

# FINANCIAL SUMMARY

## OVERVIEW OF BUDGETED RESOURCES SUMMARY OF MAJOR REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES/USES BUDGETED JULY 1, 2018 THROUGH JUNE 30, 2019 (FY 19)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Component Units	Total All Funds
	General & Special	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust & Agency		
Nonspendable/Restricted/Committed/Assigned	3,429,152	\$8,611,187	\$3,136,000	\$ 663,981	\$ 31,164,945	\$ —	\$ 7,367	\$ 11,405,940	\$ 138,459,599
Unassigned	\$ 1,361,441	(1,089,306)	(424,989)	(4,668,696)	(43,305,956)	(299,038)	392,709	(133,680)	(64,708,609)
Fund balance/net assets - July 1, 2018	\$4,790,593	7,521,282	2,711,125	(4,004,715)	71,848,051	(299,038)	400,076	(9,216,384)	73,750,990
<b>Estimated Revenues</b>									
Taxes & Assessments	24,539,152	11,146,813	2,737,922	—	—	—	—	8,126,811	46,550,698
Licenses & Permits	1,211,486	2,460,450	—	—	—	—	—	—	3,671,936
Intergovernmental	15,908,143	7,025,069	—	260,000	263,473	—	—	1,016,270	24,472,955
Charges for Services	7,589,105	2,835,954	—	—	29,852,297	—	—	2,290,000	42,567,356
Fines & Forfeitures	1,350,774	10,000	—	—	—	—	—	200,000	1,560,774
Miscellaneous	808,104	873,666	17,919	340,000	147,000	—	—	72,405	2,259,094
Investment Earnings	147,339	—	—	—	—	—	—	—	147,339
Long Term Debt proceeds	—	—	19,700	2,906,605	55,265	—	—	12,916,857	15,898,427
Transfers In/Other Financing	4,342,127	5,531,301	—	1,817,789	203,000	519,868	—	8,042,217	20,456,302
Internal Service	—	—	—	—	—	7,484,805	—	—	7,484,805
<b>Total Estimated Revenues</b>	<b>55,896,230</b>	<b>29,883,253</b>	<b>2,775,541</b>	<b>5,324,394</b>	<b>30,521,035</b>	<b>8,004,673</b>	<b>—</b>	<b>32,664,560</b>	<b>165,069,686</b>
<b>Budgeted Expenditures</b>									
General Government	10,972,346	2,463,909	—	—	—	—	—	—	13,436,255
Public Safety	31,481,669	2,490,820	—	—	—	—	—	—	33,972,489
Public Works	3,235,742	5,348,292	—	—	18,157,957	—	—	2,298,956	29,040,947
Public Health	1,987,047	—	—	—	—	—	—	—	1,987,047
Social and Economic Services	323,616	—	—	—	—	—	—	—	323,616
Culture and Recreation	1,745,856	5,386,043	—	—	1,489,839	—	—	—	8,621,738
Housing & Community Development	483,858	2,058,817	—	—	—	—	—	22,742,217	25,284,892
Debt Service	223,769	932,877	2,756,142	1,401,503	7,153,256	—	—	3,347,981	15,815,528
Internal Service	897,832	151,949	—	—	72,000	7,503,477	—	21,500	8,646,758
Capital Outlay	1,306,919	3,144,337	—	—	5,866,498	—	—	4,083,512	14,401,266
Transfers Out/Other Financing	5,674,376	6,639,709	100,000	—	—	—	—	7,441,056	19,855,141
<b>Total Budgeted Expenditures</b>	<b>58,333,030</b>	<b>28,616,753</b>	<b>2,856,142</b>	<b>1,401,503</b>	<b>32,739,550</b>	<b>7,503,477</b>	<b>—</b>	<b>39,935,222</b>	<b>171,385,677</b>
<b>Projected Change in</b>									
Fund Balance/Net Assets	(2,436,800)	1,266,500	(80,601)	3,922,891	(2,218,515)	501,196	—	(7,270,662)	(6,315,991)
Anticipated Expenditure Savings	1,489,412	40,189	—	—	—	—	—	—	1,529,601
<b>Projected Ending</b>									
Fund balance/net assets - June 30, 2019									
Nonspendable/Restricted/Committed/Assigned	1,128,882	9,849,616	3,055,401	664,271	524,503	202,158	7,367	4,485,484	19,917,682
Unassigned	2,714,323	(1,021,046)	(424,989)	(746,095)	(14,884,029)	—	392,709	(483,886)	(14,453,013)
<b>Total fund balance/net assets - June 30, 2019</b>	<b>\$ 3,843,205</b>	<b>8,827,971</b>	<b>2,630,524</b>	<b>(81,824)</b>	<b>69,629,536</b>	<b>202,158</b>	<b>400,076</b>	<b>(16,487,046)</b>	<b>68,964,600</b>

# FINANCIAL SUMMARY

## OVERVIEW OF BUDGETED RESOURCES SUMMARY OF MAJOR REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES/USES ACTUAL JULY 1, 2017 THROUGH JUNE 30, 2018 (FY 18)

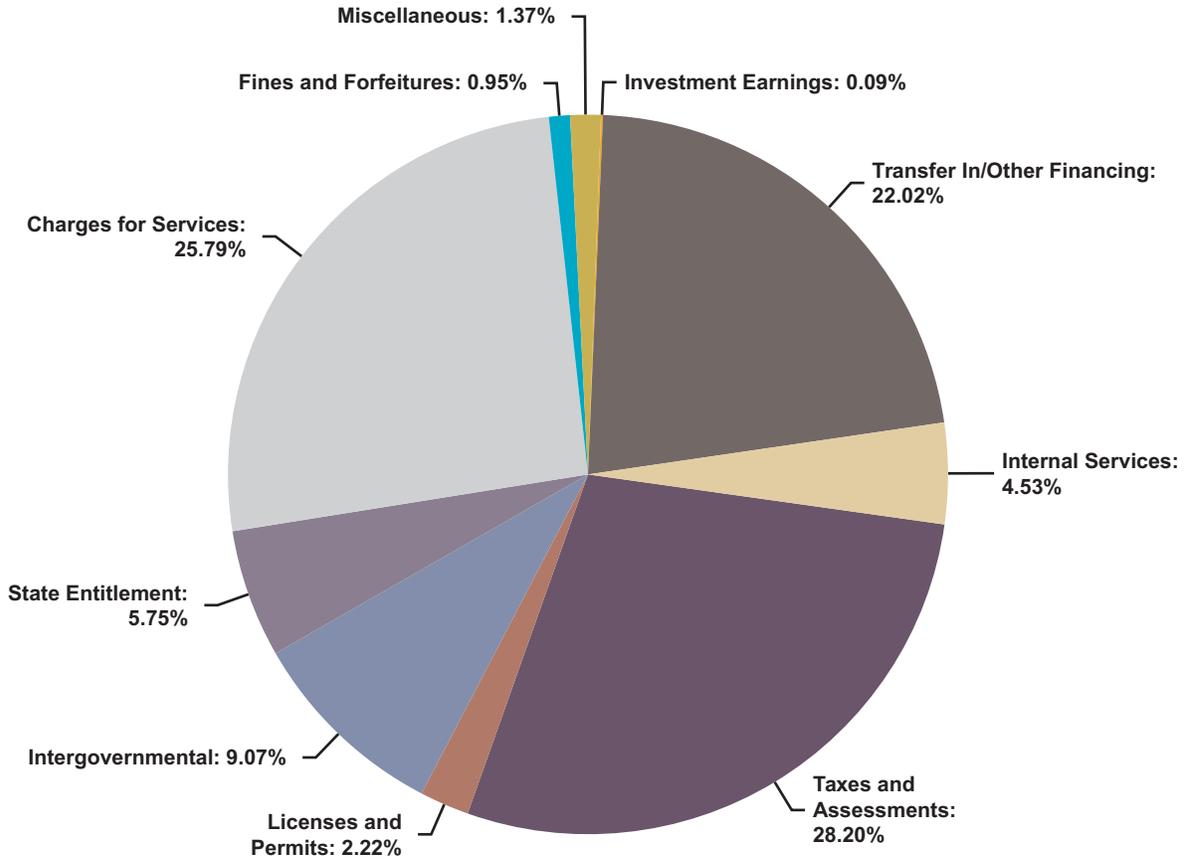
	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Component Units	Total All Funds
	General & General Special	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust & Agency		
<b>Revenues</b>									
Taxes & Assessments	25,917,444	9,174,672	2,833,658	—	—	—	—	7,228,807	45,154,581
Licenses & Permits	1,266,440	2,888,630	—	—	1,633	—	—	—	4,156,703
Intergovernmental	15,035,653	4,712,989	—	30,115	309,236	—	7,367	793,333	20,888,693
Charges for Services	7,311,921	1,692,219	—	—	29,423,048	—	—	2,371,209	40,798,397
Fines & Forfeitures	1,351,870	11,958	—	—	—	—	89,962	252,410	1,706,200
Miscellaneous	532,403	201,924	15,531	134,597	173,593	—	—	1,138,756	2,196,804
Investment Earnings	18,289	—	7,535	—	—	—	—	134,137	159,961
Internal Service	—	—	—	—	—	6,057,812	—	—	6,057,812
<b>Total Revenues</b>	<b>51,434,020</b>	<b>18,682,392</b>	<b>2,856,724</b>	<b>164,712</b>	<b>29,907,510</b>	<b>6,057,812</b>	<b>97,329</b>	<b>11,918,652</b>	<b>121,119,151</b>
<b>Expenditures</b>									
General Government	9,731,439	1,644,607	—	—	—	—	—	—	11,376,046
Public Safety	29,774,937	2,186,971	—	36,456	—	—	116,403	—	32,114,767
Public Works	6,916,240	1,195,968	—	97,596	26,142,135	—	—	2,412,510	36,764,449
Public Health	1,933,801	—	—	—	—	—	—	—	1,933,801
Social and Economic Services	226,459	—	—	—	—	—	—	—	226,459
Culture and Recreation	4,711,840	871,085	—	—	1,983,108	—	—	—	7,566,033
Housing & Community Development	409,490	791,432	—	—	—	—	—	4,265,464	5,466,386
Miscellaneous	789,338	100,527	377	15,558	—	—	—	99,088	1,004,888
Debt Service	227,804	847,791	3,046,581	1,386,620	—	—	—	3,112,061	8,620,857
Capital Outlay	310,289	2,247,668	—	4,461,584	—	—	—	3,026,154	10,045,695
Business-type	—	—	—	—	—	7,655,761	—	—	7,655,761
<b>Total Expenditures</b>	<b>55,031,637</b>	<b>9,886,049</b>	<b>3,046,958</b>	<b>5,997,814</b>	<b>28,125,243</b>	<b>7,655,761</b>	<b>116,403</b>	<b>12,915,277</b>	<b>122,775,142</b>
<b>Other financing sources (uses)</b>									
Transfers in	6,889,771	940,611	—	2,439,469	203,000	519,981	—	7,209,081	18,201,913
Transfers (out)	(2,454,099)	(8,285,445)	(85,678)	(73,765)	(93,961)	—	—	(7,209,081)	(18,202,029)
Proceeds from long term debt/capital leases	—	—	—	6,302,010	—	—	—	—	6,302,010
Contributions from property owners	—	—	—	—	3,475,847	—	—	—	3,475,847
IRS interest reimbursement revenues	—	—	—	—	231,344	—	—	—	231,344
Interest revenue	—	—	—	—	132,810	—	—	—	132,810
Debt service interest expense	—	—	—	—	(4,783,367)	—	—	—	(4,783,367)
<b>Total other financing sources (uses)</b>	<b>4,552,425</b>	<b>(7,344,834)</b>	<b>(85,678)</b>	<b>8,667,714</b>	<b>(834,327)</b>	<b>519,981</b>	<b>—</b>	<b>—</b>	<b>5,475,281</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>954,808</b>	<b>1,451,509</b>	<b>(275,912)</b>	<b>2,834,612</b>	<b>947,940</b>	<b>(1,077,968)</b>	<b>(19,074)</b>	<b>(996,625)</b>	<b>3,819,290</b>
<b>Fund balance/net assets - July 1, 2017</b>									
Nonspendable/Restricted/Committed/Assigned	3,382,924	7,265,244	3,366,502	766,883	76,473,326	—	—	8,045,925	99,300,804
Unassigned	452,861	(1,195,469)	(379,470)	(7,741,322)	(4,564,784)	778,930	419,150	(16,092,356)	(28,322,460)
Restatement	—	—	—	135,119	(1,008,427)	—	—	(173,328)	(1,046,636)
<b>Fund balance/net assets - June 30, 2018</b>									
Nonspendable/Restricted/Committed/Assigned	3,429,152	8,564,310	3,136,114	663,981	115,071,504	—	7,367	7,587,171	138,459,599
Unassigned	1,361,441	(1,043,028)	(424,989)	(4,668,696)	(43,223,453)	(299,038)	392,709	(16,803,555)	(64,708,609)
<b>Total fund balance/net assets - June 30, 2018</b>	<b>4,790,593</b>	<b>7,521,282</b>	<b>2,711,125</b>	<b>(4,004,715)</b>	<b>71,848,051</b>	<b>(299,038)</b>	<b>400,076</b>	<b>(9,216,384)</b>	<b>73,750,990</b>

# FINANCIAL SUMMARY

## OVERVIEW OF BUDGETED RESOURCES SUMMARY OF MAJOR REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES/USES ACTUAL JULY 1, 2016 THROUGH JUNE 30, 2017 (FY 17)

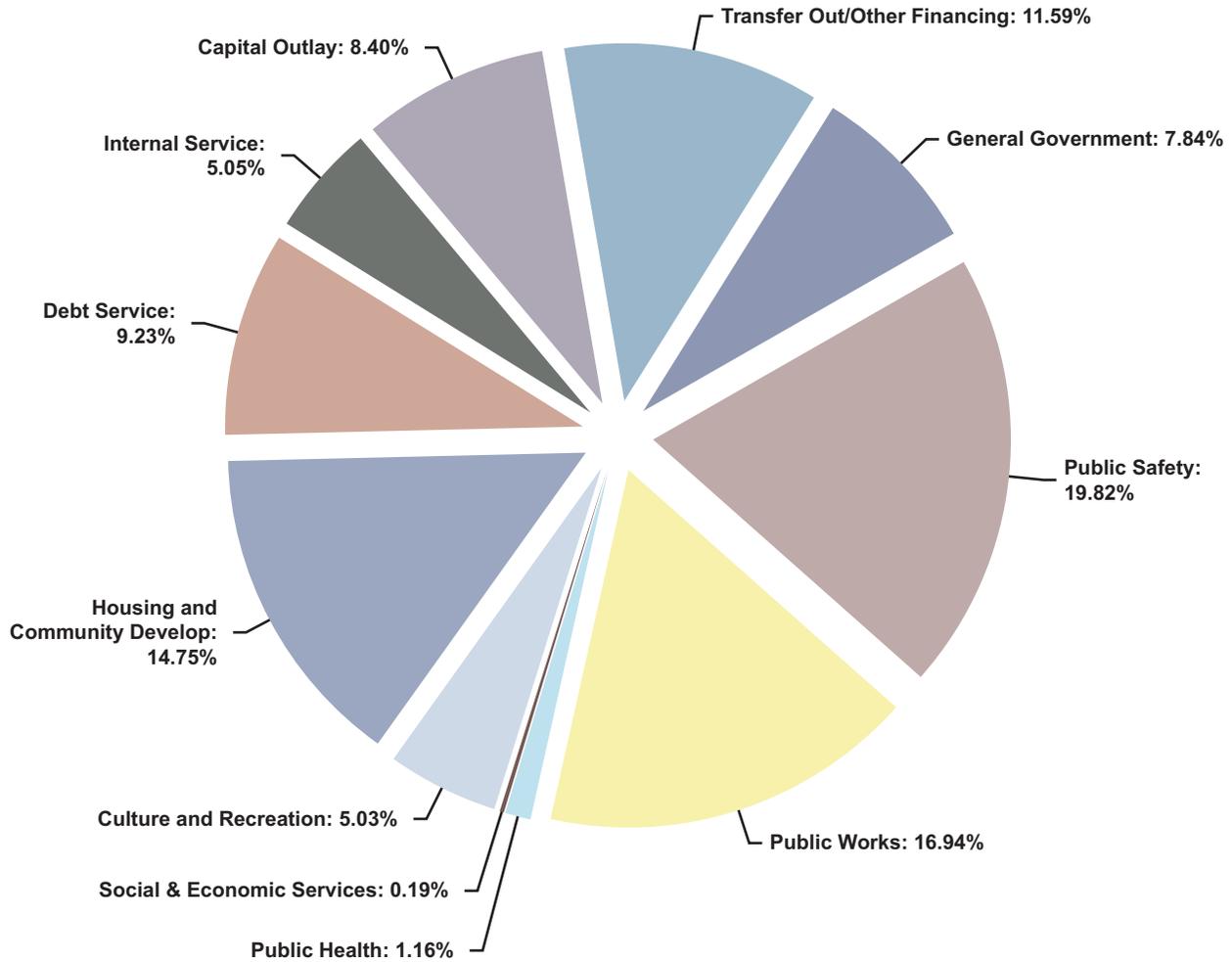
	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Component Units	Total All Funds
	General & General Special	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust & Agency		
<b>Revenues</b>									
Taxes & Assessments	24,544,854	7,946,063	3,205,830	—	—	—	—	4,183,862	39,880,609
Licenses & Permits	1,559,844	2,883,016	—	—	1,046	—	—	—	4,443,906
Intergovernmental	14,542,043	4,242,237	—	355,631	39,217	—	5,347	793,447	19,977,922
Charges for Services	6,036,333	1,951,475	—	—	10,535,246	—	92,027	2,011,774	20,626,855
Fines & Forfeitures	1,609,079	15,843	—	—	—	—	—	222,438	1,847,360
Miscellaneous	201,152	70,640	15,531	463,101	326,372	—	—	50,283	1,127,079
Investment Earnings	10,617	—	8,673	—	—	—	—	—	19,290
Internal Service	—	—	—	—	—	5,322,681	—	—	5,322,681
<b>Total Revenues</b>	<b>48,503,922</b>	<b>17,109,274</b>	<b>3,230,034</b>	<b>818,732</b>	<b>10,901,881</b>	<b>5,322,681</b>	<b>97,374</b>	<b>7,261,804</b>	<b>93,245,702</b>
<b>Expenditures</b>									
General Government	9,445,752	1,683,473	614	366,825	—	—	—	—	11,496,664
Public Safety	27,866,210	1,993,599	—	3,045,500	—	—	144,238	—	33,049,547
Public Works	6,542,516	1,123,546	—	1,516,679	10,126,218	—	—	1,499,760	20,808,719
Public Health	1,797,051	—	—	—	—	—	—	—	1,797,051
Social and Economic Services	210,000	—	—	—	—	—	—	—	210,000
Culture and Recreation	4,274,094	772,722	—	1,329,084	2,175,129	—	—	—	8,551,029
Housing & Community Development	585,818	687,824	—	—	—	—	—	12,639,489	13,913,131
Miscellaneous	75,181	58,886	—	41,449	—	—	—	609,583	785,099
Debt Service	590,350	850,641	3,207,204	1,125,937	—	—	—	2,126,205	7,900,337
Capital Outlay	1,148,875	2,301,503	—	3,479,133	—	—	—	—	6,929,511
Business-type	—	—	—	—	—	6,015,400	—	—	6,015,400
<b>Total Expenditures</b>	<b>52,535,847</b>	<b>9,472,194</b>	<b>3,207,818</b>	<b>10,904,607</b>	<b>12,301,347</b>	<b>6,015,400</b>	<b>144,238</b>	<b>16,875,037</b>	<b>111,456,488</b>
<b>Other financing sources (uses)</b>									
Transfers in	6,337,497	247,208	144,634	2,837,883	860,438	514,085	—	5,248,741	16,190,486
Transfers (out)	(2,247,457)	(7,801,583)	(90,454)	(144,812)	(657,438)	—	—	(12,748,479)	(23,690,223)
Proceeds from long term debt/capital leases	—	—	—	4,651,112	—	—	—	9,145,655	13,796,767
Acquisition expenses	—	—	—	—	(3,931,747)	—	—	—	(3,931,747)
Sale of fixed assets	14,445	—	—	—	43,547	—	—	—	57,992
Contributions from property owners	—	—	—	—	795,791	—	—	—	795,791
IRS interest reimbursement revenues	—	—	—	—	233,816	—	—	—	233,816
Interest revenue	—	—	—	—	75	—	—	105,376	105,451
Debt service interest expense	—	—	—	—	(901,076)	—	—	—	(901,076)
<b>Total other financing sources (uses)</b>	<b>4,104,485</b>	<b>(7,554,375)</b>	<b>54,180</b>	<b>7,344,183</b>	<b>(3,556,594)</b>	<b>514,085</b>	<b>—</b>	<b>1,751,293</b>	<b>2,657,257</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	72,560	82,705	76,396	(2,741,692)	(4,956,060)	(178,634)	(46,864)	(7,861,940)	(15,553,529)
<b>Fund balance/net assets - July 1, 2016</b>									
Nonspendable/Restricted/Committed/Assigned	3,693,355	8,807,220	3,262,393	962,521	83,415,074	—	—	8,177,064	108,317,627
Unassigned	1,799,447	(233,313)	(351,757)	(9,958,916)	136,698	957,564	466,014	(8,361,555)	(15,545,818)
<b>Restatement</b>	<b>(1,729,577)</b>	<b>(2,586,837)</b>	<b>—</b>	<b>4,763,648</b>	<b>(6,687,170)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(6,239,936)</b>
<b>Fund balance/net assets - June 30, 2017</b>									
Nonspendable/Restricted/Committed/Assigned	3,382,924	7,265,244	3,366,502	766,883	76,473,326	—	—	8,045,925	99,300,804
Unassigned	452,861	(1,195,469)	(379,470)	(7,741,322)	(4,564,784)	778,930	419,150	(16,092,356)	(28,322,460)
<b>Total fund balance/net assets - June 30, 2017</b>	<b>3,835,785</b>	<b>6,069,775</b>	<b>2,987,032</b>	<b>(6,974,439)</b>	<b>71,908,542</b>	<b>778,930</b>	<b>419,150</b>	<b>(8,046,431)</b>	<b>70,978,344</b>

## City of Missoula Proposed Revenues FY 2019



	Actual FY 2017	Actual FY 2018	Adopted FY 2019	Budget Increase (Decrease)
Taxes and Assessments	\$ 39,880,609	\$ 45,154,581	\$ 46,550,698.1	\$ 1,396,117
Licenses and Permits	4,443,906	4,156,703	3,671,936	(484,767)
Intergovernmental	10,681,329	11,544,876	14,973,426	3,428,550
State Entitlement	9,291,246	9,336,450	9,499,529	163,079
Charges for Services	20,534,828	40,798,397	42,567,356	1,768,959
Fines and Forfeitures	1,847,360	1,616,238	1,560,774	(55,464)
Miscellaneous	1,127,079	2,196,804	2,259,095	62,291
Investment Earnings	19,290	159,961	147,339	(12,622)
Transfer In/Other Financing	31,180,303	28,460,677	36,354,729	7,894,052
Internal Services	5,322,681	6,057,812	7,484,805	1,426,993
<b>Total City Revenues</b>	<b>\$ 124,328,631</b>	<b>\$ 149,482,499</b>	<b>\$ 165,069,687.1</b>	<b>\$ 15,587,188</b>

## City of Missoula Proposed Expenditures FY 2019



	Actual FY 2017	Actual FY 2018	Adopted FY 2019	Budget Increase (Decrease)
General Government	\$ 11,496,664	\$ 11,376,046	\$ 13,436,255	\$ 2,060,209
Public Safety	32,905,309	31,998,364	33,972,489	1,974,125
Public Works	20,808,719	36,764,449	29,040,947	(7,723,502)
Public Health	1,797,051	1,933,801	1,987,047	53,246
Social & Economic Services	210,000	226,459	323,616	97,157
Culture and Recreation	8,551,029	7,566,033	8,621,738	1,055,705
Housing and Community Develop	13,913,131	5,466,386	25,284,892	19,818,506
Debt Service	7,900,337	8,620,857	15,815,528	7,194,671
Internal Service	6,800,499	8,660,649	8,646,758	(13,891)
Capital Outlay	6,929,511	10,045,695	14,401,266	4,355,571
Transfer Out/Other Financing	28,523,046	22,985,396	19,855,141	(3,130,255)
<b>Total City Expenditures</b>	<b>\$ 139,835,296</b>	<b>\$ 145,644,135</b>	<b>\$ 171,385,677</b>	<b>\$ 25,741,542</b>

ASSUMPTIONS, ESTIMATES, & TRENDS

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**Overview**

Funding for services provided to City of Missoula residents comes from a variety of sources. The City strives to maintain a diversified and stable revenue system that will provide shelter from short-term fluctuations in any one revenue source and ensure the ability to provide ongoing services, within the confines of Montana Law. The City of Missoula is heavily reliant upon a property tax levy for its General Fund, which is explained in greater detail on the following pages. The City will continue its policy of seeking alternative revenue sources to lower the tax burden for City services, charging users for specific services

where feasible, and aggressively collecting all revenues due the City. Enterprise fund revenues are generated through direct fees for service.

City revenues are divided into nine basic categories: Taxes and Assessments; Licenses and Permits; Intergovernmental Revenue; Charges for Services; Fines and Forfeitures; Miscellaneous Revenue; Investment Earnings; Bond Proceeds and Other Financing Sources; and Inter-fund Transfers.

**Taxes and Assessments:** This revenue is derived from the levy of taxes on real property and personal tangible property. Examples of taxes are property taxes and local option motor vehicle taxes.

**Licenses and Permits:** Revenues derived from the issuance of local licenses and permits.

**Intergovernmental Revenue:** Revenues received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes (PILT). State entitlement, grants, and PILT are examples of Intergovernmental Revenue.

**Charges for Services:** All revenues stemming from charges for current services—primarily revenues of Enterprise and Internal Service Funds. Examples of charges for services are the monthly/semi-annual sewer use charge, building permits, and engineering fees.

**Fines and Forfeitures:** Revenues received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Examples include: traffic fines, court fines, victim witness fines and bonds forfeited.

**Miscellaneous Revenue:** Revenue from sources not otherwise provided in other categories. Rent is an example of a miscellaneous revenue.

**Investment Earnings:** Revenue derived from the investment of available cash balances. Interest income is allocated proportionately to funds authorized by law to accrue interest, based on their respective cash balances.

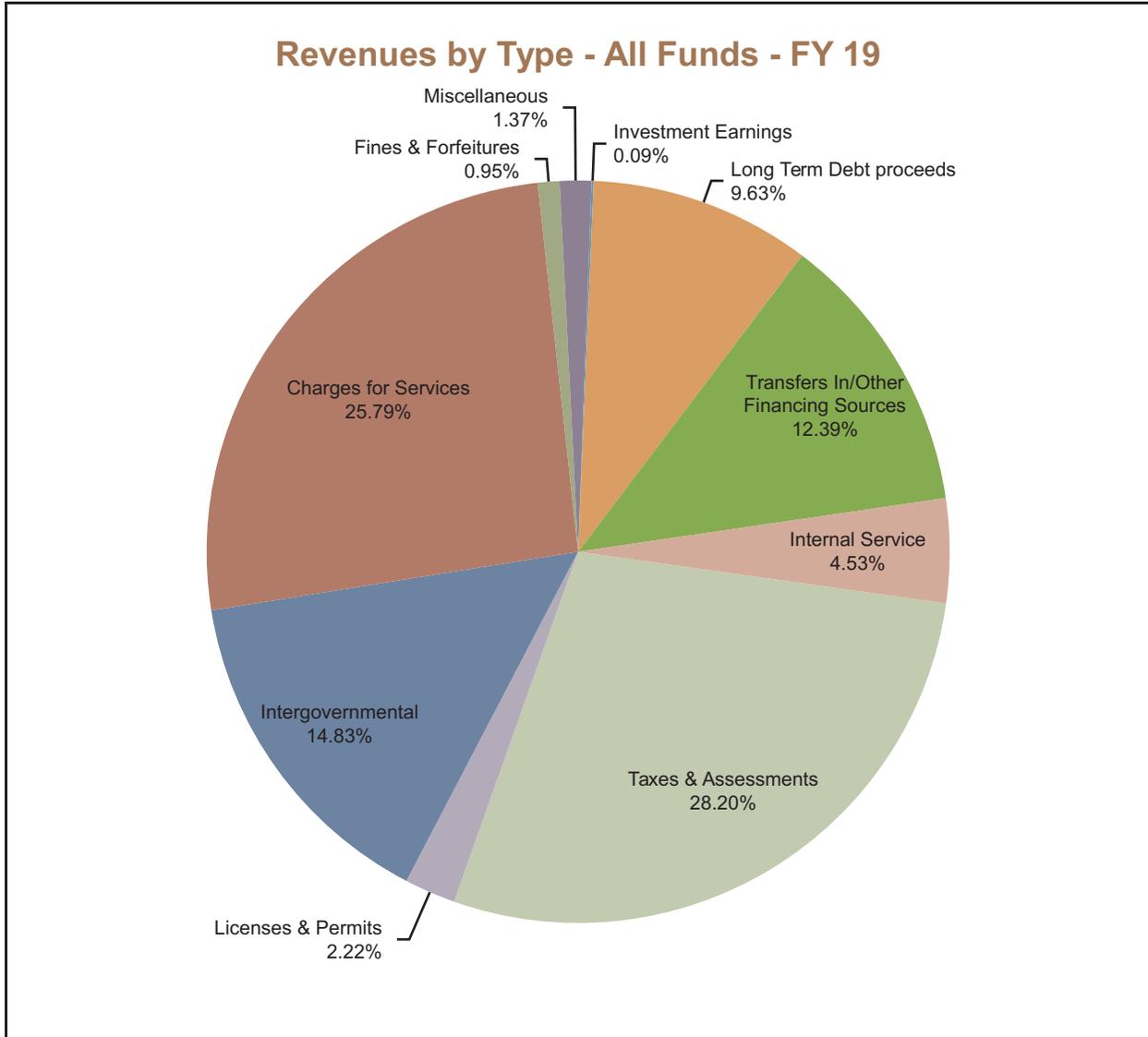
**Bond Proceeds and Other Financing Sources:** These revenues consist of the debt proceeds received by the City to finance various types of capital improvements.

**Interfund Transfers:** Transfers between individual funds of a governmental unit are not repayable and are not considered charges for goods or services. An example is matching funds transferred from the General Fund and other special revenue funds to the Capital Improvement Fund for the funding of capital projects.

**ASSUMPTIONS, ESTIMATES, & TRENDS**

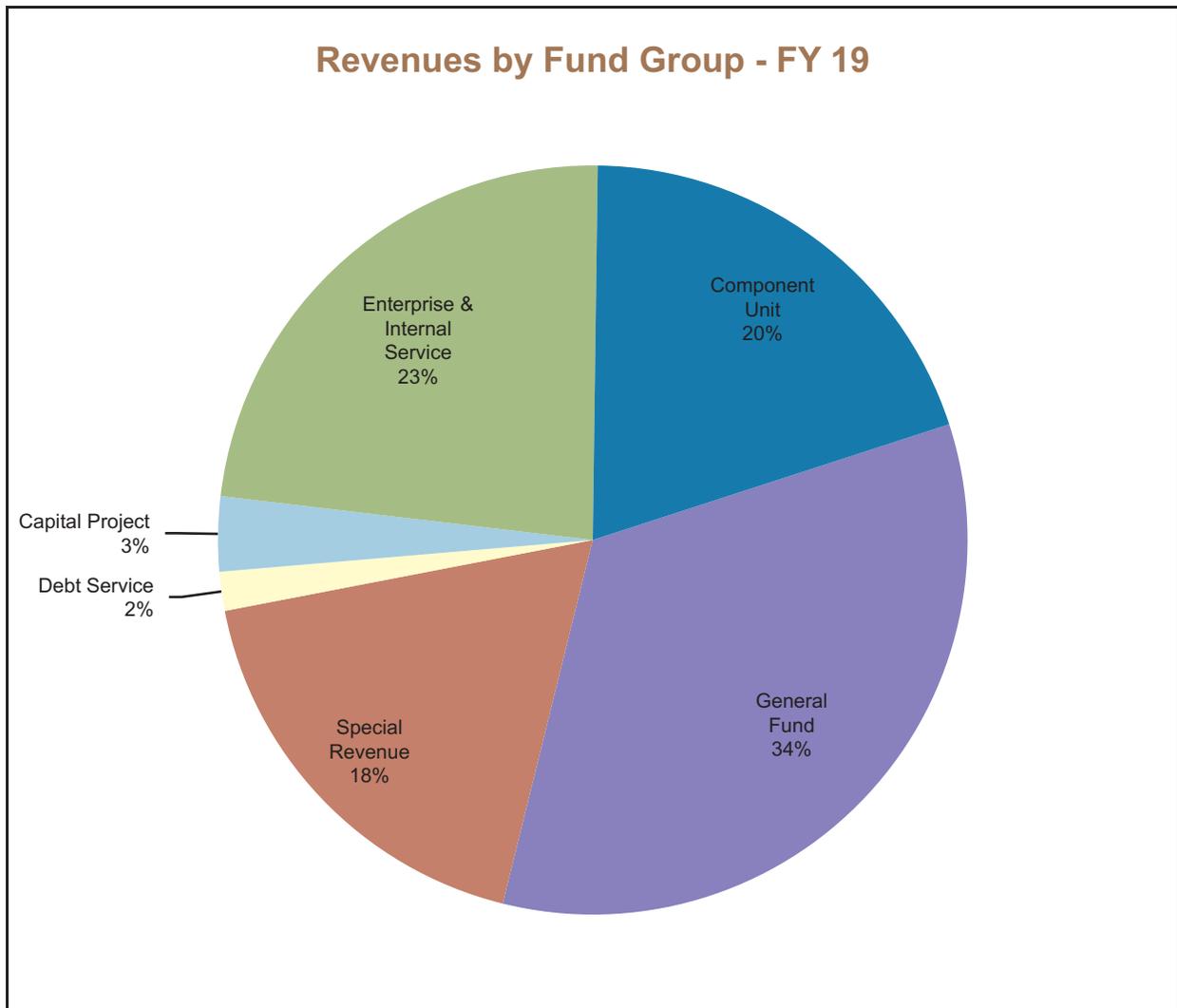
The two pie charts (below) give a graphic overview of total City revenues — one by the sources described on the previous page and the other by major fund group.

As depicted by the graph of revenues “by type”, the Taxes & Assessments category and Charges for Services make up the two largest categories of City revenues for FY 2019 (53.99%). Intergovernmental revenues make up the next largest category (14.83%). Finally, Transfers In/Other Financing Sources (12.39%) and Long Term Debt proceeds (9.63%) make up the fourth and fifth largest categories. These revenue categories make up 90.84% of all City revenues.



ASSUMPTIONS, ESTIMATES, & TRENDS

Revenues by Fund Group also help give the reader a look at the "Big Picture" of City revenues. As shown by the graph below, the General Fund (33.86%), Enterprise & Internal Service Funds (23.34%), Component Unit Funds (19.79%), and Special Revenue Funds (18.10%), make up 95.09% of the City's total revenues.



### Revenue Forecast Assumptions & Methodology

Forecasting as used in the budget refers to estimating future changes in revenues. It provides an estimate of how much revenue will be available and the resources required to meet current service levels and programs over the forecast period. The value of forecasts is in estimating whether, given assumptions about local financial policies and economic trends, the City will have sufficient resources to meet requirements of ongoing, planned, or mandated programs. Forecast models have the added value of providing a planning tool for capital projects and/or indicate when bonded indebtedness will be required for capital funding. In short, forecasting provides an estimate of the financial flexibility of the City, as well as insight into tax, revenue, and service options the City Council must address. Our forecasting methodology reflects a combination of internal analysis and locally generated consensus forecasts covering such factors as population growth, revenue trends, and inflation. Specifically, for the revenue forecasts, we begin with models that include prior year actual collections and project the balance of the current fiscal year based on prior year patterns. In general, we seek to match revenue sources with the economic and/ or demographic variables that most directly affect year-to-year changes in those revenues.

Methods to project the revenues suggested in the budget vary depending upon the type of revenue examined. However, the most common method used is **Trend Analysis** and especially a year-to date approach. Examination of a variety of revenue sources on a monthly basis, have revealed consistent patterns in monthly collections. Trends are identified, along with an analysis of whether or not the trend is likely to continue. These have been good indicators of revenue collections during the course of a year and help to set a basis for future projections. Forecast variances are analyzed and used to improve forecasting in future periods. **Expert Judgment** is a projection methodology that relies upon individual department directors and financial managers to make projections for the revenues that affect their operations.

### Revenue Estimates

The National Advisory Council on State and Local Budgeting prepared a set of recommended practices relating to governmental revenue estimates. Stated below are some excerpts from their recommended practices, along with the City of Missoula's revenue estimate practices.

Projection of revenues and other resources is critical in order to understand the level of funding available for services and capital acquisition. Projections for future budget periods help determine the likelihood that services can be sustained and highlight future financial issues to be addressed. Preparing revenue projections also enhances our understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees.

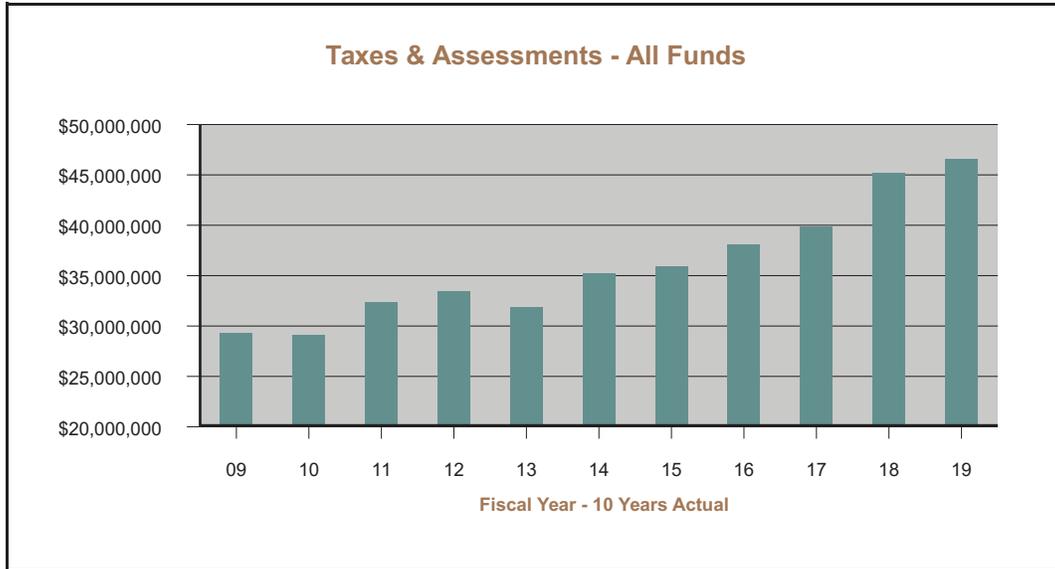
One of the key analytical tools, to assist in the development of revenue estimates, is the comprehensive five year financial forecast. This forecast considered key revenue and expenditure projection factors such as population, increases in the consumer price index (CPI) and other growth factors. The trending of these key factors and their effect on revenues and expenditures for the past ten years provided a historical basis for the five year financial forecast. The first City of Missoula forecast was prepared in 2003 and it has been updated annually since then. Overall, the City's practice is to budget revenues conservatively and to use as much information as possible to enhance the accuracy of revenue estimates. By identifying and utilizing as many revenue-related variables as possible in forecasting, we hope to minimize the risks of overstating or understating revenues that could arise from using only a few variables. The approach to forecasting, in general, is to apply a conservative philosophy that will produce the long-term goal of not overstating revenues. Most estimates involve two projections: an estimate for the amount to be collected in the current year based on year-to-date activity; and an estimate for the increase or decrease in receipts anticipated for a future budget year. As part of the mid-year budget review process, the revenue assumptions included in the forecast are comprehensively reexamined based on actual results for 2013 - 2017 as well as emerging trends at the mid-point of the year.

Individual revenue categories, their trends, and estimates follow. The revenue estimates described below represent 83% of total City revenues.

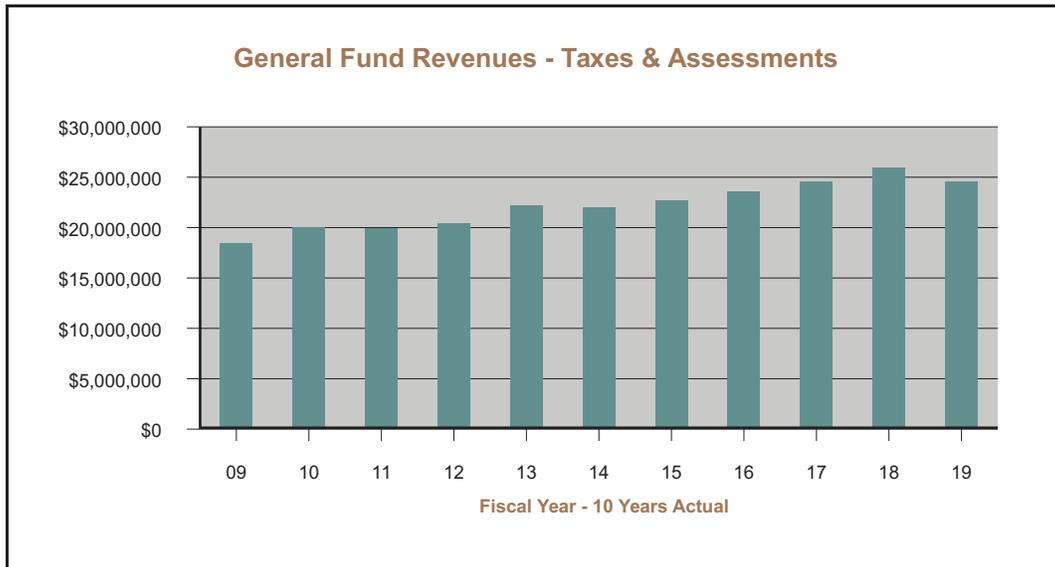
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Key Revenue Estimates & Trends

Shown by the graph below are **Taxes and Assessments** for all City funds, over a 10-year period (10 years actual from FY 2009 - FY 2018). The graph reflects the steady growth the City of Missoula is experiencing. Certain debt service levies and assessments go down in some years as the debt is paid off. Property taxes, which comprise the majority of this revenue category, are dependent upon a combination of taxable values and mill levies. A modest increase of 3.09% was budgeted for FY 2019.

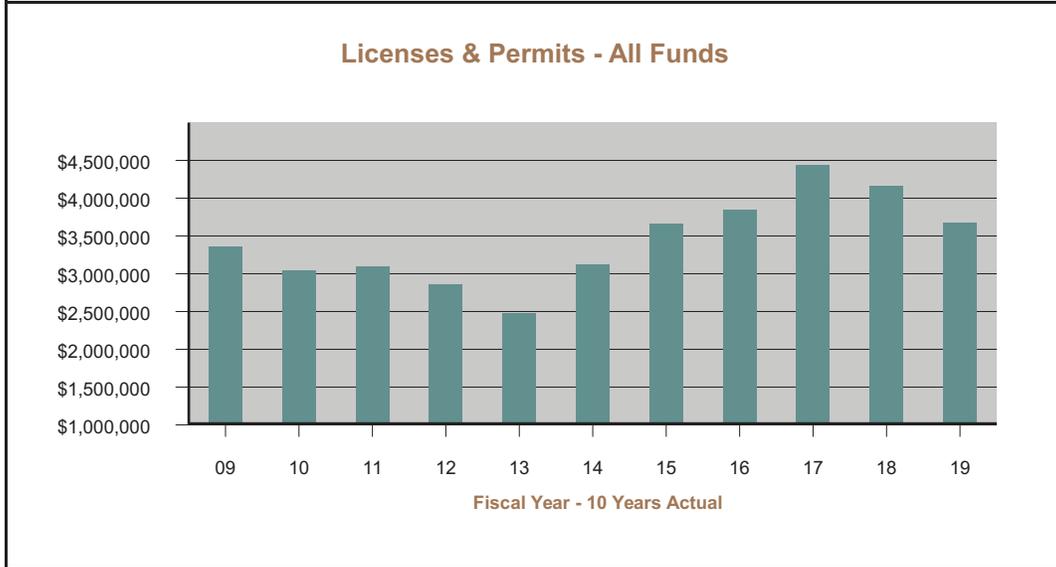


The following graph shows actual **General Fund Taxes & Assessments** for the last 10 years. Although not displayed on the graph, there was very little growth in General Fund taxes from FY 2001 - FY 2002 due to the slow economy and the lack of annexations. As the economy accelerated so did the number of annexations and actual growth until the recession beginning in FY 2009 until FY 2012. After FY 2012 the growth again continued in the taxes and assessments categories.

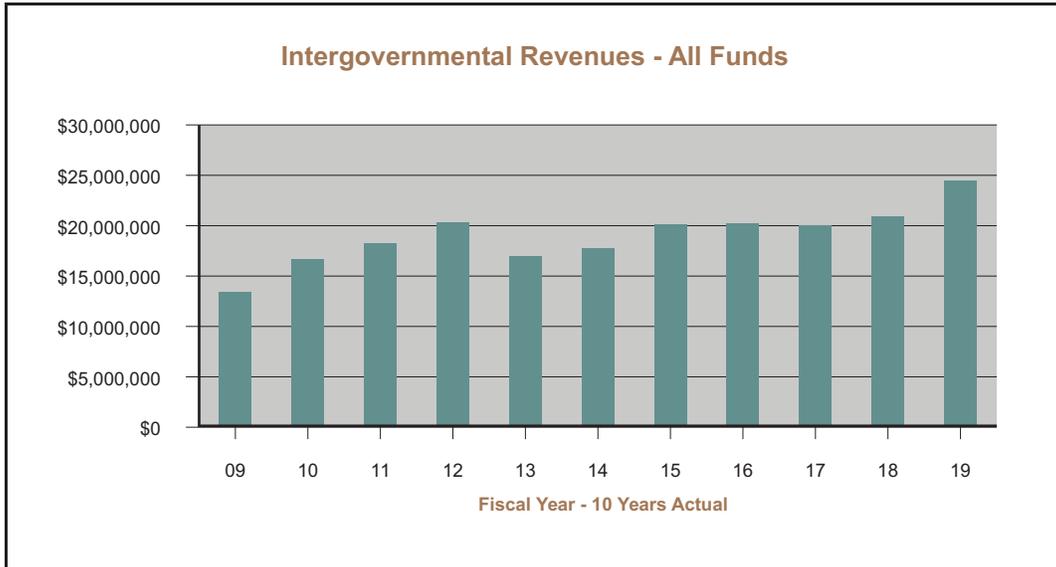


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**Licenses & Permits** for all City funds are shown below. A decline occurred between FY 2001 (not shown) and FY 2002 due to the State Legislature’s elimination of several revenue sources (categorized as Licenses & Permits) which the Legislature replaced with entitlement revenues (HB124 revenue) now shown as Intergovernmental Revenue. The decline from FY 2009 to FY 2013 was due to the economic slowdown experienced by the nation and the City of Missoula. The increase from FY 2014 - FY 2017 is due to the growth in new construction and remodels within the City.

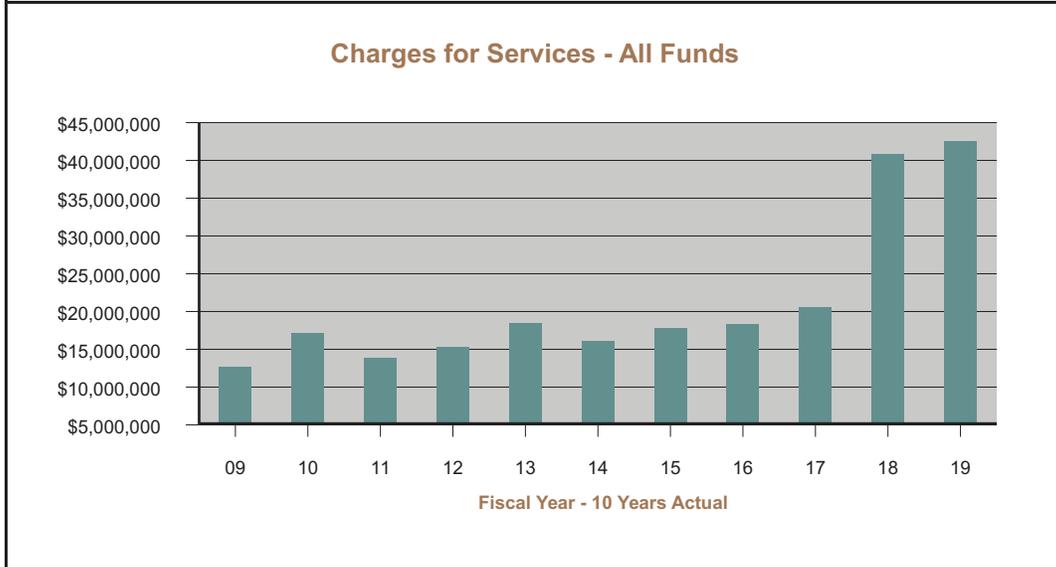


The increases in **Intergovernmental Revenues** (not shown but especially from FY 2001 through FY 2003) reflect the State Legislature’s distribution of entitlement (HB124) revenues to City governments. Since the increase in FY 2003, these revenues have remained relatively stable although the level of grant receipts has fluctuated significantly from year to year. In addition to the entitlement revenues, this category also includes grants and State reimbursement for services provided by the City.

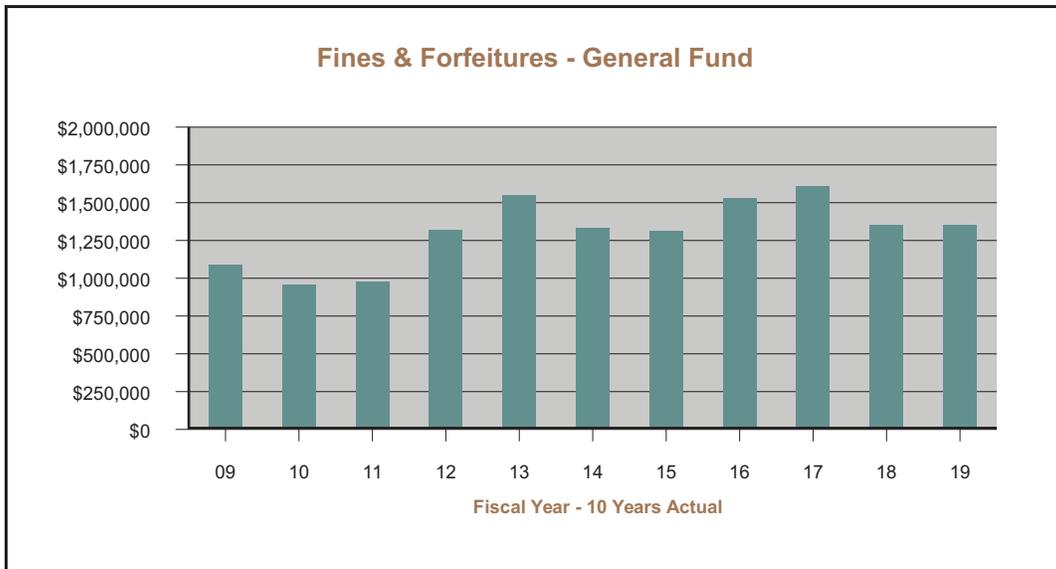


**ASSUMPTIONS, ESTIMATES, & TRENDS**

**Charges for services**, for all funds, represents 26% of total City revenues. This category is dominated by revenues in the City's Enterprise Funds, which include water, wastewater, storm water charges and City health plan premiums. Many of these revenues are growth related such as engineering fees, zoning fees, subdivision fees, building permits, impact fees and similar revenues. The large jump in revenues from FY 2017 to FY 2018 is due to the acquisition of the water utility. The acquisition of the water utility increased the revenue by over \$20 million. This source is anticipated to be maintained at the FY 2018 level or greater for the foreseeable future.

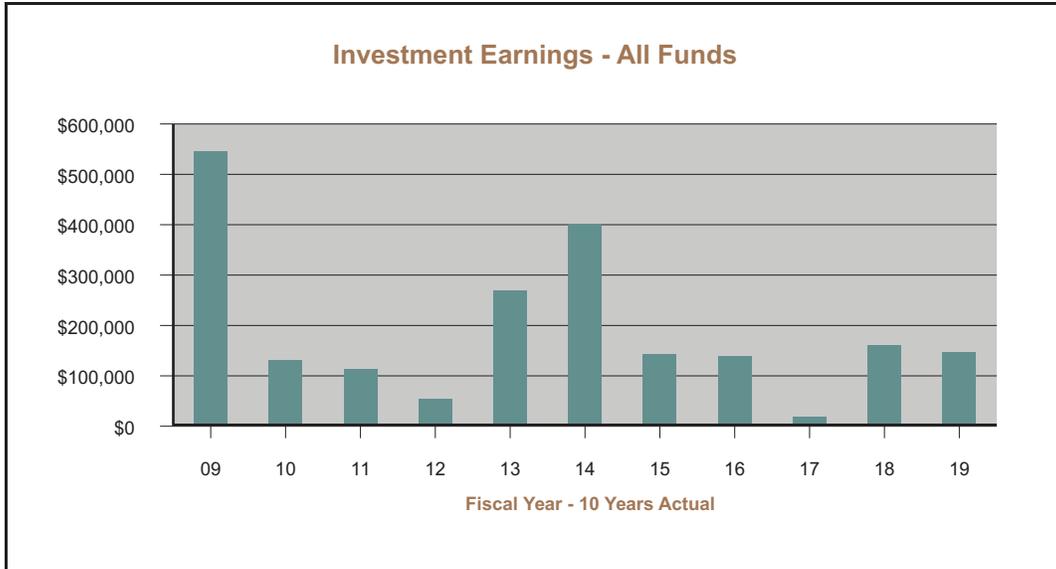


To a large extent, **Fines and Forfeitures**, within the General Fund, reflect the growth in the City of Missoula. As shown by the graph, fines and forfeitures have increased from \$1,086,994 in FY 2009 to \$1,351,870 in FY 2018 with a high of \$1,609,079 in FY 2017. The decrease through FY 2009 and FY 2011 was the result of staffing shortages in Police due to officers being called up to active duty in the armed forces and a significant number of workers compensation injuries that temporarily reduced staffing. This revenue stream is dependent on being fully staffed in the Police Department.



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**Investment earnings** reflect a combination of available cash balances together with the interest rate the City is able to obtain. As shown by the graph, investment earnings have been quite volatile, with sharp declines occurring in FY 2010 and extending through the current year, which correspond to the decline in interest rates nationally in those years. Interest earnings in FY 2019 are expected to be similar to FY 2016, as interest rates are near 50-year lows nationally.



**Transfers** that occur between various City funds will fluctuate significantly from year to year, as can be seen from the following graph.

