



Item: Budget Hearing on Resolution 10151 – Annual Budget Resolution

From: Gregory T. Doyon, City Manager

Initiated By: Statutory Budget Requirements

Presented By: Melissa Kinzler, Fiscal Service Director

Action Requested: Conduct the Annual Budget Hearing and Adopt Resolution 10151 – Annual Budget Resolution

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 10151 – Annual Budget Resolution.”

2. Mayor requests a second to the motion, Commission discussion, and the calls for the vote.
-

Staff Recommendation: Staff recommends the City Commission conduct the budget hearing, consider any budget changes which may be recommended during the budget hearing; and adopt Resolution 10151.

Background: Prior to the adoption of the City’s annual budget, the City is required to hold public hearings on 1) the intent to budget an increase in revenue from property taxation, and 2) the proposed annual budget.

The City started the Fiscal Year 2017 budget process with an initial City Commission priority setting session on February 10, 2016. The City Commission set informal budget priorities for the Fiscal Year 2017 Budget. This session was open to the public.

In March, the City Manager and Department Heads met to discuss 2017 budget priorities. The Departments requested budgets were presented to the City Manager on May 11th through May 16, 2016. On May 18th, Department Heads presented each department budgets to each other.

From these meetings and through the City Manager's direction, the Fiscal Year 2017 Budget was balanced. The Proposed Fiscal Year 2017 Budget was presented to the City Commission on June 28th, June 30th, and July 5th at the City Commission Budget Work Sessions.

This agenda item is to schedule the annual public hearing on the budget for July 19, 2016. Section 2-9-212(2)(b), MCA, requires the City to hold a public hearing before passing a resolution stating its intent to increase property tax revenues.

Section 7-6-4024, MCA, requires that the budget be approved and adopted by resolution by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the Montana Department of Revenue.

The setting of the tax levies will be scheduled when the Montana Department of Revenue has certified taxable values for the City of Great Falls, (usually in August).

Concurrences: The proposed Fiscal Year 2017 budget was presented by the City Manager on June 28th, June 30th, and July 5th, 2016 at the City Commission Budget Work Sessions.

Fiscal Impact: The fiscal impact of the proposed increase for inflation for a residential home with a taxable market value of \$100,000 would be approximately \$1.09 for Fiscal Year 2017. The fiscal impact of the proposed increase for the “Permissive Medical Levy” is \$5.58. The total impact on a residential home with a taxable market value of \$100,000 would be \$6.67 for the year. The fiscal impact of not authorizing the increase for inflation mills to the General Fund would result in a revenue shortfall of \$420,515 for the proposed budget.

Alternatives: If the hearing on Intent to Increase Property Taxes is not held, the General Fund would need to determine alternative revenues from non-property tax sources. Other options include reducing proposed expenditures by \$420,515 or using General Fund fund balance of \$420,515. The General Fund fund balance is projected to be \$5.9 million (21% of expenditures) at the end of Fiscal Year 2017 without any additional use of General Fund fund balance. The City of Great Falls fund balance policy set in the Annual Budget resolution is 17%.

Attachments/Exhibits: NOTICE OF BUDGET HEARING
RESOLUTION NO. 10151 – ANNUAL BUDGET RESOLUTION

NOTICE OF BUDGET HEARING

NOTICE is hereby given that the City Commission of the City of Great Falls has:

- completed its preliminary budget;
- placed the preliminary budget on file and open to public inspection at the City Clerk's Office, Room 204, Civic Center Building; and,
- set the public hearing on the City of Great Falls 2016 / 2017 Annual Operating Budget for 7 PM, Tuesday, July 19, 2016, at the City Commission Chambers, Civic Center Building.

All persons desiring to be heard are invited to appear and provide written or oral comments concerning the budget. For further information, please contact: City Clerk's Office, Room 204, Civic Center, 455-8451.

Lisa Kunz
City Clerk

.....
FOR OFFICE USE ONLY

Publication Dates: July 10, 2016
July 17, 2016

LEGAL AD

RESOLUTION NO. 10151

ANNUAL BUDGET RESOLUTION

**A RESOLUTION RELATING TO FINAL BUDGETS AND ANNUAL
APPROPRIATIONS FOR THE FISCAL YEAR
BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017**

WHEREAS, Montana Code Annotated (MCA), 7-6-4024, requires that the budget be approved and adopted by resolution by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the Department of Revenue, and

WHEREAS, the notice of hearing on budget increase from property taxes was published in accordance with Section 2-9-212(2)(b), MCA, and

WHEREAS, the notice of hearing on preliminary budget was published in accordance with Section 7-1-4127, MCA, as required by Section 7-6-4021, MCA, and

WHEREAS, the hearing on preliminary budget and budget increase from property taxes was held in accordance with Section 7-1-4131, MCA, and Section 7-6-4024, MCA, and,

WHEREAS, the Official City Code of the City of Great Falls, Title 2, Chapter 14, Section 2.14.040 states the Municipal Court Clerk salary set by resolution, and,

WHEREAS, the Government Finance Officers Association recommends an unreserved fund balance in the General Fund of “no less than two months of regular general operating revenues or regular general fund operating expenditures”,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:

Section 1. - Legal Spending Limits

The legal spending limits of the City of Great Falls are established at the fund level. Appendix A establishes each fund’s level. (7-6-4030, MCA)

Section 2. - Implementation Authority

2.1 The City Manager is hereby delegated appropriation authority for the expenditure of funds from any or all of the following:

- a. debt service funds for obligations related to debt approved by the governing body;
 - b. trust funds for obligations authorized by trust covenants;
 - c. any fund for federal, state, local or private grants and shared revenue accepted and approved by the governing body;
 - d. any fund for special assessments approved by the governing body;
 - e. the proceeds from the sale of land;
 - f. any fund for gifts or donations; and,
 - g. money borrowed during the fiscal year. (7-6-4006, MCA)
- 2.2 The City Manager is hereby delegated authority to adjust appropriations funded by fees throughout the fiscal year in any or all of the following:
- a. proprietary fund appropriations (enterprise and internal service funds);
 - b. general fund for fee supported services;
 - c. information technology fund for fee supported mapping services;
 - d. natural resources fund for fee supported forestry services;
 - e. permits fund; and,
 - f. licenses fund. (7-6-4012, MCA)
- 2.3 The authority to make transfers of appropriations between funds is retained by the City Commission.
- 2.4 The City Manager is hereby delegated the authority to make transfers or revisions within appropriations of any fund.
- 2.5 The City Manager may delegate to his department directors the authority to make transfers or revisions within or among appropriations of specific operations within a fund, limited to the division level of accountability.
- 2.6 Joint operating agreements approved by the governing body; insurance recoveries or dividends; hazardous material recoveries, and refunds or reimbursements of expenditures shall automatically amend the annual appropriations or reduce recorded expenditures whichever is correct in accordance with Generally Accepted Accounting Principles (GAAP).

Section 3. - Appropriation Carryovers

Generally Accepted Accounting Principles (GAAP) require expenditures to be recognized in the fiscal year in which the goods or services are received.

- 3.1 Previous fiscal year appropriations for incomplete improvements in progress of construction, or segments thereof, are hereby declared authorized appropriations in addition to the appropriations set out in Appendix A., provided they meet the following criteria:
- a. related financing was provided in the prior fiscal year;

- b. the appropriations were not obligated by year end;
 - c. the purpose was not included, or rejected, in current budget financing or appropriations; and,
 - d. the City Manager determines the appropriation is still needed.
- 3.2 Outstanding purchase orders and other obligations, representing a City obligation to pay the claim after receipt of the goods or services, are recognized as "claims incurred". They are hereby declared authorized "carryover" appropriations in addition to the appropriations set out in Appendix A., provided they meet the following criteria:
- a. related financing was provided in the prior fiscal year;
 - b. the appropriations were not otherwise obligated by year end;
 - c. the purpose was not included, or rejected, in current budget financing or appropriations; and,
 - d. the City Manager determines the appropriation is still needed.

Section 4. - Appropriated Reserves

Reserves which have been established for specific purposes, such as Equipment Revolving Scheduled (ERS) reserves, are hereby declared to be appropriations available for expenditure according to the reserve purpose. They shall be acknowledged as current appropriations upon the determination by the City Manager that they are currently needed to serve their intended purpose. Unexpended reserves shall be carried forward to meet future needs in accordance with their purpose.

Section 5. Contingency Account

- 5.1 Contingency account appropriations are provided by the City Commission as flexible appropriations. They are intended to provide the City Manager with an effective management tool for adjusting to changing circumstances throughout the budgetary year.
- 5.2 The City Manager is delegated the authority to transfer part or all of any contingency appropriation and related financing. Use of contingency appropriations is restricted to transfers of that appropriation authority to specific operating budgets. Proper classification of expenditures to specific operations is required. Accordingly, charging of expenditures directly to Contingency accounts is prohibited.
- 5.3 The Contingency appropriation is a two part authorization, determined on whether cash funding has been allocated in the General Fund during budget development:
- a. General Fund financed; and,
 - b. Unfunded - a specific fund cash balance, additional revenue, or other funding source must be identified before the "unfunded" contingency appropriation may be used.

Section 6. - Classification and Pay Plan

- 6.1 The objective of the City's Classification and Pay Plan is to enable the City to retain, and when necessary, recruit competent employees. Therefore, the Plan must be a dynamic tool which is continuously updated.
- 6.2 The City Manager is authorized to administratively change the Classification and Pay Plan. Annual pay surveys, continual or periodic review of positions with changed duties or responsibilities, and additions to the classification plan of changed and new classes of work will assure that the Classification and Pay Plan remains current and equitably meets the needs of the City and its employees.

Section 7. - Budgetary Authority

References to statutes, or to consistency with statutory authority, are for information purposes only. Nothing in this resolution shall be considered to mitigate or compromise the City's self-governing authority.

Section 8. - Accounting Structure

Staff is hereby directed to establish and maintain City accounting structure in accordance with Generally Accepted Accounting Principles (GAAP). Statutes, ordinances, resolutions or other authoritative sources shall be implemented according to their intent and GAAP. Staff shall provide for conformance with the Commission's limits for financing and appropriation under authorized budgets whenever making proper modifications to accounting structure.

Section 9. – Municipal Court Clerk Salary

The City Manager is authorized to administratively set the salary of the Municipal Court Clerk using the following salary range:

Municipal Court Clerk \$36,903 to \$51,518

Section 10. – Designated for Cash Flow

As permitted by Section 7-6-4034, MCA, a balance Designated for Cash Flow shall be considered adequate in tax levy supported funds (General and Library) at least 17% of annual appropriations. A balance Designated for Cash Flow for other operating funds of the City shall be considered adequate at a range of 8% to 17% of annual appropriations for seasonal operations; and, 8% to 17% of annual appropriations for all other operating funds.

Such balances designated for cash flow shall be used to meet extended revenue cycles, meet short term economic difficulties, respond to unique opportunities, provide for one-time

expenditures, and respond to emergency and disaster situations. The balances shall not be available to meet recurring operating expenses.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana,
July 19, 2016.

Bob Kelly, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney

Appendix A. Balances & Changes by Fund for Year Ending June 30, 2017

City of Great Falls, Montana

Funds	Beginning Balance	+ Working Capital Sources			- Working Capital Uses			Ending Balance	Reserved Balance	Available Balance
		Revenues	Transfers In	Total Sources	Expenditures	Transfers Out	Total Uses			
General	5,945,026	28,538,819	0	28,538,819	26,845,915	1,696,578	28,542,493	5,941,352	0	5,941,352
Special Revenue Funds										
Park & Rec Special Revenue	430,843	18,600	0	18,600	38,002	0	38,002	411,441	232,622	178,819
Parkland Trust	19,160	0	0	0	0	0	0	19,160	19,160	0
Library	497,568	1,007,376	350,000	1,357,376	1,326,329	0	1,326,329	528,615	99,880	428,735
Library Foundation	150,280	108,175	0	108,175	70,000	0	70,000	188,455	188,455	0
Planning & Comm Dev	183,299	758,138	181,939	940,077	912,441	0	912,441	210,935	0	210,935
Central MT Ag Tech TID	420,256	240,000	0	240,000	22,505	0	22,505	637,751	637,751	0
Airport TID	51,569	20,187	0	20,187	1,957	0	1,957	69,799	69,799	0
Downtown TID	141,528	66,607	0	66,607	10,151	0	10,151	197,984	197,984	0
East Industrial Ag Tech TID	1,135	27,982	0	27,982	2,218	0	2,218	26,899	26,899	0
Economic Revolving	17,201	0	0	0	0	0	0	17,201	0	17,201
Permits	1,063,187	1,020,254	0	1,020,254	978,812	0	978,812	1,104,629	0	1,104,629
Licenses	71,823	252,300	0	252,300	252,300	0	252,300	71,823	0	71,823
Natural Resources	126,448	400,965	256,277	657,242	657,242	0	657,242	126,448	31,866	94,582
Portage Meadow	14,319	58,079	0	58,079	54,662	0	54,662	17,736	0	17,736
Street District	2,783,186	6,217,396	0	6,217,396	6,526,926	0	6,526,926	2,473,656	0	2,473,656
Support & Innovation	62,707	611,065	0	611,065	611,065	0	611,065	62,707	0	62,707
911 Special Revenue	617,221	628,281	0	628,281	0	409,980	409,980	835,522	835,522	0
Police Special Revenue	215,001	36,761	0	36,761	800	0	800	250,962	250,962	0
HIDTA Special Revenue	19,656	210,549	0	210,549	53,553	0	53,553	176,652	176,652	0
Fire Special Revenue	112,742	6,600	0	6,600	0	0	0	119,342	119,342	0
Federal Block Grant	185,619	710,552	0	710,552	727,756	0	727,756	168,415	168,415	0
HOME Grant	8,948	184,587	0	184,587	184,236	0	184,236	9,299	9,299	0
CTEP Projects	59,760	0	0	0	0	0	0	59,760	59,760	0
Housing Authority	0	1,399,050	0	1,399,050	1,399,050	0	1,399,050	0	0	0
Street Lighting Districts	2,225,777	1,175,344	0	1,175,344	1,277,917	0	1,277,917	2,123,204	0	2,123,204
Special Revenue Funds Total	9,479,233	15,158,848	788,216	15,947,064	15,107,922	409,980	15,517,902	9,908,395	3,124,368	6,784,027
Debt Service Funds										
Soccer Park Bond	39,665	171,000	0	171,000	169,491	0	169,491	41,174	41,174	0
Swim Pool Rehab Bond	9,852	271,500	0	271,500	265,047	0	265,047	16,305	16,305	0
West Bank TID	618,761	410,000	0	410,000	243,222	0	243,222	785,539	785,539	0
Improvement District Revolving	43,302	48,955	0	48,955	47,667	0	47,667	44,590	44,590	0
Master Debt SILD	26,118	19,178	0	19,178	14,253	0	14,253	31,043	31,043	0
General Obligation Taxable Bond	5,365	0	146,900	146,900	146,900	0	146,900	5,365	5,365	0
Debt Service Funds Total	743,063	920,633	146,900	1,067,533	886,580	0	886,580	924,016	924,016	0

Appendix A. Balances & Changes by Fund for Year Ending June 30, 2017

City of Great Falls, Montana

Funds	Beginning Balance	+ Working Capital Sources			- Working Capital Uses			Ending Balance	Reserved Balance	Available Balance
		Revenues	Transfers In	Total Sources	Expenditures	Transfers Out	Total Uses			
Capital Projects Funds										
General Capital Projects	404,224	0	115,000	115,000	115,000	0	115,000	404,224	404,224	0
Improvement Districts Projects	5,502	0	0	0	0	0	0	5,502	5,502	0
Street Lighting Construction	0	0	0	0	0	0	0	0	0	0
Hazard Removal	50,125	0	0	0	0	0	0	50,125	50,125	0
Capital Projects Funds Total	459,851	0	115,000	115,000	115,000	0	115,000	459,851	459,851	0
Enterprise Funds										
Golf Courses	(922,507)	1,352,701	0	1,352,701	1,409,129	0	1,409,129	(978,935)	0	(978,935)
Water	9,168,718	40,298,931	0	40,298,931	40,769,331	0	40,769,331	8,698,318	2,104,765	6,593,553
Sewer	7,626,203	10,717,908	0	10,717,908	11,371,873	0	11,371,873	6,972,238	4,890,834	2,081,404
Storm Drain	1,661,462	2,128,006	0	2,128,006	2,086,928	0	2,086,928	1,702,540	596,784	1,105,756
Sanitation	929,247	3,559,592	0	3,559,592	3,733,210	0	3,733,210	755,629	0	755,629
Swimming Pools	112,000	530,245	267,861	798,106	798,106	0	798,106	112,000	0	112,000
911 Dispatch Center	465,465	1,496,420	396,675	1,893,095	1,830,430	0	1,830,430	528,130	528,130	0
Parking	394,137	546,500	0	546,500	647,551	0	647,551	293,086	49,026	244,060
Recreation	270,594	365,080	78,411	443,491	462,676	0	462,676	251,409	11,561	239,848
Multisports	94,158	142,850	0	142,850	179,552	0	179,552	57,456	0	57,456
Ice Breaker Run	0	74,550	0	74,550	73,764	0	73,764	786	0	786
Civic Center Events	126,086	381,890	223,742	605,632	605,632	0	605,632	126,086	14,496	111,590
Special State Projects	0	383,402	0	383,402	383,402	0	383,402	0	0	0
Porth Authority	145,560	0	0	0	0	0	0	145,560	145,560	0
Enterprise Funds Total	20,071,124	61,978,075	966,689	62,944,764	64,351,584	0	64,351,584	18,664,304	8,341,156	10,323,148
Internal Service Funds										
Central Garage	2,795,008	2,719,346	0	2,719,346	2,740,354	0	2,740,354	2,774,000	2,157,899	616,101
Information Tech	4,082	1,369,949	26,610	1,396,559	1,358,709	0	1,358,709	41,932	41,932	0
Insurance & Safety	715,479	988,564	0	988,564	1,082,467	0	1,082,467	621,576	0	621,576
Health & Benefits	(712,275)	8,310,720	0	8,310,720	8,317,233	0	8,317,233	(718,788)	0	(718,788)
Human Resources	68,497	443,220	0	443,220	439,879	0	439,879	71,838	0	71,838
City Telephone	1,430	49,790	0	49,790	41,460	0	41,460	9,760	0	9,760
Fiscal Services	109,319	1,591,270	0	1,591,270	1,581,537	0	1,581,537	119,052	0	119,052
Engineering	206,470	1,403,146	63,143	1,466,289	1,649,996	0	1,649,996	22,763	22,763	0
Public Works Admin	317,257	616,407	0	616,407	661,301	0	661,301	272,363	0	272,363
Civic Center Facility Services	282,798	542,798	0	542,798	569,798	0	569,798	255,798	97,116	158,682
Internal Service Funds Total	3,788,064	18,035,210	89,753	18,124,963	18,442,734	0	18,442,734	3,470,293	2,319,710	1,150,583
Total	40,486,361	124,631,585	2,106,558	126,738,143	125,749,735	2,106,558	127,856,293	39,368,211	15,169,101	24,199,110

Funds	Beginning Balance	+ Working Capital Sources			- Working Capital Uses			Ending Balance	Reserved Balance	Available Balance
		Revenues	Transfers In	Total Sources	Expenditures	Transfers Out	Total Uses			