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House BILL NO. 508

INTRODUCED BY

Shirley Dattel

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MUNICIPAL BUDGET LAWS; AMENDING SECTIONS 2-7-503, 2-7-504, 2-7-513, 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, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4232, 7-6-4234, 7-6-4237, AND 7-6-4240, MCA; REPEALING SECTIONS 7-3-4371, 7-3-4372, 7-3-4373, 7-6-601, 7-6-602, 7-6-603, 7-6-604, 7-6-4102, 7-6-4103, 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, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204, 7-6-4221, 7-6-4222, 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, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254, AND 7-6-4255, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 2-7-503, MCA, is amended to read:

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

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

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000

1 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least every 2 years.
2 The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from
3 the close of the last fiscal year of the audit period. The audit must be completed and submitted to the
4 department for review within 1 year from the close of the last fiscal year covered by the audit.

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

10 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
11 compliance audit of an individual financial assistance program that a local government is required to
12 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
13 provides a state agency with the information it requires to carry out its responsibilities under state or federal
14 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
15 audits or reviews in order to avoid a duplication of effort.

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

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

23 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
24 ~~alternative accounting method provided for in Title 7, chapter 6, part 6."~~

25

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

27 **"2-7-504. Accounting methods —~~exception.~~** ~~(1)~~ Unless otherwise required by law, the department
28 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
29 all money belonging to local government entities and shall establish in those offices general methods and
30 details of accounting. All local government entity officers shall conform with the accounting standards

1 prescribed by the department.

2 ~~(2) This section does not apply to a local government entity that has adopted the alternative~~
 3 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

4
 5 **Section 3.** Section 2-7-513, MCA, is amended to read:

6 **"2-7-513. Content of audit report and financial report —exception.** (1) The audit reports must
 7 comply with the reporting requirements of government auditing standards issued by the U.S. comptroller
 8 general and federal regulations adopted by department rule.

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

13 ~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative~~
 14 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

15
 16 **Section 4.** Section 7-6-2111, MCA, is amended to read:

17 **"7-6-2111. Duties of county treasurer.** ~~(1)~~ The county treasurer:

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

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

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

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

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

28 ~~(d)~~(4) may not enter money received for the current year on the treasurer's account with the
 29 county for the past fiscal year until after the treasurer's annual settlement for the past year has been made
 30 with the county clerk;

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

3 ~~(2) This section does not apply to a county that has adopted the alternative accounting method~~
4 ~~provided for in Title 7, chapter 6, part 6."~~

5

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

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

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

17 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
18 ~~provided for in Title 7, chapter 6, part 6."~~

19

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

21 "**7-6-2202. Duties of county clerk related to finance —exception.** (1) The county clerk shall draw
22 warrants on the county treasury in favor of all persons entitled to the warrants in payment:

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

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

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

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

2 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 3 ~~provided for in Title 7, chapter 6, part 6."~~

4
 5 **Section 7.** Section 7-6-2203, MCA, is amended to read:

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

10 (a) a detailed description of all of the resources and liabilities of the county and the book value of
 11 the resources and liabilities;

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

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

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

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

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

18 (g) other items that the department of commerce may prescribe.

19 (2) The statement must be on the form designated by the department.

20 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 21 ~~provided for in Title 7, chapter 6, part 6."~~

22
 23 **Section 8.** Section 7-6-2211, MCA, is amended to read:

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

30 (2) This section does not restrict the right of the board to make the necessary tax levies for interest

1 and sinking fund purposes, and this section does not affect the right of any creditor of the county to pursue
2 any remedy now given by law to obtain payment of a claim.

3 ~~(3) Subsection (1) does not apply to a county that has adopted the alternative accounting method~~
4 ~~provided for in Title 7, chapter 6, part 6."~~

5

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

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

14

15 **Section 10.** 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 Title 7, chapter 6, part 6."~~

22

23 **Section 11.** Section 7-6-2311, MCA, is amended to read:

24 **"7-6-2311. Filing of estimate of revenues revenue and expenses with county clerk —exception.**
25 (1) Before June 1 each year the county clerk and recorder shall notify in writing each county official in
26 charge of an office, department, service, institution, or county-funded district court program of the county
27 to file with the county clerk and recorder, before June 10, detailed and itemized estimates, both of the
28 probable 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 that are
 8 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 that properly fall within the
 14 duties of the office.

15 (3) The estimates required in this section must be submitted on forms provided by the county clerk
 16 and recorder and prescribed by the department of commerce. The forms may only be varied or departed
 17 from with permission and approval of that department. Each of the officials shall file the estimates within
 18 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 Title 7, chapter 6, part 6."~~

23
 24 **Section 12.** 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 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 Title 7, chapter 6, part 6."~~

1 **Section 13.** 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 must be classified as:

4 (a) salaries and wages;

5 (b) maintenance and operation;

6 (c) capital outlay;

7 (d) interest and debt redemption;

8 (e) miscellaneous; and

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

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

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

19 (c) Expenditures for capital outlay must set forth and describe each object of expenditure
20 separately.

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

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

26 ~~(3) This section does not apply to a county that has adopted the alternative accounting method
27 provided for in Title 7, chapter 6, part 6."~~

28

29 **Section 14.** Section 7-6-2315, MCA, is amended to read:

30 **"7-6-2315. Consideration of tabulation by county commissioners —exception.** (1) The tabulation

1 must be submitted to the county commissioners by the county clerk and recorder on or before the third
2 Monday of July.

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

7 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
8 ~~provided for in Title 7, chapter 6, part 6."~~

9
10 **Section 15.** Section 7-6-2316, MCA, is amended to read:

11 **"7-6-2316. Notice of hearing on county proposed budget —exception.** (1) The board of county
12 commissioners shall cause a notice to be published stating that:

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

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

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

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

19 (2) The notice must be published two times, once each week, in a newspaper of general circulation
20 in the county.

21 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
22 ~~provided for in Title 7, chapter 6, part 6."~~

23
24 **Section 16.** Section 7-6-2317, MCA, is amended to read:

25 **"7-6-2317. Hearing on county proposed budget —exception.** (1) At least 3 days prior to the
26 adoption of the final budget, the county commissioners shall meet at the time and place designated in the
27 notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be
28 heard for or against any part of the budget.

29 (2) The hearing must be continued from day to day and must be concluded and the budget
30 approved and adopted on or before the second Monday in August, before the fixing of the tax levies by

1 the board.

2 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
3 ~~provided for in Title 7, chapter 6, part 6."~~

4

5 **Section 17.** Section 7-6-2318, MCA, is amended to read:

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

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

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

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

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

22 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
23 ~~provided for in Title 7, chapter 6, part 6."~~

24

25 **Section 18.** Section 7-6-2319, MCA, is amended to read:

26 **"7-6-2319. Determination of fund requirements to be met by tax levy —exception.** (1) Following
27 the determinations required by 7-6-2318, the board shall determine the amount to be raised by tax levy for
28 each fund by adding the cash balance in the fund at the close of the preceding fiscal year and the amount
29 of the estimated revenue to accrue to the fund during the current fiscal year. It shall then deduct the total
30 amount obtained from the total amount of the appropriations and authorized expenditures from the fund

1 as determined by the board. The amount remaining is the amount necessary to be raised for the fund by
2 tax levy during the current fiscal year.

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

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

14 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
15 ~~provided for in Title 7, chapter 6, part 6."~~

16
17 **Section 19.** Section 7-6-2320, MCA, is amended to read:

18 **"7-6-2320. Final budget -- approval, adoption, and amendment —~~exception~~.** (1) The budget as
19 finally determined, in addition to setting out separately each item for which an appropriation or expenditure
20 is authorized and the fund out of which it is to be paid, must set out:

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

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

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

- 30 (i) shortfalls in anticipated and budgeted ~~revenues~~ revenue occur that, unless reductions in

1 appropriations are made, will result in expenditures for the year exceeding actual ~~revenues~~ revenue and
 2 cash balances available for the year; or

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

4 (b) Amended appropriations must be classified as:

5 (i) salaries and wages;

6 (ii) maintenance and operation;

7 (iii) capital outlay;

8 (iv) interest and debt redemption; or

9 (v) miscellaneous.

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

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

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

16 ~~(5) This section does not apply to a county that has adopted the alternative accounting method
 17 provided for in Title 7, chapter 6, part 6."~~

18

19 **Section 20.** Section 7-6-2321, MCA, is amended to read:

20 **"7-6-2321. Fixing of tax levy —~~exception~~.** (1) On or before the second Monday in August and
 21 after the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy
 22 for each fund at a rate ~~which~~ that will raise the amount set out in the budget as the amount necessary to
 23 be raised by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the
 24 current fiscal year must be the basis for determining the amount of the tax levy for each fund. Each tax levy
 25 must be at a rate not higher than is required on that basis, without including any amount for anticipated
 26 tax delinquency, to produce the amount set out in the budget, without including any amount for anticipated
 27 tax delinquency, that is the amount to be raised by tax levy.

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

29 ~~(3) This section does not apply to a county that has adopted the alternative accounting method
 30 provided for in Title 7, chapter 6, part 6."~~

1 **Section 21.** Section 7-6-2324, MCA, is amended to read:

2 **"7-6-2324. Limitations on appropriations after budget adopted —~~exception.~~** (1) The estimates of
3 expenditures, itemized and classified as required in 7-6-2313 and 7-6-2314 and as finally fixed and adopted
4 and as may be amended as provided in 7-6-2320 by the board of county commissioners, constitutes the
5 appropriations for the county for the fiscal year intended to be covered by the estimates.

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

9 ~~(3) This section does not apply to a county that has adopted the alternative accounting method
10 provided for in Title 7, chapter 6, part 6."~~

11

12 **Section 22.** Section 7-6-2325, MCA, is amended to read:

13 **"7-6-2325. Transfer of appropriations within and among expenditure classes.** ~~(1)~~ Upon a resolution
14 adopted by the board of county commissioners at a regular or special meeting and entered upon its
15 minutes, transfers or revisions in the general budget system within the classifications set forth in
16 7-6-2314(1)(a) through (1)(c) may be made, provided that a salary may not be increased above the amount
17 appropriated.

18 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
19 provided for in Title 7, chapter 6, part 6."~~

20

21 **Section 23.** Section 7-6-2330, MCA, is amended to read:

22 **"7-6-2330. Lapse of appropriation.** (1) Subject to the provisions of subsection (2), all
23 appropriations, other than appropriations for uncompleted improvements in progress of construction, lapse
24 at the end of the fiscal year.

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

30 ~~(b) Subsection (2)(a) does not apply to a county that has adopted the alternative accounting~~

1 method provided for in Title 7, chapter 6, part 6."

2

3 **Section 24.** Section 7-6-2331, MCA, is amended to read:

4 **"7-6-2331. Clerk's report concerning expenditures, liabilities, and appropriations -- auditor's report**

5 ~~—exception.~~ (1) Within 4 working days after receipt of the treasurer's monthly report, the county clerk and
6 recorder shall submit to the board of county commissioners a report showing the expenditures and liabilities
7 against each separate budget appropriation incurred during the preceding calendar month and like
8 information for the whole of the fiscal year to the first day of the month in which the report is made,
9 together with the unexpended balance of each appropriation. The clerk and recorder 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) In counties having county auditors, the county auditor, on the last business day of each month,
12 shall furnish the county clerk and recorder with a statement showing the total amount of liabilities incurred
13 against each budget appropriation for which warrants have not been issued up to the close of the business
14 day.

15 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
16 ~~provided for in Title 7, chapter 6, part 6."~~

17

18 **Section 25.** Section 7-6-2525, MCA, is amended to read:

19 **"7-6-2525. Distribution of all-purpose levy —exception.** (1) The money received from the
20 all-purpose levy must be accounted for in a common fund known as the all-purpose fund.

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

25 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
26 ~~provided for in Title 7, chapter 6, part 6."~~

27

28 **Section 26.** Section 7-6-4104, MCA, is amended to read:

29 **"7-6-4104. Duties of city treasurer relating to finances —exception.** It is the duty of the city
30 treasurer:

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

4 (2) to give every person paying money to the treasurer a receipt, specifying the date of payment,
 5 the amount, and for what paid;

6 (3) to pay out, in the order registered, all warrants presented for payment, when there are funds
 7 in the treasury to pay the same.

8 ~~(4) This section does not apply to a city that has adopted the alternative accounting method~~
 9 ~~provided for in Title 7, chapter 6, part 6."~~

10
 11 **NEW SECTION. Section 27. Role of department of commerce.** (1) The department of commerce
 12 shall prescribe for all municipalities:

13 (a) general methods and details of accounting as provided in 2-7-504;

14 (b) uniform internal and interim reporting systems as provided in 2-7-503;

15 (c) annual financial report forms as provided in 2-7-503; and

16 (d) general methods and details of accounting for the annual financial report as provided in
 17 2-7-513.

18 (2) Municipalities shall file with the department of commerce:

19 (a) an annual financial report within 6 months of the fiscal yearend; and

20 (b) an audit report within 6 months of the end of the audited period.

21 (3) The audit report must be accepted in lieu of the annual financial report if it contains, at a
 22 minimum, the municipality's general purpose financial statements and combining and individual fund and
 23 account group statements.

24
 25 **NEW SECTION. Section 28. Additional records and reports.** (1) The chief executive or governing
 26 body of a municipality may require other elected or appointed officials to:

27 (a) maintain financial records;

28 (b) perform financial reconciliations; and

29 (c) submit financial reports.

30 (2) The treasurer shall:

- 1 (a) serve as the custodian of all public money;
- 2 (b) install and have supervision over the financial accounts of all departments and offices of the
3 municipality; and
- 4 (c) require daily departmental reports of money receipts and their disposition on forms that the
5 treasurer prescribes.

6

7 **Section 29.** 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~~ If 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 revenue, under any restrictions and regulations as the city or town ~~council~~
15 governing body 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 the payment, and may hold the deposit as a special
18 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~~ described in subsection (2)(a),
21 the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and
22 outstanding bonded indebtedness and any sinking funds provided for and is authorized to pay all valid
23 claims against funds raised by tax especially authorized by law for the purpose of paying 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 Title 7, chapter 6, part 6."~~

26

27 **Section 30.** Section 7-6-4123, MCA, is amended to read:

28 "**7-6-4123. Procedure to transfer municipal funds.** ~~No money~~ Money may not ~~must~~ be transferred
29 from one fund to another except by ~~ordinance or~~ resolution of the ~~council~~ governing body unless previously
30 authorized by budget resolution or as prescribed by 7-6-4124."

1 **Section 31.** Section 7-6-4124, MCA, is amended to read:

2 "**7-6-4124. Procedure to close inactive accounts.** ~~(1)~~ Whenever the ~~council~~ governing body of any
3 city or town ~~having a corporate existence in this state~~ considers it necessary to remove inactive accounts
4 from its records when the accounts do not have any further purpose, it is lawful for the ~~council~~ governing
5 body to direct the proper city or town officials to file claims against the respective inactive funds in favor
6 of the general fund of the city or town, after which the ~~council~~ governing body shall allow the claims and
7 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 Title 7, chapter 6, part 6."~~

10

11 **Section 32.** Section 7-6-4134, MCA, is amended to read:

12 "**7-6-4134. Capital improvement program fund.** An amount not to exceed ~~5%~~ 10% of the money
13 received from ~~and as a part of the aforesaid~~ an all-purpose levy provided for in 7-6-4452 may be placed
14 in a separate fund, known as the capital improvement program fund, ~~to be earmarked for the replacement~~
15 ~~and acquisition of property, plant, or equipment costing in excess of \$5,000, with a life expectancy of 5~~
16 ~~years or more, provided that a capital improvement program has been formally adopted by~~ resolution of the
17 city or town ~~ordinance~~ governing body."

18

19 **Section 33.** Section 7-6-4135, MCA, is amended to read:

20 "**7-6-4135. Investment of money in capital improvement program fund.** The money held in the
21 capital improvement program fund must, whenever possible, be invested ~~in savings or time deposits in a~~
22 ~~state or national bank, savings and loan association, or credit union insured by the federal deposit insurance~~
23 ~~corporation or by the national credit union administration or invested in direct obligations of the United~~
24 ~~States government~~ pursuant to Title 7, chapter 6, part 42, and all interest must be credited to the fund ~~plus~~
25 ~~interest earned."~~

26

27 **Section 34.** Section 7-6-4202, MCA, is amended to read:

28 "**7-6-4202. Definitions.** As used in this part, the following definitions apply:

29 (1) ~~The term "clerk" means the clerk of the city~~ "Chief executive" means the elected executive in
30 a government adopting the commission-executive form, the manager in a government adopting the

1 commission-manager form, the presiding officer in a government adopting the commission-presiding officer
 2 form, the town presiding officer in a government adopting the town meeting form, the commission acting
 3 as a body in a government adopting the commission form, or the officer or officers so designated in the
 4 charter in a government adopting a charter.

5 (2) ~~The term "council" means the city council or city commission~~ "Finance officer" means the
 6 elected or appointed finance director, clerk, treasurer, or clerk-treasurer who has been delegated budget
 7 and accounting responsibilities.

8 (3) ~~The term "municipal corporation" or "municipality" means the city~~ "Governing body" means
 9 the municipal council or commission.

10 (4) ~~The term "treasurer" means the city treasurer~~ "Municipality" means an incorporated city or
 11 town.

12 (5) "Working capital" means the current assets of a fund less the current liabilities and designated
 13 reserves of a fund."

14
 15 **Section 35.** Section 7-6-4203, MCA, is amended to read:

16 **"7-6-4203. Scope of part.** The provisions of this part apply to all ~~cities or towns~~ municipalities in
 17 this state, ~~except for cities and towns that have adopted the alternative accounting method provided for~~
 18 ~~in Title 7, chapter 6, part 6."~~

19
 20 **Section 36.** Section 7-6-4205, MCA, is amended to read:

21 **"7-6-4205. Budget and levies to be supplied to ~~Role of~~ department of commerce.** (1) The finance
 22 officer shall, not later than October 1, forward a complete copy of the final budget together with tax levies
 23 to the department of commerce.

24 (2) The finance officer shall use standard forms prescribed by the department of commerce or shall
 25 use an alternative budget format acceptable to the department of commerce. ~~The department of commerce~~
 26 ~~shall make rules and classifications and prescribe forms necessary to carry out the provisions of this part.~~
 27 ~~It shall define what expenditures are chargeable to each budget account and shall establish accounting and~~
 28 ~~cost systems necessary to provide accurate budget information. This section does not apply to a city or~~
 29 ~~town that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

30

1 **NEW SECTION. Section 37. Appropriation power.** A governing body may appropriate money and
2 provide for the payment of the debts and expenses of the municipality.

3
4 **NEW SECTION. Section 38. Appropriation requirement.** Money, other than payments from agency
5 funds, may not be drawn from the treasury of a municipality, and an obligation for the expenditure of
6 money may not be incurred, except pursuant to an appropriation. The governing body may delegate, in
7 its annual appropriation resolution, appropriation authority to the chief executive officer for the expenditure
8 of funds from any or all of the following:

9 (1) debt service funds;

10 (2) enterprise funds;

11 (3) internal service funds;

12 (4) trust funds;

13 (5) federal, state, and private grants accepted and approved by the governing body;

14 (6) special assessments; and

15 (7) donations.

16
17 **NEW SECTION. Section 39. Manner of making payment for judgments against municipalities.** (1)
18 On receipt of the certificate of a justice of the peace or the clerk of the court in which any judgment is
19 rendered, showing the amount of a judgment against a municipality and the date of its entry, the governing
20 body shall direct that the amount of the judgment be paid from the general fund if there is sufficient money
21 in the general fund to pay the judgement, exclusive of the appropriations for the current fiscal year.

22 (2) The governing body shall at the proper times levy and cause to be collected a tax on all the
23 property of the municipality for the payment of the judgment within a period of 3 years from its
24 presentation if there is not sufficient money, as provided in subsection (1), in the general fund to pay the
25 judgment.

26
27 **NEW SECTION. Section 40. Preliminary annual operating budget.** (1) The finance officer shall
28 prepare, under the direction of the chief executive, a preliminary annual operating budget for the
29 municipality. The finance officer shall use standard forms prescribed by the department of commerce or
30 an alternative budget format acceptable to the department of commerce.

1 (2) The preliminary annual operating budget for each fund must include, at a minimum:

2 (a) a listing of all revenue and other resources for the prior year, current year budget, and proposed
3 budget year. Revenue and other resources must be summarized into the following categories: taxes; special
4 assessment principal; special assessment interest; licenses and permits; intergovernmental revenue; charges
5 for services, fines, and forfeitures; interest on investments, other revenue, and operating transfers in.

6 (b) a listing of all expenditures for the prior year, current year budget, and proposed budget year.
7 All expenditures must be classified under one of the following categories: salaries and wages, operation
8 and maintenance, capital outlay, debt service, or transfers out.

9 (c) a projection of changes in fund balances or cash balances available for governmental fund types
10 and a projection of changes in cash balances and working capital for proprietary fund types. This projection
11 must be supported by a summary for each fund or group of funds listing the estimated beginning balance,
12 plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending balances.

13 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
14 the budget year;

15 (e) financial data on current and future debt obligations;

16 (f) schedules or summary tables of personnel or position counts for the prior year, current year,
17 and budget year. The budgeted amounts for personnel services must be supported by a listing of positions,
18 salaries, and benefits for all positions of the municipality. The listing of positions, salaries, and benefits is
19 not required to be part of the budget document.

20 (g) all other estimates that fall under the purview of the budget.

21 (3) The preliminary annual operating budget for each fund for which the municipality will levy an
22 ad valorem tax must include the amount to be raised by taxation, the taxable value, and the number of mills
23 to be levied.

24

25 **NEW SECTION. Section 41. Determination of fund requirements to be met by tax levy.** (1)

26 Following the determinations required by [section 40], the governing body shall determine the amount to
27 be raised for each fund for which a tax levy is to be made by adding the cash balance in excess of
28 outstanding unpaid warrants at the close of the preceding fiscal year and the amount of the estimated
29 revenues, if any, to accrue to the fund during the current fiscal year. It shall then deduct the total amount
30 obtained from the total amount of the appropriations and authorized expenditures from the fund as

1 determined by the governing body in the budget adopted and approved. The amount remaining is the
2 amount necessary to be raised for any fund by tax levy during the current fiscal year.

3 (2) The governing body may add to the amount necessary to be raised for any fund by tax levy
4 during the current fiscal year an additional amount as a reserve to meet expenditures to be made from the
5 fund during the months of July to November of the next fiscal year. The undesignated amount held as a
6 reserve may not exceed one-half of the total amount appropriated and authorized to be spent from the fund
7 during the current fiscal year, after deducting from the amount of the appropriations and authorized
8 expenditures the total amount appropriated and authorized to be spent for election expenses and payment
9 of emergency and other outstanding warrants.

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

13
14 **NEW SECTION. Section 42. Preliminary annual operating budget to be balanced.** The preliminary
15 annual operating budget may not include appropriations in excess of the projected beginning balance of a
16 fund plus the estimated revenue of the fund for the year.

17
18 **NEW SECTION. Section 43. Due date for preliminary annual operating budget -- consideration of**
19 **budget.** (1) The preliminary annual operating budget must be presented by the finance officer to the
20 governing body on or before the governing body's first meeting in August.

21 (2) Upon receipt of the preliminary annual operating budget, the governing body shall immediately
22 consider the budget and make any revisions, reductions, additions, or changes the governing body
23 considers advisable.

24
25 **NEW SECTION. Section 44. Receipt and expenditure of money prior to adoption of final budget.**
26 A municipality may receive and expend money between July 1 of the fiscal year and the effective date of
27 the resolution adopting a final municipal budget.

28
29 **NEW SECTION. Section 45. Notice of preliminary municipal budget.** (1) The governing body shall
30 cause a notice to be published stating that:

1 (a) the governing body has completed its preliminary municipal budget for the ensuing fiscal year;

2 (b) the budget has been placed on file and is open to inspection in the office of the finance officer
3 of the municipality;

4 (c) the governing body will meet for the purpose of approving a final budget and making
5 appropriations, designating the date, time, and place of the meeting; and

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

8 (2) The publication requirements must conform to the provisions of 7-1-4127.

9

10 **NEW SECTION. Section 46. Hearing on proposed municipal budget.** (1) Prior to the adoption of
11 the final municipal budget, the governing body shall meet at the time and place designated in the notice
12 provided in [section 45], at which time any taxpayer or resident may appear and be heard for or against
13 any part of the budget. The governing body may call in the official in charge of an office, department,
14 service, or institution at the time the estimates for the official's office, department, service, or institution
15 are under consideration for examination concerning the estimates. The official must be called in by the
16 governing body, upon the request of a taxpayer or resident, for questioning upon the estimates by the
17 governing body, taxpayer, or resident.

18 (2) The hearing may be continued from day to day and must be concluded and the budget finally
19 approved and adopted by resolution on or before the second Monday in August.

20

21 **NEW SECTION. Section 47. Final municipal budget -- approval and adoption -- appropriations.** (1)
22 Following the public hearing and after taking into consideration any public comment, the governing body
23 may amend the preliminary municipal budget. The preliminary municipal budget must be updated by the
24 finance officer, reflecting any changes made by the governing body. The amended preliminary municipal
25 budget, as approved by the governing body, constitutes the final budget of the municipality for the fiscal
26 year that it is intended to cover. The governing body shall then pass a resolution for the fiscal year
27 adopting the final municipal budget and authorizing appropriations.

28 (2) The resolution must authorize appropriations of enough money to defray the expenses or
29 liabilities of the municipality for the fiscal year. The level of detail in the resolution establishes the legal
30 spending limits of the municipality. The effective date of the resolution is the first day of the fiscal year.

1 **Section 48.** Section 7-6-4232, MCA, is amended to read:

2 "**7-6-4232. Fixing of tax levy —~~exception.~~** (1) On or before the second Monday in August and
3 after the approval and adoption of the final budget, the ~~council~~ governing body shall fix the tax levy for
4 each fund at a rate, not exceeding limits prescribed by law, that will raise the amount set out in the budget
5 as the amount necessary to be raised by tax levy for that fund during the current fiscal year. The taxable
6 valuation of the ~~city~~ municipality for the current fiscal year must be the basis for determining the amount
7 of the tax levy for each fund, and each tax levy must be at a rate not higher than is required on that basis,
8 without including any amount for anticipated tax delinquency, to raise the amount set out in the budget.

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

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

15 ~~(4) This section does not apply to a municipality that has adopted the alternative accounting~~
16 ~~method provided for in Title 7, chapter 6, part 6."~~

17
18 **NEW SECTION. Section 49. Limitation of expenditures.** Except as provided in [section 47], the
19 governing body and each municipal official are limited to the amount of appropriations and by the
20 classifications in the annual appropriation resolution provided for in [section 47] when making expenditures
21 or incurring liabilities.

22
23 **Section 50.** Section 7-6-4234, MCA, is amended to read:

24 "**7-6-4234. Effect of exceeding budget appropriations -- personal liability.** ~~(4)~~ Expenditures made,
25 ~~or liabilities incurred, or warrants issued~~ in excess of any ~~of the detailed budget appropriations~~ specific
26 appropriation contained in the annual appropriation resolution provided for in [section 47], as originally
27 determined or as ~~thereafter revised by transfer as provided in this part, shall~~ are not be a liability of the
28 municipality, but the official making or incurring ~~such expenditure or issuing such warrant shall be the~~
29 obligation is liable therefor for the obligation personally and upon ~~his official~~ the official's bond. ~~The~~
30 subsequent claims approval process may not be considered making or incurring an obligation.

1 ~~(2) (a) The council shall not approve any claim and the clerk shall not issue any warrant for any~~
 2 ~~expenditure in excess of said detailed budget appropriations, as finally adopted or as revised under the~~
 3 ~~provisions of this part, except upon an order of a court of competent jurisdiction or for an emergency as~~
 4 ~~hereinafter provided. Any municipal officer or officers approving any claim or issuing any warrant in excess~~
 5 ~~of any such budget appropriation except as above provided shall forfeit to the city fourfold the amount of~~
 6 ~~such claim or warrant.~~

7 ~~(b) The amount forfeited under subsection (2)(a) shall be recovered in an action against such officer~~
 8 ~~or officers or all of them and their several sureties on their official bonds. It shall be the duty of the city~~
 9 ~~attorney to bring an action therefor in the name of the municipal corporation."~~

10
 11 **NEW SECTION. Section 51. Budget amendment procedure.** (1) The governing body or the chief
 12 executive authorized in the annual appropriation resolution may transfer any part of an unencumbered
 13 balance of an appropriation to a purpose or object for which the appropriation for the current year is
 14 insufficient or may authorize a transfer to be made between items appropriated within the same fund.

15 (2) The governing body may delegate, in its annual appropriation resolution, budget amendment
 16 authority to the chief executive for the expenditure of funds from any or all of the following: debt service
 17 funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved
 18 by the governing body, special assessments, and donations.

19 (3) Any accruing revenue of the municipality not appropriated as provided in this part and any
 20 balance at any time remaining after the purpose of an appropriation has been satisfied or abandoned may
 21 from time to time be appropriated to other uses that do not conflict with any uses for which specifically
 22 the revenue accrued. A public hearing is required for an overall increase in appropriation authority, except
 23 in the case of an emergency under Title 10, chapter 3.

24
 25 **Section 52.** Section 7-6-4237, MCA, is amended to read:

26 **"7-6-4237. Use of bond proceeds and borrowed money.** (1) Money received from borrowing shall
 27 may not be used for ~~no other~~ a purpose other than that for which borrowed, except that if any surplus
 28 remains after the accomplishment of the purpose for which borrowed, it shall must be used to redeem the
 29 municipal debt.

30 ~~(2) Where any budget shall contain an expenditure program to be financed from a bond issue to~~

1 ~~be authorized thereafter, no expenditure shall be made or obligation incurred thereunder until such bonds~~
 2 ~~have been duly authorized and the proceeds are available.~~

3 ~~(2)~~(2) The authorization of a bond issue by the electors or by the governing body of ~~the city a~~
 4 municipality where an election is not required ~~shall constitute~~ constitutes an appropriation of the bond
 5 proceeds to the purpose for which the bonds are authorized, whether or not ~~such~~ the purpose is included
 6 in a budget previously adopted, but ~~no~~ warrants ~~shall~~ may not be drawn, expenditures made, or obligations
 7 incurred in excess of ~~such~~ the appropriation except pursuant to an additional appropriation included in a
 8 regularly adopted budget."

9

10 **Section 53.** Section 7-6-4240, MCA, is amended to read:

11 **"7-6-4240. Lapse of appropriation.** ~~(1) Subject to the provisions of subsection (2), all~~
 12 ~~appropriations, other than the appropriations for uncompleted improvements in progress of construction,~~
 13 ~~lapse at the end of the fiscal year.~~

14 ~~(2)~~ ~~(a)~~(1) The appropriation accounts must remain open for a period of ~~30~~ 60 days after the end
 15 of the fiscal year for the payment of claims incurred against the appropriations prior to the close of the
 16 fiscal year and remaining unpaid. After the ~~30-day~~ 60-day period has expired, all appropriations, except as
 17 otherwise provided ~~regarding uncompleted improvements~~, become null and void, and any lawful claim
 18 presented against any appropriation after the expiration of the 60-day period must be provided for in the
 19 ensuing budget.

20 ~~(b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting~~
 21 ~~method provided for in Title 7, chapter 6, part 6.~~

22 (2) At the close of each fiscal year, the unencumbered balance of each appropriation must revert
 23 to the respective fund from which it was appropriated and is subject to future appropriations unless the
 24 governing body authorizes the unencumbered balance of capital outlay appropriations to be reappropriated
 25 for the ensuing fiscal year."

26

27 **NEW SECTION. Section 54. Emergency expenditures.** (1) All emergency expenditures must be
 28 charged to the emergency budget appropriations adopted by a governing body.

29 (2) Emergency expenditures may be made by the issuance of checks or warrants drawn on the
 30 municipal treasury. The municipality is authorized and directed to pay the checks or warrants with any

1 money available for that purpose. If at any time there is insufficient money available to pay the emergency
 2 expenditures, then emergency warrants must be issued and registered, must bear interest, and must be
 3 called for payment in the manner provided by law for other municipal warrants.

4 (3) The finance officer shall include in the preliminary annual operating budget to be submitted to
 5 the governing body the total amount of emergency warrants issued during the preceding fiscal year that
 6 remain unpaid. Subject to the provisions of this section, the governing body shall, in the tax levies, include
 7 a levy for each fund sufficient to raise an amount equal to the total amount of any emergency warrants
 8 remaining unpaid at the close of the preceding fiscal year because of insufficient money in the fund to pay
 9 the warrants.

10 (4) (a) A levy may not be made for any fund in excess of the levy authorized by law to be made
 11 for the fund.

12 (b) The governing body may submit the question of funding the emergency warrants at an election
 13 as provided by law. If possible, the election must be held in conjunction with a regular or primary election.
 14 If at the election issuing of funding bonds is authorized, it is not necessary for any levy to be made for the
 15 purpose of paying the emergency warrants.

16

17 **NEW SECTION. Section 55. Repealer.** Sections 7-3-4371, 7-3-4372, 7-3-4373, 7-6-601, 7-6-602,
 18 7-6-603, 7-6-604, 7-6-4102, 7-6-4103, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110,
 19 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204,
 20 7-6-4221, 7-6-4222, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228, 7-6-4229, 7-6-4230,
 21 7-6-4231, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254,
 22 and 7-6-4255, MCA, are repealed.

23

24 **NEW SECTION. Section 56. Codification instruction.** (1) [Sections 27 and 28] are intended to
 25 be codified as an integral part of Title 7, chapter 6, part 41, and the provisions of Title 7, chapter 6, part
 26 41, apply to [sections 27 and 28].

27 (2) [Sections 37 through 47, 49, 51, and 54] are intended to be codified as an integral part of Title
 28 7, chapter 6, part 42, and the provisions of Title 7, chapter 6, part 42, apply to [sections 37 through 47,
 29 49, 51, and 54].

30

1 NEW SECTION. **Section 57. Applicability.** [This act] applies to municipal budgeting procedures
2 commencing on July 1, 1997.

3

4 NEW SECTION. **Section 58. Effective date.** [This act] is effective on passage and approval.

5

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0508, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising municipal budget laws; amending and repealing numerous sections of MCA.

ASSUMPTIONS:

Department of Commerce/Local Government Services Division

1. HB508 deals only with the procedural aspects of local government budgeting.

FISCAL IMPACT:

Department of Commerce

Local Government Services Division:

No fiscal impact.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The amount of money municipalities could set aside for capital improvements programs and the cash reserves may increase under the proposed legislation, however, any increases would have to be funded from existing revenues since there is no additional levy authority and/or revenue producing authority contained in the bill.

TECHNICAL NOTES:

In the new section 27(2)(b), the 6 month period allowed for filing the audit report is in conflict with 2-7-503 (3)(a), MCA; which provides for 1 year to file the audit report.

7-6-4134, MCA; which is amended in the bill, eliminates the purpose for which a capital improvement program fund may be established without providing for a replacement definition which could result in confusion at the local government level.

Dave Lewis 2-15-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Charles Devaney
CHARLES DEVANEY, PRIMARY SPONSOR DATE
Fiscal Note for HB0508, as introduced
HB 508

1 HOUSE BILL NO. 508

2 INTRODUCED BY DEVANEY, HERTEL

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MUNICIPAL BUDGET LAWS; AMENDING
5 SECTIONS ~~2-7-503, 2-7-504, 2-7-513, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213,~~
6 ~~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 ~~7-6-2321, 7-6-2324, 7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525,~~ 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124,
8 7-6-4134, 7-6-4135, 7-6-4202, ~~7-6-4203,~~ 7-6-4205, ~~7-6-4232,~~ 7-6-4234, 7-6-4237, AND 7-6-4240,
9 MCA; REPEALING SECTIONS 7-3-4371, 7-3-4372, 7-3-4373, ~~7-6-601, 7-6-602, 7-6-603, 7-6-604,~~
10 7-6-4102, 7-6-4103, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112,
11 7-6-4113, 7-6-4119, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204, 7-6-4221, 7-6-4222,
12 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, 7-6-4233,
13 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254, AND 7-6-4255,
14 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

15

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

17

18 **Section 1.** Section 2-7-503, MCA, is amended to read:

19 **"2-7-503. Financial reports and audits of local government entities —~~exception.~~** (1) The governing
20 body or managing or executive officer of a local government entity, other than a school district or
21 associated cooperative, shall ensure that a financial report is made every year. A school district or
22 associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the
23 preceding fiscal year, be in a form prescribed by the department, and be completed within 4 6 months of
24 the end of the reporting period. The local government entity shall submit the financial report to the
25 department for review.

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

29 (3) (a) The governing body or managing or executive officer of each local government entity
30 receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000

1 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least every 2 years.
 2 The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from
 3 the close of the last fiscal year of the audit period. The audit must be completed and submitted to the
 4 department for review within 1 year from the close of the last fiscal year covered by the audit.

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

10 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
 11 compliance audit of an individual financial assistance program that a local government is required to
 12 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
 13 provides a state agency with the information it requires to carry out its responsibilities under state or federal
 14 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
 15 audits or reviews in order to avoid a duplication of effort.

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

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

23 (7) SUBSECTIONS (1) THROUGH (3) DO NOT APPLY TO A LOCAL GOVERNMENT ENTITY THAT
 24 HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6,
 25 PART 6.

26 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
 27 ~~alternative accounting method provided for in Title 7, chapter 6, part 6."~~

28
 29 **Section 2.** ~~Section 2-7-504, MCA, is amended to read:~~

30 ~~"2-7-504. Accounting methods exception. (1) Unless otherwise required by law, the department~~

1 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
 2 all money belonging to local government entities and shall establish in those offices general methods and
 3 details of accounting. All local government entity officers shall conform with the accounting standards
 4 prescribed by the department.

5 ~~(2) This section does not apply to a local government entity that has adopted the alternative~~
 6 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

7
 8 **Section 3.** ~~Section 2-7-513, MCA, is amended to read:~~

9 **"2-7-513. Content of audit report and financial report — exception.** ~~(1) The audit reports must~~
 10 ~~comply with the reporting requirements of government auditing standards issued by the U.S. comptroller~~
 11 ~~general and federal regulations adopted by department rule.~~

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

16 ~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative~~
 17 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

18
 19 **Section 4.** ~~Section 7-6-2111, MCA, is amended to read:~~

20 **"7-6-2111. Duties of county treasurer.** ~~(1) The county treasurer:~~

21 ~~(a)(1) must receive all money belonging to the county and all other money directed to be paid to~~
 22 ~~the treasurer by law, safely keep the money, and apply and pay the money out, and account for the money~~
 23 ~~as required by law;~~

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

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

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

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

1 ~~(d)(4)~~ may not enter money received for the current year on the treasurer's account with the
2 county for the past fiscal year until after the treasurer's annual settlement for the past year has been made
3 with the county clerk;

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

6 ~~(2)~~ This section does not apply to a county that has adopted the alternative accounting method
7 provided for in Title 7, chapter 6, part 6."

8
9 ~~Section 5.~~ Section 7-6-2112, MCA, is amended to read:

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

15 ~~(2)~~ On the first Monday of January, April, July, and October of each year the county treasurer shall
16 settle with the board of county commissioners for all money collected. On those days the treasurer shall
17 deliver to the board affidavits verifying the reconciliation of the balance on hand in the county treasury.
18 After the approval of the statements and the accompanying affidavits, one copy of the quarterly report
19 must be filed with the county clerk of the county and one copy must be 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 Title 7, chapter 6, part 6."

22
23 ~~Section 6.~~ 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 shall draw
25 warrants on the county treasury in favor of all persons entitled 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 shall keep accounts current with the treasurer. When any person deposits with

1 the county treasurer any money paid into the treasury, the county clerk must be furnished by the treasurer
 2 with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the office of the
 3 county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.

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

5 ~~(4) This section does not apply to a county that has adopted the alternative accounting method
 6 provided for in Title 7, chapter 6, part 6."~~

7
 8 ~~Section 7.~~ Section 7-6-2203, MCA, is amended to read:

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

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

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

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

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

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

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

21 ~~(g) other items that the department of commerce may prescribe.~~

22 ~~(2) The statement must be on the form designated by the department.~~

23 ~~(3) This section does not apply to a county that has adopted the alternative accounting method
 24 provided for in Title 7, chapter 6, part 6."~~

25
 26 ~~Section 8.~~ Section 7-6-2211, MCA, is amended to read:

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

1 from its current revenue and under the restrictions and regulations that may be imposed by the board of
 2 county commissioners of the county by a resolution duly adopted and included in the minutes of the board.

3 ~~(2) This section does not restrict the right of the board to make the necessary tax levies for interest
 4 and sinking fund purposes, and this section does not affect the right of any creditor of the county to pursue
 5 any remedy now given by law to obtain payment of a claim.~~

6 ~~(3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
 7 provided for in Title 7, chapter 6, part 6."~~

8
 9 **Section 9.** Section 7-6-2213, MCA, is amended to read:

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

15 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
 16 provided for in Title 7, chapter 6, part 6."~~

17
 18 **Section 10.** Section 7-6-2302, MCA, is amended to read:

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

23 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
 24 provided for in Title 7, chapter 6, part 6."~~

25
 26 **Section 11.** Section 7-6-2311, MCA, is amended to read:

27 ~~"7-6-2311. Filing of estimate of revenues revenue and expenses with county clerk — exception.
 28 (1) Before June 1 each year the county clerk and recorder shall notify in writing each county official in
 29 charge of an office, department, service, institution, or county funded district court program of the county
 30 to file with the county clerk and recorder, before June 10, detailed and itemized estimates, both of the~~

1 ~~probable revenue from sources other than taxation and of all expenditures required by the office,~~
 2 ~~department, service, or institution for the next fiscal year.~~

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

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

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

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

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

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

24 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
 25 ~~provided for in Title 7, chapter 6, part 6."~~

26
 27 **Section 12.** ~~Section 7-6-2312, MCA, is amended to read:~~

28 ~~"7-6-2312. Penalty for noncompliance with filing requirements—exception. (1) The county clerk~~
 29 ~~shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for~~
 30 ~~each day of delay. The total penalty against any official may not exceed \$50 in 1 year.~~

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

2 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
3 ~~provided for in Title 7, chapter 6, part 6."~~

4

5 ~~**Section 13.** Section 7-6-2314, MCA, is amended to read:~~

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

8 ~~(a) salaries and wages;~~

9 ~~(b) maintenance and operation;~~

10 ~~(c) capital outlay;~~

11 ~~(d) interest and debt redemption;~~

12 ~~(e) miscellaneous; and~~

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

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

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

23 ~~(c) Expenditures for capital outlay must set forth and describe each object of expenditure~~
24 ~~separately.~~

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

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

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

1 provided for in Title 7, chapter 6, part 6."

2
3 **Section 14.** ~~Section 7-6-2315, MCA, is amended to read:~~

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

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

11 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
12 ~~provided for in Title 7, chapter 6, part 6."~~

13
14 **Section 15.** ~~Section 7-6-2316, MCA, is amended to read:~~

15 ~~"7-6-2316. Notice of hearing on county proposed budget—exception. (1) The board of county~~
16 ~~commissioners shall cause a notice to be published stating that:~~

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

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

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

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

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

25 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
26 ~~provided for in Title 7, chapter 6, part 6."~~

27
28 **Section 16.** ~~Section 7-6-2317, MCA, is amended to read:~~

29 ~~"7-6-2317. Hearing on county proposed budget—exception. (1) At least 3 days prior to the~~
30 ~~adoption of the final budget, the county commissioners shall meet at the time and place designated in the~~

1 notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be
2 heard for or against any part of the budget.

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

6 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
7 ~~provided for in Title 7, chapter 6, part 6."~~

8
9 **Section 17.** ~~Section 7-6-2318, MCA, is amended to read:~~

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

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

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

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

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

26 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
27 ~~provided for in Title 7, chapter 6, part 6."~~

28
29 **Section 18.** ~~Section 7-6-2319, MCA, is amended to read:~~

30 ~~"7-6-2319. Determination of fund requirements to be met by tax levy exception. (1) Following~~

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

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

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

18 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 19 ~~provided for in Title 7, chapter 6, part 6."~~

20
 21 **Section 19.** ~~Section 7-6-2320, MCA, is amended to read:~~

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

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

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

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

28 ~~(d) the reserve for the next fiscal year; and~~

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

30 ~~(2) The board shall then by resolution approve and adopt the budget as finally determined and enter~~

1 the budget at length in the official minutes of the board.

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

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

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

8 ~~(b) Amended appropriations must be classified as:~~

9 ~~(i) salaries and wages;~~

10 ~~(ii) maintenance and operation;~~

11 ~~(iii) capital outlay;~~

12 ~~(iv) interest and debt redemption; or~~

13 ~~(v) miscellaneous.~~

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

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

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

20 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
21 ~~provided for in Title 7, chapter 6, part 6."~~

22

23 ~~Section 20. Section 7-6-2321, MCA, is amended to read:~~

24 ~~"7-6-2321. Fixing of tax levy exception. (1) On or before the second Monday in August and~~
25 ~~after the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy~~
26 ~~for each fund at a rate which that will raise the amount set out in the budget as the amount necessary to~~
27 ~~be raised by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the~~
28 ~~current fiscal year must be the basis for determining the amount of the tax levy for each fund. Each tax levy~~
29 ~~must be at a rate not higher than is required on that basis, without including any amount for anticipated~~
30 ~~tax delinquency, to produce the amount set out in the budget, without including any amount for anticipated~~

1 tax delinquency, that is the amount to be raised by tax levy.

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

3 (3) This section does not apply to a county that has adopted the alternative accounting method
4 provided for in Title 7, chapter 6, part 6."

5
6 **Section 21.** Section 7-6-2324, MCA, is amended to read:

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

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

14 (3) ~~This section does not apply to a county that has adopted the alternative accounting method~~
15 ~~provided for in Title 7, chapter 6, part 6."~~

16
17 **Section 22.** Section 7-6-2325, MCA, is amended to read:

18 ~~"7-6-2325. Transfer of appropriations within and among expenditure classes. (1) Upon a resolution~~
19 ~~adopted by the board of county commissioners at a regular or special meeting and entered upon its~~
20 ~~minutes, transfers or revisions in the general budget system within the classifications set forth in~~
21 ~~7-6-2314(1)(a) through (1)(c) may be made, provided that a salary may not be increased above the amount~~
22 ~~appropriated.~~

23 (2) ~~This section does not apply to a county that has adopted the alternative accounting method~~
24 ~~provided for in Title 7, chapter 6, part 6."~~

25
26 **Section 23.** Section 7-6-2330, MCA, is amended to read:

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

30 (2) (a) ~~The appropriation accounts must remain open for a period of 30 days after the end of the~~

1 fiscal year for the payment of claims incurred against the appropriations prior to the close of the fiscal year
 2 and remaining unpaid. After the period has expired, all appropriations, except as otherwise provided
 3 regarding uncompleted improvements, become null and void, and any lawful claim presented after
 4 expiration against any appropriation must be provided for in the ensuing budget.

5 (b) ~~Subsection (2)(a) does not apply to a county that has adopted the alternative accounting~~
 6 ~~method provided for in Title 7, chapter 6, part 6."~~

7

8 ~~Section 24. 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 the report is made,~~
 14 ~~together with the unexpended balance of each appropriation. The clerk and recorder shall also set forth the~~
 15 ~~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 the business~~
 19 ~~day.~~

20 (3) ~~This section does not apply to a county that has adopted the alternative accounting method~~
 21 ~~provided for in Title 7, chapter 6, part 6."~~

22

23 ~~Section 25. 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 Title 7, chapter 6, part 6."~~

2

3 **Section 2.** Section 7-6-4104, MCA, is amended to read:

4 **"7-6-4104. Duties of ~~city~~ treasurer relating to finances ~~—exception --~~ EXCEPTION.** It is the duty
5 of the ~~city~~ treasurer:

6 (1) to receive all money that comes to the ~~city~~ municipality, either from taxation or otherwise, and
7 to pay the ~~same~~ money out on the warrant of the mayor, countersigned by the clerk or finance officer,
8 drawn in accordance with law;

9 (2) to give every person paying money to the treasurer a receipt, specifying the date of payment,
10 the amount, and for what paid;

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

13 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
14 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

15 ~~(4) This section does not apply to a city that has adopted the alternative accounting method~~
16 ~~provided for in Title 7, chapter 6, part 6."~~

17

18 **NEW SECTION. Section 3. Role of department of commerce.** (1) The department of commerce
19 shall prescribe for all municipalities:

20 (a) general methods and details of accounting as provided in 2-7-504;

21 (b) uniform internal and interim reporting systems as provided in 2-7-503;

22 (c) annual financial report forms as provided in 2-7-503; and

23 (d) general methods and details of accounting for the annual financial report as provided in
24 2-7-513.

25 (2) Municipalities shall file with the department of commerce:

26 (a) an annual financial report within 6 months of the fiscal yearend; and

27 (b) an audit report within ~~6~~ 12 months of the end of the audited period.

28 (3) The audit report must be accepted in lieu of the annual financial report if it contains, at a
29 minimum, the municipality's general purpose financial statements and combining and individual fund and
30 account group statements.

1 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 2 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

3

4 NEW SECTION. Section 4. Additional records and reports. (1) The chief executive or governing
 5 body of a municipality may require other elected or appointed officials to:

6 (a) maintain financial records;

7 (b) perform financial reconciliations; and

8 (c) submit financial reports.

9 (2) The treasurer shall:

10 (a) serve as the custodian of all public money;

11 (b) install and have supervision over the financial accounts of all departments and offices of the
 12 municipality; and

13 (c) require daily departmental reports of money receipts and their disposition on forms that the
 14 treasurer prescribes.

15 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 16 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

17

18 **Section 5.** Section 7-6-4121, MCA, is amended to read:

19 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) ~~In case~~ If the total
 20 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
 21 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
 22 may conduct its affairs and business on a cash basis as provided by subsection (2).

23 (2) (a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
 24 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
 25 and derived from its current revenue, under any restrictions and regulations as the city or town ~~council~~
 26 governing body may by ordinance prescribe.

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

1 (c) Before the payment of the current expenses ~~mentioned above~~ described in subsection (2)(a),
 2 the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and
 3 outstanding bonded indebtedness and any sinking funds provided for and is authorized to pay all valid
 4 claims against funds raised by tax especially authorized by law for the purpose of paying the claims.

5 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 6 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

7 ~~(3) This section does not apply to a city or town that has adopted the alternative accounting~~
 8 ~~method provided for in Title 7, chapter 6, part 6."~~

9
 10 **Section 6.** Section 7-6-4123, MCA, is amended to read:

11 **"7-6-4123. Procedure to transfer municipal funds.** ~~No money~~ Money may not ~~must~~ be transferred
 12 from one fund to another except by ~~ordinance or~~ resolution of the ~~council~~ council governing body unless previously
 13 authorized by budget resolution or as prescribed by 7-6-4124."

14
 15 **Section 7.** Section 7-6-4124, MCA, is amended to read:

16 **"7-6-4124. Procedure to close inactive accounts.** ~~(1)(1)~~ Whenever the ~~council~~ council governing body
 17 of any city or town ~~having a corporate existence in this state~~ considers it necessary to remove inactive
 18 accounts from its records when the accounts do not have any further purpose, it is lawful for the ~~council~~
 19 governing body to direct the proper city or town officials to file claims against the respective inactive funds
 20 in favor of the general fund of the city or town, after which the ~~council~~ council governing body shall allow the
 21 claims and cause the inactive funds to be closed and not continued in the record of active funds.

22 (2) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24 ~~(2) This section does not apply to a city or town that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26
 27 **Section 8.** Section 7-6-4134, MCA, is amended to read:

28 **"7-6-4134. Capital improvement program fund.** An amount not to exceed ~~5%~~ 10% of the money
 29 received from ~~and as a part of the aforesaid~~ an all-purpose levy provided for in 7-6-4452 may be placed
 30 in a separate fund, known as the capital improvement program fund, ~~to be earmarked for the replacement~~

1 ~~and acquisition of property, plant, or equipment costing in excess of \$5,000, with a life expectancy of 5~~
 2 ~~years or more, TO BE EARMARKED FOR THE REPLACEMENT, IMPROVEMENT, AND ACQUISITION OF~~
 3 ~~PROPERTY, FACILITIES, OR EQUIPMENT,~~ provided that a capital improvement program has been formally
 4 adopted by resolution of the city or town ordinance governing body."

5

6 **Section 9.** Section 7-6-4135, MCA, is amended to read:

7 **"7-6-4135. Investment of money in capital improvement program fund.** The money held in the
 8 capital improvement program fund must, whenever possible, be invested ~~in savings or time deposits in a~~
 9 ~~state or national bank, savings and loan association, or credit union insured by the federal deposit insurance~~
 10 ~~corporation or by the national credit union administration or invested in direct obligations of the United~~
 11 ~~States government pursuant to Title 7, chapter 6, part 42 2, and all interest~~ must be credited to the fund
 12 ~~plus interest earned."~~

13

14 **Section 10.** Section 7-6-4202, MCA, is amended to read:

15 **"7-6-4202. Definitions.** As used in this part, the following definitions apply:

16 (1) ~~The term "clerk" means the clerk of the city~~ "Chief executive" means the elected executive in
 17 a government adopting the commission-executive form, the manager in a government adopting the
 18 commission-manager form, the presiding officer in a government adopting the commission-presiding officer
 19 form, the town presiding officer in a government adopting the town meeting form, the commission acting
 20 as a body in a government adopting the commission form, or the officer or officers so designated in the
 21 charter in a government adopting a charter.

22 (2) ~~The term "council" means the city council or city commission~~ "Finance officer" means the
 23 elected or appointed finance director, clerk, treasurer, or clerk-treasurer who has been delegated budget
 24 and accounting responsibilities.

25 (3) ~~The term "municipal corporation" or "municipality" means the city~~ "Governing body" means
 26 the municipal council or commission.

27 (4) ~~The term "treasurer" means the city treasurer~~ "Municipality" means an incorporated city or
 28 town.

29 (5) "Working capital" means the current assets of a fund less the current liabilities and designated
 30 reserves of a fund."

1 ~~Section 35.~~ Section 7-6-4203, MCA, is amended to read:

2 ~~"7-6-4203. Scope of part.~~ The provisions of this part apply to all cities or towns municipalities in
3 this state, except for cities and towns that have adopted the alternative accounting method provided for
4 in Title 7, chapter 6, part 6."

5
6 **Section 11.** Section 7-6-4205, MCA, is amended to read:

7 **"7-6-4205. Budget and levies to be supplied to Role of department of commerce.** (1) The finance
8 officer shall, not later than October 1, forward a complete copy of the final budget together with tax levies
9 to the department of commerce.

10 (2) The finance officer shall use standard forms prescribed by the department of commerce or shall
11 use an alternative budget format acceptable to the department of commerce. The department of commerce
12 shall make rules and classifications and prescribe forms necessary to carry out the provisions of this part.
13 It shall define what expenditures are chargeable to each budget account and shall establish accounting and
14 cost systems necessary to provide accurate budget information. This section does not apply to a city or
15 town that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6.

16 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

18
19 **NEW SECTION. Section 12. Appropriation power.** A governing body may appropriate money and
20 provide for the payment of the debts and expenses of the municipality.

21
22 **NEW SECTION. Section 13. Appropriation requirement.** (1) Money, other than payments from
23 agency funds, may not be drawn from the treasury of a municipality, and an obligation for the expenditure
24 of money may not be incurred, except pursuant to an appropriation. The governing body may delegate,
25 in its annual appropriation resolution, appropriation authority to the chief executive officer for the
26 expenditure of funds from any or all of the following:

27 ~~(1)(A)~~ (A) debt service funds;

28 ~~(2)(B)~~ (B) enterprise funds;

29 ~~(3)(C)~~ (C) internal service funds;

30 ~~(4)(D)~~ (D) trust funds;

- 1 ~~(5)(E)~~ federal, state, and private grants accepted and approved by the governing body;
 2 ~~(6)(F)~~ special assessments; and
 3 ~~(7)(G)~~ donations.

4 (2) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 5 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

6
 7 **NEW SECTION. Section 14. Manner of making payment for judgments against municipalities.** (1)

8 On receipt of the certificate of a justice of the peace or the clerk of the court in which any judgment is
 9 rendered, showing the amount of a judgment against a municipality and the date of its entry, the governing
 10 body shall direct that the amount of the judgment be paid from the general fund if there is sufficient money
 11 in the general fund to pay the judgement, exclusive of the appropriations for the current fiscal year.

12 (2) The governing body shall at the proper times levy and cause to be collected a tax on all the
 13 property of the municipality for the payment of the judgment within a period of 3 years from its
 14 presentation if there is not sufficient money, as provided in subsection (1), in the general fund to pay the
 15 judgment.

16 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18
 19 **NEW SECTION. Section 15. Preliminary annual operating budget.** (1) The finance officer shall
 20 prepare, under the direction of the chief executive, a preliminary annual operating budget for the
 21 municipality. The finance officer shall use standard forms prescribed by the department of commerce or
 22 an alternative budget format acceptable to the department of commerce.

23 (2) The preliminary annual operating budget for each fund must include, at a minimum:

24 (a) a listing of all revenue and other resources for the prior year, current year budget, and proposed
 25 budget year. Revenue and other resources must be summarized into the following categories: taxes; special
 26 assessment principal; special assessment interest; licenses and permits; intergovernmental revenue; charges
 27 for services, fines, and forfeitures; interest on investments, other revenue, and operating transfers in.

28 (b) a listing of all expenditures for the prior year, current year budget, and proposed budget year.
 29 All expenditures must be classified under one of the following categories: salaries and wages, operation
 30 and maintenance, capital outlay, debt service, or transfers out.

1 (c) a projection of changes in fund balances or cash balances available for governmental fund types
 2 and a projection of changes in cash balances and working capital for proprietary fund types. This projection
 3 must be supported by a summary for each fund or group of funds listing the estimated beginning balance,
 4 plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending balances.

5 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
 6 the budget year;

7 (e) financial data on current and future debt obligations;

8 (f) schedules or summary tables of personnel or position counts for the prior year, current year,
 9 and budget year. The budgeted amounts for personnel services must be supported by a listing of positions,
 10 salaries, and benefits for all positions of the municipality. The listing of positions, salaries, and benefits is
 11 not required to be part of the budget document.

12 (g) all other estimates that fall under the purview of the budget.

13 (3) The preliminary annual operating budget for each fund for which the municipality will levy an
 14 ad valorem tax must include the amount to be raised by taxation, the taxable value, and the number of mills
 15 to be levied.

16 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18
 19 **NEW SECTION. Section 16. Determination of fund requirements to be met by tax levy.** (1)
 20 Following the determinations required by [section ~~40~~ 15], the governing body shall determine the amount
 21 to be raised for each fund for which a tax levy is to be made by adding the cash balance in excess of
 22 outstanding unpaid warrants at the close of the preceding fiscal year and the amount of the estimated
 23 revenues, if any, to accrue to the fund during the current fiscal year. It shall then deduct the total amount
 24 obtained from the total amount of the appropriations and authorized expenditures from the fund as
 25 determined by the governing body in the budget adopted and approved. The amount remaining is the
 26 amount necessary to be raised for any fund by tax levy during the current fiscal year.

27 (2) The governing body may add to the amount necessary to be raised for any fund by tax levy
 28 during the current fiscal year an additional amount as a reserve to meet expenditures to be made from the
 29 fund during the months of July to November of the next fiscal year. The undesignated amount held as a
 30 reserve may not exceed one-half of the total amount appropriated and authorized to be spent from the fund

1 during the current fiscal year, after deducting from the amount of the appropriations and authorized
2 expenditures the total amount appropriated and authorized to be spent for election expenses and payment
3 of emergency and other outstanding warrants.

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

7 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9
10 NEW SECTION. Section 17. Preliminary annual operating budget to be balanced. The preliminary
11 annual operating budget may not include appropriations in excess of the projected beginning balance of a
12 fund plus the estimated revenue of the fund for the year. THIS SECTION DOES NOT APPLY TO A
13 MUNICIPALITY THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN
14 TITLE 7, CHAPTER 6, PART 6.

15
16 NEW SECTION. Section 18. Due date for preliminary annual operating budget -- consideration of
17 budget. (1) The preliminary annual operating budget must be presented by the finance officer to the
18 governing body on or before the governing body's first meeting in August.

19 (2) Upon receipt of the preliminary annual operating budget, the governing body shall immediately
20 consider the budget and make any revisions, reductions, additions, or changes the governing body
21 considers advisable.

22 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24
25 NEW SECTION. Section 19. Receipt and expenditure of money prior to adoption of final budget.
26 A municipality may receive and expend money between July 1 of the fiscal year and the effective date of
27 the resolution adopting a final municipal budget. THIS SECTION DOES NOT APPLY TO A MUNICIPALITY
28 THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER
29 6, PART 6.

30

1 **NEW SECTION. Section 20. Notice of preliminary municipal budget.** (1) The governing body shall
2 cause a notice to be published stating that:

3 (a) the governing body has completed its preliminary municipal budget for the ensuing fiscal year;

4 (b) the budget has been placed on file and is open to inspection in the office of the finance officer
5 of the municipality;

6 (c) the governing body will meet for the purpose of approving a final budget and making
7 appropriations, designating the date, time, and place of the meeting; and

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

10 (2) The publication requirements must conform to the provisions of 7-1-4127.

11 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
12 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

13
14 **NEW SECTION. Section 21. Hearing on proposed municipal budget.** (1) Prior to the adoption of
15 the final municipal budget, the governing body shall meet at the time and place designated in the notice
16 provided in [section 45 20], at which time any taxpayer or resident may appear and be heard for or against
17 any part of the budget. The governing body may call in the official in charge of an office, department,
18 service, or institution at the time the estimates for the official's office, department, service, or institution
19 are under consideration for examination concerning the estimates. The official must be called in by the
20 governing body, upon the request of a taxpayer or resident, for questioning upon the estimates by the
21 governing body, taxpayer, or resident.

22 (2) The hearing may be continued from day to day and must be concluded and the budget finally
23 approved and adopted by resolution on or before the second Monday in August.

24 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
25 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

26
27 **NEW SECTION. Section 22. Final municipal budget -- approval and adoption -- appropriations.** (1)
28 Following the public hearing and after taking into consideration any public comment, the governing body
29 may amend the preliminary municipal budget. The preliminary municipal budget must be updated by the
30 finance officer, reflecting any changes made by the governing body. The amended preliminary municipal

1 budget, as approved by the governing body, constitutes the final budget of the municipality for the fiscal
 2 year that it is intended to cover. The governing body shall then pass a resolution for the fiscal year
 3 adopting the final municipal budget and authorizing appropriations.

4 (2) The resolution must authorize appropriations of enough money to defray the expenses or
 5 liabilities of the municipality for the fiscal year. The level of detail in the resolution establishes the legal
 6 spending limits of the municipality. The effective date of the resolution is the first day of the fiscal year.

7 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9

10 ~~Section 48. Section 7-6-4232, MCA, is amended to read:~~

11 ~~"7-6-4232. Fixing of tax levy exception. (1) On or before the second Monday in August and~~
 12 ~~after the approval and adoption of the final budget, the council governing body shall fix the tax levy for~~
 13 ~~each fund at a rate, not exceeding limits prescribed by law, that will raise the amount set out in the budget~~
 14 ~~as the amount necessary to be raised by tax levy for that fund during the current fiscal year. The taxable~~
 15 ~~valuation of the city municipality for the current fiscal year must be the basis for determining the amount~~
 16 ~~of the tax levy for each fund, and each tax levy must be at a rate not higher than is required on that basis,~~
 17 ~~without including any amount for anticipated tax delinquency, to raise the amount set out in the budget.~~

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

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

24 ~~(4) This section does not apply to a municipality that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26

27 NEW SECTION. Section 23. Limitation of expenditures. Except as provided in [section 47 22],
 28 the governing body and each municipal official are limited to the amount of appropriations and by the
 29 classifications in the annual appropriation resolution provided for in [section 47 22] when making
 30 expenditures or incurring liabilities.

1 **Section 24.** Section 7-6-4234, MCA, is amended to read:

2 "**7-6-4234. Effect of exceeding budget appropriations -- personal liability.** ~~(1)~~ Expenditures made,
3 or liabilities incurred, or warrants issued in excess of any ~~of the detailed budget appropriations~~ specific
4 appropriation contained in the annual appropriation resolution provided for in [section 47 22], as originally
5 determined or as ~~thereafter revised by transfer as provided in this part,~~ shall ~~are~~ not be a liability of the
6 municipality, but the official making or incurring ~~such expenditure or issuing such warrant shall be the~~
7 obligation is liable therefor for the obligation personally and upon ~~his official~~ the official's bond. The
8 subsequent claims approval process may not be considered making or incurring an obligation.

9 ~~(2) (a) The council shall not approve any claim and the clerk shall not issue any warrant for any~~
10 ~~expenditure in excess of said detailed budget appropriations, as finally adopted or as revised under the~~
11 ~~provisions of this part, except upon an order of a court of competent jurisdiction or for an emergency as~~
12 ~~hereinafter provided. Any municipal officer or officers approving any claim or issuing any warrant in excess~~
13 ~~of any such budget appropriation except as above provided shall forfeit to the city fourfold the amount of~~
14 ~~such claim or warrant.~~

15 ~~(b) The amount forfeited under subsection (2)(a) shall be recovered in an action against such officer~~
16 ~~or officers or all of them and their several sureties on their official bonds. It shall be the duty of the city~~
17 ~~attorney to bring an action therefor in the name of the municipal corporation."~~

18
19 NEW SECTION. **Section 25. Budget amendment procedure.** (1) The governing body or the chief
20 executive authorized in the annual appropriation resolution may transfer any part of an unencumbered
21 balance of an appropriation to a purpose or object for which the appropriation for the current year is
22 insufficient or may authorize a transfer to be made between items appropriated within the same fund.

23 (2) The governing body may delegate, in its annual appropriation resolution, budget amendment
24 authority to the chief executive for the expenditure of funds from any or all of the following: debt service
25 funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved
26 by the governing body, special assessments, and donations.

27 (3) Any accruing revenue of the municipality not appropriated as provided in this part and any
28 balance at any time remaining after the purpose of an appropriation has been satisfied or abandoned may
29 from time to time be appropriated to other uses that do not conflict with any uses for which specifically
30 the revenue accrued. A public hearing is required for an overall increase in appropriation authority, except

1 in the case of an emergency under Title 10, chapter 3.

2 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 3 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

4

5 **Section 26.** Section 7-6-4237, MCA, is amended to read:

6 **"7-6-4237. Use of bond proceeds and borrowed money.** (1) Money received from borrowing ~~shall~~
 7 may not be used for ~~no other~~ a purpose other than that for which borrowed, except that if any surplus
 8 remains after the accomplishment of the purpose for which borrowed, it ~~shall~~ must be used to redeem the
 9 municipal debt.

10 ~~(2) Where any budget shall contain an expenditure program to be financed from a bond issue to~~
 11 ~~be authorized thereafter, no expenditure shall be made or obligation incurred thereunder until such bonds~~
 12 ~~have been duly authorized and the proceeds are available.~~

13 ~~(3)(2)~~ The authorization of a bond issue by the electors or by the governing body of the city a
 14 municipality where an election is not required ~~shall constitute~~ constitutes an appropriation of the bond
 15 proceeds to the purpose for which the bonds are authorized, whether or not ~~such the~~ purpose is included
 16 in a budget previously adopted, but ~~no~~ warrants ~~shall~~ may not be drawn, expenditures made, or obligations
 17 incurred in excess of ~~such the~~ appropriation except pursuant to an additional appropriation included in a
 18 regularly adopted budget."

19

20 **Section 27.** Section 7-6-4240, MCA, is amended to read:

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

24 ~~(2) (a)(1)~~ The appropriation accounts must remain open for a period of ~~30~~ 60 days after the end
 25 of the fiscal year for the payment of claims incurred against the appropriations prior to the close of the
 26 fiscal year and remaining unpaid. After the ~~30-day~~ 60-day period has expired, all appropriations, except as
 27 otherwise provided ~~regarding uncompleted improvements~~, become null and void, and any lawful claim
 28 presented against any appropriation after the expiration of the 60-day period must be provided for in the
 29 ensuing budget.

30 ~~(b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting~~

1 ~~method provided for in Title 7, chapter 6, part 6.~~

2 (2) At the close of each fiscal year, the unencumbered balance of each appropriation must revert
3 to the respective fund from which it was appropriated and is subject to future appropriations unless the
4 governing body authorizes the unencumbered balance of capital outlay appropriations to be reappropriated
5 for the ensuing fiscal year.

6 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
7 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

8
9 NEW SECTION. Section 28. Emergency expenditures. (1) All emergency expenditures must be
10 charged to the emergency budget appropriations adopted by a governing body.

11 (2) Emergency expenditures may be made by the issuance of checks or warrants drawn on the
12 municipal treasury. The municipality is authorized and directed to pay the checks or warrants with any
13 money available for that purpose. If at any time there is insufficient money available to pay the emergency
14 expenditures, then emergency warrants must be issued and registered, must bear interest, and must be
15 called for payment in the manner provided by law for other municipal warrants.

16 (3) The finance officer shall include in the preliminary annual operating budget to be submitted to
17 the governing body the total amount of emergency warrants issued during the preceding fiscal year that
18 remain unpaid. Subject to the provisions of this section, the governing body shall, in the tax levies, include
19 a levy for each fund sufficient to raise an amount equal to the total amount of any emergency warrants
20 remaining unpaid at the close of the preceding fiscal year because of insufficient money in the fund to pay
21 the warrants.

22 (4) (a) A levy may not be made for any fund in excess of the levy authorized by law to be made
23 for the fund.

24 (b) The governing body may submit the question of funding the emergency warrants at an election
25 as provided by law. If possible, the election must be held in conjunction with a regular or primary election.
26 If at the election issuing of funding bonds is authorized, it is not necessary for any levy to be made for the
27 purpose of paying the emergency warrants.

28 (5) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
29 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

30

1 NEW SECTION. Section 29. Repealer. Sections 7-3-4371, 7-3-4372, 7-3-4373, ~~7-6-601, 7-6-602,~~
2 ~~7-6-603, 7-6-604,~~ 7-6-4102, 7-6-4103, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110,
3 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204,
4 7-6-4221, 7-6-4222, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228, 7-6-4229, 7-6-4230,
5 7-6-4231, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254,
6 and 7-6-4255, MCA, are repealed.

7

8 NEW SECTION. Section 30. Codification instruction. (1) [Sections ~~27 and 28~~ 3 AND 4] are
9 intended to be codified as an integral part of Title 7, chapter 6, part 41, and the provisions of Title 7,
10 chapter 6, part 41, apply to [sections ~~27 and 28~~ 3 AND 4].

11 (2) [Sections ~~37 through 47, 49, 51, and 54~~ 12 THROUGH 23, 25, AND 28] are intended to be
12 codified as an integral part of Title 7, chapter 6, part 42, and the provisions of Title 7, chapter 6, part 42,
13 apply to [sections ~~37 through 47, 49, 51, and 54~~ 12 THROUGH 23, 25, AND 28].

14

15 NEW SECTION. Section 31. Applicability. [This act] applies to municipal budgeting procedures
16 commencing on July 1, 1997.

17

18 NEW SECTION. Section 32. Effective date. [This act] is effective on passage and approval.

19

-END-

1 HOUSE BILL NO. 508

2 INTRODUCED BY DEVANEY, HERTEL

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MUNICIPAL BUDGET LAWS; AMENDING
5 SECTIONS 2-7-503, ~~2-7-504, 2-7-513, 7-6-2111, 7-6-2112, 7-6-2202, 7-6-2203, 7-6-2211, 7-6-2213,~~
6 ~~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 ~~7-6-2321, 7-6-2324, 7-6-2325, 7-6-2330, 7-6-2331, 7-6-2525,~~ 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124,
8 7-6-4134, 7-6-4135, 7-6-4202, ~~7-6-4203,~~ 7-6-4205, ~~7-6-4232,~~ 7-6-4234, 7-6-4237, AND 7-6-4240,
9 MCA; REPEALING SECTIONS 7-3-4371, 7-3-4372, 7-3-4373, ~~7-6-601, 7-6-602, 7-6-603, 7-6-604,~~
10 ~~7-6-4102, 7-6-4103, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110, 7-6-4111, 7-6-4112,~~
11 ~~7-6-4113, 7-6-4119, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204, 7-6-4221, 7-6-4222,~~
12 ~~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, 7-6-4233,~~
13 ~~7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254, AND 7-6-4255,~~
14 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY 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.**

APPROVED BY COM ON
LOCAL GOVERNMENT

HOUSE BILL NO. 508

INTRODUCED BY DEVANEY, HERTEL

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MUNICIPAL BUDGET LAWS; AMENDING SECTIONS 2-7-503, ~~2-7-504, 2-7-513, 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, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4232, 7-6-4234, 7-6-4237, AND 7-6-4240, MCA; REPEALING SECTIONS 7-3-4371, 7-3-4372, 7-3-4373, 7-6-601, 7-6-602, 7-6-603, 7-6-604, 7-6-4102, 7-6-4103, 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, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204, 7-6-4221, 7-6-4222, 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, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254, AND 7-6-4255, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."~~

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

Section 1. Section 2-7-503, MCA, is amended to read:

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

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

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000

1 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least every 2 years.
 2 The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from
 3 the close of the last fiscal year of the audit period. The audit must be completed and submitted to the
 4 department for review within 1 year from the close of the last fiscal year covered by the audit.

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

10 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
 11 compliance audit of an individual financial assistance program that a local government is required to
 12 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
 13 provides a state agency with the information it requires to carry out its responsibilities under state or federal
 14 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
 15 audits or reviews in order to avoid a duplication of effort.

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

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

23 (7) SUBSECTIONS (1) THROUGH (3) DO NOT APPLY TO A LOCAL GOVERNMENT ENTITY THAT
 24 HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6,
 25 PART 6.

26 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
 27 ~~alternative accounting method provided for in Title 7, chapter 6, part 6."~~

28

29 ~~Section 2. Section 2-7-504, MCA, is amended to read:~~

30 ~~"2-7-504. Accounting methods—exception. (1) Unless otherwise required by law, the department~~

1 ~~shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of~~
2 ~~all money belonging to local government entities and shall establish in those offices general methods and~~
3 ~~details of accounting. All local government entity officers shall conform with the accounting standards~~
4 ~~prescribed by the department.~~

5 ~~(2) This section does not apply to a local government entity that has adopted the alternative~~
6 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

7
8 ~~Section 3. Section 2-7-513, MCA, is amended to read:~~

9 ~~"2-7-513. Content of audit report and financial report -- exception. (1) The audit reports must~~
10 ~~comply with the reporting requirements of government auditing standards issued by the U.S. comptroller~~
11 ~~general and federal regulations adopted by department rule.~~

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

16 ~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative~~
17 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

18
19 ~~Section 4. Section 7-6-2111, MCA, is amended to read:~~

20 ~~"7-6-2111. Duties of county treasurer. (1) The county treasurer:~~

21 ~~(a)(1) must receive all money belonging to the county and all other money directed to be paid to~~
22 ~~the treasurer by law, safely keep the money, and apply and pay the money out, and account for the money~~
23 ~~as required by law;~~

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

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

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

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

1 ~~(d)(4) may not enter money received for the current year on the treasurer's account with the~~
 2 ~~county for the past fiscal year until after the treasurer's annual settlement for the past year has been made~~
 3 ~~with the county clerk;~~

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

6 ~~(2) This section does not apply to a county that has adopted the alternative accounting method~~
 7 ~~provided for in Title 7, chapter 6, part 6."~~

8
 9 ~~**Section 5.** Section 7-6-2112, MCA, is amended to read:~~

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

15 ~~(2) On the first Monday of January, April, July, and October of each year the county treasurer shall~~
 16 ~~settle with the board of county commissioners for all money collected. On those days the treasurer shall~~
 17 ~~deliver to the board affidavits verifying the reconciliation of the balance on hand in the county treasury.~~
 18 ~~After the approval of the statements and the accompanying affidavits, one copy of the quarterly report~~
 19 ~~must be filed with the county clerk of the county and one copy must be 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 Title 7, chapter 6, part 6."~~

22
 23 ~~**Section 6.** 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 shall draw~~
 25 ~~warrants on the county treasury in favor of all persons entitled 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 shall keep accounts current with the treasurer. When any person deposits with~~

1 ~~the county treasurer any money paid into the treasury, the county clerk must be furnished by the treasurer~~
 2 ~~with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the office of the~~
 3 ~~county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.~~

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

5 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 6 ~~provided for in Title 7, chapter 6, part 6."~~

7
 8 ~~Section 7. Section 7-6-2203, MCA, is amended to read:~~

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

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

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

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

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

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

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

21 ~~(g) other items that the department of commerce may prescribe.~~

22 ~~(2) The statement must be on the form designated by the department.~~

23 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 24 ~~provided for in Title 7, chapter 6, part 6."~~

25
 26 ~~Section 8. Section 7-6-2211, MCA, is amended to read:~~

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

1 from its current revenue and under the restrictions and regulations that may be imposed by the board of
 2 county commissioners of the county by a resolution duly adopted and included in the minutes of the board.

3 ~~(2) This section does not restrict the right of the board to make the necessary tax levies for interest
 4 and sinking fund purposes, and this section does not affect the right of any creditor of the county to pursue
 5 any remedy now given by law to obtain payment of a claim.~~

6 ~~(3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
 7 provided for in Title 7, chapter 6, part 6."~~

8
 9 **Section 8.** Section 7-6-2213, MCA, is amended to read:

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

15 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
 16 provided for in Title 7, chapter 6, part 6."~~

17
 18 **Section 10.** Section 7-6-2302, MCA, is amended to read:

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

23 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
 24 provided for in Title 7, chapter 6, part 6."~~

25
 26 **Section 11.** Section 7-6-2311, MCA, is amended to read:

27 ~~"7-6-2311. Filing of estimate of revenues revenue and expenses with county clerk — exception.
 28 (1) Before June 1 each year the county clerk and recorder shall notify in writing each county official in
 29 charge of an office, department, service, institution, or county-funded district court program of the county
 30 to file with the county clerk and recorder, before June 10, detailed and itemized estimates, both of the~~

1 ~~probable revenue from sources other than taxation and of all expenditures required by the office,~~
 2 ~~department, service, or institution for the next fiscal year.~~

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

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

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

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

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

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

24 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
 25 ~~provided for in Title 7, chapter 6, part 6."~~

26
 27 ~~Section 12. Section 7-6-2312, MCA, is amended to read:~~
 28 ~~"7-6-2312. Penalty for noncompliance with filing requirements — exception. (1) The county clerk~~
 29 ~~shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for~~
 30 ~~each day of delay. The total penalty against any official may not exceed \$50 in 1 year.~~

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

2 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 3 ~~provided for in Title 7, chapter 6, part 6."~~

4
 5 **Section 13.** ~~Section 7-6-2314, MCA, is amended to read:~~

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

8 ~~(a) salaries and wages;~~

9 ~~(b) maintenance and operation;~~

10 ~~(c) capital outlay;~~

11 ~~(d) interest and debt redemption;~~

12 ~~(e) miscellaneous; and~~

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

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

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

23 ~~(c) Expenditures for capital outlay must set forth and describe each object of expenditure~~
 24 ~~separately.~~

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

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

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

1 ~~provided for in Title 7, chapter 6, part 6."~~

2

3 ~~Section 14. Section 7-6-2315, MCA, is amended to read:~~

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

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

11 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
12 ~~provided for in Title 7, chapter 6, part 6."~~

13

14 ~~Section 15. Section 7-6-2316, MCA, is amended to read:~~

15 ~~"7-6-2316. Notice of hearing on county proposed budget — exception. (1) The board of county~~
16 ~~commissioners shall cause a notice to be published stating that:~~

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

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

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

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

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

25 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
26 ~~provided for in Title 7, chapter 6, part 6."~~

27

28 ~~Section 16. Section 7-6-2317, MCA, is amended to read:~~

29 ~~"7-6-2317. Hearing on county proposed budget — exception. (1) At least 3 days prior to the~~
30 ~~adoption of the final budget, the county commissioners shall meet at the time and place designated in the~~

1 notice provided for in ~~7-6-2316~~, at which time any taxpayer or resident of the county may appear and be
2 heard for or against any part of the budget.

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

6 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
7 ~~provided for in Title 7, chapter 6, part 6."~~

8

9 **Section 17.** ~~Section 7-6-2318, MCA, is amended to read:~~

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

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

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

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

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

26 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
27 ~~provided for in Title 7, chapter 6, part 6."~~

28

29 **Section 18.** ~~Section 7-6-2319, MCA, is amended to read:~~

30 ~~"7-6-2319. Determination of fund requirements to be met by tax levy -- exception. (1) Following~~

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

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

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

18 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 19 ~~provided for in Title 7, chapter 6, part 6."~~

20
 21 ~~Section 19. Section 7-6-2320, MCA, is amended to read:~~

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

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

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

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

28 ~~(d) the reserve for the next fiscal year; and~~

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

30 ~~(2) The board shall then by resolution approve and adopt the budget as finally determined and enter~~

1 ~~the budget at length in the official minutes of the board.~~

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

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

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

8 ~~(b) Amended appropriations must be classified as:~~

9 ~~(i) salaries and wages;~~

10 ~~(ii) maintenance and operation;~~

11 ~~(iii) capital outlay;~~

12 ~~(iv) interest and debt redemption; or~~

13 ~~(v) miscellaneous.~~

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

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

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

20 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
 21 ~~provided for in Title 7, chapter 6, part 6."~~

22
 23 **Section 20.** ~~Section 7-6-2321, MCA, is amended to read:~~

24 ~~"7-6-2321. Fixing of tax levy — exception. (1) On or before the second Monday in August and~~
 25 ~~after the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy~~
 26 ~~for each fund at a rate which that will raise the amount set out in the budget as the amount necessary to~~
 27 ~~be raised by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the~~
 28 ~~current fiscal year must be the basis for determining the amount of the tax levy for each fund. Each tax levy~~
 29 ~~must be at a rate not higher than is required on that basis, without including any amount for anticipated~~
 30 ~~tax delinquency, to produce the amount set out in the budget, without including any amount for anticipated~~

1 ~~tax delinquency, that is the amount to be raised by tax levy.~~

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

3 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
4 ~~provided for in Title 7, chapter 6, part 6."~~

5

6 ~~**Section 21.** Section 7-6-2324, MCA, is amended to read:~~

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

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

14 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
15 ~~provided for in Title 7, chapter 6, part 6."~~

16

17 ~~**Section 22.** Section 7-6-2325, MCA, is amended to read:~~

18 ~~"7-6-2325. Transfer of appropriations within and among expenditure classes. (1) Upon a resolution~~
19 ~~adopted by the board of county commissioners at a regular or special meeting and entered upon its~~
20 ~~minutes, transfers or revisions in the general budget system within the classifications set forth in~~
21 ~~7-6-2314(1)(a) through (1)(c) may be made, provided that a salary may not be increased above the amount~~
22 ~~appropriated.~~

23 ~~(2) This section does not apply to a county that has adopted the alternative accounting method~~
24 ~~provided for in Title 7, chapter 6, part 6."~~

25

26 ~~**Section 23.** Section 7-6-2330, MCA, is amended to read:~~

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

30 ~~(2) (a) The appropriation accounts must remain open for a period of 30 days after the end of the~~

1 ~~fiscal year for the payment of claims incurred against the appropriations prior to the close of the fiscal year~~
 2 ~~and remaining unpaid. After the period has expired, all appropriations, except as otherwise provided~~
 3 ~~regarding uncompleted improvements, become null and void, and any lawful claim presented after~~
 4 ~~expiration against any appropriation must be provided for in the ensuing budget.~~

5 ~~(b) Subsection (2)(a) does not apply to a county that has adopted the alternative accounting~~
 6 ~~method provided for in Title 7, chapter 6, part 6."~~

7

8 ~~**Section 24.** 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 the report is made,~~
 14 ~~together with the unexpended balance of each appropriation. The clerk and recorder shall also set forth the~~
 15 ~~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 the business~~
 19 ~~day.~~

20 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 21 ~~provided for in Title 7, chapter 6, part 6."~~

22

23 ~~**Section 25.** 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 Title 7, chapter 6, part 6."~~

2

3 **Section 2.** Section 7-6-4104, MCA, is amended to read:

4 "7-6-4104. **Duties of city treasurer relating to finances --exception -- EXCEPTION.** It is the duty
5 of the city treasurer:

6 (1) to receive all money that comes to the city municipality, either from taxation or otherwise, and
7 to pay the ~~same~~ money out on the warrant of the mayor, countersigned by the clerk or finance officer,
8 drawn in accordance with law;

9 (2) to give every person paying money to the treasurer a receipt, specifying the date of payment,
10 the amount, and for what paid;

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

13 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
14 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

15 ~~(4) This section does not apply to a city that has adopted the alternative accounting method~~
16 ~~provided for in Title 7, chapter 6, part 6."~~

17

18 **NEW SECTION. Section 3. Role of department of commerce.** (1) The department of commerce
19 shall prescribe for all municipalities:

20 (a) general methods and details of accounting as provided in 2-7-504;

21 (b) uniform internal and interim reporting systems as provided in 2-7-503;

22 (c) annual financial report forms as provided in 2-7-503; and

23 (d) general methods and details of accounting for the annual financial report as provided in
24 2-7-513.

25 (2) Municipalities shall file with the department of commerce:

26 (a) an annual financial report within 6 months of the fiscal yearend; and

27 (b) an audit report within ~~6~~ 12 months of the end of the audited period.

28 (3) The audit report must be accepted in lieu of the annual financial report if it contains, at a
29 minimum, the municipality's general purpose financial statements and combining and individual fund and
30 account group statements.

1 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 2 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

3
 4 **NEW SECTION. Section 4. Additional records and reports.** (1) The chief executive or governing
 5 body of a municipality may require other elected or appointed officials to:

- 6 (a) maintain financial records;
 7 (b) perform financial reconciliations; and
 8 (c) submit financial reports.

9 (2) The treasurer shall:

- 10 (a) serve as the custodian of all public money;
 11 (b) install and have supervision over the financial accounts of all departments and offices of the
 12 municipality; and
 13 (c) require daily departmental reports of money receipts and their disposition on forms that the
 14 treasurer prescribes.

15 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 16 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

17
 18 **Section 5.** Section 7-6-4121, MCA, is amended to read:

19 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) ~~In case~~ If the total
 20 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
 21 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
 22 may conduct its affairs and business on a cash basis as provided by subsection (2).

23 (2) (a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
 24 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
 25 and derived from its current revenue, under any restrictions and regulations as the city or town ~~council~~
 26 governing body may by ordinance prescribe.

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

1 (c) Before the payment of the current expenses ~~mentioned above~~ described in subsection (2)(a),
 2 the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and
 3 outstanding bonded indebtedness and any sinking funds provided for and is authorized to pay all valid
 4 claims against funds raised by tax especially authorized by law for the purpose of paying the claims.

5 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 6 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

7 ~~(3) This section does not apply to a city or town that has adopted the alternative accounting~~
 8 ~~method provided for in Title 7, chapter 6, part 6."~~

9
 10 **Section 6.** Section 7-6-4123, MCA, is amended to read:

11 **"7-6-4123. Procedure to transfer municipal funds.** ~~No money~~ Money may not ~~must~~ be transferred
 12 from one fund to another except by ~~ordinance or resolution of the council~~ governing body unless previously
 13 authorized by budget resolution or as prescribed by 7-6-4124."

14
 15 **Section 7.** Section 7-6-4124, MCA, is amended to read:

16 **"7-6-4124. Procedure to close inactive accounts.** ~~(1)~~(1) Whenever the ~~council~~ governing body
 17 of any city or town ~~having a corporate existence in this state~~ considers it necessary to remove inactive
 18 accounts from its records when the accounts do not have any further purpose, it is lawful for the ~~council~~
 19 governing body to direct the proper city or town officials to file claims against the respective inactive funds
 20 in favor of the general fund of the city or town, after which the ~~council~~ governing body shall allow the
 21 claims and cause the inactive funds to be closed and not continued in the record of active funds.

22 (2) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24 ~~(2) This section does not apply to a city or town that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26
 27 **Section 8.** Section 7-6-4134, MCA, is amended to read:

28 **"7-6-4134. Capital improvement program fund.** An amount not to exceed ~~5%~~ 10% of the money
 29 received from ~~and as a part of the aforesaid~~ an all-purpose levy provided for in 7-6-4452 may be placed
 30 in a separate fund, known as the capital improvement program fund, ~~to be earmarked for the replacement~~

1 ~~and acquisition of property, plant, or equipment costing in excess of \$5,000, with a life expectancy of 5~~
 2 ~~years or more, TO BE EARMARKED FOR THE REPLACEMENT, IMPROVEMENT, AND ACQUISITION OF~~
 3 ~~PROPERTY, FACILITIES, OR EQUIPMENT,~~ provided that a capital improvement program has been formally
 4 adopted by resolution of the city or town ordinance governing body."

5
 6 **Section 9.** Section 7-6-4135, MCA, is amended to read:

7 **"7-6-4135. Investment of money in capital improvement program fund.** The money held in the
 8 capital improvement program fund must, whenever possible, be invested ~~in savings or time deposits in a~~
 9 ~~state or national bank, savings and loan association, or credit union insured by the federal deposit insurance~~
 10 ~~corporation or by the national credit union administration or invested in direct obligations of the United~~
 11 ~~States government pursuant to Title 7, chapter 6, part 42 2, and all interest must be credited to the fund~~
 12 ~~plus interest earned."~~

13
 14 **Section 10.** Section 7-6-4202, MCA, is amended to read:

15 **"7-6-4202. Definitions.** As used in this part, the following definitions apply:

16 (1) ~~The term "clerk" means the clerk of the city~~ "Chief executive" means the elected executive in
 17 a government adopting the commission-executive form, the manager in a government adopting the
 18 commission-manager form, the presiding officer in a government adopting the commission-presiding officer
 19 form, the town presiding officer in a government adopting the town meeting form, the commission acting
 20 as a body in a government adopting the commission form, or the officer or officers so designated in the
 21 charter in a government adopting a charter.

22 (2) ~~The term "council" means the city council or city commission~~ "Finance officer" means the
 23 elected or appointed finance director, clerk, treasurer, or clerk-treasurer who has been delegated budget
 24 and accounting responsibilities.

25 (3) ~~The term "municipal corporation" or "municipality" means the city~~ "Governing body" means
 26 the municipal council or commission.

27 (4) ~~The term "treasurer" means the city treasurer~~ "Municipality" means an incorporated city or
 28 town.

29 (5) "Working capital" means the current assets of a fund less the current liabilities and designated
 30 reserves of a fund."

1 ~~Section 35. Section 7-6-4203, MCA, is amended to read:~~

2 ~~"7-6-4203. Scope of part. The provisions of this part apply to all cities or towns municipalities in~~
 3 ~~this state, except for cities and towns that have adopted the alternative accounting method provided for~~
 4 ~~in Title 7, chapter 6, part 6."~~

5
 6 **Section 11.** Section 7-6-4205, MCA, is amended to read:

7 **"7-6-4205. Budget and levies to be supplied to Role of department of commerce.** (1) The finance
 8 officer shall, not later than October 1, forward a complete copy of the final budget together with tax levies
 9 to the department of commerce.

10 (2) The finance officer shall use standard forms prescribed by the department of commerce or shall
 11 use an alternative budget format acceptable to the department of commerce. The department of commerce
 12 shall make rules and classifications and prescribe forms necessary to carry out the provisions of this part.
 13 It shall define what expenditures are chargeable to each budget account and shall establish accounting and
 14 cost systems necessary to provide accurate budget information. This section does not apply to a city or
 15 town that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6.

16 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

18
 19 **NEW SECTION. Section 12. Appropriation power.** A governing body may appropriate money and
 20 provide for the payment of the debts and expenses of the municipality.

21
 22 **NEW SECTION. Section 13. Appropriation requirement.** (1) Money, other than payments from
 23 agency funds, may not be drawn from the treasury of a municipality, and an obligation for the expenditure
 24 of money may not be incurred, except pursuant to an appropriation. The governing body may delegate,
 25 in its annual appropriation resolution, appropriation authority to the chief executive officer for the
 26 expenditure of funds from any or all of the following:

- 27 ~~(1)(A)~~ (A) debt service funds;
- 28 ~~(2)(B)~~ (B) enterprise funds;
- 29 ~~(3)(C)~~ (C) internal service funds;
- 30 ~~(4)(D)~~ (D) trust funds;

1 ~~(5)(E)~~ federal, state, and private grants accepted and approved by the governing body;
 2 ~~(6)(F)~~ special assessments; and
 3 ~~(7)(G)~~ donations.

4 (2) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 5 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

6

7 **NEW SECTION. Section 14. Manner of making payment for judgments against municipalities.** (1)

8 On receipt of the certificate of a justice of the peace or the clerk of the court in which any judgment is
 9 rendered, showing the amount of a judgment against a municipality and the date of its entry, the governing
 10 body shall direct that the amount of the judgment be paid from the general fund if there is sufficient money
 11 in the general fund to pay the judgement, exclusive of the appropriations for the current fiscal year.

12 (2) The governing body shall at the proper times levy and cause to be collected a tax on all the
 13 property of the municipality for the payment of the judgment within a period of 3 years from its
 14 presentation if there is not sufficient money, as provided in subsection (1), in the general fund to pay the
 15 judgment.

16 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18

19 **NEW SECTION. Section 15. Preliminary annual operating budget.** (1) The finance officer shall
 20 prepare, under the direction of the chief executive, a preliminary annual operating budget for the
 21 municipality. The finance officer shall use standard forms prescribed by the department of commerce or
 22 an alternative budget format acceptable to the department of commerce.

23 (2) The preliminary annual operating budget for each fund must include, at a minimum:

24 (a) a listing of all revenue and other resources for the prior year, current year budget, and proposed
 25 budget year. Revenue and other resources must be summarized into the following categories: taxes; special
 26 assessment principal; special assessment interest; licenses and permits; intergovernmental revenue; charges
 27 for services, fines, and forfeitures; interest on investments, other revenue, and operating transfers in.

28 (b) a listing of all expenditures for the prior year, current year budget, and proposed budget year.
 29 All expenditures must be classified under one of the following categories: salaries and wages, operation
 30 and maintenance, capital outlay, debt service, or transfers out.

1 (c) a projection of changes in fund balances or cash balances available for governmental fund types
 2 and a projection of changes in cash balances and working capital for proprietary fund types. This projection
 3 must be supported by a summary for each fund or group of funds listing the estimated beginning balance,
 4 plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending balances.

5 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
 6 the budget year;

7 (e) financial data on current and future debt obligations;

8 (f) schedules or summary tables of personnel or position counts for the prior year, current year,
 9 and budget year. The budgeted amounts for personnel services must be supported by a listing of positions,
 10 salaries, and benefits for all positions of the municipality. The listing of positions, salaries, and benefits is
 11 not required to be part of the budget document.

12 (g) all other estimates that fall under the purview of the budget.

13 (3) The preliminary annual operating budget for each fund for which the municipality will levy an
 14 ad valorem tax must include the amount to be raised by taxation, the taxable value, and the number of mills
 15 to be levied.

16 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18

19 NEW SECTION. **Section 16. Determination of fund requirements to be met by tax levy.** (1)
 20 Following the determinations required by [section 40 15], the governing body shall determine the amount
 21 to be raised for each fund for which a tax levy is to be made by adding the cash balance in excess of
 22 outstanding unpaid warrants at the close of the preceding fiscal year and the amount of the estimated
 23 revenues, if any, to accrue to the fund during the current fiscal year. It shall then deduct the total amount
 24 obtained from the total amount of the appropriations and authorized expenditures from the fund as
 25 determined by the governing body in the budget adopted and approved. The amount remaining is the
 26 amount necessary to be raised for any fund by tax levy during the current fiscal year.

27 (2) The governing body may add to the amount necessary to be raised for any fund by tax levy
 28 during the current fiscal year an additional amount as a reserve to meet expenditures to be made from the
 29 fund during the months of July to November of the next fiscal year. The undesignated amount held as a
 30 reserve may not exceed one-half of the total amount appropriated and authorized to be spent from the fund

1 during the current fiscal year, after deducting from the amount of the appropriations and authorized
2 expenditures the total amount appropriated and authorized to be spent for election expenses and payment
3 of emergency and other outstanding warrants.

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

7 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9
10 NEW SECTION. Section 17. Preliminary annual operating budget to be balanced. The preliminary
11 annual operating budget may not include appropriations in excess of the projected beginning balance of a
12 fund plus the estimated revenue of the fund for the year. THIS SECTION DOES NOT APPLY TO A
13 MUNICIPALITY THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN
14 TITLE 7, CHAPTER 6, PART 6.

15
16 NEW SECTION. Section 18. Due date for preliminary annual operating budget -- consideration of
17 budget. (1) The preliminary annual operating budget must be presented by the finance officer to the
18 governing body on or before the governing body’s first meeting in August.

19 (2) Upon receipt of the preliminary annual operating budget, the governing body shall immediately
20 consider the budget and make any revisions, reductions, additions, or changes the governing body
21 considers advisable.

22 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24
25 NEW SECTION. Section 19. Receipt and expenditure of money prior to adoption of final budget.
26 A municipality may receive and expend money between July 1 of the fiscal year and the effective date of
27 the resolution adopting a final municipal budget. THIS SECTION DOES NOT APPLY TO A MUNICIPALITY
28 THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER
29 6, PART 6.

1 **NEW SECTION. Section 20. Notice of preliminary municipal budget.** (1) The governing body shall
2 cause a notice to be published stating that:

3 (a) the governing body has completed its preliminary municipal budget for the ensuing fiscal year;

4 (b) the budget has been placed on file and is open to inspection in the office of the finance officer
5 of the municipality;

6 (c) the governing body will meet for the purpose of approving a final budget and making
7 appropriations, designating the date, time, and place of the meeting; and

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

10 (2) The publication requirements must conform to the provisions of 7-1-4127.

11 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
12 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

13

14 **NEW SECTION. Section 21. Hearing on proposed municipal budget.** (1) Prior to the adoption of
15 the final municipal budget, the governing body shall meet at the time and place designated in the notice
16 provided in [section 45 20], at which time any taxpayer or resident may appear and be heard for or against
17 any part of the budget. The governing body may call in the official in charge of an office, department,
18 service, or institution at the time the estimates for the official's office, department, service, or institution
19 are under consideration for examination concerning the estimates. The official must be called in by the
20 governing body, upon the request of a taxpayer or resident, for questioning upon the estimates by the
21 governing body, taxpayer, or resident.

22 (2) The hearing may be continued from day to day and must be concluded and the budget finally
23 approved and adopted by resolution on or before the second Monday in August.

24 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
25 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

26

27 **NEW SECTION. Section 22. Final municipal budget -- approval and adoption -- appropriations.** (1)
28 Following the public hearing and after taking into consideration any public comment, the governing body
29 may amend the preliminary municipal budget. The preliminary municipal budget must be updated by the
30 finance officer, reflecting any changes made by the governing body. The amended preliminary municipal

1 budget, as approved by the governing body, constitutes the final budget of the municipality for the fiscal
 2 year that it is intended to cover. The governing body shall then pass a resolution for the fiscal year
 3 adopting the final municipal budget and authorizing appropriations.

4 (2) The resolution must authorize appropriations of enough money to defray the expenses or
 5 liabilities of the municipality for the fiscal year. The level of detail in the resolution establishes the legal
 6 spending limits of the municipality. The effective date of the resolution is the first day of the fiscal year.

7 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9
 10 ~~Section 48. Section 7-6-4232, MCA, is amended to read:~~

11 ~~"7-6-4232. Fixing of tax levy exception. (1) On or before the second Monday in August and~~
 12 ~~after the approval and adoption of the final budget, the council governing body shall fix the tax levy for~~
 13 ~~each fund at a rate, not exceeding limits prescribed by law, that will raise the amount set out in the budget~~
 14 ~~as the amount necessary to be raised by tax levy for that fund during the current fiscal year. The taxable~~
 15 ~~valuation of the city municipality for the current fiscal year must be the basis for determining the amount~~
 16 ~~of the tax levy for each fund, and each tax levy must be at a rate not higher than is required on that basis,~~
 17 ~~without including any amount for anticipated tax delinquency, to raise the amount set out in the budget.~~

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

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

24 ~~(4) This section does not apply to a municipality that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26
 27 NEW SECTION. Section 23. Limitation of expenditures. Except as provided in [section 47 22],
 28 the governing body and each municipal official are limited to the amount of appropriations and by the
 29 classifications in the annual appropriation resolution provided for in [section 47 22] when making
 30 expenditures or incurring liabilities.

1 **Section 24.** Section 7-6-4234, MCA, is amended to read:

2 "**7-6-4234. Effect of exceeding budget appropriations -- personal liability.** ~~(1)~~ Expenditures made,
3 ~~or liabilities incurred, or warrants issued~~ in excess of any ~~of the detailed budget appropriations~~ specific
4 appropriation contained in the annual appropriation resolution provided for in [section 47 22], as originally
5 determined or as thereafter revised ~~by transfer as provided in this part,~~ shall are not be a liability of the
6 municipality, but the official making or incurring ~~such expenditure or issuing such warrant shall be the~~
7 obligation is liable ~~therefor~~ for the obligation personally and upon ~~his official~~ the official's bond. The
8 subsequent claims approval process may not be considered making or incurring an obligation.

9 ~~(2) (a) The council shall not approve any claim and the clerk shall not issue any warrant for any~~
10 ~~expenditure in excess of said detailed budget appropriations, as finally adopted or as revised under the~~
11 ~~provisions of this part, except upon an order of a court of competent jurisdiction or for an emergency as~~
12 ~~hereinafter provided. Any municipal officer or officers approving any claim or issuing any warrant in excess~~
13 ~~of any such budget appropriation except as above provided shall forfeit to the city fourfold the amount of~~
14 ~~such claim or warrant.~~

15 ~~(b) The amount forfeited under subsection (2)(a) shall be recovered in an action against such officer~~
16 ~~or officers or all of them and their several sureties on their official bonds. It shall be the duty of the city~~
17 ~~attorney to bring an action therefor in the name of the municipal corporation."~~

18
19 NEW SECTION. **Section 25. Budget amendment procedure.** (1) The governing body or the chief
20 executive authorized in the annual appropriation resolution may transfer any part of an unencumbered
21 balance of an appropriation to a purpose or object for which the appropriation for the current year is
22 insufficient or may authorize a transfer to be made between items appropriated within the same fund.

23 (2) The governing body may delegate, in its annual appropriation resolution, budget amendment
24 authority to the chief executive for the expenditure of funds from any or all of the following: debt service
25 funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved
26 by the governing body, special assessments, and donations.

27 (3) Any accruing revenue of the municipality not appropriated as provided in this part and any
28 balance at any time remaining after the purpose of an appropriation has been satisfied or abandoned may
29 from time to time be appropriated to other uses that do not conflict with any uses for which specifically
30 the revenue accrued. A public hearing is required for an overall increase in appropriation authority, except

1 in the case of an emergency under Title 10, chapter 3.

2 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 3 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

4
 5 **Section 26.** Section 7-6-4237, MCA, is amended to read:

6 **"7-6-4237. Use of bond proceeds and borrowed money.** (1) Money received from borrowing shall
 7 may not be used for ~~no other~~ a purpose other than that for which borrowed, except that if any surplus
 8 remains after the accomplishment of the purpose for which borrowed, it ~~shall~~ must be used to redeem the
 9 municipal debt.

10 ~~(2) Where any budget shall contain an expenditure program to be financed from a bond issue to~~
 11 ~~be authorized thereafter, no expenditure shall be made or obligation incurred thereunder until such bonds~~
 12 ~~have been duly authorized and the proceeds are available.~~

13 ~~(3)~~(2) The authorization of a bond issue by the electors or by the governing body of ~~the city a~~
 14 municipality where an election is not required ~~shall constitute~~ constitutes an appropriation of the bond
 15 proceeds to the purpose for which the bonds are authorized, whether or not ~~such the~~ purpose is included
 16 in a budget previously adopted, but ~~no~~ warrants ~~shall~~ may not be drawn, expenditures made, or obligations
 17 incurred in excess of ~~such the~~ appropriation except pursuant to an additional appropriation included in a
 18 regularly adopted budget."

19
 20 **Section 27.** Section 7-6-4240, MCA, is amended to read:

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

24 ~~(2) (a)~~(1) The appropriation accounts must remain open for a period of ~~30~~ 60 days after the end
 25 of the fiscal year for the payment of claims incurred against the appropriations prior to the close of the
 26 fiscal year and remaining unpaid. After the ~~30-day~~ 60-day period has expired, all appropriations, except as
 27 otherwise provided ~~regarding uncompleted improvements~~, become null and void, and any lawful claim
 28 presented against any appropriation after the expiration of the 60-day period must be provided for in the
 29 ensuing budget.

30 ~~(b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting~~

1 ~~method provided for in Title 7, chapter 6, part 6.~~

2 (2) At the close of each fiscal year, the unencumbered balance of each appropriation must revert
3 to the respective fund from which it was appropriated and is subject to future appropriations unless the
4 governing body authorizes the unencumbered balance of capital outlay appropriations to be reappropriated
5 for the ensuing fiscal year.

6 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
7 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

8

9 NEW SECTION. Section 28. Emergency expenditures. (1) All emergency expenditures must be
10 charged to the emergency budget appropriations adopted by A THREE-FOURTHS MAJORITY OF THE
11 MEMBERS PRESENT AT A MEETING OF a governing body.

12 (2) Emergency expenditures may be made by the issuance of checks or warrants drawn on the
13 municipal treasury. The municipality is authorized and directed to pay the checks or warrants with any
14 money available for that purpose. If at any time there is insufficient money available to pay the emergency
15 expenditures, then emergency warrants must be issued and registered, must bear interest, and must be
16 called for payment in the manner provided by law for other municipal warrants.

17 (3) The finance officer shall include in the preliminary annual operating budget to be submitted to
18 the governing body the total amount of emergency warrants issued during the preceding fiscal year that
19 remain unpaid. Subject to the provisions of this section, the governing body shall, in the tax levies, include
20 a levy for each fund sufficient to raise an amount equal to the total amount of any emergency warrants
21 remaining unpaid at the close of the preceding fiscal year because of insufficient money in the fund to pay
22 the warrants.

23 (4) (a) A levy may not be made for any fund in excess of the levy authorized by law to be made
24 for the fund.

25 (b) The governing body may submit the question of funding the emergency warrants at an election
26 as provided by law. If possible, the election must be held in conjunction with a regular or primary election.
27 If at the election issuing of funding bonds is authorized, it is not necessary for any levy to be made for the
28 purpose of paying the emergency warrants.

29 (5) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
30 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

HOUSE BILL NO. 508

INTRODUCED BY DEVANEY, HERTEL

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MUNICIPAL BUDGET LAWS; AMENDING SECTIONS 2-7-503, ~~2-7-504, 2-7-513, 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~~, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4202, ~~7-6-4203~~, 7-6-4205, ~~7-6-4232~~, 7-6-4234, 7-6-4237, AND 7-6-4240, MCA; REPEALING SECTIONS 7-3-4371, 7-3-4372, 7-3-4373, ~~7-6-601, 7-6-602, 7-6-603, 7-6-604~~, 7-6-4102, 7-6-4103, 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, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204, 7-6-4221, 7-6-4222, 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, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254, AND 7-6-4255, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 2-7-503, MCA, is amended to read:

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

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

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000

1 or federal financial assistance in excess of \$25,000 shall cause an audit to be made at least every 2 years.
 2 The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from
 3 the close of the last fiscal year of the audit period. The audit must be completed and submitted to the
 4 department for review within 1 year from the close of the last fiscal year covered by the audit.

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

10 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
 11 compliance audit of an individual financial assistance program that a local government is required to
 12 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
 13 provides a state agency with the information it requires to carry out its responsibilities under state or federal
 14 law or regulation, the state agency shall rely upon and use that information to plan and conduct its own
 15 audits or reviews in order to avoid a duplication of effort.

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

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

23 (7) SUBSECTIONS (1) THROUGH (3) DO NOT APPLY TO A LOCAL GOVERNMENT ENTITY THAT
 24 HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6,
 25 PART 6.

26 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
 27 ~~alternative accounting method provided for in Title 7, chapter 6, part 6."~~

28
 29 ~~Section 2, Section 2-7-504, MCA, is amended to read:~~

30 ~~"2-7-504. Accounting methods exception. (1) Unless otherwise required by law, the department~~

1 ~~shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of~~
 2 ~~all money belonging to local government entities and shall establish in those offices general methods and~~
 3 ~~details of accounting. All local government entity officers shall conform with the accounting standards~~
 4 ~~prescribed by the department.~~

5 ~~(2) This section does not apply to a local government entity that has adopted the alternative~~
 6 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

7
 8 ~~Section 3. Section 2-7-513, MCA, is amended to read:~~

9 ~~"2-7-513. Content of audit report and financial report -- exception. (1) The audit reports must~~
 10 ~~comply with the reporting requirements of government auditing standards issued by the U.S. comptroller~~
 11 ~~general and federal regulations adopted by department rule.~~

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

16 ~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative~~
 17 ~~accounting method provided for in Title 7, chapter 6, part 6."~~

18
 19 ~~Section 4. Section 7-6-2111, MCA, is amended to read:~~

20 ~~"7-6-2111. Duties of county treasurer. (1) The county treasurer:~~

21 ~~(a)(1) must receive all money belonging to the county and all other money directed to be paid to~~
 22 ~~the treasurer by law, safely keep the money, and apply and pay the money out, and account for the money~~
 23 ~~as required by law;~~

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

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

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

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

1 ~~(d)(4) may not enter money received for the current year on the treasurer's account with the~~
 2 ~~county for the past fiscal year until after the treasurer's annual settlement for the past year has been made~~
 3 ~~with the county clerk;~~

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

6 ~~(2) This section does not apply to a county that has adopted the alternative accounting method~~
 7 ~~provided for in Title 7, chapter 6, part 6."~~

8
 9 ~~Section 5. Section 7-6-2112, MCA, is amended to read:~~

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

15 ~~(2) On the first Monday of January, April, July, and October of each year the county treasurer shall~~
 16 ~~settle with the board of county commissioners for all money collected. On those days the treasurer shall~~
 17 ~~deliver to the board affidavits verifying the reconciliation of the balance on hand in the county treasury.~~
 18 ~~After the approval of the statements and the accompanying affidavits, one copy of the quarterly report~~
 19 ~~must be filed with the county clerk of the county and one copy must be 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 Title 7, chapter 6, part 6."~~

22
 23 ~~Section 6. 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 shall draw~~
 25 ~~warrants on the county treasury in favor of all persons entitled 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 shall keep accounts current with the treasurer. When any person deposits with~~

1 ~~the county treasurer any money paid into the treasury, the county clerk must be furnished by the treasurer~~
 2 ~~with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the office of the~~
 3 ~~county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.~~

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

5 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 6 ~~provided for in Title 7, chapter 6, part 6."~~

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

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

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

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

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

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

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

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

21 ~~(g) other items that the department of commerce may prescribe.~~

22 ~~(2) The statement must be on the form designated by the department.~~

23 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 24 ~~provided for in Title 7, chapter 6, part 6."~~

25
 26 **Section 8.** ~~Section 7-6-2211, MCA, is amended to read:~~

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

1 from its current revenue and under the restrictions and regulations that may be imposed by the board of
2 county commissioners of the county by a resolution duly adopted and included in the minutes of the board.

3 ~~(2) This section does not restrict the right of the board to make the necessary tax levies for interest
4 and sinking fund purposes, and this section does not affect the right of any creditor of the county to pursue
5 any remedy now given by law to obtain payment of a claim.~~

6 ~~(3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
7 provided for in Title 7, chapter 6, part 6."~~

8
9 **Section 9.** ~~Section 7-6-2213, MCA, is amended to read:~~

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

15 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
16 provided for in Title 7, chapter 6, part 6."~~

17
18 **Section 10.** ~~Section 7-6-2302, MCA, is amended to read:~~

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

23 ~~(2) This section does not apply to a county that has adopted the alternative accounting method
24 provided for in Title 7, chapter 6, part 6."~~

25
26 **Section 11.** ~~Section 7-6-2311, MCA, is amended to read:~~

27 ~~"7-6-2311. Filing of estimate of revenues revenue and expenses with county clerk -- exception.
28 (1) Before June 1 each year the county clerk and recorder shall notify in writing each county official in
29 charge of an office, department, service, institution, or county funded district court program of the county
30 to file with the county clerk and recorder, before June 10, detailed and itemized estimates, both of the~~

1 ~~probable revenue from sources other than taxation and of all expenditures required by the office,~~
 2 ~~department, service, or institution for the next fiscal year.~~

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

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

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

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

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

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

24 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
 25 ~~provided for in Title 7, chapter 6, part 6."~~

26
 27 **Section 12.** ~~Section 7-6-2312, MCA, is amended to read:~~

28 ~~"7-6-2312. Penalty for noncompliance with filing requirements — exception. (1) The county clerk~~
 29 ~~shall withhold as a penalty from the salary of each official failing or refusing to file the estimates, \$10 for~~
 30 ~~each day of delay. The total penalty against any official may not exceed \$50 in 1 year.~~

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

2 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 3 ~~provided for in Title 7, chapter 6, part 6."~~

4
 5 **Section 13.** ~~Section 7-6-2314, MCA, is amended to read:~~

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

8 ~~(a) salaries and wages;~~

9 ~~(b) maintenance and operation;~~

10 ~~(c) capital outlay;~~

11 ~~(d) interest and debt redemption;~~

12 ~~(e) miscellaneous; and~~

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

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

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

23 ~~(c) Expenditures for capital outlay must set forth and describe each object of expenditure~~
 24 ~~separately.~~

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

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

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

1 ~~provided for in Title 7, chapter 6, part 6."~~

2

3 ~~Section 14. Section 7-6-2315, MCA, is amended to read:~~

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

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

11 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
12 ~~provided for in Title 7, chapter 6, part 6."~~

13

14 ~~Section 15. Section 7-6-2316, MCA, is amended to read:~~

15 ~~"7-6-2316. Notice of hearing on county proposed budget -- exception. (1) The board of county~~
16 ~~commissioners shall cause a notice to be published stating that:~~

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

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

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

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

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

25 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
26 ~~provided for in Title 7, chapter 6, part 6."~~

27

28 ~~Section 16. Section 7-6-2317, MCA, is amended to read:~~

29 ~~"7-6-2317. Hearing on county proposed budget -- exception. (1) At least 3 days prior to the~~
30 ~~adoption of the final budget, the county commissioners shall meet at the time and place designated in the~~

1 ~~notice provided for in 7-6-2316, at which time any taxpayer or resident of the county may appear and be~~
 2 ~~heard for or against any part of the budget.~~

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

6 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 7 ~~provided for in Title 7, chapter 6, part 6."~~

8

9 **Section 17.** ~~Section 7-6-2318, MCA, is amended to read:~~

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

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

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

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

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

26 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
 27 ~~provided for in Title 7, chapter 6, part 6."~~

28

29 **Section 18.** ~~Section 7-6-2319, MCA, is amended to read:~~

30 ~~"7-6-2319. Determination of fund requirements to be met by tax levy -- exception. (1) Following~~

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

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

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

18 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
 19 ~~provided for in Title 7, chapter 6, part 6."~~

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

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

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

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

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

28 ~~(d) the reserve for the next fiscal year; and~~

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

30 ~~(2) The board shall then by resolution approve and adopt the budget as finally determined and enter~~

1 ~~the budget at length in the official minutes of the board.~~

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

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

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

8 ~~(b) Amended appropriations must be classified as:~~

9 ~~(i) salaries and wages;~~

10 ~~(ii) maintenance and operation;~~

11 ~~(iii) capital outlay;~~

12 ~~(iv) interest and debt redemption; or~~

13 ~~(v) miscellaneous.~~

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

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

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

20 ~~(5) This section does not apply to a county that has adopted the alternative accounting method~~
 21 ~~provided for in Title 7, chapter 6, part 6."~~

22

23 ~~Section 20. Section 7-6-2321, MCA, is amended to read:~~

24 ~~"7-6-2321. Fixing of tax levy -- exception. (1) On or before the second Monday in August and~~
 25 ~~after the approval and adoption of the final budget, the board of county commissioners shall fix the tax levy~~
 26 ~~for each fund at a rate which that will raise the amount set out in the budget as the amount necessary to~~
 27 ~~be raised by tax levy for the fund during the current fiscal year. The taxable valuation of the county for the~~
 28 ~~current fiscal year must be the basis for determining the amount of the tax levy for each fund. Each tax levy~~
 29 ~~must be at a rate not higher than is required on that basis, without including any amount for anticipated~~
 30 ~~tax delinquency, to produce the amount set out in the budget, without including any amount for anticipated~~

1 ~~tax delinquency, that is the amount to be raised by tax levy.~~

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

3 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
4 ~~provided for in Title 7, chapter 6, part 6."~~

5

6 ~~Section 21. Section 7-6-2324, MCA, is amended to read:~~

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

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

14 ~~(3) This section does not apply to a county that has adopted the alternative accounting method~~
15 ~~provided for in Title 7, chapter 6, part 6."~~

16

17 ~~Section 22. Section 7-6-2325, MCA, is amended to read:~~

18 ~~"7-6-2325. Transfer of appropriations within and among expenditure classes. (1) Upon a resolution~~
19 ~~adopted by the board of county commissioners at a regular or special meeting and entered upon its~~
20 ~~minutes, transfers or revisions in the general budget system within the classifications set forth in~~
21 ~~7-6-2314(1)(a) through (1)(c) may be made, provided that a salary may not be increased above the amount~~
22 ~~appropriated.~~

23 ~~(2) This section does not apply to a county that has adopted the alternative accounting method~~
24 ~~provided for in Title 7, chapter 6, part 6."~~

25

26 ~~Section 23. Section 7-6-2330, MCA, is amended to read:~~

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

30 ~~(2) (a) The appropriation accounts must remain open for a period of 30 days after the end of the~~

1 fiscal year for the payment of claims incurred against the appropriations prior to the close of the fiscal year
2 and remaining unpaid. After the period has expired, all appropriations, except as otherwise provided
3 regarding uncompleted improvements, become null and void, and any lawful claim presented after
4 expiration against any appropriation must be provided for in the ensuing budget.

5 (b) ~~Subsection (2)(a) does not apply to a county that has adopted the alternative accounting~~
6 ~~method provided for in Title 7, chapter 6, part 6."~~

7

8 **Section 24.** ~~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 the report is made,~~
14 ~~together with the unexpended balance of each appropriation. The clerk and recorder shall also set forth the~~
15 ~~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 the business~~
19 ~~day.~~

20 (3) ~~This section does not apply to a county that has adopted the alternative accounting method~~
21 ~~provided for in Title 7, chapter 6, part 6."~~

22

23 **Section 25.** ~~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 Title 7, chapter 6, part 6."~~

2
3 **Section 2.** Section 7-6-4104, MCA, is amended to read:

4 "**7-6-4104. Duties of city treasurer relating to finances —~~exception~~ -- EXCEPTION.** It is the duty
5 of the city treasurer:

6 (1) to receive all money that comes to the city municipality, either from taxation or otherwise, and
7 to pay the ~~same~~ money out on the warrant of the mayor, countersigned by the clerk or finance officer,
8 drawn in accordance with law;

9 (2) to give every person paying money to the treasurer a receipt, specifying the date of payment,
10 the amount, and for what paid;

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

13 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
14 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

15 ~~(4) This section does not apply to a city that has adopted the alternative accounting method~~
16 ~~provided for in Title 7, chapter 6, part 6."~~

17
18 NEW SECTION. Section 3. Role of department of commerce. (1) The department of commerce
19 shall prescribe for all municipalities:

20 (a) general methods and details of accounting as provided in 2-7-504;

21 (b) uniform internal and interim reporting systems as provided in 2-7-503;

22 (c) annual financial report forms as provided in 2-7-503; and

23 (d) general methods and details of accounting for the annual financial report as provided in
24 2-7-513.

25 (2) Municipalities shall file with the department of commerce:

26 (a) an annual financial report within 6 months of the fiscal yearend; and

27 (b) an audit report within ~~6~~ 12 months of the end of the audited period.

28 (3) The audit report must be accepted in lieu of the annual financial report if it contains, at a
29 minimum, the municipality's general purpose financial statements and combining and individual fund and
30 account group statements.

1 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
2 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

3
4 NEW SECTION. Section 4. Additional records and reports. (1) The chief executive or governing
5 body of a municipality may require other elected or appointed officials to:

- 6 (a) maintain financial records;
7 (b) perform financial reconciliations; and
8 (c) submit financial reports.

9 (2) The treasurer shall:

- 10 (a) serve as the custodian of all public money;
11 (b) install and have supervision over the financial accounts of all departments and offices of the
12 municipality; and
13 (c) require daily departmental reports of money receipts and their disposition on forms that the
14 treasurer prescribes.

15 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
16 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

17
18 **Section 5.** Section 7-6-4121, MCA, is amended to read:

19 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) ~~In case~~ If the total
20 indebtedness of a city or town has reached 17% of the total taxable value of the property of the city or
21 town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town
22 may conduct its affairs and business on a cash basis as provided by subsection (2).

23 (2) (a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
24 and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury
25 and derived from its current revenue, under any restrictions and regulations as the city or town ~~council~~
26 governing body may by ordinance prescribe.

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

1 (c) Before the payment of the current expenses ~~mentioned above~~ described in subsection (2)(a),
 2 the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and
 3 outstanding bonded indebtedness and any sinking funds provided for and is authorized to pay all valid
 4 claims against funds raised by tax especially authorized by law for the purpose of paying the claims.

5 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 6 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

7 ~~(3) This section does not apply to a city or town that has adopted the alternative accounting~~
 8 ~~method provided for in Title 7, chapter 6, part 6."~~

9
 10 **Section 6.** Section 7-6-4123, MCA, is amended to read:

11 **"7-6-4123. Procedure to transfer municipal funds.** ~~No money~~ Money may not ~~must~~ be transferred
 12 from one fund to another except by ~~ordinance or~~ resolution of the ~~council~~ governing body unless previously
 13 authorized by budget resolution or as prescribed by 7-6-4124."

14
 15 **Section 7.** Section 7-6-4124, MCA, is amended to read:

16 **"7-6-4124. Procedure to close inactive accounts.** ~~(1)(1)~~ (1) Whenever the ~~council~~ governing body
 17 of any city or town ~~having a corporate existence in this state~~ considers it necessary to remove inactive
 18 accounts from its records when the accounts do not have any further purpose, it is lawful for the ~~council~~
 19 governing body to direct the proper city or town officials to file claims against the respective inactive funds
 20 in favor of the general fund of the city or town, after which the ~~council~~ governing body shall allow the
 21 claims and cause the inactive funds to be closed and not continued in the record of active funds.

22 (2) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24 ~~(2) This section does not apply to a city or town that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26
 27 **Section 8.** Section 7-6-4134, MCA, is amended to read:

28 **"7-6-4134. Capital improvement program fund.** An amount not to exceed ~~5%~~ 10% of the money
 29 received from ~~and as a part of the aforesaid~~ an all-purpose levy provided for in 7-6-4452 may be placed
 30 in a separate fund, known as the capital improvement program fund, ~~to be earmarked for the replacement~~

1 ~~and acquisition of property, plant, or equipment costing in excess of \$5,000, with a life expectancy of 5~~
 2 ~~years or more, TO BE EARMARKED FOR THE REPLACEMENT, IMPROVEMENT, AND ACQUISITION OF~~
 3 ~~PROPERTY, FACILITIES, OR EQUIPMENT,~~ provided that a capital improvement program has been formally
 4 adopted by resolution of the city or town ordinance governing body."

5

6 **Section 9.** Section 7-6-4135, MCA, is amended to read:

7 **"7-6-4135. Investment of money in capital improvement program fund.** The money held in the
 8 capital improvement program fund must, whenever possible, be invested ~~in savings or time deposits in a~~
 9 ~~state or national bank, savings and loan association, or credit union insured by the federal deposit insurance~~
 10 ~~corporation or by the national credit union administration or invested in direct obligations of the United~~
 11 ~~States government pursuant to Title 7, chapter 6, part 42 2, and all interest~~ must be credited to the fund
 12 ~~plus interest earned."~~

13

14 **Section 10.** Section 7-6-4202, MCA, is amended to read:

15 **"7-6-4202. Definitions.** As used in this part, the following definitions apply:

16 (1) ~~The term "clerk" means the clerk of the city~~ "Chief executive" means the elected executive in
 17 a government adopting the commission-executive form, the manager in a government adopting the
 18 commission-manager form, the presiding officer in a government adopting the commission-presiding officer
 19 form, the town presiding officer in a government adopting the town meeting form, the commission acting
 20 as a body in a government adopting the commission form, or the officer or officers so designated in the
 21 charter in a government adopting a charter.

22 (2) ~~The term "council" means the city council or city commission~~ "Finance officer" means the
 23 elected or appointed finance director, clerk, treasurer, or clerk-treasurer who has been delegated budget
 24 and accounting responsibilities.

25 (3) ~~The term "municipal corporation" or "municipality" means the city~~ "Governing body" means
 26 the municipal council or commission.

27 (4) ~~The term "treasurer" means the city treasurer~~ "Municipality" means an incorporated city or
 28 town.

29 (5) "Working capital" means the current assets of a fund less the current liabilities and designated
 30 reserves of a fund."

1 ~~Section 35. Section 7-6-4203, MCA, is amended to read:~~

2 ~~"7-6-4203. **Scope of part.** The provisions of this part apply to all cities or towns municipalities in~~
 3 ~~this state, except for cities and towns that have adopted the alternative accounting method provided for~~
 4 ~~in Title 7, chapter 6, part 6."~~

5
 6 **Section 11.** Section 7-6-4205, MCA, is amended to read:

7 **"7-6-4205. Budget and levies to be supplied to ~~Role of~~ department of commerce.** (1) The finance
 8 officer shall, not later than October 1, forward a complete copy of the final budget together with tax levies
 9 to the department of commerce.

10 (2) The finance officer shall use standard forms prescribed by the department of commerce or shall
 11 use an alternative budget format acceptable to the department of commerce. ~~The department of commerce~~
 12 ~~shall make rules and classifications and prescribe forms necessary to carry out the provisions of this part.~~
 13 ~~It shall define what expenditures are chargeable to each budget account and shall establish accounting and~~
 14 ~~cost systems necessary to provide accurate budget information. This section does not apply to a city or~~
 15 ~~town that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6.~~

16 (3) THIS SECTION DOES NOT APPLY TO A CITY OR TOWN THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

18
 19 **NEW SECTION. Section 12. Appropriation power.** A governing body may appropriate money and
 20 provide for the payment of the debts and expenses of the municipality.

21
 22 **NEW SECTION. Section 13. Appropriation requirement.** (1) Money, other than payments from
 23 agency funds, may not be drawn from the treasury of a municipality, and an obligation for the expenditure
 24 of money may not be incurred, except pursuant to an appropriation. The governing body may delegate,
 25 in its annual appropriation resolution, appropriation authority to the chief executive officer for the
 26 expenditure of funds from any or all of the following:

27 ~~(1)(A)~~ (A) debt service funds;

28 ~~(2)(B)~~ (B) enterprise funds;

29 ~~(3)(C)~~ (C) internal service funds;

30 ~~(4)(D)~~ (D) trust funds;

- 1 ~~(E)~~ federal, state, and private grants accepted and approved by the governing body;
 2 ~~(F)~~ special assessments; and
 3 ~~(G)~~ donations.

4 (2) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 5 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

6

7 **NEW SECTION. Section 14. Manner of making payment for judgments against municipalities.** (1)

8 On receipt of the certificate of a justice of the peace or the clerk of the court in which any judgment is
 9 rendered, showing the amount of a judgment against a municipality and the date of its entry, the governing
 10 body shall direct that the amount of the judgment be paid from the general fund if there is sufficient money
 11 in the general fund to pay the judgement, exclusive of the appropriations for the current fiscal year.

12 (2) The governing body shall at the proper times levy and cause to be collected a tax on all the
 13 property of the municipality for the payment of the judgment within a period of 3 years from its
 14 presentation if there is not sufficient money, as provided in subsection (1), in the general fund to pay the
 15 judgment.

16 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18

19 **NEW SECTION. Section 15. Preliminary annual operating budget.** (1) The finance officer shall

20 prepare, under the direction of the chief executive, a preliminary annual operating budget for the
 21 municipality. The finance officer shall use standard forms prescribed by the department of commerce or
 22 an alternative budget format acceptable to the department of commerce.

23 (2) The preliminary annual operating budget for each fund must include, at a minimum:

24 (a) a listing of all revenue and other resources for the prior year, current year budget, and proposed
 25 budget year. Revenue and other resources must be summarized into the following categories: taxes; special
 26 assessment principal; special assessment interest; licenses and permits; intergovernmental revenue; charges
 27 for services, fines, and forfeitures; interest on investments, other revenue, and operating transfers in.

28 (b) a listing of all expenditures for the prior year, current year budget, and proposed budget year.
 29 All expenditures must be classified under one of the following categories: salaries and wages, operation
 30 and maintenance, capital outlay, debt service, or transfers out.

1 (c) a projection of changes in fund balances or cash balances available for governmental fund types
2 and a projection of changes in cash balances and working capital for proprietary fund types. This projection
3 must be supported by a summary for each fund or group of funds listing the estimated beginning balance,
4 plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending balances.

5 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
6 the budget year;

7 (e) financial data on current and future debt obligations;

8 (f) schedules or summary tables of personnel or position counts for the prior year, current year,
9 and budget year. The budgeted amounts for personnel services must be supported by a listing of positions,
10 salaries, and benefits for all positions of the municipality. The listing of positions, salaries, and benefits is
11 not required to be part of the budget document.

12 (g) all other estimates that fall under the purview of the budget.

13 (3) The preliminary annual operating budget for each fund for which the municipality will levy an
14 ad valorem tax must include the amount to be raised by taxation, the taxable value, and the number of mills
15 to be levied.

16 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
17 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

18
19 NEW SECTION. Section 16. Determination of fund requirements to be met by tax levy. (1)
20 Following the determinations required by [section ~~40~~ 15], the governing body shall determine the amount
21 to be raised for each fund for which a tax levy is to be made by adding the cash balance in excess of
22 outstanding unpaid warrants at the close of the preceding fiscal year and the amount of the estimated
23 revenues, if any, to accrue to the fund during the current fiscal year. It shall then deduct the total amount
24 obtained from the total amount of the appropriations and authorized expenditures from the fund as
25 determined by the governing body in the budget adopted and approved. The amount remaining is the
26 amount necessary to be raised for any fund by tax levy during the current fiscal year.

27 (2) The governing body may add to the amount necessary to be raised for any fund by tax levy
28 during the current fiscal year an additional amount as a reserve to meet expenditures to be made from the
29 fund during the months of July to November of the next fiscal year. The undesignated amount held as a
30 reserve may not exceed one-half of the total amount appropriated and authorized to be spent from the fund

1 during the current fiscal year, after deducting from the amount of the appropriations and authorized
 2 expenditures the total amount appropriated and authorized to be spent for election expenses and payment
 3 of emergency and other outstanding warrants.

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

7 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9

10 NEW SECTION. Section 17. Preliminary annual operating budget to be balanced. The preliminary
 11 annual operating budget may not include appropriations in excess of the projected beginning balance of a
 12 fund plus the estimated revenue of the fund for the year. THIS SECTION DOES NOT APPLY TO A
 13 MUNICIPALITY THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN
 14 TITLE 7, CHAPTER 6, PART 6.

15

16 NEW SECTION. Section 18. Due date for preliminary annual operating budget -- consideration of
 17 budget. (1) The preliminary annual operating budget must be presented by the finance officer to the
 18 governing body on or before the governing body's first meeting in August.

19 (2) Upon receipt of the preliminary annual operating budget, the governing body shall immediately
 20 consider the budget and make any revisions, reductions, additions, or changes the governing body
 21 considers advisable.

22 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 23 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

24

25 NEW SECTION. Section 19. Receipt and expenditure of money prior to adoption of final budget.
 26 A municipality may receive and expend money between July 1 of the fiscal year and the effective date of
 27 the resolution adopting a final municipal budget. THIS SECTION DOES NOT APPLY TO A MUNICIPALITY
 28 THAT HAS ADOPTED THE ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER
 29 6, PART 6.

30

1 **NEW SECTION. Section 20. Notice of preliminary municipal budget.** (1) The governing body shall
2 cause a notice to be published stating that:

3 (a) the governing body has completed its preliminary municipal budget for the ensuing fiscal year;

4 (b) the budget has been placed on file and is open to inspection in the office of the finance officer
5 of the municipality;

6 (c) the governing body will meet for the purpose of approving a final budget and making
7 appropriations, designating the date, time, and place of the meeting; and

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

10 (2) The publication requirements must conform to the provisions of 7-1-4127.

11 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
12 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

13

14 **NEW SECTION. Section 21. Hearing on proposed municipal budget.** (1) Prior to the adoption of
15 the final municipal budget, the governing body shall meet at the time and place designated in the notice
16 provided in [section ~~45~~ 20], at which time any taxpayer or resident may appear and be heard for or against
17 any part of the budget. The governing body may call in the official in charge of an office, department,
18 service, or institution at the time the estimates for the official's office, department, service, or institution
19 are under consideration for examination concerning the estimates. The official must be called in by the
20 governing body, upon the request of a taxpayer or resident, for questioning upon the estimates by the
21 governing body, taxpayer, or resident.

22 (2) The hearing may be continued from day to day and must be concluded and the budget finally
23 approved and adopted by resolution on or before the second Monday in August.

24 **(3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE**
25 **ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.**

26

27 **NEW SECTION. Section 22. Final municipal budget -- approval and adoption -- appropriations.** (1)
28 Following the public hearing and after taking into consideration any public comment, the governing body
29 may amend the preliminary municipal budget. The preliminary municipal budget must be updated by the
30 finance officer, reflecting any changes made by the governing body. The amended preliminary municipal

1 budget, as approved by the governing body, constitutes the final budget of the municipality for the fiscal
 2 year that it is intended to cover. The governing body shall then pass a resolution for the fiscal year
 3 adopting the final municipal budget and authorizing appropriations.

4 (2) The resolution must authorize appropriations of enough money to defray the expenses or
 5 liabilities of the municipality for the fiscal year. The level of detail in the resolution establishes the legal
 6 spending limits of the municipality. The effective date of the resolution is the first day of the fiscal year.

7 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 8 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

9

10 ~~Section 48. Section 7-6-4232, MCA, is amended to read:~~

11 ~~"7-6-4232. Fixing of tax levy exception. (1) On or before the second Monday in August and~~
 12 ~~after the approval and adoption of the final budget, the council governing body shall fix the tax levy for~~
 13 ~~each fund at a rate, not exceeding limits prescribed by law, that will raise the amount set out in the budget~~
 14 ~~as the amount necessary to be raised by tax levy for that fund during the current fiscal year. The taxable~~
 15 ~~valuation of the city municipality for the current fiscal year must be the basis for determining the amount~~
 16 ~~of the tax levy for each fund, and each tax levy must be at a rate not higher than is required on that basis,~~
 17 ~~without including any amount for anticipated tax delinquency, to raise the amount set out in the budget.~~

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

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

24 ~~(4) This section does not apply to a municipality that has adopted the alternative accounting~~
 25 ~~method provided for in Title 7, chapter 6, part 6."~~

26

27 NEW SECTION. Section 23. Limitation of expenditures. Except as provided in [section 47 22],
 28 the governing body and each municipal official are limited to the amount of appropriations and by the
 29 classifications in the annual appropriation resolution provided for in [section 47 22] when making
 30 expenditures or incurring liabilities.

1 **Section 24.** Section 7-6-4234, MCA, is amended to read:

2 "**7-6-4234. Effect of exceeding budget appropriations -- personal liability.** ~~(1)~~ Expenditures made,
3 ~~or liabilities incurred, or warrants issued~~ in excess of any ~~of the detailed budget appropriations specific~~
4 ~~appropriation contained in the annual appropriation resolution provided for in [section 47 22],~~ as originally
5 determined or as ~~thereafter revised by transfer as provided in this part,~~ shall are not be a liability of the
6 municipality, but the official making or incurring ~~such expenditure or issuing such warrant shall be the~~
7 obligation is liable therefor for the obligation personally and upon ~~his official~~ the official's bond. The
8 subsequent claims approval process may not be considered making or incurring an obligation.

9 ~~(2) (a) The council shall not approve any claim and the clerk shall not issue any warrant for any~~
10 ~~expenditure in excess of said detailed budget appropriations, as finally adopted or as revised under the~~
11 ~~provisions of this part, except upon an order of a court of competent jurisdiction or for an emergency as~~
12 ~~hereinafter provided. Any municipal officer or officers approving any claim or issuing any warrant in excess~~
13 ~~of any such budget appropriation except as above provided shall forfeit to the city fourfold the amount of~~
14 ~~such claim or warrant.~~

15 ~~(b) The amount forfeited under subsection (2)(a) shall be recovered in an action against such officer~~
16 ~~or officers or all of them and their several sureties on their official bonds. It shall be the duty of the city~~
17 ~~attorney to bring an action therefor in the name of the municipal corporation."~~

18
19 **NEW SECTION. Section 25. Budget amendment procedure.** (1) The governing body or the chief
20 executive authorized in the annual appropriation resolution may transfer any part of an unencumbered
21 balance of an appropriation to a purpose or object for which the appropriation for the current year is
22 insufficient or may authorize a transfer to be made between items appropriated within the same fund.

23 (2) The governing body may delegate, in its annual appropriation resolution, budget amendment
24 authority to the chief executive for the expenditure of funds from any or all of the following: debt service
25 funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved
26 by the governing body, special assessments, and donations.

27 (3) Any accruing revenue of the municipality not appropriated as provided in this part and any
28 balance at any time remaining after the purpose of an appropriation has been satisfied or abandoned may
29 from time to time be appropriated to other uses that do not conflict with any uses for which specifically
30 the revenue accrued. A public hearing is required for an overall increase in appropriation authority, except

1 in the case of an emergency under Title 10, chapter 3.

2 (4) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
 3 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

4

5 **Section 26.** Section 7-6-4237, MCA, is amended to read:

6 **"7-6-4237. Use of bond proceeds and borrowed money.** (1) Money received from borrowing ~~shall~~
 7 may not be used for ~~no other~~ a purpose other than that for which borrowed, except that if any surplus
 8 remains after the accomplishment of the purpose for which borrowed, it ~~shall~~ must be used to redeem the
 9 municipal debt.

10 ~~(2) Where any budget shall contain an expenditure program to be financed from a bond issue to~~
 11 ~~be authorized thereafter, no expenditure shall be made or obligation incurred thereunder until such bonds~~
 12 ~~have been duly authorized and the proceeds are available.~~

13 ~~(3)(2)~~ The authorization of a bond issue by the electors or by the governing body of ~~the city a~~
 14 municipality where an election is not required ~~shall constitute~~ constitutes an appropriation of the bond
 15 proceeds to the purpose for which the bonds are authorized, whether or not ~~such the~~ purpose is included
 16 in a budget previously adopted, but ~~no~~ warrants ~~shall~~ may not be drawn, expenditures made, or obligations
 17 incurred in excess of ~~such the~~ appropriation except pursuant to an additional appropriation included in a
 18 regularly adopted budget."

19

20 **Section 27.** Section 7-6-4240, MCA, is amended to read:

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

24 ~~(2) (a)(1)~~ The appropriation accounts must remain open for a period of ~~30~~ 60 days after the end
 25 of the fiscal year for the payment of claims incurred against the appropriations prior to the close of the
 26 fiscal year and remaining unpaid. After the ~~30-day~~ 60-day period has expired, all appropriations, except as
 27 otherwise provided ~~regarding uncompleted improvements~~, become null and void, and any lawful claim
 28 presented against any appropriation after the expiration of the 60-day period must be provided for in the
 29 ensuing budget.

30 ~~(b) Subsection (2)(a) does not apply to a municipality that has adopted the alternative accounting~~

1 ~~method provided for in Title 7, chapter 6, part 6.~~

2 (2) At the close of each fiscal year, the unencumbered balance of each appropriation must revert
3 to the respective fund from which it was appropriated and is subject to future appropriations unless the
4 governing body authorizes the unencumbered balance of capital outlay appropriations to be reappropriated
5 for the ensuing fiscal year.

6 (3) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
7 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6."

8
9 NEW SECTION. Section 28. Emergency expenditures. (1) All emergency expenditures must be
10 charged to the emergency budget appropriations adopted by A THREE-FOURTHS MAJORITY OF THE
11 MEMBERS PRESENT AT A MEETING OF a governing body.

12 (2) Emergency expenditures may be made by the issuance of checks or warrants drawn on the
13 municipal treasury. The municipality is authorized and directed to pay the checks or warrants with any
14 money available for that purpose. If at any time there is insufficient money available to pay the emergency
15 expenditures, then emergency warrants must be issued and registered, must bear interest, and must be
16 called for payment in the manner provided by law for other municipal warrants.

17 (3) The finance officer shall include in the preliminary annual operating budget to be submitted to
18 the governing body the total amount of emergency warrants issued during the preceding fiscal year that
19 remain unpaid. Subject to the provisions of this section, the governing body shall, in the tax levies, include
20 a levy for each fund sufficient to raise an amount equal to the total amount of any emergency warrants
21 remaining unpaid at the close of the preceding fiscal year because of insufficient money in the fund to pay
22 the warrants.

23 (4) (a) A levy may not be made for any fund in excess of the levy authorized by law to be made
24 for the fund.

25 (b) The governing body may submit the question of funding the emergency warrants at an election
26 as provided by law. If possible, the election must be held in conjunction with a regular or primary election.
27 If at the election issuing of funding bonds is authorized, it is not necessary for any levy to be made for the
28 purpose of paying the emergency warrants.

29 (5) THIS SECTION DOES NOT APPLY TO A MUNICIPALITY THAT HAS ADOPTED THE
30 ALTERNATIVE ACCOUNTING METHOD PROVIDED FOR IN TITLE 7, CHAPTER 6, PART 6.

1 **NEW SECTION. Section 29. Repealer.** Sections 7-3-4371, 7-3-4372, 7-3-4373, ~~7-6-601, 7-6-602,~~
2 ~~7-6-603, 7-6-604,~~ 7-6-4102, 7-6-4103, 7-6-4105, 7-6-4106, 7-6-4107, 7-6-4108, 7-6-4109, 7-6-4110,
3 7-6-4111, 7-6-4112, 7-6-4113, 7-6-4119, 7-6-4120, 7-6-4122, 7-6-4131, 7-6-4132, 7-6-4133, 7-6-4204,
4 7-6-4221, 7-6-4222, 7-6-4223, 7-6-4224, 7-6-4225, 7-6-4226, 7-6-4227, 7-6-4228, 7-6-4229, 7-6-4230,
5 7-6-4231, 7-6-4233, 7-6-4235, 7-6-4236, 7-6-4239, 7-6-4241, 7-6-4251, 7-6-4252, 7-6-4253, 7-6-4254,
6 and 7-6-4255, MCA, are repealed.

7

8 **NEW SECTION. Section 30. Codification instruction.** (1) [Sections ~~27 and 28~~ 3 AND 4] are
9 intended to be codified as an integral part of Title 7, chapter 6, part 41, and the provisions of Title 7,
10 chapter 6, part 41, apply to [sections ~~27 and 28~~ 3 AND 4].

11 (2) [Sections ~~37 through 47, 49, 51, and 54~~ 12 THROUGH 23, 25, AND 28] are intended to be
12 codified as an integral part of Title 7, chapter 6, part 42, and the provisions of Title 7, chapter 6, part 42,
13 apply to [sections ~~37 through 47, 49, 51, and 54~~ 12 THROUGH 23, 25, AND 28].

14

15 **NEW SECTION. Section 31. Applicability.** [This act] applies to municipal budgeting procedures
16 commencing on July 1, 1997.

17

18 **NEW SECTION. Section 32. Effective date.** [This act] is effective on passage and approval.

19

-END-