

Missoula County Budget FAQ

Why is the county basing the preliminary budget on last year's revenue?

Previously, Missoula County based the preliminary budget on a conservative projection of the growth in property tax revenue over the past year, so the preliminary budget appeared to be structurally balanced. This year, instead of using a revenue projection when building the preliminary budget, the commissioners directed the budget team to use last year's revenue, based on the FY19 mill value of \$220,300. Using last year's revenue in the preliminary budget more clearly demonstrates just how much more money will be required to sustain current operations. Because of this, the preliminary budget is not structurally balanced, as none of the growth in the tax base from new construction is included on the revenue side. This will most likely change once the Department of Revenue releases mill values next month.

What are the county's other sources of revenue besides property taxes?

In addition to property taxes, other sources of county revenue include charges for services, debt proceeds, state entitlement share, fines and forfeitures, licenses and permits, and intergovernmental revenue. A pie chart breaking down revenue sources by percent is available in the 2019 Budget in Brief at <http://missoula.co/bib19>.

For FY20, the county is anticipating decreases in several revenue sources, including:

- A \$408,655 decrease in Payment in Lieu of Taxes (PILT) funding from the federal government.
- A \$250,000 decrease in revenue due to an insufficient per diem rate paid to the county to house state inmates at the Missoula Assessment & Sanction Center (MASC) at the Missoula County Detention Facility.
- A 3 percent cap on the growth rate for entitlement share reimbursements. Counties receive entitlement share funds from the state to compensate for state services performed at the county level, such vehicle titling and registration.

What's the difference between preliminary budget and sustainment budget?

The preliminary budget and the sustainment budget are the same. The preliminary budget reflects the increases needed to maintain the level of service it provides to the public. Read the How Missoula County Calculates Revenue and Expenditures document at <http://missoula.co/budgets> to learn more about sustainment budgeting.

It looks like expenditures exceed revenue by \$16.4 million. Is that true?

The county won't have a \$16.4 million deficit -- the reason revenue appears to be \$16.4 million less than expenditures in FY2020 is because the revenue needed to complete construction of the new Missoula Public Library was received in FY 2019 from a voter-approved bond issuance. The \$27.5 million in bond revenue was placed in a construction reserve account (a savings account, basically) and is used to pay construction invoices each month. The county had approximately \$18.8 million in that reserve account at the beginning the FY2020, which will cover the cost to finish building the library by the end of FY 2020. So even though the county won't receive that revenue in FY20, we have the money on hand to cover those expenses in FY20.

What's a budget request?

Departments make budget requests to enhance services and operations, such as adding new staff, equipment and technology. In the preliminary budget, the commissioners have not made any decisions on which requests to fund. After considering public comment and weighing priorities, they will vote to approve or deny each request, which will be reflected in the final budget presented at the Aug. 22 public hearing.

What's the difference between one-time and ongoing expenses and why does it matter?

One-time expenses are typically only paid for one year. Missoula County departments pay for their one-time expenditures with savings from prior fiscal years. Ongoing expenditures have a long-term impact on the funds the county needs to operate. They can be funded through grants or fees, or can result in a tax increase. Commissioners carefully review ongoing budget requests each year for need and financial sustainability.

How much will my Missoula County taxes go up?

We don't know yet. Tax revenue in the budget will stay the same as in FY19 until the Montana Department of Revenue releases certified values and the commissioners consider public comment when setting their priorities for all budget requests. It's also important to understand that Missoula County is only one taxing jurisdiction that assesses taxes. To view a breakdown of your tax bill, go to <https://itax.missoulacounty.us/itax/>.

When will I know how much my Missoula County taxes will go up?

Missoula County will provide estimated tax increase on the average home at the final budget hearing, which is scheduled for 2 p.m. Thursday, Aug. 22, in the Sophie Moiese Room in the Courthouse Annex.