

LOCAL GOVERNMENT BUDGET PROCESS



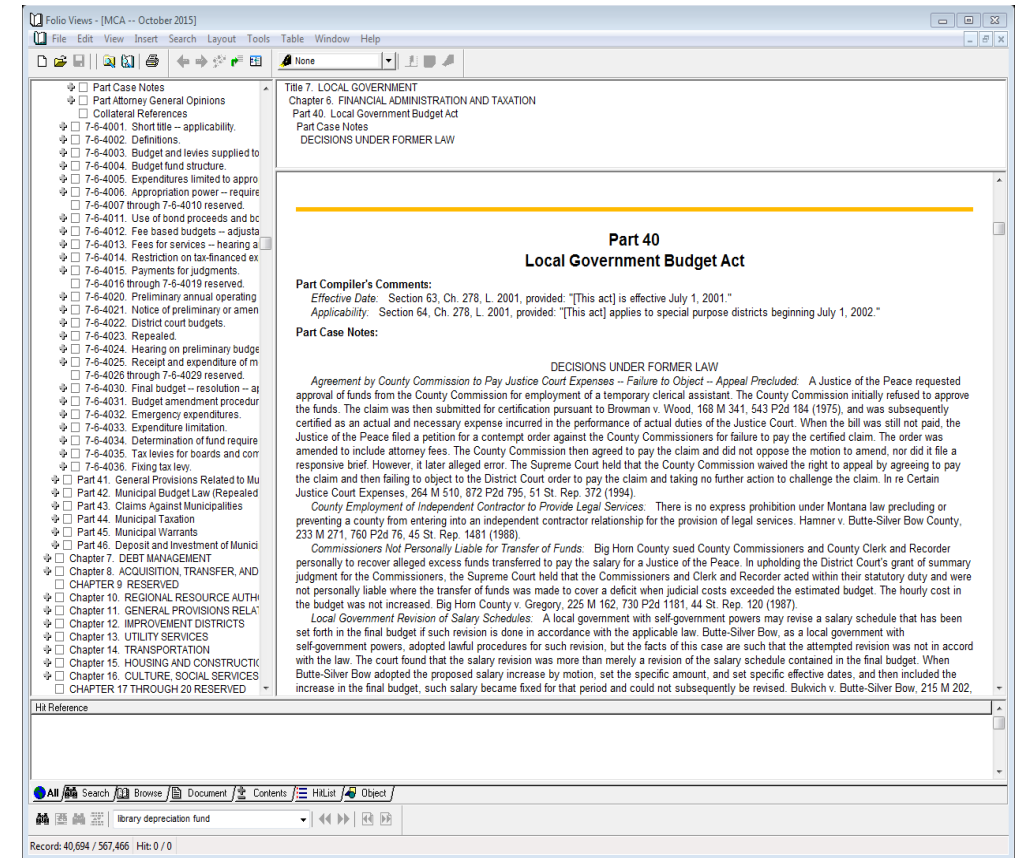
LOCAL GOVERNMENT SERVICES BUREAU
STATE FINANCIAL SERVICES DIVISION

406-444-9101

LGSBhelp@mt.gov

What is a budget?

- ✓ A legally adopted plan of revenues and expenditures.
- ✓ An Annual Budget is mandated and prepared pursuant to the Local Government Budget Act, Title 7, Chapter 6, Part 40 MCA.
- ✓ A budget is the approved plan to finance the government's objectives and goals within a specific time period, one year.
- ✓ The budget is prepared and presented by fund to the governing body for adoption by resolution.
- ✓ The Budget Document is a permanent document of the local government.
- ✓ Budgets are available for viewing on the [Local Government Services Bureau Public Portal](#).



Why do we budget?

- ✓ It's the law! MCA Title 7, Chapter 6, Part 40
- ✓ The approved budget is the authorization to spend money and operate the local government.
- ✓ Determines Mill Levy for ad valorem (property) taxes.
- ✓ Provides citizens with a comprehensive list of functions the entity provides and how the entity is functioning.
- ✓ Shows the sources of revenues – tax or other types.
- ✓ It contributes to the development of future spending plans whether its' for everyday operations or for a capital improvement plan.



Budget terms and definitions

Appropriation: the amount an entity is legally authorized to spend.

Cash Reserves: used to meet expenditure needs during the months of July to November and are added to the appropriations to determine total requirements.

Governing body: the elected body responsible for the administration of a local government, 7-6-4002(1) MCA.

Operating revenue:
revenue raised from charges from services.

Property tax revenue: amount of revenue from ad valorem taxes but doesn't include penalty and interest on delinquent taxes and local option taxes.

Non-tax revenue: all other revenues including charges for services, grant funds, local option taxes and state entitlements.



Budget terms and definitions - continued

Mill levy: an amount levied based upon an entity's certified taxable value (provided by the Department of Revenue).

Levy or Tax Levy: a government tax to cover the costs associated with conducting the business of running a local government.

Non-voted mill levy: doesn't need voter approval to levy tax – usually property tax.

Voted mill levy: must have voter approval to levy tax per 15-10-425 MCA.

Permissive mill levy: a tax levied without a vote but is restricted in purpose, i.e. group benefit levy.



Budget Act

Title 7 Chapter 6 Part 40 MCA

7-6-4001(2) Applies to all local governments.

7-6-4004 Must conform to the fund structure prescribed by the Department of Administration (BARS).

7-6-4005(1) May not make a disbursement or an expenditure or incur obligation in excess of the total appropriations for a fund.

7-6-4006(4) May amend the budget during the fiscal year by conducting public hearings at regular meetings.
Amendments providing for additional appropriations must identify fund reserves, unanticipated, or previously unbudgeted revenues.

7-6-4014 The expenditure may not be made or an obligation may not be incurred against the expenditure.
If an expenditure is to be financed from a tax levy required to be authorized and approved at an election.
Until the tax levy is authorized and approved in an election.

7-6-4030(2) The final budget must be balanced and approved by resolution.

7-6-4034(1) After determining the final budget, the governing body shall determine the property tax levy needed for each fund.

Budgets per Fund Type

NON-FEE-BASED OR FIXED BUDGETS

- **Fixed** Appropriations
- Funds whose appropriations are not fee based
- Spending cap cannot be exceeded without first passing a budget amendment

FEE-BASED OR FLEXIBLE BUDGETS

7-6-4012, MCA

- **Adjustable** Appropriations
- Enterprise funds and funds whose appropriations are identified in budget resolution as fee-based appropriations

In its final budget resolution, the governing body may authorize adjustments to appropriations funded by fees throughout the budget period.

Budget & Levy Timeline Statutory Due Dates

One

7-6-4020 (3)(a) & (3)(b) Preliminary budget phase starts June 1st for Counties – Finance Officer/Clerk & Recorder request estimates of expenditure & revenues from Department Heads. Estimates will be returned by June 10.

Two

15-10-202(1) Certification of taxable values. By the first Monday in August, the ***Department of Revenue shall certify to each taxing authority the total taxable value*** within the jurisdiction of the taxing authority.

Three

7-6-4024(3) Final budget resolution and 7-6-4036 Fixing tax levy. By the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values.

Four

15-10-305(1)(a) The **county clerk and recorder** shall, by the second Monday in September or within 30 calendar days after receiving certified taxable values, notify the department of the number of mills needed to be levied for each taxing jurisdiction in the county.

Five

7-6-4003 (1) Counties, Cities, and Towns submit a copy of the **final budget** and a statement of tax levies to the Department of Administration by the later of **October 1 or 60 days after receipt of taxable values**.

The Budget Form Provided by LGSB

The templates for the budget document and pages 53-55 are available on the [LGSB website](#).



It contains all the documents and statements we are looking for or instructions for additional documents to include.



If you are using an alternative format, the following should be incorporated into your submission:



The LGSB Compliance Accountants are available to assist with your budgeting questions.

Budget Resources

Important Note:

Counties, cities, and towns must submit a complete copy of the final budget together with a statement of tax levies to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue (MCA 7-6-4003).

New budget requirement – effective for fiscal year 2025 submissions and beyond.

In addition to the budget packet submission (in PDF format), local governments must also submit pages 53 – 55 of the DOA final budget template separately as an Excel document. A template of this document can be found below.

Budget

- [City-County-Town Budget Document \(Excel\)](#)
- [Budget Pages 53-55 \(Excel\)](#)
- [Special Purpose District Budget Document \(Excel\)](#)

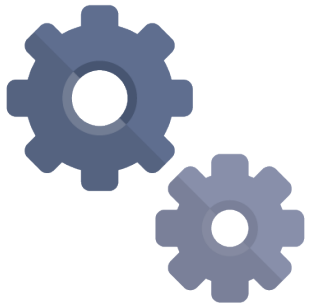
Steps of the budgetary process:

Formulation: Reflecting on the past, setting goals for the future, and reconciling the difference by reviewing prior year information & estimating future info.

Hearings: Include departments, sections and the public to discuss changes in the budget.

Adoption: Final approval by the Governing Body.

Execution: Follow the budget to actual comparisons throughout the year; amend the budget if necessary.

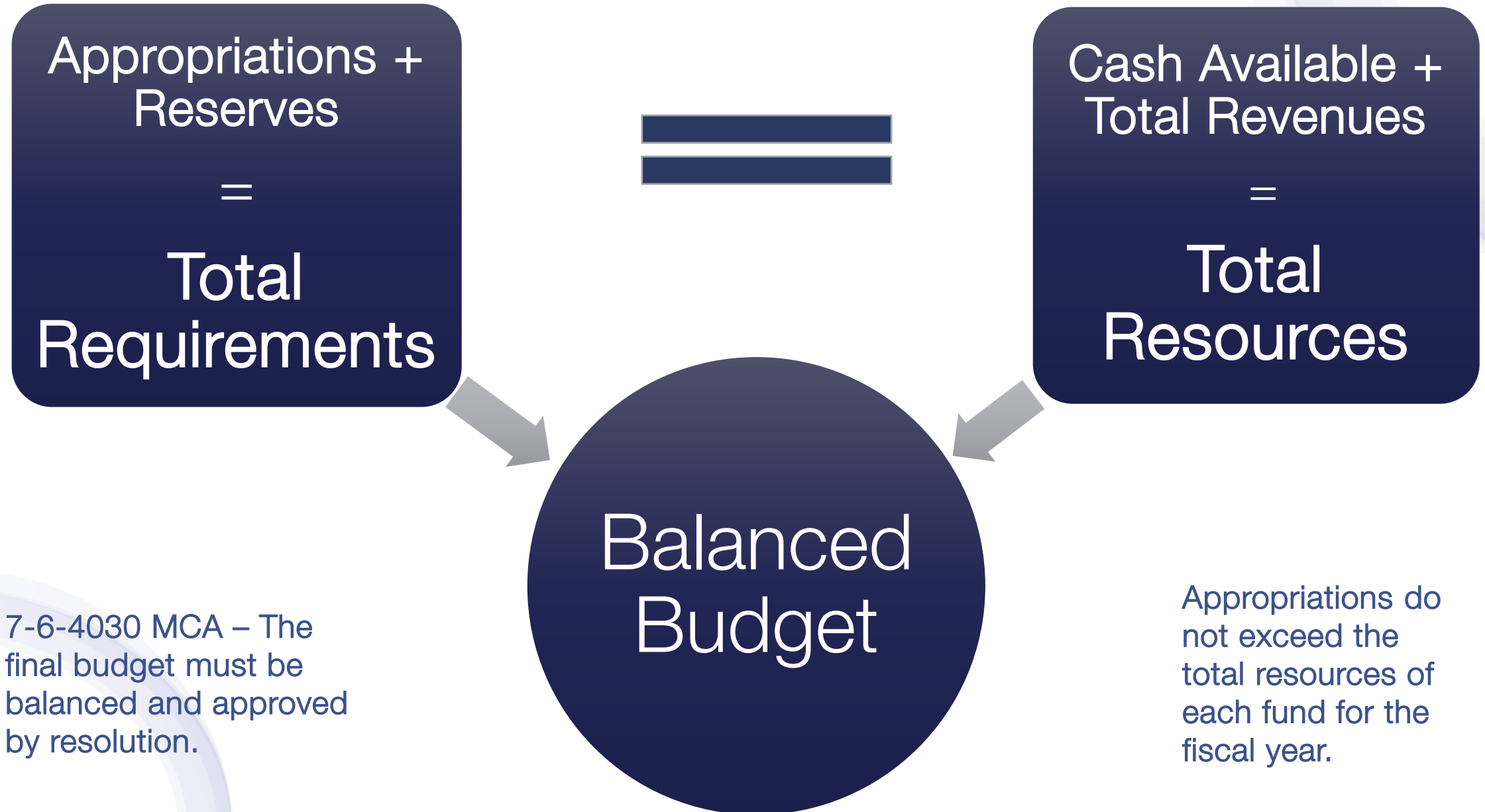


Items to consider during formulation:

- ✓ Personnel Costs: changes in staffing levels, increases in benefit costs, raises.
- ✓ Revenues: rate increases, one-time funding.
- ✓ Other Expenditures: changes in fixed costs (i.e., insurance, debt service), one-time appropriations, economic impacts, and inflationary costs.
- ✓ Cash Available: account for year-end accruals and any other items which may affect cash.
- ✓ Budget to Actual Review: ensure funds are not needed to amend the prior year's budget.



What constitutes a balanced budget?



Example of the Tax Levy Requirement Schedule – Non-Voted Levies

The Schedule should present a balanced budget for each levied fund.
Column 3 Total Requirements must equal Column 8 Total Resources

TAX LEVY REQUIREMENTS SCHEDULE NON-VOTED LEVIES PAGE 53

Levy Name (Optional):

Assessed/Market Valuation: 45,000,000.00

Taxable Valuation Less TIF Incremental Value: 2,000,000.00

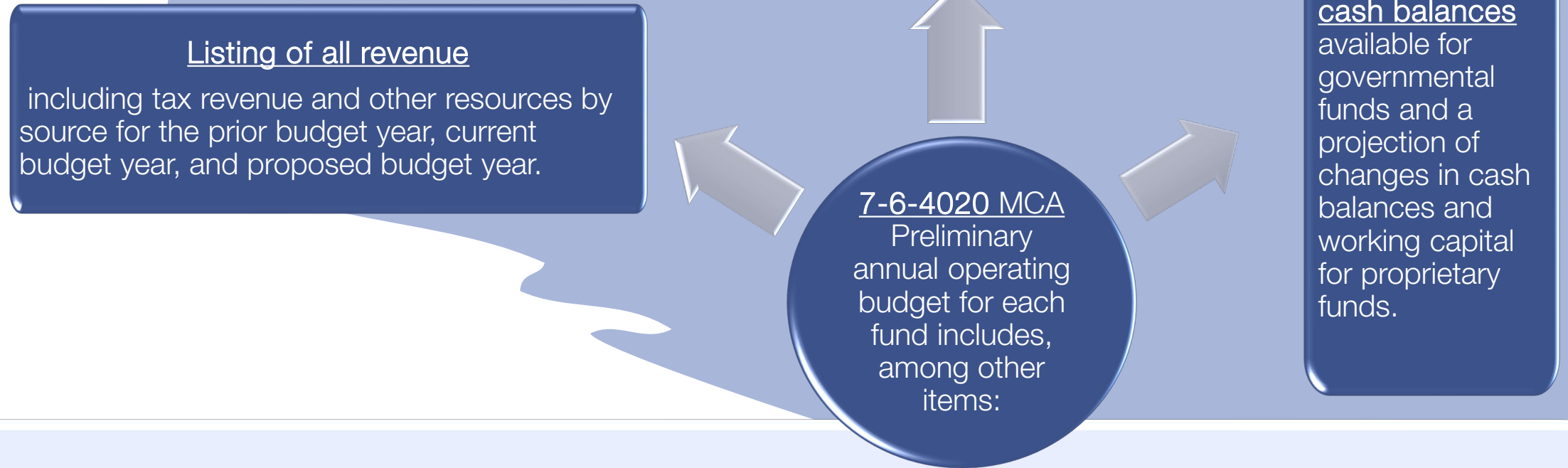
(10) One Mill Yields: 2,000.00

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

			(1)	(2) = (8) - (1)	(3) = (1) + (2)	(4)	(5)	(6) = (9) X (10)	(7) = (5) + (6)	(8) = (4) + (7)	(9)		(11) = (4) - (1) + (7)
Fund #	BARS Fund Name	Fund Name	Appropriations	Budgeted Cash Reserve	Total Requirements	Cash Available	Non-Tax Revenues	Property Tax Revenues	Total Revenues	Total Resources	Mill Levy	Mill Type	Estimated Ending Cash Balance
1000	General Fund	General Fund	200,000.00	286,660.00	486,660.00	300,000.00	85,000.00	101,660.00	186,660.00	486,660.00	50.83	Non-Voted	286,660.00
2220	Library	Library	30,280.00	3,135.00	33,415.00	4,835.00	1,000.00	27,580.00	28,580.00	33,415.00	13.79	Non-Voted	3,135.00
2320	Economic Development	Economic Development	24,910.00	970.00	25,880.00	0.00	4,900.00	20,980.00	25,880.00	25,880.00	10.49	Non-Voted	970.00



Preliminary Budgets



Notice of Public Hearing: The governing body shall give notice of a public hearing on the preliminary or amended budget to be published.

(7-6-4021(1) MCA)

The notice should state that the budget or budget amendment has been placed on file and is open to inspection in the city office designated in the notice;

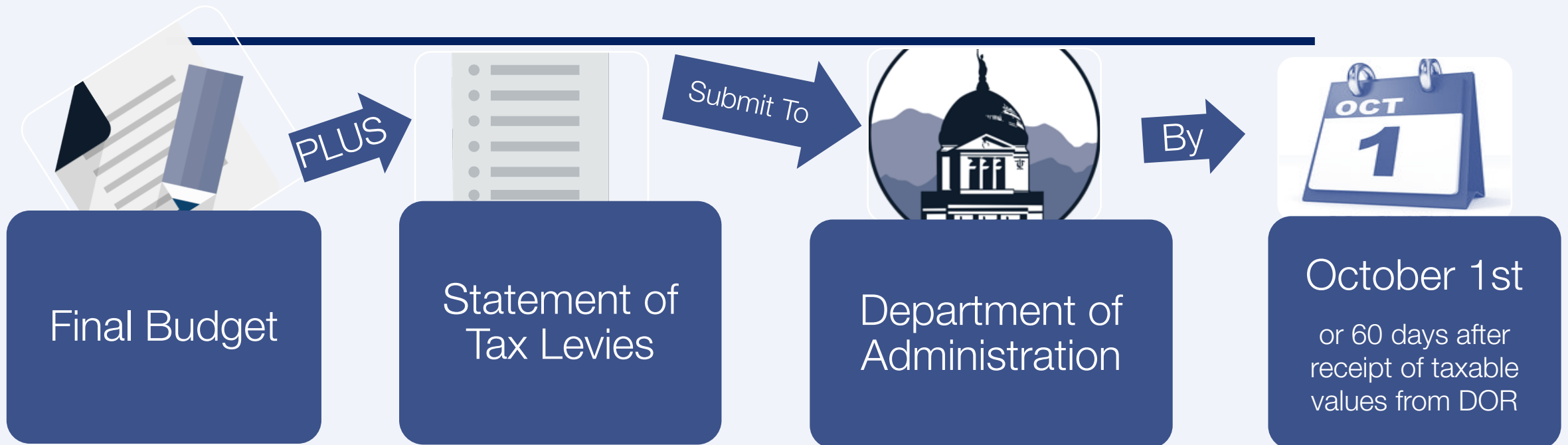
The Publication and content of the notice: The notice must be in a newspaper unless the City does not have a newspaper.

The notice is published twice, 6 days separating each publication. (7-1-2121 MCA)



7-6-4003 MCA. The budget and levies are supplied to Department of Administration (DOA).

- (1) A local government shall submit a complete copy of the final budget & statement of tax levies to the DOA.
- (1) The local government shall use standard forms prescribed by the Department of Administration or may use an alternative budget format acceptable to the Department of Administration.



Monitoring the budget – budget vs. actual report

09:23:45

Statement of Expenditure - Budget vs. Actual Report
For the Accounting Period: 6 / 21

Report ID: B1002A

1000 GENERAL FUND

Account	Committed Current Month	Committed YTD	Original Appropriation	Current Appropriation	Available Appropriation	% Committed
410000 GENERAL GOVERNMENT						
410100 LEGISLATIVE-CO.COMMISSION	2,175.63	28,136.51	29,700.00	29,700.00	1,563.49	95 %
410340 JUSTICE COURT	1,590.33	17,964.74	22,100.00	22,100.00	4,135.26	81 %
410370 VICTIM/WITNESS ASST PROGRAM	0.00	0.00	250.00	250.00	250.00	0 %
410500 FINANCIAL-Clerk & Recorder	3,629.96	100,817.03	105,900.00	115,200.00	14,382.97	88 %
410530 AUDITING	10,880.00	23,888.00	14,000.00	14,000.00	-9,888.00	171 %
410540 TREASURY	5,813.11	71,380.69	103,150.00	103,150.00	31,769.31	69 %
410550 ACCOUNTING	0.00	-591.69	0.00	0.00	591.69	*** %
410600 ELECTIONS	4.00	5,209.28	6,400.00	6,400.00	1,190.72	81 %
411100 LEGAL SERVICES	6,543.91	64,094.99	62,400.00	62,400.00	-1,694.99	103 %
411200 FACILITIES ADM.--ADMINISTRATION	1,977.84	83,401.38	83,150.00	83,150.00	-251.38	100 %
411230 FACILITIES ADM.-- MAINTENANCE	799.16	10,055.28	34,900.00	34,900.00	24,844.72	29 %
Account Group Total:	33,413.94	404,356.21	461,950.00	471,250.00	66,893.79	86 %
420000 PUBLIC SAFETY						
420400 FIRE PROTECTION AND CONTROL	1,040.38	25,034.06	25,200.00	25,200.00	165.94	99 %
420440 FIRE PREVENTION	0.00	787.76	0.00	0.00	-787.76	*** %
Account Group Total:	1,040.38	25,821.82	25,200.00	25,200.00	-621.82	102 %
440000 PUBLIC HEALTH						
440100 PUBLIC HEALTH SERVICES	1,550.89	21,822.44	24,100.00	24,100.00	2,277.56	91 %
440140 CENTRAL MONTANA HEALTH DISTRICT	0.00	3,094.00	3,300.00	3,300.00	206.00	94 %
440150 Communicable Disease Control	0.00	0.00	599.00	599.00	599.00	0 %
440400 MENTAL HEALTH CENTER	0.00	1,652.00	1,700.00	1,700.00	48.00	97 %
Account Group Total:	1,550.89	26,568.44	29,699.00	29,699.00	3,130.56	89 %
450000 SOCIAL AND ECONOMIC SERVICES						
450131 INDIGENT NEEDS	0.00	0.00	200.00	200.00	200.00	0 %
450135 FOOD BANK	0.00	0.00	400.00	400.00	400.00	0 %
450136 BURIAL OF INDIGENT	0.00	1,500.00	1,700.00	1,700.00	200.00	88 %
450200 VETERANS SERVICES	0.00	2,900.00	2,500.00	2,500.00	-400.00	116 %
Account Group Total:	0.00	4,400.00	4,800.00	4,800.00	400.00	92 %
460000 CULTURE AND RECREATION						
460200 FAIRS	0.00	400.00	500.00	500.00	100.00	80 %
Account Group Total:	0.00	400.00	500.00	500.00	100.00	80 %
490000 DEBT SERVICE						
490510 INTERCAP LOAN	0.00	6,645.73	7,700.00	7,700.00	1,054.27	86 %
Account Group Total:	0.00	6,645.73	7,700.00	7,700.00	1,054.27	86 %
520000 OTHER FINANCING USES						
521000 INTERFUND OPERATING TRANSFERS OUT	38,000.00	38,000.00	31,000.00	31,000.00	-7,000.00	123 %
Account Group Total:	38,000.00	38,000.00	31,000.00	31,000.00	-7,000.00	123 %
Fund Total:	74,005.21	506,192.20	560,849.00	570,149.00	63,956.80	89 %

A budget to actual report should be reviewed at the council meetings.

Finance staff, Department Heads, and those responsible for spending should review the budget to actual reports on a monthly basis.

Final thoughts on budgets

Monitor the budget by reviewing budget vs. actual reports at the council meetings.

Finance staff and those responsible for spending should review budget to actual reports on a monthly basis.

If a fund's budget is exceeded, the governing body should amend the budget by first holding a public hearing and passing a resolution after the public hearing.

Don't forget the statutory deadline for passing the budget: the later of the first Thursday after the first Tuesday in September or within 30 days or receiving certified taxable values.

It is important to submit your budget to LGSB by the October 1 due date to meet reporting requirements outlined in MCA



Monitoring the budget – budget amendments

A budget may be amended after conducting a public hearing.

The budget amendment resolution should identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the additional appropriations.

LGSB has a budget amendment template, and the accountants are available to assist.

Budget Amendment Form - Compliance with Montana Local Budget Act: MCA 7-6-40								
Insert Entity Name:								
Fiscal Year Ending June 30, 20XX								
Budget Amendment Documentation:								
Fund Number	Fund Name	Original Budget Amount	Requested Amended Budget	Difference (Plus/Minus)	Approved Final Amended	Source of revenue/reserves to cover	Date Approved by Governing Body	Comments
				-				
				-				
				-				
				-				
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				-				
				-				
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				-				
				-				
				-				
				-				
Totals:		-	-	-	-			

Budget amendment procedures: Determine the amount of the required additional appropriations and identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations. Prepare a budget resolution. Schedule the public hearing. Follow provisions of MCA 7-6-4021. Provide public notice by publishing the date, time and place of the hearing two times with 6 days separating publications. Prior to the hearing, a copy of the budget and budget amendments should be available for public viewing. After the hearing, update the final budget in the accounting software. Provide a copy of the budget amendments and resolution to DOA LGSB to accompany your budget on the public transparency site.

1st Publication:	2nd Publication:
Public Hearing Date:	Time:
Resolution Number:	Approval Date:
Governing Body Signature:	Date:

Submit a copy of the amendment to the City/Town Clerk or County Clerk and Recorder to update the final budget in the accounting system and email to DOA LGSB to include with your budget on the public transparency site.



Transparency in Government

WEBSITE: <https://transparency.mt.gov/>

Local Government Annual Budget Data



MONTANA
Transparency in Government

Local Government Annual Budget Information – Cities, Counties and Towns

The State of Montana provides the following table of levied and non-levied funds for counties, cities, and towns. The table is derived from information submitted to the state when a county, city, or town submits their annual budget to the state per the Local Government Budget Act (7-6-40 MCA) for fiscal year 2025 and forward. The table may include copies if a local government did not submit the levied and non-levied information in the proper format.

The state also provides the submitted budgets of local governments at <https://data.mt.gov/dataset/Local-Gov-Budgets>. Please contact the entity with any questions about this information.

To download data, filter as desired and then click Download at the bottom-right edge of the screen. Refer to information link for more details on this report.

Fiscal Year

Entity Name

Fund Number

Fund Type

SMART Fund Name

2025

ACT

100

ACT

ACT

Fiscal Year	Entity Name	Fund Number	SMART Fund Name	Entity Fund Name	Assessments	Budget Cash Received	Total Requirements	Cash Available	Non-Tax Revenues	Property Tax Revenues	Total Revenues	Total Resources	Assessed/Market Valuation	Assessed/Market Valuation Less	One-Mil Tax	Mil Levy	Mil Type
2025	Anaconda-Deer Lodge County	1000	General Fund	General Fund	\$1,125,887.00	\$2,048,965.88	\$5,375,672.88	\$3,121,493.00	\$3,103,821.00	\$3,345,358.88	\$6,454,179.88	\$9,575,672.88	\$1,991,819,579.00	\$26,507,426.00	\$26,507.42	125.00	Non-Levied
2025	Anaconda-Deer Lodge County	2110	Road	Road Dept	\$1,303,026.00	\$121,196.13	\$1,424,222.13	\$433,346.00	\$763,196.00	\$723,690.13	\$986,876.13	\$1,424,222.13	\$1,991,819,579.00	\$26,507,426.00	\$26,507.42	27.25	Non-Levied
2025	Anaconda-Deer Lodge County	2140	Wired	Wired Control	\$91,575.00	\$16,654.00	\$101,207.00	\$66,192.00	\$36,016.00	\$0.00	\$36,016.00	\$101,207.00	\$1,991,819,579.00	\$26,507,426.00	\$26,507.42	0	Non-Levied
2025	Anaconda-Deer Lodge County	2141	Wired	Nonpayment of Wired	\$0.00	\$3,263.00	\$3,263.00	\$3,263.00	\$0.00	\$0.00	\$0.00	\$3,263.00	\$0.00	\$0.00	\$0.00	0	Non-Levied
2025	Anaconda-Deer Lodge County	2190	Camp Insurance	City Park Fund	\$1,114,250.00	\$221.15	\$1,114,471.15	\$67,296.00	\$211,669.00	\$916,957.15	\$1,227,176.15	\$1,114,471.15	\$1,991,819,579.00	\$26,507,426.00	\$26,507.42	30.71	Non-Levied
2025	Anaconda-Deer Lodge County	2191	Insurance	Fire-Fire In-Prevention	\$0.00	\$76,420.00	\$76,420.00	\$76,420.00	\$0.00	\$0.00	\$0.00	\$76,420.00	\$0.00	\$0.00	\$0.00	0	Non-Levied