

DEPARTMENT OF FISH, WILDLIFE & PARKS

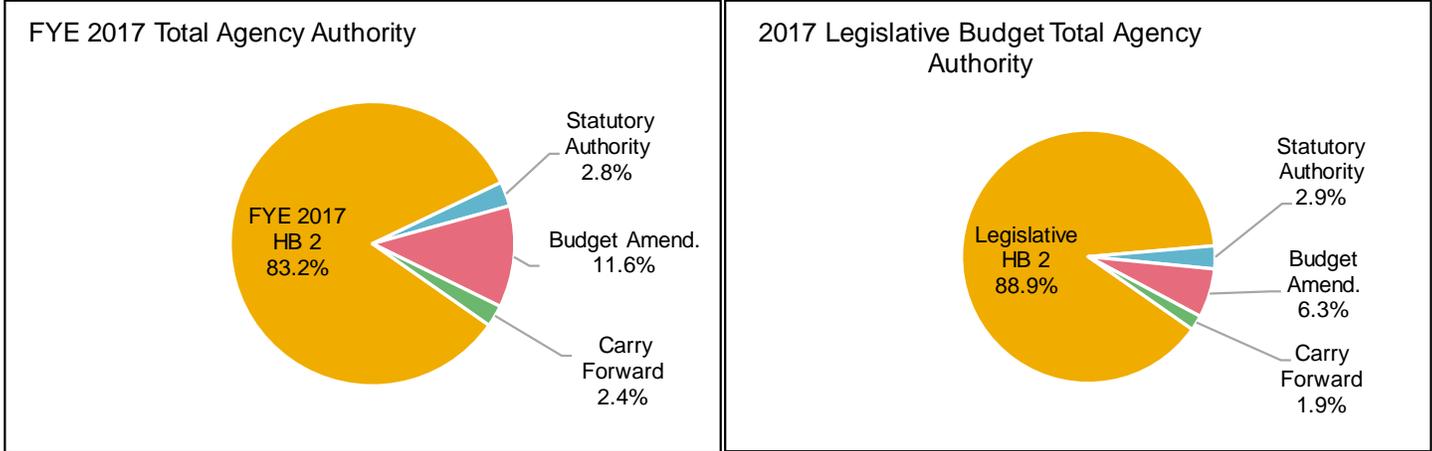
BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Fish Wildlife and Parks (FWP) expended 98.3% of the general fund budget and 94.9% of the total budget.
- The agency reverted \$19,857 of unexpended appropriation authority to the general fund
- The agency expended 98% of general fund One-Time-Only (OTO) appropriation and 81.9% of total OTO appropriations. The table below summarizes OTO appropriations and expenditures

Fish Wildlife and Parks One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<u>General Fund</u>				
Aquatic Invasive Species	\$974,000	\$954,624	\$19,376	98.0%
Total General Fund	\$974,000	\$954,624	\$19,376	98.0%
<u>State Special Revenue</u>				
Operating Adjustment	\$95,472	\$95,471	\$1	100.0%
Forest Management	121,196	103,662	17,534	85.5%
Hunting Access Admin	784,637	656,126	128,511	83.6%
Total State Special Revenue	\$1,001,305	\$855,259	\$146,046	85.4%
Federal Special Revenue				
Hunting Access Admin	\$234,535	-	\$234,535	0.0%
Total Federal Special Revenue	\$234,535	\$0	\$234,535	0.0%
Fish Wild Life and Parks Total	<u>\$2,209,840</u>	<u>\$1,809,883</u>	<u>\$399,957</u>	<u>81.9%</u>

TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	85,456,000	1,538,590	86,994,590
Statutory Authority	2,824,118	83,193	2,907,311
Budget Amendments	6,009,024	6,098,982	12,108,006
Other	-	-	-
Carry Forward	1,840,828	720,614	2,561,442
Sum of Long Range Planning	52,323,139	56,739,858	109,062,997
Total Budgeted Authority	148,453,109	65,181,237	213,634,346
Non-Budgeted Proprietary	\$ 4,287,805	\$714,107	\$ 5,001,912

FY 2017 Total Agency Authority Expended	
Total Expended	122,141,995
Total Budgeted Authority	213,634,346
% Expended	57.2%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017 the department also had a small amount of continuing appropriation from FY 2016 for audit fees. The agency also increased HB 2 authority with a supplemental for aquatic invasive species.

Statutory Appropriations

The executive provided general fund appropriation of \$83,193 to combat aquatic invasive species from the emergency funds appropriation.

Budget Amendments

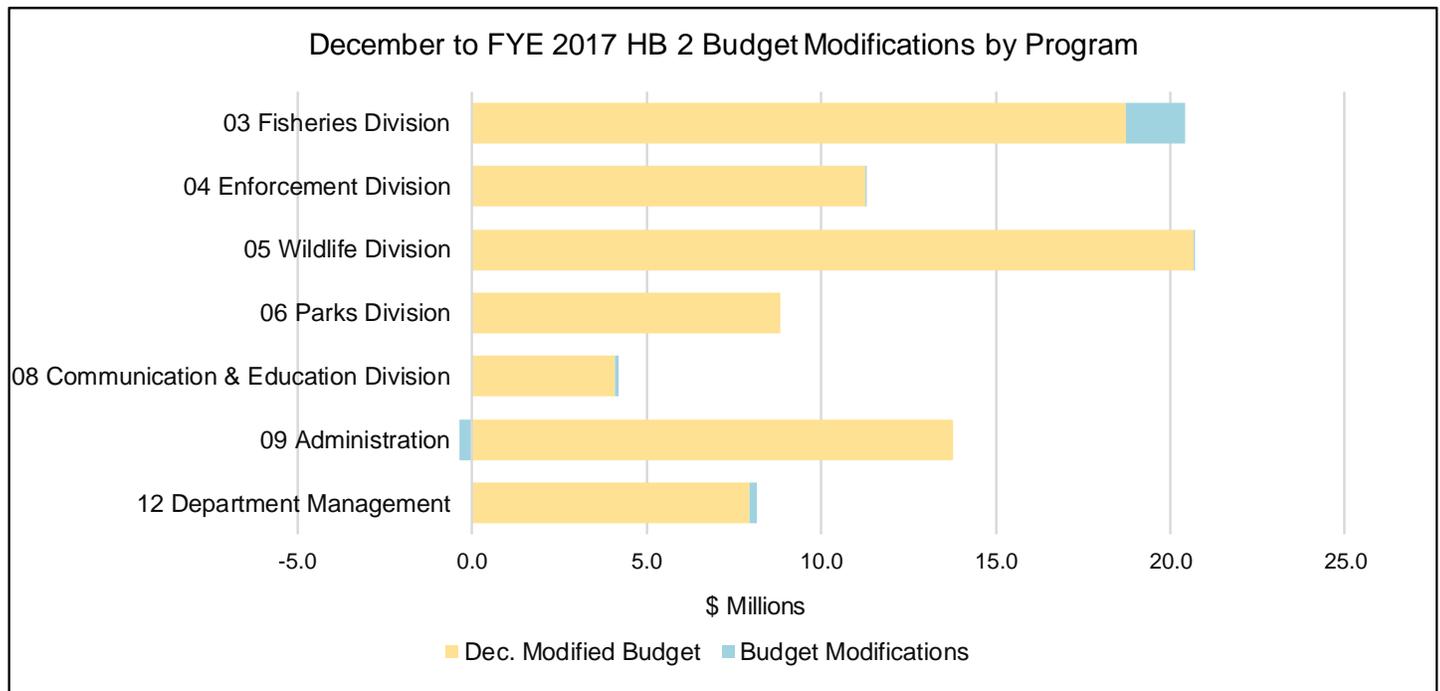
The agency increased authority for various federal grants and programs.

Non-Budgeted Proprietary

Non-budgeted funds for administrative proprietary and aircraft operations were increased.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
03 Fisheries Division	18,740,471	1,853,000	(171,000)	1,682,000	20,422,471	9.0%
04 Enforcement Division	11,260,697	57,000	(22,000)	35,000	11,295,697	0.3%
05 Wildlife Division	20,666,649	587,715	(547,200)	40,515	20,707,164	0.2%
06 Parks Division	8,817,716	-	-	-	8,817,716	0.0%
08 Communication & Education Division	4,101,867	108,000	-	108,000	4,209,867	2.6%
09 Administration	13,768,441	272,962	(648,477)	(375,515)	13,392,926	-2.7%
12 Department Management	7,938,749	262,000	(52,000)	210,000	8,148,749	2.6%
Grand Total	\$85,294,590	\$3,140,677	(\$1,440,677)	\$1,700,000	\$86,994,590	2.0%

This chart shows budget modifications by program from December through FYE.

Total budget modifications increased the agencies budget by \$200,000 in general fund and \$1,500,000 in federal special revenue through HB3 supplemental for invasive species in the fisheries program.

All other increases and decrease are related to the transfer of \$179,100 in operations authority to other expenditure accounts. The table below details the transfers between programs.

Operation Plan Changes and Program Transfers for Fish Wildlife and Parks

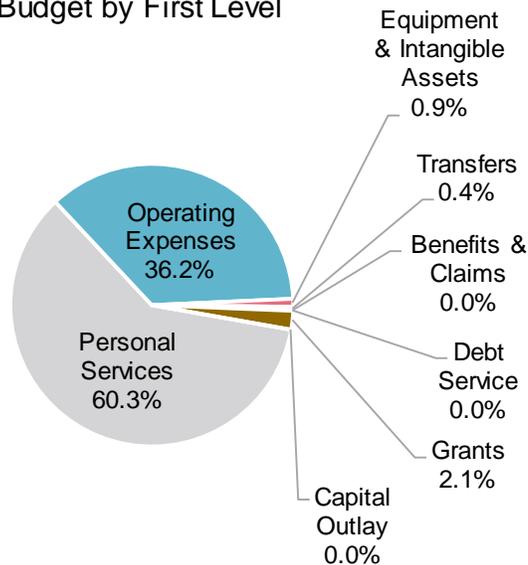
BCD	Program 03 Fisheries Division			Program 04 Enforcement Division			Program 05 Wildlife Division			Program 08 Comm & Ed Division	
	Personal Services	Operating Expense	Equip Intang	Personal Services	Operating Expense	Equip Intang	Personal Services	Operating Expense	Capital Outlay	Personal Services	Operating Expense
PT043	-	(8,000)	-	-	-	-	-	20,515	-	-	-
PT044	-	(10,000)	-	-	-	-	-	10,000	-	-	-
PT045	-	-	-	35,000	-	-	-	-	-	60,000	48,000
PT042	-	-	-	-	-	-	-	10,000	-	-	-
OP337	-	(61,000)	61,000	-	-	-	-	-	-	-	-
OP549	-	-	-	-	-	-	-	(100,000)	100,000	-	-
OP934	-	-	-	-	-	-	-	-	-	-	-
OP408	-	-	-	-	(22,000)	22,000	-	-	-	-	-
<u>AIS Supp.</u>	<u>1,455,000</u>	<u>245,000</u>	<u>-</u>					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mod	1,455,000	166,000	61,000	35,000	(22,000)	22,000	-	(59,485)	100,000	60,000	48,000
Prog Total			<u>1,682,000</u>			<u>35,000</u>		<u>40,515</u>		<u>108,000</u>	

BCD	Program 09 Administration				Program 12 Dept. Management		All Programs FWP				
	Personal Services	Operating Expense	Capital Outlay	Transfers	Personal Services	Operating Expense	Personal Services	Operating Expense	Equip Intang	Capital Outlay	Transfers
PT043	-	(12,515)	-	-	-	-	-	-	-	-	-
PT044	-	-	-	-	-	-	-	-	-	-	-
PT045	(260,000)	(93,000)	-	-	210,000	-	45,000	(45,000)	-	-	-
PT042	-	(10,000)	-	-	-	-	-	-	-	-	-
OP337	-	-	-	-	-	-	-	(61,000)	61,000	-	-
OP549	-	-	-	-	-	-	-	(100,000)	-	100,000	-
OP934	-	(196,100)	191,100	5,000	-	-	-	(196,100)	-	191,100	5,000
OP408	-	-	-	-	-	-	-	(22,000)	22,000	-	-
<u>AIS Supp.</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mod	(260,000)	(311,615)	191,100	5,000	210,000	-	1,500,000	(179,100)	83,000	291,100	5,000
Prog Total				<u>(375,515)</u>		<u>210,000</u>					<u>1,700,000</u>

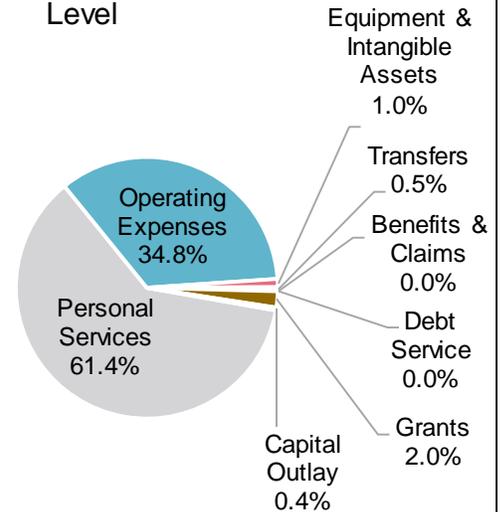
Budget Modification by First Level

December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

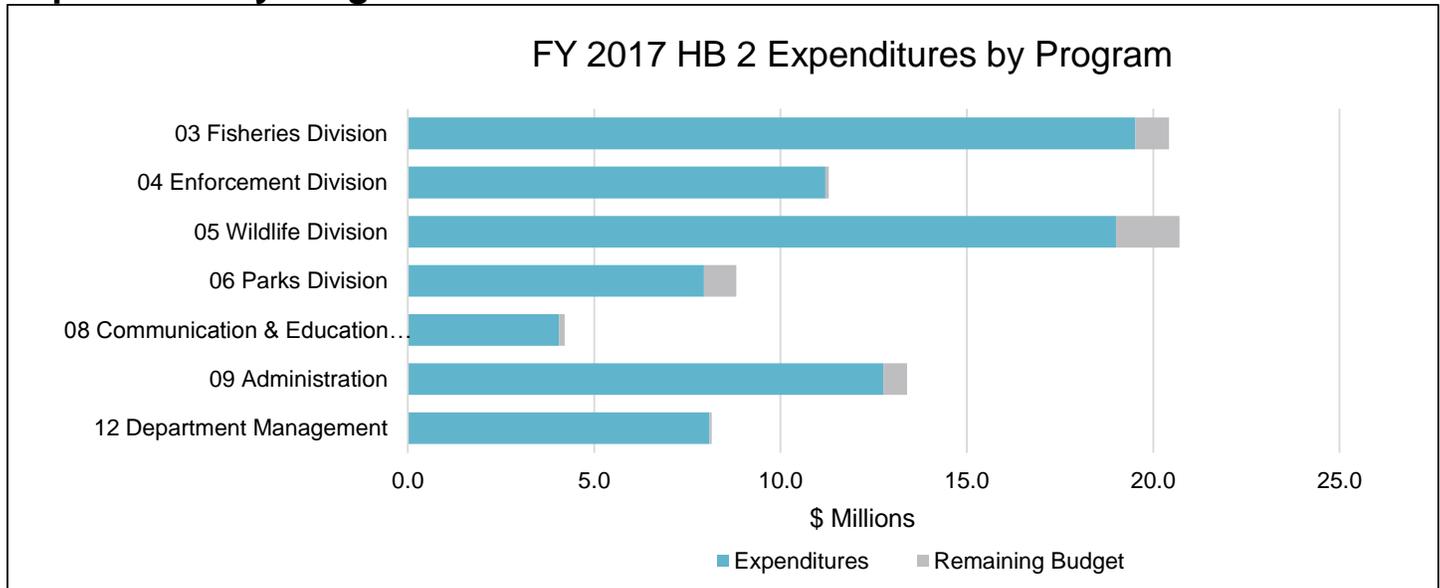
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$51,411,746	2,249,195	(\$260,000)	1,989,195	53,400,941	3.9%
62000 Operating Expenses	\$30,896,220	426,726	(\$1,088,677)	(661,951)	30,234,269	-2.1%
63000 Equipment & Intangible Assets	\$779,109	101,000	\$0	101,000	880,109	13.0%
64000 Capital Outlay	\$0	307,905	\$0	307,905	307,905	0.0%
66000 Grants	\$1,824,717	-	(\$92,000)	(92,000)	1,732,717	-5.0%
67000 Benefits & Claims	\$800	7,200	\$0	7,200	8,000	900.0%
68000 Transfers	\$369,571	48,651	\$0	48,651	418,222	13.2%
69000 Debt Service	\$12,427	-	\$0	-	12,427	0.0%
Grand Total	\$85,294,590	\$3,140,677	(\$1,440,677)	\$1,700,000	\$86,994,590	2.0%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 cuts coming from personal services and operating funds. See table on previous page for detail.

AGENCY HB 2 EXPENDITURES

Expenditure by Program

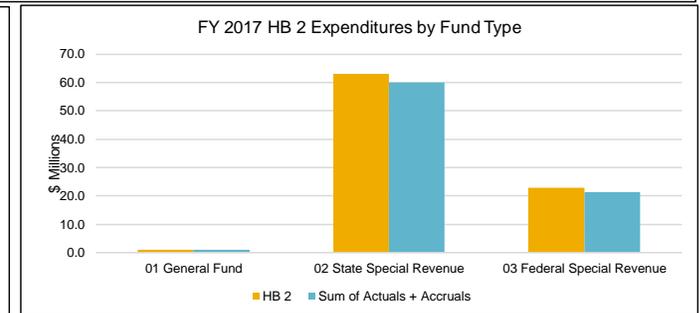
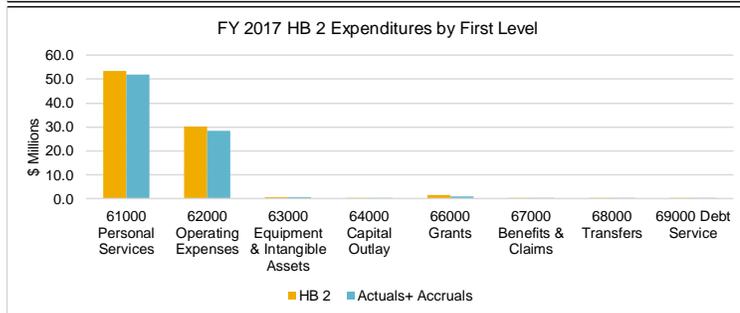
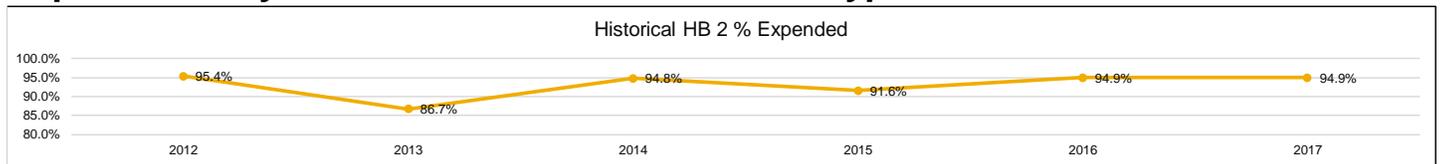


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
03 Fisheries Division	20,422,471	19,524,817	897,654	95.6%
04 Enforcement Division	11,295,697	11,207,789	87,908	99.2%
05 Wildlife Division	20,707,164	19,002,567	1,704,597	91.8%
06 Parks Division	8,817,716	7,942,344	875,372	90.1%
08 Communication & Education Division	4,209,867	4,055,558	154,309	96.3%
09 Administration	13,392,926	12,756,979	635,947	95.3%
12 Department Management	8,148,749	8,094,433	54,316	99.3%
Grand Total	\$86,994,590	\$82,584,487	\$4,410,103	94.9%

This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

Of the \$4.4 million unexpended authority, 66.6% is state special funds. Appropriations within Fisheries, Wildlife, and Parks Division, for licenses, state parks fees, hunting access, and other fees and taxes account for the majority of unexpended state special revenue. Federal revenues from tax on the sale of fishing and hunting equipment earmarked for fish and wildlife management account for an additional 21.5% of the unexpended funds, other federal funding for fish and wildlife management account for another 8.9%. Appropriation from the general fund within the fisheries and enforcement division were underspent by \$19,857 and was reverted to the general fund.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	53,400,941	52,011,716	97.4%
62000 Operating Expenses	30,234,269	28,288,126	93.6%
63000 Equipment & Intangible Assets	880,109	681,128	77.4%
64000 Capital Outlay	307,905	307,817	100.0%
66000 Grants	1,732,717	911,287	52.6%
67000 Benefits & Claims	8,000	7,984	99.8%
68000 Transfers	418,222	364,001	87.0%
69000 Debt Service	12,427	12,427	100.0%
Grand Total	\$86,994,590	\$82,584,487	94.9%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	1,174,000	1,154,143	98.3%
02 State Special Revenue	62,982,276	60,079,120	95.4%
03 Federal Special Revenue	22,838,313	21,351,224	93.5%
Grand Total	\$86,994,590	\$82,584,487	94.9%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The agency expended almost all of the general fund appropriation with the balance being reverted to the general fund. Unexpended state special revenues that are restricted in use remain in the state special fund balance. Unexpended grants include state special and federal revenue restricted for fish and wildlife management.

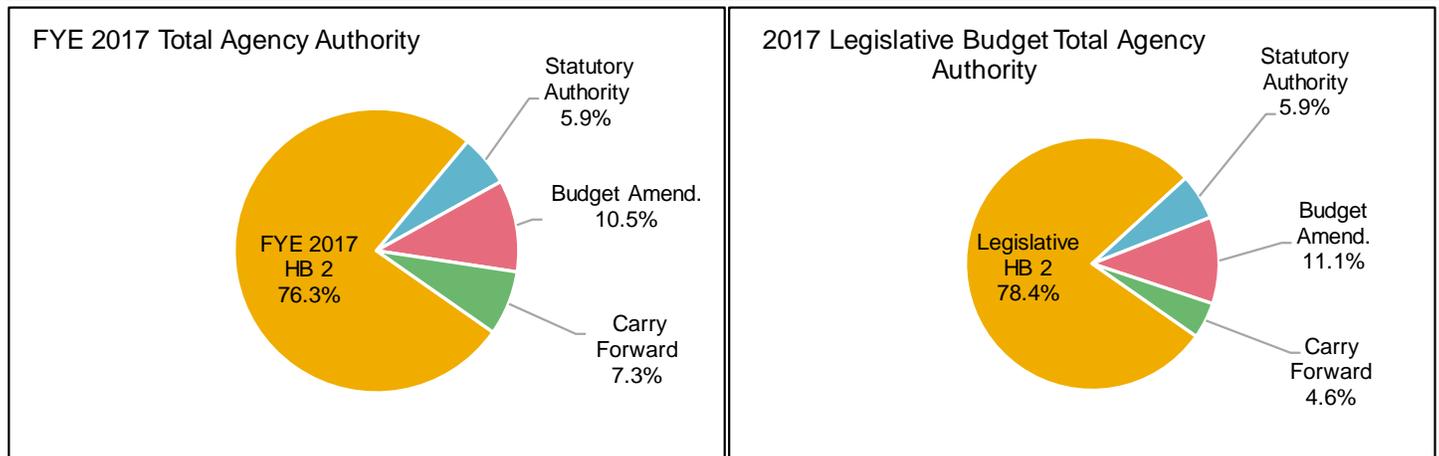
DEPARTMENT OF ENVIRONMENTAL QUALITY

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Environmental Quality (DEQ) expended 99.0% of the general fund budget and 83.3% of the total budget
- The agency reverted \$54,197 of unexpended appropriation authority to the general fund

TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority

Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	66,722,552	(658,168)	66,064,384
Statutory Authority	4,990,000	75,000	5,065,000
Budget Amendments	9,422,490	(359,784)	9,062,706
Other	5,834,667	4,946,044	10,780,711
Carry Forward	3,916,241	2,428,655	6,344,896
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	90,885,951	6,431,747	97,317,698
Non-Budgeted Proprietary	\$ 8,030,510	\$0	\$ 8,030,510

FY 2017 Total Agency Authority Expended

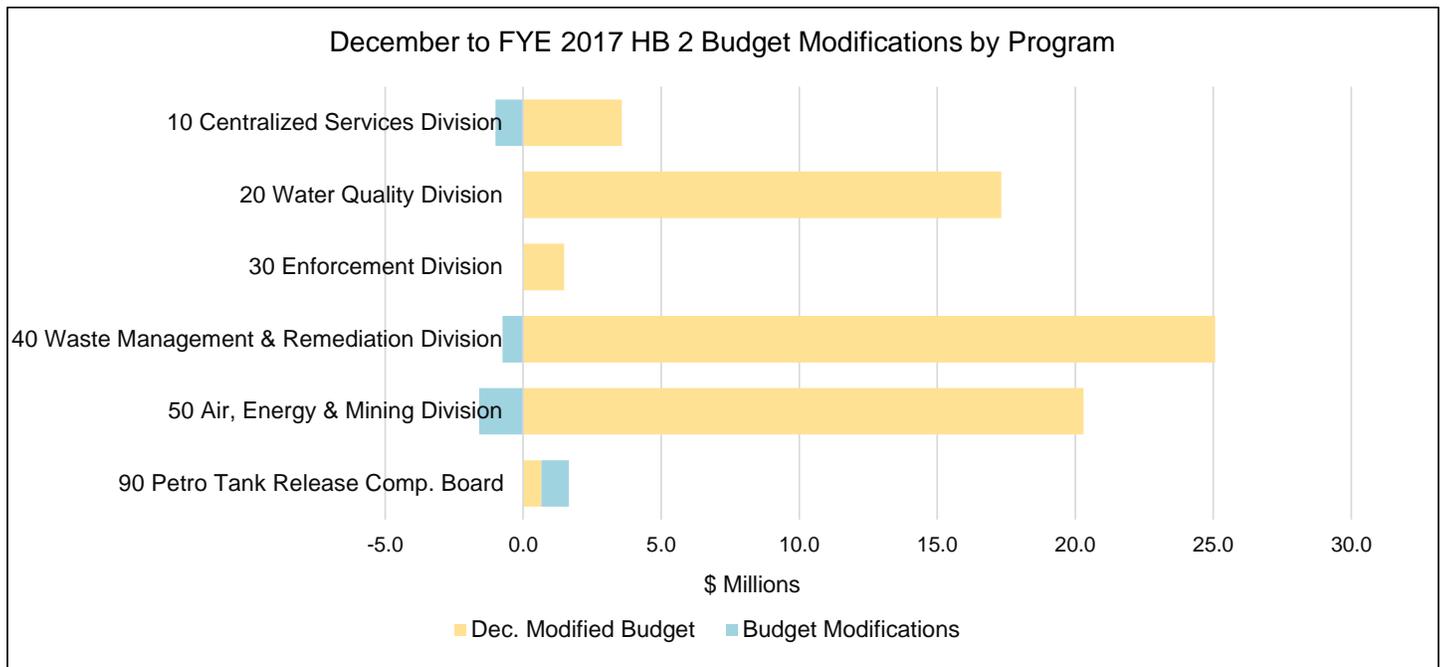
Total Expended	63,063,275
Total Budgeted Authority	97,704,587
% Expended	64.5%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

Modifications include HB 3 executive budget reductions in state special and federal authority, an increase in statutory appropriation from the environmental contingency account to address mussel larvae in state waterbodies, budget amendments to federal authority and carry forward authority.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



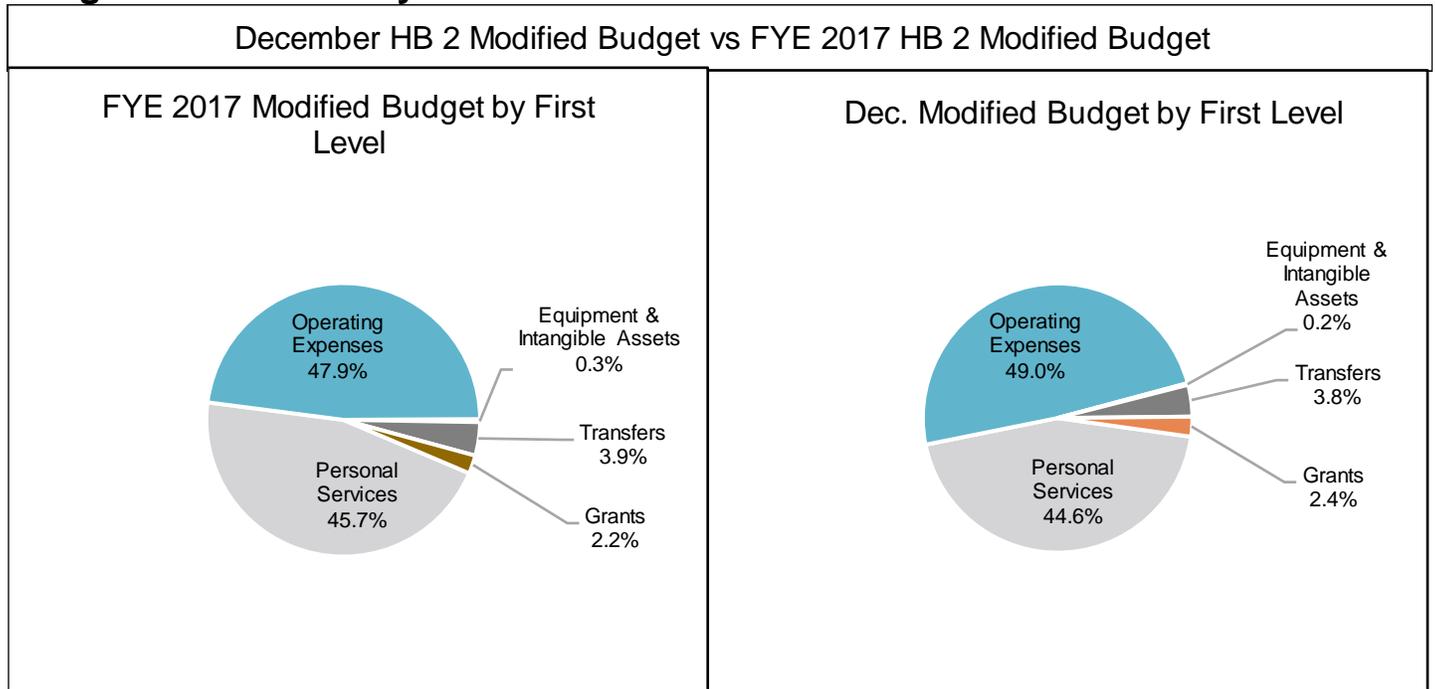
Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
10 Centralized Services Division	3,576,750	-	(1,000,000)	(1,000,000)	2,576,750	-28.0%
20 Water Quality Division	17,319,915	113,832	(113,832)	(0)	17,319,915	0.0%
30 Enforcement Division	1,483,166	-	-	-	1,483,166	0.0%
40 Waste Management & Remediation Division	25,071,953	-	(750,000)	(750,000)	24,321,953	-3.0%
50 Air, Energy & Mining Division	20,300,988	168,076	(1,762,700)	(1,594,624)	18,706,364	-7.9%
90 Petro Tank Release Comp. Board	656,236	1,000,000	-	1,000,000	1,656,236	152.4%
Grand Total	\$68,409,008	\$1,281,908	(\$3,626,532)	(\$2,344,624)	\$66,064,384	-3.4%

This chart shows budget modifications by program from December through FYE.

Total budget modifications since December for the department decreased the budget by \$2.3 million.

HB 3 executive reductions lowered state special and federal expenditure authority by \$3.3 million in the centralized services, waste management, and the air, energy, and mining divisions. Language in HB 2 authorizes the agency to increase state special revenue by \$1.0 million of the funds recovered under the petroleum tank compensation board subrogation program to pay contract expenses related to the recovery of those funds.

Budget Modification by First Level



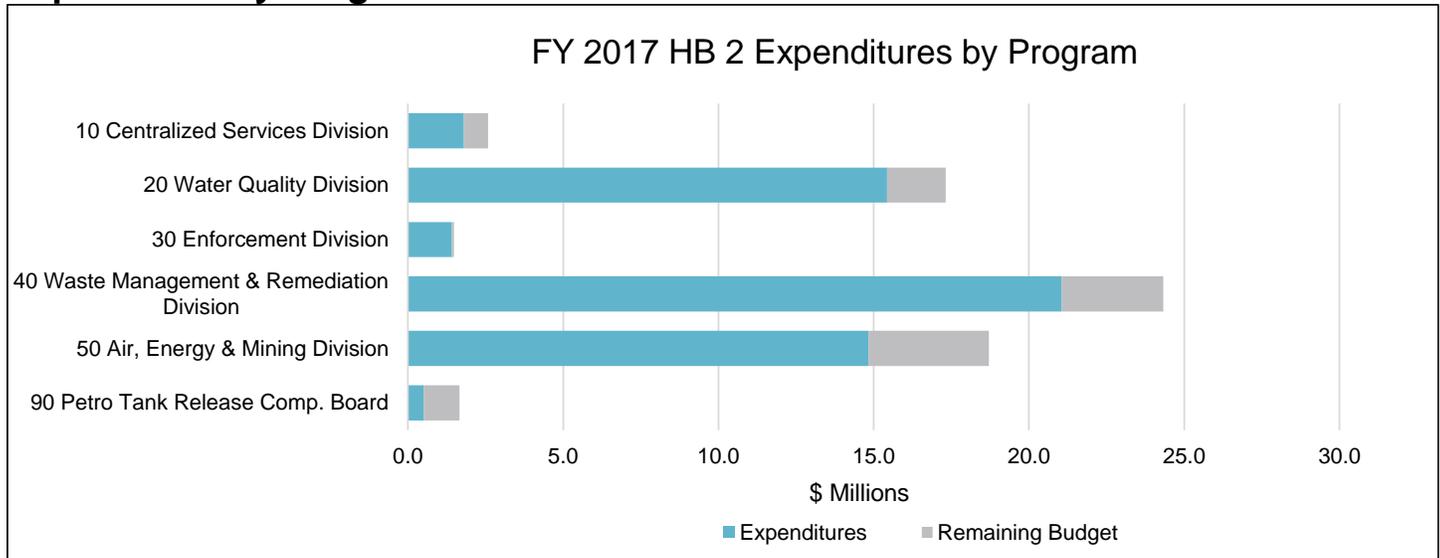
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$30,512,880	155,376	(\$505,671)	(350,295)	30,162,585	-1.1%
62000 Operating Expenses	\$33,516,127	1,000,000	(\$2,870,861)	(1,870,861)	31,645,266	-5.6%
63000 Equipment & Intangible Assets	\$141,740	71,832	\$0	71,832	213,572	50.7%
66000 Grants	\$1,635,863	48,000	(\$250,000)	(202,000)	1,433,863	-12.3%
68000 Transfers	\$2,602,398	6,700	\$0	6,700	2,609,098	0.3%
Grand Total	\$68,409,008	\$1,281,908	(\$3,626,532)	(\$2,344,624)	\$66,064,384	-3.4%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 cuts coming from personal services, and operating funds.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
10 Centralized Services Division	2,576,750	1,800,611.5	776,139	69.9%
20 Water Quality Division	17,319,915	15,426,688.0	1,893,227	89.1%
30 Enforcement Division	1,483,166	1,420,119.6	63,046	95.7%
40 Waste Management & Remediation Division	24,321,953	21,060,576.2	3,261,377	86.6%
50 Air, Energy & Mining Division	18,706,364	14,832,374.7	3,873,989	79.3%
90 Petro Tank Release Comp. Board	1,656,236	504,674.88	1,151,561	30.5%
Grand Total	\$66,064,384	\$55,045,045	\$11,019,339	83.3%

This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget

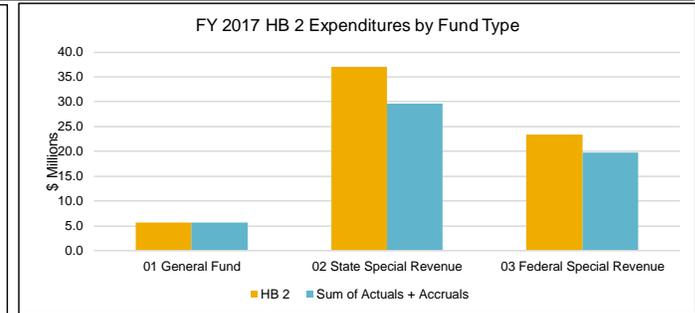
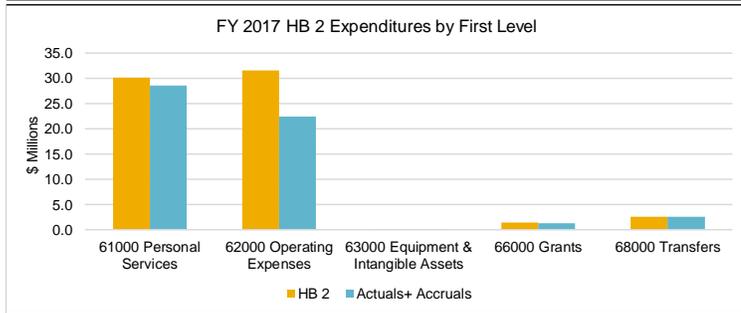
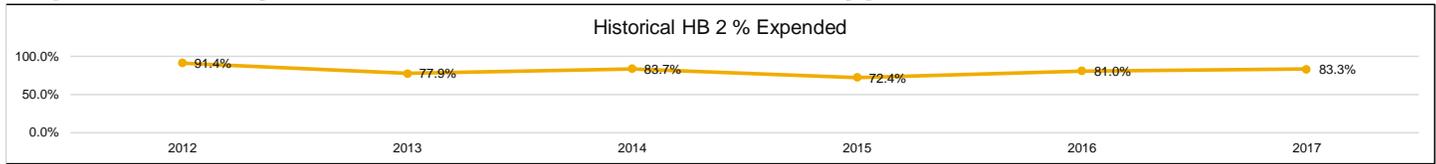
The agency ended FY 2017 with unexpended authority of \$11.0 million

Unexpended general fund totaled \$54,197; this balance was reverted to the general fund.

Unexpended state special revenue totaled \$7.4 million. The agency has appropriation authority for 39 different state special revenue funds almost all of which are restricted by statute for a specific purpose. The majority (77.3%) of the unexpended budget is accounted for by two funds, petroleum storage tank clean up, and the hard rock mining reclamation funds.

Unexpended federal funds totaled \$3.6 million in 78 federal funds that the agency has expenditure authority.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	30,162,585	28,538,540	94.6%
62000 Operating Expenses	31,645,266	22,405,158	70.8%
63000 Equipment & Intangible Assets	213,572	152,137	71.2%
66000 Grants	1,433,863	1,323,740	92.3%
68000 Transfers	2,609,098	2,625,471	100.6%
Grand Total	\$66,064,384	\$55,045,045	83.3%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	5,696,019	5,641,822	99.0%
02 State Special Revenue	37,000,050	29,630,441	80.1%
03 Federal Special Revenue	23,368,315	19,772,782	84.6%
Grand Total	\$66,064,384	\$55,045,045	83.3%

The above charts show HB2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The agency general fund was almost entirely expended for FY 2017. Total percent expended for the year is 83.3% and is consistent with historical expenditure totals. In addition to the general fund, the agency has budget authority for 117 state and federal special revenue accounts. Each account is restricted for its intended purpose resulting in higher cumulative unexpended balance when compared to other agencies.

DEPARTMENT OF TRANSPORTATION

BUDGET AND EXPENDITURE HIGHLIGHTS

In FY 2017, the Montana Department of Transportation (MDT) had total budget authority of \$898.3 million (including non-budgeted proprietary funding) and expended \$665.6 million, or 74.1%

HB 2 authority was \$727.9 million in FY 2017, which included the continuation of \$48.6 million of HB 2 authority from FY 2016, or 6.7% of the total HB 2 authority in FY 2017

- HB 2 contains language that makes MDT a biennial budget, so the continued authority is allowed by law and is not unusual
- MDT expended 70.8% of the total HB 2 authority (or 75.8% when corrected for the continuing authority)

Expenditures in FY 2017 were less than previous years, most significantly in the Construction Program

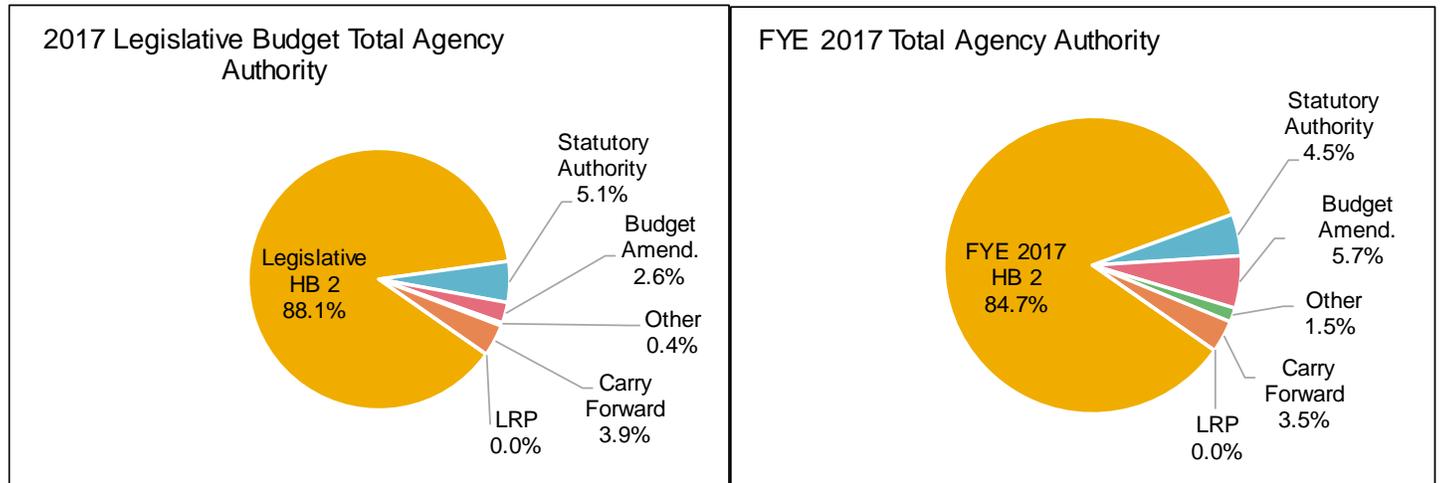
- The budget of the Construction Program lags biennial appropriations, and the reduced expenditures can be related to projects planned in the 2015 biennium
 - During the 2015 biennium, the federal government had not passed and allocated funding from the "Fixing America's Surface Transportation Act" or Fast Act
 - In FY 2014 and FY 2015 when MDT needed to rely on federal funding through continuing resolutions, the agency was reluctant to enter into contracts for large federal-aid highway projects and planned fewer
- Additionally, MDT was required to reduce expenditures from the restricted highway state special revenue account (HSRA)
- MDT has always obligated all available federal highway funding for construction projects and no federal authority has been declined

The HSRA working capital analysis was improved by a total of \$16.6 million from the projections of the 2017 session

- Revenue was realized \$3.2 million lower than projected in HJ 2
- Budgets were expended at a level significantly reduced from total appropriations
- The final working capital balance in HSRA for FY 2017 was \$45.9 million as compared to the projected \$29.2 million

TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	680,180,792	47,764,198	727,944,990
Statutory Authority	39,094,342	-	39,094,342
Budget Amendments	19,795,213	29,096,356	48,891,569
Other	3,100,524	10,199,547	13,300,071
Carry Forward	30,018,629	-	30,018,629
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	772,189,500	87,060,101	859,249,601
Non-Budgeted Proprietary	\$ 39,230,526	(\$19,334)	\$ 39,211,192

Total Expended	632,409,964
Total Budgeted Authority	859,249,601
% Expended	73.6%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

- Total MDT authority is \$859.2 million, and 73.6% of the authority was expended
- Not included in the figures above is \$39.2 million of authority for three non-budgeted proprietary programs, of which \$33.2 million or 84.5% was expended
- MDT is a biennial budget and as such continued unused authority (CA) of \$48.6 million from the FY 2016 HB 2 budget rolled forward to the FY 2017 HB 2 budget
- MDT expended 97.4% of their statutory authority, which primarily consists of distributions of fuel taxes
- MDT continued \$30.0 million of carryforward authority in FY 2017 and expended 99.9% of the authority
- MDT had \$48.9 million of authority from budget amendments and expended \$48 million
 - Budget amendments consist of federal funds primarily for highway construction and transit pass-through grants

The "Other" authority of \$13.3 million consists primarily of Long-Range Building and Information Technology authority, from which MDT expended \$1.2 million

- The three MDT proprietary programs (State Motor Pool, Equipment, and West Yellowstone Airport) expended 84.7% of their \$39.2 million of authority

Statutory Appropriations

- MDT statutory appropriations were budgeted at \$39.1 million and consist of:
 - \$22.8 million for distributions of fuel taxes to local and tribal governments
 - \$16.0 million is for debt service obligations
 - \$0.1 million is for rural technical assistance (educational purposes at Montana State University)
- MDT expended 97.4% of the total statutory appropriation authority

Budget Amendments

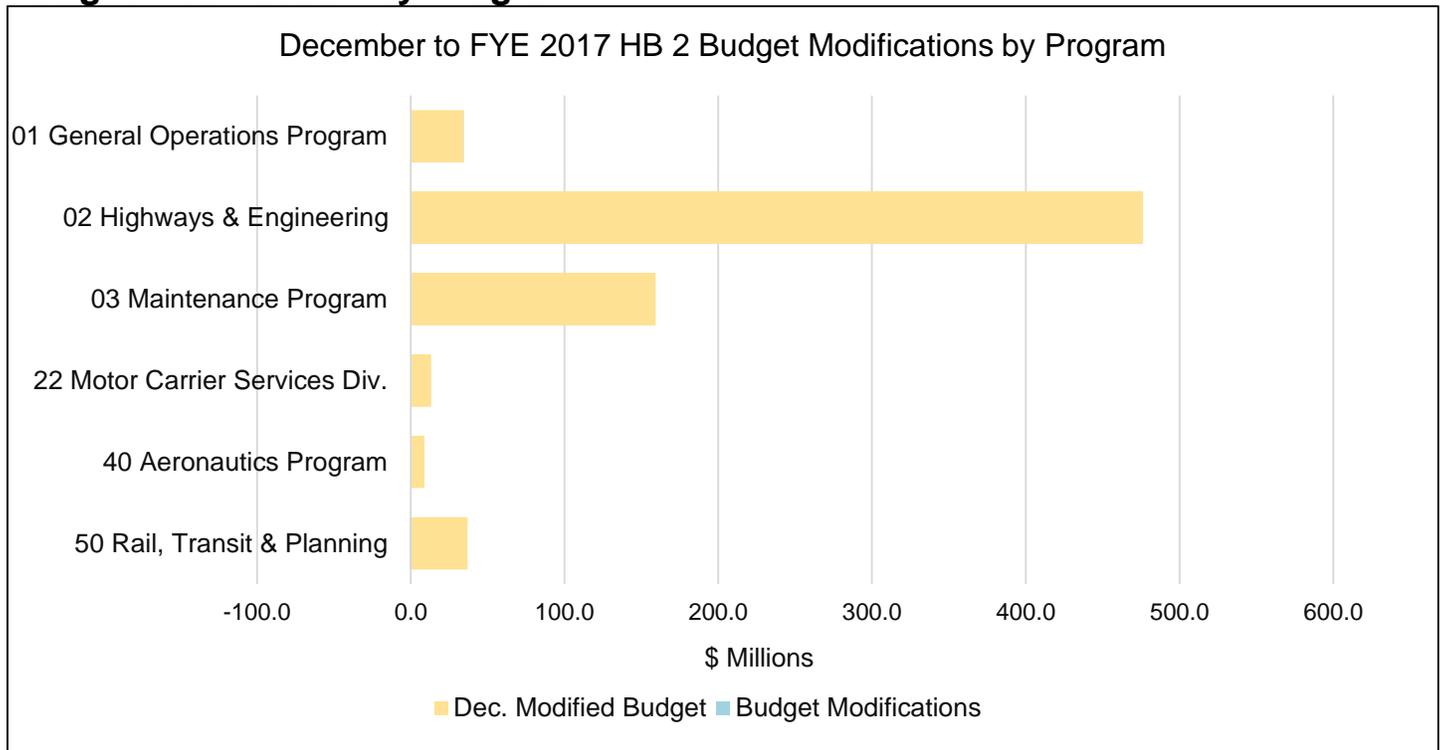
- MDT did not increase the federal special revenue budget with budget amendments since the December report
- Two changes to existing budget amendments in the construction and aeronautics programs were included in budget change documents
- In each case, the related personal services were increased while the operating expenses were reduced

Non-Budgeted Proprietary

- MDT has three non-budgeted proprietary programs, as shown in the figure above
- Spending in the State Motor Pool and Equipment programs was 84.2% and 84.5% of total authority respectively
- Historically, the level of expenditures in the proprietary programs vary, and the level of expenditure is not extraordinary
- Reduced expenditures would only impact rates in the State Motor Pool program, but given the tiered rate structure, the program is able to reduce costs to user agencies based on the cost of gasoline, one of the most significant of the operating cost factors in the program
- State Motor Pool rates continue to be lower than the Tier 1 cost level authorized in HB 2

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program

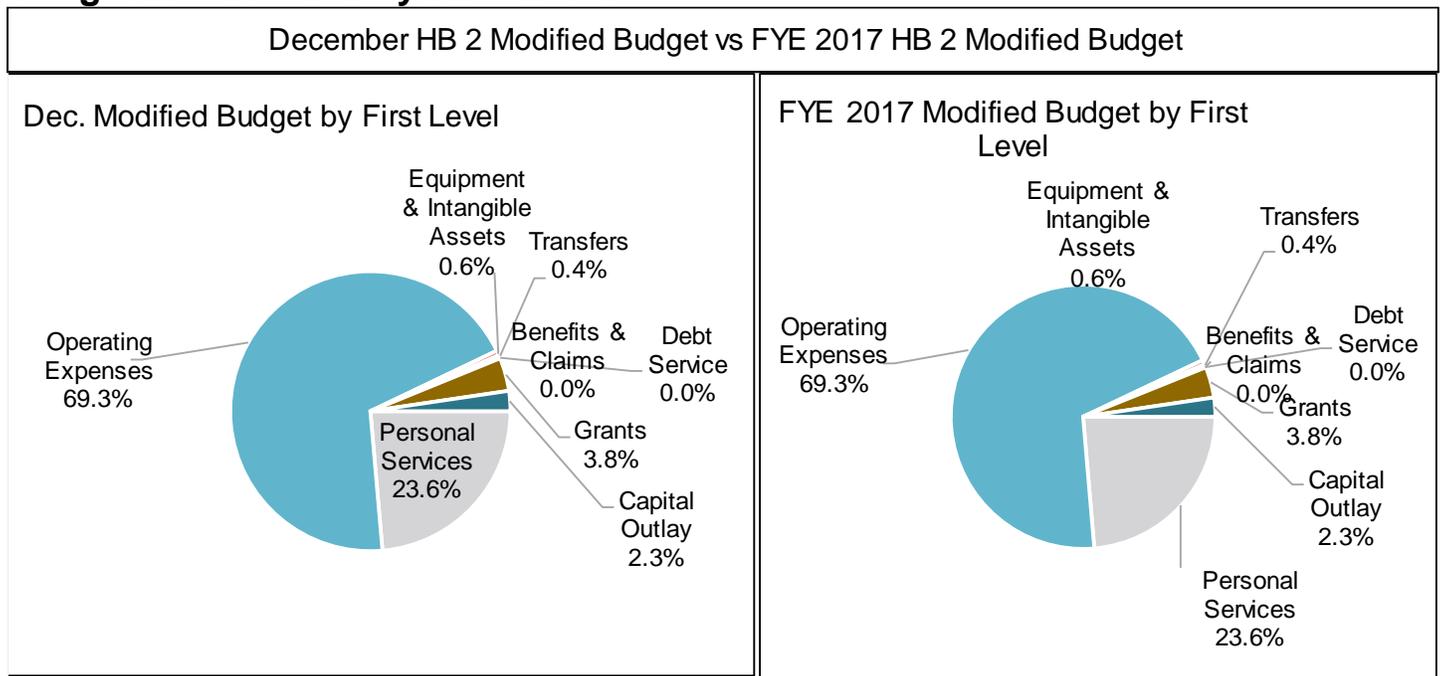


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 General Operations Program	34,165,109	39,142	(17,504)	21,638	34,186,747	0.1%
02 Highways & Engineering	476,300,382	480,000	(501,000)	(21,000)	476,279,382	0.0%
03 Maintenance Program	159,151,582	-	-	-	159,151,582	0.0%
22 Motor Carrier Services Div.	13,270,931	23,000	(23,000)	-	13,270,931	0.0%
40 Aeronautics Program	8,899,628	23,000	(23,000)	-	8,899,628	0.0%
50 Rail, Transit & Planning	36,859,693	484,550	(1,187,522)	(702,972)	36,156,721	-1.9%
Grand Total	\$728,647,324	\$1,049,692	(\$1,752,026)	(\$702,334)	\$727,944,990	-0.1%

This chart shows budget modifications by program from December through FYE.

- Between December and June, MDT made operating plan changes of \$241,504, changing the budget between account categories (changes net to \$0 at the program level)
- In addition to the slight changes in the first level account data, MDT also made slight changes to the overall agency funding, reducing state special funding by \$1.3 million and increasing federal special funding by \$727,590
- MDT made program transfers that reduced operating expenses in the Construction Program and personal services in the Rail, Transit, & Planning Program and increased the same budget categories in the General Operations Program (changes net to \$0 at the agency level)
 - The changes were made to cover the General Operations Program administrative costs
- The Rail, Transit, & Planning Program transferred \$702,334 in grant authority to the Office of Budget and Program Planning (OBPP)
 - This action was a reversion of the authority provided to MDT for the changes to the Trans Aid and DUI programs made in legislation
 - MDT had expenditures that used the contingent authority, but subsequently used carry forward authority for expenditures after the contingent authority was returned to OBPP

Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$172,124,057	324,638	(\$324,638)	-	172,124,057	0.0%
62000 Operating Expenses	\$504,732,866	21,000	(\$231,504)	(210,504)	504,522,362	0.0%
63000 Equipment & Intangible Assets	\$4,087,312	23,000	\$0	23,000	4,110,312	0.6%
64000 Capital Outlay	\$17,024,446	-	(\$31,000)	(31,000)	16,993,446	-0.2%
66000 Grants	\$27,935,244	650,000	(\$1,151,334)	(501,334)	27,433,910	-1.8%
67000 Benefits & Claims	\$1,000	-	\$0	-	1,000	0.0%
68000 Transfers	\$2,657,036	31,054	(\$13,550)	17,504	2,674,540	0.7%
69000 Debt Service	\$85,364	-	\$0	-	85,364	0.0%
Grand Total	\$728,647,324	\$1,049,692	(\$1,752,026)	(\$702,334)	\$727,944,990	-0.1%

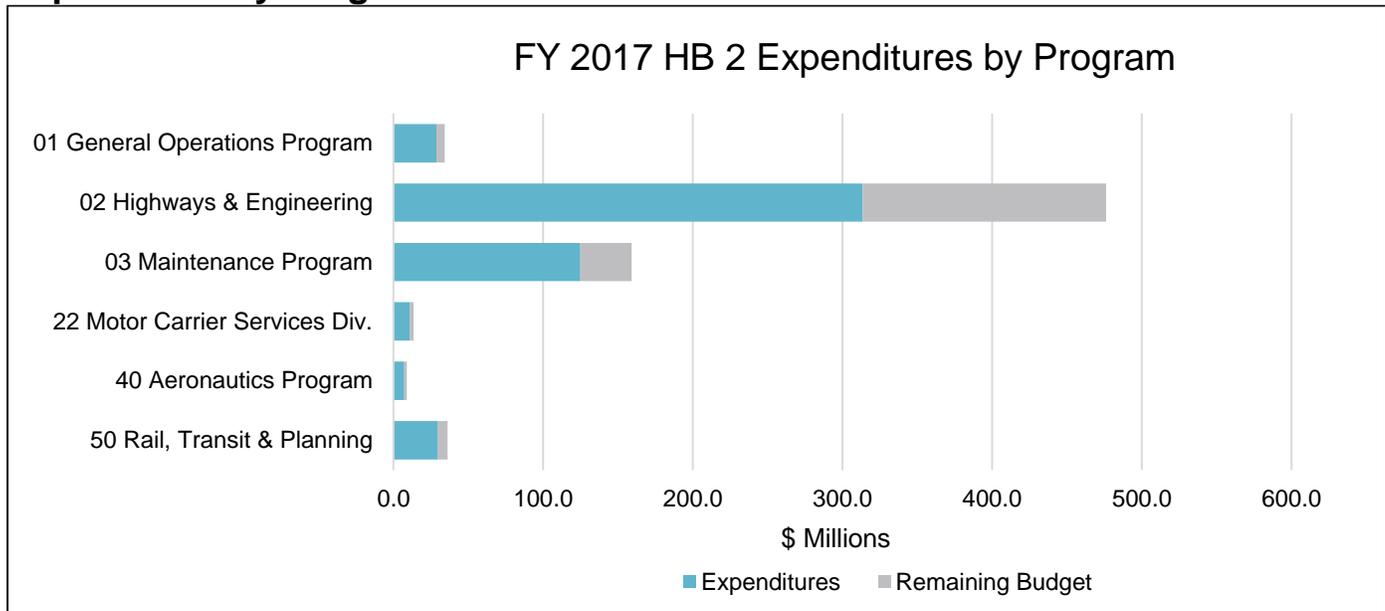
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

- Between December and June, modifications to the MDT budget net to a reduction of \$702,334
- Changes were insignificant in first level of expenditure, as shown in the figures above

While the modifications made a net change in the total budget of negative \$702,334, in percent terms that is equal to a negative 0.1%

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 General Operations Program	34,186,747	28,564,708	5,622,039	83.6%
02 Highways & Engineering	476,279,382	313,637,917	162,641,466	65.9%
03 Maintenance Program	159,151,582	124,943,220	34,208,361	78.5%
22 Motor Carrier Services Div.	13,270,931	10,991,843	2,279,088	82.8%
40 Aeronautics Program	8,899,628	7,261,400	1,638,227	81.6%
50 Rail, Transit & Planning	36,156,721	29,783,380	6,373,342	82.4%
Grand Total	\$727,944,990	\$ 515,182,468	\$212,762,523	70.8%

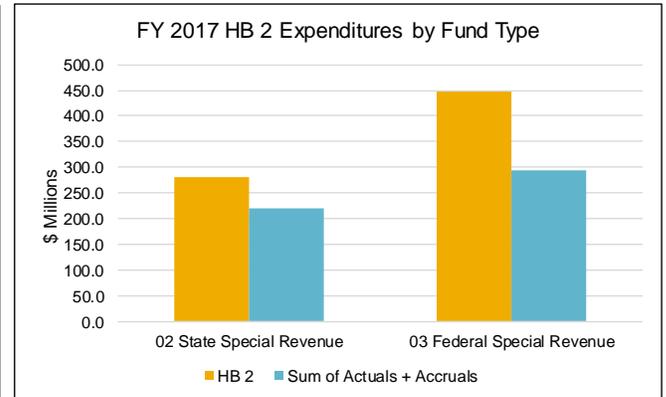
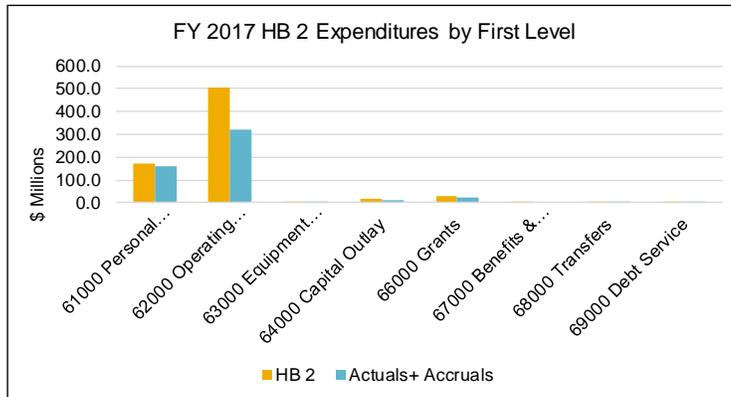
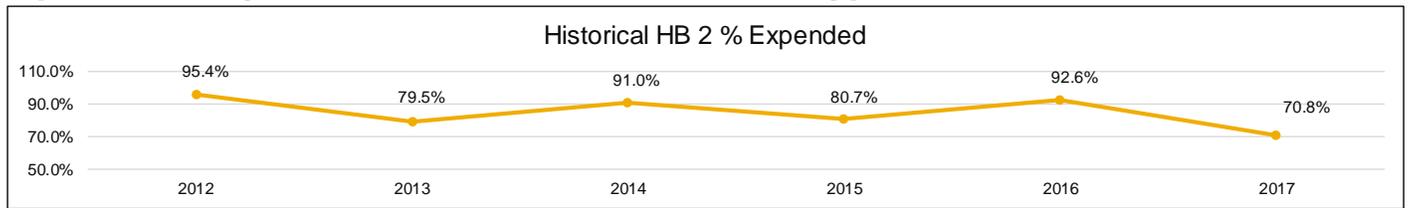
This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

- Overall, MDT spent 70.8% of total HB 2 authority, leaving a balance in HB 2 authority of \$212.8 million, and all programs had unused balances
- The Construction Program used just 65.9% of their HB 2 authority
 - Spending in the Construction Program experiences time lags, especially with regard to federal-aid highway construction projects
 - The reduced level of expenditures relates to project planning from the 2015 biennium
 - When previous budgets were planned, the federal funds allocations were not set and were included in continuing resolutions making long-term planning problematic
- The Maintenance program expended 78.5% of the total budget
 - When the previous budgets were planned, there was not a funding correction in place for the restricted highway state special revenue (HSRA) account, as there is in the 2019 biennium
 - The program is the largest user of HSRA
 - One notable area of FY 2017 reduced spending is in the State Funded Construction program where expenditures were \$4.2 million of the \$10.0 million budget, or 42.1%

Both funding issues were in some part resolved, and spending is expected to increase, both in real dollar terms and as a percent of the HB 2 budget, in FY 2019

- \$152.2 million, or 71.5%, of the budget balance was federal special revenue
- \$52.0 million, or 24.4%, of the budget balance was HSRA

Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level

First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	172,124,057	158,756,474	92.2%
62000 Operating Expenses	504,522,362	320,602,286	63.5%
63000 Equipment & Intangible Assets	4,110,312	1,613,776	39.3%
64000 Capital Outlay	16,993,446	8,909,937	52.4%
66000 Grants	27,433,910	23,536,760	85.8%
67000 Benefits & Claims	1,000	-	0.0%
68000 Transfers	2,674,540	1,677,965	62.7%
69000 Debt Service	85,364	85,270	99.9%
Grand Total	\$727,944,990	\$515,182,468	70.8%

FY 2017 HB 2 Expended by Fund Type

Fund Type	FYE Modified HB 2	Expended	Percent Expended
02 State Special Revenue	281,706,232	220,762,961	78.4%
03 Federal Special Revenue	446,238,758	294,419,507	66.0%
Grand Total	\$727,944,990	\$515,182,468	70.8%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

- As demonstrated in the Historical figure above, HB 2 expenditures as a percent of budget authority in the odd year of the biennium is typically lower than in the even year
- This effect is in large part related to the MDT biennial budget and the continuing of unused budget authority (continued authority, CA) from the even year to the odd year
- By first level account, MDT used all of their debt service budget and 92.2% of the personal services budget
 - Personal services expenditures are consistent with historic levels and are expended at this level for purposes of vacancy savings
 - Operating expenses are lower than historic levels and two reasons explain the reduced use
 - i. The federal-aid construction program lags biennial appropriations, and
 - ii. the reduced expenditures can be related to projects planned in the 2015 biennium prior to the passage of the Congressional "Fixing America's Surface Transportation Act" or Fast Act, and MDT was reluctant to enter into contracts for significant highway projects
- Additionally, MDT was required to reduce expenditures from the restricted highway state special revenue account (HSRA)
- Notably, MDT expended just \$4.2 million of the \$10.0 million of authority for the State Funded Construction Program in FY 2017
- Operating expenditures were just 63.5% HB 2 authority
 - Total operating expenditures were increased by \$33.9 million of CA
 - When reducing for the CA, MDT expended 68.1% of the HB 2 operating expenses authority
- MDT equipment costs have varied over time, and in FY 2017 the agency expended the least amount since FY 2011

- MDT expended \$1.6 million of the authority, or 39.3% of the budget, and the Construction Program, with the largest equipment budget, expended only 40.6% of the budget
- The Construction Program paid for fewer equipment purchases through the federal CMAQ Program in FY 2017, a federal program that provides funding to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards
- While spending from other expenditure categories (capital outlay, grants, transfers out) may appear low, the spending is consistent with historic expenditures, and they vary over time due to numerous factors

REQUIRED REPORTS

N/A

ADDITIONAL DISCUSSION

Personal Services Budgets

FY 2017 Personal Services by Program					
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended	
01 General Operations	18,801,160	15,743,238	3,057,922	83.7%	
02 Construction	75,443,676	70,792,246	4,651,430	93.8%	
03 Maintenance	59,010,901	54,492,195	4,518,707	92.3%	
22 Motor Carrier Services Div.	9,274,715	8,765,572	509,143	94.5%	
40 Aeronautics	854,356	721,862	132,495	84.5%	
50 Rail, Transit & Planning	8,739,246	8,241,361	497,885	94.3%	
Grand Total	172,124,057	158,756,474	13,367,582	92.2%	

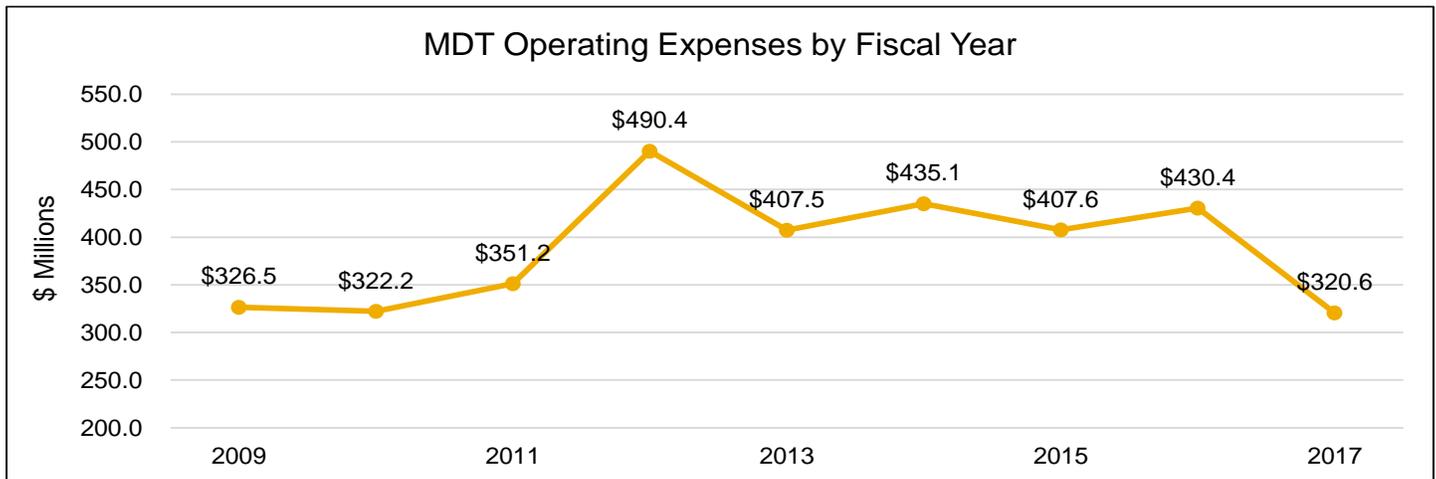
- MDT expended \$158.8 million on HB 2 personal services
- Expenditures were 92.2% of the FY 2017 modified budget authority
- Personal Services expenditures were consistent with historic levels and unexpended balances are primarily related to the requirement for vacancy savings
- The MDT HB 2 personal services budgets were increased by \$5.9 million of unused (continued-CA) authority from FY 2016
- The personal services CA was not required in FY 2017
- Excluding the personal services CA, MDT expended 95.5% of the FY 2017 HB 2 personal services authority

Operating Expenses

FY 2017 Operating Expenses by Program					
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended	
01 General Operations	15,123,536	12,621,641	2,501,896	83.5%	
02 Construction	372,767,751	225,098,154	147,669,597	60.4%	
03 Maintenance	99,849,705	70,313,071	29,536,634	70.4%	
22 Motor Carrier Services Div.	3,534,603	2,122,529	1,412,074	60.1%	
40 Aeronautics	7,603,918	6,221,048	1,382,870	81.8%	
50 Rail, Transit & Planning	5,642,848	4,225,843	1,417,005	74.9%	
Grand Total	504,522,362	320,602,286	183,920,076	63.5%	

- MDT expended \$320.6 million on HB 2 operating expenses in FY 2017
- This was 63.5% of the FY 2017 modified budget authority and as shown in the figure below is unusually low
- Contractor payments are a significant component of the Construction Program operating expenses
- The low operating expenses are related to the lag that occurs in contractor payments, as described below
- The MDT HB 2 operating expenses budgets were increased by \$33.9 million of unused or continued authority (CA) from FY 2016

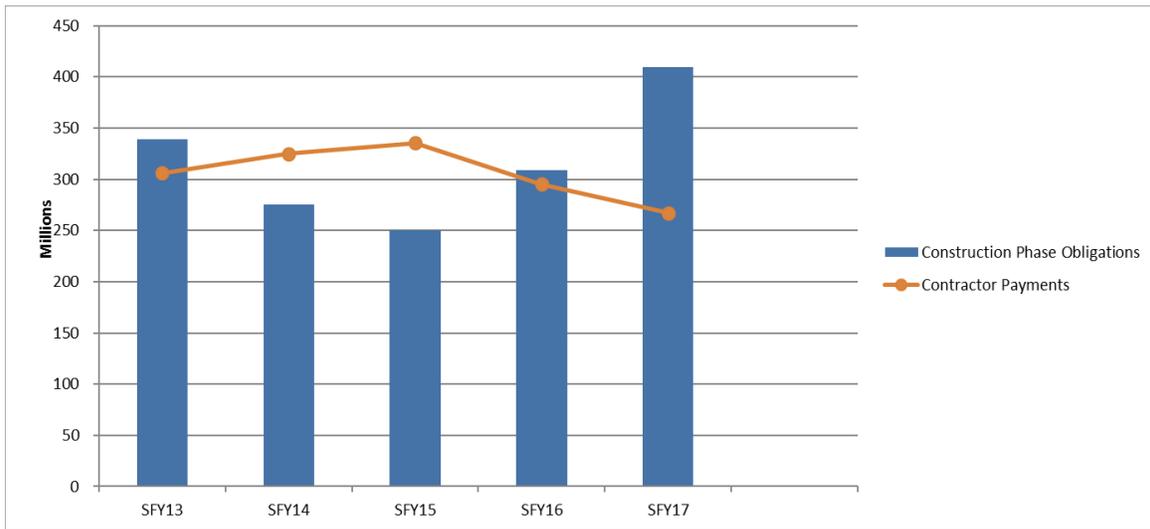
- The operating expense CA was required in FY 2017 for the completion of the West Yellowstone Airport taxiway and apron project
- The CA in other programs was not required in FY 2017
- Excluding the operating expenses CA, MDT expended 68.1% of the FY 2017 HB 2 operating expenses authority



- Historically, the operating expenses for FY 2017 were at the lowest level since 2009
- The reasons for low spending in this budget category are two-fold and are mentioned in the main section of this report
- Low spending is in large part a factor of the way in which highway construction is planned and budgeted
- In FY 2017, MDT was paying contract costs related to the federal-aid highway construction projects that were planned in the previous biennium when federal funding was not secured by the FAST Act and MDT was reluctant to plan significant projects
- Across all programs, spending from HSRA was reduced because of the funding issues
- These spending reductions are most notable in the State Funded Construction Program, where the agency expended only 42.1% of the \$10.0 million budget
- Spending on operating expenses reached a peak in FY 2012, which was substantially the end of the American Recovery and Reinvestment Act (ARRA) stimulus funding
 - In the period of ARRA funding, FY 2009 through FY 2012, the state was not required to provide a state special revenue match to the federal highway funding
 - MDT used state special funding to increase delivery of projects funded in the State Funded Construction Program
 - MDT was also able to amass a sizable fund balance, which supported the activities funded through the restricted highway state special revenue account through the 2017 biennium

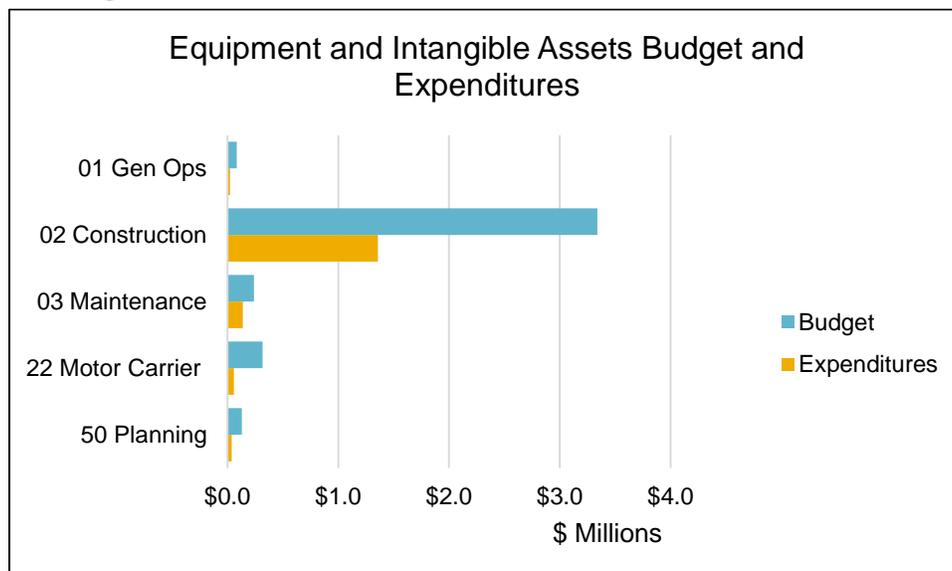
Contractor Payments

The following figure is provided by MDT and demonstrates the timing of contractor payments as associated with federal funding:



- The figure above shows MDT’s obligation to federal-aid road projects in the blue bars and the payments to contractors for those projects in the gold line
- The figure shows the time lag related to payment of obligated projects
- When MDT is informed of the federal authorization of funding through the federal highway trust (called the “obligation limit”), the agency obligates the authorization to specific federal-aid highway projects
 - States are required to obligate the limitation by the end of each federal fiscal year and if other states are unable to obligate the limitation, the funding is redistributed to the states that are able to obligate their authorized limitation
 - Montana has always been able to obligate the authorization and is also able to obligate the redistributed obligation limitation
 - Revenues related to these obligations are received on the basis of federal-aid project reimbursements
- Demonstrated in the figure is a two-year lag from the obligation of a project and the expenditure of the contractor payments
- As related to the reduced expenditures of FY 2017, MDT is making contractor payments for projects obligated in FY (or SFY as shown in the figure) 2014 and 2015
- Note also the obligation of FY 2017
 - MDT believes that contractor payments will increase significantly in FY 2019 as a result of the increased obligations in FY 2017

Equipment & Intangible Assets



- FY 2017 equipment expenses is another area of historically low spending, as seen in the figure above
- This budget category is significantly lower than others, with a total modified HB 2 budget of \$4.1 million
- MDT expended \$1.6 million of the authority, or 39.3% of the budget
- With 81.3% of the total HB 2 equipment budget, the Construction Program expended only 40.6% of the budget
 - The Construction Program paid for fewer equipment purchases through the federal CMAQ Program in FY 2017
 - CMAQ (Congestion Mitigation and Air Quality Improvement Program) provides funding to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards

MDT Funding

- In FY 2017, total expenditures in MDT are funded with state special revenue (37.6%), federal special revenues (57.4%), and proprietary funds (5.0%)
 - In the state special fund type, the restricted highway state special revenue account (HSRA) was used for 93.9% of total state special revenues expended and 35.3% of total revenues
 - In the federal special fund type, the federal highway trust account was used for 93.9% of total federal special revenues expended and 53.9% of total revenues
- This section of the report will focus on the two major accounts/funds

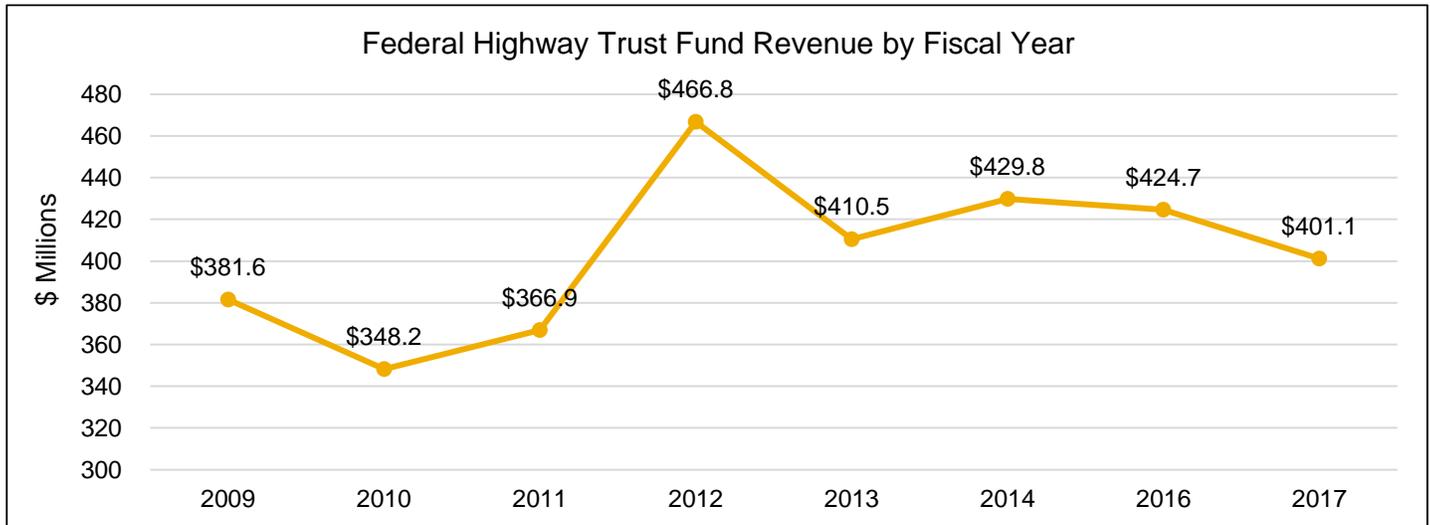
State Special Revenues (HSRA)

FY 2017 Working Capital Balance of HSRA (\$ millions)		
Item	FY 2017 Budgeting Assessment	FY 2017 Actuals
<u>HSRA Restricted Account - 02422</u>		
Beginning Fund Balance	\$35.6	\$35.1
Total Revenues	295.7	292.5
<u>Expenditures</u>		
Montana Department of Transportation (MDT)		
MDT SA and Tribal Distributions	23.7	22.7
MDT HB 2	272.8	218.2
Other HSRA Appropriations		
Department of Justice (DOJ) HB 2	39.5	39.0
MDT (HB 10)	4.6	0.3
FWP (HB 5)	1.9	0.2
MDT LRBP (HB 5)	<u>6.2</u>	<u>1.4</u>
Total Expenditures	348.6	281.8
Net Revenues Less Expenditures	<u>(52.9)</u>	<u>10.7</u>
Subtotal Ending Balance	(17.3)	45.9
2017 Biennium Projected Reversion	46.5	0.0
Working Capital Balance (02422)	\$29.2	\$45.9

- The figure above provides a comparison of the working capital balance for HSRA, comparing the expectations of the 2017 Legislature and the FY 2017 actual revenues and expenditures
- The working capital balance differs from a regular fund balance in that it only considers current (not long-term) assets and liabilities and expenditures do not include accruals
- The column titled FY 2017 Budgeting Assessment is the information that the 2017 Legislature used for the starting point of its budgeting work in this account
- The realized revenues of HSRA were \$3.2 million, or 1.1%, lower than anticipated by the legislature
- At the same time, expenditures were significantly reduced from the level of appropriation, greater yet than the \$46.5 million (row titled 2017 Biennium Projected Reversion) projected by MDT and the LFD
- Total expenditures were \$66.8 million less than available appropriations

- FY 2017 MDT HB 2 spending reductions of \$54.6 million from appropriations
- FY 2017 DOJ HB 2 spending reductions of \$0.5 million from appropriations
- The combination of the reduced revenues and expenditures create an improvement of \$16.6 million to the beginning fund balance for the 2019 biennium (slight rounding error)
- The increase of the working capital balance will improve the cash flow position in MDT

Federal Special Revenues (Federal Highway Trust Fund)



- Most of the federal funding used in MDT comes through reimbursements from the federal highway trust fund and those revenues received by the state are included in the figure above
 - The Federal Highway Administration (FHWA) authorizes funds to the states through what is called the “obligation limitation”
 - States are required to obligate the authorized funds by the end of each federal fiscal year
 - If the limitation is not obligated, then funds are redistributed to states who are able to obligate their authorized limitation
 - Montana has always been able to obligate both the initial and redistribution authorizations in full, and FY 2017 does not differ in this respect
 - Revenues from the federal highway trust fund are received on the basis of federal-aid project reimbursements
- MDT realized \$424.1 million in total federal funds in FY 2017 and expended 90.0%, or \$381.8 million of those funds, and \$401.1 million were from the federal highway trust fund
- MDT expended 89.4%, or \$358.6 million, of those funds
 - The balance will be expended in FY 2018
- As shown in the figure above, federal funds from the highway trust fund have declined since FY 2012, the end of the ARRA program
- Federal funding through the highway trust fund is expected to grow by 2% in the 2019 biennium as a result of the FAST Act (the most recent surface transportation legislation passed by Congress).

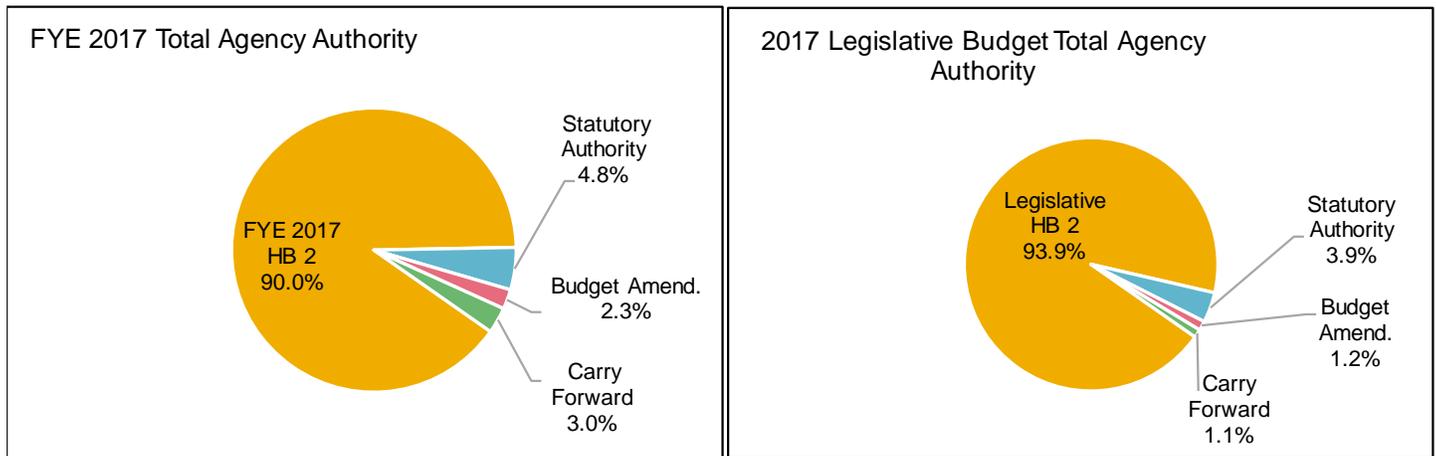
DEPARTMENT OF LIVESTOCK

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Livestock expended 93.6% of the general fund budget and 90.1% of the total budget.
- The agency reverted \$174,006 of unexpended appropriation authority to the general fund

TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	13,394,135	(46,735)	13,347,400
Statutory Authority	550,000	164,298	714,298
Budget Amendments	171,126	162,714	333,839
Other	-	-	-
Carry Forward	149,991	288,619	438,610
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	14,265,252	568,895	14,834,147
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	13,189,675
Total Budgeted Authority	14,834,147
% Expended	88.9%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

The agency carried forward \$74,870 in general fund, \$307,226 in state special revenue, and \$56,514 in federal special revenue. The agency reduced its budget by \$47,000 in accordance with HB3.

Statutory Appropriations

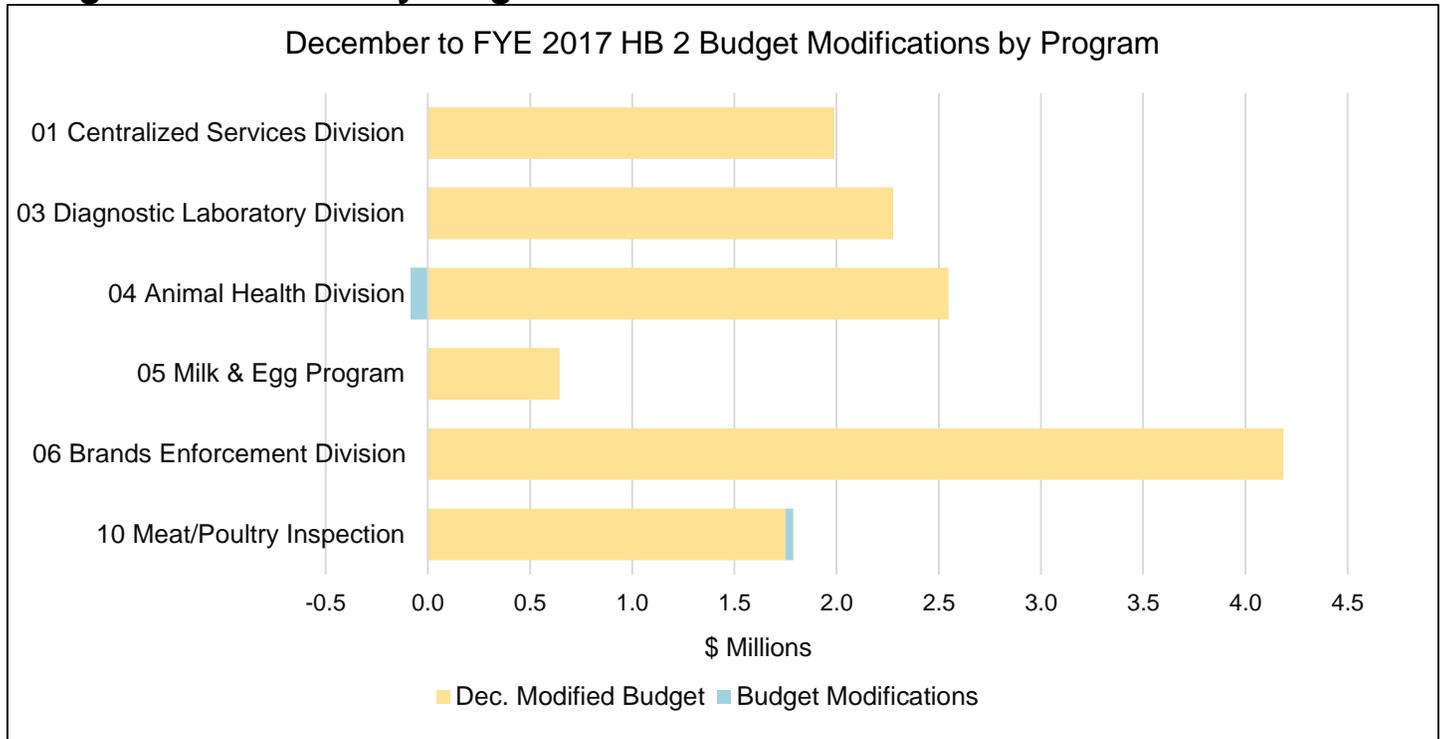
Besides the allocated HB 2 authority the department also has statutory authority. This is for money that is allocated for state grants and wildlife services and payments for claims against predators.

Budget Amendments

Increases in federal authority accounts for 99.0% of total budget amendments. The remaining 1.0% of budget amendments was for state special revenue.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Centralized Services Division	1,988,402	61,800	(61,800)	-	1,988,402	0.0%
03 Diagnostic Laboratory Division	2,277,299	5,862	(5,862)	-	2,277,299	0.0%
04 Animal Health Division	2,548,327	88,800	(172,803)	(84,003)	2,464,324	-3.3%
05 Milk & Egg Program	644,938	-	-	-	644,938	0.0%
06 Brands Enforcement Division	4,185,339	-	-	-	4,185,339	0.0%
10 Meat/Poultry Inspection	1,750,098	73,851	(36,851)	37,000	1,787,098	2.1%
Grand Total	\$13,394,403	\$230,313	(\$277,316)	(\$47,003)	\$13,347,400	-0.4%

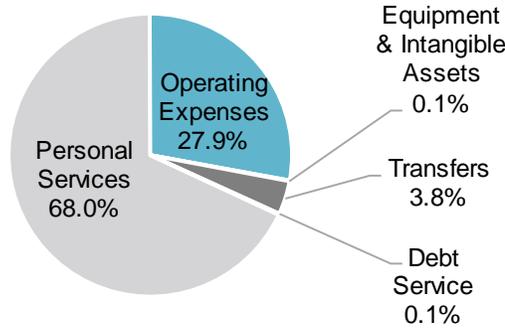
This chart shows budget modifications by program from December through FYE.

The agency reduced the Animal Health Division general fund budget by \$47,003 to comply with HB3 budget reductions. The agency transferred \$37,000 of general fund appropriation from operating expense in the Animal Health Division to personal services in Meat and Poultry inspection. The agency also made transfers from operations and debt service to personal services. For a detailed discussion on budget modifications by program and expense, see the discussion on budget modification by first level below.

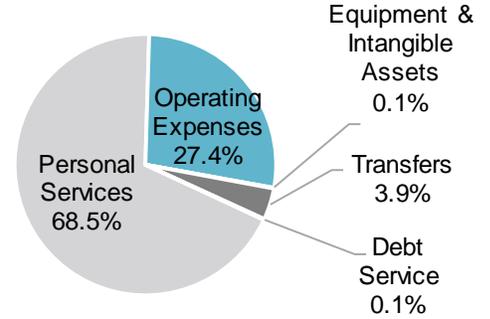
Budget Modification by First Level

December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$9,107,013	127,806	(\$88,800)	39,006	9,146,019	0.4%
62000 Operating Expenses	\$3,740,942	94,662	(\$182,654)	(87,992)	3,652,950	-2.4%
63000 Equipment & Intangible Assets	\$13,000	-	\$0	-	13,000	0.0%
68000 Transfers	\$513,481	7,845	\$0	7,845	521,326	1.5%
69000 Debt Service	\$19,967	-	(\$5,862)	(5,862)	14,105	-29.4%
Grand Total	\$13,394,403	\$230,313	(\$277,316)	(\$47,003)	\$13,347,400	-0.4%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

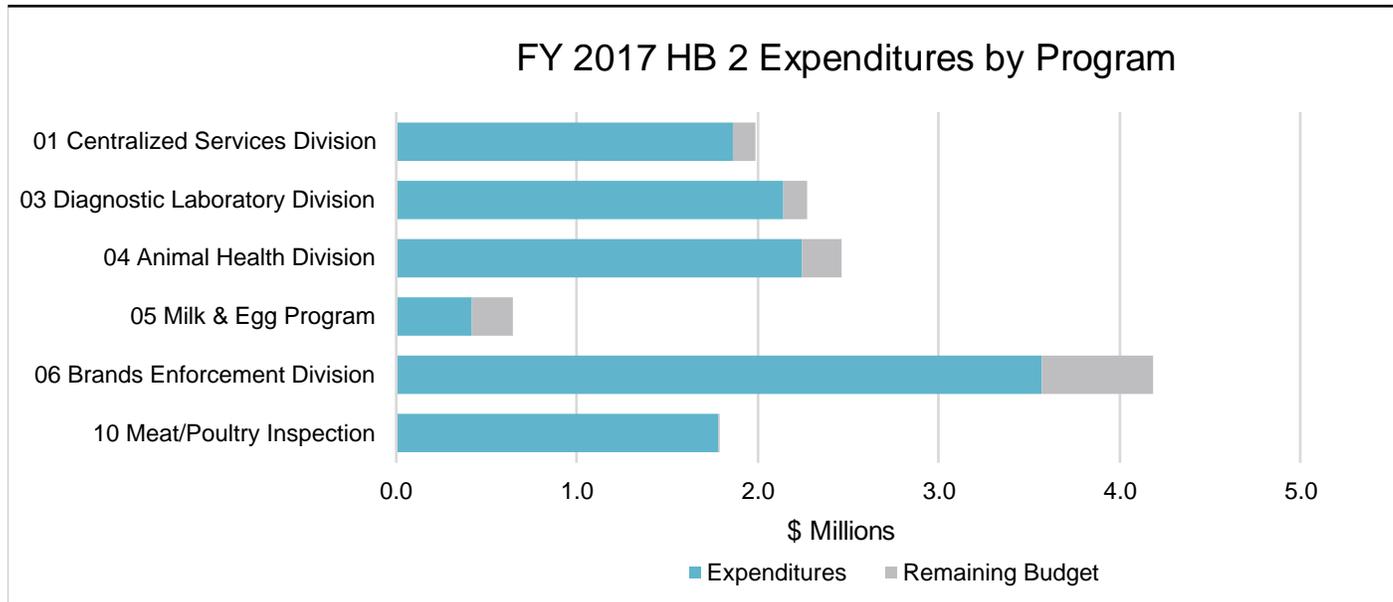
The agency reduced operating expense by \$47,003 in the animal program to comply with HB3 budget reductions. The agency also transferred authority from operating expense and debt service to fund personal services and transfers. The table below summarizes budget modifications by program and expense.

Summary of budget modifications since December 2016, Livestock

BCD	Program 10 Centralized Services			Program 30 Diagnostic Lab			Program 40 Animal Health		Program 70 Meat & Poultry Insp.		Total Modifications			
	Personal Services	Operating Expense	Transfers	Personal Services	Operating Expense	Debt Service	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Debt Service	Transfers
General Fund														
HB3 Red	-	-	-	-	-	-	-	(\$47,003)	-	-	-	(\$47,003)	-	-
PT708	-	-	-	-	-	-	-	(37,000)	37,000	-	37,000	(37,000)	-	-
QP708	-	-	-	-	-	-	-	-	27,100	(27,100)	27,100	(27,100)	-	-
Total	-	-	-	-	-	-	-	(84,003)	64,100	(27,100)	64,100	(111,103)	-	-
State Special														
OP708	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	-	-	-	-	\$53,955	(\$55,938)	(\$5,862)	\$7,845
Total	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	-	-	-	-	\$53,955	(\$55,938)	(\$5,862)	\$7,845
Federal														
OP708	-	-	-	-	-	-	(\$88,800)	\$88,800	\$9,751	(\$9,751)	(\$79,049)	\$79,049	-	-
Total	-	-	-	-	-	-	(\$88,800)	\$88,800	\$9,751	(\$9,751)	(\$79,049)	\$79,049	-	-
Expense Total	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	(\$88,800)	\$4,797	\$73,851	(\$36,851)	\$39,006	(\$87,992)	(\$5,862)	\$7,845
Program Total		\$0			\$0		(\$84,003)		\$37,000					(\$47,003)

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Centralized Services Division	1,988,402	1,863,169	125,233	93.7%
03 Diagnostic Laboratory Division	2,277,299	2,142,800	134,499	94.1%
04 Animal Health Division	2,464,324	2,242,663	221,661	91.0%
05 Milk & Egg Program	644,938	421,380	223,558	65.3%
06 Brands Enforcement Division	4,185,339	3,574,419	610,920	85.4%
10 Meat/Poultry Inspection	1,787,098	1,780,708	6,390	99.6%
Grand Total	\$13,347,400	\$12,025,138	\$1,322,262	90.1%

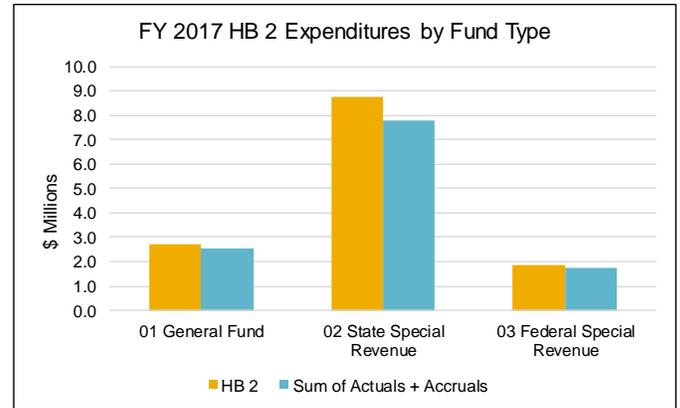
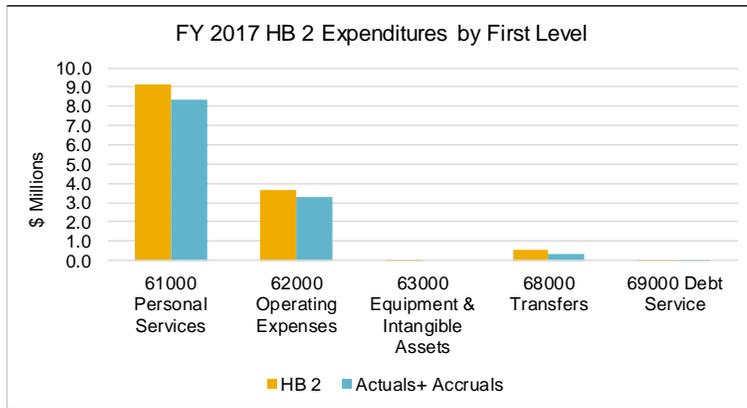
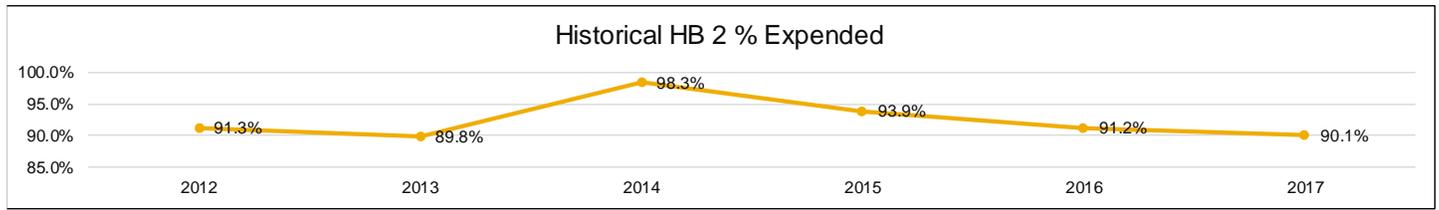
This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

Of the \$1.3 million in unexpended appropriation, \$1.0 million or 76.9% is state special revenue appropriated primarily to Milk & Egg Program and the Brands Enforcement Division. Lower expenditure in state special revenue is due primarily to lower than anticipated milk and egg production and vacancy savings in livestock enforcement activities.

Unexpended federal authority primarily for animal health activities totaled \$150,000; unexpended general fund of \$174,000 was reverted to the general fund.

For more detail, see the discussion on expenditure by first level account below.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	9,146,019	8,343,117	91.2%
62000 Operating Expenses	3,652,950	3,311,557	90.7%
63000 Equipment & Intangible Assets	13,000	-	0.0%
68000 Transfers	521,326	356,359	68.4%
69000 Debt Service	14,105	14,105	100.0%
Grand Total	\$13,347,400	\$12,025,138	90.1%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	2,716,065	2,542,059	93.6%
02 State Special Revenue	8,759,245	7,761,203	88.6%
03 Federal Special Revenue	1,872,090	1,721,876	92.0%
Grand Total	\$13,347,400	\$12,025,138	90.1%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

The department is 90.1% expended for FY 2017. State special revenue at 65.6% of the total budget is the predominant source of funding and was 88.6% expended. Major state special revenue accounts appropriations and percent expended are listed below.

- Livestock inspection, control and per capita funds - \$6.8 million appropriated, 89% expended
- Animal health - \$1.0 million appropriated, 100.0% expended
- Milk control, Milk and egg inspection and grading - \$0.9 million appropriated 75.1% expended

Federal funds were 92.0% expended, almost all unexpended funds were for animal health programs

Unexpended general fund of \$174,006 was reverted to the general fund.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

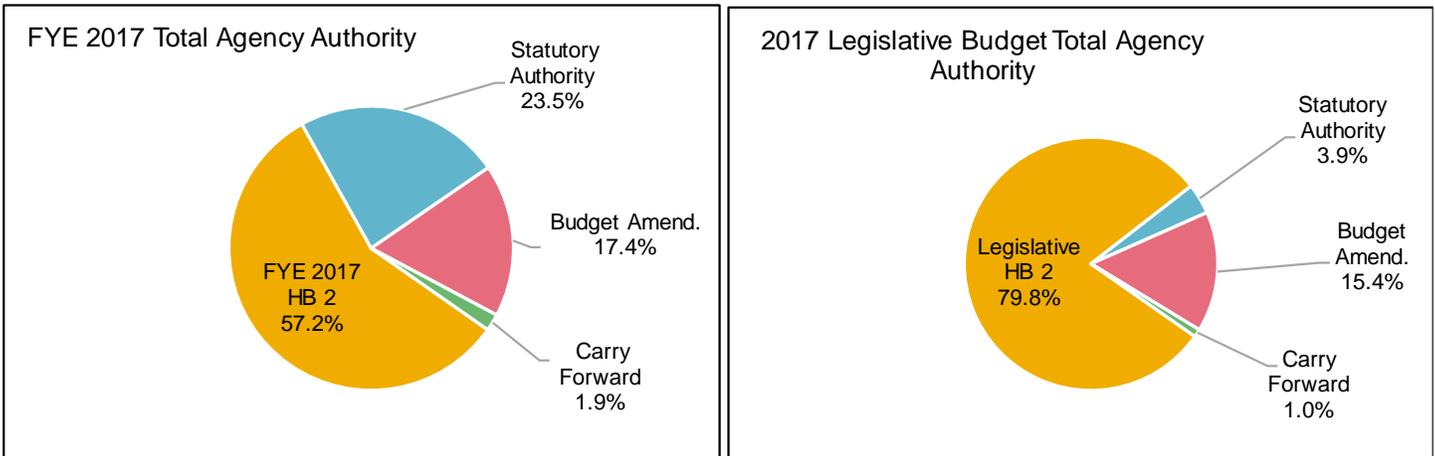
BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Natural Resources and Conservation (DNRC) expended 99.5% of the general fund budget and 88.2% of the total budget
- The agency reverted \$152,842 of unexpended appropriation authority to the general fund
- The agency expended 100.0% of general fund One-Time-Only (OTO) appropriation and 82.5% of total OTO appropriations. The table below summarizes OTO appropriations and expenditures

Department of Natural Resources and Conservation One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<u>General Fund</u>				
Forest in Focus	\$68,950	\$68,950	\$0	100.0%
TLMD Morrill projects	80,000	79,999	1	100.0%
Total General Fund	<u>\$148,950</u>	<u>\$148,949</u>	<u>\$1</u>	<u>100.0%</u>
<u>State Special Revenue</u>				
Montana Rural Water	\$240,000	\$153,000	\$87,000	63.8%
Drinking Water Loan Assistance	200,000	-	200,000	0.0%
Jefferson Slough	892,189	892,188	1	100.0%
Water Rights Database	70,000	70,000	-	100.0%
TLMD Cabin Site Sales	266,357	236,131	30,226	88.7%
Total State Special Revenue	<u>\$1,668,546</u>	<u>\$1,351,319</u>	<u>\$317,227</u>	<u>81.0%</u>
DNRC Total	<u><u>\$1,817,496</u></u>	<u><u>\$1,500,268</u></u>	<u><u>\$317,228</u></u>	<u><u>82.5%</u></u>

TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	68,958,665	2,144,645	71,103,310
Statutory Authority	3,360,712	25,850,352	29,211,064
Budget Amendments	13,278,061	8,356,648	21,634,709
Other	59,275,760	4,360,018	63,635,778
Carry Forward	870,199	1,523,464	2,393,663
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	145,743,397	42,235,127	187,978,524
Non-Budgeted Proprietary	\$ 3,197,320	\$403,254	\$ 3,600,574

FY 2017 Total Agency Authority Expended	
Total Expended	120,271,505
Total Budgeted Authority	188,058,327
% Expended	64.0%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017, the department also had \$2.1 million in continuing state special authority and less than one million in general fund from FY 2016.

Statutory Appropriations

Statutory appropriations of \$19.3 million in state special revenue were expended from the fire suppression fund for fighting wild fires, and \$4.4 million spent for forest fire mitigation projects, and \$4.9 million in federal reimbursements for fire suppression. The state fire fund ended the fiscal year with a balance of \$62.3 million, the table below summarizes the ending fund balance

<u>State Fire Suppression Fund (02847)</u>	<u>FY 2017</u>
Fund Balance	\$73,747,522
Nominal Disbursements	(23,531,303)
Nominal Revenues	12,042,397
Ending Balance	<u>\$62,258,616</u>

Budget Amendment

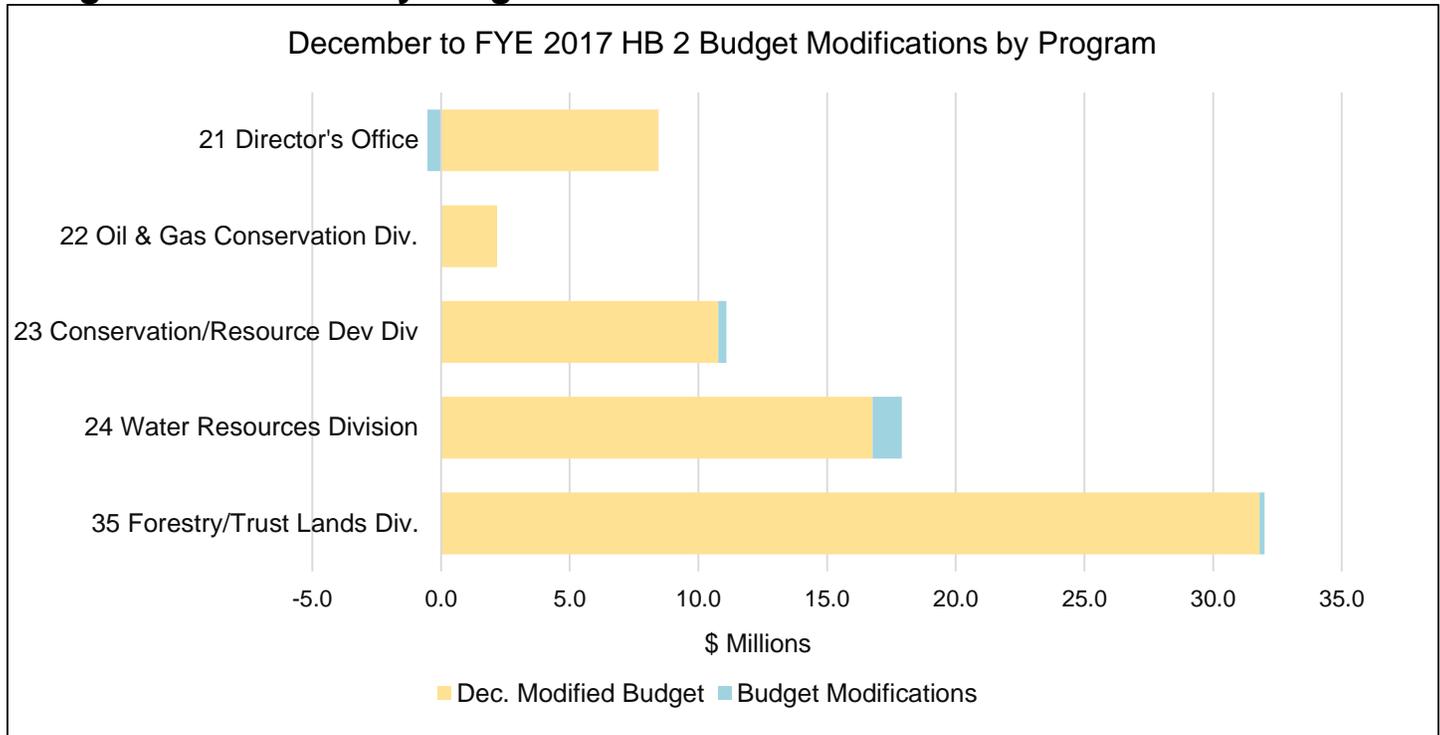
All budget amendments are for federal programs and grants.

Non-Budgeted Proprietary

The agency had \$2.9 million proprietary revenue from air operations services and \$0.7 million from the state nursery.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
21 Director's Office	8,456,839	-	(521,405)	(521,405)	7,935,434	-6.2%
22 Oil & Gas Conservation Div.	2,179,889	-	(695)	(695)	2,179,194	0.0%
23 Conservation/Resource Dev Div	10,770,750	323,205	(721)	322,484	11,093,234	3.0%
24 Water Resources Division	16,773,852	1,640,995	(513,845)	1,127,150	17,901,002	6.7%
35 Forestry/Trust Lands Div.	31,798,433	1,055,000	(858,987)	196,013	31,994,446	0.6%
Grand Total	\$69,979,763	\$3,019,200	(\$1,895,653)	\$1,123,547	\$71,103,310	1.6%

This chart shows budget modifications by program from December through FYE.

Reductions

\$ 600,000 – Executive HB3 general fund budget reductions

- \$150,000 Director's Office
- \$100,000 Water Resources Division
- \$350,000 Forestry Trust Lands Division

\$1,000,000 – Legislative HB3 general fund budget reduction

- \$188,948 - Director's Office
- \$ 57,710 - Conservation Resource Division
- \$338,442 - Water Resources Division
- \$414,900 - Forestry and Trust Lands Division

\$ 48,848 – Worker's Compensation in all programs

Increases

\$2,572,395 for language appropriations

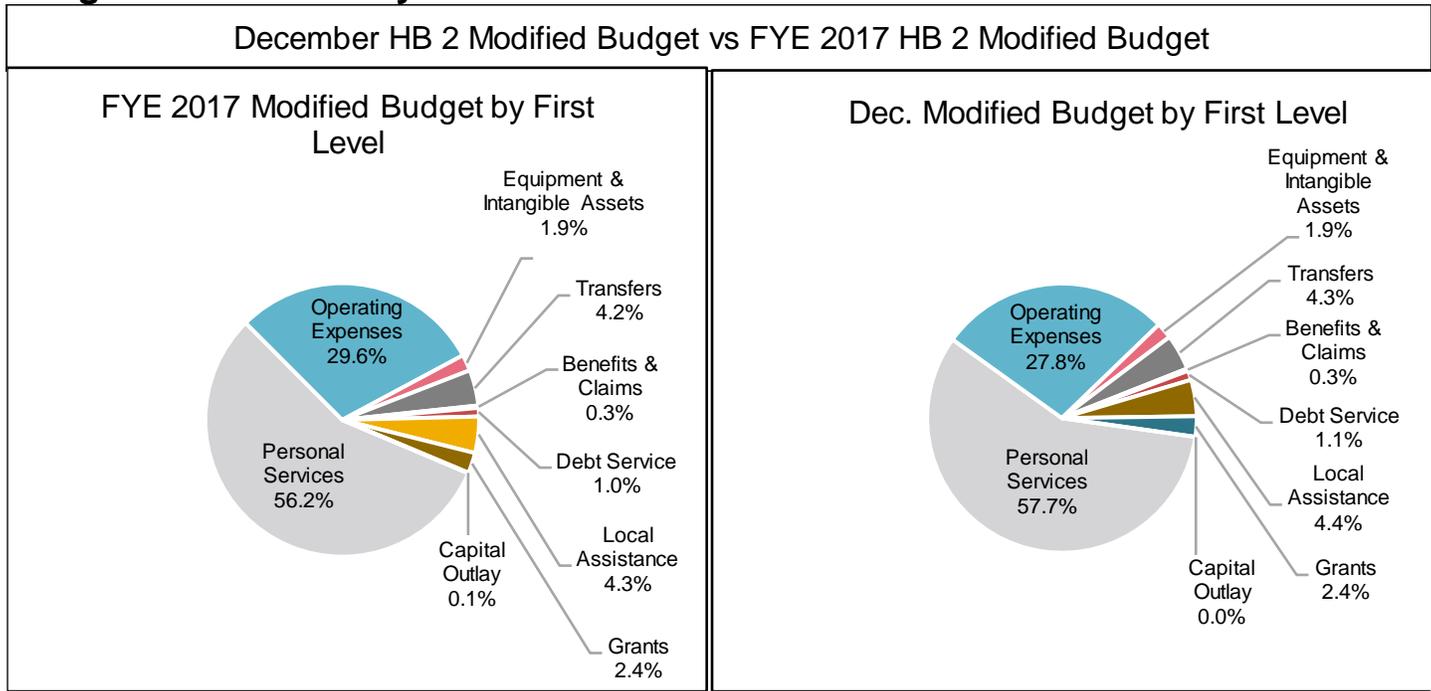
- \$1,572,395 Water Resources Division, state special revenue
- \$1,000,000 Forestry and Trust Lands Division, state special revenue

\$ 200,000 - General fund for aquatic invasive species in the conservation resource division

Program Transfers - \$181,650 in general fund and state special revenue was transferred from the director's office to the conservation and resource division.

Operating Plan Changes - \$65,000 in appropriation authority was transferred from operating expense and debt service to capital outlay and debt service.

Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

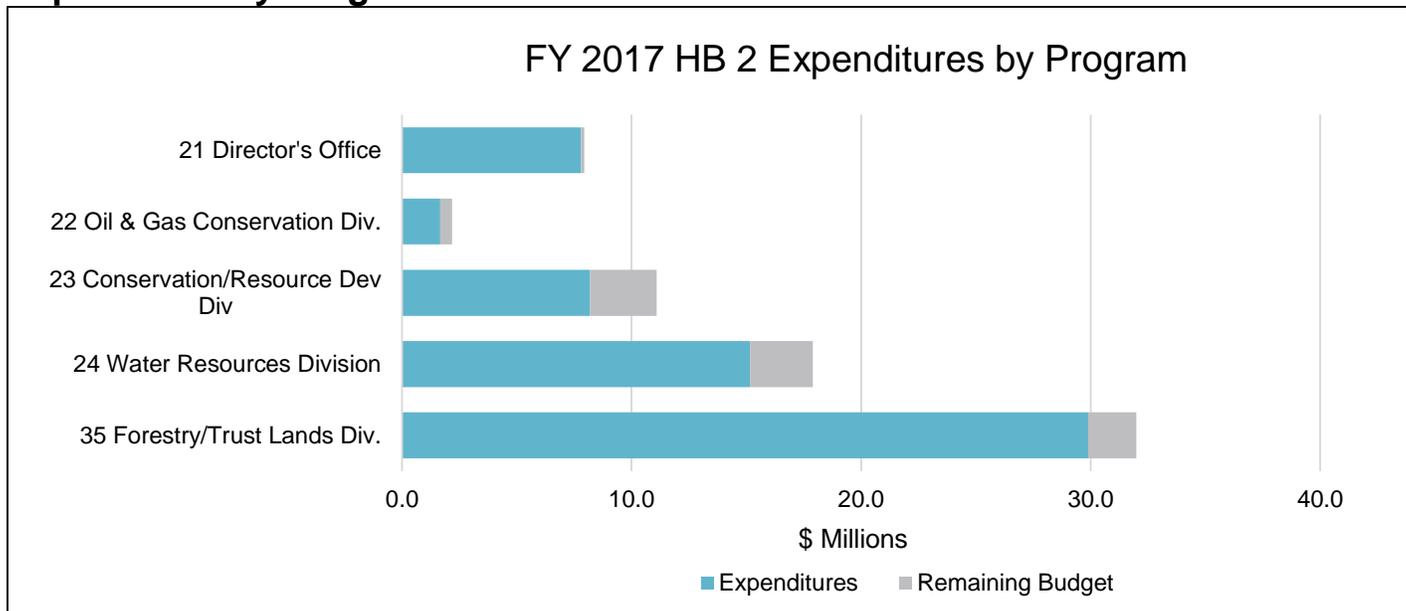
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$40,380,279	158,555	(\$609,403)	(450,848)	39,929,431	-1.1%
62000 Operating Expenses	\$19,487,479	2,795,645	(\$1,217,650)	1,577,995	21,065,474	8.1%
63000 Equipment & Intangible Assets	\$1,353,066	10,000	\$0	10,000	1,363,066	0.7%
64000 Capital Outlay	\$0	55,000	\$0	55,000	55,000	0.0%
65000 Local Assistance	\$3,058,090	0	\$0	0	3,058,090	0.0%
66000 Grants	\$1,711,765	-	\$0	-	1,711,765	0.0%
67000 Benefits & Claims	\$200,000	-	\$0	-	200,000	0.0%
68000 Transfers	\$3,003,743	-	\$0	-	3,003,743	0.0%
69000 Debt Service	\$785,341	-	(\$68,600)	(68,600)	716,741	-8.7%
Grand Total	\$69,979,763	\$3,019,200	(\$1,895,653)	\$1,123,547	\$71,103,310	1.6%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Personal services, operating expense, and debt service reductions were due primarily to HB3 executive and legislative reductions, and workers compensation reductions. Reductions to personal services were offset by a supplemental appropriation for aquatic invasive species. The increase in equipment and intangible assets was due to operating plan changes that moved authority from operating expenses and debt service.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
21 Director's Office	7,935,434	7,804,839.0	130,595	98.4%
22 Oil & Gas Conservation Div.	2,179,194	1,658,313.58	520,880	76.1%
23 Conservation/Resource Dev Div	11,093,234	8,191,333.2	2,901,901	73.8%
24 Water Resources Division	17,901,002	15,162,964.6	2,738,038	84.7%
35 Forestry/Trust Lands Div.	31,994,446	29,894,100.0	2,100,346	93.4%
Grand Total	\$71,103,310	\$62,711,550	\$8,391,760	88.2%

This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

Unexpended state special revenue totaled \$8.0 million or 79.6% of unexpended funds. Major unexpended state special revenue includes

Forestry/Trust Lands Division - \$1.9 million unexpended

- o \$1.0 million - Contract Timber Harvesting, \$1.0 million appropriated zero expended
- o \$0.7 million - Trust lands administration, \$12.5 million appropriated, \$11.8 million expended
- o \$0.2 million - Other

Water Resources Division - \$2.7 million unexpended

- o \$1.8 million - State project hydro earnings, \$2.7 million appropriated, \$0.9 million expended
- o \$0.5 million - Projects related to Broadwater Dam, \$1.7 million appropriated, \$1.2 million expended
- o \$0.4 million - Other

Conservation Resources Division - \$2.9 million unexpended

- o \$1.7 million - Bond proceeds for private loan programs, \$2.8 million appropriated, \$1.1 million expended
- o \$0.5 million - Coal severance tax shared revenue, \$2.5 million appropriated, \$2.0 million expended
- o \$0.2 million - Drinking water investment, \$0.2 million appropriated, zero expended
- o \$0.2 million - Coal methane bed protection, \$0.7 million appropriated, \$0.5 million expended
- o \$0.3 million - Other

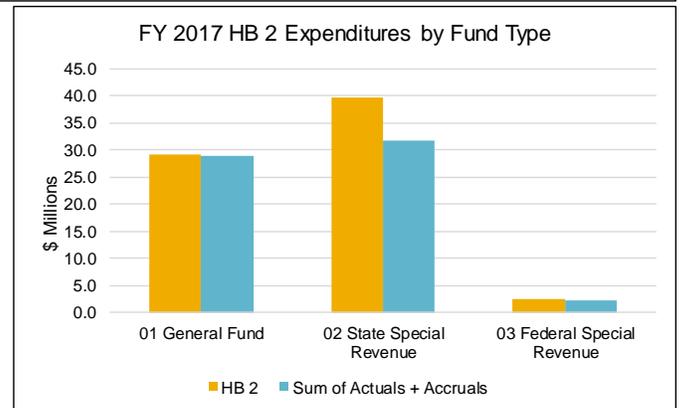
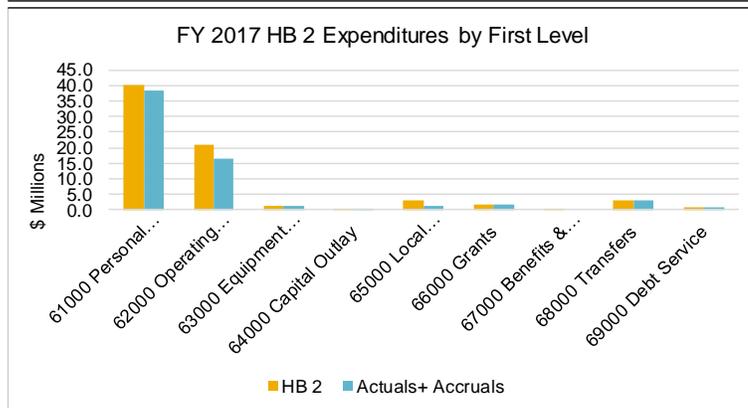
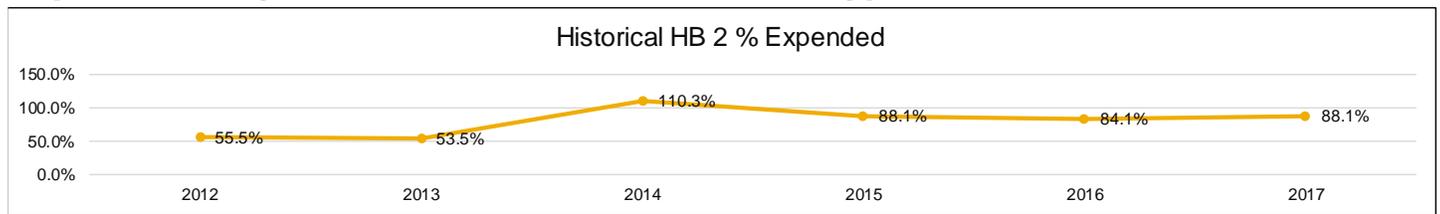
Oil and Gas Conservation Division - \$0.5 million unexpended

- o \$0.5 million - Oil and gas board, \$2.1 million appropriated, \$1.6 million expended

The Director's office - \$0.1 million unexpended

The agency expended 99.5% of the general fund appropriation and reverted the balance to the general fund. Federal funds represent a small amount of the total budget funds and were 92.5% expended.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	39,929,431	38,370,815	96.1%
62000 Operating Expenses	21,065,474	16,378,681	77.8%
63000 Equipment & Intangible Assets	1,363,066	1,224,627	89.8%
64000 Capital Outlay	55,000	30,000	54.5%
65000 Local Assistance	3,058,090	1,298,322	42.5%
66000 Grants	1,711,765	1,657,039	96.8%
67000 Benefits & Claims	200,000	-	0.0%
68000 Transfers	3,003,743	3,065,108	102.0%
69000 Debt Service	716,741	686,959	95.8%
Grand Total	\$71,103,310	\$62,711,550	88.2%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	29,071,950	28,919,108	99.5%
02 State Special Revenue	39,689,421	31,626,352	79.7%
03 Federal Special Revenue	2,341,940	2,166,091	92.5%
Grand Total	\$71,103,310	\$62,711,550	88.2%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for the Department of Administration.

The department is 88.2% expended for FY 2017. Operating cost funded from state special revenue was lower due to lower than anticipated activity within Conservation Resource Division, Water Resources Division, Forestry/Trust Lands Division. Personal services expended were 96.1% expended, which is in line with historical averages.

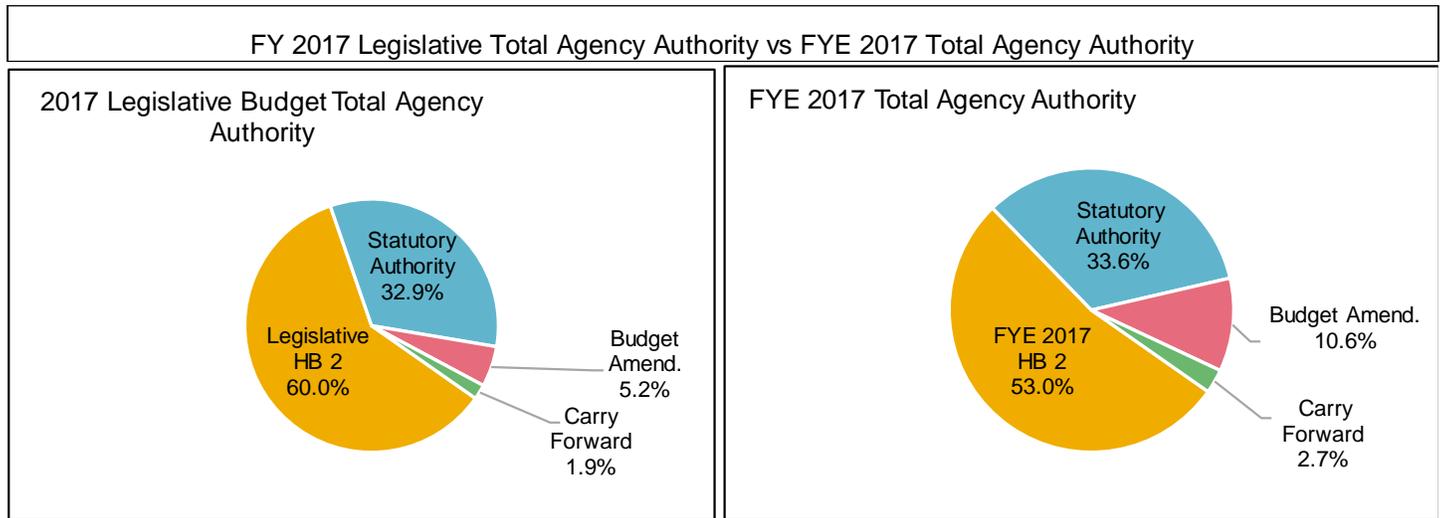
DEPARTMENT OF AGRICULTURE

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Agriculture expended 95.3% of the general fund budget and 92.2% of the total budget
- The agency reverted \$45,475 of unexpended appropriation authority to the general fund
- The agency expended 88.8% of One-Time-Only appropriations, all OTO appropriations were state special revenue. The table below summarizes OTO expenditures

Montana Department of Agriculture One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<u>State Special Revenue</u>				
CSD State Weed Coordination	\$17,378	\$15,036	\$2,342	86.5%
ASD State Weed Coordination	110,180	98,292	11,888	89.2%
ADD Food & Ag. Development Centers	<u>105,000.00</u>	<u>105,000.00</u>	-	100%
Total	\$127,558	\$113,328	\$14,230	88.8%

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	18,100,483	17,848	18,118,331
Statutory Authority	9,936,730	1,552,021	11,488,751
Budget Amendments	1,561,513	2,064,263	3,625,776
Other	-	-	-
Carry Forward	570,311	362,735	933,046
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	30,169,036	3,996,868	34,165,904
Non-Budgeted Proprietary	\$ 58,200	\$ 0	\$ 58,200

FY 2017 Total Agency Authority Expended	
Total Expended	23,206,314
Total Budgeted Authority	34,165,904
% Expended	67.9%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017, the agency was able to carry forward \$8,000 general fund and \$925,000 in state special revenue, federal special revenue, and enterprise funds.

Statutory Appropriations

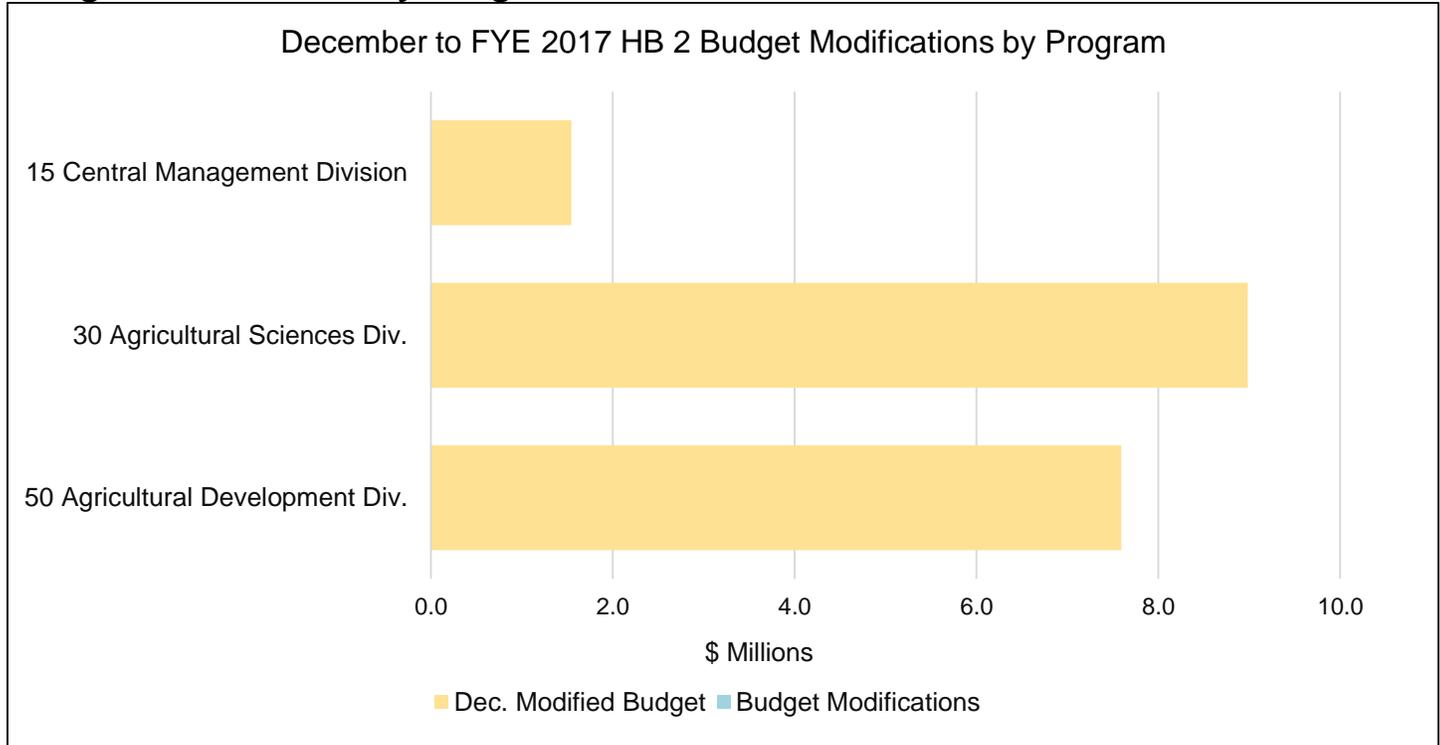
Besides the allocated HB 2 authority the department also has a large statutory authority. This is for money that is primarily allocated for hail insurance and check off programs.

Budget Amendments

All budget amendments increased authority for federal programs for specialty crop block grants, weed control, and food safety programs.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
15 Central Management Division	1,542,507	6,000	(6,000)	-	1,542,507	0.0%
30 Agricultural Sciences Div.	8,983,477	-	-	-	8,983,477	0.0%
50 Agricultural Development Div.	7,592,347	-	-	-	7,592,347	0.0%
Grand Total	\$18,118,331	\$6,000	(\$6,000)	\$0	\$18,118,331	0.0%

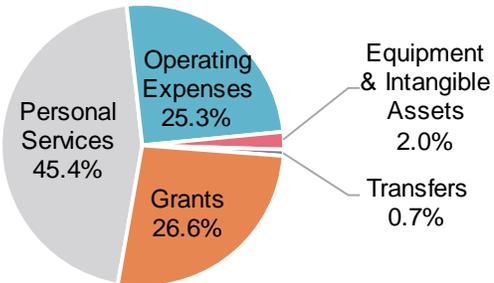
This chart shows budget modifications by program from December through FYE.

Since December, the agency made no modifications to the total budget. The agency transferred \$6,000 of state special revenue authority from operations to equipment & intangible asset to properly record expenditures.

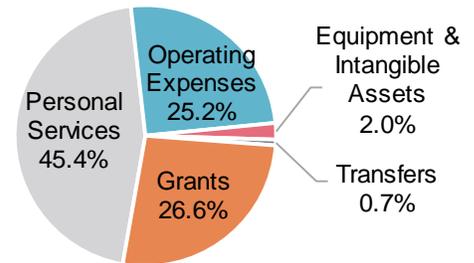
Budget Modification by First Level

December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

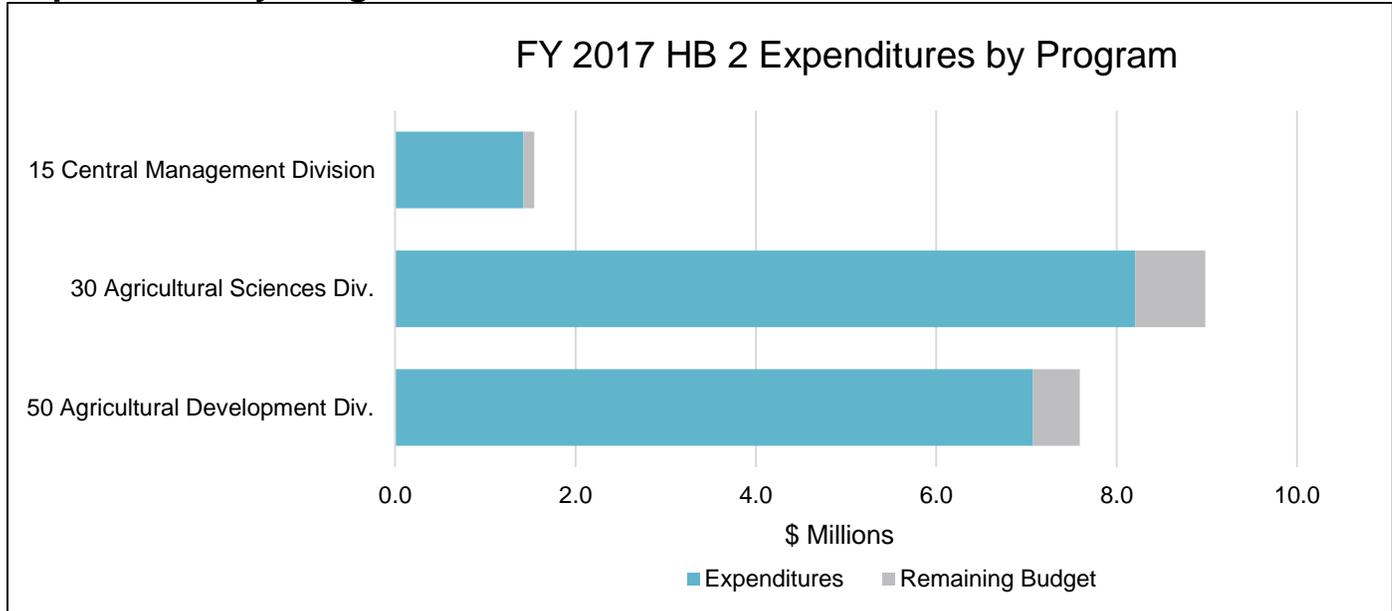
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$8,232,774	-	\$0	-	8,232,774	0.0%
62000 Operating Expenses	\$4,575,133	-	(\$6,000)	(6,000)	4,569,133	-0.1%
63000 Equipment & Intangible Assets	\$363,889	6,000	\$0	6,000	369,889	1.6%
66000 Grants	\$4,816,778	-	\$0	-	4,816,778	0.0%
68000 Transfers	\$129,757	-	\$0	-	129,757	0.0%
Grand Total	\$18,118,331	\$6,000	(\$6,000)	\$0	\$18,118,331	0.0%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The agency transferred \$6,000 of state special revenue authority from operations to equipment & intangible asset to properly record expenditures.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
15 Central Management Division	1,542,507	1,421,458.9	121,049	92.2%
30 Agricultural Sciences Div.	8,983,477	8,206,394.8	777,082	91.3%
50 Agricultural Development Div.	7,592,347	7,071,734.5	520,613	93.1%
Grand Total	\$18,118,331	\$16,699,588	\$1,418,743	92.2%

This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

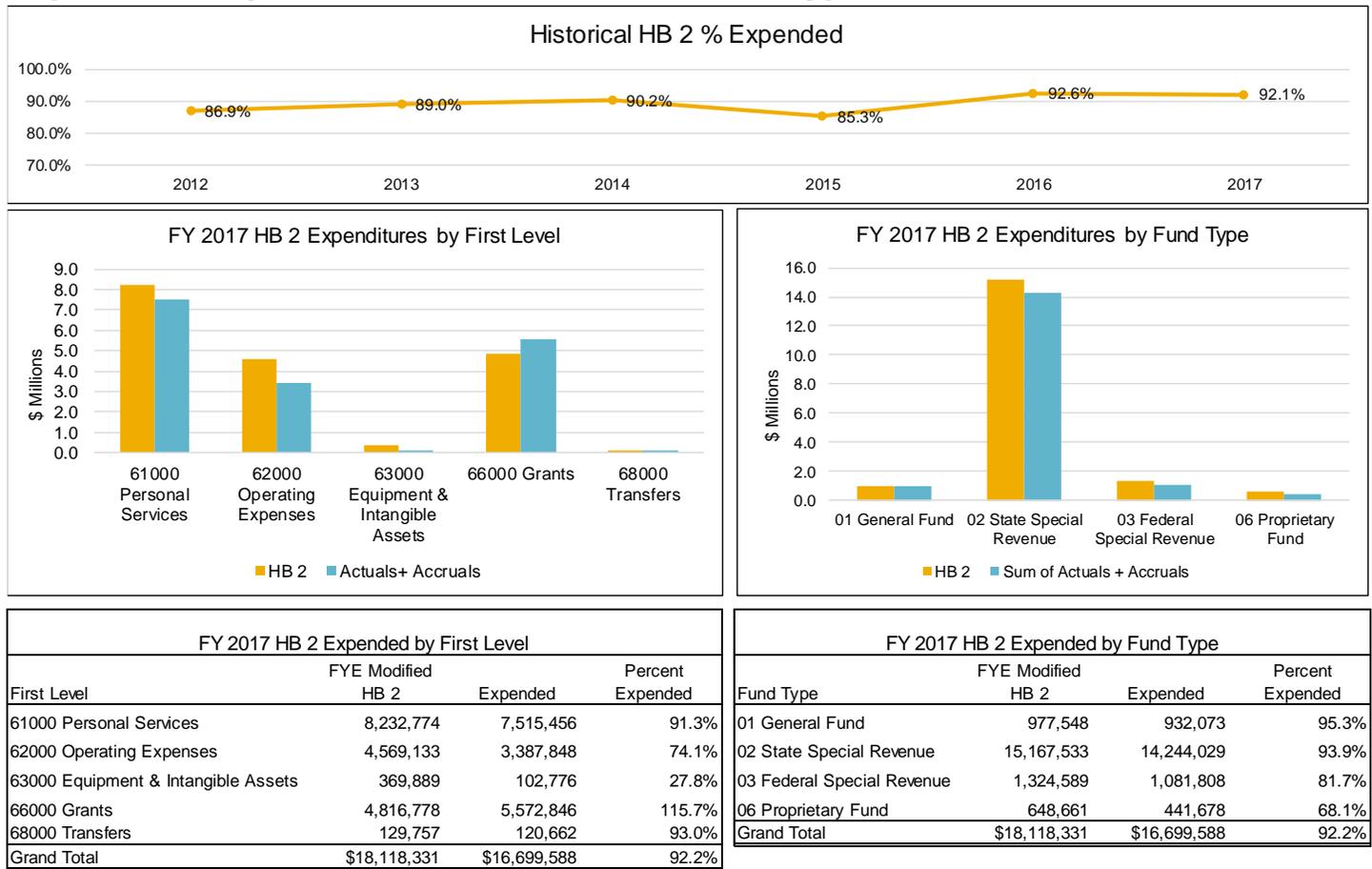
Of the \$1.4 million in unexpended appropriation, 65.1% is state special revenue appropriated primarily to Agricultural Sciences Division and Agricultural Development Division.

Unexpended federal and proprietary authority account for 31.7% of the remaining budget.

General fund authority was 95.3% expended, with \$45,475 reverted to the general fund.

For more detail see the discussion on expenditure by first level account below.

Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The department is 92.2% expended for FY 2017. State special revenue at 83.7% of the total budget is the predominant source of funding and was 93.9% expended. Major state special revenue accounts appropriations and percent expended are listed below.

- Wheat and barley research and marketing - \$4.8 million appropriated, 100% expended
- Pesticide (02192, 02193) - \$2.8 million appropriated, 93.3% expended
- Noxious weed administration - \$2.1 million appropriated 99.7% expended
- Grain services - \$1.2 million appropriated, 82.0% expended
- Commercial Feed - \$0.9 million appropriated, 88.6% expended
- Produce - \$0.5 million appropriated, 88.5% expended
- Coal Shared - \$0.4 million appropriated, 83.3% expended
- All other state special revenue - \$2.4 million appropriated, 88.7% expended

Only 68.1% percent of proprietary funds were expended, however proprietary funds represent only 3.6% of the total budget.

General fund at 5.4% of the total budget was 95.3% expended. The general fund balance of \$45,475 was reverted to the general fund.