

# GENERAL FUND BUDGETING BASICS

## READING AND UNDERSTANDING THE GENERAL FUND BALANCE SHEET

Additional details explaining the general fund balance sheet follow the chart.

1	April 16, 2015 11:31 p.m. 80th Legislative Day	FY 2014	FY 2015	FY 2016	FY 2017
2	<b>Beginning Fund Balance</b>	341.9	453.2	463.1	330.5
3	<b>Revenues</b>				
	Actual/HJ2	1,879.8	1,993.5	2,056.2	2,137.4
4	<b>Revenue Legislation</b>				
	5 Ongoing Revenue		22.6	(33.8)	(75.6)
	6 OTO Revenue			0.1	(46.9)
	<b>Total Available Funds</b>	<b>2,221.7</b>	<b>2,469.3</b>	<b>2,485.6</b>	<b>2,345.4</b>
7	<b>Expenditures - Ongoing</b>				
8	<b>Previously Authorized</b>				
	Statutory App/ Non-Bud Trans/Other	183.0	217.8	214.5	225.9
9	<b>HB 2</b>				
	Section A: General Government	79.9	83.1	82.6	82.5
	Section B: Health and Human Services	398.3	422.4	444.8	463.3
	Section C: Natural Resources	28.8	30.0	30.6	30.6
	Section D: Public Safety	256.4	256.0	272.6	274.6
	Section E: Education	814.4	837.2	906.3	932.6
	HB2 Subtotal	1,577.8	1,628.7	1,736.9	1783.6
10	<b>Non HB 2 Legislation (Bill list)</b>		92.0	65.3	98.9
11	<b>Assumed 2017 Appropriations</b>				
	SB 175 BASE-AID			0.6	0.6
	SB 369 BASE-AID			0.1	0.1
	HB 1 Feed Bill				11.1
12	<b>Reversion Assumptions</b>		(11.1)	(7.8)	(8.0)
13	<b>One-Time Expenditures</b>				
	HB 2	10.1	13.6	20.1	22.4
	Non-HB 2 Legislation (Bill List)	3.7	65.2	125.4	20.7
	<b>Total Expenditures</b>	<b>3,352.40</b>	<b>3,634.90</b>	<b>3,892.00</b>	<b>3,938.90</b>
14	<b>Other Adjustments</b>	<b>(6.1)</b>			
15	<b>Ending Fund Balance</b> (statutory min. about \$40 millic	<b>453.2</b>	<b>463.1</b>	<b>330.5</b>	<b>190.1</b>
16	<b>Total Ongoing Revenues</b>	<b>1,879.8</b>	<b>2,016.1</b>	<b>2,022.4</b>	<b>2,061.8</b>
17	<b>Total Ongoing Expenditures</b>	<b>1,760.8</b>	<b>1,927.4</b>	<b>2,009.6</b>	<b>2,112.2</b>
18	<b>Structural Balance (ongoing revenues - ongoing expenditures)</b>			12.8	(50.4)

## **1 - Time and Date Stamp**

This tells the reader the day and time the numbers were last updated.

## **2 - Beginning Fund Balance**

The general fund balance sheet shows the beginning fund balance for four fiscal years. The ending fund balance includes the difference between revenues and disbursements.

## **3 - Revenue Estimate (SJ 2)**

The legislature cannot appropriate more expenditures from the general fund than can be funded through anticipated available funds. Therefore, the legislature must estimate general fund revenues. As delineated in Section 5-5-227(2)(a), MCA, the Revenue and Transportation Interim Committee (RTIC) is required to prepare "an estimate of the amount of revenue projected to be available for legislative appropriation." The estimate and underlying assumptions are intended to be used in any estimation of revenue, including the preparation of fiscal notes. By statute, the LFD assists the revenue and transportation interim committee in performing its revenue estimating duties by submitting its recommendations and assumptions. The Office of Budget and Program Planning also presents the executive's revenue estimates.

When RTIC met on November 20, 2014, committee members adopted revenue estimates. This legislation has been introduced as HJ 2.

## **4-6 - Revenue Legislation**

Revenue legislation proposed by the Governor that would impact the balance sheet is included. The ongoing revenue and one-time-only (OTO) revenue are split.

## **7 - Expenditures - Ongoing**

The expenditure section of the balance sheet is comprised of ongoing and one-time-only expenditures. Sections 8-13 are ongoing expenditures.

## **8 - Statutory Appropriations, Non-Budgeted Transfers and Other**

Statutory appropriations are legislative appropriations that do not expire in two years like temporary appropriations like those in the general appropriations act. Statutory appropriations are in the Montana Code Annotated or statute and remain in place until removed or changed by legislation.

Non-budgeted transfers are funds transferred from one account to another. This results in less money in the General Fund for the programs it funds and more in another. These transfers and their authorizations are in statute and are not part of the biennial budgeting process however they affect the amount of money available for the legislature to appropriate for various programs.

Other funds contained in this line of the balance sheet are previously authorized carried forward amounts from prior years.

## **9 - HB2**

Included in the Governor's budget submission are the base budget, present law adjustments, and new proposals. The legislative session's appropriations process begins with the introduction of HB 2, or the General Appropriations Act. At the introductory stage, the HB 2 includes the provisions of the Governor's budget. HB 2 is built using three key components: base budget, present law adjustments and new proposals. Generally, the base budget is adjusted spending made during the last fully completed year. Total expenditures are adjusted to remove items that are inappropriate for consideration as spending for ongoing functions of state government. Among items removed from the base are statutory appropriations, budget amendments, funds transferred from other agencies (non-budgeted transfers) and one-time expenditures.

## **10 - Non HB 2 Legislation (Bill List)**

During the legislative process, other legislation with fiscal impact to the general fund is monitored and reported upon as part of the general fund status sheet. The balance sheet records by fiscal year the total ongoing general fund expenditures of these other fiscal impact bills in this section.

## **11 - Assumed 2015 Appropriations**

Statute (17-7-301, MCA) allows for certain school funding items not to be subject to reductions when fiscal year transfers occur. Those items identified in statute are guaranteed tax base aid, transportation aid and equalization aid. Any non HB2 2017 legislation that contains those school funding items will be separated from the regular Non HB2 Legislation line and shown here instead.

Two other bills which appropriate money in the current year, as opposed to the next biennium like HB 2 are included in this section. They are the following:

- HB 1 – commonly referred to as the “feed bill” contains all appropriations needed to operate the legislative session and certain interim costs and includes provisions for session staff and printing costs
- HB 3 – commonly referred to as “supplementals” contains all requests for additional general fund and state special revenue money in the current year with which to address anticipated shortfalls

## **12 – Reversion Assumptions**

Assumed expenditures that the legislature has previously authorized but are not anticipated to be spent.

## **13 - One-Time Expenditures**

The one-time expenditures for HB2, Non-HB2 legislation and any further adjustments that impact the fund balance.

## **14 – Other Adjustments**

This line is for any other accounting adjustments that may occur.

## **15 - Ending Fund Balance for the State General Fund**

Projected general fund ending balance given current and proposed legislative action.

## **16 - Total Ongoing Revenues**

Ongoing revenues are totaled by fiscal year.

## **17 - Total Ongoing Expenditures**

Ongoing expenditures are totaled by fiscal year.

## **18 - Structural Balance**

Structural balance is the difference between ongoing revenues and ongoing expenditures. Structural balance exists when anticipated revenues and ongoing expenditures are equal. A negative structural balance exists when anticipated revenues are short of ongoing appropriations.