**

*****INCLUDE AS APPROPRIATIONS ON NON-LEVIED FUNDS SUMMARY SCHEDULE - COLUMN 1 ON PAGE 55.**

ENTERPRISE FUND BUDGET SUMMARY
CAPITAL EXPENDITURES SUPPLEMENT - DETAIL
(Water and Sewer)

FUND:		**City/Town County of:**	
Title:		**Fiscal Year:**	
Number:			
ACCOUNT NO.	**DESCRIPTION**	**Previous Year Actual**	**Final Budget**
189100	SOURCE OF SUPPLY:		
	Land Rights		
	Structures		
	Reservoirs		
	Wells		
TOTAL SOURCE OF SUPPLY		0	0
189200	PUMPING PLANT:		
	Land Rights		
	Structures		
	Pumps		
TOTAL PUMPING PLANT		0	0
189300	TREATMENT PLANT:		
	Land Rights		
	Structures		
	Treatment Equipment		
TOTAL TREATMENT PLANT		0	0
189400	TRANSMISSION AND DISTRIBUTION:		
	Land Rights		
	Structures		
	Mains		
	Services		
	Meters		
	Hydrants		
TOTAL TRANSMISSION AND DISTRIBUTION		0	0
189500	GENERAL PLANT:		
	Land Rights		
	Structures		
	Machinery and Equipment		
TOTAL GENERAL PLANT		0	0
*TOTAL UTILITY ASSETS		0	0

***Total shown here to be same as total on page 41 for Water Operating 900 Capital Outlay and Page 42 for Sewer Operating 900 Capital Outlay.**

Water Fund

Input Previous Year Actual figures

Input budgeted amounts charges for services

# of accounts x rate x 12 months = Water Sales (Or prior year revenue if no known changes)

Input any investment earnings

ENTERPRISE FUND BUDGET SUMMARY			
FUND:	WATER OPERATING		
Title:		Town of Happytown	
Number:	5210	Fiscal Year 2017	
ACCOUNT NO.	ACCOUNT	Previous Year Actual	Final Budget
REVENUE			
343020	WATER REVENUES		
021	Metered Water Sales		
022	Unmetered Water Sales		
023	Bulk and Irrigation Water Sales		
024	Sale of Water, Materials and Supplies		
025	Water Permits		
026	Water Installation Charges		
027	Miscellaneous Water Revenue		
371000	INVESTMENT EARNINGS		
383000	TRANSFERS IN (From other Funds)		
	Itemize by Fund		
TOTAL REVENUES **		0	0

ENTERPRISE FUND BUDGET SUMMARY			
FUND:	WATER OPERATING		
Title:		Town of Happytown	
Number:	5210	Fiscal Year 2017	
ACCOUNT NO.	ACCOUNT	Previous Year Actual	Final Budget
REVENUE			
343020	WATER REVENUES		
021	Metered Water Sales	49,000	48,000
022	Unmetered Water Sales		
023	Bulk and Irrigation Water Sales		
024	Sale of Water, Materials and Supplies		
025	Water Permits		
026	Water Installation Charges		
027	Miscellaneous Water Revenue		
371000	INVESTMENT EARNINGS	1,900	2,000
383000	TRANSFERS IN (From other Funds)		
	Itemize by Fund		
TOTAL REVENUES **		50,900	50,000

After inputting the Water final budget numbers:

Transfer the total revenues to the Non-levied Fund - Summary Schedule

EXPENSES			
430500	WATER UTILITIES		
100	Personal Services (FTE)	24,000	25,000
200	Supplies	21,000	25,000
300	Purchased Services	5,000	5,000
400	Materials		
500	Fixed Charges		
900	*Capital Outlay		
490000	DEBT SERVICE		
610	Principal		
620	Interest		
630	Service Charge		
521000	TRANSFERS OUT (To Other Funds)		
	Itemize by Fund		
TOTAL EXPENSES ***.....		50,000	55,000
510400	NON-CASH EXPENSES		
830	Depreciation - Retained Earnings		
840	Depreciation - Contributed Capital		
239000	Compensated Absences		
TOTAL NON-CASH EXPENSES.....		0	0
	OTHER CASH USES		
211000	Due to Other Funds		
	Additions to Restricted Accounts		
102210	Sinking/Interest		
102220	Reserve		
102230	Surplus		
102240	Replacement/Depreciation		
TOTAL OTHER CASH USES.....		0	0
TOTAL EXPENSES AND OTHER CASH USES.....		50,000	55,000

***SHOW DETAIL ON PAGE 45.**

****INCLUDE AS NON-TAX REVENUE ON NON-LEVIED FUNDS SUMMARY SCHEDULE - COLUMN 5 ON PAGE 55.**

*****INCLUDE AS APPROPRIATIONS ON NON-LEVIED FUNDS SUMMARY SCHEDULE - COLUMN 1 ON PAGE 55.**

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Input the Prior Year Actual Numbers for Expenses

Enter the budgeted Expenses

Transfer the Total "Cash Expenses" to the Non-Levied Funds Summary Schedule

Note the Non-Cash Expenses section – Use this for Depreciation expense & additions to R&D, Reserves, etc.

Don't transfer this total to Summary Schedule- if you budget on cash or modified accrual basis.

Insure Outside required Reserves are covered; Example: Debtors (future payment)

TOWN OF HAPPYTOWN

NON-LEVIED FUNDS - SUMMARY SCHEDULE

Fiscal Year: 2016-2017

Page 1 of 1

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) Total Requirements	(4) Cash Available (Less current liabilities)	(5) Total Non-Tax Revenues	(6)=(4)+(5) Total Resources	Estimated Ending Cash Balance
5210	Water	55,000	10,000	65,000	15,000	50,000	65,000	10,000
				0			0	0
				0			0	0
				0			0	0
				0			0	0
				0			0	0
			*Appropriations compared to Total Revenues:		(5,000)			

Transfer the Appropriations & Non-Tax Revenues from the Water Budget Summary Page

Input the Cash Available (the June 30 cash after all claims paid)

Figure the Budgeted Cash Reserve

Ensure Total Requirements = Total Resources (must be balanced)

Note: Appropriations compared to revenues -$5,000

(Appropriations $55,000 compared to Revenues $50,000)

The mill levy determination

- Property tax levies are covered in MCA Title 15 Chapter 10
- Typically will receive the tax valuation form by the end of July or the first part of August-- So normally the budget process is started using the actual revenues from the prior year as a starting point.
- After you receive the tax valuation, complete the tax revenue and mill levy form and update the estimated revenue(s) in the budget (It is only on page 53 of the State budget form)
- These forms change and are different from year to year. **You must use the correct form** - pg. 2 of form is instructions

Montana Department of REVENUE

MONTANA
Form AB-72T
Rev. 3-12

2016 **Certified Taxable Valuation Information**
(15-10-202, MCA)

Montana County
Any Town

1.	Total Market Value*	$	33,411,408
2.	Total Taxable Value	$	873,706
3.	Taxable Value of Newly Taxable Property	$	393,235
4.	Taxable Value less Incremental Taxable Value**	$	873,706
5.	Taxable Value of Net and Gross Proceeds*** (Class 1 and Class 2)	$	-

One mill is Taxable Value divided by 1,000

Use the Certified Taxable Valuation Information to complete Lines 5 - 5d (if applicable)

Use the **Taxable Value** number

To figure the value of one mill:

~ Divide by 1000

or

~ Move the decimal place 3 places to the left

1 mill = 873.706

DETERMINATION OF TAX REVENUE AND MILL LEVY LIMITATIONS
UNDER SECTION 15-10-420, MCA

AGGREGATE OF ALL FUNDS /OR _____ FUND
FYE JUNE 30, XXXX
COUNTY/CITY/TOWN OF _____

Numbers appearing in GREEN are ADDITIONS
Numbers appearing in RED are SUBTRACTIONS

Do not enter information in salmon cells. This form contains formulas in SALMON SHADED CELLS
Enter amounts in YELLOW SHADED CELLS

The tax revenue and mill levy limitations will be computed automatically

NOTE: When entering a number to be substracted enter as a negative number
Where formulas exist (Salmon-shaded Cells), No Entry is Necessary

			EXPLANATION REFERENCE
MAXIMUM PROPERTY TAXES AUTHORIZED: (Note: appropriate statutes are referenced)			
Ad valorem tax revenue authorized to be assessed prior year (from prior year's determination form - (8a))			(1)
Add: FISCAL YEAR 2016 INFLATION ADJUSMENT @ 0.67% (Section 15-10-420(1a)(1c), MCA)	0	0	(2)
Less: Property taxes authorized to be assessed in the prior year for Class 1 and 2 property (net and gross proceeds, county only) (Section 15-10-420(6), MCA (enter as negative number))		0	(3)
Adjusted ad valorem tax revenue		0	(4)
CURRENT YEAR LEVY COMPUTATION:			
Taxable value per mill (To figure per mill value divide by 1,000 or move decimal 3 places to left)			(5)
Less: per mill incremental value of tax increment financing district (TIF) (enter as negative)			(5a)
Adjusted taxable value (adjusted for removal of TIF per mill incremental district value)		0	(5b)
Less: Newly taxable property per mill value, (enter as negative)			(5c)
Taxable value per mill of net and gross proceeds (county only) (enter as negative)		0	(5d)
Adjusted Taxable value per mill		0	(6)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		#DIV/0!	(7)
Adjusted taxable value per mill		0	(8)
Add: Newly taxable property per mill value	0		
Taxable value per mill of net and gross proceeds (county only)	0	0	(5e)
Taxable value per mill (including newly taxable property but excluding TIF per mill incremental value)		0	(5b)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		#DIV/0!	(7)
Current property tax revenue authorized limitation		#DIV/0!	(8a)
RECAPITULATION:			
Adjusted ad valorem tax revenue		0	(4)
Amount attributable to newly taxable property and net/gross proceeds		#DIV/0!	(9)
Current property tax revenue authorized limitation		#DIV/0!	(10)

Calculating the maximum mill levy:

You will need the prior year mill levy determination form

(1) Input the **prior year tax revenue**

(2) Net/Gross Proceeds (Mainly Counties – from mining)

Note: Enter numbers in the yellow cells only

Salmon- Auto Fill

MAXIMUM PROPERTY TAXES AUTHORIZED: (Note that appropriate statutes are referenced)			
Ad valorem tax revenue authorized to be assessed prior year		88,999	(1)
Add: FISCAL YEAR 20XX INFLATION ADJUSMENT @ 1.42% (Section 15-10-420(1a)(1c), MCA)	1,016	1,016	(2)
Less: Property taxes authorized to be assessed in the prior year for Class 1 and 2 property (net and gross proceeds, county only) (Section 15-10-420(6), MCA (enter as negative number))		0	(3)
*SB96 adjustment was an adjustment for the prior year only and is not applicable for FY20XX			
Adjusted ad valorem tax revenue		90,015	(4)
CURRENT YEAR LEVY COMPUTATION:			
Taxable value per mill		874	(5)
Less per mill incremental value of tax increment financing district (TIF) (enter as negative)			(5a)
Adjusted taxable value (adjusted for removal of TIF per mill incremental district value)		874	(5b)
Less: Newly taxable property per mill value, (enter as negative)	(393)		(5c)
Taxable value per mill of net and gross proceeds (county only) (enter as negative)		(393)	(5d)
Adjusted Taxable value per mill		480	(6)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		187.35	(7)
Adjusted taxable value per mill		480	(8)
Add: Newly taxable property per mill value	393		
Taxable value per mill of net and gross proceeds (county only)	0	393	(5e)
Taxable value per mill (including newly taxable property but excluding TIF per mill incremental value)		874	(5b)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		187.35	(7)
Current property tax revenue authorized limitation		163,687	(8a)
RECAPITULATION:			
Adjusted ad valorem tax revenue		90,015	(4)
Amount attributable to newly taxable property and net/gross proceeds		73,672	(9)
Current property tax revenue authorized limitation		163,687	(10)

(5) Input the taxable value **per mill**

(Taxable value/1000 = 1 mill)

(5a) Less per mill value TIF (if applicable) *Enter as a negative number

(5c) Less per mill value of Newly Taxable Property

*Enter as a negative number

(7) Maximum Authorized Mill Levy

(8a) Maximum Property Tax Revenue

Breakdown:

(4) Adjusted ad valorem

(9) Amt from newly taxable property

Recap of the Mill Levy Determination Form:

It was as easy as

#1 – Input last year's ending revenue (#8a or #10) as this year's beginning (#1) (& net & gross proceeds if applicable)

#2 – Input the taxable value per mill (#5)

#3 – Input the taxable value per mill of newly taxable property (#5c) (& TIF if applicable) as a negative number

***3 easy steps** to calculate the maximum mill levy!*

The *Permissive Levy* for Group Benefits:

* Is a separate levy above the mill levy calculated annually on the 15-10-420 Mill Levy Determination Form
* It covers the increase in contributions for <u>medical & life group benefits</u> and payments in lieu of group benefits
  * Does not cover property, liability & casualty insurance
* For employees & officers (That are <u>not paid</u> wholly or in part by user charges in proprietary funds) Only the portion paid from a governmental fund can be used.
* Is re-calculated every year after a base year has been established using the Permissive Levy Form on DOA LGSB website
* Must be deposited into Fund 2372 – Permissive Levy

Determination of Permissive Levy for Group Benefits

A Public Hearing must be held –

The hearing can be held on the same day and time as the budget hearing as long as notice is given

The levy should be approved by the governing body after a public hearing

The permissive levy should not be added in with the mill levy calculated by 15-10-420.

If possible the County should list the permissive medical levy separately on the tax bills

Steps in the Permissive Medical Levy Process:

Determine a base year per 2-18-703(4)(c) MCA:

1. If the entity **made contributions for group benefits beginning in July of FY2000** and **levied the Permissive Levy** in FY2002 or any year after – **the Base Year is FY2000**

2. If the entity **did not** make contributions for group benefits in or prior to FY2000 and subsequently did so, and has levied Permissive Mills the **first year the entity provided contributions** for group benefits beginning **in July is the Base Year**

3. If the entity has made contributions for group benefits beginning in July of a fiscal year but has not Permissively Levied the entity must first establish their base year – **the Base Year will be the FY immediately proceeding the year the Permissive Levy will first be levied.**

Note: to establish a Base Year the entity must have begun employer contributions in July of the Fiscal Year.

Once established – the Base Year is permanent.

Steps in the Permissive Medical Levy Process:

For the Base Year:

The total dollar amount paid by the entity for group benefits and the number of employees covered by group benefits on July 1st

(example: if the base year is FY2000 – the actual dollar amt of employer contributions & # of employees participating from July 1, 1999 to June 30, 2000)

For the Year you are budgeting for:

The total dollar amount of budgeted employer contributions in governmental funds & number of employees covered by group benefits on July 1st

(DO NOT include the portion of benefits paid wholly or in part from user charges generated by proprietary, enterprise, business, utility funds. So if an employee is 50% general fund and 50% water. Only 50% of benefits can be used – the portion paid by a governmental fund, i.e. the general fund in this case)

Permissive Medical Mill Levy….

DETERMINATION OF PERMISSIVE LEVY FOR GROUP BENEFITS

ENTITY NAME:

FOR FISCAL YEAR ENDING:

= INPUT AREAS - PLEASE ENTER THE INFORMATION REQUESTED
READ COMMENT BOXES IN CELLS FOR FURTHER GUIDANCE
= CELLS CONTAIN FORMULAS - VALUES WILL AUTOMATICALLY CALCULATE

STEP #1
INPUT INFORMATION REQUESTED IN YELLOW CELLS.

		A	B	C	D
		FISCAL YEAR	(LINE 1) BASE YEAR = TOTAL ACTUAL ANNUAL EMPLOYER CONTRIBUTION FOR GROUP BENEFITS IN BASE YEAR (LINE 2) BUDGETING FOR = TOTAL BUDGETED ANNUAL EMPLOYER CONTRIBUTION FOR GROUP BENEFITS	C = (B ÷ D) ÷ 12 AVERAGE MONTHLY EMPLOYER CONTRIBUTION PER EMPLOYEE	ACTUAL # OF EMPLOYEES FOR WHOM THE LOCAL GOVERNMENT MADE EMPLOYER CONTRIBITIONS TO GROUP BENEFITS ON JULY 1st
1	BASE YEAR			#DIV/0!	
2	BUDGETING FOR			#DIV/0!	
3	(C2 - C1) A DECREASE WILL SHOW AS -0- IN C3 INCREASE FROM BASE YEAR:			#DIV/0!	0

STEP #2
INPUT INFORMATION REQUESTED IN YELLOW CELLS.

	E
	FOR FISCAL YEAR 0 -1 CERTIFIED TAXABLE VALUE
CERTIFIED TAXABLE VALUE OF GENERAL FUND	

Step 1:

1. Enter the base year information in the yellow-shaded cells

2. Enter the information for the year you are budgeting for

Step 2:

Enter the Certified Taxable Value

Permissive Medical Mill Levy….

STEP #3
CALCULATIONS OF:
1) BASE CONTRIBUTION
2) INCREASE IN EMPLOYER CONTRIBUTION FROM BASE YEAR

F	G
F = (C1 X 12) X D2 BASE CONTRIBUTION	G = (B2 - F) INCREASE IN EMPLOYER CONTRIBUTION FROM BASE YEAR
#DIV/0!	#DIV/0!

Step 3:

Salmon Cells are Auto Formulas that figure the base & increase from the base year

STEP #4
INPUT INFORMATION REQUESTED IN YELLOW CELL

FUND # 2372
PERMISSIVE MEDICAL LEVY

		H	I	J	K
	The Transition clause per L2009 SB 491, Section 4, has expired.	FISCAL YEAR	I = (G ÷ J) PERMISSIVE LEVY - FUND 2372 # OF MILLS ALLOWED TO LEVY (NOT SUBJECT TO 15-10-420)	J = (E ÷ 1000) VALUE PER MILL	K = (J X I) # 2372 TOTAL GENERATED TAX REVENUE
1	CHOICE #1 PER sec. 4, Ch. 412, L. 2009 - (1)(b)	0	#DIV/0!	$0.00	#DIV/0!

*Revised 4/3/2014

Step 4:

Salmon Cells - The maximum amount & # of mills that can be levied

Ensure these important pages of the budget are completed:

* Table of Contents
* Budget Certification Page is signed & dated
* Certified Taxable Valuation Page
* Taxable Valuation/Mill Levy History and Analysis
* Statistical Pages
* Schedule of Personnel Levels
* Tax Levy Requirement Schedule
  & Voted, Permissive Levy Schedule (if applicable)
* Non-levied Funds Summary Schedule

  * The fund level detail pages of the budget can be in a different format (such as software-generated reports); These reports should be in the very similar format and must have EQUIVALENT content/detail as the DOA blank budget document for all funds.

A Preliminary budget is the budget that the governing body shall cause notice and hold a public hearing on.
(At a regular council meeting)

Steps for the public budget hearing:

Notice given for the public hearing in the newspaper (if population is 500 or less or a newspaper isn't available – post notice in three public places that are designated by ordinance)

- Notice published twice – with 6 days separating each publication (7-1-2121 & 7-6-4021 MCA)
- Provide that the local government has completed it preliminary annual budget
- Contain the date, time & place of the hearing & when the budget will be approved
- Give the address & phone number of a contact person
- State the budget is available for review
- State that any taxpayer or resident may appear and be heard
- The hearing may be continued from day to day

The **Final Budget** is the preliminary budget with any changes as approved by the governing body after conducting a public hearing

The **final budget** shall be adopted and the **mill levy** fixed by resolution **by the later of**:

The first Thursday after the first

Tuesday in September

-or-

Within 30 calendar days of receiving the certified taxable values from the Dept of Revenue

* This is a EXAMPLE - not a anything more
* **RESOLUTION NO. xx-xx-xx-x BUDGET ADOPTION**
* **WHEREAS,** this Council has provided notice of meetings and provided notice of and held a public hearing in regards to the proposed budget.

* **WHEREAS,** this Council has considered a budget for the XCityX for the fiscal year of July 1, 20XX through June 30, 20XX, and has concluded that it will be necessary to make a mill levy upon the real property for the General fund of XXX.XX,
*
* **NOW THEREFORE, BE IT RESOLVED THAT,** the Town of X, Montana made a mill levy of XXX.XX mills upon the real property situated within the corporate limits for the 20XX-20XX fiscal year and adopts the final budget, which is based on the modified accrual(or cash - or GAAP if budgeting non-cash items) accounting basis, sets the total appropriation limit per fund and authorizes adjustments to appropriations funded by fees as per MCA 7-6-4012 and authorizes the Town Clerk/Treasurer to transfer appropriations between items within the same fund as per MCA 7-6-4031.
*
* **PAST AND ADOPTED BY THE TOWN COUNCIL AND APPROVED BY THE MAYOR THIS xxTH DAY OF AUGUST 20XX.**

Summary - What are the budget deadlines?

The **Budget** and **Mill levy** must be **fixed/approved** by the later of 30 days after receiving the certified taxable valuation or by the first Thursday after the first Tuesday in September after a Public Hearing

* Give Notice of the Public Hearing (7-6-4021 & 7-1-4127 MCA)
  * Publication Notice of Public Hearing twice with 6 days separating each publication
  * Publication notice in newspaper unless a municipality has a population of less than 500 or in which a newspaper is not published, publication may be made by posting in three public places in the municipality that have been designated by ordinance

Send letter &/or the resolution approving levy to the County.

Budget is mailed to the Department of Administration LGSB by the later of Oct. 1 or 60 days after receipt of the certified taxable valuation (7-6-4003 MCA)

*The budget is an official permanent (legal) document of the local government.

*It should be printed, signed and kept in a safe and secure location.

*The document is directly related to/part of and referred to in the resolution approving it.

*Budgets ***as submitted*** will be available on the State's transparency in local government's website for public viewing.

OKAY--The Mill Levy is Set & Certified to the County

The Budget has been…

- Approved by the Council after a Public Hearing
- Printed & Signed
- Submitted to the Department of Administration
- The City/Town's Permanent copy has been filed

Am I done with budget issues for the year?

No – you should monitor the budget throughout the year

MONITORING THE BUDGET:

Weekly? Monthly? Quarterly?

* Interim Financial Reports For Review
  (Budget to Actual Comparison – compare revenues as well as expenditures)

*Midyear Review

*Monitoring Financial Activity is
  Necessary to Identify Problems
  Check for accounting input errors

*Year End or near year end Review
  Adjustments or Amendments needed?

Practical ways to monitor the budget:

Run a budget to actual report in your software after all cash receipting, claims & payroll has been processed for the month

Review the report for coding accuracy
  Correct any coding variances

Present a budget to actual report to Department Heads, the Mayor, Council or other employees that submit claims for payment at minimum quarterly for their review

Monitoring the budget throughout the fiscal year:

Compare the budgeted amounts to the actual amounts YTD:

* For Revenues
  - by fund
    - by account type
* For Expenditures
  - by fund
    - by account number
      - by object code

Why? If Revenues aren't coming in is as anticipated you may need to limit the expenditures that were budgeted.

You may experience necessary unanticipated expenditures that were not budgeted for or budgeted expenditures are higher than budgeted

Determine if a budget amendment is necessary

When monitoring the budget I noticed -

- An expenditure was coded as object code 900 but does not meet our capital asset threshold amount
  - The coding of the expenditure should be changed to correctly classify the purchase (a journal voucher should be prepared to change the object code to properly classify the purchase)
- An account line item within a fund exceeded the budget
  - Does the fund report a fixed budget or a fee-based budget?
    - A fee based budget has adjustable appropriations if the appropriation was based on the cost of providing services
  - Did the account line item that exceeded the budget cause the fund's budget in total to exceed the amount budgeted?
    - If the answer is …..
      - <u>No</u> – the fund has remaining budget authority in total – No action is required.
      - <u>Yes</u> - the fund's budget exceeded the amount budgeted in total for the fund - A budget amendment may be necessary if the budget isn't a fee-based budget

Over Budget? An Example to ponder:

Approved budget for capital projects fund is an expenditure of $50,000.

Mayor decides to buy a $100,000 item and will put $50,000 (since that is in the budget) down with balance to be borrowed or paid next year.

Is this okay?

MCA 7-6-4005

We need to amend our budget - now what?

Follow the procedures for a budget amendment

7-6-4031 & 7-6-4006 (4) MCA

The governing body may amend the budget during the fiscal year by conducting a public hearing at a regularly scheduled meeting.

MCA 7-6-4021 (County 7-6-2121 – Municipality 7-6-4127) The notice must be published twice, with at least 6 days separating each publication.

Budget amendments providing for additional appropriations must identify the fund cash reserves, unanticipated revenue or previously unbudgeted revenues that will fund the appropriations.

If the amendment is an emergency:

The emergency budget appropriations must be adopted by 2/3 of the council who are present at the meeting. 7-6-4032 MCA

General Recap of the Budget process:

*Complete the prior year actual numbers

*Compile information for upcoming budget:

Figure any additions, deletions, increases, etc.

Consider fixed costs – payroll, materials, utilities

Review any capital asset additions, repairs, etc.

Include current year loan payments for principal & interest

Upcoming grant applications/awards

*Determine necessary cash reserves

Important in levied funds for cash flow for first four months

Can't have negative cash reserve!

*Ensure budgets are in balance

Total Requirements (outgoing) = Total Resources (incoming)

*Hearings. *Approval. *Notice to County. *Monitor

Questions?

Options for additional revenue:

-Grants

-Donations

-MCA (15-10-425) Ask taxpayers for a new or increased voted levy

-MCA (7-12-xx) Improvement Districts. (lighting, street maintenance, and others.)

-MCA (7-13-xx) Utility Services

-There are a number of others (impact fees, library, etc..) Research and understand.

Local Government Services Bureau…

For additional resources or assistance see our website:

WEBSITE:

http://sfsd.mt.gov/LGSB

or

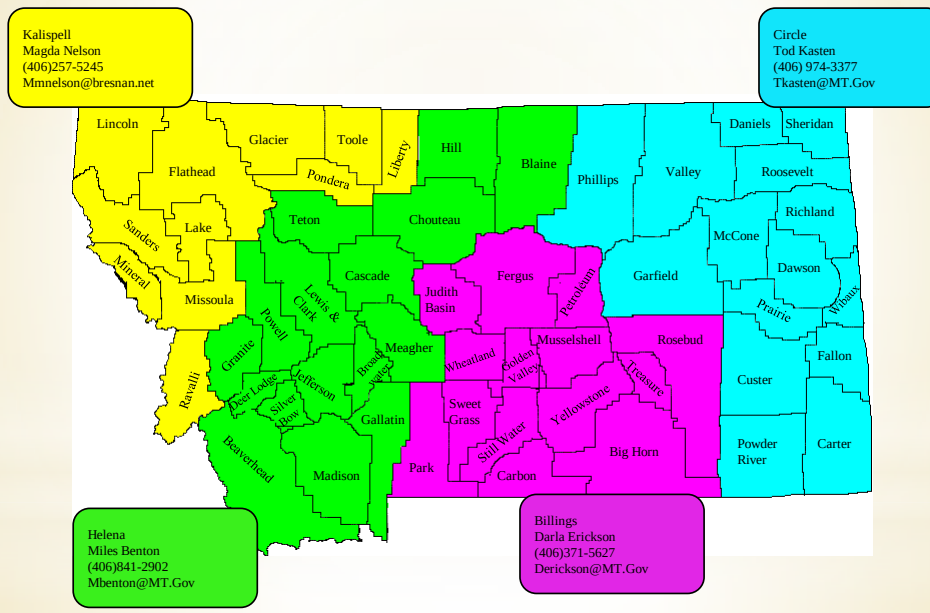
Montana Code Annotated:

Local Budget Act:

Title 7 - Local Government

Chapter 6 – Financial Administration

Part 40 – Local Government Budget Act



Montana Department of Administration
Local Government Services Bureau

Find the BARS Chart of Accounts and current documents on our website:

http://sfsd.mt.gov/LGSB

For assistance you can call or email the Accountant for your area:

Kalispell	Helena	Billings	Circle
Magda Nelson (406) 257-5245 Mmnelson@bresnan.net	**Miles Benton** (406) 841-2902 Mbenton@MT.Gov	**Darla Erickson** (406) 371-5627 Derickson@MT.Gov	**Tod Kasten** (406) 974-3377 Tkasten@MT.Gov