

Local Government Services Bureau

State Financial Services Division

Department of Administration

125 North Roberts, Helena, MT

***MEMO***

**TO:**County Clerk & Recorders/Finance Officers & County Treasurers

 Montana Association of Counties (MACo)

**FROM:** Local Government Services Bureau (LGSB)

**DATE:** August 4, 2017

**RE:** HB 383(L2017) – Determining and accounting for permissive levy to fund 3%

 increase in employer contributions to Sheriff’s Retirement System (SRS).

The following guidance is to assist with questions concerning the calculation of the number of permissive mills that may be levied in a fiscal year and whether your county should use a separate special revenue fund to account for the SRS permissive levy.

Determining the SRS Permissive Levy

If you are unsure as to what type(s) of compensation (e.g. regular wages, overtime, retirement payouts, bonuses, etc.) are subject to SRS contributions, please contact the Montana Public Employee Retirement Administration(MPERA) at their Toll-Free number: 1-877-275-7372 or in Helena: 444-3154.

1. Multiply total budgeted compensation subject to SRS contributions by .03 (3%) to arrive at the total amount of SRS permissive tax revenue allowed to be assessed.
2. Divide the total tax revenue by the county’s taxable value per mill (line 7 of the *FY2018 Determination of Tax Revenue and Mill Levy Limitation* form) to determine the maximum number of permissive mills that may be levied.
3. SRS permissive mills represent an increase to proposed mill levies and are subject to notice (7-1-2121, MCA), and discussion during public hearing(s).
4. Document your calculation for review by your auditor.

Many counties use fund #2300 – Public Safety to account for related expenditures, including employer contributions to SRS. While tax revenues from the permissive levy are restricted to fund only those expenditures related to the 3% increase, we understand the county may properly account for the restricted resources in a separate special revenue fund or in an existing fund. Thus, LGSB is not assigning a specific special revenue fund for this purpose and each entity may decide which is best.

Opening a New Special Revenue Fund to Account for SRS Permissive Levy

BARS fund numbers 2000 through 2385 are to be used for special revenue funds receiving resources from levies. You may use any unassigned four-digit fund number between 2000 and 2385.

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Using an Existing Fund to Account for SRS Permissive Levy

The county should create and use a restricted cash account in the fund to offset SRS permissive tax revenue received and disbursements made toward the 3% increase. BARS account numbers 102100 through 102199 are to be used to account for restricted cash held for other purposes. You may use any unassigned six-digit account number between 102100 and 102199. Positive residual restricted cash amounts at fiscal year-end must remain in the account and may be considered an available resource when determining the subsequent year’s SRS permissive levy. In addition, specific revenue account number(s) may be created to separately account for the restricted tax revenue received.

Please feel free to contact the LGSB accountant covering your area if you have any questions.

Thank you,

Local Government Services Bureau

(406) 444-9101