

**Stevensville Committee of the Whole Meeting Minutes for WEDNESDAY,
MARCH 18, 2026, 5:30 PM 206 Buck Street, Town Hall**

1. Call to Order and Roll Call

Mayor Crews was absent tonight; President Bailey ran the meeting.
Councilmembers Ross, Wandler and Smith were all present.

2. Discussion on the Following Items

a. Introduction: Town of Stevensville's Budget Process

Council President Bailey: introduced introduction of town of Stevensville's Budget Process.

Robert Underwood: Gave an overview of governmental accounting and the steps that the town has to take to prepare, adopt and execute a budget. (the power point is included in the minutes). We do have to have the budget adopted by October 1st.

Councilmembers asked general questions pertaining to the power point.

3. Public Comment

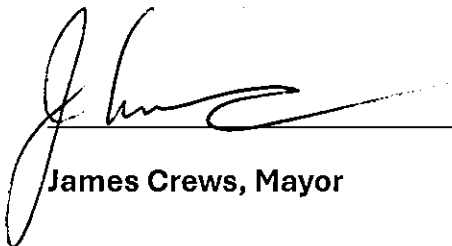
NONE

4. Adjournment

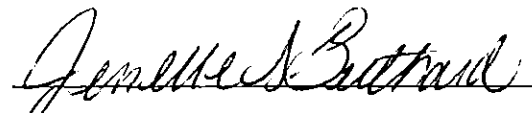
Councilmember Smith: motion to adjourn.

Councilmember Talon: 2nd.

APPROVE:


James Crews, Mayor

ATTEST:


Jenelle S. Berthoud, Town Clerk

MUNICIPAL BUDGETING

- BUDGETING ROLES AND RESPONSIBILITIES
- WHAT IS A MUNICIPAL BUDGET?
- MONTANA BUDGET LAW
- READING THE BUDGET



BUDGETING ROLES AND RESPONSIBILITIES

- **City or Town Council** has
 - *sole authority by majority vote to adopt or amend the annual budget.*
- **Mayor** has the responsibility to
 - *prepare and execute the budget.*
- **City/Town Clerk or Finance Officer** is responsible for
 - *collecting and providing financial data to Mayor/Council*
 - *timely notice of budget hearings.*
- **City/Town Department Heads** are responsible for
 - *preparing, justifying and reporting cost estimates of the O&M, Personnel and Capital Requirements for fiscal year.*

WHAT IS A MUNICIPAL BUDGET?

- A *legally required plan* of expenditures **balanced** by revenues for the fiscal year.
- Budget format must conform to the *Montana Budgeting, Accounting and Reporting System (BARS)*.
- The annual budget must:
 - Be approved by city/town council by *October 1st*
 - Include an *appropriation of public funds*.
 - Set the *annual property tax mill levy*.

WHAT IS A MUNICIPAL BUDGET cont.....

- ***An annual budget is required for all municipal accounting entities***
 - including the Enterprise Funds supported by non-tax revenues (fees for service) such as water fund, wastewater fund and Airport fund
- ***Governmental Fund Accounting is required by Montana Law***
 - each stream of revenue and associated expenses can be accounted for and tracked within a specific governmental fund

WHAT IS A MUNICIPAL BUDGET.....

Montana municipal governments typically have at least five or six governmental funds, each of which requires its own annual budget

<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Other Governmental Funds</u>
	Water, Wastewater, etc.	Bond funds, Insurance funds, etc

MONTANA BUDGET LAW

The main body of Montana's local government budget law is included in *Title 7, Chapter 6, Part 40, Montana Code Annotated*, entitled the

Montana Local Government Budget Act.

MONTANA BUDGET LAW cont.....

- Important highlights include:
 1. 7-6-4005, MCA. Officials *may not* make an expenditure or incur an obligation in excess of the budgetary appropriation for a fund. An official who violates this provision is *liable for the entire amount of the excess expenditure.*
 2. 7-6-4020 (4)(c), MCA. The budget must include an estimate of the *beginning and ending cash balances* for each fund.
 3. 7-6-4024, MCA. Prior to final adoption, a public hearing on the budget must be conducted to provide the public an opportunity to question municipal officials on their proposed budget.
 4. 7-6-4024, MCA. The final budget must be adopted by resolution and turned into the State *by October 1st.*

READING THE BUDGET

Unless you know or can find the answers to the following questions, someone else is governing your municipality.

1. How much money do we have to start the budget year?
2. How much revenue do we expect to receive during the budget year?
3. How much money do we expect to spend during the budget year?
4. How much money will be left at the end of the budget year?

**TAX LEVY REQUIREMENTS SCHEDULE
NON-VOTED LEVIES**

Assessed Valuation 650,000,000
 Tax Valuation 5,500,000
1 Mill Yields (10) 5.500

*Column (3) Total Requirements must equal Column (8) Total Resources

Fund #	(1) Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)+(2) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)=(9)+(10) Property Tax Revenues	(7)=(5)+(6) Total Revenues	(8)=(4)+(7) Total Resources	(9)=(6)+(10) Mill Levy	(11)=(4)-(1)+(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000
2250	Planning Board	10,000	3,000	13,000	2,000	1,000	10,000	11,000	13,000	1.82	3,000
2370	Insurance	75,000	0	75,000	1,000	4,000	70,000	74,000	75,000	12.73	0
3040	G.O. Bond (Pool)	26,000	5,000	31,000	1,000	0	30,000	30,000	31,000	5.45	5,000
7111	Police Retirement	50,000	500,000	550,000	500,000	25,000	25,000	50,000	550,000	4.55	500,000
	NOTES:	1,161,000	808,000	1,969,000	954,000	330,000	685,000	1,015,000	1,969,000	124.55	808,000

- An amount equal to 1/2 of the appropriation (column 1) may be budgeted as a Cash Reserve (column 2) to assure liquidity between receipt of first and second half property tax revenues.
- Non-tax revenues (column 5) include fines, fees, forfeitures, interest earnings and transfer payments from the state and federal governments.
- Total Requirements (column 3) must equal Total Resources (column 8) to establish the "balanced budget" required by law.

1. How Much Money Do We Have?

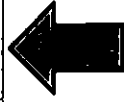
Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)-(1)-(2) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)-(9)-(10) Property Tax Revenues	(7)-(5)-(6) Total Revenues	(8)-(4)-(7) Total Resources	(9)-(6)-(10) Mill Levy	(11)-(9)-(1)-(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000



Column 4 of the Tax Levy Requirement Schedule (TLRS) indicates the amount of Cash Available that the government has on hand (less any outstanding liabilities) to start the new fiscal year.

2. How Much Revenue Do We Expect?

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)-(11)-(12) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)-(9)-(10) Property Tax Revenues	(7)-(5)-(6) Total Revenues	(8)-(9)-(7) Total Resources	(9)-(6)-(10) Mill Levy	(11)-(9)-(11)-(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000



Column 7 reports total anticipated revenue for the budget year. In Montana about half of all municipal general fund expenditures are funded by locally imposed **property taxes**, the revenue from which is estimated in Column 6.

The balance of annual General Fund expenditures is typically funded by **non-tax revenues**, estimated at **Column 5** of the TLRS.

It is important to remember that both of these numbers are revenue estimates usually provided by the Clerk/Treasurer or Finance Officer.

2. How Much Revenue Do We Expect cont.....

- **1. Property Tax Revenue** (Column 6) is generated by an annual mill levy set by the budget resolution. The actual amount of property tax revenue depends on these two factors:
 1. *The **taxable value of property** located within the municipal jurisdiction as determined by MDoR;*
 2. *The amount of the city/town government's **mill levy** as reported at **Column 9** of the TLRS.*

2. How Much Revenue Do We Expect cont.....

- ***Municipal Governments are not free to impose whatever amount of property tax they may wish.***

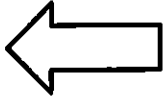
Montana law 15-10-420, MCA sets strict mill levy limits, which may only be exceeded by a favorable vote of the local electorate.

2. How Much Revenue Do We Expect cont.....

- **2. Non-Tax Revenue** takes four common forms:
 1. **Fees for service for the Enterprise Funds and some General Fund fees such as swimming pools;**
 2. **Fines and forfeitures from traffic tickets;**
 3. **Interest earned on idle funds from banks or STIP;**
 4. **Inter-governmental transfer payments from the state or federal governments such as "Guaranteed Share Entitlement" from the MDR.**

3. How Much Money Do We Plan to Spend?

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)-(1)-(2) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)-(9)-(10) Property Tax Revenues	(7)-(8)-(6) Total Revenues	(8)-(4)-(7) Total Resources	(9)-(6)-(10) Mill Levy	(11)-(4)-(1)-(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000



- This is your annual **appropriation** recorded in **Column 1**. It is the Council's *authorization* for the executive branch departments to make expenditures or incur obligations for public purposes.

3. How Much Money Do We Plan to Spend

cont.....

- The appropriation for each fund is limited to the fiscal year of the approved budget and **may not be exceeded** except by *lawful amendment of the budget by the Council*.
- To amend the budget **requires** a public hearing and a majority vote of the Council.

3. How Much Money Do We Plan to Spend cont.....

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)=(1)-(2) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)=(9)+(10) Property Tax Revenues	(7)=(5)-(6) Total Revenues	(8)=(4)-(7) Total Resources	(9)=(6)+(10) Mill Levy	(11)=(4)-(1)-(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000



- By law the *final budget must be balanced* so that the *appropriation plus the budgeted cash reserve* does not exceed the **total resources** in Column 8.

4. How Much Money Do We Expect to Have at the End of the Fiscal Year?

Fund #	Fund Name	(1) Appropriation	(2) Budgeted Cash Reserve	(3)-(1)-(2) Total Requirements	(4) Cash Available (Less Current Liabilities)	(5) Non-Tax Revenues	(6)-(9)-(4) Property Tax Revenues	(7)-(5)-(6) Total Revenues	(8)-(4)-(7) Total Resources	(9)-(6)-(10) Mill Levy	(11)-(4)-(1)-(7) Estimated Cash Balance
1000	General Fund	1,000,000	300,000	1,300,000	450,000	300,000	550,000	850,000	1,300,000	100.00	300,000



- The estimated ending cash balance reported in **Column 11** of the TLRs is an important indicator of the city or town's financial health.

BUDGETARY ACCOUNTING AND REPORTING SYSTEM (BARS)

FOR MONTANA CITIES, TOWNS AND COUNTIES

FUND CLASSIFICATIONS Governmental fund accounting includes three (3) broad categories of funds and eleven (11) fund types within those categories. The BARS fund structure consists of a four-digit number, with the first digit designating the fund type, as noted below:

1. Governmental Funds

General Fund – 1XXX

Special Revenue Funds – 2XXX

Debt Service Funds – 3XXX

Capital Projects Funds – 4XXX

Permanent Funds – 8XXX

2. Proprietary Funds

Enterprise Funds – 5XXX

Internal Service Funds – 6XXX

3. Fiduciary Funds

Trust Funds – 70XX

Pension Trust Funds

Investment Trust Funds

Private-Purpose Trust Funds Agency Funds – 71XX

BUDGETARY ACCOUNTING AND REPORTING SYSTEM (BARS)

FOR MONTANA CITIES, TOWNS AND COUNTIES

Balance Sheet Accounts	Revenue Accounts	Expenditure Accounts
100000 Cash/Investments	310000 Taxes/Assessments	410000 General Government
110000 Taxes/Special Assessments Receivable	320000 Licenses and Permits	420000 Public Safety
120000 Other Receivables	330000 Intergovernmental Revenues	430000 Public Works
130000 Due from and Advance to/Grants,	340000 Charges for Services	440000 Public Health
140000 Prepaid Expenses	350000 Fines and Forfeitures	450000 Social and Economic Services
150000 Inventories	360000 Miscellaneous Revenues	460000 Culture and Recreation
160000 Restricted Assets	370000 Investments and Royalty Earnings	470000 Housing and Community Development
170000 Other Debits	380000 Other Financing Sources	480000 Conservation of Natural Resources
180000 Capital Assets	390000 Internal Services	490000 Debt Service
		500000 Internal Services
		510000 Miscellaneous
		520000 Other Financing Uses

BUDGETARY ACCOUNTING AND REPORTING SYSTEM (BARS)

FOR MONTANA CITIES, TOWNS AND COUNTIES

OBJECT Codes

- 100 - Personal Services:** This is a basic classification of expenditure by object for services rendered by officers and employees of the governmental unit, including related benefits and employer's contributions.
- 200 Supplies:** This is a basic classification of expenditures by object for articles and commodities which are purchased for consumption or resale and are materially altered when used.
- 300 Purchased Services:** This is a basic classification by object for services other than Personal Services which are required by the governmental unit in the administration of its assigned functions or which are legally or orally obligatory on the government unit.
- 400 Building Materials:** This is a basic classification by object for all materials related to building.
- 500 Fixed Charges:** This is a basic classification by object for charges that are mainly fixed from period to period and cannot be classified under another object.
- 600 Debt Service:** This is a basic classification of expenditure by object representing outlays for the repayment of debt or for related charges.
- 700 Grants, Contributions, Indemnities.**
- 800 Other Objects, Transfers, Depreciation**
- 900 Capital Outlay**

BUDGETARY ACCOUNTING AND REPORTING SYSTEM (BARS)

FOR MONTANA CITIES, TOWNS AND COUNTIES

BARS – OBJECT EXPENDITURE CLASSIFICATIONS

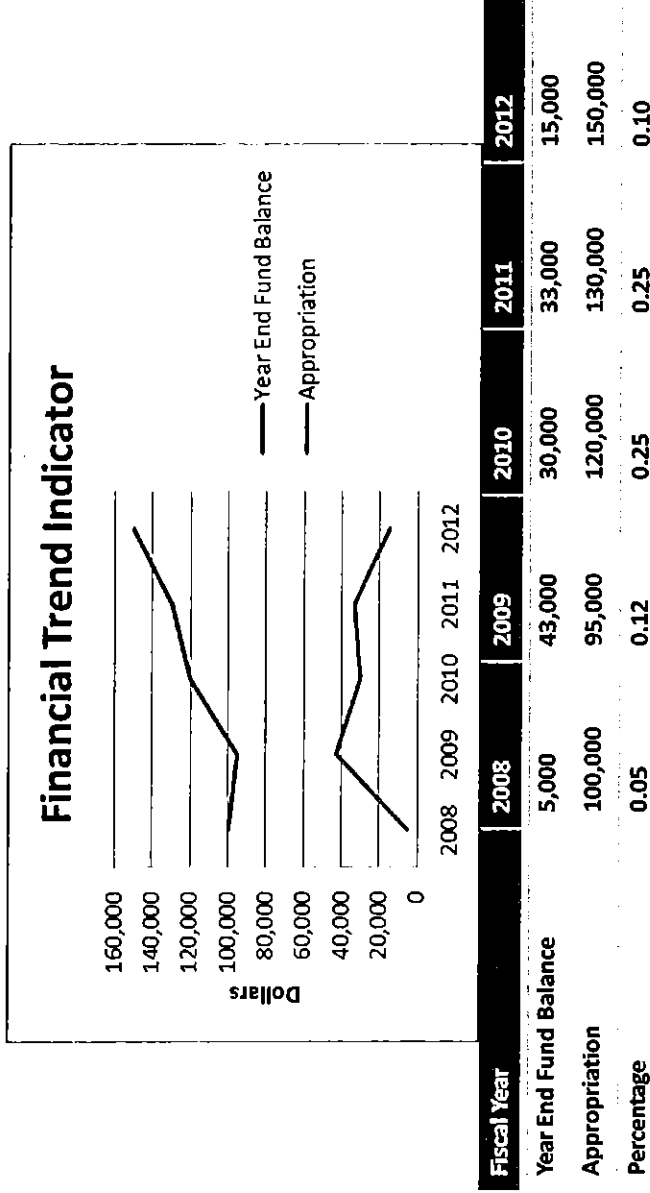
Example of further breakdown of object codes:

- 200 – Supplies
 - 210 – Offices Supplies
 - 220 – Operating Supplies
 - 230 – Repair & Maintenance Supplies
 - 231 – Fuel – Gas, Oil, Diesel
 - 232 – Motor vehicle parts
 - 233 – Machinery & equipment parts
 - 240 – Other Repair & Maintenance Supplies
 - 250 – Supplies for Resale

Stevensville Cash Report

Fund Account	Beginning			Ending		
	Balance	Received	Transfers In Disbursed	Transfers Out/ Balance	Ending Balance	Ending Balance
1000 101000 General	250,144.93	70,076.90	65.99	38,456.04	27,426.41	254,403.37
2250 101000 Planning	3,805.78	0.00	0.00	0.00	0.00	3,805.78
2310 101000 Tax Increment Development Fund	359,227.93	0.00	0.00	0.00	0.00	359,227.93
2311 101000 Targeted Economic Dev District	42,575.74	0.00	0.00	0.00	0.00	42,575.74
2394 101000 Building Code	14,633.71	822.25	0.00	295.18	5,535.58	9,625.20
2410 101000 Dayton Lighting District #1	2,556.75	0.00	0.00	0.00	296.18	2,260.57
2420 101000 Peterson Lighting Distrast #2	1,849.01	0.00	0.00	0.00	215.41	1,633.60
2430 101000 GEO Smith Lighting Distrist #3	2,565.34	0.00	0.00	0.00	272.89	2,292.45
2440 101000 Creekside Lighting Distrist #4	2,245.93	0.00	0.00	0.00	455.41	1,790.52
2450 101000 Twin Creeks Lighting Distrist #5	2,231.44	0.00	0.00	0.00	505.21	1,726.23
2810 101000 Police Training Fund	31,178.01	0.00	0.00	0.00	576.98	30,601.13
2820 101000 Gas Apportionment Tax BARSPA	179,114.53	0.00	0.00	0.00	1,013.76	178,100.77
4001 101000 Sidewalk Improvement	14,148.40	0.00	0.00	0.00	0.00	14,148.40
4002 101000 Fire Engine Capital Improvement	2,588.85	0.00	0.00	0.00	0.00	2,588.85
4006 101000 Street Equipment Capital Asset	10,595.69	0.00	0.00	0.00	0.00	10,595.69
5210 101000 Water - Operating	593,152.10	30,758.44	0.00	15,203.27	20,573.85	588,133.42
5210 102000 Water - Restricted	7,584.00	0.00	0.00	0.00	0.00	7,584.00
5210 102210 Water - Bond & Interest	14,676.43	4,136.13	0.00	0.00	0.00	18,812.56
5210 102220 Water - Restricted Future Payment	91,008.00	0.00	0.00	0.00	0.00	91,008.00
5210 102240 Water - Restricted Replacement	169,000.00	0.00	0.00	0.00	0.00	169,000.00
5211 101000 Water Capital Asset	879,346.79	8,315.32	0.00	0.00	0.00	887,662.11
5230 101000 ARPA Water Leak Repair	221,599.83	0.00	0.00	0.00	0.00	221,599.83
5310 101000 Sewer - Operating	239,300.63	20,485.76	0.00	15,203.52	23,953.58	220,625.29
5310 102000 Sewer - Restricted	316,062.00	0.00	0.00	0.00	0.00	316,062.00
5310 102210 Sewer - Bond & Interest	21,179.30	8,531.63	0.00	0.00	0.00	29,710.93
5311 101000 Sewer Capital Asset	720,421.01	5,064.85	0.00	0.00	0.00	725,485.86
5610 101000 Airport	12,139.38	1,475.52	1.00	1,979.66	1,003.73	10,632.51
5620 101000 Airport Project	250,094.24	0.00	0.00	0.00	189,825.05	60,269.19
7120 101000 Firemen's Disability	3.15	0.00	0.00	0.00	0.00	3.15

MODEL OF A SELECTED FINANCIAL TREND INDICATOR



NOTES:

1. A declining Fund Balance means that expenditures have exceeded revenues. Corrective action requires either a reduction in Appropriations or an increase in Revenues, or both.
2. Data to chart the trend in Fund Balance may be derived directly from the BARS annual Tax Levy Requirements Schedule.
3. Fund Balance is but one of a number of significant financial trend indicators. Others might include Total Revenue, Non-Tax Revenue, Debt Burden (expressed in dollars and as a percentage of taxable value) and Total Appropriation. Trends in "working capital balance" would be appropriate for the Enterprise Funds.

SELF TEST OF BUDGET KNOWLEDGE

Refer to the Tax Levy Requirements Schedule

1. What is the budgeted appropriation for the *General Fund*?
2. What is the amount of *Cash Available* to this municipal government to start its fiscal year?
3. Will the estimated *year end cash* be more than or less than the *beginning cash available*?
4. Is the total amount of projected *revenue* less than or greater than the planned *expenditures*?

GOOD LUCK WITH YOUR BUDGET!

If you wish to receive IIMC credit through the Local Government Center for watching this presentation, please click on the link below and answer the questions. You will need to download the tax levy requirements schedule to complete your answers.

<https://www.surveymonkey.com/s/B5CJZMM>

If you need assistance, please call the LGC at 406-994-6694.