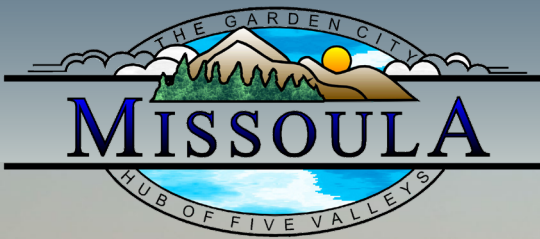


City of Missoula

Budget in Brief Fiscal Year 2026



Mayor's Introduction

When I presented my first City budget last year, I was candid about the challenges we faced—particularly the structural budget deficit I inherited in the City's general fund. Since then, our team has worked hard to right the ship. While we still have work to do, I'm proud of the meaningful progress we've made.

Thanks to disciplined fiscal management, we're projecting to spend \$2.4 million less for fiscal year 2025 than originally budgeted. We're also chipping away at the structural deficit—the gap between what it costs to run the City and what we bring in through ongoing revenues. This budget reduces that gap from \$3.1 million to \$2.7 million—a 22% improvement over last year.

That said, our work is far from over. We are still \$1.9 million short of meeting our cash reserve policy, which calls for 7% of ongoing revenues to be held in reserve. And we must stay focused on eliminating the remaining budget deficit. I am committed to doing so responsibly and thoughtfully—without sudden disruptions to City staff

This budget reflects our commitment to financial stability, responsible investment, and responsive public service. We've made steady, meaningful progress while maintaining essential services, and we're doing it with the aim of a minimal impact to taxpayers. The rest of this report outlines how we're achieving these goals—and where we're going next.

Thank you for your engagement and continued support.

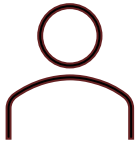
Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Davis".

Mayor Andrea Davis

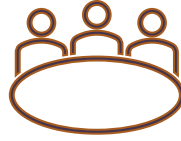


Budget Process



Mayor

Presents annual budget for City Council consideration



City Council

Reviews the budget, makes amendments, and adopts a final budget



Missoula Residents

Learn about the budget and comment on priorities online, in person, over the phone or via email with elected representatives or staff

Ongoing

The Mayor and City department heads evaluate current spending, gather program data, and plan for upcoming budget needs. Staff present department and program priorities, achievements, and goals for City Council discussion at public meetings throughout the year.

Early and Mid-Summer

City departments present in-depth department reports and budget requests to the City Council Budget and Finance Committee. The public can review documents and participate in budget meetings in person or online, comment via Engage Missoula, or reach out through phone or other contact methods.

August

The Mayor reviews staff requests, chooses what to include in Mayor's Executive Budget, and presents the budget to the City Council. Montana Department of Revenue gives the City its revenue numbers for the next fiscal year. City Council considers budget items, makes amendments, and adopts the budget. The public can review documents and participate in budget meetings in person or online, comment via Engage Missoula, or reach out through phone or other contact methods.

FY26 Highlights

Budget Savings

- Closed temporary emergency shelter
- Increased property insurance deductible
- Software and equipment contract negotiations and management strategies
- Longer-term service contracts and advanced planning for better rates
- Use of non-tax funds for priority projects

Major Projects

- Focus on service delivery
 - Gas tax funding to support additional street maintenance staff
 - Police officers are fairly and competitively compensated under a newly ratified collective bargaining agreement
 - Infrastructure improvements
 - Grant Creek restoration
 - Orange/Cregg traffic signal project
 - Scott/Philips Roundabout
- Development code reform
- Data-driven fee setting

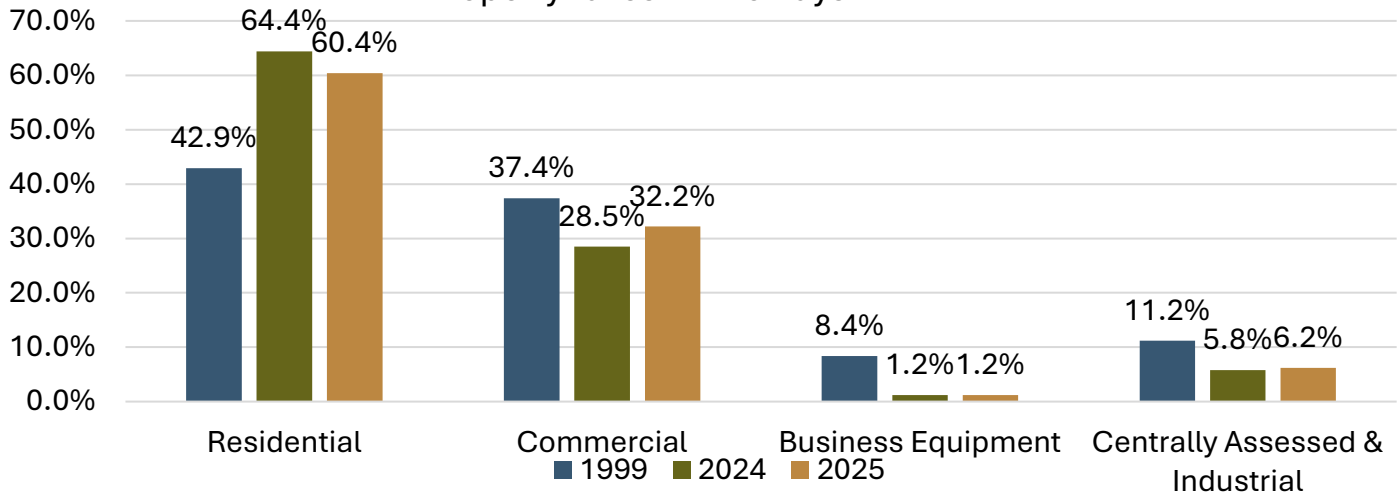
General Fund Position - Structural Deficit

- The structural deficit is the gap between what it costs to run the City and what we bring in through ongoing revenues
- The FY25 gap was \$3.1 million and in FY26 it will be \$2.7 million—a 22% improvement over last year
- We are still \$1.9 million short of meeting our cash reserve policy, which calls for 7% of ongoing revenues to be held in reserve

Property Tax Impacts

As Missoula's tax base has shifted, residential property owners have paid a larger portion of local taxes. The 2025 Montana Legislature made changes that shifted part of that burden from residential to other categories.

Property Taxes – Who Pays



For a home with a market value of \$507,000 (the median for Missoula County*) City taxes would total \$1,541.65.



City Taxes

2024: \$1,799.04
 2025: \$1,541.65
\$257.39



Lower

- The market value of this home went up by nearly 30%.
- The new, lower tax rate means that this home has a **lower taxable value** than last year
- This property will pay **less** in City taxes than last year

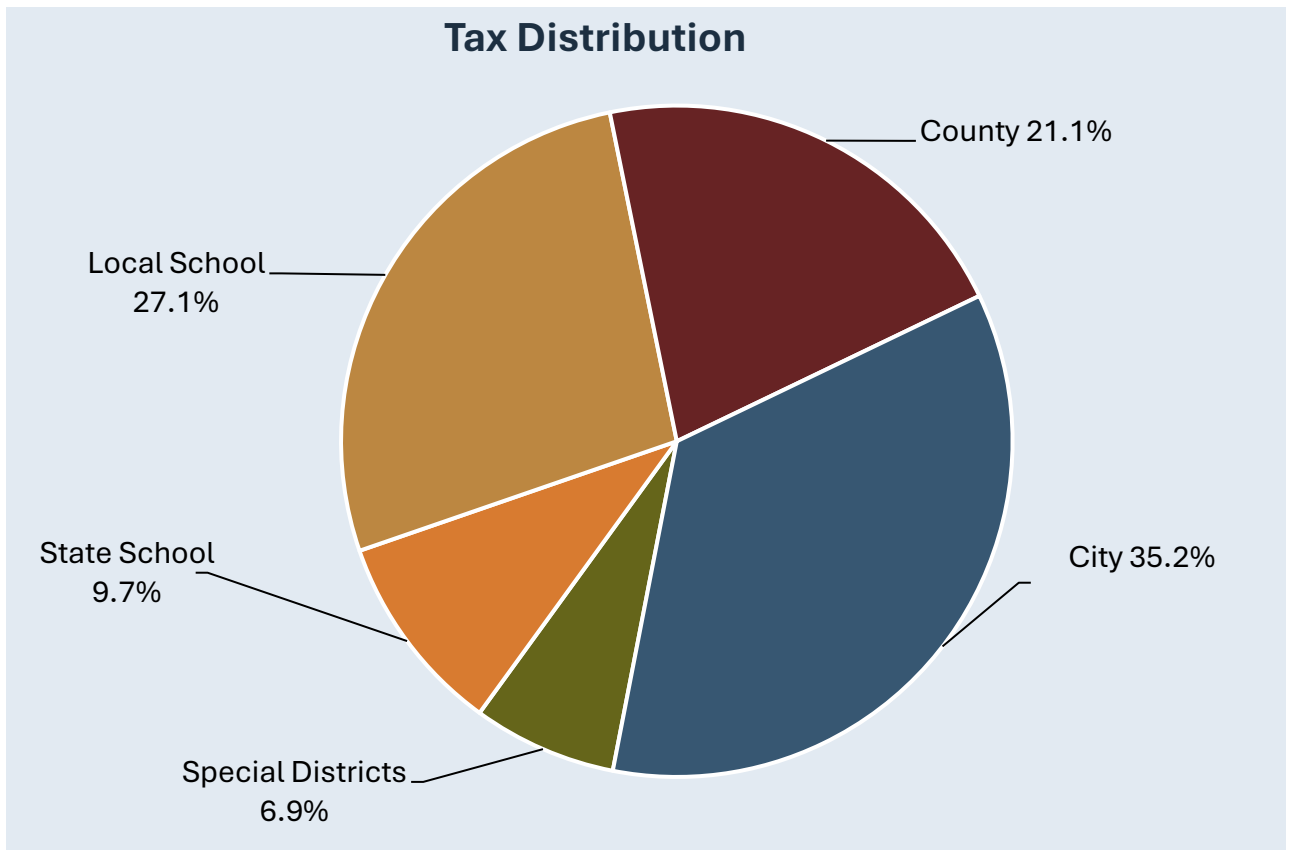
| | 2024 | 2025 | Percent Increase/ (Decrease) |
|----------------------|--------------|--------------|---------------------------------|
| Market value | \$399,000.00 | \$507,000.00 | 27.1% |
| Taxable value | \$5,386.50 | \$4,217.00 | (21.7%) |
| City taxes | \$1, 799.04 | \$1,541.65 | (14.3%) |

*In the current appraisal cycle (2025-2026) the Department of Revenue shows that the median residential market value in Missoula County was \$507,000. The Missoula Organization of Realtors in July 2025 shows the median home price at \$560,000. The DOR number is the one that determines taxable value for a home. The DOR median home price in Missoula in 2024 was \$399,000.

Property Tax Impacts

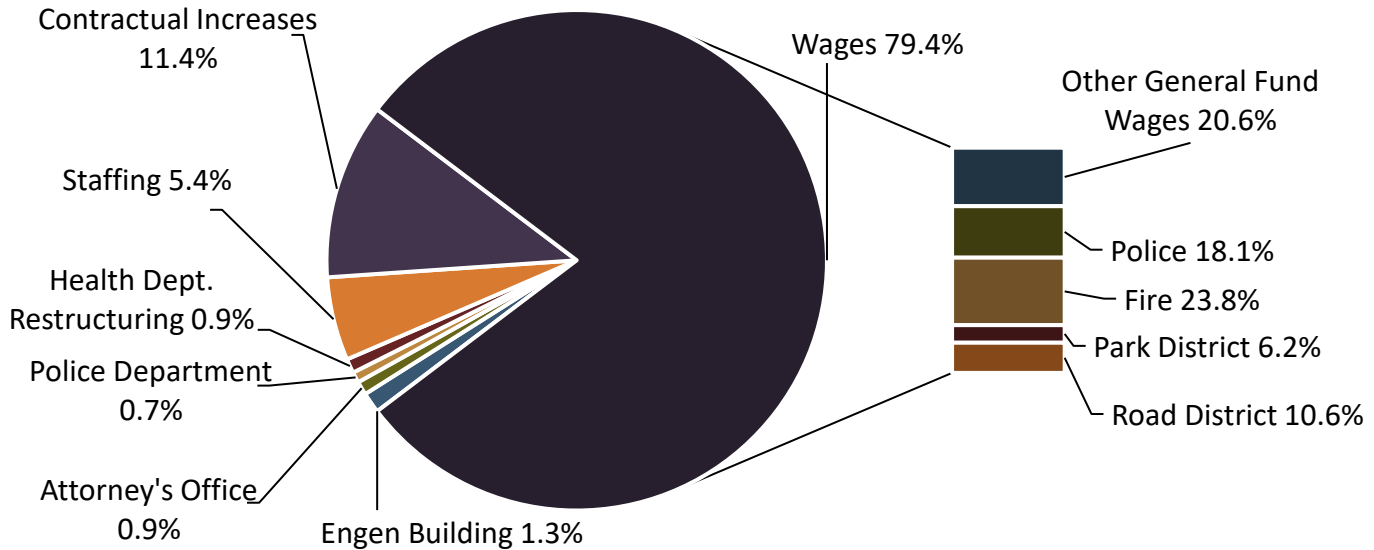
The City held the tax increase to 3.39% for FY26

- City taxes make up about one-third of your total property taxes. The 3.39% increase affects only the **City** portion of your bill.
- This increase includes the City's general fund, road district, park district, and the fire levy voters approved in 2024.
 - The City's general fund and fire levy are included in the General Tax Detail portion of the property tax bill.
 - Road and Park District are both listed under Special Assessments on the property tax bill.



Tax & Assessment Increases

For fiscal year 2026, the total increase in taxes and assessments is 3.4%. This chart shows how that increase is allocated. This budget is slim and most increases are for existing obligations such as wages for existing staff and contractual increases.



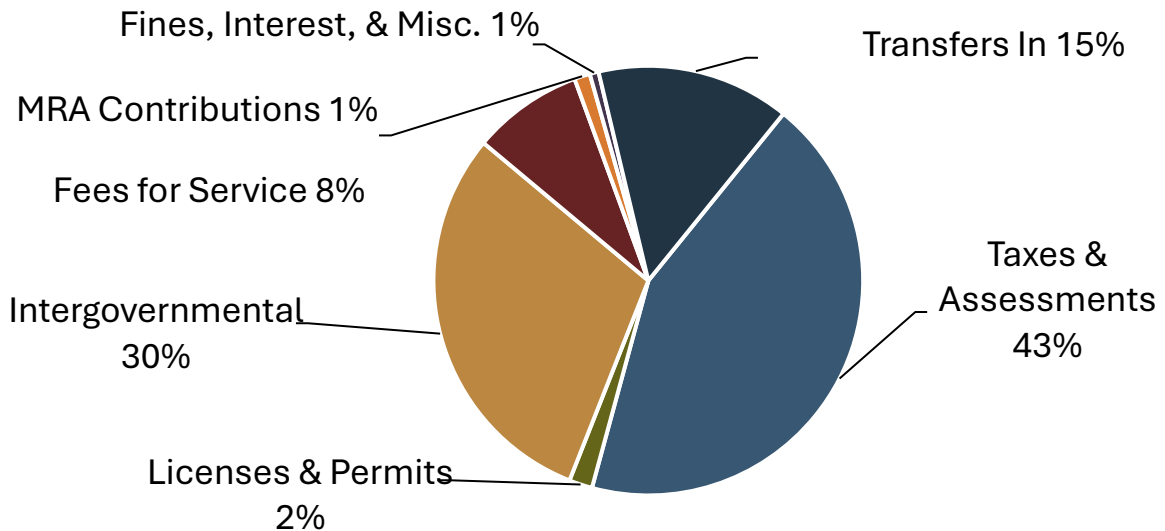
| Item | Description |
|------------------------------------|--|
| Engen Local Government Building | Continue preparations for City and County to occupy building |
| Attorney's Office | Replace case management system and continue funding for Missoula County Community Justice Department |
| Police Department | Digital analysis tool and officer wellness program |
| Health Department Restructuring | Reorganization of health department administration |
| Staffing | Shift funding of an existing positions from grant-funded sources to tax revenue, add a developed parks technician, and add a traffic services position |
| Contractual and Baseline Increases | Mandatory increases to maintain existing services such as rent, utilities, and software licensing |

General Fund

This includes the City's general fund, road district, and park district. These are the funds that are included in property tax bills.

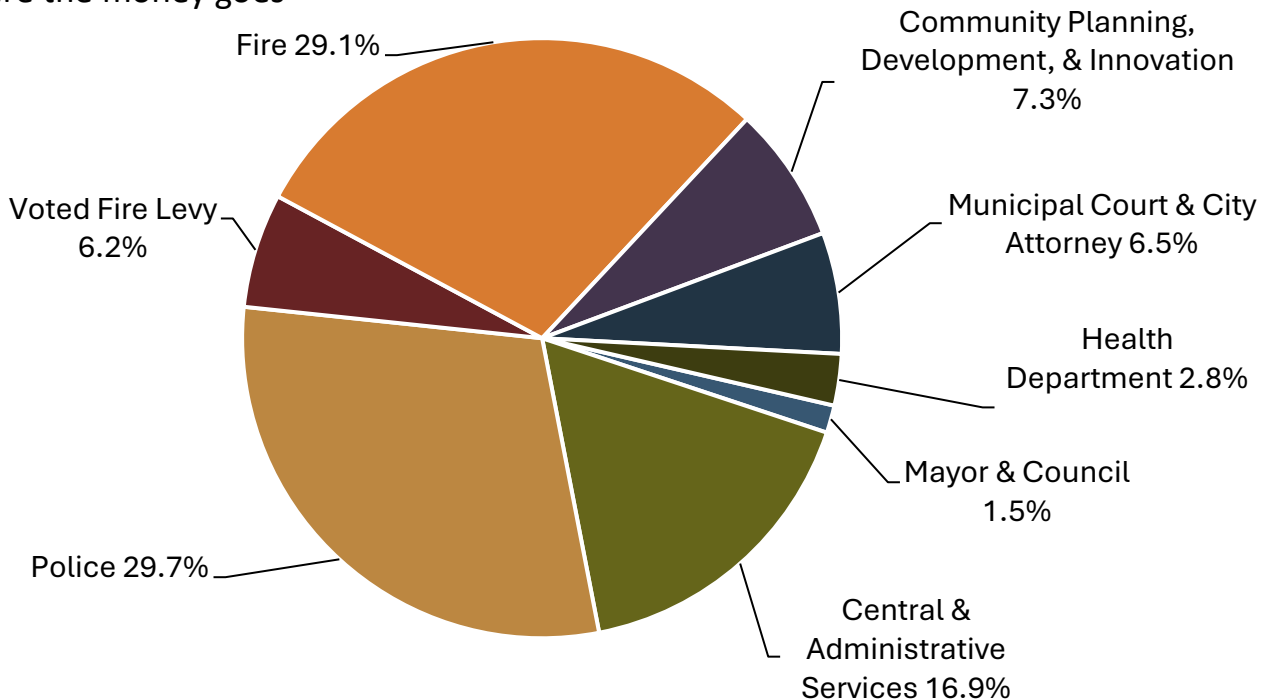
Revenues \$86,568,258

Where the money comes from



Expenditures \$88,161,582

Where the money goes

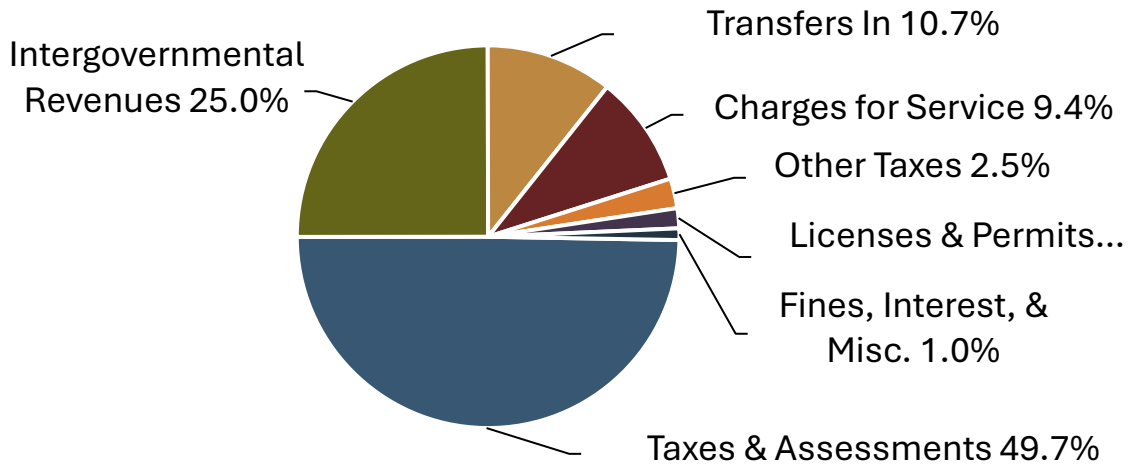


Tax & Assessment Funds

This includes the City's general fund, road district, and park district. These are the funds that are included in property tax bills.

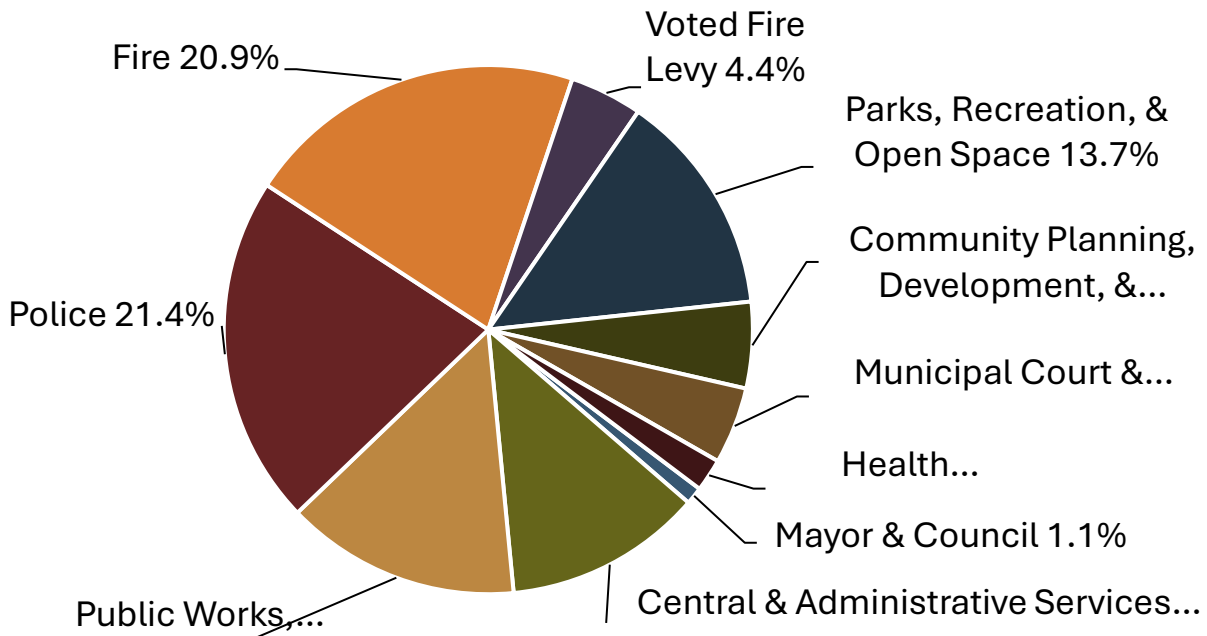
Revenues \$119,484,054

Where the money comes from



Expenditures \$121,934,595

Where the money goes



Additional Resources



Learn more about the budget and other City projects and share your thoughts at www.EngageMissoula.com.

Participate in City Council meetings (including budget meetings) in person or online at www.ci.missoula.mt.us/meetings.



Detailed and technical budget documents are available on the City's website at www.ci.missoula.mt.us/budget.