

# 2012 Missoula County Preliminary Budget Hearing

This presentation has been updated from its original July 27, 2011 version. The State Department of Revenue provided certified values on July 29th. This presentation includes the modifications to the budget based on those figures.

# National Economy

- Congress and the President continue to struggle with the federal debt ceiling as the August 2<sup>nd</sup> deadline approaches. The day the Federal Government will reach its legal borrowing limit.
- The US rated AAA since 1917 was put on credit watch by Moody's on July 13<sup>th</sup> and S&P on July 14<sup>th</sup>.

# National Economy

- Sales of new homes fell unexpectedly in June for the second month. Purchases dropped 1% to a 312,000 annual pace. The estimate had been at 320,000 homes, 323,000 were sold in 2010, the fewest on record.
- The median price for a new home increased 7.2% to \$235,000 from June 2010.

# Missoula Economy

- US Bureau of Labor Statistics reports that the unemployment rate in Missoula decreased from 8.7% in January 2011 to 6.9% in May 2011.
- Missoula realtors report 82 sales in June with a median price of \$210,000 compared to June 2010 with a reported 92 sales and a median price of \$206,000 (a jump of approximately 2% in the median price).

# Missoula Economy

- Missoula is the only major Montana city to experience 3 consecutive years of economic declines.
- The County's growth is projected by the MT Bureau of Business and Economic Research to turn positive in 2011.
- It will be at least 2012 before Missoula County's non-farm income regains its 2007 peak.

# Missoula County Cost Containment Measures

- Health care & dental premiums for Missoula County and its employees have risen 34% over the last four years.
- In an effort to cut premiums Missoula County adopted a 70/30 versus an 80/20 benefits paid formula last year.
- In addition to absorbing these premium increases General Fund departments were asked to cut 5.4% out of their operating budgets over the last two years.

# Missoula County Cost Containment Measures

- In 2010 the County cut 3 positions followed in 2011 by another 6.5 positions in departments affected by the housing slowdown.
- To help with the Sheriff's Department deficit in 2011, 2 deputy positions were cut and 1 mill in tax revenue was added to the public safety budget.
- The only other mill increase (.58 mills) since 2009 was in 2011 due to increased debt service for the voter approved Open Space Acquisition Bond issuance.

# 2012 Missoula County General Fund Budget

- 2012 General Fund Budget is structurally balanced - \$198,255 in ongoing revenues exceeding ongoing expenses.
- Operational costs have been held to \$3.14 million or only a 0.85% or \$26.4 thousand dollar increase.
- Capital costs are projected at \$1.49 million of which \$1.33 million are funded by direct appropriation grants through the Office of Emergency Management.

# 2012 Missoula County General Fund Budget

- Personnel and benefit costs are projected to increase 4.18% or \$390.7 thousand to \$9.7 million.
- 2.5% - Ongoing Merit Increases
- 0.25% - Extra 8 Hours Due to Leap Year
- 1% - 1.6 FTE New Employees
- 0.43% - Employee Promotions and Re-Organization

# Special Fund Costs

- Operational costs have been limited to a 1.33% increase for a total of \$34,702,566.
- Capital costs are projected at \$12,921,802 projects include:
  - \$1.7 million in County open space conservation easements
  - \$1.9 million in infrastructure improvements in the County Development Park paid for by the tax increment district

## Special Fund Capital Costs (Cont.)

- \$758,792 for the renovation of a County building for a Records Center.
- \$1.4 million for the renovation of the basement of the County Annex building for a new 911/Emergency Operations Center funded by 911 quarter money and grants.
- \$2 million for the widening of Upper Miller Creek Road paid for by FHWA and developer fees.

# Special Funds Personnel Costs

- Personnel and benefit costs have increased 4.46% or \$1.46 million to \$34.4 million.
- 2.5 % or \$822 thousand is due to the addition of 9.42 FTE medical professionals at the Partnership Health Center. These positions are paid for entirely by user fees and grants.
- 0.49% is due to the addition of 2.55 FTEs librarians paid for by matching grants and library fees.
- 1.47% is due to merit increases and increased benefit costs.

# Missoula County 2012 Revenue Budget Projections

- The County's State Entitlement Share accounts for 3% of total County revenues or \$2,792,370 (General Fund=\$200,995).
- Non-tax revenue makes up the majority of County revenues at 60%.
- Property taxes account for approximately 37% of the total County revenues and 24.67% of the average Missoula County property tax bill.

# Non Tax General Fund Revenues

- \$8,038,471 – Total Non-Tax Revenues
- \$5.06 million is from Departmental Fee and Grant Revenue
- \$139 thousand is from Investment Earnings and Dividends
- \$1.39 million is from Federal PILT (payment in lieu of taxes) on Forested Federal lands
- \$1.5 million is from Local Option Taxes

# Major Sources of Non Tax Special Fund Revenues

- \$45.29 million total
- \$10.9 million in Insurance Premiums collected by the County's Self Insured Risk and Benefit Funds
- \$3.5 million in Road Fund revenues generated through Federal and State grants, developer fees and other fee revenue
- \$8.5 million in PHC user fees and Grant revenues

# Major Sources of Non Tax Special Fund Revenues (Cont.)

- \$4.4 million in OPG Grants and Fee Revenue
- \$6.2 million in Public Safety Revenue from State and Federal Prisoner Reimbursements, Grants and Fees
- \$3.5 million in Health Department Grants and Fees

# Property Tax Revenue Projections

- Staff must estimate the property tax mill values every year before the Montana State Department of Revenue releases the property valuations.
- State law allows an inflationary increase in mill values projection and 0.72% was reported by the State in a letter dated May 10<sup>th</sup>.
- Taxable property values over the last 10 years have increased an average of \$6,087. A 1% increase (or \$2006) was used for this year's County wide tax projection. A 1% increase was also used for the County only tax and tax increment district's projections.

# Property Tax Revenue Projections

- The main driver in the calculation of a property tax mill value is the newly taxable property. Over the last ten years the increase in newly taxable property has averaged \$6,790. Staff used a conservative estimate of \$1,500.
- Since the date of that projection the State reported the mill value of newly taxable County wide property in Missoula County is actually \$3,581.

# Property Tax Revenue Projections vs. Actual Valuations from D.O.R.

- Countywide property tax mill value was projected at \$194,702, actual came in at \$194,561
- County only (Road, Health Department) property tax mill value was projected at \$89,855, actual came in at \$88,881.
- Total County property tax revenues are projected at \$33,012,138.

County of Missoula  
FY 2012 Property Tax Levies

Fund	Amount to be Levied	2012 Mills @ \$194,702	2011 Mills	Increase (Decrease)
General	\$7,920,477	40.68	39.68	1.00
Poor	1,006,609	5.17	5.17	
Bridge	936,517	4.81	4.81	
Weed	461,444	2.37	2.37	
Child Daycare	64,252	0.33	0.33	
Fair	194,702	1.00	0.35	0.65
District Court	617,205	3.17	3.06	0.11
Park	229,748	1.18	1.18	
Library	2,295,537	11.79	11.79	
Planning	646,411	3.32	3.32	
Substance Abuse Prevention	368,920	1.89	1.91	(-0.01)
Aging	621,099	3.19	3.19	

**County of Missoula**  
**FY 2012 Property Tax Levies**

<b>Fund</b>	<b>Amount to be Levied</b>	<b>2012 Mills @ \$194,702</b>	<b>2011 Mills</b>	<b>Increase (Decrease)</b>
Extension	334,887	1.72	1.72	
Mental Health	110,881	0.57	0.57	
Search & Rescue	80,000	0.41	0.41	
Public Safety	8,191,113	42.07	42.07	
Permissive Medical Levy	946,673	4.86	4.15	0.72
Museum	438,080	2.25	2.25	
Technology	500,384	2.57	2.57	
	\$25,964,939	133.35	130.90	2.47
Debt Service Funds	1,741,699	9.02	8.58	0.45
Risk Management	560,742	2.88	2.65	0.22
<b>County-Wide</b>	<b>28,245,963</b>	<b>145.14</b>	<b>142.13</b>	<b>3.01</b>

**County of Missoula**  
**FY 2012 Property Tax Levies**

<b>Fund</b>	<b>Amount to be Levied</b>	<b>2012 Mills @ \$88,880</b>	<b>2011 Mills</b>	<b>Increase (Decrease)</b>
Road	2,086,425	23.22	23.22	.02
Health	821,272	9.14	9.14	.01
Animal Control	143,767	1.60	1.60	
Permissive Medical Levy (Co Only)	194,736	2.17	1.82	0.37
<b>County Only</b>	<b>3,246,200</b>	<b>36.13</b>	<b>35.78</b>	<b>0.40</b>
<b>Totals</b>	<b>\$31,513,580</b>	<b>181.77</b>	<b>177.91</b>	<b>3.54</b>
County Tax Increment	1,545,690	-		
	<b>\$33,055,446</b>	<b>181.77</b>	<b>177.91</b>	<b>3.54</b>

# Total Mill Levy Increases

## 3.54 Mills

- 1 mill to help fund the County's multi-year space needs program.
- 0.72 mill increase in the voter approved Open Space Bond debt service (a net increase in debt service mills of .45 mills due to a decrease in Jail Bond and Risk Management Bond debt service).
- 0.22 mill increase in the Risk Management Fund to transfer the reduction in the Risk management Bond mills.
- 0.65 mill increase to bring the Fair Operations Budget back to a structural balance.
- 0.11 mill increase to bring District Court Budget back to structural balance.

# Total Mill Levy Increases 3.54 Mills

- 0.37 mill increase in County only Permissive Medical levy
- 0.72 mill increase in County Wide Permissive Medical Levy
- Both levies are intended to help offset the 5% hike in health care premiums. This is the first time since 2002 the County has used this levy to offset health costs.

# Total Mill Levy Increases 3.54 Mills

The following Levy Increases came about as a result of the decrease in the County Only Mill value from \$88,965 to \$88,881. To maintain the same level of tax revenue received in the 2011 fiscal year the number of mills levied are proposed to be increased.

- 0.02 mill increase in Roads
- 0.01 mill increase in Health
- **Total increased mill levy revenues equal approximately \$14.20 annually on a home with a \$200,000 market value.**

# Budget Summary

- All funds are structurally balanced and meet minimum reserve requirements.
- General Fund Reserve = 12 % of Projected Revenues
- Public Safety Reserve = 8% of Projected Revenues
- All other Funds have 5% of Projected Revenue Reserve Requirements