

House BILL NO. 530

INTRODUCED BY

Wiseman, Swanson, Magala, Willett, Eick, Forbes, Inoué, Beal, Christiansen

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RECOMMENDATION OF THE GOVERNOR'S TASK FORCE TO RENEW MONTANA GOVERNMENT BY CREATING AN ALTERNATIVE ACCOUNTING METHOD FOR LOCAL GOVERNMENT ENTITIES; AMENDING SECTIONS 2-7-503, 2-7-504, 2-7-513, 7-3-4371, 7-3-4372, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213, 7-6-2302, 7-6-2311, 7-6-2312, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2324, 7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525, 7-6-4103, 7-6-4104, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4121, 7-6-4124, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4203, 7-6-4205, 7-6-4221, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228, 7-6-4229, 7-6-4230, 7-6-4231, 7-6-4232, 7-6-4235, 7-6-4236, 7-6-4240, 7-6-4241, 7-6-4408, AND 15-10-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Purpose. The purpose of [sections 1 through 4] is to create an accounting method for local governments that provides an alternative to following the detailed bookkeeping rules contained in this title that have been built up over decades and to encourage local governments to adopt generally accepted accounting principles and auditing standards. These principles are more rigorous, comprehensive, and businesslike than those contained elsewhere in this title. It is the intent of the legislature that all local governments eventually follow generally accepted accounting principles and auditing standards.

NEW SECTION. Section 2. Definition. For the purposes of [sections 1 through 4], "local government entity" means a consolidated city-county or a county, city, or town as defined in 2-7-501(7).

NEW SECTION. Section 3. Adoption of alternative auditing method. (1) A local government entity may by resolution adopt the alternative accounting method established in [section 4] and may by ordinance authorize any of the entities created under its legislative authority to adopt the alternative accounting

1 method.

2 (2) A local government entity that adopts the alternative accounting method is considered to have
3 complied with state accounting and financial reporting standards and requirements.

4 (3) A local government entity that does not adopt the alternative accounting method is subject to
5 state accounting and financial reporting standards and requirements.

6 (4) A local government entity may not adopt the alternative accounting method unless it has
7 received an auditor's unqualified opinion on its annual financial statements prepared for its preceding fiscal
8 year.

9

10 **NEW SECTION. Section 4. Alternative accounting method -- requirements.** A local government
11 entity that adopts the alternative accounting method shall:

12 (1) prepare its accounting records and financial reports in accordance with generally accepted
13 accounting principles established by the federal accounting standards advisory board or its generally
14 recognized successor;

15 (2) adopt a fiscal year that commences on July 1 of each year;

16 (3)(a) compile an annual financial report covering the preceding fiscal year and submit a copy of the
17 annual financial report or an annual audit, pursuant to subsection (3)(b), to the department of commerce
18 within 6 months of the end of that reported fiscal year; or

19 (b) if the local government entity submits an audit report in lieu of an annual financial report, ensure
20 that the audit report contains, at a minimum, the entity's general purpose financial statements and
21 combining and individual fund and account group statements as defined under the principles described in
22 subsection (1);

23 (4) cause an annual audit in accordance with the provisions of Title 2, chapter 7, part 5; and

24 (5) ensure that a budget is made each year that:

25 (a) shows the complete expenditure program for the local government entity for the coming fiscal
26 year and the sources by which it will be funded;

27 (b) must be completed by July 1 of the current fiscal year;

28 (c) must be approved or amended by the governing body in a regularly scheduled meeting;

29 (d) must be the subject of one or more advertised public hearings prior to approval or amendment;

30 and

1 (e) must be submitted to the department of commerce by September 15.

2
3 **Section 5.** Section 2-7-503, MCA, is amended to read:

4 **"2-7-503. Financial reports and audits of local government entities -- exception.** (1) The governing
5 body or managing or executive officer of a local government entity, other than a school district or
6 associated cooperative, shall ensure that a financial report is made every year. A school district or
7 associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the
8 preceding fiscal year, be in a form prescribed by the department, and be completed within 4 months of the
9 end of the reporting period. The local government entity shall submit the financial report to the department
10 for review.

11 (2) The department shall prescribe a uniform reporting system for all local government entities
12 subject to financial reporting requirements, other than school districts. The superintendent of public
13 instruction shall prescribe the reporting requirements for school districts.

14 (3) (a) The governing body or managing or executive officer of each local government entity
15 receiving ~~revenues~~ revenue or financial assistance in the period covered by the financial report in excess
16 of \$200,000 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least
17 every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within
18 9 months from the close of the last fiscal year of the audit period. The audit must be completed and
19 submitted to the department for review within 1 year from the close of the last fiscal year covered by the
20 audit.

21 (b) The governing body or managing or executive officer of a local government entity that does not
22 meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the
23 department, or, in the case of a school district, if directed by the department at the request of the
24 superintendent of public instruction, cause a financial review, as defined by department rule, to be
25 conducted of the financial statements of the entity for the preceding fiscal year.

26 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
27 compliance audit of an individual financial assistance program that a local government is required to
28 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
29 provides a state agency with the information it requires to carry out its responsibilities under state or federal
30 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own

1 audits or reviews in order to avoid a duplication of effort.

2 (5) In addition to the audits required by this section, the department may at any time conduct or
3 contract for a special audit or review of the affairs of any local government entity referred to in this part.
4 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
5 part.

6 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the
7 department in relation to the special audit or review. The audit fee must be paid by the local government
8 entity to the state treasurer and deposited in the enterprise fund to the credit of the department.

9 (7) Subsections (1) through (3) do not apply to a local government entity that has adopted the
10 alternative accounting method provided for in [sections 1 through 4]."

11

12 **Section 6.** Section 2-7-504, MCA, is amended to read:

13 **"2-7-504. Accounting methods -- exception.** (1) Unless otherwise required by law, the department
14 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
15 all money belonging to local government entities and shall establish in those offices general methods and
16 details of accounting. All local government entity officers shall conform with the accounting standards
17 prescribed by the department.

18 (2) This section does not apply to a local government entity that has adopted the alternative
19 accounting method provided for in [sections 1 through 4]."

20

21 **Section 7.** Section 2-7-513, MCA, is amended to read:

22 **"2-7-513. Content of audit report and financial report -- exception.** (1) The audit reports ~~shall~~ must
23 comply with the reporting requirements of government auditing standards issued by the U.S. comptroller
24 general and federal regulations adopted by department rule.

25 (2) (a) The department shall prescribe general methods and details of accounting for the financial
26 report for local government entities other than schools. The financial report must be submitted in a form
27 required by the department. The superintendent of public instruction shall prescribe the general methods
28 and details of accounting for financial reports for schools.

29 (b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative
30 accounting method provided for in [sections 1 through 4]."

1 **Section 8.** Section 7-3-4371, MCA, is amended to read:

2 **"7-3-4371. Estimate of expenditures and revenues -- exception.** (1) The city manager shall submit
3 to the commission an estimate of the expenditures and revenues of the municipal departments for the
4 ensuing year. The estimate ~~shall~~ must be compiled from detailed information obtained from the several
5 departments on uniform blanks to be furnished by the city manager. The classification of the expenditures
6 ~~shall~~ must be as nearly uniform as possible for the main functional divisions of all departments and ~~shall~~
7 must give in parallel columns the following information:

8 (a) a detailed estimate of the expenses of conducting each department as submitted by the
9 department;

10 (b) expenditures for corresponding items for the last 2 fiscal years;

11 (c) expenditures for the corresponding items for the current fiscal year, including adjustments due
12 to transfers between appropriations, plus an estimate of expenditure necessary to complete the current
13 fiscal year;

14 (d) amount of supplies and materials on hand at the date of the preparation of the invoice;

15 (e) increase or decrease of requests compared with the corresponding appropriations for the current
16 year;

17 (f) ~~such~~ other information ~~as~~ that is required by the commission or that the city manager may ~~deem~~
18 consider advisable to submit;

19 (g) the recommendation of the city manager as to the amounts to be appropriated, with reasons
20 ~~therefor~~ for the recommendation, in ~~such~~ the detail ~~as~~ that the commission may direct.

21 (2) A sufficient number of copies of ~~such~~ the estimate ~~shall~~ must be prepared and submitted that
22 there ~~may be~~ are copies on file in the office of the commission for inspection by the public.

23 (3) This section does not apply to a local government entity that has adopted the alternative
24 accounting method provided for in [sections 1 through 4]."

25
26 **Section 9.** Section 7-3-4372, MCA, is amended to read:

27 **"7-3-4372. Procedure to enact appropriation ordinance -- exception.** (1) Upon receipt of ~~such~~ the
28 estimate, the commission shall prepare an appropriation ordinance in ~~such~~ the form ~~as~~ that may be
29 prescribed by ordinance or resolution. Before finally acting upon ~~such~~ the tentative appropriation, the
30 commission shall fix a time and place for holding public hearing upon the tentative appropriation and shall

1 give public notice of ~~such~~ the hearing. Following the public hearings and before its final passage, the
 2 appropriation ordinance ~~shall~~ must be published with a parallel comparison with the recommendation of the
 3 city manager. The commission ~~shall~~ may not pass the appropriation ordinance until 10 days after its
 4 publication or before the second Monday in August.

5 (2) If, at the beginning of the term of office of the first commission elected under the provisions
 6 of this part and part 44, the appropriations for the expenditures of the municipal government for the current
 7 fiscal year have been made, ~~said~~ the commission ~~shall have the power~~ may by ordinance ~~to~~ revise, repeal,
 8 or change ~~said~~ the appropriations and ~~to~~ make additional appropriations.

9 (3) This section does not apply to a local government entity that has adopted the alternative
 10 accounting method provided for in [sections 1 through 4]."

11
 12 **Section 10.** Section 7-6-2111, MCA, is amended to read:

13 "**7-6-2111. Duties of county treasurer.** (1) The county treasurer ~~must~~:

14 (1)(a) ~~must~~ receive all money belonging to the county and all other money directed to be paid to
 15 ~~him~~ the treasurer by law, safely keep the ~~same~~ money, and apply and pay ~~them~~ the money out, ~~rendering~~
 16 and account thereof for the money as required by law;

17 (2)(b) ~~shall~~ keep an account of the receipt and expenditures of ~~all such~~ the money in books provided
 18 for the purpose, in which must be entered:

19 (a)(i) ~~the~~ the amount, the time when, from whom, and on what account all money was received ~~by him~~;

20 (b)(ii) ~~the~~ the amount, time when, to whom, and on what account all disbursements were made ~~by him~~;

21 (3)(c) ~~so~~ shall keep ~~his~~ so books so that the amounts received and paid out on account of separate
 22 funds or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and
 23 expenditures shown in one general or cash account;

24 (4)(d) ~~may not~~ enter ~~no~~ money received for the current year on ~~his~~ the treasurer's account with the
 25 county for the past fiscal year until after ~~his~~ the treasurer's annual settlement for the past year has been
 26 made with the county clerk;

27 (5)(e) ~~shall~~ disburse the county money only on county warrants issued by the county clerk, based
 28 on orders of the board of county commissioners, or as otherwise provided by law.

29 (2) This section does not apply to a county that has adopted the alternative accounting method
 30 provided for in [sections 1 through 4]."

1 **Section 11.** Section 7-6-2112, MCA, is amended to read:

2 **"7-6-2112. Treasurer's reports to county commissioners -- exception.** (1) Each county treasurer
3 ~~must~~ shall make a detailed monthly report to the board of county commissioners ~~of his county~~, of all money
4 received ~~by him and the disbursement thereof~~ and disbursed by the treasurer, ~~and~~ of all debts due to and
5 from the county, and of all other proceedings in ~~his~~ the treasurer's office, so that the receipts into the
6 treasury and the amount of disbursements, together with the debts due to and from the county, appear
7 clearly and distinctly.

8 (2) On the first Monday of January, April, July, and October of each year the county treasurer
9 ~~must~~ shall settle with the board of county commissioners for all money collected, ~~and on~~ . On those days
10 the treasurer ~~must~~ shall deliver to the board affidavits verifying the reconciliation of the balance on hand
11 in the county treasury. After the approval of the statements and the accompanying affidavits, one copy of
12 the quarterly report ~~shall~~ must be filed with the county clerk of the county and one copy ~~shall~~ must be
13 retained by the county treasurer.

14 (3) This section does not apply to a county that has adopted the alternative accounting method
15 provided for in [sections 1 through 4]."

16

17 **Section 12.** Section 7-6-2202, MCA, is amended to read:

18 **"7-6-2202. Duties of county clerk related to finance -- exception.** (1) The county clerk ~~must~~ shall
19 draw warrants on the county treasury in favor of all persons entitled ~~thereto~~ to the warrants in payment:

20 (a) of all claims and demands chargeable against the county which have been legally examined,
21 allowed, and ordered paid by the board of county commissioners; and

22 (b) for all debts and demands against the county when the amounts are fixed by law and are not
23 directed to be audited by some other person or tribunal.

24 (2) The county clerk ~~must~~ shall keep accounts current with the treasurer. When any person
25 deposits with the county treasurer any money paid into the treasury, the county clerk ~~shall~~ must be
26 furnished by the treasurer with a duplicate of the receipt issued to the person, ~~which~~ . The duplicate receipt
27 ~~shall~~ must be filed in the office of the county clerk, and the county clerk shall charge the treasurer with the
28 amount ~~thereof~~ of the deposit.

29 (3) The county clerk ~~must~~ shall make the annual statement as prescribed in 7-6-2203.

30 (4) This section does not apply to a county that has adopted the alternative accounting method

1 provided for in [sections 1 through 4]."

2

3 **Section 13.** Section 7-6-2203, MCA, is amended to read:

4 **"7-6-2203. Annual financial statement -- exception.** (1) Within 120 days after the close of each
5 fiscal year, the county clerk shall ~~make out~~ compile and present to the board of county commissioners and
6 the department of commerce a complete statement of the financial condition of the county. The statement
7 must show:

8 (a) a detailed description of all of the resources and liabilities of the county and the book value of
9 ~~them~~ the resources and liabilities;

10 (b) the amount of money received, showing the source of that revenue;

11 (c) the amount of money disbursed, with the purpose of disbursement;

12 (d) the operation of each of the cash and warrant accounts, showing the balance at the beginning
13 of the year, the credits, the debits, and the balance at the end of the year;

14 (e) the assessed valuation of the real and personal property of the county;

15 (f) the rate of taxation and the amount of taxes delinquent for the preceding years; and

16 (g) ~~such~~ other items ~~as~~ that the department of commerce may prescribe.

17 (2) The statement ~~shall~~ must be ~~made out~~ on the form designated by the department.

18 (3) This section does not apply to a county that has adopted the alternative accounting method
19 provided for in [sections 1 through 4]."

20

21 **Section 14.** Section 7-6-2211, MCA, is amended to read:

22 **"7-6-2211. Authorization to conduct county business on a cash basis.** (1) ~~In case~~ If the total
23 indebtedness of a county, lawful when incurred, exceeds the limit of 23% established in 7-7-2101 by
24 reason of great diminution of taxable value, the county may conduct its business affairs on a cash basis
25 and pay the reasonable and necessary current expenses of the county out of the cash in the county
26 treasury derived from its current revenue and under ~~such~~ the restrictions and regulations ~~as~~ that may be
27 imposed by the board of county commissioners of the county by a resolution duly adopted and included
28 in the minutes of the board.

29 (2) ~~Nothing in this~~ This section restricts does not restrict the right of the board to make the
30 necessary tax levies for interest and sinking fund purposes, and ~~nothing in this section affects~~ does not

1 affect the right of any creditor of the county to pursue any remedy now given ~~him~~ by law to obtain
2 payment of his a claim.

3 (3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
4 provided for in [sections 1 through 4]."

5
6 **Section 15.** Section 7-6-2213, MCA, is amended to read:

7 **"7-6-2213. Report of fees received and money disbursed -- exception.** ~~(1) It is the duty of all~~ All
8 county officers, justices of the peace, and constables ~~to make~~ shall report in writing, under oath, to the
9 board of county commissioners on the first Monday of March, June, September, and December, showing
10 in detail all fees, emoluments, and compensation received and money disbursed by them in their official
11 capacity during the quarter preceding the making of each report.

12 (2) This section does not apply to a county that has adopted the alternative accounting method
13 provided for in [sections 1 through 4]."

14
15 **Section 16.** Section 7-6-2302, MCA, is amended to read:

16 **"7-6-2302. Role of department of commerce -- exception.** (1) The department of commerce shall
17 make rules and classifications and prescribe forms necessary to carry out the provisions of this part, to
18 define what expenditures are chargeable to each budget account, and to establish accounting and cost
19 systems necessary to provide accurate budget information.

20 (2) This section does not apply to a county that has adopted the alternative accounting method
21 provided for in [sections 1 through 4]."

22
23 **Section 17.** Section 7-6-2311, MCA, is amended to read:

24 **"7-6-2311. Filing of estimate of revenues and expenses with county clerk -- exception.** (1) Before
25 June 1 each year the county clerk and recorder shall notify in writing each county official in charge of an
26 office, department, service, institution, or county-funded district court program of the county to file with
27 the county clerk and recorder, before June 10, detailed and itemized estimates, both of the probable
28 ~~revenues~~ revenue from sources other than taxation and of all expenditures required by the office,
29 department, service, or institution for the next fiscal year.

30 (2) (a) The county commissioners shall submit to the county clerk and recorder the estimate of

1 expenditures for all purposes for the board and a detailed statement showing all new road and bridge
 2 construction to be financed from county road and bridge funds, from any special road or bridge fund, from
 3 any special highway fund, and from bond issues issued or authorized for the next fiscal year, together with
 4 the cost of that construction as computed by the county surveyor or, if for construction in charge of a
 5 special engineer, then by that engineer. The county commissioners shall also submit to the county clerk
 6 and recorder detailed estimates of all expenditures for construction or improvement purposes proposed to
 7 be made from the proceeds of bond issues not yet authorized and from the proceeds of tax levies ~~which~~
 8 that are required to be approved at an election to be held.

9 (b) The county surveyor and any special engineer shall prepare the estimates of cost of road and
 10 bridge construction for the county commissioners. They shall also submit a similar statement showing road
 11 and bridge maintenance expenditures as nearly as can be estimated.

12 (c) The county treasurer shall prepare the estimates for interest and debt reduction.

13 (d) The county clerk and recorder shall prepare all other estimates ~~which~~ that properly fall within
 14 the duties of ~~his~~ the office.

15 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the county
 16 clerk and recorder and prescribed by the department of commerce. The forms may only be varied or
 17 departed from with permission and approval of that department. Each of the officials shall file the estimates
 18 within the time and in the manner provided in the form and notice.

19 (4) In the absence or disability of an official, the duties required by this section or 7-6-2312
 20 devolve upon the official or employee in charge of the office, department, service, or institution.

21 (5) This section does not apply to a county that has adopted the alternative accounting method
 22 provided for in [sections 1 through 4]."

23
 24 **Section 18.** Section 7-6-2312, MCA, is amended to read:

25 **"7-6-2312. Penalty for noncompliance with filing requirements -- exception.** (1) The county clerk
 26 shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for
 27 each day of delay. The total penalty against any official may not exceed \$50 in 1 year.

28 (2) The notice provided for in 7-6-2311 ~~shall~~ must contain a copy of this penalty clause.

29 (3) This section does not apply to a county that has adopted the alternative accounting method
 30 provided for in [sections 1 through 4]."

1 **Section 19.** Section 7-6-2314, MCA, is amended to read:

2 **"7-6-2314. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
3 tabulation required by 7-6-2313, the estimates, appropriations, and expenditures ~~shall~~ must be classified
4 as:

5 (a) salaries and wages;

6 (b) maintenance and operation;

7 (c) capital outlay;

8 (d) interest and debt redemption;

9 (e) miscellaneous; and

10 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
11 of a tax levy or levies ~~which~~ that are required to be submitted to and approved at an election to be held
12 later.

13 (2)(a) Within the general class of salaries and wages, each salary ~~shall~~ must be set forth separately,
14 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
15 expenses of special deputies or assistants in any office where the services of ~~such~~ the special deputies or
16 assistants may be required during a part of the fiscal year only. Wages for day labor may be given in totals
17 by designating the general purpose or object for which the expenditure is to be made, but the proposed rate
18 per day for each class or kind of labor ~~shall~~ must be set forth.

19 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
20 according to a standard classification to be established by the department of commerce.

21 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
22 separately.

23 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and
24 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
25 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

26 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
27 that cannot properly be assigned to any of the general classes ~~shall~~ must be set forth and itemized in detail.

28 (3) This section does not apply to a county that has adopted the alternative accounting method
29 provided for in [sections 1 through 4]."

30

1 **Section 20.** Section 7-6-2315, MCA, is amended to read:

2 **"7-6-2315. Consideration of tabulation by county commissioners -- exception.** (1) The tabulation
3 ~~shall~~ must be submitted to the county commissioners by the county clerk and recorder on or before the
4 third Monday of July.

5 (2) Upon receipt ~~thereof~~, the board of county commissioners shall immediately consider the budget
6 in detail and shall, on or before the fourth Monday of July, make any revisions, reductions, additions, or
7 changes that ~~they consider~~ the board considers advisable. The tabulation, with any revisions, reductions,
8 additions, or changes, is the county proposed budget for the fiscal year which it is intended to cover.

9 (3) This section does not apply to a county that has adopted the alternative accounting method
10 provided for in [sections 1 through 4]."

11

12 **Section 21.** Section 7-6-2316, MCA, is amended to read:

13 **"7-6-2316. Notice of hearing on county proposed budget -- exception.** (1) The board of county
14 commissioners shall ~~then have~~ cause a notice to be published stating that:

15 (a) the board has completed its county proposed budget for the current fiscal year;

16 (b) the budget is open to inspection in the office of the county clerk and recorder;

17 (c) the board will meet to fix the final budget and make appropriations, stating the date, time, and
18 place of the meeting; and

19 (d) any taxpayer or resident of the county may appear and be heard for or against any part of the
20 budget.

21 (2) The notice ~~shall~~ must be published two times, once each week, in a newspaper of general
22 circulation in the county.

23 (3) This section does not apply to a county that has adopted the alternative accounting method
24 provided for in [sections 1 through 4]."

25

26 **Section 22.** Section 7-6-2317, MCA, is amended to read:

27 **"7-6-2317. Hearing on county proposed budget -- exception.** (1) At least 3 days prior to the
28 adoption of the final budget, the county commissioners shall meet at the time and place designated in the
29 notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be
30 heard for or against any part of the budget.

1 (2) The hearing ~~shall~~ must be continued from day to day and ~~shall~~ must be concluded and the
2 budget approved and adopted on or before the second Monday in August, before the fixing of the tax levies
3 by the board.

4 (3) This section does not apply to a county that has adopted the alternative accounting method
5 provided for in [sections 1 through 4]."
6

7 **Section 23.** Section 7-6-2318, MCA, is amended to read:

8 **"7-6-2318. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the
9 conclusion of the hearing, the board shall first determine the amount estimated to accrue to each fund
10 during the fiscal year from all sources except the taxation of property. In so doing, the board may not
11 include any amount ~~which~~ that it is anticipated may be received during the fiscal year from the payment
12 of taxes ~~which~~ that became delinquent during a preceding fiscal year.

13 (2) The board shall then determine separately the amount appropriated for, and authorized to be
14 spent for each item in the budget and shall specify the fund or funds against which warrants are to be
15 drawn and issued for each item in the budget and shall specify the fund or funds against which warrants
16 are to be drawn for the expenditures authorized. There may not be added to the amount to be appropriated
17 and authorized to be spent for an item or to the total amount appropriated and authorized to be spent from
18 any fund any amount or percentage because of anticipated loss of revenue by reason of the nonpayment
19 of taxes levied for that fiscal year. The total expenditures authorized to be made from any fund, including
20 the reserve added to them, may not exceed the aggregate of:

- 21 (a) the cash balance in the fund at the close of the preceding fiscal year;
22 (b) the amount of estimated revenues to accrue to the fund; and
23 (c) the amount which may be raised for the fund by a lawful tax levy during the fiscal year.

24 (3) This section does not apply to a county that has adopted the alternative accounting method
25 provided for in [sections 1 through 4]."
26

27 **Section 24.** Section 7-6-2319, MCA, is amended to read:

28 **"7-6-2319. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
29 the determinations required by 7-6-2318, the board shall determine the amount to be raised by tax levy for
30 each fund by adding the cash balance in the fund at the close of the preceding fiscal year and the amount

1 of the estimated ~~revenues~~ revenue to accrue to the fund during the current fiscal year. It shall then deduct
 2 the total amount ~~so~~ obtained from the total amount of the appropriations and authorized expenditures from
 3 the fund as determined by the board. The amount remaining is the amount necessary to be raised for the
 4 fund by tax levy during the current fiscal year.

5 (2) The board may add to the amount necessary to be raised for any fund by tax levy during the
 6 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
 7 the months of July to November of the next fiscal year. The amount ~~which~~ that may be ~~so~~ added to any
 8 fund as the reserve may not exceed one-third of the total amount appropriated and authorized to be spent
 9 from the fund during the current fiscal year, after deducting from the amount of the appropriations and
 10 authorized expenditures the total amount appropriated and authorized to be spent for election expenses and
 11 payment of emergency warrants.

12 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
 13 the amount of the reserve and any amount for payment of election expenses and emergency warrants, may
 14 not exceed the total amount which may be raised for the fund by a tax levy which does not exceed the
 15 maximum levy permitted by law to be made for the fund.

16 (4) This section does not apply to a county that has adopted the alternative accounting method
 17 provided for in [sections 1 through 4]."
 18

19 **Section 25.** Section 7-6-2320, MCA, is amended to read:

20 "**7-6-2320. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
 21 finally determined, in addition to setting out separately each item for which an appropriation or expenditure
 22 is authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

- 23 (a) the total amount appropriated and authorized to be spent from each fund;
- 24 (b) the cash balance in the fund at the close of the preceding fiscal year;
- 25 (c) the amount estimated to accrue to the fund from sources other than taxation;
- 26 (d) the reserve for the next fiscal year; and
- 27 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

28 (2) The board shall then by resolution approve and adopt the budget as finally determined and enter
 29 the budget at length in the official minutes of the board.

30 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the board may approve

1 and adopt a resolution amending a final budget when:

2 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
3 are made, will result in expenditures for the year exceeding actual revenues and cash balances available
4 ~~therefor for the year~~; or

5 (ii) savings result from unanticipated adjustments in projected expenditures.

6 (b) Amended appropriations must be classified as:

7 (i) salaries and wages;

8 (ii) maintenance and operation;

9 (iii) capital outlay;

10 (iv) interest and debt redemption; or

11 (v) miscellaneous.

12 (4) Prior to amending a final budget, the board shall:

13 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the
14 resolution amending the budget; and

15 (b) publish notice, at least once, in a newspaper of general circulation in the county at least 6 but
16 not more than 16 days before the hearing on the budget amendments. The published notice must specify
17 the date, time, place, and subject of the hearing.

18 (5) This section does not apply to a county that has adopted the alternative accounting method
19 provided for in [sections 1 through 4]."

20

21 **Section 26.** Section 7-6-2321, MCA, is amended to read:

22 "7-6-2321. **Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
23 the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy for
24 each fund at a rate which will raise the amount set out in the budget as the amount necessary to be raised
25 by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the current
26 fiscal year ~~shall~~ must be the basis for determining the amount of the tax levy for each fund. Each tax levy
27 ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without including any amount for
28 anticipated tax delinquency, to produce the amount set out in the budget, without including any amount
29 for anticipated tax delinquency, ~~as being that is~~ that is the amount to be raised by tax levy.

30 (2) The tax levy ~~shall~~ must be made in the manner provided by 15-10-201.

1 (3) This section does not apply to a county that has adopted the alternative accounting method
 2 provided for in [sections 1 through 4]."

3
 4 **Section 27.** Section 7-6-2324, MCA, is amended to read:

5 **"7-6-2324. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of
 6 expenditures, itemized and classified as required in 7-6-2313 and 7-6-2314 and as finally fixed and adopted
 7 and as may be amended as provided in 7-6-2320 by ~~said~~ the board of county commissioners, ~~shall~~
 8 ~~constitute~~ constitutes the appropriations for the county for the fiscal year intended to be covered ~~thereby~~
 9 by the estimates.

10 (2) Except as provided in 3-5-404, 7-6-2325, and 7-31-2101, the county commissioners and every
 11 other county official, including judges of the district court, ~~shall be~~ is limited in the making of expenditures
 12 or incurring of liabilities to the amount of ~~such~~ the detailed appropriations and classifications, respectively.

13 (3) This section does not apply to a county that has adopted the alternative accounting method
 14 provided for in [sections 1 through 4]."

15
 16 **Section 28.** Section 7-6-2325, MCA, is amended to read:

17 **"7-6-2325. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
 18 adopted by the board of county commissioners at a regular or special meeting and entered upon its
 19 minutes, transfers or revisions in the general budget system within the classifications set forth in
 20 7-6-2314(1)(a) through (1)(c) may be made, provided that ~~no~~ a salary ~~shall~~ may not be increased above
 21 the amount appropriated ~~therefor~~.

22 (2) This section does not apply to a county that has adopted the alternative accounting method
 23 provided for in [sections 1 through 4]."

24
 25 **Section 29.** Section 7-6-2330, MCA, is amended to read:

26 **"7-6-2330. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
 27 appropriations, other than appropriations for ~~incomplete~~ uncompleted improvements in progress of
 28 construction, ~~shall~~ lapse at the end of the fiscal year.

29 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
 30 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the

1 fiscal year and remaining unpaid. After ~~such the~~ period ~~shall have~~ has expired, all appropriations, except
2 as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and void, and
3 any lawful claim presented ~~thereafter~~ after expiration against any ~~such~~ appropriation ~~shall~~ must be provided
4 for in the ensuing budget.

5 (b) Subsection (2)(a) does not apply to a county that has adopted the alternative accounting method
6 provided for in [sections 1 through 4]."

7

8 **Section 30.** Section 7-6-2331, MCA, is amended to read:

9 **"7-6-2331. Clerk's report concerning expenditures, liabilities, and appropriations -- auditor's report**
10 **-- exception.** (1) Within 4 working days after receipt of the treasurer's monthly report, the county clerk and
11 recorder shall submit to the board of county commissioners a report showing the expenditures and liabilities
12 against each separate budget appropriation incurred during the preceding calendar month and like
13 information for the whole of the fiscal year to the first day of the month in which ~~such the~~ report is made,
14 together with the unexpended balance of each appropriation. ~~He~~ The clerk and recorder shall also set forth
15 the receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

16 (2) In counties having county auditors, the county auditor, on the last business day of each month,
17 shall furnish the county clerk and recorder with a statement showing the total amount of liabilities incurred
18 against each budget appropriation for which warrants have not been issued up to the close of ~~said the~~ the
19 business day.

20 (3) This section does not apply to a county that has adopted the alternative accounting method
21 provided for in [sections 1 through 4]."

22

23 **Section 31.** Section 7-6-2525, MCA, is amended to read:

24 **"7-6-2525. Distribution of all-purpose levy -- exception.** (1) The money received from the
25 all-purpose levy must be accounted for in a common fund known as the all-purpose fund.

26 (2) The all-purpose fund may be used only for purposes that are authorized for revenue derived
27 from the individual levies set forth in 7-6-2523, but the county governing body may allocate the revenue
28 from the fund, in accordance with county budget law, to fund any enumerated purpose that it considers
29 appropriate.

30 (3) This section does not apply to a county that has adopted the alternative accounting method

1 provided for in [sections 1 through 4]."

2

3 **Section 32.** Section 7-6-4103, MCA, is amended to read:

4 **"7-6-4103. Annual appropriation -- exception.** (1) The council ~~must~~ shall, during the month of July
5 in each fiscal year, pass an ordinance to be known as the "Annual appropriation for the of for the
6 fiscal year beginning July 1, 19..", in which ordinance there must be appropriated enough money to defray
7 the expenses or liabilities of the city or town for ~~such~~ the fiscal year. There must be specified ~~therein~~ in the
8 ordinance the amount appropriated for each separate object or fund and the salary or compensation to be
9 paid to each officer of the city or town.

10 (2) This section does not apply to a city or town that has adopted the alternative accounting
11 method provided for in [sections 1 through 4]."

12

13 **Section 33.** Section 7-6-4104, MCA, is amended to read:

14 **"7-6-4104. Duties of city treasurer relating to finances -- exception.** It ~~shall be~~ is the duty of the
15 city treasurer:

16 (1) to receive all money that comes to the city, either from taxation or otherwise, and to pay the
17 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

18 (2) to give every person paying money to ~~him~~, as the treasurer a receipt ~~therefor~~, specifying the
19 date of payment, the amount, and for what paid;

20 (3) to pay out, in the order ~~they are~~ registered, all warrants presented for payment, when there are
21 funds in the treasury to pay the same.

22 (4) This section does not apply to a city that has adopted the alternative accounting method
23 provided for in [sections 1 through 4]."

24

25 **Section 34.** Section 7-6-4105, MCA, is amended to read:

26 **"7-6-4105. Financial reports and records to be maintained by city treasurer -- exception.** (1) It ~~shall~~
27 be is the duty of the city treasurer:

28 ~~(1)~~(a) to present to the council, on a date set by the council, a full and detailed statement of the
29 amounts of money belonging to the city received by ~~him~~ and disbursed by ~~him~~ the treasurer during the
30 preceding month and the state of each particular fund, ~~which~~. The statement must be verified by ~~his~~ the

1 treasurer's oath;

2 ~~(2)(b)~~ to keep the books and accounts of the city in such a manner as to correctly present the
3 condition of the finances ~~thereof~~ of the city, which must always be open to the inspection of the mayor
4 or the council or any member ~~thereof~~ of the council;

5 ~~(3)(c)~~ to render at any time an account to the council, showing the money on hand and the
6 condition of the treasury;

7 ~~(4)(d)~~ to annually make out and submit to the city council at its last meeting prior to May 1 a
8 detailed account of all receipts and expenditures during the past fiscal year and to file the same with the
9 clerk;

10 ~~(5)(e)~~ to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
11 of the account;

12 ~~(6)(f)~~ to keep a register of all warrants paid, called "The Registry Book", which must show the date,
13 amount, and number and the person to whom and the fund from which the same was paid; and

14 ~~(7)(g)~~ to deliver and file with the city clerk all vouchers, warrants, or orders paid by ~~him~~ the
15 treasurer.

16 (2) This section does not apply to a city that has adopted the alternative accounting method
17 provided for in [sections 1 through 4]."

18

19 **Section 35.** Section 7-6-4106, MCA, is amended to read:

20 **"7-6-4106. Publication or posting of annual statement of city receipts and expenditures --**
21 **exception.** (1) An abstract of the account of receipts and expenditures required by 7-6-4105~~(4)~~(1)(e) must
22 be published in some newspaper in the city, or if none is published, ~~such the~~ the abstract must be posted in
23 the room or building occupied by the council.

24 (2) This section does not apply to a city that has adopted the alternative accounting method
25 provided for in [sections 1 through 4]."

26

27 **Section 36.** Section 7-6-4107, MCA, is amended to read:

28 **"7-6-4107. Duties of the city clerk related to finance -- exception.** (1) It is the duty of the clerk to
29 enter in a book kept for that purpose the date, amount, and person in whose favor and for what purpose
30 warrants are drawn upon the city treasury. ~~Such~~ The book is called "The Finance Book".

1 (2) This section does not apply to a city that has adopted the alternative accounting method
 2 provided for in [sections 1 through 4]."

3
 4 **Section 37.** Section 7-6-4108, MCA, is amended to read:

5 **"7-6-4108. Duties of town clerk related to finance -- exception.** (1) It ~~shall be~~ is the duty of the
 6 town clerk:

7 (a) to receive all money that comes to the town, either from taxation or otherwise, and to pay the
 8 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

9 (b) to give every person paying money to ~~him as~~ the town clerk a receipt ~~therefor~~, specifying the
 10 date of payment, the amount, and for what paid;

11 (c) to pay out, in the order ~~they are~~ registered, all warrants presented for payment when there are
 12 funds in the treasury to pay the ~~same~~ warrants.

13 (2) The statutory functions and duties of a town treasurer provided in this title are transferred to
 14 the town clerk. Any reference to a town treasurer means the town clerk.

15 (3) This section does not apply to a town that has adopted the alternative accounting method
 16 provided for in [sections 1 through 4]."

17
 18 **Section 38.** Section 7-6-4109, MCA, is amended to read:

19 **"7-6-4109. Financial reports and records to be maintained by town clerk -- exception.** (1) It ~~shall~~
 20 ~~be~~ is the duty of the town clerk:

21 ~~(1)(a)~~ (a) to present to the council, on a date set by the council, a full and detailed statement of the
 22 amounts of money belonging to the town received by ~~him~~ and disbursed by ~~him~~ the clerk during the
 23 preceding month and the state of each particular fund, which statement must be verified by ~~his~~ the clerk's
 24 oath;

25 ~~(2)(b)~~ (b) to keep the books and accounts of the city or town in ~~such~~ a manner as to correctly present
 26 the condition of the finances ~~thereof~~ of the city or town, which must always be open to the inspection of
 27 the mayor, ~~or~~ the council, ~~or~~ any member ~~thereof~~ of the council;

28 ~~(3)(c)~~ (c) to render at any time an account to the council, showing the money on hand and the
 29 condition of the treasury;

30 ~~(4)(d)~~ (d) to annually make out and submit to the town council, at its last meeting prior to May 1, a

1 detailed account of all receipts and expenditures during the past fiscal year;

2 ~~(5)(e)~~ to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
3 of the account; and

4 ~~(6)(f)~~ to keep a register of all warrants paid, which must show the date, amount, and number and
5 the person to whom and the fund from which the ~~same warrant~~ was paid and to enter in a book kept for
6 that purpose the date, amount, and person in whose favor and for what purpose warrants are drawn upon
7 the town treasury.

8 (2) This section does not apply to a town that has adopted the alternative accounting method
9 provided for in [sections 1 through 4]."

10

11 **Section 39.** Section 7-6-4110, MCA, is amended to read:

12 **"7-6-4110. Publication or posting of annual statement of town receipts and expenditures --**
13 **exception.** (1) An abstract of the annual account of receipts and expenditures required by 7-6-4109(4)(1)(d)
14 must be published in some newspaper in the city or town, or if none is published, ~~such~~ the abstract must
15 be posted in the room or building occupied by the council.

16 (2) This section does not apply to a city or town that has adopted the alternative accounting
17 method provided for in [sections 1 through 4]."

18

19 **Section 40.** Section 7-6-4111, MCA, is amended to read:

20 **"7-6-4111. Annual financial statement -- exception.** (1) Within 120 days after the close of each
21 fiscal year, the city or town clerk of each city and town ~~must make out~~ shall compile, in duplicate, a
22 complete statement of the financial condition of the city or town for that fiscal year, showing:

23 (a) the indebtedness of the city or town, funded and floating; the amount of each class of
24 indebtedness; and the amount of money in the treasury subject to the payment of each class of
25 indebtedness;

26 (b) the amount of money received from taxes upon real and personal property;

27 (c) the amount of money received from fines, penalties, and forfeitures;

28 (d) the amount of money received from licenses;

29 (e) the amount of money received from all other sources, each source and the amount received
30 from it being shown separately;

1 (f) for each fund, the amount of money, if any, on hand at the beginning of the fiscal year, the
2 amount received, and the amount paid out during the fiscal year;

3 (g) a concise description of all property owned by the city or town, with an approximate estimate
4 of the value of it;

5 (h) the rates of taxation and purposes for which taxes were levied during the fiscal year;

6 (i) other information ~~which~~ that may be required by the department of commerce.

7 (2) The forms on which the statement ~~shall~~ must be made ~~shall~~ must be prescribed by the
8 department.

9 (3) This section does not apply to a city or town that has adopted the alternative accounting
10 method provided for in [sections 1 through 4]."

11
12 **Section 41.** Section 7-6-4112, MCA, is amended to read:

13 **"7-6-4112. Funds to be balanced -- exception.** (1) The amount of money paid out from each fund
14 must be deducted from the total of the money on hand at the beginning of the fiscal year and the money
15 received during the year, and a balance must be struck for each fund.

16 (2) This section does not apply to a city or town that has adopted the alternative accounting
17 method provided for in [sections 1 through 4]."

18
19 **Section 42.** Section 7-6-4113, MCA, is amended to read:

20 **"7-6-4113. Filing of annual financial statement -- exception.** (1) The city or town clerk ~~must~~ shall,
21 within 120 days following the close of each fiscal year, transmit one copy of the statement to the
22 department of commerce and ~~must~~ shall present the other copy to the city or town council or commission.

23 (2) If a city or town clerk fails to file a copy of the statement with the department within the time
24 specified, the department, without delay, shall examine the books, records, and accounts of the city or
25 town. The department shall make from its examination a statement of the financial condition of the city or
26 town for the preceding fiscal year in the manner it should have been made by the city or town clerk. The
27 examination ~~shall~~ must be considered a special audit under the provisions of subsections (5) and (6) of
28 2-7-503, and all of the provisions of subsections (5) and (6) of 2-7-503 apply to it.

29 (3) This section does not apply to a city or town that has adopted the alternative accounting
30 method provided for in [sections 1 through 4]."

1 **Section 43.** Section 7-6-4119, MCA, is amended to read:

2 **"7-6-4119. Long-short cash account.** (1) A governing body of a municipality may create a cash
3 over or short account consistent with accepted accounting practice.

4 (2) This section does not apply to a municipality that has adopted the alternative accounting method
5 provided for in [sections 1 through 4]."

6
7 **Section 44.** Section 7-6-4121, MCA, is amended to read:

8 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) In case the total
9 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
10 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
11 may conduct its affairs and business on a cash basis as provided by subsection (2).

12 (2)(a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
13 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
14 and derived from its current ~~revenues~~ revenue, under ~~such~~ any restrictions and regulations as the city or
15 town council may by ordinance prescribe.

16 (b) In the event that payment is made in advance, the city or town may require a cash deposit as
17 collateral security and indemnity, equal in amount to ~~such~~ the payment, and may hold the ~~same~~ deposit as
18 a special deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and
19 performance of the contract or obligation for which the advance is made.

20 (c) Before the payment of the current expenses mentioned above, the city or town council shall
21 first set apart sufficient money to pay the interest upon its legal, valid, and outstanding bonded
22 indebtedness and any sinking funds ~~therein~~ provided for and ~~shall be~~ is authorized to pay all valid claims
23 against funds raised by tax especially authorized by law for the purpose of paying ~~such~~ the claims.

24 (3) This section does not apply to a city or town that has adopted the alternative accounting
25 method provided for in [sections 1 through 4]."

26
27 **Section 45.** Section 7-6-4124, MCA, is amended to read:

28 **"7-6-4124. Procedure to close inactive accounts.** (1) Whenever the council of any city or town
29 having a corporate existence in this state ~~shall deem~~ considers it necessary to remove inactive accounts
30 from its records, ~~where said~~ When the accounts ~~shall~~ do not have any further purpose, it ~~shall be~~ is lawful

1 for ~~said~~ the council to direct the proper city or town officials to file claims against the respective inactive
 2 funds in favor of the general fund of ~~said~~ the city or town, after which the council shall allow the ~~same~~
 3 claims and cause the inactive funds to be closed and not continued in the record of active funds.

4 (2) This section does not apply to a city or town that has adopted the alternative accounting
 5 method provided for in [sections 1 through 4]."
 6

7 **Section 46.** Section 7-6-4131, MCA, is amended to read:

8 **"7-6-4131. Allocation and appropriation of all-purpose levy -- exception.** (1) ~~In the event~~ When the
 9 all-purpose levy method provided for in 7-6-4452 is followed in municipal financing, any municipality
 10 following it shall appropriate the levy to the several departments of the municipality in its annual budget
 11 and appropriation ordinance or in other legal manner, as the governing body of ~~such~~ the municipality ~~shall~~
 12 ~~deem~~ considers best.

13 (2) Any municipality ~~which~~ that has adopted an urban renewal plan may allocate the funds raised
 14 by its levy within the urban renewal area in accordance with the provisions of its urban renewal plan.

15 (3) This section does not apply to a municipality that has adopted the alternative accounting
 16 method provided for in [sections 1 through 4]."
 17

18 **Section 47.** Section 7-6-4132, MCA, is amended to read:

19 **"7-6-4132. Distribution of all-purpose levy -- exception.** (1) The money received from the
 20 all-purpose levy ~~shall~~ must be accounted for in a common fund known as the all-purpose general fund.

21 (2) This section does not apply to a municipality that has adopted the alternative accounting method
 22 provided for in [sections 1 through 4]."
 23

24 **Section 48.** Section 7-6-4133, MCA, is amended to read:

25 **"7-6-4133. Deposit of revenues from certain sources in all-purpose fund -- exception.** (1) Cities
 26 and towns making the all-purpose annual mill levy shall deposit into the all-purpose general fund all money
 27 received from other sources, including fees, charges, and fines received from the operation of airports,
 28 libraries, swimming pools, parking lots, golf courses, and any other operation supported in part or whole
 29 from an appropriation of the all-purpose levy and not otherwise provided by law.

30 (2) This section does not apply to a city or town that has adopted the alternative accounting

1 method provided for in [sections 1 through 4]."

2

3 **Section 49.** Section 7-6-4203, MCA, is amended to read:

4 "7-6-4203. **Scope of part.** The provisions of this part ~~shall~~ apply to all cities or towns in this state,
5 except for cities and towns that have adopted the alternative accounting method provided for in [sections
6 1 through 4]."

7

8 **Section 50.** Section 7-6-4205, MCA, is amended to read:

9 "7-6-4205. **Role of department of commerce.** The department of commerce shall make rules and
10 classifications and prescribe forms necessary to carry out the provisions of this part. It shall define what
11 expenditures are chargeable to each budget account and shall establish accounting and cost systems
12 necessary to provide accurate budget information. This section does not apply to a city or town that has
13 adopted the alternative accounting method provided for in [sections 1 through 4]."

14

15 **Section 51.** Section 7-6-4221, MCA, is amended to read:

16 "7-6-4221. **Filing of estimate of revenues and expenses with clerk -- exception.** (1) Before July 1
17 of each year, the clerk of each city shall notify in writing each official in charge of an office, department,
18 service, or institution of the municipality to file with the clerk, before July 10, detailed and itemized
19 estimates, both of the probable revenues from sources other than taxation and of all expenditures required
20 by the office, department, service, or institution for the current fiscal year.

21 (2) (a) The council shall submit to the clerk the estimate of expenditures for all purposes for the
22 council. The council shall also submit to the clerk detailed estimates of all expenditures for construction or
23 improvement purposes proposed to be made from the proceeds of bond issues not yet authorized and from
24 the proceeds of tax levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be
25 held.

26 (b) The mayor of the municipality shall submit to the clerk a detailed estimate showing the amount
27 to be appropriated from funds belonging to the municipality to defray the municipality's portion of the cost
28 of making improvements in special improvement districts and maintaining them and of installing lighting
29 systems in special lighting districts and maintaining them.

30 (c) The city treasurer shall prepare the estimates for interest and debt reduction.

1 (d) The clerk shall prepare all other estimates ~~which~~ that properly fall within the duties of ~~his~~ the
2 clerk's office.

3 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the clerk
4 and prescribed by the department of commerce. The form may be varied or departed from only with
5 permission and approval of the department. Each of the officials shall file the estimates within the time and
6 in the manner provided in the form and notice.

7 (4) In the absence or disability of an official, the duties required in this section or 7-6-4223 devolve
8 upon the official or employee in charge of the office, department, service, or institution for the time being.

9 (5) This section does not apply to a city that has adopted the alternative accounting method
10 provided for in [sections 1 through 4]."

11
12 **Section 52.** Section 7-6-4223, MCA, is amended to read:

13 **"7-6-4223. Penalty for noncompliance with filing requirements -- exception.** (1) The clerk shall
14 deduct and withhold as a penalty from the salary or compensation of each official failing or refusing to file
15 the estimate the sum of \$10 for each day of delay. The total penalty against an official may not exceed \$50
16 per year.

17 (2) The notice provided for in 7-6-4221 ~~shall~~ must contain a copy of this penalty clause.

18 (3) This section does not apply to a city or town that has adopted the alternative accounting
19 method provided for in [sections 1 through 4]."

20
21 **Section 53.** Section 7-6-4224, MCA, is amended to read:

22 **"7-6-4224. Preparation of expenditure program and information on sources of revenue -- exception.**
23 (1) From estimates of revenue and disbursements, the clerk shall prepare a tabulation showing the complete
24 expenditure program of the municipality for the current fiscal year and the sources of revenue by which it
25 is to be financed.

26 (2) The tabulation ~~shall~~ must set forth:

27 (a) the estimated receipts from all sources other than taxation for each office, department, service,
28 or institution for the current fiscal year;

29 (b) the actual receipts for the last completed fiscal year;

30 (c) the surplus or unencumbered treasury balances at the close of that last fiscal year;

1 (d) the amount necessary to be raised by taxation;

2 (e) the estimated expenditure for each office, department, service, or institution for the current
3 fiscal year;

4 (f) the actual expenditures for the last completed fiscal year;

5 (g) all contracts or other obligations ~~which~~ that will affect the current year ~~revenues~~ revenue;

6 (h) the total amount of emergency warrants issued during the preceding fiscal year, with the
7 amount issued for each emergency and the amount issued against each fund.

8 (3) This section does not apply to a municipality that has adopted the alternative accounting
9 method provided for in [sections 1 through 4]."

10
11 **Section 54.** Section 7-6-4225, MCA, is amended to read:

12 **"7-6-4225. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
13 tabulation required by 7-6-4224, the estimates, appropriations, and expenditures ~~shall~~ must be classified
14 as:

15 (a) salaries and wages;

16 (b) maintenance and operation;

17 (c) capital outlay;

18 (d) interest and debt redemption;

19 (e) miscellaneous; and

20 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
21 of a tax levy or levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be held
22 later.

23 (2) (a) Within the class of salaries and wages, each salary ~~shall~~ must be set forth separately,
24 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
25 expenses of special deputies or assistants in an office ~~where~~ in which the services of the special deputies
26 or assistants may be required during a part of the fiscal year only. Wages for day labor may be given in
27 totals by designating the general purpose or object for which the expenditure is to be made, but the
28 proposed rate per day for each class or kind of labor ~~shall~~ must be set forth.

29 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
30 according to a standard classification to be established by the department of commerce.

1 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
2 separately.

3 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and
4 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
5 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

6 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
7 that cannot properly be assigned to any of the general classes ~~shall~~ must be set forth and itemized in detail.

8 (3) This section does not apply to a municipality that has adopted the alternative accounting
9 method provided for in [sections 1 through 4]."

10

11 **Section 55.** Section 7-6-4226, MCA, is amended to read:

12 **"7-6-4226. Consideration of tabulation by council -- preparation of preliminary budget -- exception.**

13 (1) The tabulation ~~shall~~ must be submitted to the council by the clerk on or before July 20.

14 (2) Upon receipt ~~thereof~~ of the tabulation, the council shall immediately consider the ~~same~~
15 tabulation in detail and shall, on or before July 25, make any revisions, reductions, additions, or changes
16 ~~therein that they deem~~ the council considers advisable. ~~Such~~ The tabulation, with ~~such~~ any revisions,
17 reductions, additions, or changes ~~as have been made therein as herein provided, shall constitute~~ constitutes
18 the preliminary budget of the municipality for the fiscal year which it is intended to cover.

19 (3) This section does not apply to a municipality that has adopted the alternative accounting
20 method provided for in [sections 1 through 4]."

21

22 **Section 56.** Section 7-6-4227, MCA, is amended to read:

23 **"7-6-4227. Notice of hearing on preliminary budget -- exception.** (1) The council shall ~~then cause~~
24 publish a notice ~~to be published~~ stating that:

25 (a) the council has completed its preliminary municipal budget for the current fiscal year;

26 (b) the budget has been placed on file and is open to inspection in the office of the clerk of the
27 municipality;

28 (c) the council will meet for the purpose of fixing the final budget and making appropriations,
29 designating the date, time, and place ~~when and where such~~ that the meeting will be held; and

30 (d) any taxpayer or resident may appear at the meeting and be heard for or against any part of the

1 budget.

2 (2) The notice ~~shall~~ must be published at least one time in the official newspaper of the municipality
3 or, if there is none, then in a newspaper of general circulation in the county in which the municipality is
4 situated.

5 (3) This section does not apply to a municipality that has adopted the alternative accounting
6 method provided for in [sections 1 through 4]."

7

8 **Section 57.** Section 7-6-4228, MCA, is amended to read:

9 **"7-6-4228. Hearing on preliminary budget -- exception.** (1) At least 3 days prior to the adoption
10 of the final budget, the council shall meet at the time and place designated in the notice provided in
11 7-6-4227, at which time any taxpayer or resident may appear and be heard for or against any part of the
12 budget. The council may call in the official in charge of an office, department, service, or institution, at the
13 time the estimates for ~~their~~ each respective ~~offices are~~ office is under consideration, for examination
14 concerning the estimates. The official ~~shall~~ must be called in by the council, upon the request of a taxpayer
15 or resident, for questioning upon the estimates ~~either~~ by the council, taxpayer, or resident.

16 (2) The hearing ~~shall~~ must be continued from day to day and ~~shall~~ must be concluded and the
17 budget finally approved and adopted on or before the second Monday in August, prior to the fixing of the
18 tax levies by the council.

19 (3) This section does not apply to a municipality that has adopted the alternative accounting
20 method provided for in [sections 1 through 4]."

21

22 **Section 58.** Section 7-6-4229, MCA, is amended to read:

23 **"7-6-4229. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the
24 conclusion of the hearing, the council shall first determine the amount estimated to accrue to each fund
25 during the fiscal year from all sources except the taxation of property. In so doing, the council may not
26 include any amount anticipated from the payment of taxes ~~which~~ that became delinquent during a preceding
27 fiscal year.

28 (2) The council shall then determine separately the amount appropriated for and authorized to be
29 spent for each item in the budget and shall specify the fund against which warrants are to be drawn for
30 the expenditures ~~so authorized~~. There may not be added to the amount appropriated and authorized to be

1 spent for an item or purpose or to the total amount appropriated and authorized to be spent from any fund,
 2 other than a fund for the payment of principal or interest on outstanding bonds, any amount because of
 3 anticipated loss of revenue by reason of nonpayment of taxes levied for the fiscal year. The expenditures
 4 authorized from a fund, including reserve, may not exceed the aggregate of:

5 (a) the cash balance in the fund at the close of the preceding fiscal year in excess of outstanding
 6 unpaid warrants against the fund at the close of that fiscal year;

7 (b) the amount of estimated ~~revenues~~ revenue to accrue to the fund; and

8 (c) the amount ~~which that~~ may be raised for the fund by a lawful tax levy during the fiscal year.

9 (3) This section does not apply to a municipality that has adopted the alternative accounting
 10 method provided for in [sections 1 through 4]."

11
 12 **Section 59.** Section 7-6-4230, MCA, is amended to read:

13 **"7-6-4230. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
 14 the determinations required by 7-6-4229, the council shall determine the amount to be raised for each fund
 15 for which a tax levy is to be made by adding the cash balance in excess of outstanding unpaid warrants
 16 at the close of the preceding fiscal year and the amount of the estimated revenues, if any, to accrue to the
 17 fund during the current fiscal year. It shall then deduct the total amount so obtained from the total amount
 18 of the appropriations and authorized expenditures from the fund as determined by the council in the budget
 19 adopted and approved. The amount remaining is the amount necessary to be raised for any fund by tax levy
 20 during the current fiscal year.

21 (2) The council may add to the amount necessary to be raised for any fund by tax levy during the
 22 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
 23 the months of July to November of the next fiscal year. The amount added to any fund as a reserve may
 24 not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the
 25 current fiscal year, after deducting from the amount of the appropriations and authorized expenditures the
 26 total amount appropriated and authorized to be spent for election expenses and payment of emergency and
 27 other outstanding warrants.

28 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
 29 the amount of the reserve, ~~must~~ may not exceed the total amount ~~which that~~ may be raised for the fund
 30 by a tax levy ~~which that~~ does not exceed the maximum levy permitted by law to be made for the fund.

1 (4) This section does not apply to a municipality that has adopted the alternative accounting
 2 method provided for in [sections 1 through 4]."

3
 4 **Section 60.** Section 7-6-4231, MCA, is amended to read:

5 **"7-6-4231. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
 6 finally determined, in addition to setting out separately each item for which an appropriation is made or
 7 expenditure authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

8 (a) the total amount appropriated and authorized to be spent from each fund;

9 (b) the cash balance in excess of outstanding unpaid warrants at the close of the preceding fiscal
 10 year;

11 (c) the amount estimated to accrue to the fund from sources other than taxation;

12 (d) the reserve for the next fiscal year; and

13 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

14 (2) The council shall then by resolution approve and adopt the budget as finally determined, and
 15 the clerk shall enter the resolution at length in the official minutes of the council. The clerk shall keep a
 16 copy of the budget with the resolution in the official records of the municipality.

17 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the council may
 18 approve and adopt a resolution amending a final budget when:

19 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
 20 are made, will result in expenditures for the year exceeding actual ~~revenues~~ revenue and cash balances
 21 available ~~therefor~~; or

22 (ii) savings result from unanticipated adjustments in projected expenditures.

23 (b) Amended appropriations must be classified as:

24 (i) salaries and wages;

25 (ii) maintenance and operation;

26 (iii) capital outlay;

27 (iv) interest and debt redemption; or

28 (v) miscellaneous.

29 (4) Prior to amending a final budget, the council shall:

30 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the

1 resolution amending the budget; and

2 (b) publish notice at least once in a newspaper of general circulation in the city or town at least
3 6 but not more than 16 days before the hearing on the budget amendments. The published notice must
4 specify the date, time, place, and subject of the hearing.

5 (5) This section does not apply to a municipality that has adopted the alternative accounting
6 method provided for in [sections 1 through 4]."

7

8 **Section 61.** Section 7-6-4232, MCA, is amended to read:

9 **"7-6-4232. Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
10 the approval and adoption of the final budget, the council shall fix the tax levy for each fund at a rate, not
11 exceeding limits prescribed by law, ~~which that~~ will raise the amount set out in the budget as the amount
12 necessary to be raised by tax levy for that fund during the current fiscal year. The taxable valuation of the
13 city for the current fiscal year ~~shall~~ must be the basis for determining the amount of the tax levy for each
14 fund, and each tax levy ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without
15 including any amount for anticipated tax delinquency, to raise the amount set out in the budget.

16 (2) If the council considers that a levy made for a bond sinking or interest fund will not provide a
17 sufficient amount to pay all bond principal and interest becoming due during the current fiscal year or within
18 6 months after the current fiscal year because of anticipated tax delinquency, the council may fix the levy
19 at a rate it considers necessary to raise the amount for making the payments of principal and interest over
20 and above the anticipated tax delinquency.

21 (3) Each levy ~~shall~~ must be made in the manner provided by 15-10-201.

22 (4) This section does not apply to a municipality that has adopted the alternative accounting
23 method provided for in [sections 1 through 4]."

24

25 **Section 62.** Section 7-6-4235, MCA, is amended to read:

26 **"7-6-4235. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of
27 expenditures, itemized and classified as required in 7-6-4224 and 7-6-4225 and as finally fixed and adopted
28 and as may be amended as provided in 7-6-4231 by ~~said~~ the council, ~~shall~~ constitute the appropriations
29 for the municipality for the fiscal year intended to be covered ~~thereby~~ by the estimates.

30 (2) Except as provided in 7-6-4236, the council and ~~every~~ each other municipal official ~~shall be~~ is

1 limited in the making of expenditures or incurring of liabilities to the amount of ~~such~~ the detailed
2 appropriations and classifications, respectively.

3 (3) This section does not apply to a municipality that has adopted the alternative accounting
4 method provided for in [sections 1 through 4]."

5
6 **Section 63.** Section 7-6-4236, MCA, is amended to read:

7 **"7-6-4236. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
8 adopted by the council at a regular or special meeting and entered upon its minutes, transfers or revisions
9 within or among the general class or classes of salaries and wages, maintenance and support, and capital
10 outlay may be made, provided that ~~no~~ a salary ~~shall~~ may not be increased above the amount appropriated
11 ~~therefor~~.

12 (2) This section does not apply to a municipality that has adopted the alternative accounting method
13 provided for in [sections 1 through 4]."

14
15 **Section 64.** Section 7-6-4240, MCA, is amended to read:

16 **"7-6-4240. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
17 appropriations, other than the appropriations for uncompleted improvements in progress of construction,
18 ~~shall~~ lapse at the end of the fiscal year.

19 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
20 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the
21 fiscal year and remaining unpaid. After ~~such~~ the 30-day period ~~shall have~~ has expired, all appropriations,
22 except as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and
23 void, and any lawful claim presented ~~thereafter~~ against any ~~such~~ appropriation ~~shall~~ must be provided for
24 in the ensuing budget.

25 (b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting
26 method provided for in [sections 1 through 4]."

27
28 **Section 65.** Section 7-6-4241, MCA, is amended to read:

29 **"7-6-4241. Clerk's report concerning expenditures, liabilities, and appropriations -- exception.** (1)
30 The clerk shall submit to the council, on a date set by the council, a report showing the expenditures and

1 liabilities against each separate budget appropriation incurred during the preceding calendar month and like
 2 similar information for the whole of the fiscal year to the first day of the month in which ~~such~~ the report
 3 is made, together with the unexpended balance of each appropriation. The clerk shall also set forth the
 4 receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

5 (2) This section does not apply to a municipality that has adopted the alternative accounting method
 6 provided for in [sections 1 through 4]."

7
 8 **Section 66.** Section 7-6-4408, MCA, is amended to read:

9 **"7-6-4408. Distribution of tax money.** (1) The council or commission in each city or town may
 10 distribute the tax money collected for general municipal or administrative purposes into the funds prescribed
 11 by ordinance.

12 (2) This section does not apply to a city or town that has adopted the alternative accounting
 13 method provided for in [sections 1 through 4]."

14
 15 **Section 67.** Section 15-10-203, MCA, is amended to read:

16 **"15-10-203. Increase of tax revenue -- advertisement of intention and public hearing required --**
 17 **exception.** (1) A local taxing authority may not budget an increased amount of ad valorem tax revenue in
 18 excess of the property tax revenue it received the previous fiscal year exclusive of revenue from ad valorem
 19 taxation on properties appearing for the first time on the property tax record unless it adopts a resolution
 20 to budget additional property tax revenue. Prior to adoption of the resolution, the taxing authority shall hold
 21 a public hearing for the purpose of receiving comments on its intention to budget increased property tax
 22 revenue. The taxing authority shall advertise notice of the public hearing as specified in subsection (2). The
 23 public hearing may be held in conjunction with the tentative budget hearing or any other budget hearing
 24 that may be required by law.

25 (2) The taxing authority shall advertise its intent to budget an increase in property tax revenue in
 26 a newspaper meeting the requirements of 7-1-4127, except that the newspaper may not be primarily in the
 27 business of publishing legal advertisements. If there is ~~no~~ not a newspaper in the county, in addition to
 28 being posted as required in 7-1-4127, the advertisement must be published in one or more newspapers of
 29 general circulation widely subscribed to by the residents of the county. The advertisement may not be
 30 placed in that portion of the newspaper where legal notices and classified advertisements appear. The

1 advertisement must meet the notice requirements of 7-1-4128. The advertisement must be published with
2 at least the following information:

3 "NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES

4 The (name of the taxing authority) intends to budget an increase in revenue from property taxation
5 by (percentage of increase in property tax revenue from previous fiscal year) percent.

6 All concerned persons are invited to attend a public hearing on budgeting the increased property
7 tax revenue to be held on (date and time) at (meeting place).

8 A decision on budgeting the increased property tax revenue will be made after considering
9 comments made at this hearing.

10 For further information please contact: (name, address, and phone number of person who can be
11 contacted for further information)."

12 (3) This section does not apply to a local taxing authority that has adopted the alternative
13 accounting method provided for in [sections 1 through 4]."

14
15 NEW SECTION. Section 68. Codification instruction. [Sections 1 through 4] are intended to be
16 codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections
17 1 through 4].

18
19 NEW SECTION. Section 69. Effective date. [This act] is effective on passage and approval.

20 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0530, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act implementing the recommendation of the Governor's Task Force to renew Montana government by creating an alternative accounting method for local government entities effective on passage and approval.

ASSUMPTIONS:

1. This legislation applies to local government entities.
2. The State of Montana Single Audit Act (Title 2, Chapter 7, Part 5), is amended.

FISCAL IMPACT:

There is no fiscal impact to state agencies.

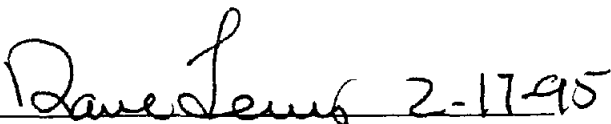
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The requirement for an annual audit of those local government entities adopting the alternative accounting method may increase costs to those entities. Current statute requires a biennial audit.

TECHNICAL NOTES:

1. **Section 2** refers to 2-7-501(7) which defines "local government entity." It is unclear whether this bill applies only to a consolidated city-county, county, city, or town or if this bill applies to any local government entity as defined in 2-7-501(7). **Section 3 (1)** also implies a broader definition of local government entity as it includes any entity created by a local government.
2. **Section 3** should read "Adoption of alternative **accounting** method." rather than "auditing."
3. **Section 3 (1)**. In **Section 2** the bill appears to limit the alternative accounting method provided for in the bill to county, city, town, or consolidated city-county governments. Subsection (1) of **Section 3**, however, appears to permit a county, city, town, or consolidated city-county government to provide that alternative accounting method by ordinance to "entities created under its legislative authority." This would appear to include most special purpose governments, such as water and sewer districts, fire districts, etc. that are created by county governments. If the alternative is opened up to special purpose governments at the option of a county, city, town, or consolidated city-county government, it appears that the specific finance/budget related statutes to be superseded by the provisions in this bill would have to be listed for all of those districts, just as the bill does for counties, cities and towns. If the intent is to actually limit the alternative accounting method to county, city, town, or consolidated city-county governments, it appears that a period should be placed after [section 4] in subsection (1) of **Section 3**. The last part of the subsection should be deleted, which reads as follows: "and may by ordinance authorize any of the entities created under its legislative authority to adopt the alternative accounting method."

(continued on page 2)


DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


WILLIAM R. WISEMAN, PRIMARY SPONSOR DATE

Fiscal Note for HB0530, as introduced

HB 530

4. **Section 3 (4)** as presently written does not appear to ensure that a local government entity continues to receive an unqualified auditor's opinion on its financial statements in order to continue using this alternative.
5. **Section 4 (1)** refers to "generally accepted accounting principles established by the federal accounting standards advisory board" which should be the governmental accounting standards board (GASB). The state of Montana has adopted and follows the accounting standards issued by GASB.
6. **Section 4 (4)** requires an annual audit in accordance with Title 2, Chapter 7, part 5. Section 2-7-503 (3) (a) requires an audit at least every 2 years. Section 4 appears to conflict with existing statute and the proposed amended statute.
7. **Section 5** eliminates these entities from the uniform financial reporting requirements. The department has adopted reporting requirements similar to those proposed by this bill and this exception (2-7-503(7)) does not appear necessary.
8. **Section 6** impacts the State of Montana Single Audit Act. Section 2-7-504 currently provides for an exception to its requirements. It states "Unless otherwise required by law." The exception clause (2-7-504(2)) appears unnecessary and redundant.
9. The exception provided in **Section 7 (2-7-513(2) (b))** removes the requirement related to the annual financial report. Currently the department has adopted reporting requirements similar to those proposed by this bill and therefore this exception section appears unnecessary.

APPROVED BY COM ON
LOCAL GOVERNMENT

HOUSE BILL NO. 530

INTRODUCED BY WISEMAN, GAGE, SWANSON, MASOLO, WYATT, ECK, FORBES, GRADY, BECK,
CHRISTIAENS

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RECOMMENDATION OF THE GOVERNOR'S
TASK FORCE TO RENEW MONTANA GOVERNMENT BY CREATING AN ALTERNATIVE ACCOUNTING
METHOD FOR LOCAL GOVERNMENT ENTITIES; AMENDING SECTIONS 2-7-503, 2-7-504, 2-7-513,
7-3-4371, 7-3-4372, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213, 7-6-2302, 7-6-2311,
7-6-2312, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2324,
7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525, 7-6-4103, 7-6-4104, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108,
7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4121, 7-6-4124, 7-6-4131, 7-6-4132,
7-6-4133, 7-6-4203, 7-6-4205, 7-6-4221, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228,
7-6-4229, 7-6-4230, 7-6-4231, 7-6-4232, 7-6-4235, 7-6-4236, 7-6-4240, 7-6-4241, 7-6-4408, AND
15-10-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 4] is to create an
accounting method for local governments that provides an alternative to following the detailed bookkeeping
rules contained in this title that have been built up over decades and to encourage local governments to
adopt generally accepted accounting principles and auditing standards. These principles are more rigorous,
comprehensive, and businesslike than those contained elsewhere in this title. It is the intent of the
legislature that all local governments eventually follow generally accepted accounting principles and auditing
standards.

NEW SECTION. **Section 2. Definition.** For the purposes of [sections 1 through 4], "local
government entity" means a consolidated city-county or a county, **OR AN INCORPORATED** city, or town
~~as defined in 2-7-501(7).~~

NEW SECTION. **Section 3. Adoption of alternative auditing ACCOUNTING method.** (1) A local

1 government entity may by resolution adopt the alternative accounting method established in [section 4] and
2 ~~may by ordinance authorize any of the entities created under its legislative authority to adopt the alternative~~
3 ~~accounting method.~~

4 (2) A local government entity that adopts the alternative accounting method is considered to have
5 complied with state accounting and financial reporting standards and requirements.

6 (3) A local government entity that does not adopt the alternative accounting method is subject to
7 state accounting and financial reporting standards and requirements.

8 (4) A local government entity may not adopt the alternative accounting method unless it has
9 received an auditor's unqualified opinion on its annual financial statements prepared for its preceding fiscal
10 year.

11
12 **NEW SECTION. Section 4. Alternative accounting method -- requirements.** A local government
13 entity that adopts the alternative accounting method shall:

14 (1) prepare its accounting records and financial reports in accordance with generally accepted
15 accounting principles established by the ~~federal~~ GOVERNMENTAL accounting standards ~~advisory~~ board or
16 its generally recognized successor;

17 (2) adopt a fiscal year that commences on July 1 of each year;

18 (3) (a) compile an annual financial report covering the preceding fiscal year and submit a copy of
19 the annual financial report or an annual audit, pursuant to subsection (3)(b), to the department of commerce
20 within 6 months of the end of that reported fiscal year; or

21 (b) if the local government entity submits an audit report in lieu of an annual financial report, ensure
22 that the audit report contains, at a minimum, the entity's general purpose financial statements and
23 combining and individual fund and account group statements as defined under the principles described in
24 subsection (1);

25 (4) cause an annual audit in accordance with the provisions of Title 2, chapter 7, part 5; and

26 (5) ensure that a budget is made each year that:

27 (a) shows the complete expenditure program for the local government entity for the coming fiscal
28 year and the sources by which it will be funded;

29 (b) must be completed by July 1 of the current fiscal year;

30 (c) must be approved or amended by the governing body in a regularly scheduled meeting;

1 (d) must be the subject of one or more advertised public hearings, PURSUANT TO THE
2 PROVISIONS OF 7-1-2121 OR 7-1-4127, prior to approval or amendment; and

3 (e) must be submitted to the department of commerce by September 15.

4
5 **Section 5.** Section 2-7-503, MCA, is amended to read:

6 **"2-7-503. Financial reports and audits of local government entities -- exception.** (1) The governing
7 body or managing or executive officer of a local government entity, other than a school district or
8 associated cooperative, shall ensure that a financial report is made every year. A school district or
9 associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the
10 preceding fiscal year, be in a form prescribed by the department, and be completed within 4 months of the
11 end of the reporting period. The local government entity shall submit the financial report to the department
12 for review.

13 (2) The department shall prescribe a uniform reporting system for all local government entities
14 subject to financial reporting requirements, other than school districts. The superintendent of public
15 instruction shall prescribe the reporting requirements for school districts.

16 (3) (a) The governing body or managing or executive officer of each local government entity
17 receiving ~~revenues~~ revenue or financial assistance in the period covered by the financial report in excess
18 of \$200,000 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least
19 every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within
20 9 months from the close of the last fiscal year of the audit period. The audit must be completed and
21 submitted to the department for review within 1 year from the close of the last fiscal year covered by the
22 audit.

23 (b) The governing body or managing or executive officer of a local government entity that does not
24 meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the
25 department, or, in the case of a school district, if directed by the department at the request of the
26 superintendent of public instruction, cause a financial review, as defined by department rule, to be
27 conducted of the financial statements of the entity for the preceding fiscal year.

28 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
29 compliance audit of an individual financial assistance program that a local government is required to
30 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part

1 provides a state agency with the information it requires to carry out its responsibilities under state or federal
2 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
3 audits or reviews in order to avoid a duplication of effort.

4 (5) In addition to the audits required by this section, the department may at any time conduct or
5 contract for a special audit or review of the affairs of any local government entity referred to in this part.
6 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
7 part.

8 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the
9 department in relation to the special audit or review. The audit fee must be paid by the local government
10 entity to the state treasurer and deposited in the enterprise fund to the credit of the department.

11 (7) Subsections (1) through (3) do not apply to a local government entity that has adopted the
12 alternative accounting method provided for in [sections 1 through 4]."

13
14 **Section 6.** Section 2-7-504, MCA, is amended to read:

15 **"2-7-504. Accounting methods -- exception.** (1) Unless otherwise required by law, the department
16 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
17 all money belonging to local government entities and shall establish in those offices general methods and
18 details of accounting. All local government entity officers shall conform with the accounting standards
19 prescribed by the department.

20 (2) This section does not apply to a local government entity that has adopted the alternative
21 accounting method provided for in [sections 1 through 4]."

22
23 **Section 7.** Section 2-7-513, MCA, is amended to read:

24 **"2-7-513. Content of audit report and financial report -- exception.** (1) The audit reports shall must
25 comply with the reporting requirements of government auditing standards issued by the U.S. comptroller
26 general and federal regulations adopted by department rule.

27 (2) (a) The department shall prescribe general methods and details of accounting for the financial
28 report for local government entities other than schools. The financial report must be submitted in a form
29 required by the department. The superintendent of public instruction shall prescribe the general methods
30 and details of accounting for financial reports for schools.

1 **(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative**
 2 **accounting method provided for in [sections 1 through 4]."**

3
 4 **Section 8.** Section 7-3-4371, MCA, is amended to read:

5 **"7-3-4371. Estimate of expenditures and revenues -- exception.** (1) The city manager shall submit
 6 to the commission an estimate of the expenditures and revenues of the municipal departments for the
 7 ensuing year. The estimate ~~shall~~ must be compiled from detailed information obtained from the several
 8 departments on uniform blanks to be furnished by the city manager. The classification of the expenditures
 9 ~~shall~~ must be as nearly uniform as possible for the main functional divisions of all departments and ~~shall~~
 10 must give in parallel columns the following information:

11 (a) a detailed estimate of the expenses of conducting each department as submitted by the
 12 department;

13 (b) expenditures for corresponding items for the last 2 fiscal years;

14 (c) expenditures for the corresponding items for the current fiscal year, including adjustments due
 15 to transfers between appropriations, plus an estimate of expenditure necessary to complete the current
 16 fiscal year;

17 (d) amount of supplies and materials on hand at the date of the preparation of the invoice;

18 (e) increase or decrease of requests compared with the corresponding appropriations for the current
 19 year;

20 (f) ~~such~~ other information ~~as~~ that is required by the commission or that the city manager may ~~deem~~
 21 consider advisable to submit;

22 (g) the recommendation of the city manager as to the amounts to be appropriated, with reasons
 23 ~~therefor~~ for the recommendation, in ~~such~~ the detail ~~as~~ that the commission may direct.

24 (2) A sufficient number of copies of ~~such~~ the estimate ~~shall~~ must be prepared and submitted that
 25 there ~~may be~~ are copies on file in the office of the commission for inspection by the public.

26 **(3) This section does not apply to a local government entity that has adopted the alternative**
 27 **accounting method provided for in [sections 1 through 4]."**

28
 29 **Section 9.** Section 7-3-4372, MCA, is amended to read:

30 **"7-3-4372. Procedure to enact appropriation ordinance -- exception.** (1) Upon receipt of ~~such~~ the

1 estimate, the commission shall prepare an appropriation ordinance in ~~such the~~ the form ~~as that~~ that may be
 2 prescribed by ordinance or resolution. Before finally acting upon ~~such the~~ the tentative appropriation, the
 3 commission shall fix a time and place for holding public hearing upon the tentative appropriation and shall
 4 give public notice of ~~such the~~ the hearing. Following the public hearings and before its final passage, the
 5 appropriation ordinance ~~shall must~~ must be published with a parallel comparison with the recommendation of the
 6 city manager. The commission ~~shall may~~ may not pass the appropriation ordinance until 10 days after its
 7 publication or before the second Monday in August.

8 (2) If, at the beginning of the term of office of the first commission elected under the provisions
 9 of this part and part 44, the appropriations for the expenditures of the municipal government for the current
 10 fiscal year have been made, ~~said the~~ the commission ~~shall have the power~~ may by ordinance ~~to~~ revise, repeal,
 11 or change ~~said the~~ the appropriations and ~~to~~ make additional appropriations.

12 (3) This section does not apply to a local government entity that has adopted the alternative
 13 accounting method provided for in [sections 1 through 4]."

14

15 **Section 10.** Section 7-6-2111, MCA, is amended to read:

16 "7-6-2111. **Duties of county treasurer.** (1) The county treasurer ~~must~~:

17 (1)(a) ~~must~~ receive all money belonging to the county and all other money directed to be paid to
 18 ~~him the treasurer~~ the treasurer by law, safely keep the ~~same~~ money, and apply and pay ~~them~~ the money out, ~~rendering~~
 19 ~~and account thereof for the money~~ as required by law;

20 (2)(b) ~~shall~~ keep an account of the receipt and expenditures of ~~all such the~~ the money in books provided
 21 for the purpose, in which must be entered:

22 (a)(i) the amount, the time when, from whom, and on what account all money was received ~~by him;~~

23 (b)(ii) the amount, time when, to whom, and on what account all disbursements were made ~~by him;~~

24 (3)(c) ~~so shall~~ keep ~~his~~ books so that the amounts received and paid out on account of separate
 25 funds or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and
 26 expenditures shown in one general or cash account;

27 (4)(d) ~~may not~~ enter ~~no~~ money received for the current year on ~~his~~ the treasurer's account with the
 28 county for the past fiscal year until after ~~his~~ the treasurer's annual settlement for the past year has been
 29 made with the county clerk;

30 (5)(e) ~~shall~~ disburse the county money only on county warrants issued by the county clerk, based

1 on orders of the board of county commissioners, or as otherwise provided by law.

2 (2) This section does not apply to a county that has adopted the alternative accounting method
 3 provided for in [sections 1 through 4]."

4
 5 **Section 11.** Section 7-6-2112, MCA, is amended to read:

6 **"7-6-2112. Treasurer's reports to county commissioners -- exception.** (1) Each county treasurer
 7 ~~must shall~~ make a detailed monthly report to the board of county commissioners ~~of his county,~~ of all money
 8 ~~received by him and the disbursement thereof and disbursed by the treasurer, and~~ of all debts due to and
 9 from the county, and of all other proceedings in ~~his~~ the treasurer's office, so that the receipts into the
 10 treasury and the amount of disbursements, together with the debts due to and from the county, appear
 11 clearly and distinctly.

12 (2) On the first Monday of January, April, July, and October of each year the county treasurer
 13 ~~must shall~~ settle with the board of county commissioners for all money collected, ~~and on~~ . On those days
 14 the treasurer ~~must shall~~ deliver to the board affidavits verifying the reconciliation of the balance on hand
 15 in the county treasury. After the approval of the statements and the accompanying affidavits, one copy of
 16 the quarterly report ~~shall must~~ be filed with the county clerk of the county and one copy ~~shall must~~ be
 17 retained by the county treasurer.

18 (3) This section does not apply to a county that has adopted the alternative accounting method
 19 provided for in [sections 1 through 4]."

20
 21 **Section 12.** Section 7-6-2202, MCA, is amended to read:

22 **"7-6-2202. Duties of county clerk related to finance -- exception.** (1) The county clerk ~~must shall~~
 23 draw warrants on the county treasury in favor of all persons entitled ~~thereto~~ to the warrants in payment:

24 (a) of all claims and demands chargeable against the county which have been legally examined,
 25 allowed, and ~~ordered paid~~ by the board of county commissioners; and

26 (b) for all debts and demands against the county when the amounts are fixed by law and are not
 27 directed to be audited by some other person or tribunal.

28 (2) The county clerk ~~must shall~~ keep accounts current with the treasurer. When any person
 29 deposits with the county treasurer any money paid into the treasury, the county clerk ~~shall must~~ be
 30 furnished by the treasurer with a duplicate of the receipt issued to the person, ~~which~~ The duplicate receipt

1 ~~shall~~ must be filed in the office of the county clerk, and the county clerk shall charge the treasurer with the
2 amount ~~thereof~~ of the deposit.

3 (3) The county clerk ~~must~~ shall make the annual statement as prescribed in 7-6-2203.

4 (4) This section does not apply to a county that has adopted the alternative accounting method
5 provided for in [sections 1 through 4]."

6
7 **Section 13.** Section 7-6-2203, MCA, is amended to read:

8 **"7-6-2203. Annual financial statement -- exception.** (1) Within 120 days after the close of each
9 fiscal year, the county clerk shall ~~make-out~~ compile and present to the board of county commissioners and
10 the department of commerce a complete statement of the financial condition of the county. The statement
11 must show:

12 (a) a detailed description of all of the resources and liabilities of the county and the book value of
13 ~~them~~ the resources and liabilities;

14 (b) the amount of money received, showing the source of that revenue;

15 (c) the amount of money disbursed, with the purpose of disbursement;

16 (d) the operation of each of the cash and warrant accounts, showing the balance at the beginning
17 of the year, the credits, the debits, and the balance at the end of the year;

18 (e) the assessed valuation of the real and personal property of the county;

19 (f) the rate of taxation and the amount of taxes delinquent for the preceding years; and

20 (g) ~~such~~ other items ~~as~~ that the department of commerce may prescribe.

21 (2) The statement ~~shall~~ must be ~~made-out~~ on the form designated by the department.

22 (3) This section does not apply to a county that has adopted the alternative accounting method
23 provided for in [sections 1 through 4]."

24
25 **Section 14.** Section 7-6-2211, MCA, is amended to read:

26 **"7-6-2211. Authorization to conduct county business on a cash basis.** (1) ~~In case~~ If the total
27 indebtedness of a county, lawful when incurred, exceeds the limit of 23% established in 7-7-2101 by
28 reason of great diminution of taxable value, the county may conduct its business affairs on a cash basis
29 and pay the reasonable and necessary current expenses of the county out of the cash in the county
30 treasury derived from its current revenue and under ~~such~~ the restrictions and regulations ~~as~~ that may be

1 imposed by the board of county commissioners of the county by a resolution duly adopted and included
2 in the minutes of the board.

3 (2) ~~Nothing in this~~ This section restricts does not restrict the right of the board to make the
4 necessary tax levies for interest and sinking fund purposes, and ~~nothing in this section affects~~ does not
5 affect the right of any creditor of the county to pursue any remedy now given ~~him~~ by law to obtain
6 payment of ~~his~~ a claim.

7 (3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
8 provided for in [sections 1 through 4]."

9
10 **Section 15.** Section 7-6-2213, MCA, is amended to read:

11 **"7-6-2213. Report of fees received and money disbursed -- exception.** ~~(1) It is the duty of all~~ All
12 county officers, justices of the peace, and constables ~~to make~~ shall report in writing, under oath, to the
13 board of county commissioners on the first Monday of March, June, September, and December, showing
14 in detail all fees, emoluments, and compensation received and money disbursed by them in their official
15 capacity during the quarter preceding the making of each report.

16 (2) This section does not apply to a county that has adopted the alternative accounting method
17 provided for in [sections 1 through 4]."

18
19 **Section 16.** Section 7-6-2302, MCA, is amended to read:

20 **"7-6-2302. Role of department of commerce -- exception.** (1) The department of commerce shall
21 make rules and classifications and prescribe forms necessary to carry out the provisions of this part, to
22 define what expenditures are chargeable to each budget account, and to establish accounting and cost
23 systems necessary to provide accurate budget information.

24 (2) This section does not apply to a county that has adopted the alternative accounting method
25 provided for in [sections 1 through 4]."

26
27 **Section 17.** Section 7-6-2311, MCA, is amended to read:

28 **"7-6-2311. Filing of estimate of revenues and expenses with county clerk -- exception.** (1) Before
29 June 1 each year the county clerk and recorder shall notify in writing each county official in charge of an
30 office, department, service, institution, or county-funded district court program of the county to file with

1 the county clerk and recorder, before June 10, detailed and itemized estimates, both of the probable
 2 ~~revenues~~ revenue from sources other than taxation and of all expenditures required by the office,
 3 department, service, or institution for the next fiscal year.

4 (2) (a) The county commissioners shall submit to the county clerk and recorder the estimate of
 5 expenditures for all purposes for the board and a detailed statement showing all new road and bridge
 6 construction to be financed from county road and bridge funds, from any special road or bridge fund, from
 7 any special highway fund, and from bond issues issued or authorized for the next fiscal year, together with
 8 the cost of that construction as computed by the county surveyor or, if for construction in charge of a
 9 special engineer, then by that engineer. The county commissioners shall also submit to the county clerk
 10 and recorder detailed estimates of all expenditures for construction or improvement purposes proposed to
 11 be made from the proceeds of bond issues not yet authorized and from the proceeds of tax levies ~~which~~
 12 that are required to be approved at an election to be held.

13 (b) The county surveyor and any special engineer shall prepare the estimates of cost of road and
 14 bridge construction for the county commissioners. They shall also submit a similar statement showing road
 15 and bridge maintenance expenditures as nearly as can be estimated.

16 (c) The county treasurer shall prepare the estimates for interest and debt reduction.

17 (d) The county clerk and recorder shall prepare all other estimates ~~which~~ that properly fall within
 18 the duties of ~~his~~ the office.

19 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the county
 20 clerk and recorder and prescribed by the department of commerce. The forms may only be varied or
 21 departed from with permission and approval of that department. Each of the officials shall file the estimates
 22 within the time and in the manner provided in the form and notice.

23 (4) In the absence or disability of an official, the duties required by this section or 7-6-2312
 24 devolve upon the official or employee in charge of the office, department, service, or institution.

25 (5) This section does not apply to a county that has adopted the alternative accounting method
 26 provided for in [sections 1 through 4]."

27
 28 **Section 18.** Section 7-6-2312, MCA, is amended to read:

29 **"7-6-2312. Penalty for noncompliance with filing requirements -- exception.** (1) The county clerk
 30 shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for

1 each day of delay. The total penalty against any official may not exceed \$50 in 1 year.

2 (2) The notice provided for in 7-6-2311 ~~shall~~ must contain a copy of this penalty clause.

3 (3) This section does not apply to a county that has adopted the alternative accounting method
4 provided for in [sections 1 through 4]."

5
6 **Section 19.** Section 7-6-2314, MCA, is amended to read:

7 **"7-6-2314. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
8 tabulation required by 7-6-2313, the estimates, appropriations, and expenditures ~~shall~~ must be classified
9 as:

10 (a) salaries and wages;

11 (b) maintenance and operation;

12 (c) capital outlay;

13 (d) interest and debt redemption;

14 (e) miscellaneous; and

15 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
16 of a tax levy or levies ~~which~~ that are required to be submitted to and approved at an election to be held
17 later.

18 (2)(a) Within the general class of salaries and wages, each salary ~~shall~~ must be set forth separately,
19 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
20 expenses of special deputies or assistants in any office where the services of ~~such~~ the special deputies or
21 assistants may be required during a part of the fiscal year only. Wages for day labor may be given in totals
22 by designating the general purpose or object for which the expenditure is to be made, but the proposed rate
23 per day for each class or kind of labor ~~shall~~ must be set forth.

24 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
25 according to a standard classification to be established by the department of commerce.

26 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
27 separately.

28 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and
29 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
30 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

1 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
2 that cannot properly be assigned to any of the general classes ~~shall~~ must be set forth and itemized in detail.

3 (3) This section does not apply to a county that has adopted the alternative accounting method
4 provided for in [sections 1 through 4]."

5
6 **Section 20.** Section 7-6-2315, MCA, is amended to read:

7 **"7-6-2315. Consideration of tabulation by county commissioners -- exception.** (1) The tabulation
8 ~~shall~~ must be submitted to the county commissioners by the county clerk and recorder on or before the
9 third Monday of July.

10 (2) Upon receipt ~~thereof~~, the board of county commissioners shall immediately consider the budget
11 in detail and shall, on or before the fourth Monday of July, make any revisions, reductions, additions, or
12 changes that ~~they consider~~ the board considers advisable. The tabulation, with any revisions, reductions,
13 additions, or changes, is the county proposed budget for the fiscal year which it is intended to cover.

14 (3) This section does not apply to a county that has adopted the alternative accounting method
15 provided for in [sections 1 through 4]."

16
17 **Section 21.** Section 7-6-2316, MCA, is amended to read:

18 **"7-6-2316. Notice of hearing on county proposed budget -- exception.** (1) The board of county
19 commissioners shall ~~then have~~ cause a notice to be published stating that:

20 (a) the board has completed its county proposed budget for the current fiscal year;

21 (b) the budget is open to inspection in the office of the county clerk and recorder;

22 (c) the board will meet to fix the final budget and make appropriations, stating the date, time, and
23 place of the meeting; and

24 (d) any taxpayer or resident of the county may appear and be heard for or against any part of the
25 budget.

26 (2) The notice ~~shall~~ must be published two times, once each week, in a newspaper of general
27 circulation in the county.

28 (3) This section does not apply to a county that has adopted the alternative accounting method
29 provided for in [sections 1 through 4]."

1 **Section 22.** Section 7-6-2317, MCA, is amended to read:

2 **"7-6-2317. Hearing on county proposed budget -- exception.** (1) At least 3 days prior to the
3 adoption of the final budget, the county commissioners shall meet at the time and place designated in the
4 notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be
5 heard for or against any part of the budget.

6 (2) The hearing ~~shall~~ must be continued from day to day and ~~shall~~ must be concluded and the
7 budget approved and adopted on or before the second Monday in August, before the fixing of the tax levies
8 by the board.

9 (3) This section does not apply to a county that has adopted the alternative accounting method
10 provided for in [sections 1 through 4]."

11

12 **Section 23.** Section 7-6-2318, MCA, is amended to read:

13 **"7-6-2318. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the
14 conclusion of the hearing, the board shall first determine the amount estimated to accrue to each fund
15 during the fiscal year from all sources except the taxation of property. In so doing, the board may not
16 include any amount ~~which~~ that it is anticipated may be received during the fiscal year from the payment
17 of taxes ~~which~~ that became delinquent during a preceding fiscal year.

18 (2) The board shall then determine separately the amount appropriated for and authorized to be
19 spent for each item in the budget and shall specify the fund or funds against which warrants are to be
20 drawn and issued for each item in the budget and shall specify the fund or funds against which warrants
21 are to be drawn for the expenditures authorized. There may not be added to the amount to be appropriated
22 and authorized to be spent for an item or to the total amount appropriated and authorized to be spent from
23 any fund any amount or percentage because of anticipated loss of revenue by reason of the nonpayment
24 of taxes levied for that fiscal year. The total expenditures authorized to be made from any fund, including
25 the reserve added to them, may not exceed the aggregate of:

26 (a) the cash balance in the fund at the close of the preceding fiscal year;

27 (b) the amount of estimated revenues to accrue to the fund; and

28 (c) the amount which may be raised for the fund by a lawful tax levy during the fiscal year.

29 (3) This section does not apply to a county that has adopted the alternative accounting method
30 provided for in [sections 1 through 4]."

1 **Section 24.** Section 7-6-2319, MCA, is amended to read:

2 **"7-6-2319. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
3 the determinations required by 7-6-2318, the board shall determine the amount to be raised by tax levy for
4 each fund by adding the cash balance in the fund at the close of the preceding fiscal year and the amount
5 of the estimated ~~revenues~~ revenue to accrue to the fund during the current fiscal year. It shall then deduct
6 the total amount ~~se~~ obtained from the total amount of the appropriations and authorized expenditures from
7 the fund as determined by the board. The amount remaining is the amount necessary to be raised for the
8 fund by tax levy during the current fiscal year.

9 (2) The board may add to the amount necessary to be raised for any fund by tax levy during the
10 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
11 the months of July to November of the next fiscal year. The amount ~~which~~ that may be ~~se~~ added to any
12 fund as the reserve may not exceed one-third of the total amount appropriated and authorized to be spent
13 from the fund during the current fiscal year, after deducting from the amount of the appropriations and
14 authorized expenditures the total amount appropriated and authorized to be spent for election expenses and
15 payment of emergency warrants.

16 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
17 the amount of the reserve and any amount for payment of election expenses and emergency warrants, may
18 not exceed the total amount which may be raised for the fund by a tax levy which does not exceed the
19 maximum levy permitted by law to be made for the fund.

20 (4) This section does not apply to a county that has adopted the alternative accounting method
21 provided for in [sections 1 through 4]."

22
23 **Section 25.** Section 7-6-2320, MCA, is amended to read:

24 **"7-6-2320. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
25 finally determined, in addition to setting out separately each item for which an appropriation or expenditure
26 is authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

- 27 (a) the total amount appropriated and authorized to be spent from each fund;
28 (b) the cash balance in the fund at the close of the preceding fiscal year;
29 (c) the amount estimated to accrue to the fund from sources other than taxation;
30 (d) the reserve for the next fiscal year; and

1 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

2 (2) The board shall then by resolution approve and adopt the budget as finally determined and enter
3 the budget at length in the official minutes of the board.

4 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the board may approve
5 and adopt a resolution amending a final budget when:

6 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
7 are made, will result in expenditures for the year exceeding actual revenues and cash balances available
8 ~~therefor for the year~~; or

9 (ii) savings result from unanticipated adjustments in projected expenditures.

10 (b) Amended appropriations must be classified as:

11 (i) salaries and wages;

12 (ii) maintenance and operation;

13 (iii) capital outlay;

14 (iv) interest and debt redemption; or

15 (v) miscellaneous.

16 (4) Prior to amending a final budget, the board shall:

17 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the
18 resolution amending the budget; and

19 (b) publish notice, at least once, in a newspaper of general circulation in the county at least 6 but
20 not more than 16 days before the hearing on the budget amendments. The published notice must specify
21 the date, time, place, and subject of the hearing.

22 (5) This section does not apply to a county that has adopted the alternative accounting method
23 provided for in [sections 1 through 4]."

24

25 **Section 26.** Section 7-6-2321, MCA, is amended to read:

26 **"7-6-2321. Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
27 the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy for
28 each fund at a rate which will raise the amount set out in the budget as the amount necessary to be raised
29 by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the current
30 fiscal year shall must be the basis for determining the amount of the tax levy for each fund. Each tax levy

1 ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without including any amount for
 2 anticipated tax delinquency, to produce the amount set out in the budget, without including any amount
 3 for anticipated tax delinquency, ~~as being that is~~ the amount to be raised by tax levy.

4 (2) The tax levy ~~shall~~ must be made in the manner provided by 15-10-201.

5 (3) This section does not apply to a county that has adopted the alternative accounting method
 6 provided for in [sections 1 through 4]."

7
 8 **Section 27.** Section 7-6-2324, MCA, is amended to read:

9 "**7-6-2324. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of
 10 expenditures, itemized and classified as required in 7-6-2313 and 7-6-2314 and as finally fixed and adopted
 11 and as may be amended as provided in 7-6-2320 by ~~said the~~ the board of county commissioners, ~~shall~~
 12 ~~constitute~~ constitutes the appropriations for the county for the fiscal year intended to be covered ~~thereby~~
 13 by the estimates.

14 (2) Except as provided in 3-5-404, 7-6-2325, and 7-31-2101, the county commissioners and every
 15 other county official, including judges of the district court, ~~shall be~~ is limited in the making of expenditures
 16 or incurring of liabilities to the amount of ~~such the~~ the detailed appropriations and classifications, respectively.

17 (3) This section does not apply to a county that has adopted the alternative accounting method
 18 provided for in [sections 1 through 4]."

19
 20 **Section 28.** Section 7-6-2325, MCA, is amended to read:

21 "**7-6-2325. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
 22 adopted by the board of county commissioners at a regular or special meeting and entered upon its
 23 minutes, transfers or revisions in the general budget system within the classifications set forth in
 24 7-6-2314(1)(a) through (1)(c) may be made, provided that ~~no a~~ a salary ~~shall~~ may not be increased above
 25 the amount appropriated ~~therefor~~.

26 (2) This section does not apply to a county that has adopted the alternative accounting method
 27 provided for in [sections 1 through 4]."

28
 29 **Section 29.** Section 7-6-2330, MCA, is amended to read:

30 "**7-6-2330. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all

1 appropriations, other than appropriations for ~~incompleted~~ uncompleted improvements in progress of
 2 construction, ~~shall~~ lapse at the end of the fiscal year.

3 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
 4 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the
 5 fiscal year and remaining unpaid. After ~~such~~ the period ~~shall have~~ has expired, all appropriations, except
 6 as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and void, and
 7 any lawful claim presented ~~thereafter~~ after expiration against any ~~such~~ appropriation ~~shall~~ must be provided
 8 for in the ensuing budget.

9 (b) Subsection (2)(a) does not apply to a county that has adopted the alternative accounting method
 10 provided for in [sections 1 through 4]."
 11

12 **Section 30.** Section 7-6-2331, MCA, is amended to read:

13 **"7-6-2331. Clerk's report concerning expenditures, liabilities, and appropriations -- auditor's report**
 14 **-- exception.** (1) Within 4 working days after receipt of the treasurer's monthly report, the county clerk and
 15 recorder shall submit to the board of county commissioners a report showing the expenditures and liabilities
 16 against each separate budget appropriation incurred during the preceding calendar month and like
 17 information for the whole of the fiscal year to the first day of the month in which ~~such~~ the report is made,
 18 together with the unexpended balance of each appropriation. ~~He~~ The clerk and recorder shall also set forth
 19 the receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

20 (2) In counties having county auditors, the county auditor, on the last business day of each month,
 21 shall furnish the county clerk and recorder with a statement showing the total amount of liabilities incurred
 22 against each budget appropriation for which warrants have not been issued up to the close of ~~said~~ the
 23 business day.

24 (3) This section does not apply to a county that has adopted the alternative accounting method
 25 provided for in [sections 1 through 4]."
 26

27 **Section 31.** Section 7-6-2525, MCA, is amended to read:

28 **"7-6-2525. Distribution of all-purpose levy -- exception.** (1) The money received from the
 29 all-purpose levy must be accounted for in a common fund known as the all-purpose fund.

30 (2) The all-purpose fund may be used only for purposes that are authorized for revenue derived

1 from the individual levies set forth in 7-6-2523, but the county governing body may allocate the revenue
 2 from the fund, in accordance with county budget law, to fund any enumerated purpose that it considers
 3 appropriate.

4 (3) This section does not apply to a county that has adopted the alternative accounting method
 5 provided for in [sections 1 through 4]."

6
 7 **Section 32.** Section 7-6-4103, MCA, is amended to read:

8 **"7-6-4103. Annual appropriation -- exception.** (1) The council ~~must~~ shall, during the month of July
 9 in each fiscal year, pass an ordinance to be known as the "Annual appropriation for the of for the
 10 fiscal year beginning July 1, 19..", in which ordinance there must be appropriated enough money to defray
 11 the expenses or liabilities of the city or town for ~~such~~ the fiscal year. There must be specified ~~therein~~ in the
 12 ordinance the amount appropriated for each separate object or fund and the salary or compensation to be
 13 paid to each officer of the city or town.

14 (2) This section does not apply to a city or town that has adopted the alternative accounting
 15 method provided for in [sections 1 through 4]."

16
 17 **Section 33.** Section 7-6-4104, MCA, is amended to read:

18 **"7-6-4104. Duties of city treasurer relating to finances -- exception.** It ~~shall be~~ is the duty of the
 19 city treasurer:

20 (1) to receive all money that comes to the city, either from taxation or otherwise, and to pay the
 21 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

22 (2) to give every person paying money to ~~him,~~ the treasurer a receipt ~~therefor,~~ specifying the
 23 date of payment, the amount, and for what paid;

24 (3) to pay out, in the order ~~they are~~ registered, all warrants presented for payment, when there are
 25 funds in the treasury to pay the same.

26 (4) This section does not apply to a city that has adopted the alternative accounting method
 27 provided for in [sections 1 through 4]."

28
 29 **Section 34.** Section 7-6-4105, MCA, is amended to read:

30 **"7-6-4105. Financial reports and records to be maintained by city treasurer -- exception.** (1) It ~~shall~~

1 be is the duty of the city treasurer:

2 ~~(4)~~(a) to present to the council, on a date set by the council, a full and detailed statement of the
3 amounts of money belonging to the city received by ~~him~~ and disbursed by ~~him~~ the treasurer during the
4 preceding month and the state of each particular fund, ~~which~~. The statement must be verified by his the
5 treasurer's oath;

6 ~~(2)~~(b) to keep the books and accounts of the city in ~~such~~ a manner as to correctly present the
7 condition of the finances ~~thereof~~ of the city, which must always be open to the inspection of the mayor
8 or the council or any member ~~thereof~~ of the council;

9 ~~(3)~~(c) to render at any time an account to the council, showing the money on hand and the
10 condition of the treasury;

11 ~~(4)~~(d) to annually make out and submit to the city council at its last meeting prior to May 1 a
12 detailed account of all receipts and expenditures during the past fiscal year and to file the same with the
13 clerk;

14 ~~(5)~~(e) to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
15 of the account;

16 ~~(6)~~(f) to keep a register of all warrants paid, called "The Registry Book", which must show the date,
17 amount, and number and the person to whom and the fund from which the same was paid; and

18 ~~(7)~~(g) to deliver and file with the city clerk all vouchers, warrants, or orders paid by ~~him~~ the
19 treasurer.

20 (2) This section does not apply to a city that has adopted the alternative accounting method
21 provided for in [sections 1 through 4]."

22
23 **Section 35.** Section 7-6-4106, MCA, is amended to read:
24 **"7-6-4106. Publication or posting of annual statement of city receipts and expenditures --**
25 **exception.** (1) An abstract of the account of receipts and expenditures required by 7-6-4105~~(4)~~(1)(e) must
26 be published in some newspaper in the city, or if none is published, ~~such~~ the abstract must be posted in
27 the room or building occupied by the council.

28 (2) This section does not apply to a city that has adopted the alternative accounting method
29 provided for in [sections 1 through 4]."

30

1 **Section 36.** Section 7-6-4107, MCA, is amended to read:

2 **"7-6-4107. Duties of the city clerk related to finance -- exception.** (1) It is the duty of the clerk to
3 enter in a book kept for that purpose the date, amount, and person in whose favor and for what purpose
4 warrants are drawn upon the city treasury. ~~Such~~ The book is called "The Finance Book".

5 (2) This section does not apply to a city that has adopted the alternative accounting method
6 provided for in [sections 1 through 4]."

7

8 **Section 37.** Section 7-6-4108, MCA, is amended to read:

9 **"7-6-4108. Duties of town clerk related to finance -- exception.** (1) It ~~shall be~~ is the duty of the
10 town clerk:

11 (a) to receive all money that comes to the town, either from taxation or otherwise, and to pay the
12 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

13 (b) to give every person paying money to ~~him as~~ the town clerk a receipt ~~therefor~~, specifying the
14 date of payment, the amount, and for what paid;

15 (c) to pay out, in the order ~~they are~~ registered, all warrants presented for payment when there are
16 funds in the treasury to pay the ~~same~~ warrants.

17 (2) The statutory functions and duties of a town treasurer provided in this title are transferred to
18 the town clerk. Any reference to a town treasurer means the town clerk.

19 (3) This section does not apply to a town that has adopted the alternative accounting method
20 provided for in [sections 1 through 4]."

21

22 **Section 38.** Section 7-6-4109, MCA, is amended to read:

23 **"7-6-4109. Financial reports and records to be maintained by town clerk -- exception.** (1) It ~~shall~~
24 be is the duty of the town clerk:

25 ~~(1)(a)~~ (a) to present to the council, on a date set by the council, a full and detailed statement of the
26 amounts of money belonging to the town received by ~~him~~ and disbursed by ~~him~~ the clerk during the
27 preceding month and the state of each particular fund, which statement must be verified by ~~his~~ the clerk's
28 oath;

29 ~~(2)(b)~~ (b) to keep the books and accounts of the city or town in ~~such a~~ manner as to correctly present
30 the condition of the finances ~~thereof~~ of the city or town, which must always be open to the inspection of

1 the mayor, ~~or~~ the council, or any member ~~thereof~~ of the council;

2 ~~(3)(c)~~ to render at any time an account to the council, showing the money on hand and the
3 condition of the treasury;

4 ~~(4)(d)~~ to annually make out and submit to the town council, at its last meeting prior to May 1, a
5 detailed account of all receipts and expenditures during the past fiscal year;

6 ~~(5)(e)~~ to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
7 of the account; and

8 ~~(6)(f)~~ to keep a register of all warrants paid, which must show the date, amount, and number and
9 the person to whom and the fund from which the ~~same~~ warrant was paid and to enter in a book kept for
10 that purpose the date, amount, and person in whose favor and for what purpose warrants are drawn upon
11 the town treasury.

12 (2) This section does not apply to a town that has adopted the alternative accounting method
13 provided for in [sections 1 through 4]."

14
15 **Section 39.** Section 7-6-4110, MCA, is amended to read:

16 **"7-6-4110. Publication or posting of annual statement of town receipts and expenditures --**
17 **exception.** (1) An abstract of the annual account of receipts and expenditures required by 7-6-4109(4)(1)(d)
18 must be published in some newspaper in the city or town, or if none is published, ~~such~~ the abstract must
19 be posted in the room or building occupied by the council.

20 (2) This section does not apply to a city or town that has adopted the alternative accounting
21 method provided for in [sections 1 through 4]."

22
23 **Section 40.** Section 7-6-4111, MCA, is amended to read:

24 **"7-6-4111. Annual financial statement -- exception.** (1) Within 120 days after the close of each
25 fiscal year, the city or town clerk of each city and town ~~must make out~~ shall compile, in duplicate, a
26 complete statement of the financial condition of the city or town for that fiscal year, showing:

27 (a) the indebtedness of the city or town, funded and floating; the amount of each class of
28 indebtedness; and the amount of money in the treasury subject to the payment of each class of
29 indebtedness;

30 (b) the amount of money received from taxes upon real and personal property;

- 1 (c) the amount of money received from fines, penalties, and forfeitures;
- 2 (d) the amount of money received from licenses;
- 3 (e) the amount of money received from all other sources, each source and the amount received
- 4 from it being shown separately;
- 5 (f) for each fund, the amount of money, if any, on hand at the beginning of the fiscal year, the
- 6 amount received, and the amount paid out during the fiscal year;
- 7 (g) a concise description of all property owned by the city or town, with an approximate estimate
- 8 of the value of it;
- 9 (h) the rates of taxation and purposes for which taxes were levied during the fiscal year;
- 10 (i) other information ~~which~~ that may be required by the department of commerce.
- 11 (2) The forms on which the statement ~~shall~~ must be made ~~shall~~ must be prescribed by the
- 12 department.

13 (3) This section does not apply to a city or town that has adopted the alternative accounting

14 method provided for in [sections 1 through 4]."

15

16 **Section 41.** Section 7-6-4112, MCA, is amended to read:

17 "**7-6-4112. Funds to be balanced -- exception.** (1) The amount of money paid out from each fund

18 must be deducted from the total of the money on hand at the beginning of the fiscal year and the money

19 received during the year, and a balance must be struck for each fund.

20 (2) This section does not apply to a city or town that has adopted the alternative accounting

21 method provided for in [sections 1 through 4]."

22

23 **Section 42.** Section 7-6-4113, MCA, is amended to read:

24 "**7-6-4113. Filing of annual financial statement -- exception.** (1) The city or town clerk ~~must~~ shall,

25 within 120 days following the close of each fiscal year, transmit one copy of the statement to the

26 department of commerce and ~~must~~ shall present the other copy to the city or town council or commission.

27 (2) If a city or town clerk fails to file a copy of the statement with the department within the time

28 specified, the department, without delay, shall examine the books, records, and accounts of the city or

29 town. The department shall make from its examination a statement of the financial condition of the city or

30 town for the preceding fiscal year in the manner it should have been made by the city or town clerk. The

1 examination ~~shall~~ must be considered a special audit under the provisions of subsections (5) and (6) of
2 2-7-503, and all of the provisions of subsections (5) and (6) of 2-7-503 apply to it.

3 (3) This section does not apply to a city or town that has adopted the alternative accounting
4 method provided for in [sections 1 through 4]."

5

6 **Section 43.** Section 7-6-4119, MCA, is amended to read:

7 "7-6-4119. **Long-short cash account.** (1) A governing body of a municipality may create a cash
8 over or short account consistent with accepted accounting practice.

9 (2) This section does not apply to a municipality that has adopted the alternative accounting method
10 provided for in [sections 1 through 4]."

11

12 **Section 44.** Section 7-6-4121, MCA, is amended to read:

13 "7-6-4121. **Authorization to conduct municipal business on a cash basis.** (1) In case the total
14 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
15 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
16 may conduct its affairs and business on a cash basis as provided by subsection (2).

17 (2)(a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
18 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
19 and derived from its current ~~revenues~~ revenue, under ~~such~~ any restrictions and regulations as the city or
20 town council may by ordinance prescribe.

21 (b) In the event that payment is made in advance, the city or town may require a cash deposit as
22 collateral security and indemnity, equal in amount to ~~such~~ the payment, and may hold the ~~same~~ deposit as
23 a special deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and
24 performance of the contract or obligation for which the advance is made.

25 (c) Before the payment of the current expenses mentioned above, the city or town council shall
26 first set apart sufficient money to pay the interest upon its legal, valid, and outstanding bonded
27 indebtedness and any sinking funds ~~therein~~ provided for and ~~shall be~~ is authorized to pay all valid claims
28 against funds raised by tax especially authorized by law for the purpose of paying ~~such~~ the claims.

29 (3) This section does not apply to a city or town that has adopted the alternative accounting
30 method provided for in [sections 1 through 4]."

1 **Section 45.** Section 7-6-4124, MCA, is amended to read:

2 **"7-6-4124. Procedure to close inactive accounts. (1)** Whenever the council of any city or town
3 having a corporate existence in this state ~~shall deem~~ considers it necessary to remove inactive accounts
4 from its records, ~~where said~~ When the accounts ~~shall do~~ not have any further purpose, it ~~shall be~~ is lawful
5 for ~~said~~ the council to direct the proper city or town officials to file claims against the respective inactive
6 funds in favor of the general fund of ~~said~~ the city or town, after which the council shall allow the ~~same~~
7 claims and cause the inactive funds to be closed and not continued in the record of active funds.

8 (2) This section does not apply to a city or town that has adopted the alternative accounting
9 method provided for in [sections 1 through 4]."
10

11 **Section 46.** Section 7-6-4131, MCA, is amended to read:

12 **"7-6-4131. Allocation and appropriation of all-purpose levy -- exception. (1)** ~~In the event~~ When the
13 all-purpose levy method provided for in 7-6-4452 is followed in municipal financing, any municipality
14 following it shall appropriate the levy to the several departments of the municipality in its annual budget
15 and appropriation ordinance or in other legal manner, as the governing body of ~~such~~ the municipality ~~shall~~
16 ~~deem~~ considers best.

17 (2) Any municipality ~~which~~ that has adopted an urban renewal plan may allocate the funds raised
18 by its levy within the urban renewal area in accordance with the provisions of its urban renewal plan.

19 (3) This section does not apply to a municipality that has adopted the alternative accounting
20 method provided for in [sections 1 through 4]."
21

22 **Section 47.** Section 7-6-4132, MCA, is amended to read:

23 **"7-6-4132. Distribution of all-purpose levy -- exception. (1)** The money received from the
24 all-purpose levy ~~shall~~ must be accounted for in a common fund known as the all-purpose general fund.

25 (2) This section does not apply to a municipality that has adopted the alternative accounting method
26 provided for in [sections 1 through 4]."
27

28 **Section 48.** Section 7-6-4133, MCA, is amended to read:

29 **"7-6-4133. Deposit of revenues from certain sources in all-purpose fund -- exception. (1)** Cities
30 and towns making the all-purpose annual mill levy shall deposit into the all-purpose general fund all money

1 received from other sources, including fees, charges, and fines received from the operation of airports,
2 libraries, swimming pools, parking lots, golf courses, and any other operation supported in part or whole
3 from an appropriation of the all-purpose levy and not otherwise provided by law.

4 (2) This section does not apply to a city or town that has adopted the alternative accounting
5 method provided for in [sections 1 through 4]."

6
7 **Section 49.** Section 7-6-4203, MCA, is amended to read:

8 **"7-6-4203. Scope of part.** The provisions of this part shall apply to all cities or towns in this state,
9 except for cities and towns that have adopted the alternative accounting method provided for in [sections
10 1 through 4]."

11
12 **Section 50.** Section 7-6-4205, MCA, is amended to read:

13 **"7-6-4205. Role of department of commerce.** The department of commerce shall make rules and
14 classifications and prescribe forms necessary to carry out the provisions of this part. It shall define what
15 expenditures are chargeable to each budget account and shall establish accounting and cost systems
16 necessary to provide accurate budget information. This section does not apply to a city or town that has
17 adopted the alternative accounting method provided for in [sections 1 through 4]."

18
19 **Section 51.** Section 7-6-4221, MCA, is amended to read:

20 **"7-6-4221. Filing of estimate of revenues and expenses with clerk -- exception.** (1) Before July 1
21 of each year, the clerk of each city shall notify in writing each official in charge of an office, department,
22 service, or institution of the municipality to file with the clerk, before July 10, detailed and itemized
23 estimates, both of the probable revenues from sources other than taxation and of all expenditures required
24 by the office, department, service, or institution for the current fiscal year.

25 (2) (a) The council shall submit to the clerk the estimate of expenditures for all purposes for the
26 council. The council shall also submit to the clerk detailed estimates of all expenditures for construction or
27 improvement purposes proposed to be made from the proceeds of bond issues not yet authorized and from
28 the proceeds of tax levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be
29 held.

30 (b) The mayor of the municipality shall submit to the clerk a detailed estimate showing the amount

1 to be appropriated from funds belonging to the municipality to defray the municipality's portion of the cost
 2 of making improvements in special improvement districts and maintaining them and of installing lighting
 3 systems in special lighting districts and maintaining them.

4 (c) The city treasurer shall prepare the estimates for interest and debt reduction.

5 (d) The clerk shall prepare all other estimates ~~which~~ that properly fall within the duties of ~~his~~ the
 6 clerk's office.

7 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the clerk
 8 and prescribed by the department of commerce. The form may be varied or departed from only with
 9 permission and approval of the department. Each of the officials shall file the estimates within the time and
 10 in the manner provided in the form and notice.

11 (4) In the absence or disability of an official, the duties required in this section or 7-6-4223 devolve
 12 upon the official or employee in charge of the office, department, service, or institution for the time being.

13 (5) This section does not apply to a city that has adopted the alternative accounting method
 14 provided for in [sections 1 through 4]."

15

16 **Section 52.** Section 7-6-4223, MCA, is amended to read:

17 "**7-6-4223. Penalty for noncompliance with filing requirements -- exception.** (1) The clerk shall
 18 deduct and withhold as a penalty from the salary or compensation of each official failing or refusing to file
 19 the estimate the sum of \$10 for each day of delay. The total penalty against an official may not exceed \$50
 20 per year.

21 (2) The notice provided for in 7-6-4221 ~~shall~~ must contain a copy of this penalty clause.

22 (3) This section does not apply to a city or town that has adopted the alternative accounting
 23 method provided for in [sections 1 through 4]."

24

25 **Section 53.** Section 7-6-4224, MCA, is amended to read:

26 "**7-6-4224. Preparation of expenditure program and information on sources of revenue -- exception.**

27 (1) From estimates of revenue and disbursements, the clerk shall prepare a tabulation showing the complete
 28 expenditure program of the municipality for the current fiscal year and the sources of revenue by which it
 29 is to be financed.

30 (2) The tabulation ~~shall~~ must set forth:

1 (a) the estimated receipts from all sources other than taxation for each office, department, service,
2 or institution for the current fiscal year;

3 (b) the actual receipts for the last completed fiscal year;

4 (c) the surplus or unencumbered treasury balances at the close of that last fiscal year;

5 (d) the amount necessary to be raised by taxation;

6 (e) the estimated expenditure for each office, department, service, or institution for the current
7 fiscal year;

8 (f) the actual expenditures for the last completed fiscal year;

9 (g) all contracts or other obligations ~~which~~ that will affect the current year ~~revenues~~ revenue;

10 (h) the total amount of emergency warrants issued during the preceding fiscal year, with the
11 amount issued for each emergency and the amount issued against each fund.

12 (3) This section does not apply to a municipality that has adopted the alternative accounting
13 method provided for in [sections 1 through 4]."

14
15 **Section 54.** Section 7-6-4225, MCA, is amended to read:

16 **"7-6-4225. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
17 tabulation required by 7-6-4224, the estimates, appropriations, and expenditures ~~shall~~ must be classified
18 as:

19 (a) salaries and wages;

20 (b) maintenance and operation;

21 (c) capital outlay;

22 (d) interest and debt redemption;

23 (e) miscellaneous; and

24 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
25 of a tax levy or levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be held
26 later.

27 (2) (a) Within the class of salaries and wages, each salary ~~shall~~ must be set forth separately,
28 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
29 expenses of special deputies or assistants in an office ~~where~~ in which the services of the special deputies
30 or assistants may be required during a part of the fiscal year only. Wages for day labor may be given in

1 totals by designating the general purpose or object for which the expenditure is to be made, but the
2 proposed rate per day for each class or kind of labor ~~shall~~ must be set forth.

3 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
4 according to a standard classification to be established by the department of commerce.

5 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
6 separately.

7 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and
8 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
9 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

10 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
11 that cannot properly be assigned to any of the general classes shall must be set forth and itemized in detail.

12 (3) This section does not apply to a municipality that has adopted the alternative accounting
13 method provided for in [sections 1 through 4]."

14
15 **Section 55.** Section 7-6-4226, MCA, is amended to read:

16 **"7-6-4226. Consideration of tabulation by council -- preparation of preliminary budget -- exception.**

17 (1) The tabulation ~~shall~~ must be submitted to the council by the clerk on or before July 20.

18 (2) Upon receipt ~~thereof~~ of the tabulation, the council shall immediately consider the ~~same~~
19 tabulation in detail and shall, on or before July 25, make any revisions, reductions, additions, or changes
20 ~~therein that they deem the council considers~~ advisable. Such The tabulation, with ~~such~~ any revisions,
21 reductions, additions, or changes ~~as have been made therein as herein provided, shall constitute~~ constitutes
22 the preliminary budget of the municipality for the fiscal year which it is intended to cover.

23 (3) This section does not apply to a municipality that has adopted the alternative accounting
24 method provided for in [sections 1 through 4]."

25
26 **Section 56.** Section 7-6-4227, MCA, is amended to read:

27 **"7-6-4227. Notice of hearing on preliminary budget -- exception.** (1) The council shall ~~then cause~~
28 publish a notice ~~to be published~~ stating that:

29 (a) the council has completed its preliminary municipal budget for the current fiscal year;

30 (b) the budget has been placed on file and is open to inspection in the office of the clerk of the

1 municipality;

2 (c) the council will meet for the purpose of fixing the final budget and making appropriations,
3 designating the date, time, and place ~~when and where such~~ that the meeting will be held; and

4 (d) any taxpayer or resident may appear at the meeting and be heard for or against any part of the
5 budget.

6 (2) The notice ~~shall~~ must be published at least one time in the official newspaper of the municipality
7 or, if there is none, then in a newspaper of general circulation in the county in which the municipality is
8 situated.

9 (3) This section does not apply to a municipality that has adopted the alternative accounting
10 method provided for in [sections 1 through 4]."

11

12 **Section 57.** Section 7-6-4228, MCA, is amended to read:

13 **"7-6-4228. Hearing on preliminary budget -- exception.** (1) At least 3 days prior to the adoption
14 of the final budget, the council shall meet at the time and place designated in the notice provided in
15 7-6-4227, at which time any taxpayer or resident may appear and be heard for or against any part of the
16 budget. The council may call in the official in charge of an office, department, service, or institution, at the
17 time the estimates for ~~their each~~ each respective ~~offices are~~ office is under consideration, for examination
18 concerning the estimates. The official ~~shall~~ must be called in by the council, upon the request of a taxpayer
19 or resident, for questioning upon the estimates ~~either~~ by the council, taxpayer, or resident.

20 (2) The hearing ~~shall~~ must be continued from day to day and ~~shall~~ must be concluded and the
21 budget finally approved and adopted on or before the second Monday in August, prior to the fixing of the
22 tax levies by the council.

23 (3) This section does not apply to a municipality that has adopted the alternative accounting
24 method provided for in [sections 1 through 4]."

25

26 **Section 58.** Section 7-6-4229, MCA, is amended to read:

27 **"7-6-4229. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the
28 conclusion of the hearing, the council shall first determine the amount estimated to accrue to each fund
29 during the fiscal year from all sources except the taxation of property. In so doing, the council may not
30 include any amount anticipated from the payment of taxes ~~which~~ that became delinquent during a preceding

1 fiscal year.

2 (2) The council shall then determine separately the amount appropriated for and authorized to be
 3 spent for each item in the budget and shall specify the fund against which warrants are to be drawn for
 4 the expenditures ~~so authorized~~. There may not be added to the amount appropriated and authorized to be
 5 spent for an item or purpose or to the total amount appropriated and authorized to be spent from any fund,
 6 other than a fund for the payment of principal or interest on outstanding bonds, any amount because of
 7 anticipated loss of revenue by reason of nonpayment of taxes levied for the fiscal year. The expenditures
 8 authorized from a fund, including reserve, may not exceed the aggregate of:

9 (a) the cash balance in the fund at the close of the preceding fiscal year in excess of outstanding
 10 unpaid warrants against the fund at the close of that fiscal year;

11 (b) the amount of estimated ~~revenues~~ revenue to accrue to the fund; and

12 (c) the amount ~~which~~ that may be raised for the fund by a lawful tax levy during the fiscal year.

13 (3) This section does not apply to a municipality that has adopted the alternative accounting
 14 method provided for in [sections 1 through 4]."

15

16 **Section 59.** Section 7-6-4230, MCA, is amended to read:

17 **"7-6-4230. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
 18 the determinations required by 7-6-4229, the council shall determine the amount to be raised for each fund
 19 for which a tax levy is to be made by adding the cash balance in excess of outstanding unpaid warrants
 20 at the close of the preceding fiscal year and the amount of the estimated revenues, if any, to accrue to the
 21 fund during the current fiscal year. It shall then deduct the total amount so obtained from the total amount
 22 of the appropriations and authorized expenditures from the fund as determined by the council in the budget
 23 adopted and approved. The amount remaining is the amount necessary to be raised for any fund by tax levy
 24 during the current fiscal year.

25 (2) The council may add to the amount necessary to be raised for any fund by tax levy during the
 26 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
 27 the months of July to November of the next fiscal year. The amount added to any fund as a reserve may
 28 not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the
 29 current fiscal year, after deducting from the amount of the appropriations and authorized expenditures the
 30 total amount appropriated and authorized to be spent for election expenses and payment of emergency and

1 other outstanding warrants.

2 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
3 the amount of the reserve, ~~must~~ may not exceed the total amount ~~which~~ that may be raised for the fund
4 by a tax levy ~~which~~ that does not exceed the maximum levy permitted by law to be made for the fund.

5 (4) This section does not apply to a municipality that has adopted the alternative accounting
6 method provided for in [sections 1 through 4]."

7

8 **Section 60.** Section 7-6-4231, MCA, is amended to read:

9 **"7-6-4231. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
10 finally determined, in addition to setting out separately each item for which an appropriation is made or
11 expenditure authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

- 12 (a) the total amount appropriated and authorized to be spent from each fund;
13 (b) the cash balance in excess of outstanding unpaid warrants at the close of the preceding fiscal
14 year;
15 (c) the amount estimated to accrue to the fund from sources other than taxation;
16 (d) the reserve for the next fiscal year; and
17 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

18 (2) The council shall then by resolution approve and adopt the budget as finally determined, and
19 the clerk shall enter the resolution at length in the official minutes of the council. The clerk shall keep a
20 copy of the budget with the resolution in the official records of the municipality.

21 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the council may
22 approve and adopt a resolution amending a final budget when:

23 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
24 are made, will result in expenditures for the year exceeding actual ~~revenues~~ revenue and cash balances
25 available ~~therefor~~; or

26 (ii) savings result from unanticipated adjustments in projected expenditures.

27 (b) Amended appropriations must be classified as:

- 28 (i) salaries and wages;
29 (ii) maintenance and operation;
30 (iii) capital outlay;

1 (iv) interest and debt redemption; or

2 (v) miscellaneous.

3 (4) Prior to amending a final budget, the council shall:

4 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the
5 resolution amending the budget; and

6 (b) publish notice at least once in a newspaper of general circulation in the city or town at least
7 6 but not more than 16 days before the hearing on the budget amendments. The published notice must
8 specify the date, time, place, and subject of the hearing.

9 (5) This section does not apply to a municipality that has adopted the alternative accounting
10 method provided for in [sections 1 through 4]."

11

12 **Section 61.** Section 7-6-4232, MCA, is amended to read:

13 **"7-6-4232. Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
14 the approval and adoption of the final budget, the council shall fix the tax levy for each fund at a rate, not
15 exceeding limits prescribed by law, ~~which that~~ will raise the amount set out in the budget as the amount
16 necessary to be raised by tax levy for that fund during the current fiscal year. The taxable valuation of the
17 city for the current fiscal year ~~shall~~ must be the basis for determining the amount of the tax levy for each
18 fund, and each tax levy ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without
19 including any amount for anticipated tax delinquency, to raise the amount set out in the budget.

20 (2) If the council considers that a levy made for a bond sinking or interest fund will not provide a
21 sufficient amount to pay all bond principal and interest becoming due during the current fiscal year or within
22 6 months after the current fiscal year because of anticipated tax delinquency, the council may fix the levy
23 at a rate it considers necessary to raise the amount for making the payments of principal and interest over
24 and above the anticipated tax delinquency.

25 (3) Each levy ~~shall~~ must be made in the manner provided by 15-10-201.

26 (4) This section does not apply to a municipality that has adopted the alternative accounting
27 method provided for in [sections 1 through 4]."

28

29 **Section 62.** Section 7-6-4235, MCA, is amended to read:

30 **"7-6-4235. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of

1 expenditures, itemized and classified as required in 7-6-4224 and 7-6-4225 and as finally fixed and adopted
 2 and as may be amended as provided in 7-6-4231 by ~~said~~ the council, ~~shall~~ constitute the appropriations
 3 for the municipality for the fiscal year intended to be covered ~~thereby~~ by the estimates.

4 (2) Except as provided in 7-6-4236, the council and ~~every~~ each other municipal official ~~shall be~~ is
 5 limited in the making of expenditures or incurring of liabilities to the amount of ~~such~~ the detailed
 6 appropriations and classifications, respectively.

7 (3) This section does not apply to a municipality that has adopted the alternative accounting
 8 method provided for in [sections 1 through 4]."

9
 10 **Section 63.** Section 7-6-4236, MCA, is amended to read:

11 **"7-6-4236. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
 12 adopted by the council at a regular or special meeting and entered upon its minutes, transfers or revisions
 13 within or among the general class or classes of salaries and wages, maintenance and support, and capital
 14 outlay may be made, provided that ~~no~~ a salary ~~shall~~ may not be increased above the amount appropriated
 15 ~~therefor~~.

16 (2) This section does not apply to a municipality that has adopted the alternative accounting method
 17 provided for in [sections 1 through 4]."

18
 19 **Section 64.** Section 7-6-4240, MCA, is amended to read:

20 **"7-6-4240. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
 21 appropriations, other than the appropriations for uncompleted improvements in progress of construction,
 22 ~~shall~~ lapse at the end of the fiscal year.

23 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
 24 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the
 25 fiscal year and remaining unpaid. After ~~such~~ the 30-day period ~~shall have~~ has expired, all appropriations,
 26 except as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and
 27 void, and any lawful claim presented ~~thereafter~~ against any ~~such~~ appropriation ~~shall~~ must be provided for
 28 in the ensuing budget.

29 (b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting
 30 method provided for in [sections 1 through 4]."

1 **Section 65.** Section 7-6-4241, MCA, is amended to read:

2 **"7-6-4241. Clerk's report concerning expenditures, liabilities, and appropriations -- exception. (1)**

3 The clerk shall submit to the council, on a date set by the council, a report showing the expenditures and
4 liabilities against each separate budget appropriation incurred during the preceding calendar month and ~~like~~
5 similar information for the whole of the fiscal year to the first day of the month in which ~~such~~ the report
6 is made, together with the unexpended balance of each appropriation. The clerk shall also set forth the
7 receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

8 (2) This section does not apply to a municipality that has adopted the alternative accounting method
9 provided for in [sections 1 through 4]."

10

11 **Section 66.** Section 7-6-4408, MCA, is amended to read:

12 **"7-6-4408. Distribution of tax money. (1)** The council or commission in each city or town may
13 distribute the tax money collected for general municipal or administrative purposes into the funds prescribed
14 by ordinance.

15 (2) This section does not apply to a city or town that has adopted the alternative accounting
16 method provided for in [sections 1 through 4]."

17

18 **Section 67.** Section 15-10-203, MCA, is amended to read:

19 **"15-10-203. Increase of tax revenue -- advertisement of intention and public hearing required --**
20 **exception. (1)** A local taxing authority may not budget an increased amount of ad valorem tax revenue in
21 excess of the property tax revenue it received the previous fiscal year exclusive of revenue from ad valorem
22 taxation on properties appearing for the first time on the property tax record unless it adopts a resolution
23 to budget additional property tax revenue. Prior to adoption of the resolution, the taxing authority shall hold
24 a public hearing for the purpose of receiving comments on its intention to budget increased property tax
25 revenue. The taxing authority shall advertise notice of the public hearing as specified in subsection (2). The
26 public hearing may be held in conjunction with the tentative budget hearing or any other budget hearing
27 that may be required by law.

28 (2) The taxing authority shall advertise its intent to budget an increase in property tax revenue in
29 a newspaper meeting the requirements of 7-1-4127, except that the newspaper may not be primarily in the
30 business of publishing legal advertisements. If there is ~~no~~ not a newspaper in the county, in addition to

1 being posted as required in 7-1-4127, the advertisement must be published in one or more newspapers of
2 general circulation widely subscribed to by the residents of the county. The advertisement may not be
3 placed in that portion of the newspaper where legal notices and classified advertisements appear. The
4 advertisement must meet the notice requirements of 7-1-4128. The advertisement must be published with
5 at least the following information:

6 NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES

7 The (name of the taxing authority) intends to budget an increase in revenue from property taxation
8 by (percentage of increase in property tax revenue from previous fiscal year) percent.

9 All concerned persons are invited to attend a public hearing on budgeting the increased property
10 tax revenue to be held on (date and time) at (meeting place).

11 A decision on budgeting the increased property tax revenue will be made after considering
12 comments made at this hearing.

13 For further information please contact: (name, address, and phone number of person who can be
14 contacted for further information)."

15 (3) This section does not apply to a local taxing authority that has adopted the alternative
16 accounting method provided for in [sections 1 through 4]."

17
18 NEW SECTION. Section 68. Codification instruction. [Sections 1 through 4] are intended to be
19 codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections
20 1 through 4].

21
22 NEW SECTION. Section 69. Effective date. [This act] is effective on passage and approval.

23 -END-

1 HOUSE BILL NO. 530

2 INTRODUCED BY WISEMAN, GAGE, SWANSON, MASOLO, WYATT, ECK, FORBES, GRADY, BECK,

3 CHRISTIAENS

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RECOMMENDATION OF THE GOVERNOR'S
6 TASK FORCE TO RENEW MONTANA GOVERNMENT BY CREATING AN ALTERNATIVE ACCOUNTING
7 METHOD FOR LOCAL GOVERNMENT ENTITIES; AMENDING SECTIONS 2-7-503, 2-7-504, 2-7-513,
8 7-3-4371, 7-3-4372, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213, 7-6-2302, 7-6-2311,
9 7-6-2312, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2324,
10 7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525, 7-6-4103, 7-6-4104, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108,
11 7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4121, 7-6-4124, 7-6-4131, 7-6-4132,
12 7-6-4133, 7-6-4203, 7-6-4205, 7-6-4221, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228,
13 7-6-4229, 7-6-4230, 7-6-4231, 7-6-4232, 7-6-4235, 7-6-4236, 7-6-4240, 7-6-4241, 7-6-4408, AND
14 15-10-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.

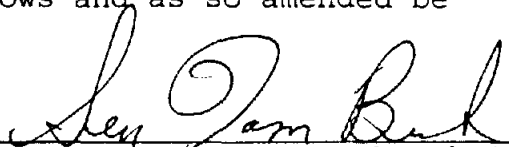
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 20, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration HB 530 (third reading copy -- blue), respectfully report that HB 530 be amended as follows and as so amended be concurred in.

Signed:


Senator Tom Beck, Chair

That such amendments read:

1. Page 2, line 11.

Insert: "(5) A local government entity that adopts the alternative accounting method by resolution shall submit a copy of the resolution to the department of commerce."

2. Page 34, lines 19 and 20.

Strike: "--" on line 19 through "exception" on line 20

3. Page 34, line 21.

Strike: "it received"

Insert: "of"

4. Page 35, lines 15 and 16.

Strike: lines 15 and 16 in their entirety

-END-



Amd. Coord.
Sec. of Senate


Senator Carrying Bill

HB 530
SENATE

641003SC.SPV

1 HOUSE BILL NO. 530

2 INTRODUCED BY WISEMAN, GAGE, SWANSON, MASOLO, WYATT, ECK, FORBES, GRADY, BECK,
3 CHRISTIAENS

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE RECOMMENDATION OF THE GOVERNOR'S
6 TASK FORCE TO RENEW MONTANA GOVERNMENT BY CREATING AN ALTERNATIVE ACCOUNTING
7 METHOD FOR LOCAL GOVERNMENT ENTITIES; AMENDING SECTIONS 2-7-503, 2-7-504, 2-7-513,
8 7-3-4371, 7-3-4372, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213, 7-6-2302, 7-6-2311,
9 7-6-2312, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2324,
10 7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525, 7-6-4103, 7-6-4104, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108,
11 7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4121, 7-6-4124, 7-6-4131, 7-6-4132,
12 7-6-4133, 7-6-4203, 7-6-4205, 7-6-4221, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228,
13 7-6-4229, 7-6-4230, 7-6-4231, 7-6-4232, 7-6-4235, 7-6-4236, 7-6-4240, 7-6-4241, 7-6-4408, AND
14 15-10-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17
18 NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 4] is to create an
19 accounting method for local governments that provides an alternative to following the detailed bookkeeping
20 rules contained in this title that have been built up over decades and to encourage local governments to
21 adopt generally accepted accounting principles and auditing standards. These principles are more rigorous,
22 comprehensive, and businesslike than those contained elsewhere in this title. It is the intent of the
23 legislature that all local governments eventually follow generally accepted accounting principles and auditing
24 standards.

25
26 NEW SECTION. **Section 2. Definition.** For the purposes of [sections 1 through 4], "local
27 government entity" means a consolidated city-county or a county, OR AN INCORPORATED city, or town
28 ~~as defined in 2-7-501(7).~~

29
30 NEW SECTION. **Section 3. Adoption of alternative auditing ACCOUNTING method.** (1) A local

1 government entity may by resolution adopt the alternative accounting method established in [section 4] and
2 ~~may by ordinance authorize any of the entities created under its legislative authority to adopt the alternative~~
3 ~~accounting method.~~

4 (2) A local government entity that adopts the alternative accounting method is considered to have
5 complied with state accounting and financial reporting standards and requirements.

6 (3) A local government entity that does not adopt the alternative accounting method is subject to
7 state accounting and financial reporting standards and requirements.

8 (4) A local government entity may not adopt the alternative accounting method unless it has
9 received an auditor’s unqualified opinion on its annual financial statements prepared for its preceding fiscal
10 year.

11 (5) A LOCAL GOVERNMENT ENTITY THAT ADOPTS THE ALTERNATIVE ACCOUNTING METHOD
12 BY RESOLUTION SHALL SUBMIT A COPY OF THE RESOLUTION TO THE DEPARTMENT OF COMMERCE.

13

14 NEW SECTION. Section 4. Alternative accounting method -- requirements. A local government
15 entity that adopts the alternative accounting method shall:

16 (1) prepare its accounting records and financial reports in accordance with generally accepted
17 accounting principles established by the ~~federal~~ GOVERNMENTAL accounting standards ~~advisory~~ board or
18 its generally recognized successor;

19 (2) adopt a fiscal year that commences on July 1 of each year;

20 (3) (a) compile an annual financial report covering the preceding fiscal year and submit a copy of
21 the annual financial report or an annual audit, pursuant to subsection (3)(b), to the department of commerce
22 within 6 months of the end of that reported fiscal year; or

23 (b) if the local government entity submits an audit report in lieu of an annual financial report, ensure
24 that the audit report contains, at a minimum, the entity’s general purpose financial statements and
25 combining and individual fund and account group statements as defined under the principles described in
26 subsection (1);

27 (4) cause an annual audit in accordance with the provisions of Title 2, chapter 7, part 5; and

28 (5) ensure that a budget is made each year that:

29 (a) shows the complete expenditure program for the local government entity for the coming fiscal
30 year and the sources by which it will be funded;

1 (b) must be completed by July 1 of the current fiscal year;

2 (c) must be approved or amended by the governing body in a regularly scheduled meeting;

3 (d) must be the subject of one or more advertised public hearings, PURSUANT TO THE
4 PROVISIONS OF 7-1-2121 OR 7-1-4127, prior to approval or amendment; and

5 (e) must be submitted to the department of commerce by September 15.

6
7 **Section 5.** Section 2-7-503, MCA, is amended to read:

8 **"2-7-503. Financial reports and audits of local government entities -- exception.** (1) The governing
9 body or managing or executive officer of a local government entity, other than a school district or
10 associated cooperative, shall ensure that a financial report is made every year. A school district or
11 associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the
12 preceding fiscal year, be in a form prescribed by the department, and be completed within 4 months of the
13 end of the reporting period. The local government entity shall submit the financial report to the department
14 for review.

15 (2) The department shall prescribe a uniform reporting system for all local government entities
16 subject to financial reporting requirements, other than school districts. The superintendent of public
17 instruction shall prescribe the reporting requirements for school districts.

18 (3) (a) The governing body or managing or executive officer of each local government entity
19 receiving ~~revenues~~ revenue or financial assistance in the period covered by the financial report in excess
20 of \$200,000 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least
21 every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within
22 9 months from the close of the last fiscal year of the audit period. The audit must be completed and
23 submitted to the department for review within 1 year from the close of the last fiscal year covered by the
24 audit.

25 (b) The governing body or managing or executive officer of a local government entity that does not
26 meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the
27 department, or, in the case of a school district, if directed by the department at the request of the
28 superintendent of public instruction, cause a financial review, as defined by department rule, to be
29 conducted of the financial statements of the entity for the preceding fiscal year.

30 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and

1 compliance audit of an individual financial assistance program that a local government is required to
 2 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
 3 provides a state agency with the information it requires to carry out its responsibilities under state or federal
 4 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
 5 audits or reviews in order to avoid a duplication of effort.

6 (5) In addition to the audits required by this section, the department may at any time conduct or
 7 contract for a special audit or review of the affairs of any local government entity referred to in this part.
 8 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
 9 part.

10 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the
 11 department in relation to the special audit or review. The audit fee must be paid by the local government
 12 entity to the state treasurer and deposited in the enterprise fund to the credit of the department.

13 (7) Subsections (1) through (3) do not apply to a local government entity that has adopted the
 14 alternative accounting method provided for in [sections 1 through 4]."

15

16 **Section 6.** Section 2-7-504, MCA, is amended to read:

17 **"2-7-504. Accounting methods -- exception. (1)** Unless otherwise required by law, the department
 18 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
 19 all money belonging to local government entities and shall establish in those offices general methods and
 20 details of accounting. All local government entity officers shall conform with the accounting standards
 21 prescribed by the department.

22 (2) This section does not apply to a local government entity that has adopted the alternative
 23 accounting method provided for in [sections 1 through 4]."

24

25 **Section 7.** Section 2-7-513, MCA, is amended to read:

26 **"2-7-513. Content of audit report and financial report -- exception. (1)** The audit reports ~~shall~~ must
 27 comply with the reporting requirements of government auditing standards issued by the U.S. comptroller
 28 general and federal regulations adopted by department rule.

29 (2) (a) The department shall prescribe general methods and details of accounting for the financial
 30 report for local government entities other than schools. The financial report must be submitted in a form

1 required by the department. The superintendent of public instruction shall prescribe the general methods
2 and details of accounting for financial reports for schools.

3 (b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative
4 accounting method provided for in [sections 1 through 4]."

5
6 **Section 8.** Section 7-3-4371, MCA, is amended to read:

7 **"7-3-4371. Estimate of expenditures and revenues -- exception.** (1) The city manager shall submit
8 to the commission an estimate of the expenditures and revenues of the municipal departments for the
9 ensuing year. The estimate ~~shall~~ must be compiled from detailed information obtained from the several
10 departments on uniform blanks to be furnished by the city manager. The classification of the expenditures
11 ~~shall~~ must be as nearly uniform as possible for the main functional divisions of all departments and ~~shall~~
12 must give in parallel columns the following information:

13 (a) a detailed estimate of the expenses of conducting each department as submitted by the
14 department;

15 (b) expenditures for corresponding items for the last 2 fiscal years;

16 (c) expenditures for the corresponding items for the current fiscal year, including adjustments due
17 to transfers between appropriations, plus an estimate of expenditure necessary to complete the current
18 fiscal year;

19 (d) amount of supplies and materials on hand at the date of the preparation of the invoice;

20 (e) increase or decrease of requests compared with the corresponding appropriations for the current
21 year;

22 (f) ~~such~~ other information as that is required by the commission or that the city manager may ~~deem~~
23 consider advisable to submit;

24 (g) the recommendation of the city manager as to the amounts to be appropriated, with reasons
25 ~~therefor~~ for the recommendation, in ~~such~~ the detail as that the commission may direct.

26 (2) A sufficient number of copies of ~~such~~ the estimate ~~shall~~ must be prepared and submitted that
27 there ~~may be~~ are copies on file in the office of the commission for inspection by the public.

28 (3) This section does not apply to a local government entity that has adopted the alternative
29 accounting method provided for in [sections 1 through 4]."

30

1 **Section 9.** Section 7-3-4372, MCA, is amended to read:

2 **"7-3-4372. Procedure to enact appropriation ordinance -- exception.** (1) Upon receipt of ~~such the~~
3 estimate, the commission shall prepare an appropriation ordinance in ~~such the form as that~~ may be
4 prescribed by ordinance or resolution. Before finally acting upon ~~such the~~ tentative appropriation, the
5 commission shall fix a time and place for holding public hearing upon the tentative appropriation and shall
6 give public notice of ~~such the~~ hearing. Following the public hearings and before its final passage, the
7 appropriation ordinance shall must be published with a parallel comparison with the recommendation of the
8 city manager. The commission shall may not pass the appropriation ordinance until 10 days after its
9 publication or before the second Monday in August.

10 (2) If, at the beginning of the term of office of the first commission elected under the provisions
11 of this part and part 44, the appropriations for the expenditures of the municipal government for the current
12 fiscal year have been made, ~~said the~~ commission shall ~~have the power~~ may by ordinance ~~to~~ revise, repeal,
13 or change ~~said the~~ appropriations and ~~to~~ make additional appropriations.

14 (3) This section does not apply to a local government entity that has adopted the alternative
15 accounting method provided for in [sections 1 through 4]."

16
17 **Section 10.** Section 7-6-2111, MCA, is amended to read:

18 **"7-6-2111. Duties of county treasurer.** (1) The county treasurer ~~must~~:

19 ~~(1)(a) must~~ receive all money belonging to the county and all other money directed to be paid to
20 ~~him the treasurer~~ by law, safely keep the ~~same money~~, and apply and pay ~~them the money~~ out, ~~rendering~~
21 ~~and account thereof for the money~~ as required by law;

22 ~~(2)(b) shall~~ keep an account of the receipt and expenditures of ~~all such the~~ money in books provided
23 for the purpose, in which must be entered:

24 ~~(a)(i)~~ the amount, the time when, from whom, and on what account all money was received ~~by him~~;

25 ~~(b)(ii)~~ the amount, time when, to whom, and on what account all disbursements were made ~~by him~~;

26 ~~(3)(c) so shall~~ keep ~~his~~ books so that the amounts received and paid out on account of separate
27 funds or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and
28 expenditures shown in one general or cash account;

29 ~~(4)(d) may not~~ enter ~~no~~ money received for the current year on ~~his the treasurer's~~ account with the
30 county for the past fiscal year until after ~~his the treasurer's~~ annual settlement for the past year has been

1 made with the county clerk;

2 ~~(5)(e) shall~~ disburse the county money only on county warrants issued by the county clerk, based
3 on orders of the board of county commissioners, or as otherwise provided by law.

4 (2) This section does not apply to a county that has adopted the alternative accounting method
5 provided for in [sections 1 through 4]."

6
7 **Section 11.** Section 7-6-2112, MCA, is amended to read:

8 **"7-6-2112. Treasurer's reports to county commissioners -- exception.** (1) Each county treasurer
9 ~~must shall~~ make a detailed monthly report to the board of county commissioners ~~of his county~~, of all money
10 received ~~by him and the disbursement thereof~~ and disbursed by the treasurer, ~~and~~ of all debts due to and
11 from the county, and of all other proceedings in ~~his~~ the treasurer's office, so that the receipts into the
12 treasury and the amount of disbursements, together with the debts due to and from the county, appear
13 clearly and distinctly.

14 (2) On the first Monday of January, April, July, and October of each year the county treasurer
15 ~~must shall~~ settle with the board of county commissioners for all money collected, ~~and on~~ On those days
16 the treasurer ~~must shall~~ deliver to the board affidavits verifying the reconciliation of the balance on hand
17 in the county treasury. After the approval of the statements and the accompanying affidavits, one copy of
18 the quarterly report ~~shall must~~ be filed with the county clerk of the county and one copy ~~shall must~~ be
19 retained by the county treasurer.

20 (3) This section does not apply to a county that has adopted the alternative accounting method
21 provided for in [sections 1 through 4]."

22
23 **Section 12.** Section 7-6-2202, MCA, is amended to read:

24 **"7-6-2202. Duties of county clerk related to finance -- exception.** (1) The county clerk ~~must shall~~
25 draw warrants on the county treasury in favor of all persons entitled ~~thereto~~ to the warrants in payment:

26 (a) of all claims and demands chargeable against the county which have been legally examined,
27 allowed, and ordered paid by the board of county commissioners; and

28 (b) for all debts and demands against the county when the amounts are fixed by law and are not
29 directed to be audited by some other person or tribunal.

30 (2) The county clerk ~~must shall~~ keep accounts current with the treasurer. When any person

1 deposits with the county treasurer any money paid into the treasury, the county clerk ~~shall~~ must be
 2 furnished by the treasurer with a duplicate of the receipt issued to the person, ~~which.~~ The duplicate receipt
 3 ~~shall~~ must be filed in the office of the county clerk, and the county clerk shall charge the treasurer with the
 4 amount ~~thereof~~ of the deposit.

5 (3) The county clerk ~~must~~ shall make the annual statement as prescribed in 7-6-2203.

6 (4) This section does not apply to a county that has adopted the alternative accounting method
 7 provided for in [sections 1 through 4]."

8

9 **Section 13.** Section 7-6-2203, MCA, is amended to read:

10 **"7-6-2203. Annual financial statement -- exception.** (1) Within 120 days after the close of each
 11 fiscal year, the county clerk shall ~~make out~~ compile and present to the board of county commissioners and
 12 the department of commerce a complete statement of the financial condition of the county. The statement
 13 must show:

14 (a) a detailed description of all of the resources and liabilities of the county and the book value of
 15 ~~them~~ the resources and liabilities;

16 (b) the amount of money received, showing the source of that revenue;

17 (c) the amount of money disbursed, with the purpose of disbursement;

18 (d) the operation of each of the cash and warrant accounts, showing the balance at the beginning
 19 of the year, the credits, the debits, and the balance at the end of the year;

20 (e) the assessed valuation of the real and personal property of the county;

21 (f) the rate of taxation and the amount of taxes delinquent for the preceding years; and

22 (g) ~~such~~ other items as that the department of commerce may prescribe.

23 (2) The statement ~~shall~~ must be ~~made out~~ on the form designated by the department.

24 (3) This section does not apply to a county that has adopted the alternative accounting method
 25 provided for in [sections 1 through 4]."

26

27 **Section 14.** Section 7-6-2211, MCA, is amended to read:

28 **"7-6-2211. Authorization to conduct county business on a cash basis.** (1) ~~In case~~ If the total
 29 indebtedness of a county, lawful when incurred, exceeds the limit of 23% established in 7-7-2101 by
 30 reason of great diminution of taxable value, the county may conduct its business affairs on a cash basis

1 and pay the reasonable and necessary current expenses of the county out of the cash in the county
 2 treasury derived from its current revenue and under ~~such the~~ restrictions and regulations as ~~that~~ may be
 3 imposed by the board of county commissioners of the county by a resolution duly adopted and included
 4 in the minutes of the board.

5 (2) ~~Nothing in this~~ This section restricts ~~restricts~~ does not restrict the right of the board to make the
 6 necessary tax levies for interest and sinking fund purposes, and ~~nothing in this section affects~~ does not
 7 affect the right of any creditor of the county to pursue any remedy now given ~~him~~ by law to obtain
 8 payment of ~~his~~ a claim.

9 (3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
 10 provided for in [sections 1 through 4]."

11
 12 **Section 15.** Section 7-6-2213, MCA, is amended to read:

13 **"7-6-2213. Report of fees received and money disbursed -- exception. (1)** ~~It is the duty of all~~ All
 14 county officers, justices of the peace, and constables ~~to make~~ shall report in writing, under oath, to the
 15 board of county commissioners on the first Monday of March, June, September, and December, showing
 16 in detail all fees, emoluments, and compensation received and money disbursed by them in their official
 17 capacity during the quarter preceding the making of each report.

18 (2) This section does not apply to a county that has adopted the alternative accounting method
 19 provided for in [sections 1 through 4]."

20
 21 **Section 16.** Section 7-6-2302, MCA, is amended to read:

22 **"7-6-2302. Role of department of commerce -- exception. (1)** The department of commerce shall
 23 make rules and classifications and prescribe forms necessary to carry out the provisions of this part, to
 24 define what expenditures are chargeable to each budget account, and to establish accounting and cost
 25 systems necessary to provide accurate budget information.

26 (2) This section does not apply to a county that has adopted the alternative accounting method
 27 provided for in [sections 1 through 4]."

28
 29 **Section 17.** Section 7-6-2311, MCA, is amended to read:

30 **"7-6-2311. Filing of estimate of revenues and expenses with county clerk -- exception. (1)** Before

1 June 1 each year the county clerk and recorder shall notify in writing each county official in charge of an
 2 office, department, service, institution, or county-funded district court program of the county to file with
 3 the county clerk and recorder, before June 10, detailed and itemized estimates, both of the probable
 4 ~~revenues~~ revenue from sources other than taxation and of all expenditures required by the office,
 5 department, service, or institution for the next fiscal year.

6 (2) (a) The county commissioners shall submit to the county clerk and recorder the estimate of
 7 expenditures for all purposes for the board and a detailed statement showing all new road and bridge
 8 construction to be financed from county road and bridge funds, from any special road or bridge fund, from
 9 any special highway fund, and from bond issues issued or authorized for the next fiscal year, together with
 10 the cost of that construction as computed by the county surveyor or, if for construction in charge of a
 11 special engineer, then by that engineer. The county commissioners shall also submit to the county clerk
 12 and recorder detailed estimates of all expenditures for construction or improvement purposes proposed to
 13 be made from the proceeds of bond issues not yet authorized and from the proceeds of tax levies ~~which~~
 14 that are required to be approved at an election to be held.

15 (b) The county surveyor and any special engineer shall prepare the estimates of cost of road and
 16 bridge construction for the county commissioners. They shall also submit a similar statement showing road
 17 and bridge maintenance expenditures as nearly as can be estimated.

18 (c) The county treasurer shall prepare the estimates for interest and debt reduction.

19 (d) The county clerk and recorder shall prepare all other estimates ~~which~~ that properly fall within
 20 the duties of ~~his~~ the office.

21 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the county
 22 clerk and recorder and prescribed by the department of commerce. The forms may only be varied or
 23 departed from with permission and approval of that department. Each of the officials shall file the estimates
 24 within the time and in the manner provided in the form and notice.

25 (4) In the absence or disability of an official, the duties required by this section or 7-6-2312
 26 devolve upon the official or employee in charge of the office, department, service, or institution.

27 (5) This section does not apply to a county that has adopted the alternative accounting method
 28 provided for in [sections 1 through 4]."

29
 30 **Section 18.** Section 7-6-2312, MCA, is amended to read:

1 **"7-6-2312. Penalty for noncompliance with filing requirements -- exception.** (1) The county clerk
2 shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for
3 each day of delay. The total penalty against any official may not exceed \$50 in 1 year.

4 (2) The notice provided for in 7-6-2311 ~~shall~~ must contain a copy of this penalty clause.

5 (3) This section does not apply to a county that has adopted the alternative accounting method
6 provided for in [sections 1 through 4]."

7
8 **Section 19.** Section 7-6-2314, MCA, is amended to read:

9 **"7-6-2314. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
10 tabulation required by 7-6-2313, the estimates, appropriations, and expenditures ~~shall~~ must be classified
11 as:

12 (a) salaries and wages;

13 (b) maintenance and operation;

14 (c) capital outlay;

15 (d) interest and debt redemption;

16 (e) miscellaneous; and

17 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
18 of a tax levy or levies ~~which~~ that are required to be submitted to and approved at an election to be held
19 later.

20 (2)(a) Within the general class of salaries and wages, each salary ~~shall~~ must be set forth separately,
21 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
22 expenses of special deputies or assistants in any office where the services of ~~such~~ the special deputies or
23 assistants may be required during a part of the fiscal year only. Wages for day labor may be given in totals
24 by designating the general purpose or object for which the expenditure is to be made, but the proposed rate
25 per day for each class or kind of labor ~~shall~~ must be set forth.

26 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
27 according to a standard classification to be established by the department of commerce.

28 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
29 separately.

30 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and

1 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
2 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

3 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
4 that cannot properly be assigned to any of the general classes ~~shall~~ must be set forth and itemized in detail.

5 (3) This section does not apply to a county that has adopted the alternative accounting method
6 provided for in [sections 1 through 4]."

7

8 **Section 20.** Section 7-6-2315, MCA, is amended to read:

9 **"7-6-2315. Consideration of tabulation by county commissioners -- exception.** (1) The tabulation
10 ~~shall~~ must be submitted to the county commissioners by the county clerk and recorder on or before the
11 third Monday of July.

12 (2) Upon receipt ~~thereof~~, the board of county commissioners shall immediately consider the budget
13 in detail and shall, on or before the fourth Monday of July, make any revisions, reductions, additions, or
14 changes that ~~they consider~~ the board considers advisable. The tabulation, with any revisions, reductions,
15 additions, or changes, is the county proposed budget for the fiscal year which it is intended to cover.

16 (3) This section does not apply to a county that has adopted the alternative accounting method
17 provided for in [sections 1 through 4]."

18

19 **Section 21.** Section 7-6-2316, MCA, is amended to read:

20 **"7-6-2316. Notice of hearing on county proposed budget -- exception.** (1) The board of county
21 commissioners shall ~~then have~~ cause a notice to be published stating that:

22 (a) the board has completed its county proposed budget for the current fiscal year;

23 (b) the budget is open to inspection in the office of the county clerk and recorder;

24 (c) the board will meet to fix the final budget and make appropriations, stating the date, time, and
25 place of the meeting; and

26 (d) any taxpayer or resident of the county may appear and be heard for or against any part of the
27 budget.

28 (2) The notice ~~shall~~ must be published two times, once each week, in a newspaper of general
29 circulation in the county.

30 (3) This section does not apply to a county that has adopted the alternative accounting method

1 provided for in [sections 1 through 4]."

2

3 **Section 22.** Section 7-6-2317, MCA, is amended to read:

4 **"7-6-2317. Hearing on county proposed budget -- exception.** (1) At least 3 days prior to the
5 adoption of the final budget, the county commissioners shall meet at the time and place designated in the
6 notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be
7 heard for or against any part of the budget.

8 (2) The hearing shall must be continued from day to day and shall must be concluded and the
9 budget approved and adopted on or before the second Monday in August, before the fixing of the tax levies
10 by the board.

11 (3) This section does not apply to a county that has adopted the alternative accounting method
12 provided for in [sections 1 through 4]."

13

14 **Section 23.** Section 7-6-2318, MCA, is amended to read:

15 **"7-6-2318. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the
16 conclusion of the hearing, the board shall first determine the amount estimated to accrue to each fund
17 during the fiscal year from all sources except the taxation of property. In so doing, the board may not
18 include any amount ~~which~~ that it is anticipated may be received during the fiscal year from the payment
19 of taxes ~~which~~ that became delinquent during a preceding fiscal year.

20 (2) The board shall then determine separately the amount appropriated for and authorized to be
21 spent for each item in the budget and shall specify the fund or funds against which warrants are to be
22 drawn and issued for each item in the budget and shall specify the fund or funds against which warrants
23 are to be drawn for the expenditures authorized. There may not be added to the amount to be appropriated
24 and authorized to be spent for an item or to the total amount appropriated and authorized to be spent from
25 any fund any amount or percentage because of anticipated loss of revenue by reason of the nonpayment
26 of taxes levied for that fiscal year. The total expenditures authorized to be made from any fund, including
27 the reserve added to them, may not exceed the aggregate of:

28 (a) the cash balance in the fund at the close of the preceding fiscal year;

29 (b) the amount of estimated revenues to accrue to the fund; and

30 (c) the amount which may be raised for the fund by a lawful tax levy during the fiscal year.

1 (3) This section does not apply to a county that has adopted the alternative accounting method
 2 provided for in [sections 1 through 4]."

3
 4 **Section 24.** Section 7-6-2319, MCA, is amended to read:

5 **"7-6-2319. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
 6 the determinations required by 7-6-2318, the board shall determine the amount to be raised by tax levy for
 7 each fund by adding the cash balance in the fund at the close of the preceding fiscal year and the amount
 8 of the estimated ~~revenues~~ revenue to accrue to the fund during the current fiscal year. It shall then deduct
 9 the total amount ~~se~~ obtained from the total amount of the appropriations and authorized expenditures from
 10 the fund as determined by the board. The amount remaining is the amount necessary to be raised for the
 11 fund by tax levy during the current fiscal year.

12 (2) The board may add to the amount necessary to be raised for any fund by tax levy during the
 13 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
 14 the months of July to November of the next fiscal year. The amount ~~which~~ that may be ~~se~~ added to any
 15 fund as the reserve may not exceed one-third of the total amount appropriated and authorized to be spent
 16 from the fund during the current fiscal year, after deducting from the amount of the appropriations and
 17 authorized expenditures the total amount appropriated and authorized to be spent for election expenses and
 18 payment of emergency warrants.

19 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
 20 the amount of the reserve and any amount for payment of election expenses and emergency warrants, may
 21 not exceed the total amount which may be raised for the fund by a tax levy which does not exceed the
 22 maximum levy permitted by law to be made for the fund.

23 (4) This section does not apply to a county that has adopted the alternative accounting method
 24 provided for in [sections 1 through 4]."

25
 26 **Section 25.** Section 7-6-2320, MCA, is amended to read:

27 **"7-6-2320. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
 28 finally determined, in addition to setting out separately each item for which an appropriation or expenditure
 29 is authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

30 (a) the total amount appropriated and authorized to be spent from each fund;

- 1 (b) the cash balance in the fund at the close of the preceding fiscal year;
 2 (c) the amount estimated to accrue to the fund from sources other than taxation;
 3 (d) the reserve for the next fiscal year; and
 4 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

5 (2) The board shall then by resolution approve and adopt the budget as finally determined and enter
 6 the budget at length in the official minutes of the board.

7 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the board may approve
 8 and adopt a resolution amending a final budget when:

9 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
 10 are made, will result in expenditures for the year exceeding actual revenues and cash balances available
 11 ~~therefor~~ for the year; or

12 (ii) savings result from unanticipated adjustments in projected expenditures.

13 (b) Amended appropriations must be classified as:

- 14 (i) salaries and wages;
 15 (ii) maintenance and operation;
 16 (iii) capital outlay;
 17 (iv) interest and debt redemption; or
 18 (v) miscellaneous.

19 (4) Prior to amending a final budget, the board shall:

20 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the
 21 resolution amending the budget; and

22 (b) publish notice, at least once, in a newspaper of general circulation in the county at least 6 but
 23 not more than 16 days before the hearing on the budget amendments. The published notice must specify
 24 the date, time, place, and subject of the hearing.

25 (5) This section does not apply to a county that has adopted the alternative accounting method
 26 provided for in [sections 1 through 4]."

27

28 **Section 26.** Section 7-6-2321, MCA, is amended to read:

29 **"7-6-2321. Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
 30 the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy for

1 each fund at a rate which will raise the amount set out in the budget as the amount necessary to be raised
 2 by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the current
 3 fiscal year ~~shall~~ must be the basis for determining the amount of the tax levy for each fund. Each tax levy
 4 ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without including any amount for
 5 anticipated tax delinquency, to produce the amount set out in the budget, without including any amount
 6 for anticipated tax delinquency, ~~as being~~ that is the amount to be raised by tax levy.

7 (2) The tax levy ~~shall~~ must be made in the manner provided by 15-10-201.

8 (3) This section does not apply to a county that has adopted the alternative accounting method
 9 provided for in [sections 1 through 4]."

10

11 **Section 27.** Section 7-6-2324, MCA, is amended to read:

12 "**7-6-2324. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of
 13 expenditures, itemized and classified as required in 7-6-2313 and 7-6-2314 and as finally fixed and adopted
 14 and as may be amended as provided in 7-6-2320 by ~~said~~ the board of county commissioners, ~~shall~~
 15 ~~constitute~~ constitutes the appropriations for the county for the fiscal year intended to be covered ~~thereby~~
 16 by the estimates.

17 (2) Except as provided in 3-5-404, 7-6-2325, and 7-31-2101, the county commissioners and every
 18 other county official, including judges of the district court, ~~shall be~~ is limited in the making of expenditures
 19 or incurring of liabilities to the amount of ~~such~~ the detailed appropriations and classifications, respectively.

20 (3) This section does not apply to a county that has adopted the alternative accounting method
 21 provided for in [sections 1 through 4]."

22

23 **Section 28.** Section 7-6-2325, MCA, is amended to read:

24 "**7-6-2325. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
 25 adopted by the board of county commissioners at a regular or special meeting and entered upon its
 26 minutes, transfers or revisions in the general budget system within the classifications set forth in
 27 7-6-2314(1)(a) through (1)(c) may be made, provided that ~~no~~ a salary ~~shall~~ may not be increased above
 28 the amount appropriated ~~therefor.~~

29 (2) This section does not apply to a county that has adopted the alternative accounting method
 30 provided for in [sections 1 through 4]."

1 **Section 29.** Section 7-6-2330, MCA, is amended to read:

2 **"7-6-2330. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
3 appropriations, other than appropriations for ~~incompleted~~ uncompleted improvements in progress of
4 construction, ~~shall~~ lapse at the end of the fiscal year.

5 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
6 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the
7 fiscal year and remaining unpaid. After ~~such~~ the period ~~shall have~~ has expired, all appropriations, except
8 as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and void, and
9 any lawful claim presented ~~thereafter~~ after expiration against any ~~such~~ appropriation ~~shall~~ must be provided
10 for in the ensuing budget.

11 (b) Subsection (2)(a) does not apply to a county that has adopted the alternative accounting method
12 provided for in [sections 1 through 4]."

13

14 **Section 30.** Section 7-6-2331, MCA, is amended to read:

15 **"7-6-2331. Clerk's report concerning expenditures, liabilities, and appropriations -- auditor's report**
16 **-- exception.** (1) Within 4 working days after receipt of the treasurer's monthly report, the county clerk and
17 recorder shall submit to the board of county commissioners a report showing the expenditures and liabilities
18 against each separate budget appropriation incurred during the preceding calendar month and like
19 information for the whole of the fiscal year to the first day of the month in which ~~such~~ the report is made,
20 together with the unexpended balance of each appropriation. ~~He~~ The clerk and recorder shall also set forth
21 the receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

22 (2) In counties having county auditors, the county auditor, on the last business day of each month,
23 shall furnish the county clerk and recorder with a statement showing the total amount of liabilities incurred
24 against each budget appropriation for which warrants have not been issued up to the close of ~~said~~ the
25 business day.

26 (3) This section does not apply to a county that has adopted the alternative accounting method
27 provided for in [sections 1 through 4]."

28

29 **Section 31.** Section 7-6-2525, MCA, is amended to read:

30 **"7-6-2525. Distribution of all-purpose levy -- exception.** (1) The money received from the

1 all-purpose levy must be accounted for in a common fund known as the all-purpose fund.

2 (2) The all-purpose fund may be used only for purposes that are authorized for revenue derived
3 from the individual levies set forth in 7-6-2523, but the county governing body may allocate the revenue
4 from the fund, in accordance with county budget law, to fund any enumerated purpose that it considers
5 appropriate.

6 (3) This section does not apply to a county that has adopted the alternative accounting method
7 provided for in [sections 1 through 4]."

8

9 **Section 32.** Section 7-6-4103, MCA, is amended to read:

10 **"7-6-4103. Annual appropriation -- exception.** (1) The council ~~must~~ shall, during the month of July
11 in each fiscal year, pass an ordinance to be known as the "Annual appropriation for the of for the
12 fiscal year beginning July 1, 19..", in which ordinance there must be appropriated enough money to defray
13 the expenses or liabilities of the city or town for ~~such~~ the fiscal year. There must be specified ~~therein~~ in the
14 ordinance the amount appropriated for each separate object or fund and the salary or compensation to be
15 paid to each officer of the city or town.

16 (2) This section does not apply to a city or town that has adopted the alternative accounting
17 method provided for in [sections 1 through 4]."

18

19 **Section 33.** Section 7-6-4104, MCA, is amended to read:

20 **"7-6-4104. Duties of city treasurer relating to finances -- exception.** It ~~shall be~~ is the duty of the
21 city treasurer:

22 (1) to receive all money that comes to the city, either from taxation or otherwise, and to pay the
23 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

24 (2) to give every person paying money to ~~him, as the~~ the treasurer a receipt ~~therefor~~, specifying the
25 date of payment, the amount, and for what paid;

26 (3) to pay out, in the order ~~they are~~ registered, all warrants presented for payment, when there are
27 funds in the treasury to pay the same.

28 (4) This section does not apply to a city that has adopted the alternative accounting method
29 provided for in [sections 1 through 4]."

30

1 **Section 34.** Section 7-6-4105, MCA, is amended to read:

2 **"7-6-4105. Financial reports and records to be maintained by city treasurer -- exception.** (1) It shall
3 be is the duty of the city treasurer:

4 ~~(1)~~(a) to present to the council, on a date set by the council, a full and detailed statement of the
5 amounts of money belonging to the city received by ~~him~~ and disbursed by ~~him~~ the treasurer during the
6 preceding month and the state of each particular fund, ~~which~~. The statement must be verified by ~~his~~ the
7 treasurer's oath;

8 ~~(2)~~(b) to keep the books and accounts of the city in ~~such~~ a manner as to correctly present the
9 condition of the finances ~~thereof of the city~~, which must always be open to the inspection of the mayor
10 or the council or any member ~~thereof~~ of the council;

11 ~~(3)~~(c) to render at any time an account to the council, showing the money on hand and the
12 condition of the treasury;

13 ~~(4)~~(d) to annually make out and submit to the city council at its last meeting prior to May 1 a
14 detailed account of all receipts and expenditures during the past fiscal year and to file the same with the
15 clerk;

16 ~~(5)~~(e) to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
17 of the account;

18 ~~(6)~~(f) to keep a register of all warrants paid, called "The Registry Book", which must show the date,
19 amount, and number and the person to whom and the fund from which the same was paid; and

20 ~~(7)~~(g) to deliver and file with the city clerk all vouchers, warrants, or orders paid by ~~him~~ the
21 treasurer.

22 (2) This section does not apply to a city that has adopted the alternative accounting method
23 provided for in [sections 1 through 4]."

24
25 **Section 35.** Section 7-6-4106, MCA, is amended to read:

26 **"7-6-4106. Publication or posting of annual statement of city receipts and expenditures --**
27 **exception.** (1) An abstract of the account of receipts and expenditures required by 7-6-4105~~(4)~~(1)(e) must
28 be published in some newspaper in the city, or if none is published, ~~such~~ the abstract must be posted in
29 the room or building occupied by the council.

30 (2) This section does not apply to a city that has adopted the alternative accounting method

1 provided for in [sections 1 through 4]."

2

3 **Section 36.** Section 7-6-4107, MCA, is amended to read:

4 **"7-6-4107. Duties of the city clerk related to finance -- exception.** (1) It is the duty of the clerk to
5 enter in a book kept for that purpose the date, amount, and person in whose favor and for what purpose
6 warrants are drawn upon the city treasury. ~~Such~~ The book is called "The Finance Book".

7 (2) This section does not apply to a city that has adopted the alternative accounting method
8 provided for in [sections 1 through 4]."

9

10 **Section 37.** Section 7-6-4108, MCA, is amended to read:

11 **"7-6-4108. Duties of town clerk related to finance -- exception.** (1) It ~~shall be~~ is the duty of the
12 town clerk:

13 (a) to receive all money that comes to the town, either from taxation or otherwise, and to pay the
14 same out on the warrant of the mayor, countersigned by the clerk, drawn in accordance with law;

15 (b) to give every person paying money to ~~him as~~ the town clerk a receipt ~~therefor~~, specifying the
16 date of payment, the amount, and for what paid;

17 (c) to pay out, in the order ~~they are~~ registered, all warrants presented for payment when there are
18 funds in the treasury to pay the ~~same~~ warrants.

19 (2) The statutory functions and duties of a town treasurer provided in this title are transferred to
20 the town clerk. Any reference to a town treasurer means the town clerk.

21 (3) This section does not apply to a town that has adopted the alternative accounting method
22 provided for in [sections 1 through 4]."

23

24 **Section 38.** Section 7-6-4109, MCA, is amended to read:

25 **"7-6-4109. Financial reports and records to be maintained by town clerk -- exception.** (1) It ~~shall~~
26 be is the duty of the town clerk:

27 ~~(1)(a)~~ (a) to present to the council, on a date set by the council, a full and detailed statement of the
28 amounts of money belonging to the town received by ~~him~~ and disbursed by ~~him~~ the clerk during the
29 preceding month and the state of each particular fund, which statement must be verified by ~~his~~ the clerk's
30 oath;

1 ~~(2)(b)~~ to keep the books and accounts of the city or town in ~~such a~~ manner as to correctly present
2 the condition of the finances ~~thereof~~ of the city or town, which must always be open to the inspection of
3 the mayor, ~~or the council,~~ or any member ~~thereof~~ of the council;

4 ~~(3)(c)~~ to render at any time an account to the council, showing the money on hand and the
5 condition of the treasury;

6 ~~(4)(d)~~ to annually make out and submit to the town council, at its last meeting prior to May 1, a
7 detailed account of all receipts and expenditures during the past fiscal year;

8 ~~(5)(e)~~ to keep a separate account of each fund or appropriation and the debits and credits ~~thereof~~
9 of the account; and

10 ~~(6)(f)~~ to keep a register of all warrants paid, which must show the date, amount, and number and
11 the person to whom and the fund from which the ~~same~~ warrant was paid and to enter in a book kept for
12 that purpose the date, amount, and person in whose favor and for what purpose warrants are drawn upon
13 the town treasury.

14 (2) This section does not apply to a town that has adopted the alternative accounting method
15 provided for in [sections 1 through 4]."

16
17 **Section 39.** Section 7-6-4110, MCA, is amended to read:

18 **"7-6-4110. Publication or posting of annual statement of town receipts and expenditures --**
19 **exception.** (1) An abstract of the annual account of receipts and expenditures required by 7-6-4109~~(4)(1)(d)~~
20 must be published in some newspaper in the city or town, or if none is published, ~~such~~ the abstract must
21 be posted in the room or building occupied by the council.

22 (2) This section does not apply to a city or town that has adopted the alternative accounting
23 method provided for in [sections 1 through 4]."

24
25 **Section 40.** Section 7-6-4111, MCA, is amended to read:

26 **"7-6-4111. Annual financial statement -- exception.** (1) Within 120 days after the close of each
27 fiscal year, the city or town clerk of each city and town ~~must make out~~ shall compile, in duplicate, a
28 complete statement of the financial condition of the city or town for that fiscal year, showing:

29 (a) the indebtedness of the city or town, funded and floating; the amount of each class of
30 indebtedness; and the amount of money in the treasury subject to the payment of each class of

1 indebtedness;

2 (b) the amount of money received from taxes upon real and personal property;

3 (c) the amount of money received from fines, penalties, and forfeitures;

4 (d) the amount of money received from licenses;

5 (e) the amount of money received from all other sources, each source and the amount received
6 from it being shown separately;

7 (f) for each fund, the amount of money, if any, on hand at the beginning of the fiscal year, the
8 amount received, and the amount paid out during the fiscal year;

9 (g) a concise description of all property owned by the city or town, with an approximate estimate
10 of the value of it;

11 (h) the rates of taxation and purposes for which taxes were levied during the fiscal year;

12 (i) other information ~~which~~ that may be required by the department of commerce.

13 (2) The forms on which the statement ~~shall~~ must be made ~~shall~~ must be prescribed by the
14 department.

15 (3) This section does not apply to a city or town that has adopted the alternative accounting
16 method provided for in [sections 1 through 4]."

17

18 **Section 41.** Section 7-6-4112, MCA, is amended to read:

19 "7-6-4112. **Funds to be balanced -- exception.** (1) The amount of money paid out from each fund
20 must be deducted from the total of the money on hand at the beginning of the fiscal year and the money
21 received during the year, and a balance must be struck for each fund.

22 (2) This section does not apply to a city or town that has adopted the alternative accounting
23 method provided for in [sections 1 through 4]."

24

25 **Section 42.** Section 7-6-4113, MCA, is amended to read:

26 "7-6-4113. **Filing of annual financial statement -- exception.** (1) The city or town clerk ~~must~~ shall,
27 within 120 days following the close of each fiscal year, transmit one copy of the statement to the
28 department of commerce and ~~must~~ shall present the other copy to the city or town council or commission.

29 (2) If a city or town clerk fails to file a copy of the statement with the department within the time
30 specified, the department, without delay, shall examine the books, records, and accounts of the city or

1 town. The department shall make from its examination a statement of the financial condition of the city or
 2 town for the preceding fiscal year in the manner it should have been made by the city or town clerk. The
 3 examination ~~shall~~ must be considered a special audit under the provisions of subsections (5) and (6) of
 4 2-7-503, and all of the provisions of subsections (5) and (6) of 2-7-503 apply to it.

5 (3) This section does not apply to a city or town that has adopted the alternative accounting
 6 method provided for in [sections 1 through 4]."

7
 8 **Section 43.** Section 7-6-4119, MCA, is amended to read:

9 **"7-6-4119. Long-short cash account.** (1) A governing body of a municipality may create a cash
 10 over or short account consistent with accepted accounting practice.

11 (2) This section does not apply to a municipality that has adopted the alternative accounting method
 12 provided for in [sections 1 through 4]."

13
 14 **Section 44.** Section 7-6-4121, MCA, is amended to read:

15 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) In case the total
 16 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
 17 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
 18 may conduct its affairs and business on a cash basis as provided by subsection (2).

19 (2)(a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
 20 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
 21 and derived from its current ~~revenues~~ revenue, under ~~such~~ any restrictions and regulations as the city or
 22 town council may by ordinance prescribe.

23 (b) In the event that payment is made in advance, the city or town may require a cash deposit as
 24 collateral security and indemnity, equal in amount to ~~such~~ the payment, and may hold the ~~same~~ deposit as
 25 a special deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and
 26 performance of the contract or obligation for which the advance is made.

27 (c) Before the payment of the current expenses mentioned above, the city or town council shall
 28 first set apart sufficient money to pay the interest upon its legal, valid, and outstanding bonded
 29 indebtedness and any sinking funds ~~therein~~ provided for and ~~shall be~~ is authorized to pay all valid claims
 30 against funds raised by tax especially authorized by law for the purpose of paying ~~such~~ the claims.

1 (3) This section does not apply to a city or town that has adopted the alternative accounting
 2 method provided for in [sections 1 through 4]."

3
 4 **Section 45.** Section 7-6-4124, MCA, is amended to read:

5 **"7-6-4124. Procedure to close inactive accounts.** (1) Whenever the council of any city or town
 6 having a corporate existence in this state ~~shall deem~~ considers it necessary to remove inactive accounts
 7 from its records, ~~where said~~ When the accounts shall do not have any further purpose, it ~~shall be~~ is lawful
 8 for ~~said~~ the council to direct the proper city or town officials to file claims against the respective inactive
 9 funds in favor of the general fund of ~~said~~ the city or town, after which the council shall allow the ~~same~~
 10 claims and cause the inactive funds to be closed and not continued in the record of active funds.

11 (2) This section does not apply to a city or town that has adopted the alternative accounting
 12 method provided for in [sections 1 through 4]."

13
 14 **Section 46.** Section 7-6-4131, MCA, is amended to read:

15 **"7-6-4131. Allocation and appropriation of all-purpose levy -- exception.** (1) ~~In the event~~ When the
 16 all-purpose levy method provided for in 7-6-4452 is followed in municipal financing, any municipality
 17 following it shall appropriate the levy to the several departments of the municipality in its annual budget
 18 and appropriation ordinance or in other legal manner, as the governing body of ~~such~~ the municipality ~~shall~~
 19 ~~deem~~ considers best.

20 (2) Any municipality ~~which~~ that has adopted an urban renewal plan may allocate the funds raised
 21 by its levy within the urban renewal area in accordance with the provisions of its urban renewal plan.

22 (3) This section does not apply to a municipality that has adopted the alternative accounting
 23 method provided for in [sections 1 through 4]."

24
 25 **Section 47.** Section 7-6-4132, MCA, is amended to read:

26 **"7-6-4132. Distribution of all-purpose levy -- exception.** (1) The money received from the
 27 all-purpose levy ~~shall~~ must be accounted for in a common fund known as the all-purpose general fund.

28 (2) This section does not apply to a municipality that has adopted the alternative accounting method
 29 provided for in [sections 1 through 4]."

1 **Section 48.** Section 7-6-4133, MCA, is amended to read:

2 **"7-6-4133. Deposit of revenues from certain sources in all-purpose fund -- exception.** (1) Cities
3 and towns making the all-purpose annual mill levy shall deposit into the all-purpose general fund all money
4 received from other sources, including fees, charges, and fines received from the operation of airports,
5 libraries, swimming pools, parking lots, golf courses, and any other operation supported in part or whole
6 from an appropriation of the all-purpose levy and not otherwise provided by law.

7 (2) This section does not apply to a city or town that has adopted the alternative accounting
8 method provided for in [sections 1 through 4]."

9

10 **Section 49.** Section 7-6-4203, MCA, is amended to read:

11 **"7-6-4203. Scope of part.** The provisions of this part shall apply to all cities or towns in this state,
12 except for cities and towns that have adopted the alternative accounting method provided for in [sections
13 1 through 4]."

14

15 **Section 50.** Section 7-6-4205, MCA, is amended to read:

16 **"7-6-4205. Role of department of commerce.** The department of commerce shall make rules and
17 classifications and prescribe forms necessary to carry out the provisions of this part. It shall define what
18 expenditures are chargeable to each budget account and shall establish accounting and cost systems
19 necessary to provide accurate budget information. This section does not apply to a city or town that has
20 adopted the alternative accounting method provided for in [sections 1 through 4]."

21

22 **Section 51.** Section 7-6-4221, MCA, is amended to read:

23 **"7-6-4221. Filing of estimate of revenues and expenses with clerk -- exception.** (1) Before July 1
24 of each year, the clerk of each city shall notify in writing each official in charge of an office, department,
25 service, or institution of the municipality to file with the clerk, before July 10, detailed and itemized
26 estimates, both of the probable revenues from sources other than taxation and of all expenditures required
27 by the office, department, service, or institution for the current fiscal year.

28 (2) (a) The council shall submit to the clerk the estimate of expenditures for all purposes for the
29 council. The council shall also submit to the clerk detailed estimates of all expenditures for construction or
30 improvement purposes proposed to be made from the proceeds of bond issues not yet authorized and from

1 the proceeds of tax levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be
2 held.

3 (b) The mayor of the municipality shall submit to the clerk a detailed estimate showing the amount
4 to be appropriated from funds belonging to the municipality to defray the municipality's portion of the cost
5 of making improvements in special improvement districts and maintaining them and of installing lighting
6 systems in special lighting districts and maintaining them.

7 (c) The city treasurer shall prepare the estimates for interest and debt reduction.

8 (d) The clerk shall prepare all other estimates ~~which~~ that properly fall within the duties of ~~his~~ the
9 clerk's office.

10 (3) The estimates required in this section ~~shall~~ must be submitted on forms provided by the clerk
11 and prescribed by the department of commerce. The form may be varied or departed from only with
12 permission and approval of the department. Each of the officials shall file the estimates within the time and
13 in the manner provided in the form and notice.

14 (4) In the absence or disability of an official, the duties required in this section or 7-6-4223 devolve
15 upon the official or employee in charge of the office, department, service, or institution for the time being.

16 (5) This section does not apply to a city that has adopted the alternative accounting method
17 provided for in [sections 1 through 4]."

18

19 **Section 52.** Section 7-6-4223, MCA, is amended to read:

20 "**7-6-4223. Penalty for noncompliance with filing requirements -- exception.** (1) The clerk shall
21 deduct and withhold as a penalty from the salary or compensation of each official failing or refusing to file
22 the estimate the sum of \$10 for each day of delay. The total penalty against an official may not exceed \$50
23 per year.

24 (2) The notice provided for in 7-6-4221 ~~shall~~ must contain a copy of this penalty clause.

25 (3) This section does not apply to a city or town that has adopted the alternative accounting
26 method provided for in [sections 1 through 4]."

27

28 **Section 53.** Section 7-6-4224, MCA, is amended to read:

29 "**7-6-4224. Preparation of expenditure program and information on sources of revenue -- exception.**

30 (1) From estimates of revenue and disbursements, the clerk shall prepare a tabulation showing the complete

1 expenditure program of the municipality for the current fiscal year and the sources of revenue by which it
2 is to be financed.

3 (2) The tabulation ~~shall~~ must set forth:

4 (a) the estimated receipts from all sources other than taxation for each office, department, service,
5 or institution for the current fiscal year;

6 (b) the actual receipts for the last completed fiscal year;

7 (c) the surplus or unencumbered treasury balances at the close of that last fiscal year;

8 (d) the amount necessary to be raised by taxation;

9 (e) the estimated expenditure for each office, department, service, or institution for the current
10 fiscal year;

11 (f) the actual expenditures for the last completed fiscal year;

12 (g) all contracts or other obligations ~~which~~ that will affect the current year ~~revenues~~ revenue;

13 (h) the total amount of emergency warrants issued during the preceding fiscal year, with the
14 amount issued for each emergency and the amount issued against each fund.

15 (3) This section does not apply to a municipality that has adopted the alternative accounting
16 method provided for in [sections 1 through 4]."

17
18 **Section 54.** Section 7-6-4225, MCA, is amended to read:

19 **"7-6-4225. Classification of estimates, appropriations, and expenditures -- exception.** (1) In the
20 tabulation required by 7-6-4224, the estimates, appropriations, and expenditures ~~shall~~ must be classified
21 as:

22 (a) salaries and wages;

23 (b) maintenance and operation;

24 (c) capital outlay;

25 (d) interest and debt redemption;

26 (e) miscellaneous; and

27 (f) expenditures proposed to be made from bond issues not yet authorized or from the proceeds
28 of a tax levy or levies ~~which~~ that are required to be submitted ~~to~~ and approved at an election to be held
29 later.

30 (2) (a) Within the class of salaries and wages, each salary ~~shall~~ must be set forth separately,

1 together with the title or position of the recipient. An unitemized appropriation may be made to cover the
 2 expenses of special deputies or assistants in an office ~~where~~ in which the services of the special deputies
 3 or assistants may be required during a part of the fiscal year only. Wages for day labor may be given in
 4 totals by designating the general purpose or object for which the expenditure is to be made, but the
 5 proposed rate per day for each class or kind of labor ~~shall~~ must be set forth.

6 (b) Expenditures under the general class of maintenance and operation ~~shall~~ must be classified
 7 according to a standard classification to be established by the department of commerce.

8 (c) Expenditures for capital outlay ~~shall~~ must set forth and describe each object of expenditure
 9 separately.

10 (d) Under the general class of interest and debt redemption, proposed expenditures for interest and
 11 for redemption of principal ~~shall~~ must be set forth separately for each series or issue of bonds, and warrant
 12 interest and redemption requirements ~~shall~~ must be set forth in a similar manner.

13 (e) Under the general class of miscellaneous, expenditures for all purposes not listed in or ~~which~~
 14 that cannot properly be assigned to any of the general classes ~~shall~~ must be set forth and itemized in detail.

15 (3) This section does not apply to a municipality that has adopted the alternative accounting
 16 method provided for in [sections 1 through 4]."

17
 18 **Section 55.** Section 7-6-4226, MCA, is amended to read:

19 **"7-6-4226. Consideration of tabulation by council -- preparation of preliminary budget -- exception.**

20 (1) The tabulation ~~shall~~ must be submitted to the council by the clerk on or before July 20.

21 (2) Upon receipt ~~thereof~~ of the tabulation, the council shall immediately consider the ~~same~~
 22 tabulation in detail and shall, on or before July 25, make any revisions, reductions, additions, or changes
 23 ~~therein that they deem~~ the council considers advisable. ~~Such~~ The tabulation, with ~~such~~ any revisions,
 24 reductions, additions, or changes ~~as have been made therein as herein provided, shall constitute~~ constitutes
 25 the preliminary budget of the municipality for the fiscal year which it is intended to cover.

26 (3) This section does not apply to a municipality that has adopted the alternative accounting
 27 method provided for in [sections 1 through 4]."

28
 29 **Section 56.** Section 7-6-4227, MCA, is amended to read:

30 **"7-6-4227. Notice of hearing on preliminary budget -- exception.** (1) The council shall ~~then cause~~

1 publish a notice ~~to be published~~ stating that:

2 (a) the council has completed its preliminary municipal budget for the current fiscal year;

3 (b) the budget has been placed on file and is open to inspection in the office of the clerk of the
4 municipality;

5 (c) the council will meet for the purpose of fixing the final budget and making appropriations,
6 designating the date, time, and place ~~when and where such~~ that the meeting will be held; and

7 (d) any taxpayer or resident may appear at the meeting and be heard for or against any part of the
8 budget.

9 (2) The notice ~~shall~~ must be published at least one time in the official newspaper of the municipality
10 or, if there is none, then in a newspaper of general circulation in the county in which the municipality is
11 situated.

12 (3) This section does not apply to a municipality that has adopted the alternative accounting
13 method provided for in [sections 1 through 4]."

14

15 **Section 57.** Section 7-6-4228, MCA, is amended to read:

16 "**7-6-4228. Hearing on preliminary budget -- exception.** (1) At least 3 days prior to the adoption
17 of the final budget, the council shall meet at the time and place designated in the notice provided in
18 7-6-4227, at which time any taxpayer or resident may appear and be heard for or against any part of the
19 budget. The council may call in the official in charge of an office, department, service, or institution, at the
20 time the estimates for ~~their~~ each respective ~~offices are~~ office is under consideration, for examination
21 concerning the estimates. The official ~~shall~~ must be called in by the council, upon the request of a taxpayer
22 or resident, for questioning upon the estimates ~~either~~ by the council, taxpayer, or resident.

23 (2) The hearing ~~shall~~ must be continued from day to day and ~~shall~~ must be concluded and the
24 budget finally approved and adopted on or before the second Monday in August, prior to the fixing of the
25 tax levies by the council.

26 (3) This section does not apply to a municipality that has adopted the alternative accounting
27 method provided for in [sections 1 through 4]."

28

29 **Section 58.** Section 7-6-4229, MCA, is amended to read:

30 "**7-6-4229. Determination of projected fund cash flow following hearing -- exception.** (1) Upon the

1 conclusion of the hearing, the council shall first determine the amount estimated to accrue to each fund
 2 during the fiscal year from all sources except the taxation of property. In so doing, the council may not
 3 include any amount anticipated from the payment of taxes ~~which that~~ became delinquent during a preceding
 4 fiscal year.

5 (2) The council shall then determine separately the amount appropriated for and authorized to be
 6 spent for each item in the budget and shall specify the fund against which warrants are to be drawn for
 7 the expenditures ~~so authorized~~. There may not be added to the amount appropriated and authorized to be
 8 spent for an item or purpose or to the total amount appropriated and authorized to be spent from any fund,
 9 other than a fund for the payment of principal or interest on outstanding bonds, any amount because of
 10 anticipated loss of revenue by reason of nonpayment of taxes levied for the fiscal year. The expenditures
 11 authorized from a fund, including reserve, may not exceed the aggregate of:

12 (a) the cash balance in the fund at the close of the preceding fiscal year in excess of outstanding
 13 unpaid warrants against the fund at the close of that fiscal year;

14 (b) the amount of estimated ~~revenues~~ revenue to accrue to the fund; and

15 (c) the amount ~~which that~~ may be raised for the fund by a lawful tax levy during the fiscal year.

16 (3) This section does not apply to a municipality that has adopted the alternative accounting
 17 method provided for in [sections 1 through 4]."

18

19 **Section 59.** Section 7-6-4230, MCA, is amended to read:

20 **"7-6-4230. Determination of fund requirements to be met by tax levy -- exception.** (1) Following
 21 the determinations required by 7-6-4229, the council shall determine the amount to be raised for each fund
 22 for which a tax levy is to be made by adding the cash balance in excess of outstanding unpaid warrants
 23 at the close of the preceding fiscal year and the amount of the estimated revenues, if any, to accrue to the
 24 fund during the current fiscal year. It shall then deduct the total amount so obtained from the total amount
 25 of the appropriations and authorized expenditures from the fund as determined by the council in the budget
 26 adopted and approved. The amount remaining is the amount necessary to be raised for any fund by tax levy
 27 during the current fiscal year.

28 (2) The council may add to the amount necessary to be raised for any fund by tax levy during the
 29 current fiscal year an additional amount as a reserve to meet expenditures to be made from the fund during
 30 the months of July to November of the next fiscal year. The amount added to any fund as a reserve may

1 not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the
 2 current fiscal year, after deducting from the amount of the appropriations and authorized expenditures the
 3 total amount appropriated and authorized to be spent for election expenses and payment of emergency and
 4 other outstanding warrants.

5 (3) The total amount to be raised by tax levy for any fund during the current fiscal year, including
 6 the amount of the reserve, ~~must~~ may not exceed the total amount ~~which~~ that may be raised for the fund
 7 by a tax levy ~~which~~ that does not exceed the maximum levy permitted by law to be made for the fund.

8 (4) This section does not apply to a municipality that has adopted the alternative accounting
 9 method provided for in [sections 1 through 4]."

10
 11 **Section 60.** Section 7-6-4231, MCA, is amended to read:

12 **"7-6-4231. Final budget -- approval, adoption, and amendment -- exception.** (1) The budget as
 13 finally determined, in addition to setting out separately each item for which an appropriation is made or
 14 expenditure authorized and the fund out of which it is to be paid, ~~shall~~ must set out:

15 (a) the total amount appropriated and authorized to be spent from each fund;

16 (b) the cash balance in excess of outstanding unpaid warrants at the close of the preceding fiscal
 17 year;

18 (c) the amount estimated to accrue to the fund from sources other than taxation;

19 (d) the reserve for the next fiscal year; and

20 (e) the amount necessary to be raised for each fund by tax levy during the current fiscal year.

21 (2) The council shall then by resolution approve and adopt the budget as finally determined, and
 22 the clerk shall enter the resolution at length in the official minutes of the council. The clerk shall keep a
 23 copy of the budget with the resolution in the official records of the municipality.

24 (3)(a) Subject to compliance with the procedures set forth in subsection (4), the council may
 25 approve and adopt a resolution amending a final budget when:

26 (i) shortfalls in anticipated and budgeted revenues occur that, unless reductions in appropriations
 27 are made, will result in expenditures for the year exceeding actual ~~revenues~~ revenue and cash balances
 28 available ~~therefor~~; or

29 (ii) savings result from unanticipated adjustments in projected expenditures.

30 (b) Amended appropriations must be classified as:

- 1 (i) salaries and wages;
 2 (ii) maintenance and operation;
 3 (iii) capital outlay;
 4 (iv) interest and debt redemption; or
 5 (v) miscellaneous.

6 (4) Prior to amending a final budget, the council shall:

7 (a) hold a public hearing on the proposed amendments at least 7 days prior to a vote on the
 8 resolution amending the budget; and

9 (b) publish notice at least once in a newspaper of general circulation in the city or town at least
 10 6 but not more than 16 days before the hearing on the budget amendments. The published notice must
 11 specify the date, time, place, and subject of the hearing.

12 (5) This section does not apply to a municipality that has adopted the alternative accounting
 13 method provided for in [sections 1 through 4]."

14

15 **Section 61.** Section 7-6-4232, MCA, is amended to read:

16 **"7-6-4232. Fixing of tax levy -- exception.** (1) On or before the second Monday in August and after
 17 the approval and adoption of the final budget, the council shall fix the tax levy for each fund at a rate, not
 18 exceeding limits prescribed by law, ~~which that~~ will raise the amount set out in the budget as the amount
 19 necessary to be raised by tax levy for that fund during the current fiscal year. The taxable valuation of the
 20 city for the current fiscal year ~~shall~~ must be the basis for determining the amount of the tax levy for each
 21 fund, and each tax levy ~~shall~~ must be at a rate ~~no~~ not higher than is required on that basis, without
 22 including any amount for anticipated tax delinquency, to raise the amount set out in the budget.

23 (2) If the council considers that a levy made for a bond sinking or interest fund will not provide a
 24 sufficient amount to pay all bond principal and interest becoming due during the current fiscal year or within
 25 6 months after the current fiscal year because of anticipated tax delinquency, the council may fix the levy
 26 at a rate it considers necessary to raise the amount for making the payments of principal and interest over
 27 and above the anticipated tax delinquency.

28 (3) Each levy ~~shall~~ must be made in the manner provided by 15-10-201.

29 (4) This section does not apply to a municipality that has adopted the alternative accounting
 30 method provided for in [sections 1 through 4]."

1 **Section 62.** Section 7-6-4235, MCA, is amended to read:

2 **"7-6-4235. Limitations on appropriations after budget adopted -- exception.** (1) The estimates of
3 expenditures, itemized and classified as required in 7-6-4224 and 7-6-4225 and as finally fixed and adopted
4 and as may be amended as provided in 7-6-4231 by ~~said~~ the council, ~~shall~~ constitute the appropriations
5 for the municipality for the fiscal year intended to be covered ~~thereby~~ by the estimates.

6 (2) Except as provided in 7-6-4236, the council and ~~every~~ each other municipal official ~~shall be is~~
7 limited in the making of expenditures or incurring of liabilities to the amount of ~~such~~ the detailed
8 appropriations and classifications, respectively.

9 (3) This section does not apply to a municipality that has adopted the alternative accounting
10 method provided for in [sections 1 through 4]."

11

12 **Section 63.** Section 7-6-4236, MCA, is amended to read:

13 **"7-6-4236. Transfer of appropriations within and among expenditure classes.** (1) Upon a resolution
14 adopted by the council at a regular or special meeting and entered upon its minutes, transfers or revisions
15 within or among the general class or classes of salaries and wages, maintenance and support, and capital
16 outlay may be made, provided that ~~no~~ a salary ~~shall~~ may not be increased above the amount appropriated
17 ~~therefor~~.

18 (2) This section does not apply to a municipality that has adopted the alternative accounting method
19 provided for in [sections 1 through 4]."

20

21 **Section 64.** Section 7-6-4240, MCA, is amended to read:

22 **"7-6-4240. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
23 appropriations, other than the appropriations for uncompleted improvements in progress of construction,
24 ~~shall~~ lapse at the end of the fiscal year.

25 (2) (a) The appropriation accounts ~~shall~~ must remain open for a period of 30 days after the end of
26 the fiscal year for the payment of claims incurred against ~~such~~ the appropriations prior to the close of the
27 fiscal year and remaining unpaid. After ~~such~~ the 30-day period ~~shall have~~ has expired, all appropriations,
28 except as ~~hereinbefore~~ otherwise provided regarding uncompleted improvements, ~~shall~~ become null and
29 void, and any lawful claim presented ~~thereafter~~ against any ~~such~~ appropriation ~~shall~~ must be provided for
30 in the ensuing budget.

1 (b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting
2 method provided for in [sections 1 through 4]."

3
4 **Section 65.** Section 7-6-4241, MCA, is amended to read:

5 **"7-6-4241. Clerk's report concerning expenditures, liabilities, and appropriations -- exception. (1)**

6 The clerk shall submit to the council, on a date set by the council, a report showing the expenditures and
7 liabilities against each separate budget appropriation incurred during the preceding calendar month and ~~like~~
8 similar information for the whole of the fiscal year to the first day of the month in which ~~such~~ the report
9 is made, together with the unexpended balance of each appropriation. The clerk shall also set forth the
10 receipts from taxes and in detail the receipts from all other sources by each fund for the same period.

11 (2) This section does not apply to a municipality that has adopted the alternative accounting method
12 provided for in [sections 1 through 4]."

13
14 **Section 66.** Section 7-6-4408, MCA, is amended to read:

15 **"7-6-4408. Distribution of tax money. (1)** The council or commission in each city or town may
16 distribute the tax money collected for general municipal or administrative purposes into the funds prescribed
17 by ordinance.

18 (2) This section does not apply to a city or town that has adopted the alternative accounting
19 method provided for in [sections 1 through 4]."

20
21 **Section 67.** Section 15-10-203, MCA, is amended to read:

22 **"15-10-203. Increase of tax revenue -- advertisement of intention and public hearing required --**
23 **exception.** (1) A local taxing authority may not budget an increased amount of ad valorem tax revenue
24 in excess of the property tax revenue ~~it received~~ OF the previous fiscal year exclusive of revenue from ad
25 valorem taxation on properties appearing for the first time on the property tax record unless it adopts a
26 resolution to budget additional property tax revenue. Prior to adoption of the resolution, the taxing
27 authority shall hold a public hearing for the purpose of receiving comments on its intention to budget
28 increased property tax revenue. The taxing authority shall advertise notice of the public hearing as
29 specified in subsection (2). The public hearing may be held in conjunction with the tentative budget hearing
30 or any other budget hearing that may be required by law.

1 (2) The taxing authority shall advertise its intent to budget an increase in property tax revenue in
 2 a newspaper meeting the requirements of 7-1-4127, except that the newspaper may not be primarily in the
 3 business of publishing legal advertisements. If there is ~~no~~ not a newspaper in the county, in addition to
 4 being posted as required in 7-1-4127, the advertisement must be published in one or more newspapers of
 5 general circulation widely subscribed to by the residents of the county. The advertisement may not be
 6 placed in that portion of the newspaper where legal notices and classified advertisements appear. The
 7 advertisement must meet the notice requirements of 7-1-4128. The advertisement must be published with
 8 at least the following information:

9 "NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES

10 The (name of the taxing authority) intends to budget an increase in revenue from property taxation
 11 by (percentage of increase in property tax revenue from previous fiscal year) percent.

12 All concerned persons are invited to attend a public hearing on budgeting the increased property
 13 tax revenue to be held on (date and time) at (meeting place).

14 A decision on budgeting the increased property tax revenue will be made after considering
 15 comments made at this hearing.

16 For further information please contact: (name, address, and phone number of person who can be
 17 contacted for further information)."

18 ~~(3) This section does not apply to a local taxing authority that has adopted the alternative~~
 19 ~~accounting method provided for in [sections 1 through 4]."~~

20
 21 NEW SECTION. Section 68. Codification instruction. [Sections 1 through 4] are intended to be
 22 codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections
 23 1 through 4].

24
 25 NEW SECTION. Section 69. Effective date. [This act] is effective on passage and approval.

26 -END-