

**LOCAL GOVERNMENT SERVICES BUREAU
STATE FINANCIAL SERVICES DIVISION**



BUDGETING SERIES:

Session 2: Local Government Budget Act

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May 2020

LEARNING OUTCOMES

GOAL 1

The basic steps of the budget process

GOAL 3

Approving the budget and what happens after

GOAL 2

The preliminary budget and who prepares your budget

GOAL 4

Other information from the Local Government Budget Act (LGBA)



STEPS IN THE BUDGET PROCESS

Steps in the budget process

First, create a preliminary budget per 7-6-4020 MCA

- Put out a budget call outlining various factors impacting the budget
- Include department heads

Submit a proposed budget to your governing body

- Budget hearing must be held for public input 7-6-4024 MCA

The governing body approves the budget

- The budget is adopted by the later of the first Thursday after the first Tuesday in September or 30 days after receipt of the certified taxable valuation 7-6-4024(3) MCA

Submit your budget to LGS by October 1st or 60 days after receipt of taxable values from the department of revenue 7-6-4003(1) MCA

Monitor your budget throughout the year



WHO PREPARES YOUR BUDGET?

Who prepares your budget

City or Town: depends on what type of government you have – either the mayor or the manager per 7-3-215 or 7-3-304(12) MCA

Counties: the county clerk and recorder shall prepare and submit the county's preliminary annual operating budget. 7-6-4020(3)(c) MCA



PRELIMINARY BUDGET

Preliminary Budget

Budgets are prepared at the fund level

7-6-4020(4) The preliminary annual operating budget for each fund must include, at a minimum:

(a) a listing of all revenue and other resources for the prior budget year, current budget year, and proposed budget year;

(b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed budget year. All expenditures must be classified under one of the following categories:

- (i) salaries and wages;
- (ii) operations and maintenance;
- (iii) capital outlay;
- (iv) debt service; or
- (v) transfers out.



BUDGET HEARINGS

Once your preliminary budget is complete submit it to your governing body

7-6-4021(1) The governing body shall cause a notice of a public hearing on the preliminary or amended budget to be published.

- It is on file and open to inspection
- Specify the date, time and place of meeting
- Any taxpayer or resident may appear and be heard for or against the budget



BUDGET HEARINGS

7-6-4021(2) The publication requirements must conform to the provisions of 7-1-2121 for a county or 7-1-4127 for a municipality.

For counties the notice is should be published in a qualified newspaper or by posting in 3 public places if there is no qualified newspaper

For municipalities the notice should be published in a qualified newspaper or if the population is less than 500 or no newspaper is published then notice can be given in 3 public places



BUDGET HEARINGS

The governing body is required to hold a hearing per 7-6-4024 MCA

(1) The governing body shall hold a hearing in accordance with the notice given pursuant to 7-6-4021.

(2) Local government officials shall attend the budget hearing to answer questions on their proposed budgets if called upon:

- (a) by the governing body; or
- (b) by a taxpayer or resident.

(3) The hearing may be continued from day to day and must be concluded and the budget finally approved and adopted by resolution by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue.



FINAL BUDGET

7-6-4030 MCA Final budget – resolution-
appropriations

The governing body must pass a budget that
is balanced: Revenues = Expenditures

The budget shall be adopted by resolution
that

- a. authorizes appropriations
- b. establishes legal spending limits

The budget resolution should have an
effective date of July 1 of the fiscal year



SUBMITTING YOUR BUDGET TO LGSB

Submitting your budget to LGSB

7-6-4003 MCA

The final approved budget should be submitted to LGS by October 1

This should also include a statement of tax levies

An Excel version of the budget document is available on our website

7-6-4004 MCA Budget Fund Structure

Local government budgets must conform to the fund structure prescribed by the department of administration.



BUDGET AMENDMENTS

Amending the budget
7-6-4031 MCA

The final budget resolution may authorize the governing body or a designated official to transfer appropriations between items within the same fund.

A public hearing should be held for all amendments to a budget except in emergencies declared under Title 10, Chapter 3 of MCA

7-6-4012 MCA Fee Based Budgets -
adjustable appropriations

Include language in your budget resolution to allow for adjustments to a fee based budget

Adjustments should be based on the cost of providing service supported by the fee and fully funded by the related fees



EXPENDITURE LIMITS

Expenditure Limits

7-6-4005 MCA

No disbursements, expenditures or obligations may be made in excess of the total appropriations for a fund

(2) A local government official who violates subsection (1) is liable for the amount of the excess disbursement, expenditure, or obligation personally.



Other LGBA Information

7-6-4011. Use of bond proceeds and borrowed money.

7-6-4014. Restriction on tax-financed expenditures if voter approval required.

7-6-4022. District court budgets.

7-6-4032. Emergency expenditures.



Other LGBA Information #2

7-6-4035. Tax levies for boards and commissions — bond exemption

7-6-4037. Cause of action — failure to adopt or submit an annual operating budget.

7-6-4038. Filing of claims against local government entity — disposition by department as prerequisite.



Budget Process for CABQ

December/January: 5 Year Forecast for Revenues/Expense prepared and submitted to Council

January: Budget call sent to departments

February/March: CAO budget hearings held including staff from City Council, Internal Audit, Mayor's office, Department and Budget office

April 1: submit proposed budget to City Council

April/May: Council hearings

May 31: approved budget passed



Lessons I Learned for Budgeting

The budget affects many people: from all the employees to the taxpayers

How to budget for all types of funds

I learned how the different departments operated

The importance of monthly projections



THE BUDGET PROCESS

After the budget is approved

Monitor your budget!

Review your budget to actual reports quarterly, if not monthly

Allows for tracking revenues – are they coming in as anticipated?

Allows for tracking expenditures – are you within appropriation levels or has something been coded incorrectly?

