



MEMORANDUM

TO: MRA Board of Commissioners
FROM: Jil Dunn, Business/Project manager
DATE: September 7, 2021
SUBJECT: **Budget Status Reports**

Action Requested: No Action

June 2021 Budget Reports (Fiscal Year 2021):

As you know, our fiscal year (FY) 2021 revenue and expenditures accrue back to the appropriate period even though an invoice or revenue may be received after July 1st. Most of our year-end accrual work is complete now. We are still waiting for our accrued taxes/deferred revenue to be booked to the balance sheet for those property owners who paid their property taxes late or haven't paid them at all. We accrue tax increment revenue for 75 days past the fiscal year end in order to capture a majority of that revenue that should be booked to the prior fiscal year. After those transactions are booked, any final adjustments to the June FY 2021 Budget Reports would be done as part of our annual audit process. These June reports also give you a summary of funds expended during the year for each approved project.

August 2021 Budget Reports (Fiscal Year 2022): These Budget Status reports have been updated to reflect our final budgeted numbers that were submitted to the City prior to budget adoption on August 23, 2021. The reports reflect estimated beginning fund balances and estimated revenue for each URD based on the calendar year 2021 (fiscal year 2022) taxable values set by the State Department of Revenue (DOR) and last year's mill levies. Not all of the taxing jurisdictions have set their mill levies yet so we use last year's mills for our revenue projections until we have all of the updated mills.

There are seven taxing jurisdictions within the URDs that set mill levies:

1. City of Missoula
2. Missoula County
3. Countywide Schools
4. Missoula County Public Schools (MCPS) District #1 or Hellgate School District (URD II & North Reserve-Scott Street (NRSS) URD)
5. Missoula County High School District
6. State of Montana
7. Missoula Urban Transportation District (MUTD) – also known as Mountain Line

As a reminder, MRA receives only the incremental portion of the taxes paid by a property, which is the difference between the taxes paid by the property in an URD's base year and the property taxes paid in the current year.

Revenues

- You will not see any significant revenue in the August FY22 reports as tax receipts are being accrued back to FY 2021 as taxes are paid late.

Debt Service Requirements

- No funds have been moved to the debt service accounts yet. These funds get moved over when we received our first installment of tax increment from the County in December.

Expenditures

- There is minimal project activity in the URDs to date.
- Administrative expenses are paid from URD III and those are reflected. The other URDs reimburse URD III their pro rata share of the administrative expenses at year-end.
- Contingency (unallocated) funds in each URD are highlighted in yellow.
- There are Notes Receivable in URD II, URD III and NRSS URD that adjust the Contingency funds available. These are noted in the bottom right corner of the applicable URD reports.
- Tax appeals will also impact our Contingency (unallocated) fund amounts. We usually get the amount of these appeals from the Montana Department of Revenue in November.

Annual Audit of Financial Statements

- Staff has begun working on the FY 2021 audit and field work will be conducted by Anderson ZurMuehlen & Co. P.C. in November 2021.