



**Budget Workshop
Agenda for
WEDNESDAY, AUGUST 18, 2021
6:00 PM
NVPL, 208 Main Street**

1. Call to Order and Roll Call
2. Discussion on the Following Items
 - a. Discussion: FY 21/22 Preliminary Budget
3. Public Comment
4. Adjournment

Guidelines for Public Comment

Public Comment ensures an opportunity for citizens to meaningfully participate in the decisions of its elected officials. It is one of several ways your voice is heard by your local government. During public comment we ask that all participants respect the right of others to make their comment uninterrupted. The council's goal is to receive as much comment as time reasonably allows. All public comment should be directed to the chair (Mayor or designee). Comment made to the audience or individual council members may be ruled out of order. Public comment must remain on topic, and free from abusive language or unsupported allegations.

During any council meeting you have two opportunities to comment:

1. During the public comment period near the beginning of a meeting.
2. Before any decision-making vote of the council on an agenda item.

Comment made outside of these times may not be allowed.

Citizens wishing to speak during the official public comment period should come forward to the podium and state their name and address for the record. Comment during this time maybe time limited, as determined by the chair, to allow as many people as possible to comment. Citizens wishing to comment on a motion for decision before any vote can come forward or stand in place as they wish. Comment must remain on the motion before the council.

File Attachments for Item:

a. Discussion: FY 21/22 Preliminary Budget



Town of
STEVENSVILLE
Montana



PRELIMINARY BUDGET
FOR FISCAL YEAR 2022
JULY 1, 2021 TO JUNE 30, 2022

TOWN OF STEVENSVILLE, MONTANA

FY 2022 BUDGET EXECUTIVE MESSAGE

MAYOR'S STATEMENT

August 18, 2021

Stevensville Town Council,

I am pleased to present the Mayor's proposed budget for Fiscal Year 2022 (FY22). COVID-19 serves as a pause in many ways. It has paused projects, travel plans, birthdays, holidays and even funerals. The same impact is felt with your government. Projects have been delayed, advancement held back, and growth sidelined. However frustrating the past year-and-a-half has been, our community is renewed with a strength born from strategic action.

A recent article published by the Government Finance Officers Association (GFOA) advised that there are three leadership tasks for recovery from financial distress: Bridge the immediate crisis, Reform the budget in the short-term, and Transform plans and policies so the government comes back stronger and more resilient than before. As I reflected on this article, I was struck by the similarities to our current situation. We have bridged the financial turmoil created by the pandemic through strategic spending, leveraging special funding opportunities, and using cash balances to balance the budget.

Three years ago, we began discussing an imbalance growing in the General Fund and our Capital Improvements Plan. Revenue in the General Fund simply does not meet the organizations needs to deliver the essential services that citizens expect every day. This dynamic makes is overwhelmingly difficult to realize a surplus in the General Fund each year, which has historically been used to provide resources to the Capital Improvement Fund. The woes of the General Fund have become the demise of the Capital Improvements Fund. While we have taken great strides to responsible spend the funding in the Capital Improvement Fund, our approach to date is unsustainable.

The Town of Stevensville has consistently avoided tax increases by way of additional levies. Any additional levy must be voted on by the citizens. Further burdening the existing tax-base makes little sense and defines poor policy. However, I call upon the Council to take bold action in addressing the revenue challenges that we face. This can be done thorough promoting responsible development within the existing city limits, and by expanding the incorporated boundary lines.

There is still uncertainty surrounding the extent of the COVID-19 pandemic and how it will impact the community and the Town's budget in FY22. The Town had, more than ever before, the need to provide high levels of service and support to the residents and business community. Our staff was up to the challenge and performed above and beyond.

What's Included

Non-discretionary departmental spending has increased from FY21. Departmental expenses represent the largest expenses of the general fund. In FY22, departments reduced their operating budgets to FY21 levels (or less) and only budgeted for required increases, new laws and safety requirements. Therefore, the non-discretionary increase is due to adjustments for wages, the revision or addition of new full-time equivalent positions and contractual requirements. Many of these additional positions are funded partially by outside sources or are the result of alternative staffing plans. When these offsets are considered, approximately 1.5 FTE positions are newly funded in the FY22 budget.

What's Not Included

During the budget development, departments were asked to limit their request to what is necessary to maintain service levels and continue progress on FY22 projects that were already in progress. Meetings were held with each Department to review and discuss their requests. While it was evident that each took the instructions seriously for budget development, the combined requests exceeded revenue capacity. After further discussion, the FY22 operating budget was limited to the expected revenue levels and the ending balance in the General Fund remains untouched. In addition, several projects in the FY22 Capital Improvement Plan were postponed to future years. Reducing expenditures saved approximately \$200,000. This savings represents 6% of the budget and is spread throughout the departments in small amounts. Nonetheless, these savings also represent unmet needs in each department as each budget was developed conservatively, with increases representing either increased cost or resource needs or both.

The Future

As has been discussed in the past few years, there are several important indicators to watch: a decreasing annual surplus impacting the reserve balance, flat revenues, and increasing costs. During FY21, we have focused on improving revenue performance, optimally managing CARES funding given the state and federal restrictions placed on these funds, monitoring the reserve, and returning to a surplus operating budget.

The FY22 budget proposes fee increases to allow the Town to provide quality service, rebuild the reserve, fund requirements and meet critical CIP needs. Despite forecasted overall revenues increasing slightly, COVID-19 mitigation efforts, both physical and financial, will continue to dominate our indicators. Strategic use of future American Rescue Plan Act (ARPA) funding will be a consideration in FY22.

Things to Consider

The general fund reserve is a focus of any Mayor. The unassigned fund balance (reserves) trend is a true bellwether of a locality's financial health. Taxes and fee structures are also important considerations when proposing a budget. Stevensville has benefited from fiscal conservancy. We are committed to a strong general fund reserve policy and, in recent years, we have recommitted to growing it. These efforts have enabled us to "Bridge" the impacts from the recent pandemic.

This budget forecasts revenue shortfalls, in part because of the COVID-19 pandemic. It also acknowledges that in order to “Reform” and “Transform,” we must continue maintaining our goal of having 35% of operating revenues in reserve to weather future emergencies and uncertain economic conditions. To transform for the future, it is vital to fund capital projects that maintain and improve our community.

In addition to our reserve policies, debt management and rate-setting policies, will be proposed to ensure future financial resiliency. While the future is unknown, we can be sure that we are prepared. Using our fiscal strength now is the right strategy for meeting tomorrow’s challenge.

Final Thoughts

The impact of the COVID-19 pandemic has, and is still having, major impacts on all aspects of life but with vaccination underway there is renewed hope for an improved financial landscape. Our leadership has been strong, and our staff has been diligent in providing a high quality of service in a unique and uncertain time.

The Town of Stevensville was prepared by having a solid financial foundation and strong financial policies. As we worked through the challenges of the pandemic, we gathered advice from experts like the Government Finance Officials Association (GFOA) for guidance on leading through times of financial uncertainty. GFOA’s process Bridge, Reform and Transform is the path that Stevensville has been undertaking.

Last year we created a “Bridge” to meet the immediate revenue needs caused by the pandemic. Our ability to plan and to rely on strong reserves while providing service helped us bridge the initial impact of the pandemic. As we “Reform” by strengthening our financial foundation with improved revenues, we are ready to “Transform” as we develop stronger policies and procedures that enable goal achievement, key initiatives and programs to proceed, and opportunities to be leveraged all to meet the challenges of a post-pandemic world. The Town of Stevensville has provided the leadership to meet the challenges of the pandemic, and we move onto fiscal year 2022 with certainty that on the other side of the bridge is the future we all envision.

It is my honor to offer the Town of Stevensville’s 2022 fiscal year budget for adoption by Town Council.

Sincerely,

Brandon E. Dewey
Mayor

FY 2022 TOWN OFFICIALS

MAYOR & TOWN COUNCIL



BRANDON E. DEWEY
MAYOR



PAUL LUDINGTON
COUNCIL PRESIDENT
MEMBER - WARD 1



SYDNEY ALLEN
MEMBER - WARD 2



JAIME DEVLIN
MEMBER - WARD 1



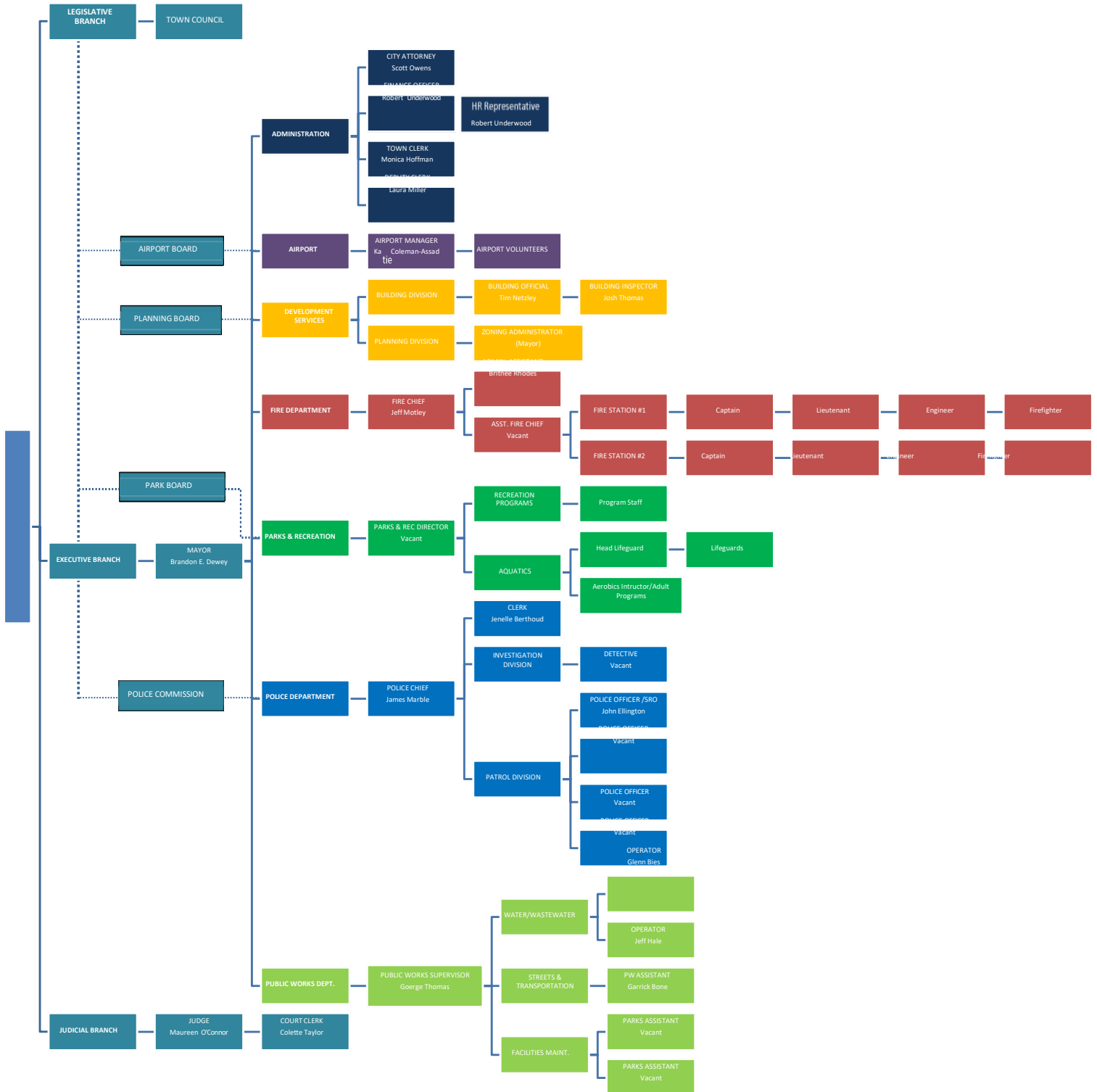
KAREN WANDLER
MEMBER - WARD 2

OFFICIALS

SCOTT OWENS
WENDI PLANTY
JENELLE BERTHOUD
STEVE KRUSE
VACANT
MACARIO SOSA Jr.
JEFF MOTLEY
BOBBY SONSTENG
TIM SMEAD
MAUREEN O'CONNOR

City Attorney
Director of Finance & Human Resources
Town Clerk
Director of Public Works
Community Development Director
Police Chief
Fire Chief
Director of Parks & Recreation
Airport Director
Judge

TOWN OF STEVENSVILLE ORGANIZATIONAL CHART



COMMUNITY PROFILE

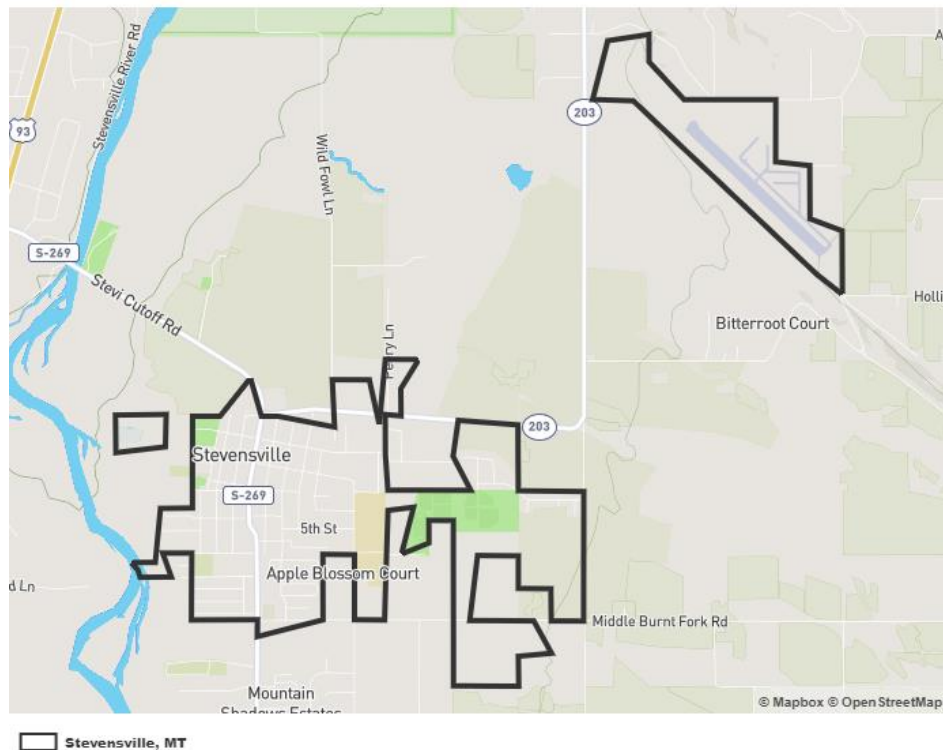
STEVENSVILLE, MT

The Town of Stevensville is located in the north-central area of the Bitterroot Valley and lies within Ravalli County, Montana. Ravalli County encompasses over 2,000 square miles, bordering Idaho to its south and Missoula County to the north. The Town encompasses an area approximately 2 square miles with its next-closest municipality being the City of Hamilton, approximately 21 miles from our outermost boundary. Stevensville is located 29 miles south of Missoula. Named to honor territorial governor Isaac Stevens, the Town was established in 1841 and incorporated in 1899 after Montana was admitted into the United States in 1889.



Stevensville is home to Stevensville Public Schools – the fighting Yellowjackets. The local newspaper is the Bitterroot Star, and the Town is served by the Stevensville Municipal Airport and Missoula International Airport.

Area of Interest



The Town has seen large amounts of growth in the last five years going from a population of under 1,800 to over 2,000.

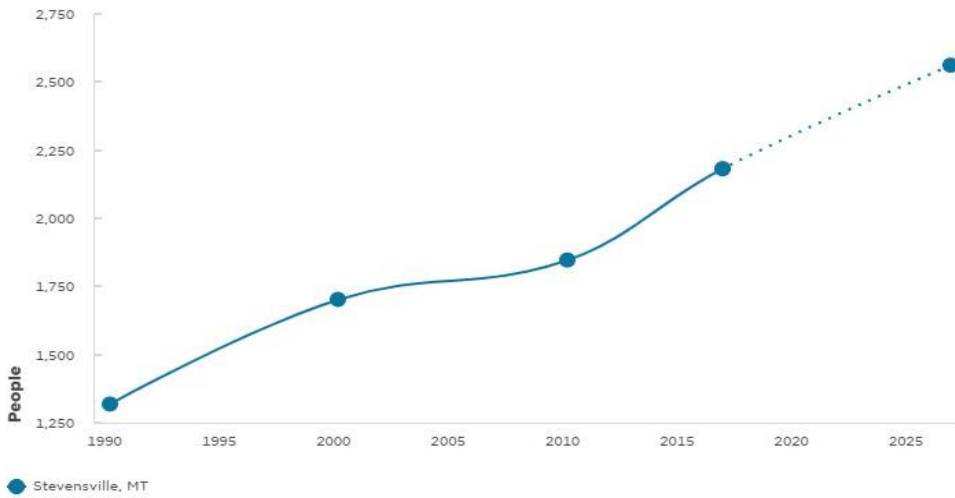
2,182
People
Total Population
Stevensville, MT

48%
of total population
Males

52%
of total population
Females

Sources: US Census ACS 5-year 2015-2019

Total Population



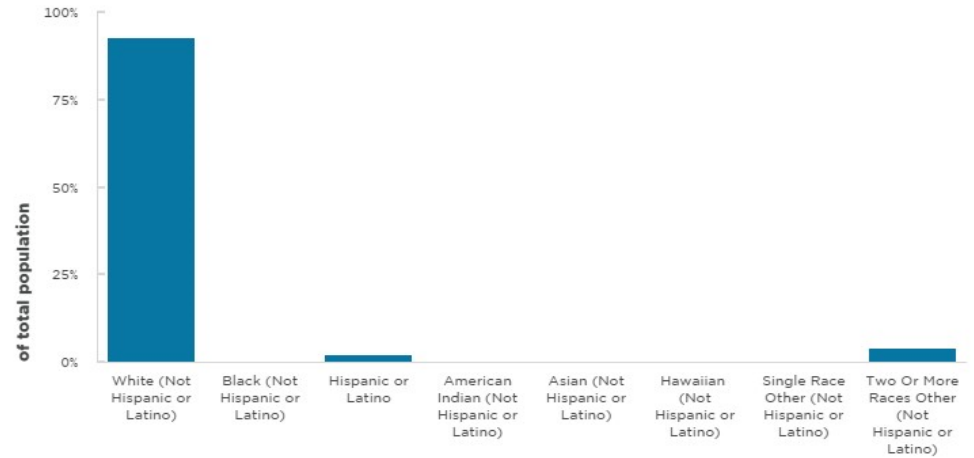
Sources: US Census; US Census ACS 5-year



7%
of total population
People of Color

Sources: US Census ACS 5-year 2015-2019

Race/Ethnicity Totals



Stevensville, MT

Sources: US Census ACS 5-year 2015-2019

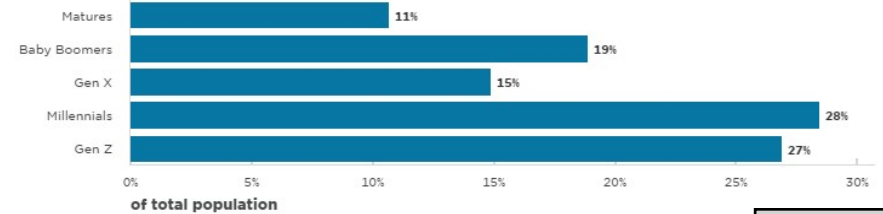
36
Years Old
Median Age

27%
Population Under Age 18
Children

17%
Population Age 65 and Over
Seniors

Sources: US Census ACS 5-year 2015-2019

Generations



Stevensville, MT

Sources: US Census ACS 5-year 2015-2019

How equitable is your community's local economy?

The Gini Index is a statistical measure of income inequality ranging from 0 to 1. According to the U.S. Census Bureau, "A measure of 1 indicates perfect inequality, i.e., one household having all the income and the rest having none. A measure of 0 indicates perfect equality, i.e., all households having an equal share of income" (source). It is the most commonly referenced index of income concentration and inequality, and can be useful for assessing the relative income inequality in an area.

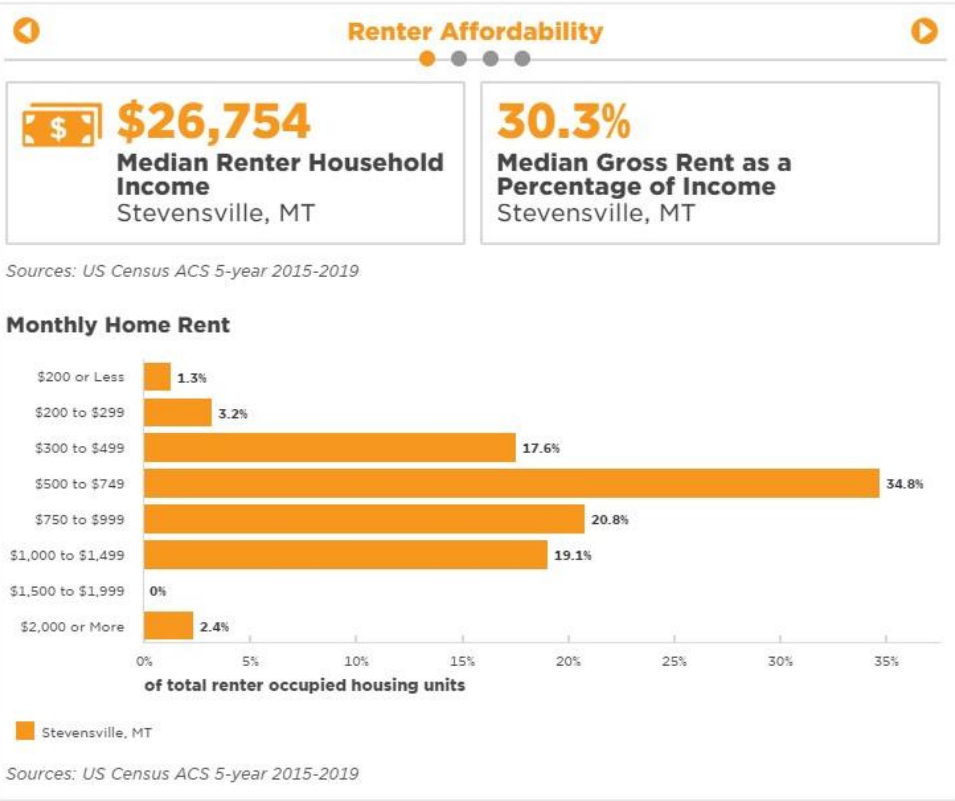


Sources: US Census ACS 5-year 2015-2019



Sources: US Census ACS 5-year 2015-2019

Note: Cost burden is defined as households spending 30% or more of household income on housing costs.



Internet and Computer Access

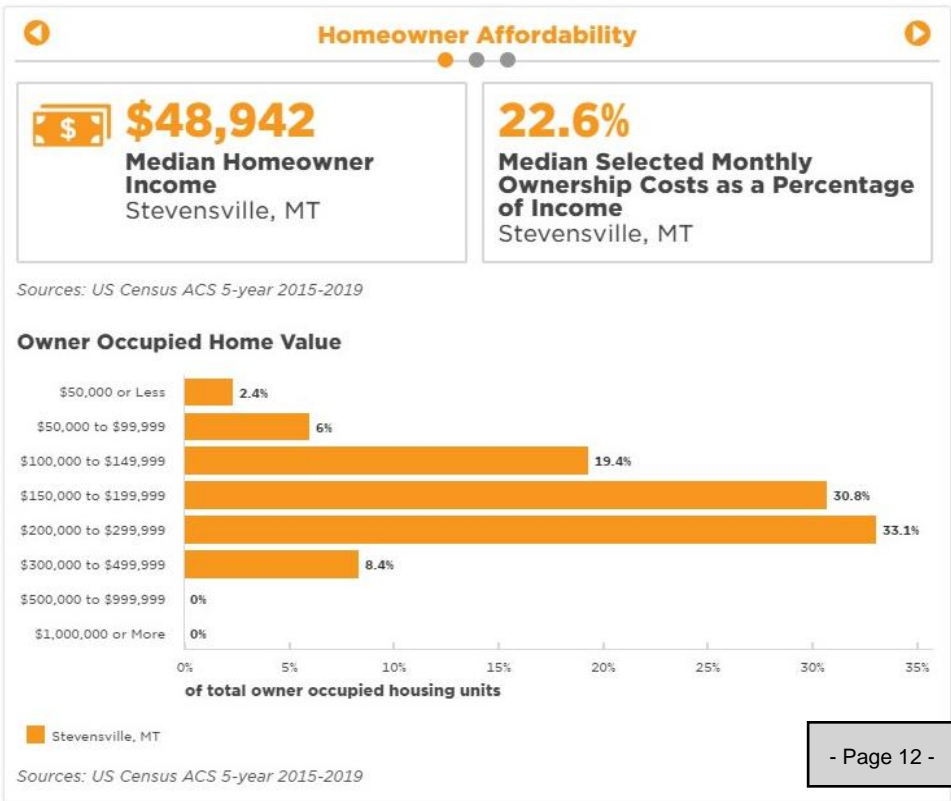


Sources: US Census ACS 5-year 2015-2019



Sources: HUD CHAS 2013-2017; US Census ACS 5-year 2015-2019

Note: Severely cost burdened are those households (owner or renter) whose monthly housing costs (including utilities) exceed 30% of their monthly income. Low income are those households (owner or renter) who earn up to 80% of the US Housing and Urban Development Area Median Family Income (HAMFI).

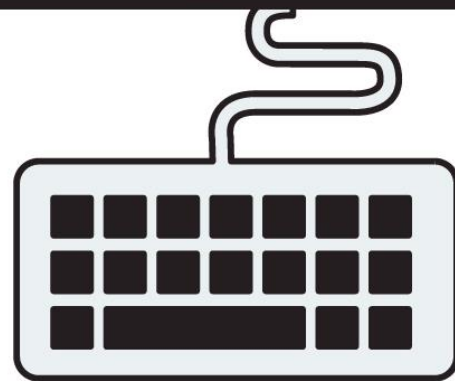


STRATEGIC PLAN GOALS, INITIATIVES, & OUTCOMES

To advance our Town's vision, the Town Council, Mayor, and staff identified new strategic initiatives for our town government. The Town of Stevensville is excited to present the 2021/2023 Strategic Plan, the first ever strategic plan of it's kind for the Town of Stevensville.

The Stevensville Town Council Council adopted the 2021/2023 Goals, Initiatives, and Outcomes (GIOs) on April 22, 2021. Goals, Initiatives, and Outcomes (GIOs) provide an expression of priorities, as specific and measurable as possible, and cover a two-year period. They are not intended to be a comprehensive list of all city services and activities. Instead, GIOs are a concrete, coordinated expression of the Town Council's direction and focus.

The Town of Stevensville is preparing to launch a highly interactive Performance Dashboard that links the GIO's to the Town's strategic plan, performance measures and budget. The dashboard tells a story of how the community is doing toward reaching the goals in the strategic plan, why it's important, what the Town of Stevensville is doing about it, and how citizens can help.



To Advance OUR TOWN'S VISION,

The Town of Stevensville Town Council, Mayor, and staff are excited to present not only the 2021 / 2023 Strategic Plan, but a new vision statement for the first time in recent history.

This new vision statement is meant to carry us through the next two decades. It is our vision for the Stevensville of 2040, and we will fulfill that vision with a strategic approach.

The strategic plan provides an expression of priorities, as specific and measurable as possible, and cover a two-year period. They are not intended to be a comprehensive list of all city services and activities. Instead, this is a concrete, coordinated expression of the Mayor and Town Council's direction and focus.



Stevensville is a safe, diverse, resilient, sustainable, and growing town known for its rich heritage, historic significance, natural beauty, economic prosperity, and exceptional quality of life for all.

GOALS

Safe and Healthy

Sustainable Resources

Innovative Infrastructure

Community Experience

Engaging with Our Partners

Targeted services that support, improve, and sustain individual health and community safety. Our town will proactively address public safety and social health in an endeavor to create a safe, healthy, supportive environment for Stevensville residents, businesses, and visitors.

RIGHT RESOURCE, RIGHT TIME

Develop improved integrated response to emergencies.

COMMUNITY NEEDS

Reinforce ongoing community policing efforts in Stevensville

INCREASED STAFFING

Focus efforts on the recruitment and retention of qualified volunteer and paid public safety staff to increase the organization’s ability to provide services.

CITIZEN ENGAGEMENT AND EDUCATION

Pursue programs that engage citizens and build the relationships between the community and Police and Fire Departments. Provide education opportunities that lead to reduced crime, property loss, and injury.

BEAUTIFICATION

Beautify Stevensville through community-wide clean and safe actions.



A commitment to making sustainable financial decisions that support strategic goals, deliver excellent customer service, and contribute to economic prosperity.

LIVE WITHIN OUR MEANS

Eliminate the gap between revenue and expenses through budgeting principles that prioritize expenditures and implement financial management practices that are sustainable, transparent, efficient, and accountable.

COMMUNICATION PLAN

Continue to develop a communication plan that addresses strategies for creating a staff directory with photos; for celebrating the successes of the town; for pursuing recognition of town programs and projects; for improving the interface between Town Council and the Boards and Commissions; and for rewarding volunteerism.

Reinforce internal communication throughout the organization between town staff as well as the various departments.

PERFORMANCE MEASUREMENT

Strengthen the link between the strategic planning process, the budget, and performance measures by better defining measurements and by producing operating reports that communicate progress toward goals established in the budget process.

COVID-19 RECOVERY PLANNING

Work with stakeholders to develop a COVID-19 recovery plan that focuses on rebuilding a recruitment strategy.

SUPPORTED EMPLOYMENT

Develop a program that matches individuals with disabilities with employment options that integrate into the organization and provide community benefit.

To build and effectively manage innovative infrastructure that supports community accessibility, mobility, and resiliency.

AFFORDABLE SERVICES

Maintain affordable and predictable taxes, rates, and charges for services. Manage annual growth of utility rates.

ENCOURAGE PRIVATE INVESTMENT

Continue to plan and implement efforts that attract investors to support catalytic development projects and promote private investment into the community.

ENHANCE EXISTING PARK FACILITIES

Develop a comprehensive review of potential enhancements at each of the town’s existing parks to boost visitation and accommodate better accessibility.

IMPROVED STREETS

Accelerate street improvement, such as grind-and-overlay and surface projects, to catch up on deferred maintenance.

EFFICIENT UTILITIES

Develop and implement a plan for the conservation of water that addresses system-wide leakage, as well as consumer water waste.

INVEST IN OUR COMMUNITY ASSETS

Support the smart use public assets and participate in the development and improvement of community facilities and spaces.

The equitable enhancement and protection of our entire town’s natural beauty and historic assets by respecting our past and building our tomorrow. Our innovative town will promote growth that connects people to place.

PUBLIC ART

Consider and adopt a public art program for the Town of Stevensville that includes a review process, funding strategy, and placement planning.

MARKET STEVENSVILLE

Market Stevensville advantages and experiences to grow jobs and economic investment.

AVAILABLE HOUSING

Increase housing quality and availability by supporting diverse housing and employment options.

YOUTH PROGRAM EXPANSION

Utilize interdepartmental assets to provide youth programming and to establish community policing practices that address truancy, academic failure, and crime prevention.

PLANNING FOR GROWTH

Update master plans and policies to create a forward-thinking growth plan for our community.

5 Engaging with our Partners

Collaborations that re-energize and reimagine relationships with our partners that result in mutual success. The town will maximize strategic partnerships with agencies that work with us to provide services, as well as expand our partner base.

FY2022 BUDGET SUMMARIES



INTRODUCTION

The Summary Section provides an overview of all budgeted funds for the upcoming year. These include the General Fund, the special revenue funds, Capital Improvement Funds, and enterprise funds including Water, Sewer, and Airport.

Revenues and expenditures/expenses are categorized by type, in accordance with the State of Montana BARS Chart of Accounts, and recommended standard formats of the Government Finance Officers Association, enabling consistency and comparability between all forms of local government.

CONTENTS

Budget Summary - All Funds by Fund & Account

Fund Balance Summary - All Funds by Fund Type

Mill Levies & Taxable Values

Revenue and Expenditure Highlights - General Fund

BUDGET SUMMARY

ALL FUNDS

Account	Previous Year Actual	Previous Year Budget	Final Budget	% Old Budget
1000 GENERAL				
Revenues				
310000 TAXES	54,590	61,225	61,439	100
320000 LICENSES AND PERMITS	13,255	15,300	31,300	205
330000 INTERGOVERNMENTAL REVENUE	519,370	309,092	229,880	74
340000 CHARGES FOR SERVICES	25,405	73,000	69,075	95
350000 FINES AND FORFEITURES	19,665	17,000	20,000	118
360000 MISCELLANEOUS REVENUE	28,171	6,000	6,000	100
370000 INVESTMENT AND ROYALTY EARNINGS	3	0	0	
380000 Other Financing Sources	7,600	236,687	3114	
Total Revenues	660,459	489,217	654,381	
Expenditures				
410000 General Government	381,472	224,242	294,110	131
420000 Public Safety	445,677	423,972	450,010	106
430000 Public Works	122,002	102,744	92,688	90
460000 Culture and Recreation	99,802	154,565	142,122	92
Total Expenditures	1,048,953	905,523	978,930	
2230 AMBULANCE				
Revenues				
340000 CHARGES FOR SERVICES	1,500	1,500	100	
380000 Other Financing Sources	10,000	10,000	100	
Total Revenues	11,500	11,500		
Expenditures				
420000 Public Safety	3,788	4,400	5,759	131
Total Expenditures	3,788	4,400	5,759	

Account -----	Actual -----	Previous Year Budget -----	Previous Year Budget -----	Final % Old Budget -----
2250 PLANNING				
Revenues				
340000 CHARGES FOR SERVICES	3,686	20,000	20,000	100
Total Revenues	3,686	20,000	20,000	
Expenditures				
410000 General Government	18,030	28,200	25,851	92
Total Expenditures	18,030	28,200	25,851	
 2310 TAX INCREMENT FINANCE DISTRICT				
Expenditures				
410000 General Government	2,500	13,725	22,818	166
Total Expenditures	2,500	13,725	22,818	
 2311 TARGETED ECONOMIC DEVELOPMENT DISTRICT				
Expenditures				
520000 Other Financing Uses	12,000	12,000	12,000	100
Total Expenditures	12,000	12,000	12,000	
 2390 DRUG FINES-FORFEITURES ACCOUNT				
Expenditures				
410000 General Government	1,000	1,000		100
Total Expenditures	1,000	1,000		

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
2394 BUILDING CODE ENFORCEMENT				
Revenues				
320000 LICENSES AND PERMITS	59,988	110,500	110,500	100
Total Revenues	59,988	110,500	110,500	
Expenditures				
420000 Public Safety	67,634	136,818	109,464	80
Total Expenditures	67,634	136,818	109,464	
2410 DAYTON LIGHTING #1 DISTRICT 55				
Revenues				
360000 MISCELLANEOUS REVENUE	2,151	1,100	5,606	510
Total Revenues	2,151	1,100	5,606	
Expenditures				
410000 General Government		1,420	0	
430000 Public Works	2,913	2,100	3,300	157
2420 PETERSON ADDN LIGHTING #2 DISTRICT 80				
Revenues				
360000 MISCELLANEOUS REVENUE	1,900	1,100	4,662	424
Total Revenues	1,900	1,100	4,662	
Expenditures				
410000 General Government		1,420	0	
430000 Public Works	2,119	1,500	2,500	167
Total Expenditures	2,119	1,500	3,920	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
2430 GEO SMITH LIGHTING #3 DISTRICT 76				
Revenues				
360000 MISCELLANEOUS REVENUE	2,550	1,500	5,295	353
Total Revenues	2,550	1,500	5,295	
Expenditures				
410000 General Government		1,420	0	
430000 Public Works	2,986	2,400	3,300	138
Total Expenditures	2,986	2,400	4,720	
 2440 CREEKSIDE LIGHTING #4 DISTRICT 77				
Revenues				
360000 MISCELLANEOUS REVENUE	3,924	4,500	8,385	186
Total Revenues	3,924	4,500	8,385	
Expenditures				
410000 General Government		1,420	0	
430000 Public Works	4,121	3,195	5,000	156
Total Expenditures	4,121	3,195	6,420	
 2450 TWIN CREEKS LIGHTING #5 DISTRICT				
Revenues				
360000 MISCELLANEOUS REVENUE	2,483	5,500	6,677	121
Total Revenues	2,483	5,500	6,677	
Expenditures				
410000 General Government		328	0	
430000 Public Works	4,601	5,844	5,000	86
Total Expenditures	4,601	5,844	5,328	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
2810 POLICE TRAINING & PENSION				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	4,636	3,750	3,750	100
Total Revenues	4,636	3,750	3,750	
Expenditures				
420000 Public Safety	1,874	4,360	4,100	94
Total Expenditures	1,874	4,360	4,100	
 2820 GAS APPORTIONMENT TAX				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	27,316	36,421	37,255	102
Total Revenues	27,316	36,421	37,255	
Expenditures				
430000 Public Works	59,598	145,000	77,000	53
Total Expenditures	59,598	145,000	77,000	
 2821 BaRSAA (HB 473)				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	41,319	68,669	46,455	68
Total Revenues	41,319	68,669	46,455	
Expenditures				
430000 Public Works		82,000	82,000	100
Total Expenditures		82,000	82,000	
 2889 HEYER FOUNDATION GRANT				
Expenditures				
420000 Public Safety	235	235	0	0
Total Expenditures	235	235	0	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
2916 COPS GRANT				
Expenditures				
410000 General Government		1,349	0	0
Total Expenditures		1,349	0	
 2940 ECONOMIC DEVELOPMENT				
Revenues				
320000 LICENSES AND PERMITS	10,250	10,000	0	0
330000 INTERGOVERNMENTAL REVENUE		10,000	10,000	100
Total Revenues	10,250	20,000	10,000	
Expenditures				
410000 General Government	24	10,450	0	
470000	4,393	10,000	0	0
Total Expenditures	4,417	10,000	10,450	
 2987 JEAN THOMAS PARK BEAUTIFICATIION FUND				
Expenditures				
460000 Culture and Recreation	36,400		33,000	0
Total Expenditures	36,400		33,000	
 2991 American Rescue Plan Act (ARPA)				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	264,635		264,635	100
Total Revenues	264,635		264,635	
Expenditures				
520000 Other Financing Uses			226,787	0
Total Expenditures			226,787	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
4000 CAPITAL IMPROVEMENTS				
Revenues				
310000 TAXES	1,827		0	0
360000 MISCELLANEOUS REVENUE	8,898		5,000	0
370000 INVESTMENT AND ROYALTY EARNINGS	15		0	0
Total Revenues	10,740		5,000	
Expenditures				
420000 Public Safety	112,158	76,320	0	0
430000 Public Works	10,500	10,500	0	0
460000 Culture and Recreation	19,602	10,000	0	0
Total Expenditures	142,260	96,820	0	
 4001 SIDEWALK IMPROVEMENT				
Revenues				
370000 INVESTMENT AND ROYALTY EARNINGS	7		0	0
Total Revenues	7		0	
Expenditures				
430000 Public Works		20,000	30,000	150
 4002 FIRE ENGINE CAPITAL IMPROVEMENT				
Revenues				
370000 INVESTMENT AND ROYALTY EARNINGS	1		0	0
Total Revenues	1		0	

Account	Previous Year Actual	Previous Year Budget	Final Budget	% Old Budget
5210 WATER				
Revenues				
340000 CHARGES FOR SERVICES	397,549	338,000	338,000	100
370000 INVESTMENT AND ROYALTY EARNINGS	1,406	0	0	
Total Revenues	398,955	338,000	338,000	
Expenditures				
430000 Public Works	366,431	334,419	421,676	126
520000 Other Financing Uses	3,500	3,500		100
 5250 WATER BOND PRINCIPAL & INTEREST				
Revenues				
360000 MISCELLANEOUS REVENUE	195,130	191,950	191,950	100
Total Revenues	195,130	191,950	191,950	
Expenditures				
490000 Debt Service Reserve	83,424	191,947	191,947	100
Total Expenditures	83,424	191,947	191,947	
 5310 SEWER				
Revenues				
340000 CHARGES FOR SERVICES	381,469	345,000	345,000	100
370000 INVESTMENT AND ROYALTY EARNINGS	913	0	0	
Total Revenues	382,382	345,000	345,000	
Expenditures				
430000 Public Works	306,373	306,097	313,967	103
520000 Other Financing Uses		4,100	4,100	100
Total Expenditures	306,373	310,197	318,067	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
5350 SEWER BOND PRINCIPAL & INTEREST				
Revenues				
360000 MISCELLANEOUS REVENUE	233,509	229,500	229,500	100
Total Revenues	233,509	229,500	229,500	
Expenditures				
490000 Debt Service Reserve	165,366	229,500	229,500	100
Total Expenditures	165,366	229,500	229,500	
 5610 AIRPORT				
Revenues				
310000 TAXES	4,070	5,300	5,300	100
330000 INTERGOVERNMENTAL REVENUE		29,496	0	0
340000 CHARGES FOR SERVICES	27,528	26,300	26,300	100
360000 MISCELLANEOUS REVENUE	12	30,000	30,000	100
370000 INVESTMENT AND ROYALTY EARNINGS		57	0	0
380000 Other Financing Sources	12,000	12,000	12,000	100
Total Revenues	73,163	73,600	73,600	
Expenditures				
410000 General Government			24,168	0
430000 Public Works	160,656	86,285	88,194	102
490000 Debt Service Reserve		9,733	0	0
Total Expenditures	170,389	86,285	112,362	
 5620 AIRPORT PROJECT				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	1,550,567	1,560,071	167,530	11
Total Revenues	1,550,567	1,560,071	167,530	
Expenditures				
430000 Public Works	1,217,453	1,769,597	167,530	9
Total Expenditures	1,217,453	1,769,597	167,530	

Account -----	Previous Year Actual -----	Previous Year Budget -----	Final Budget -----	% Old Budget -----
7120 FIREMEN'S DISABILITY				
Revenues				
330000 INTERGOVERNMENTAL REVENUE	4,636	4,000	4,700	118
Total Revenues	4,636	4,000	4,700	
Expenditures				
510000 Miscellaneous	4,636	4,000	4,700	118
Total Expenditures	4,636	4,000	4,700	

FY2022 FUND BALANCE SUMMARY

Preliminary Budget						
Fiscal year 2021-2022						
	General Fund	Special Revenue	Capital Projects	Enterprise	Fiduciary	All Funds
Projected Beginning Fund Balance/Working Capital	\$ 257,775	\$ 880,603	\$ 52,206	\$ 2,720,440	\$ 3	\$ 3,911,027
Estimated Revenues	978,930	575,934	25,866	1,382,923	4,700	2,968,353
Less Appropriations	(978,930)	(635,337)	(30,000)	(1,444,582)	(4,703)	(3,093,552)
Increase/(Decrease) in Fund Balance/Working Capital	\$ (0.00)	(59,403)	(4,134)	(61,659)	(3)	(125,199)
Projected Ending Fund Balance/Working Capital	\$ 257,775	\$ 821,200	\$ 48,072	\$ 2,658,781	\$ 0	\$ 2,968,353



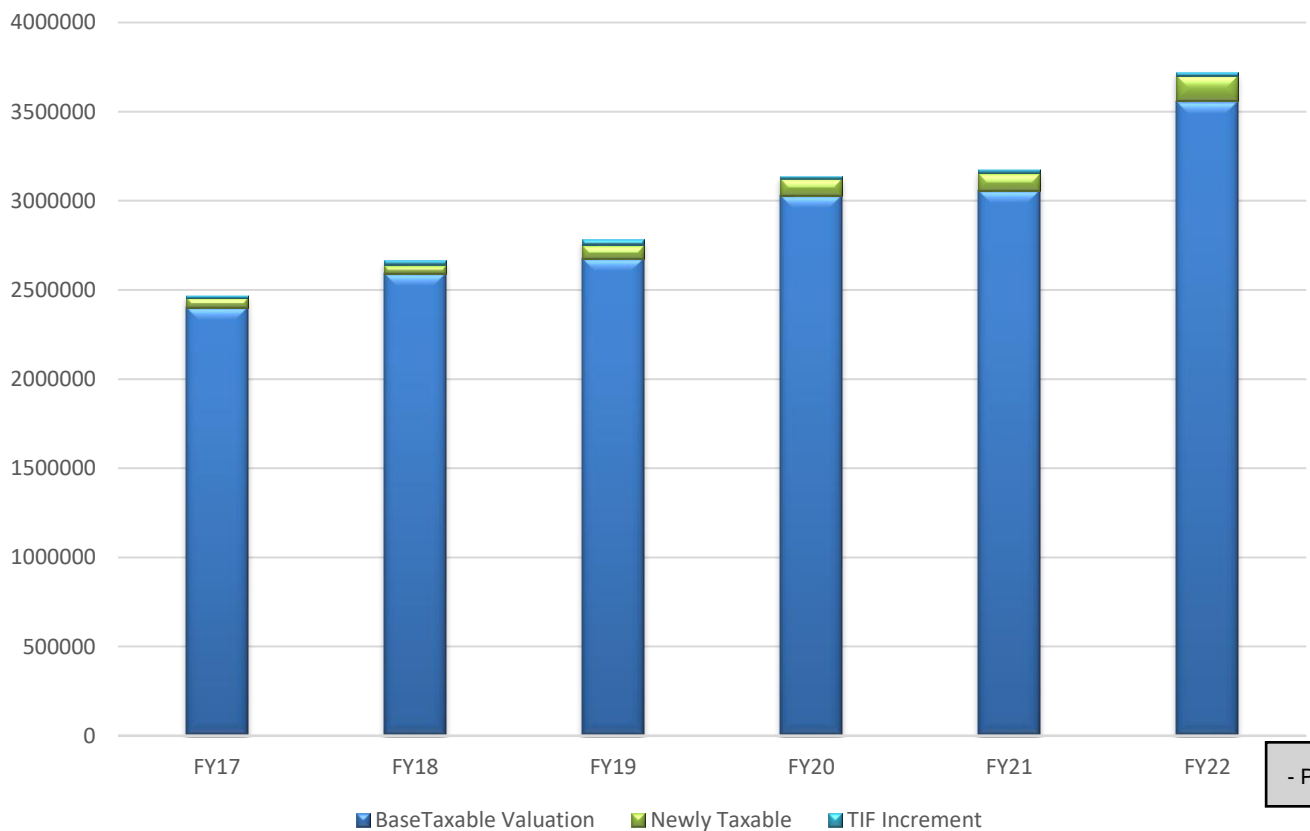
FY2022

MILL LEVIES & TAXABLE VALUE

MILL LEVIES & MILL VALUES

FISCAL YEAR	FY17	FY18	FY19	FY20	FY21	FY22 EST
Entity Taxable Valuation	\$ 2,401,982	\$ 2,591,958	\$ 2,674,917	\$ 3,029,067	\$ 3,086,766	\$ 3,557,397
PERCENTAGE CHANGE YOY	1.41%	7.91%	3.20%	13.24%	1.90%	15.25%
GENERAL FUND:						
All-Purpose	113.77	108.53	106.73	94.32	99.44	90.89
SPECIAL REVENUE:						
Capital Improvements	0.00	0.00	0.00	3.32	3.32	2.95
TOTAL SPECIAL REVENUE	0.00	0.00	0.00	3.32	3.32	2.95
TOTAL MILLS LEVIED	113.77	108.53	106.73	97.64	102.76	93.84

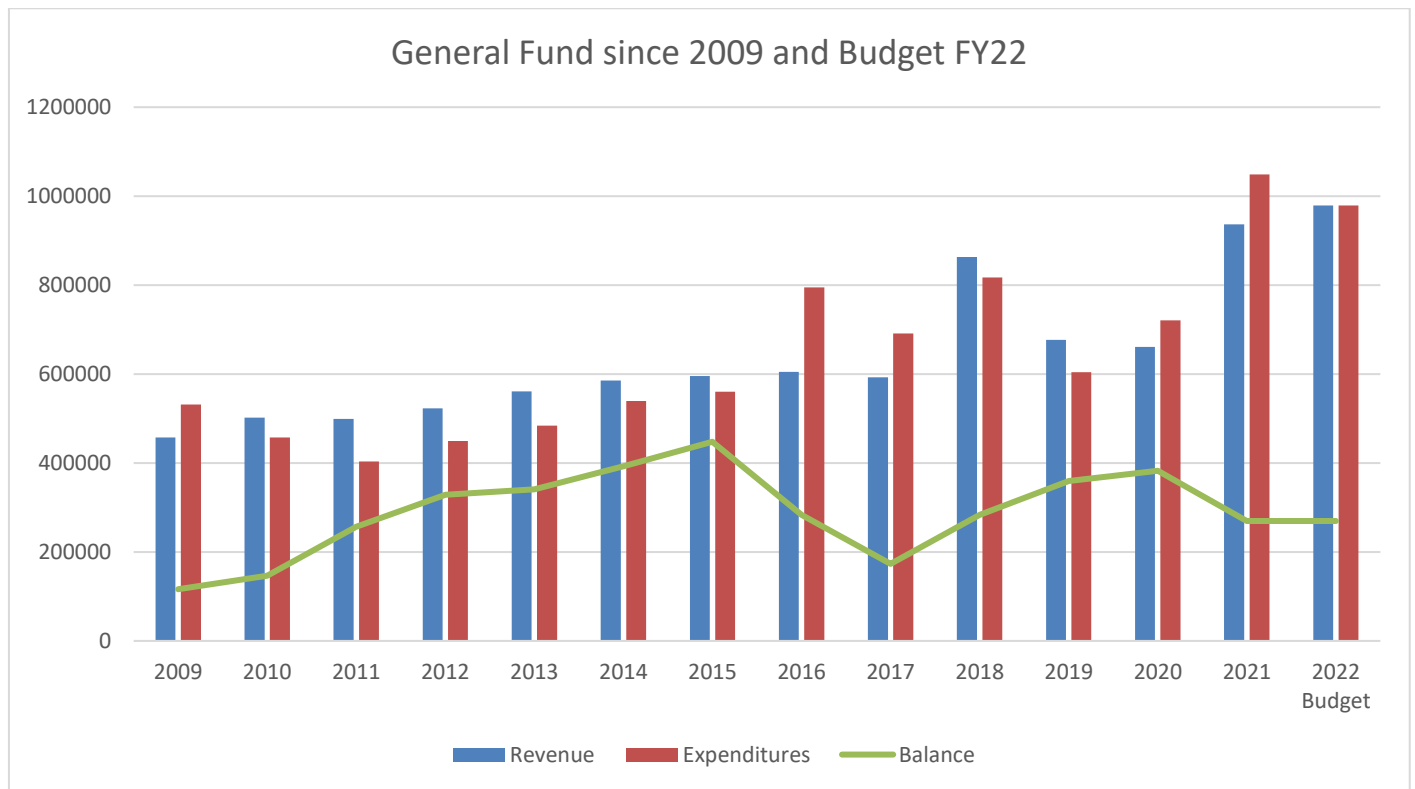
Taxable Valuation Trends



FY2022 GENERAL FUND HIGHLIGHTS

The General Fund is used to account for all financial resources of the Town, except for those required to be accounted for in another fund. The General Fund supports such basic services as the Legislative Service, General Administration, Police, Fire, Streets & Transportation, and Recreation services.

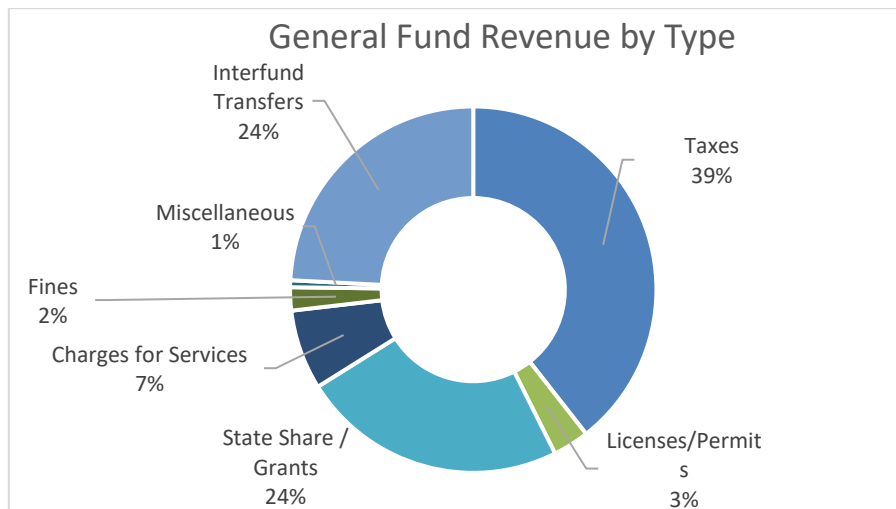
The below graph details the General Fund balance with actual expenditures and revenue. In FY2022, the administration is proposing a balanced General Fund budget that does not spend any cash from the General Fund reserves.





REVENUE HIGHLIGHTS

The Town's General Fund is financed heavily by property taxes. Other revenue sources include licenses and permits, intergovernmental revenue, charges for services, fines and forfeitures, interest on investments, operating transfers, and miscellaneous revenues. We are estimating the General Fund to generate \$978,930 in total revenue, with 40% is from property taxes, 23% from the State Entitlement Share and other Intergovernmental Sources, and 7% for charges for services. The following chart shows the breakdown of estimated revenues. The Town will utilize funds from the American Rescue Plan (APRA) to continue response and recovery efforts relating to the COVID-19 Pandemic, including investments in public safety that are within the ARPA Treasury Guidance. This accounts for 20% of the General Fund revenue.



GENERAL PROPERTY TAXES

All real estate, personal, and business property taxes, including penalties and interest, are included. Overall, real estate property assessments increased. Property taxes are anticipated to increase compared to FY21 collections, primarily due to increased property valuations by the Montana Department of Revenue.

LICENSES & PERMITS

Licenses and permits consist of city-wide fees for the purposes of tracking activity in the community and ensuring compliance with the adopted laws and ordinances of the Town. Business License fees are not increasing, however an increase in alcohol sales, events, and street closure related permits is proposed in the FY2022 budget.

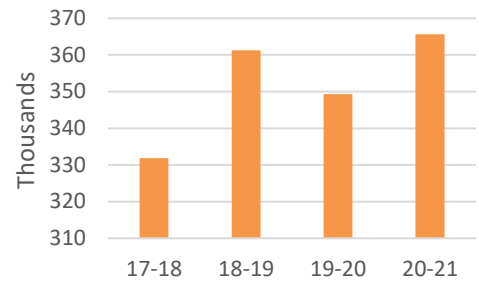
FINES

Court fines, parking citations, and code violations make up this revenue classification. Court fines are collected by the Clerk of City Court and remitted to the Town monthly. Receipts during FY 2021 were \$19,665. Revenues are expected to increase with an increase of police staffing, and FY22 is budgeted at \$20K.

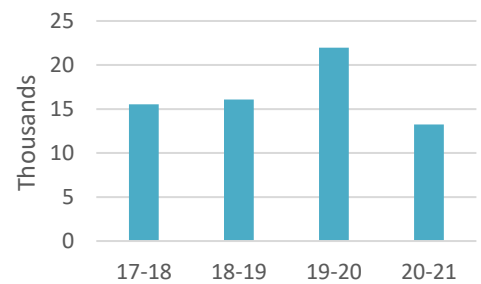
CHARGES FOR SERVICES

Charges for services represent fees for various activities within the Town, such as all recreation fees and program revenues, cemetery lots, and grave openings. COVID-19 restrictions negatively impacted the majority of fees; however, there were some positive impacts. Lewis & Clark Park, a beautiful park featuring a 7-acres of open space offers visitors the opportunity to enjoy outdoor activities while social distancing. Revenues for FY20 were \$59K and \$25K for FY21. FY22 revenues are expected to be \$69K.

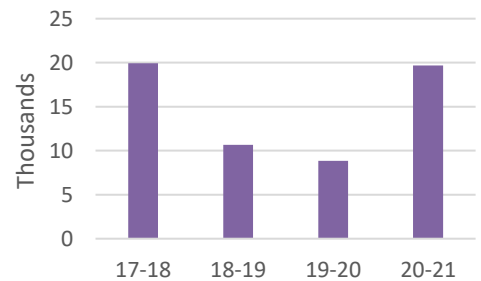
General Property Taxes



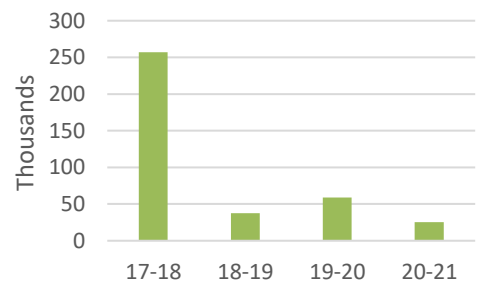
Licenses & Permits



Fines



Charges for Services



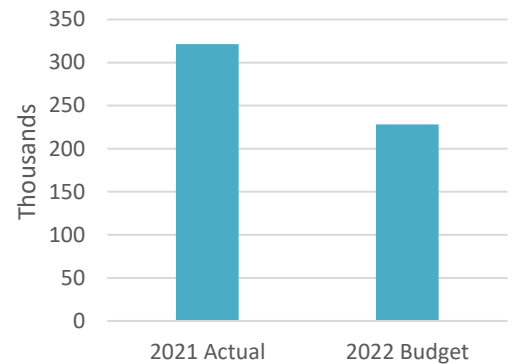
EXPENDITURE HIGHLIGHTS

GENERAL GOVERNMENT ADMINISTRATION

This category includes Town Council, Mayor, Clerk, Finance, Human Resources, City Attorney, Town Hall Facilities, and Elections. Expenditures are estimated to increase by 30% or \$70K compared to the current year. Some of the major factors for the increase include:

- Increased expense in facilitating virtual meeting attendance.
- Substantial increase in liability insurance cost, specifically to the Town Council, as a result of a higher liability risk rating.
- Federal audit will be required due to federal funds received in excess of \$750K.

Government Administration

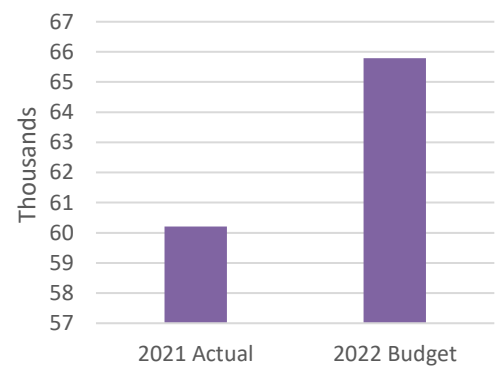


JUDICIAL ADMINISTRATION

Judicial functions are performed by the City Court for misdemeanor infractions that occur within the Town's jurisdiction. The Court operates with a part-time judge who is paid as an independent contractor, and a part-time court clerk. Court is held weekly, with arraignments occurring daily as needed. Judicial costs also include the Prosecuting Attorney, who prosecutes cases in City Court on behalf of the Town.

Judicial services total \$50,791 for FY2022, representing a 7% increase from FY2021. Prosecuting services total \$15,000, up \$2,000 from FY2021.

Judicial Administration



PUBLIC SAFETY

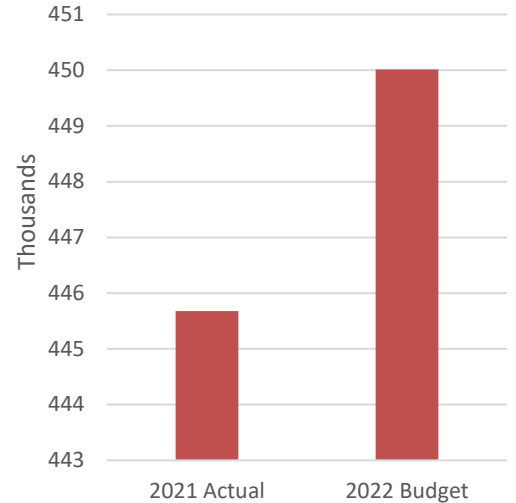
Departments included in this classification are Police and Fire. Public Safety costs increased for FY22 by \$25,000, or 6.0%, compared to the FY 21 adopted budget. The increase is due primarily for additional personnel in both the Police Department and Fire Department. The Police Department looks to re-establish its presence within the Stevensville School system through the SPD C.A.R.E.S Program. This partnership with the school will provide the community with relationship focused officer. This officer will be assigned to school education programming, much like a school resource officer. In the summer, the officer will continue their duties in the Parks & Recreation Department, participating in youth programming there.

Additional volunteers are budgeted for in the Fire Department, with the addition of up to 5 personnel. Recruitment and public relationship efforts are being bolstered, and the department will see enhancements to the training environment.

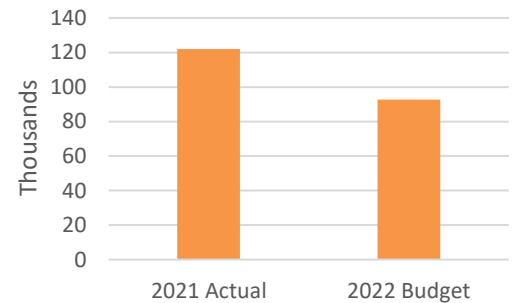
PUBLIC WORKS

The City Shop, Engineering, Streets, Street Lighting, Stormwater Operations, Refuse Collection, Cemetery Maintenance, make up the Public Works section of the operating budget. Overall, the budget for FY22 decreased \$10K or 9.5% compared to FY21. The Public Works Department will transition a seasonal employee to a year-round position in FY22, forgoing all seasonal personnel needs in this department.

Public Safety



Public Works





PARKS & RECREATION

Recreation administration, playgrounds, parks, urban forestry, aquatics, and participant recreation are included in this category. The Parks & Recreation Department was formally established as a department and program in FY2020. In its first year, the program provided much needed services to the community in the way of park maintenance and special programs that were adapted to the COVID-19 Pandemic. The Parks Department achieved Tree City USA status with the Arbor Day Foundation, and looks to maintain that status with further investment into Stevensville’s urban forest, primarily to address safety concerns with aging city-owned trees.

The Parks & Recreation budget decreased 8% compared to FY2021. Though spending will increase in FY2021, more services will be offered as the community recovers from the COVID-19 Pandemic and more recreation opportunities are possible to safely participate. The Parks & Recreation budget includes participation in the SPD C.A.R.E.S Program, as well as other increases in youth programming with the assistance of the American Rescue Plan Act.



FY2022 BUDGET DETAIL

INTRODUCTION

The Detail Section provides a detailed breakdown of all budgeted funds for the upcoming year. These include the General Fund, the special revenue funds, Capital Improvement Funds, and enterprise funds including Water, Sewer, and Airport.

This section breaks each account within a particular fund into three categories:

1. Personal Services - including all salaries, wages, employer contributions, and benefits.
2. Operations/Maintenance - includes all operational costs incurred in routine day-to-day work and maintenance needs for the department.
3. Capital Outlay - includes all Capital Improvement costs. These are usually large purchases of equipment or infrastructure projects/improvements.

Expenditures are categorized by type, in accordance with the State of Montana BARS Chart of Accounts, and recommended standard formats of the Government Finance Officers Association, enabling consistency and comparability between all forms of local government.



Activity/Department Detail

As stated in the Budget Summary the budget is separated out by activity. Within those activities are the Departments. The Departments have Divisions within them and there are specific funds that they use for operational budgeting. The following table lists the Department and corresponding division and budgeted fund for the current fiscal year.

Activity	Departments	Divisions and Budget Units	Budgeted Funds
General Government	Town Council	Town Council, Special Bodies	General
	Executive Services	Administration, Mayor	General
	Municipal Court	Operations	General
	City Attorney	Administration, Civil Litigation, Criminal Litigation, Criminal Victim-Witness	General
	Administration & Finance	Administration, Accounting, Human Resources	General
	Facilities Maintenance	City Hall, City Hall Annex, Fire Station #1, Fire Station #2, Maintenance Shop, Park Facilities	General
Public Safety	Police	Operations, Crime Control & Investigations, Code Enforcement	General, Drug Forfeiture, Police Training & Pension
	Fire	Administration, Operations, Fire Prevention, EMS	General, Ambulance, Heyer Foundation Grant
	Building Inspection	Operations	Building Inspection
Public Works	Airport	Operations	Airport
	Public Works Administration	Administration, Engineering, Sidewalk Repair Program, Sidewalk & Curb Construction, Cemetery's	General, Water, Sewer, Sidewalk Improvements
	Streets & Transportation	Operations, Maintenance, Construction, Snow & Ice Removal, Lighting, Traffic Signs & Markers	General, Gas Tax, Lighting Districts
	Water	Operations, Supply & Pumping, Purification & Treatment, Distribution,	Water, Water Impact Fees
	Wastewater	Operations, Collection & Transmission, Treatment & Disposal	Wastewater, Wastewater Impact Fees
Public Welfare	Parks & Recreation	Parks, Forestry, Recreation	General, Parks & Open Space Bond, Tree Maintenance, Recreation Special Revenue, Story Mansion Operating
	Community Development Economic Development	Planning & Zoning Economic Development	Planning & Zoning, Economic Development, North Stevensville TIFD, Stevensville Airport TEDD
Other	Non-Departmental	Insurance, Contingencies, Transfers, Principal & Interest	General

Fund	Fund Description	Account	Account Description	Previous Budget	Previous Actual	Personal Services	Operating/Maintenance	Capital Outlay	Final Budget
1000	GENERAL	410000	General Government						
1000	GENERAL	410100	Legislative Services	26,472	29,697	13,025	48,786		61,811
1000	GENERAL	410200	Executive Services	11,174	10,475	5,624	9,655		15,279
1000	GENERAL	410360	City Court	47,536	46,504	22,687	28,104		50,791
1000	GENERAL	410364	Prosecution Services	13,000	13,705		15,000		15,000
1000	GENERAL	410530	Audit Services	5,000			2,500		2,500
1000	GENERAL	410550	Administration	82,525	246,533	72,989	40,720		113,709
1000	GENERAL	410600	Elections				1,500		1,500
1000	GENERAL	411100	Legal Services	25,000	23,324		25,000		25,000
1000	GENERAL	411200	Facilities Administration						
1000	GENERAL	411201	Town Hall/Annex Building	13,670	11,234		8,520		8,520
			GROUP TOTAL	224,377	381,472	114,325	179,785		294,110
1000	GENERAL	420000	Public Safety						
1000	GENERAL	420100	Law Enforcement Services	345,253	327,730	284,185	62,767		346,952
1000	GENERAL	420410	Fire Department - Administration	40,011	48,694	27,814	30,747		58,561
1000	GENERAL	420421	Fire Department - Facilities Station #1	7,100	33,304		2,950		2,950
1000	GENERAL	420422	Fire Department - Facilities Station #2	1,130	467		630		630
1000	GENERAL	420440	Fire Department - Fire Prevention	800	540		500		500
1000	GENERAL	420460	Fire Department - Suppression	30,637	34,942		40,417		40,417
			GROUP TOTAL	424,931	445,677	311,999	138,011		450,010
1000	GENERAL	430000	Public Works						
1000	GENERAL	430100	Public Works Administration	78,956	89,245	45,114	22,210		67,324
1000	GENERAL	430200	Road & Street Services	2,003	12,708		5,951		5,951
1000	GENERAL	430263	Street Lighting	13,000	10,505		11,500		11,500
1000	GENERAL	430900	Cemetery Services	8,785	9,543		7,913		7,913
			GROUP TOTAL	102,744	122,001	45,114	47,574		92,688
1000	GENERAL	460000	Culture and Recreation						
1000	GENERAL	460300	Community Events	500			500		500

Fund	Fund Description	Account	Account Description	Previous Budget	Previous Actual	Personal Services	Operating/ Maintenance	Capital Outlay	Final Budget
1000	GENERAL	460400	Park & Recreation Services						
1000	GENERAL	460410	Parks Department Administration	48,561	51,524	58,041	4,720		62,761
1000	GENERAL	460430	Parks	73,670	24,893	11,581	12,630		24,211
1000	GENERAL	460437	Forestry and Nursery	4,000	963		9,200		9,200
1000	GENERAL	460440	Participant Recreation			6,616	2,800		9,416
1000	GENERAL	460445	Swimming Pool / Aquatics	27,834	22,422	26,218	9,816		36,034
			GROUP TOTAL	154,565	99,802	102,456	39,666		142,122
1000	GENERAL	521000	Interfund Operating Transfers Out	10,000					
			TOTAL	916,617	1,048,952	573,894	405,036		978,930
2230	AMBULANCE	420730	Emergency Medical Services	4,400	3,788		5,759		5,759
2250	PLANNING	410000	General Government						
2250	PLANNING	410200	Executive Services			2,812			2,812
2250	PLANNING	411010	Administration	28,200	18,031	15,719	7,320		23,039
			TOTAL	28,200	18,031	18,531	7,320		25,851
2310	TAX INCREMENT FINANCE DISTRICT	410210	Administration	13,725	2,500	22,817	1		22,818
2311	TARGETED ECONOMIC DEVELOPMENT DISTRICT	521000	Interfund Operating Transfers Out	12,000	12,000		12,000		12,000
2390	DRUG FINES-FORFEITURES ACCOUNT	410200	Executive Services	1,000			1,000		1,000
2390	DRUG FINES-FORFEITURES ACCOUNT	420100	Law Enforcement Services						
2394	BUILDING CODE ENFORCEMENT	420531	Building Inspection	136,818	67,631	53,876	20,588	35,000	109,464
2410	DAYTON LIGHTING #1 DISTRICT 55	410550	Administration			1,420			1,420
2410	DAYTON LIGHTING #1 DISTRICT 55	430263	Street Lighting	2,100	2,913		3,300		3,300
			TOTAL	2,100	2,913	1,420	3,300		4,720

Fund	Fund Description	Account	Account Description	Previous Budget	Previous Actual	Personal Services	Operating/Maintenance	Capital Outlay	Final Budget
2420	PETERSON ADDN LIGHTING #2 DISTRICT 80	410550	Administration			1,420			1,420
2420	PETERSON ADDN LIGHTING #2 DISTRICT 80	430263	Street Lighting	1,500	2,119		2,500		2,500
			TOTAL	1,500	2,119	1,420	2,500		3,920
2430	GEO SMITH LIGHTING #3 DISTRICT 76	410550	Administration			1,420			1,420
2430	GEO SMITH LIGHTING #3 DISTRICT 76	430263	Street Lighting	2,400	2,986		3,300		3,300
			TOTAL	2,400	2,986	1,420	3,300		4,720
2440	CREEKSIDE LIGHTING #4 DISTRICT 77	410550	Administration			1,420			1,420
2440	CREEKSIDE LIGHTING #4 DISTRICT 77	430263	Street Lighting	3,195	4,121		5,000		5,000
			TOTAL	3,195	4,121	1,420	5,000		6,420
2450	TWIN CREEKS LIGHTING #5 DISTRICT	410550	Administration			328			328
2450	TWIN CREEKS LIGHTING #5 DISTRICT	430263	Street Lighting	5,844	4,601		5,000		5,000
			TOTAL	5,844	4,601	328	5,000		5,328
2810	POLICE TRAINING & PENSION	410200	Executive Services						
2810	POLICE TRAINING & PENSION	420100	Law Enforcement Services	4,360	1,873		4,100		4,100
2820	GAS APPORTIONMENT TAX	430200	Road & Street Services	145,000	59,598			77,000	77,000
2821	BARSA (HB 473)	430200	Road & Street Services	82,000				82,000	82,000
2940	ECONOMIC DEVELOPMENT	410550	Administration		24		10,450		10,450
2987	JEAN THOMAS PARK BEAUTIFICATION FUND	460430	Parks		36,400		33,000		33,000
2991	American Rescue Plan Act (ARPA)	521000	Interfund Operating Transfers Out				226,787		226,787

Fund	Fund Description	Account	Account Description	Previous Budget	Previous Actual	Personal Services	Operating/Maintenance	Capital Outlay	Final Budget
4000	CAPITAL IMPROVEMENTS	410550	Administration						
4000	CAPITAL IMPROVEMENTS	411201	Town Hall/Annex Building						
4000	CAPITAL IMPROVEMENTS	420100	Law Enforcement Services	45,000	85,696				
4000	CAPITAL IMPROVEMENTS	420400	Fire Protection & Control	31,320	26,462				
4000	CAPITAL IMPROVEMENTS	430100	Public Works Administration	10,500	10,500				
4000	CAPITAL IMPROVEMENTS	460445	Swimming Pool / Aquatics	10,000	19,602				
			TOTAL	96,820	142,260				
4001	SIDEWALK IMPROVEMENT	430262	Sidewalks Improvements	20,000				30,000	30,000
4002	FIRE ENGINE CAPITAL IMPROVEMENT	420460	Fire Department - Suppression						
4002	FIRE ENGINE CAPITAL IMPROVEMENT	521000	Interfund Operating Transfers Out						
5210	WATER	430510	Water Utility Administration	186,217	227,041	172,603	49,872		222,475
5210	WATER	430520	Facilities - Grounds & Buildings				80,556		80,556
5210	WATER	430530	Source of Supply & Pumping (Storage & Wells)	113,200	76,629		46,650		46,650
5210	WATER	430540	Purification and Treatment	25,372	32,750		22,400		22,400
5210	WATER	430550	Transmission & Distribution (Lines)	35,500	29,987		16,950	32,645	49,595
5210	WATER	521000	Interfund Operating Transfers Out	3,500			3,500		3,500
			TOTAL	363,789	366,407	172,603	219,928	32,645	425,176
5250	WATER BOND PRINCIPAL & INTEREST	490200	Revenue Bonds	191,947	83,424				191,947
5310	SEWER	430610	Sewer Utility Administration	187,297	224,651	172,599	52,753		225,352
5310	SEWER	430620	Facilities - Grounds & Buildings				17,555		17,555
5310	SEWER	430630	Collection & Transmission - Main Lines	17,050	1,659		32,185		32,185
5310	SEWER	430640	Treatment and Disposal	102,000	80,064		25,875	13,000	38,875
5310	SEWER	521000	Interfund Operating Transfers Out	4,100			4,100		4,100
			TOTAL	310,447	306,374	172,599	132,468	13,000	318,067
5350	SEWER BOND PRINCIPAL & INTEREST	490200	Revenue Bonds	229,500	165,366				229,500

Fund	Fund Description	Account	Account Description	Previous Budget	Previous Actual	Personal Services	Operating/Maintenance	Capital Outlay	Final Budget
5610	AIRPORT	410210	Administration			24,168			24,168
5610	AIRPORT	430300	Airport	86,285	160,655		27,194	61,000	88,194
5610	AIRPORT	490500	Other Debt Service Payments		9,733				
			TOTAL	86,285	170,388	24,168	27,194	61,000	112,362
5620	AIRPORT PROJECT	430300	Airport	1,769,597	1,217,453			167,530	167,530
7120	FIREMEN'S DISABILITY	510300	Other Unallocated Costs	4,000	4,636		4,700		4,700
			GRAND TOTAL	4,431,544	3,723,845	1,044,496	1,129,431	498,175	3,093,549

FY2022 BUDGET GUIDE

Budget Process

The Town plans for the long-term needs of our community through a number of efforts and studies. These documents are usually developed by consultants and staff, with numerous public hearings and advisory board meetings prior to their formal adoption by the Council. Once adopted, we work diligently to implement the recommendations and changes outlined in the plans. The starting point is the Growth Policy and then the other master plans that have been developed for each area of concern or study. Along with these documents, the capital improvement plan is used to budget for capital projects.

Funding Structure

To better understand this budget document a basic understanding of the structure, often-used terms, and fund types is helpful. The Town’s operating expenditures are organized into the following hierarchical categories: Activities, Departments, Divisions, and Budget Units.

Activity: Activity represents the highest level of summarization used in the Town’s financial structure. This level is primarily used for entity-wide financial reporting and for summarization in this budget document.

Department: Department is the second level of summarization used in the Town’s financial structure. The function classification represents a grouping of related operations and programs aimed at accomplishing a broad goal or providing a major service.

Division: Department can be further split into divisions which are usually associated with functioning work groups that have more limited sets of work responsibilities. Their primary purpose is organizational and budgetary accountability.

Budget Unit: Divisions may be further subdivided into budget units. A budget unit is used to account for a specific service performed within a division in the pursuit of individual goals and objectives. A budget unit is aimed at accomplishing a specific service or regulatory program for which a government is responsible.

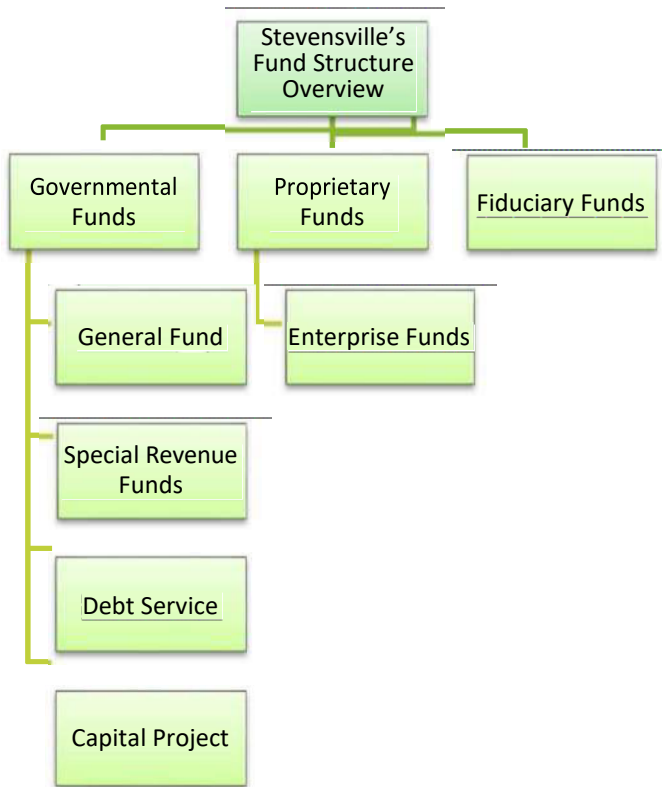
For example, to account for the expenses of operating the Wastewater Treatment Plant the Town uses the following financial structure:

Activity:	Public Works
Department:	Wastewater
Division:	Treatment
Budget Unit:	Operations

Funds:

The activities are funded through various means that are accounted for within specific funds. The Town has a comprehensive fund plan for financial accounting in accordance with the provisions of the recommendations of the National Council on Governmental Accounting as outlined in their publication Governmental Accounting, Auditing, and Financial Reporting (GAAFR), which is the standard accounting guide for local governments.

Governmental funds are a group of funds that account for activities associated with the Town's basic operations. This group of funds uses a modified accrual basis of accounting and focuses on operating revenues and expenditures.



General Fund: The General Fund is used to account for all financial resources of the Town, except for those required to be accounted for in another fund. The General Fund supports such basic services as the Legislative Branch, Judicial Branch, General Administration, Police, Fire, Finance, Recreation, and Public Works services. The Town's General Fund is financed heavily by property taxes, which provide nearly half of the General Fund revenue.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Funds: Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds: Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types

Proprietary funds are a group of funds that account for activities that are often seen in the private sector and are operated in a similar manner as in the private sector. This group of funds uses a full accrual basis of accounting and focuses on net income and capital maintenance.

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

Enterprise Funds: Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Fiduciary funds are trust and agency funds that account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include expendable trust funds, non-expendable trust funds, pension trust funds, and agency funds.

Trust Funds: Trust Funds are used to account for assets held by a governmental unit in a trustee capacity.

These include (a) expendable trust funds, (b) permanent trust funds, and (c) pension trust funds. Trust Funds are supported by donations and interest income.

Budget Policies

State statute provides the “Local Government Budget Act” in MCA 7-6-4001. This section of the law was adopted by the 2001 Legislature to replace the “Municipal Budget Law” and other various sections of code that related to town finances. See detailed Fiscal Policies in Appendix B. The law limits the amount of expenditures to approved appropriations, requires reporting to the State after final budgets and tax levies are adopted, and provides for a detailed preliminary and final budget adoption within the confines of the State determined property tax assessment time-table. The Budget must be “balanced”, and the Town can use fund balance as a resource to balance the budget. Fund balance should not be used as a long-term approach to balance the budget. Planned uses of fund balances should be limited.

It is also appropriate to use fund balance when fund balances have increased beyond the reserve requirements due to higher than anticipated revenues. In this circumstance, the use of fund balances will be used for one-time expenditures, not ongoing operating costs. In all circumstances, it is important to retain sufficient undesignated fund balance for unforeseen circumstances. The Town’s budget encompasses both the operating budget and the capital improvement budget. Each budget unit includes amounts appropriated for both operating expenses and capital items

Basis of Budgeting

The basis of budgeting and accounting refers to when a transaction or related event is recognized in an agency’s budget, or in the operating statement, both of which follow GAAP principles. All governmental funds (including the general, special revenue, debt service and capital projects funds) use modified accrual as both the basis of budgeting and for accounting/financial reporting. Under the modified accrual system, revenues are recognized in the accounting period in which they become “measurable and available.” “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax is reported as a receivable and deferred revenue when the levy is certified and as a revenue when due for collection in the subsequent year. An allowance for estimated uncollectible taxes is included in the estimated tax needed to balance the budget.

The basis of accounting for proprietary funds is full accrual, where revenues are recognized when earned and expenditures when they are incurred. The basis of budgeting for proprietary funds is full accrual with the exceptions of depreciation and amortization. For capital assets and capital purchases, funds are budgeted from a perspective of the actual cash outlay required (cash basis).

Financial and Reserve Policies

The following financial policies are established to provide direction in the fulfilling of duties and responsibilities in the Town of Stevensville. The following is a summary of the policies that have a direct impact on the budget

process, a complete listing of Fiscal Policies to be adopted with the budget are in Appendix B.

Long-range Planning

The Town needs to have the ability to anticipate future challenges in revenue and expense imbalances so that corrective action can be taken before a crisis develops. To provide town officials with pertinent data to make decisions for multi-year policy direction, the Finance Officer prepares revenue and expenditure forecasts. These forecasts will identify changes in revenue and expenditures due to projected new development in the Town, program changes, asset replacement schedules and capital projects coming online.

Capital Planning, and Asset Inventory and Condition Assessment

The Town annually prepares its Capital Improvement Program to plan capital projects and equipment need for a five-year period. The plan is created on the fund basis and reviews all capital needs greater than \$5,000.

Revenue Policies

The Town values a diversified mix of revenue sources to mitigate the risk of volatility. The major source of revenue for the General Fund is property tax, which comprised 53% percent of total General Fund revenue in 2020. Since property values are impacted by the economy and housing market, it is important to make every effort to improve the diversity of the Town's revenue sources. Tax dollars should support essential town services that benefit and are available to everyone in the community (such as parks, police and fire protection). For services that largely or solely benefit individuals, the Town should recover full or partial costs of service delivery through user fees.

Use of One-time and Unpredictable Revenues - One-time revenues should be used only for one-time expenditures and not for ongoing expenditures. By definition, one-time revenues cannot be relied on in future budget years. Appropriate uses of one-time revenues include early debt retirement, capital expenditures that will reduce operating costs or address deferred capital needs, and special projects that will not incur ongoing operating costs.

Expenditure Policies

Expenses should always be for Town operations and strategic goals. Department heads and the Finance Department monitor expenditures. All expenditures must comply with Town laws, rules and regulations and have proper support and authorization.

Debt Capacity, issuance and management

The Town shall evaluate and consider the following factors in analyzing, reviewing and recommending the issuance of obligations before presenting a proposal to the Council and voters as needed:

1. Purpose, feasibility and public benefit of the project
2. Impact on debt ratios generally applied by rating agencies
3. Availability of appropriate revenue stream(s)
4. Aggregate debt burden upon the Town's tax base, including other entities' tax supported debt
5. Analysis of financing and funding alternatives, including available reserves from other Town funds

