

CITY OF HELENA

**CITY CREWS STAY BUSY YEAR-ROUND
PROVIDING SERVICES TO THE HELENA AREA**



Photos by C. Hahn

**Comprehensive Annual Financial Report
Fiscal Year 2016
July 1, 2015 - June 30, 2016
Helena, Montana**

City of Helena, Montana

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATIVE SERVICES

FISCAL YEAR 2016
July 1, 2015 - June 30, 2016

INTRODUCTORY SECTION

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|---------------------------------------|-------|
| Table of Contents | i-iii |
| Transmittal Letter | iv-xi |
| GFOA Certificate of Achievement | xii |
| Organization Chart..... | xiii |
| List of Principal Officials..... | xiv |

FINANCIAL SECTION (Section A)

Independent Auditor's Report on the Basic Financial

Statements, Supplemental Information, and Supplementary

Schedule of Expenditures of Federal Awards A-1 - A-3

Management's Discussion and Analysis A-4 - A-15

BASIC FINANCIAL STATEMENTS (Section B)

Government-Wide Financial Statements:

Statement of Net Position B-1

Statement of Activities B-2 - B-3

Fund Financial Statements:

Balance Sheet - Governmental Funds..... B-4

Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position B-5

Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds..... B-6

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities B-7

Statements of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis) B-8 - B-10

Statement of Net Position - Proprietary Funds B-11 - B-12

Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds..... B-13 - B-14

Statement of Cash Flows - Proprietary Funds..... B-15 - B-18

Statement of Fiduciary Net Position - Fiduciary Fund B-19

Notes to the Financial Statements B-20 - B-65

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2016

TABLE OF CONTENTS
(Continued)

REQUIRED SUPPLEMENTARY INFORMATION (Section C)

| | |
|---|------------|
| Schedules of City's Proportionate Share of Net Pension Liability and City Contributions..... | C-1 – C-6 |
| Schedule of Funding Progress – Other Postemployment Benefits | C-7 |
| Notes to Required Supplementary Information | C-8 – C-10 |

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

| | |
|--|-------------|
| Non-Major Governmental Funds (Section D): | D-1 - D-3 |
| Non-Major Governmental Funds: | |
| Combining Balance Sheet..... | D-4 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | D-5 |
| Non-Major Special Revenue Funds: | |
| Combining Balance Sheet..... | D-6 - D-7 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | D-8 - D-9 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) | D-10 - D-13 |
| Non-Major Debt Service Funds: | |
| Combining Balance Sheet..... | D-14 - D-15 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | D-16 - D-17 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) | D-18 - D-21 |
| Non-Major Capital Projects Funds: | |
| Combining Balance Sheet..... | D-22 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | D-23 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) | D-24 - D-25 |
| Major Capital Projects Fund: | |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) | D-26 |
| Non-Major Enterprise Funds (Section E): | E-1 |
| Combining Statement of Net Position..... | E-2 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position..... | E-3 |
| Combining Statement of Cash Flows | E-4 |
| Internal Service Funds (Section F): | F-1 |
| Combining Statement of Net Position..... | F-2 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | F-3 |
| Combining Statement of Cash Flows | F-4 |
| Fiduciary Funds (Section G): | G-1 |
| Combining Statement of Changes in Assets and Liabilities - Agency Fund | G-2 |

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2016

TABLE OF CONTENTS
(Continued)

Component Units (Section H):..... H-1
 Combining Balance Sheet – Component Unit (Helena Tourism Business Improvement District) H-2
 Combining Statement of Revenues, Expenses and Changes in Fund Balance –
 Component Unit (Helena Tourism Business Improvement District)..... H-3

Capital Assets Used in the Operation of Governmental Funds (Section I):
 Comparative Schedule by Source I-1
 Schedule by Function and Activity..... I-2
 Schedule of Changes by Function and Activity I-3

STATISTICAL INFORMATION (Section J)

Statistical Section J-1 - J-2
Net Position by Component - Last Ten Fiscal Years..... J-3
Changes in Net Position - Last Ten Fiscal Years..... J-4 - J-7
Fund Balances, Governmental Funds - Last Ten Fiscal Years..... J-8 - J-9
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years J-10 - J-11
Market Value of Taxable Property - Last Ten Fiscal Years..... J-12
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years..... J-13
Principal Property Taxpayers - Current Year and Nine Years Ago J-14
Property Tax Levies and Collections - Last Ten Fiscal Years..... J-15
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years J-16
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years J-17
Direct and Overlapping Governmental Activities Debt J-18
Legal Debt Margin Information - Last Ten Fiscal Years J-19
Pledged-Revenue Coverage – Last Ten Fiscal Years J-20
Demographic and Economic Statistics - Last Ten Calendar Years..... J-21
Top Ten Employers – Current Year and Eight Years Ago J-22
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years J-23
Operating Indicators by Function/Program - Last Ten Calendar Years J-24 - J-25
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years..... J-26
The Water System J-27
The Wastewater System..... J-28
Special Improvement Districts Revolving Fund - Statement of Changes in Fund Balance J-29
Special Improvement Districts Revolving Fund - Cash Balance and
 Outstanding Bonds Secured Thereby – Last Ten Fiscal Years J-30
Special Improvement District Bonds – Special Assessment Billings and Collections –
 Last Ten Fiscal Years J-31
Bureau of Census Supplemental Schedules J-32

SINGLE AUDIT SECTION (Section K)

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and
 Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Governmental Auditing Standards..... K-1 - K-2
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on
 Internal Control Over Compliance Required by the Uniform Guidance..... K-3 - K-4
Schedule of Findings and Questioned Costs K-5
Summary of Audit Findings and Prior Audit Findings..... K-6
Schedule of Expenditures of Federal Awards K-7 - K-8
Notes to Schedule of Expenditures of Federal Awards..... K-9



City of Helena

December 19, 2016

To the citizens of the City of Helena, Montana:

CAFR TRANSMITTAL

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These financial statements must be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The comprehensive annual financial report (CAFR) of the City of Helena, Montana (the City) for the fiscal year ended June 30, 2016, is hereby submitted.

Management Representation

This report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of the City has established and maintained an internal control system designed to ensure that the assets of the City are protected from loss, theft or abuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (US GAAP) and to comply with laws and regulations. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Auditor

Wipfli LLP, a firm of licensed certified public accountants has audited the financial statements of the City. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with US GAAP. The independent auditor's report is presented as a component of the financial section of this report.

Federal Single Audit

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards. Tests are also made to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2016, provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards and auditor's reports on internal control and compliance with applicable laws and regulations are included in the single audit section of this report.

Transmittal Letter

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF HELENA

Self Government Chartered City

The City of Helena was incorporated March 7, 1881. On March 2, 1953, by lawful authority, the City established a commission/manager form of government. The voters adopted a self-government charter, which allows the City to exercise powers not specifically prohibited by state law in 1976.

City Commission

The City Commission is composed of a mayor and four commissioners, elected at large by the voters of the City. The City charter outlines the roles and responsibilities of the mayor and commissioners. The Helena City Commission is the legislative and policy-making body of the City and is responsible for the performance of all duties and obligations imposed upon the City by the City charter and State law.

City Manager

The City Manager is appointed by, and serves at the pleasure of, the City Commission. The City Manager's primary duty is to ensure that policies and guidelines adopted by the City Commission are executed as efficiently, fairly, and effectively as possible.

City Demographics

Helena, the state capital, is located in southern Lewis and Clark County, and situated at the south end of a large mountain valley. The economy is stable because federal, state, county, or city government workers earn approximately 40 percent of total personal income in Lewis and Clark County according to the United States Department of Labor. Helena, with a population estimate of 30,581, serves a much larger trade area. This area, defined as a "35-mile radius" in and around the City of Helena, encompasses a population of almost 70,000. It includes many small, rural communities that rely heavily on Helena for employment, professional services, retail goods, and entertainment.

City Services

The City provides a full range of services. Public safety functions include police and fire protection as well as the municipal court. Public works functions include engineering, street construction and maintenance, water and wastewater utilities, and solid waste disposal among others. The public health function consists of animal control services administered by the police department. Community development functions include planning, zoning and building inspection activities. In addition, the City provides recreational activities (including a City-owned golf course), cultural events and sponsors a demand-driven and fixed-route bus system.

Financial Entity

The financial reporting entity includes all the funds of the primary government (i.e., the City of Helena, Montana as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Business Improvement District and Tourism Business Improvement District are reported as discretely presented component units.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit budget proposals to the City Budget Office in March of each year. The Budget Manager uses these requests as the starting point for the development of the next fiscal year's budget. The City Commissioners are required to hold public hearings on the proposed budget with the final budget approved and adopted by resolution by the later of the second Monday in August or within 45 calendar days of receiving certified taxable values from the Montana Department of Revenue. Although the legal level of budget appropriations is the fund level, a management plan is prepared by fund, department, division and line item. The City maintains budgetary controls whose objectives are to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the City Commission.

Comprehensive Capital Improvement Programs (CCIP)

The City prepares an annual CCIP. The CCIP encompasses all City operations and is the major long range financial planning tool of the City. It addresses capital projects, major maintenance, facility and equipment revolving schedules which are tied back to financing projections.

The CCIP emphasizes:

- complete inventories of all infrastructure, facilities and equipment;
- assessments of condition;
- prioritization of projects and needs; and,
- long-term analysis of funding feasibility and options.

CCIPs are updated annually and presented to the City Commission. In their public forum, the City Commission reviews the CCIPs in order to set priorities and policies for the implementation of current and long-term capital projects. The City Commission is constantly monitoring capital and maintenance needs while attempting to strike a proper balance between raising fees to better fund those needs and considering the cost to the consumer.

Budget to Actual Comparisons

The State municipal budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of agency funds. The City legally adopts a budget for the required funds. Consistent with past years, the City established the legal spending level at the fund level for the fiscal year 2016 budget. The City Manager may make transfers of appropriations within a fund. Transfers between funds, however, require approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the general and street funds, comparisons are presented beginning on page B-8 as part of the basic financial statements for the governmental funds. For other governmental funds, this comparison is presented in the governmental fund subsection of this report, starting on page D-10. All appropriations lapse at year-end; however, they can be re-appropriated by the City Manager as part of the following year's budget.

FACTORS AFFECTING FINANCIAL CONDITION

To best understand the information presented in the financial statements, the broader perspective of the specific environment within which the City of Helena operates should be considered.

Local Economy

Helena is fortunate to be the State capital and home to many federal agencies including the Fort Harrison army base and veteran's administration hospital. Residential and commercial construction has shown consistent growth in recent years. In fiscal year 2016 an auto repair shop, two major office buildings, a student recreational facility, a coffee shop, a medical office, and a new store for a major non-profit were recently completed or are still in process. Historical information on building permits can be found in the statistical section on page J-25.

Population

Montana experienced a population increase between the 2000 and 2010 census of 9.7 percent. Helena, however, experienced an increase of 9 percent, while Lewis and Clark County (which largely comprises the trade area) experienced growth equal to 13.8 percent. The current population of Helena as of July 1, 2015 is estimated to be 30,581 by the U.S. Census Bureau. This estimate indicates the State of Montana's population increased by 4.4 percent between the 2010 census and July 1, 2015 while Lewis and Clark County increased by 4.8 percent and the City by 8.4 percent.

Unemployment

The unadjusted unemployment rate for the 2015 calendar year for the City of Helena was 3.1 percent. This is down .8 percent from one year ago. For the State of Montana, the current unadjusted unemployment rate is 4.3 percent and the nation is 4.8 percent. The unemployment rate for Helena rose during the first half of 2016 to 3.4 percent for June 2016.

Per Capita Income

According to the Montana Department of Labor, the 2015 average annual wage for Lewis & Clark County, MT is \$43,108.

Transportation Planning

The City Commission and staff continue to work with the Montana Department of Transportation (MDOT) and Lewis & Clark County to plan for and complete all possible upgrades needed for our transportation network. The City is also working to implement the Interstate Corridor Environmental Impact Study to provide a better interstate system that is complimentary to the City.

The City and MDOT are currently working on completing non-motorized transportation projects with the last allocation of CTEP funding. The City is also working closely with the State and other regional governmental entities to prioritize recommendations for the new MAP 21 funds that are replacing the CTEP program. The new funding will require the City to make recommendations for local transportation projects. The State will then determine which projects are funded throughout the State, allocate the funds, and perform the work. MDOT has approved a project for ADA ramps within the City for \$587,384.

Revenue Growth and Reform

City revenues can be considered statutorily limited, circumstantial or discretionary. The City has very little control over the growth of these revenues. Although the City 'controls' the growth of discretionary revenue, it is still subject to typical community pressures for conservative growth.

Revenues such as property taxes and State entitlements are subject to statutory or other limitations. Property taxes make up approximately 14% of total City budgeted revenues and 51% of General fund budgeted revenues. The City is only allowed to increase property taxes on existing property at one-half the CPI-U average rate of inflation for the past three years. State entitlements make up approximately 6% of total City budgeted revenues and 21% of the General Fund budgeted revenues. This revenue is set by statutory formula and has grown by approximately the rate of inflation in recent years. Circumstantial revenues such as newly taxable property and building permit fees are primarily driven by the economy or other variables beyond City control.

The Montana Constitution and state law require periodic reappraisal of property in the interest of equal taxation (15-7-111, MCA). The State of Montana, through the Department of Revenue (DOR), is responsible for valuing all taxable real and personal property. The 2015 legislature changed the reappraisal period from once every six years to once every two years. The DOR is required by state law to conduct a reappraisal of all residential, commercial, industrial, agricultural and forestland property in the state.

The most recent reappraisal cycle began on January 1, 2014 and was completed on July 1, 2015. New reappraisal values were used for property tax purposes in tax year 2015 (fiscal year 2016). Statewide, commercial property values rose 2.45% while residential property values fell 2.85%. In Lewis and Clark County, reappraisals resulted in property value increases of 8.5% for commercial property, and .16% for residential property. The next reappraisal is anticipated to be complete by the end of 2016 for the State legislature to review during the 2017 legislative session. Any changes made will affect the 2017 tax year.

Discretionary revenues such as special assessments and utility charges make up about 51% of budgeted City revenues and allow the City to set rates to cover costs. Such revenue is secured by the ability to attach property liens and/or do utility shut offs in case of non-payment. Special assessments make up approximately 8% of total City budgeted revenues. Service charges make up approximately 43% of total City budgeted revenues.

GASB Statement Effects on Net Position

Other Postemployment Benefits – Implied Rate Subsidy Liability:

The City of Helena reports the “implied rate subsidy” liability (OPEB), required under Governmental Accounting Standards Board (GASB) Statement No. 45, in this financial report and the related financial statements. Although the City reported this liability, and related expenses and expenditures, the City does not agree that this represents a legal liability and further believes that the presentation of this activity in the financial statements is misleading to the users of the statements. In this, the eighth year of implementation, the recorded OPEB liability is \$3,097,220. Retirees paid \$2,713,398 in premiums while their claims paid were \$1,419,416 from fiscal year 2007 to 2016, resulting in a net gain of \$1,293,982. GASB Statement 75 changed from the current method of amortizing the remaining liability over 30 years to recording the entire liability. This change is effective for the City in fiscal year 2018. If implemented for this report, the liability would increase by, and net position would decrease by, an additional \$1,787,059.

The City contracts with the Montana Municipal Interlocal Authority (MMIA) to provide health insurance. MMIA health insurance rates are actuarially set. Rates are adjusted annually and benefits altered to ensure the plans remain properly funded. The City receives a monthly bill that it can allocate to participants as it wishes. The City pays MMIA the monthly premiums and has no further “actual” liability for health claims. The City plans to continue funding the employee health insurance plan on a “pay as you go” basis, and does not plan to fund this liability since it has paid the full amount due each month to MMIA.

The only two options allowed by Statement 45 to avoid recording a liability are to place cash in an irrevocable trust fund equal to the calculated OPEB liability, or charge the retirees a much higher, actuarially determined premium, neither of which is acceptable to the City. City management feels it would be fiscally irresponsible to take an amount equal to the actuarially determined liability and place it in an irrevocable trust fund that would never be used and will most likely increase as the City, and the related number of employees serving it, continues to grow. Retirees can leave the plan at any time and the City would have unwisely used funds collected from its citizens.

Because the City will not be funding this liability, it will likely continue to increase, and the financial statements will reflect the impact of a large OPEB liability that does not have legal substance. Management does not feel it has legal substance as nothing in state law or any contractual agreement requires the City to offer the same or lower rates to retirees, spouses and their dependents as other participants. City management feels offering insurance at the same rate to all participants, or lower to retirees, is the best way to ensure insurance is affordable for all. The City agrees with the standard other than the requirement to record the implied rate subsidy.

Pension Liability – GASB Statement 68:

The City was required to implement GASB Statement 68, Accounting and Financial Reporting for Pensions for fiscal year 2015. The City participates in four State of Montana cost-sharing multi-employer pension plans. The State legislature determines the rates all employers and employees pay to participate. Each plan has a different level of net pension liability. GASB Statement 68 requires the City to record its share of the net pension liabilities even though we have made all statutorily required contributions. See Note J for a description of the plans the City participates in.

Major Initiatives

The City is currently exploring the annexation of a number of properties on the west side of town that are wholly surrounded. The City has split the project into four phases. The annexation of the first phase has been approved effective December 1, 2016 and includes approximately 150 properties. The City's plan is to fund the water and wastewater infrastructure upgrades and recover the costs with rebate fees. This process meets the City's Growth Policy as it would help provide the opportunity for infill development, lessen urban sprawl, keep development costs affordable, and increase density where appropriate. Seven properties within this area were recently annexed at their request and are receiving wastewater services through this rebate program.

The City created a Tax Increment Financing district (TIFD) in 2016 in an area bordering both sides of a railroad that runs through the middle of Helena. The intent is to revitalize an historic area that was once of major importance to commerce within the City. The district will take effect for tax purposes beginning with the November 2017 tax bills.

The City has been working with consultants and the State on expanding its bus services from one fixed route to two fixed routes to provide better service to the community. The new route is scheduled to begin in November 2016. It also provides on-call curbside pickup for those that qualify.

The City recently completed an ADA assessment and transition plan for all its buildings and properties accessed by the public. The assessment was initiated at the request of the United States Department of Justice. A plan is currently being developed that will then establish funding sources and time frames to accomplish the changes.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Helena for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty-eighth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the budget and accounting divisions. Each member of these divisions has our sincere appreciation for the contributions made in the preparation of this report. We also wish to thank all city departments for their assistance in providing the data necessary to prepare this report.

In closing, without the leadership and support of the City Commission, preparation of this report would not have been possible.

Sincerely,



Ronald J. Alles,
CITY MANAGER



Glenn Jorgenson, CPA
ADMINISTRATIVE SERVICES DIRECTOR



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Helena
Montana**

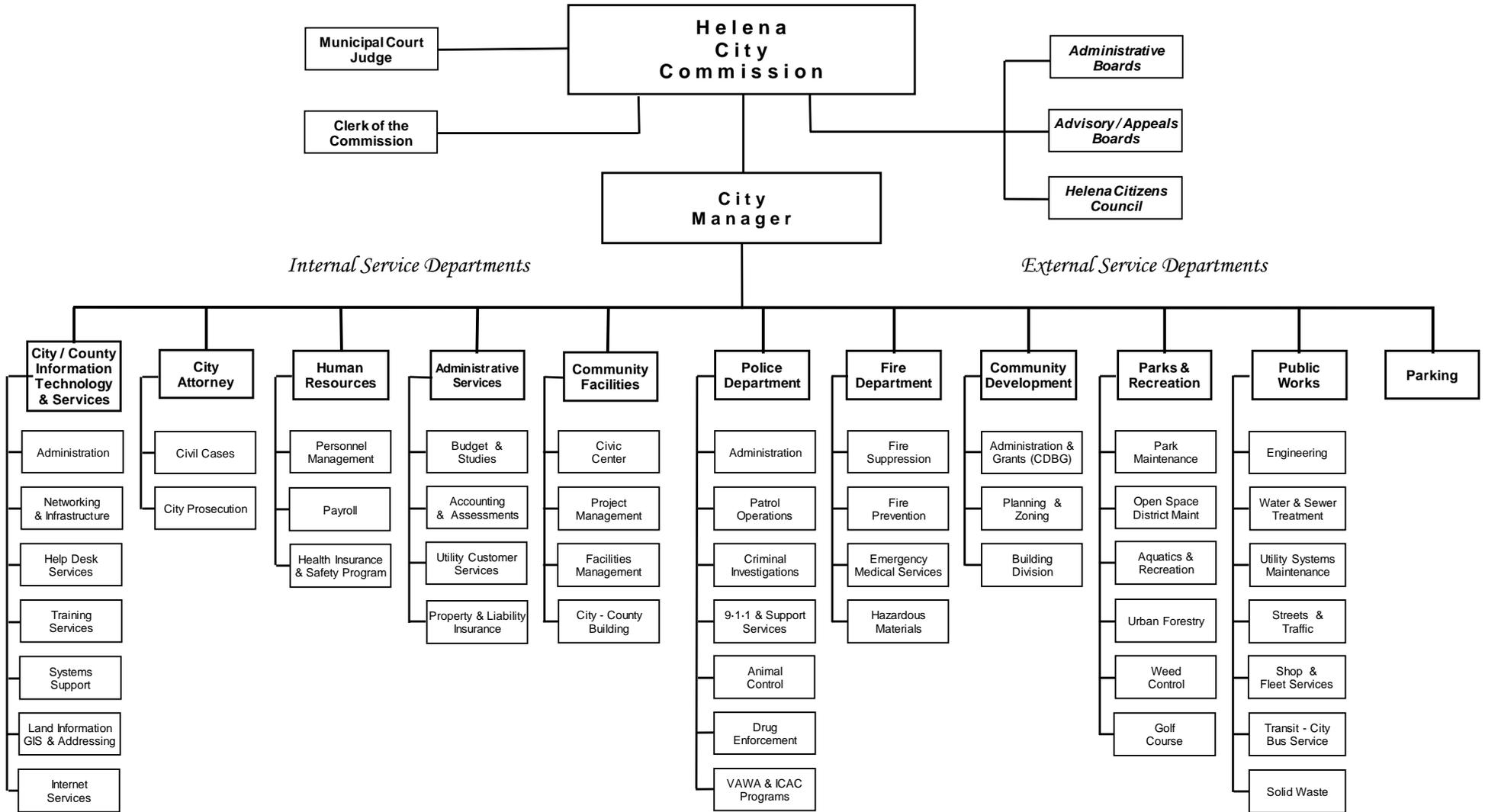
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF HELENA

ORGANIZATION CHART



City of Helena, Montana

LIST OF PRINCIPAL OFFICIALS

June 30, 2016

ELECTED OFFICIALS

| | |
|---------------------|--------------|
| James E. Smith | Mayor |
| Andres Haladay | Commissioner |
| Robert Farris-Olsen | Commissioner |
| Dan Ellison | Commissioner |
| Ed Noonan | Commissioner |

CITY OFFICIALS

| | |
|-----------------|----------------------------------|
| Ronald J. Alles | City Manager |
| Debbie Havens | Clerk |
| Randall Camp | Public Works Director |
| Bob Wood | Municipal Judge |
| Thomas Jodoin | Attorney |
| Glenn Jorgenson | Administrative Services Director |
| Troy McGee | Police Chief |
| Mark Emert | Fire Chief |
| Gery Carpenter | Community Facilities Director |
| Sharon Haugen | Community Development Director |
| Amy Teegarden | Parks & Recreation Director |
| James Fehr | Human Resources Director |

Section A

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of City Commissioners
City of Helena, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general, street, and capital improvement funds) of the City of Helena, Montana (the City), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general, street, and capital improvement funds) of the City of Helena, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages A-4 through A-15, Schedule of City's Proportionate Share of Net Pension Liability and Contributions on pages C-1 through C-6, and Other Postemployment Benefits (OPEB) Schedule of Funding Progress on page C-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparisons (other than the general, street, and capital improvement funds), capital asset schedules, statistical tables and the accompanying Schedule of Expenditures of Federal and Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200 and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements, budgetary comparisons (other than the general, street, and capital improvement funds), capital assets schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining and individual non-major fund financial statements, budgetary comparisons (other than general, street, and capital improvement funds), capital assets schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Helena, Montana
December 19, 2016

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

As management of the City of Helena, Montana (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages iv - xi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30 by \$276,607,417 (*net position*). Of this amount, \$10,090,505 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$23,273,019 over the prior fiscal year due to contributed assets of \$16,880,400 from grantors and developers, increases in utility fees, and building reserves in utility funds for large anticipated capital projects.
- As of June 30 the City's governmental funds reported combined ending fund balances of \$21,706,076, an increase of \$362,813 over the prior year. Approximately 24% of this amount, \$5,154,546 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the total of the *committed*, *assigned*, and *unassigned* components of *fund balance* for the general fund was \$5,483,437, or 39 percent of total general fund expenditures.
- The City's total debt decreased by \$3,061,624 (11 percent) during the current fiscal year. Key factors in the change include:
 1. Payment of principal on revenue bonds (\$1,097,000), general obligation bonds (\$1,510,000), certificates of participation (\$195,000), special assessment bonds (\$50,000), and loans (\$248,368).
 2. Additional borrowing of loans (\$38,744) were used to finance portions of an irrigation project at the golf course.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* and the *Statement of Activities* report information about the City as a whole and about its activities in a way that helps answer the question, "Is the City's financial position getting better or worse?"

The *Statement of Net Position* includes all assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equaling *net position*. The *Statement of Activities* presents revenue and expense information showing how the City's net position changed during the year. Over time, increases or decreases to the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

All changes to net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The *Statement of Net Position* and the *Statement of Activities* distinguishes between the following activities:

- **Governmental Activities** - much of the City's basic services are reported here, including general administration, public safety, public works, public health, culture and recreation and community development. Property taxes, state entitlement distributions, property assessments, and state and federal grants finance most of the costs of these activities.
- **Business-type Activities** - the City charges a fee to customers to recover the cost of certain services provided. The City's water, wastewater, solid waste, transfer station, parking, bus, golf course, building, and city-county administration building (CCAB) activities are reported here.
- **Component Units** - the City includes two separate legal entities in its report; the Business Improvement District, and Tourism Business Improvement District. Although legally separate, these component units are presented because the City is financially accountable for them and the boards of these entities are appointed by the City Mayor subject to approval by the City Commission. The City Commission also approves the annual budget and assessments charged by each component unit. Further information about the City's component units are presented in the notes to the financial statements.

The government-wide statements can be found beginning on page B-1 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Streets special revenue, and Capital Improvements capital projects funds that are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining statements beginning on page D-4.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

The City adopts an annual appropriations budget for all funds. Governmental Accounting Standards Board, Statement 34, requires budgetary information be shown for the General fund and each major special revenue fund. A budgetary comparison statement has been provided for the General and Streets funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found beginning on page B-4 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, solid waste, transfer station, parking, bus, golf course, building, and city-county administration building (CCAB) operations. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet services, copier revolving, property and liability insurance, and health insurance services.

Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, but provide more detail and additional information, such as cash flows. Internal service funds are reflected in either the governmental or the business-type activities depending on which funds benefit primarily from its services. The fleet services fund's assets are consolidated in the government-wide financial statements with the business-type activities. Similarly, the copier revolving, property and liability insurance, and health insurance funds are consolidated with the governmental activities.

The basic proprietary fund financial statements can be found beginning on page B-11 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has one fiduciary fund categorized as an agency fund. The City uses the State Court Trust agency fund to account for amounts collected on behalf of the State of Montana Supreme Court. The State requires the City to impose additional fees on most fines levied and remit them to the Supreme Court to fund their information technology expenditures.

The basic fiduciary fund financial statement can be found on page B-19.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page B-20 of this report.

Other Information. All required supplementary information other than GASB Statements 45 and 68, Other Postemployment Benefits (OPEB) and Pensions schedules precedes the basic financial statements or is included in the basic financial statements and accompanying notes. Therefore, the only information presented in the section for required supplementary information is information demonstrating funding of our OPEB implied rate subsidy and Pensions liabilities beginning on page C-1.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information section. Combining and individual fund statements and schedules can be found beginning on page D-1 of this report. The Tourism Business Improvement District (TBID) consists of two governmental funds. The TBID does not prepare separate financial statements. Therefore, combining statements are included beginning on page H-2

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$276,607,417 at June 30.

The largest portion of the City's net position (\$251,743,307 or 91%) reflects its investment in capital assets (e.g., land, building, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Helena's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position is shown in the following table.

CITY OF HELENA
Net Position

| | Governmental | Governmental | Business-type | Business-type | Total | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | Activities | Activities | Activities | 2016 | 2015 |
| | 2016 | 2015 | 2016 | 2015 | | |
| Current and other assets | \$ 24,940,020 | \$ 23,963,160 | \$ 28,575,157 | \$ 27,582,577 | \$ 53,515,177 | \$ 51,545,737 |
| Capital assets | 132,883,587 | 120,391,200 | 143,392,204 | 137,636,828 | 276,275,791 | 258,028,028 |
| Total assets | <u>157,823,607</u> | <u>144,354,360</u> | <u>171,967,361</u> | <u>165,219,405</u> | <u>329,790,968</u> | <u>309,573,765</u> |
| Deferred outflows of resources | 1,462,313 | 1,311,135 | 429,177 | 407,419 | 1,891,490 | 1,718,554 |
| Long-term liabilities outstanding | 21,683,923 | 21,056,125 | 25,081,572 | 26,005,565 | 46,765,495 | 47,061,690 |
| Other liabilities | 3,503,035 | 2,872,738 | 3,311,617 | 4,260,165 | 6,814,652 | 7,132,903 |
| Total liabilities | <u>25,186,958</u> | <u>23,928,863</u> | <u>28,393,189</u> | <u>30,265,730</u> | <u>53,580,147</u> | <u>54,194,593</u> |
| Deferred inflows of resources | 951,647 | 2,419,030 | 543,247 | 1,344,298 | 1,494,894 | 3,763,328 |
| Net position: | | | | | | |
| Net investment in capital assets | 126,448,587 | 112,997,297 | 125,294,720 | 117,255,708 | 251,743,307 | 230,253,005 |
| Restricted | 12,000,238 | 9,969,118 | 2,773,367 | 2,782,860 | 14,773,605 | 12,751,978 |
| Unrestricted | <u>(5,301,510)</u> | <u>(3,648,813)</u> | <u>15,392,015</u> | <u>13,978,228</u> | <u>10,090,505</u> | <u>10,329,415</u> |
| Total net position | <u>\$ 133,147,315</u> | <u>\$ 119,317,602</u> | <u>\$ 143,460,102</u> | <u>\$ 134,016,796</u> | <u>\$ 276,607,417</u> | <u>\$ 253,334,398</u> |

An additional portion of the City's net position (\$14,773,605 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted (\$10,090,505 or 4%) and may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate business-type activities. The Governmental funds' negative fund balance is because GASB 68 requires the City's estimated portion of the State's pension liability to be reported. The City has paid all required amounts to the pension administrators as required by State law.

The City's net position increased during the current fiscal year by \$23,273,019. The increase is attributed to several factors that are discussed on the following pages.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

CITY OF HELENA
Changes in Net Position

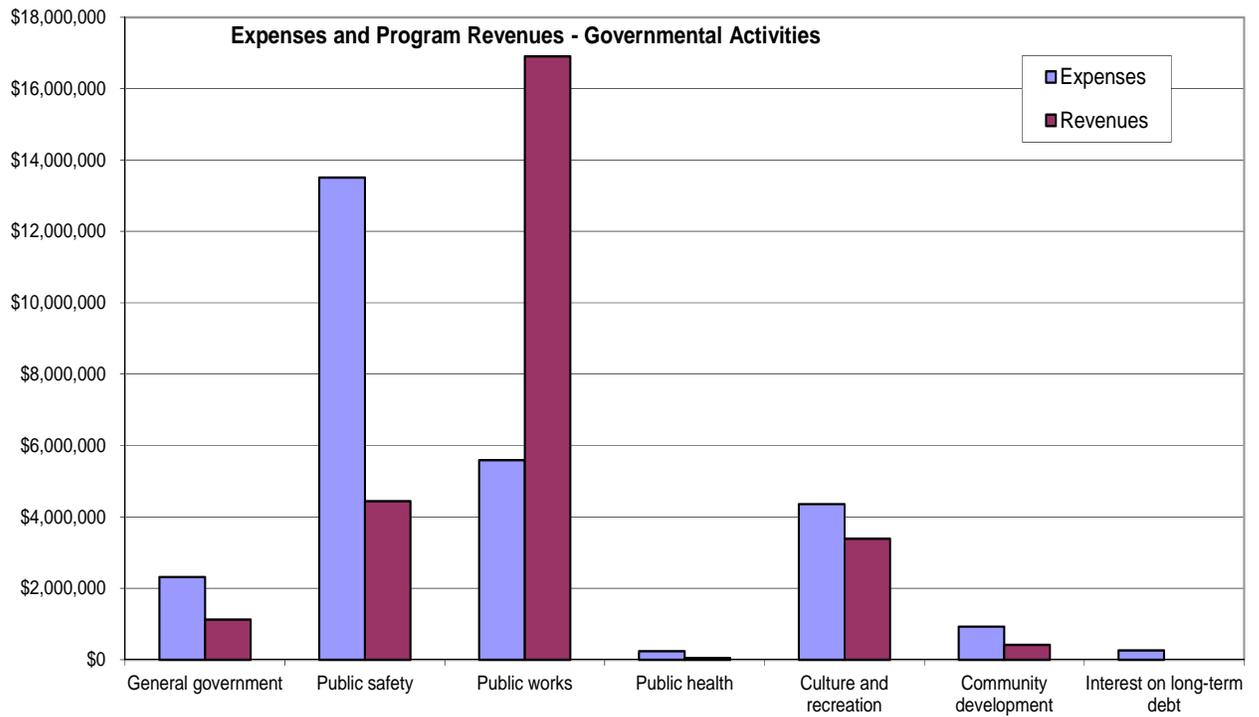
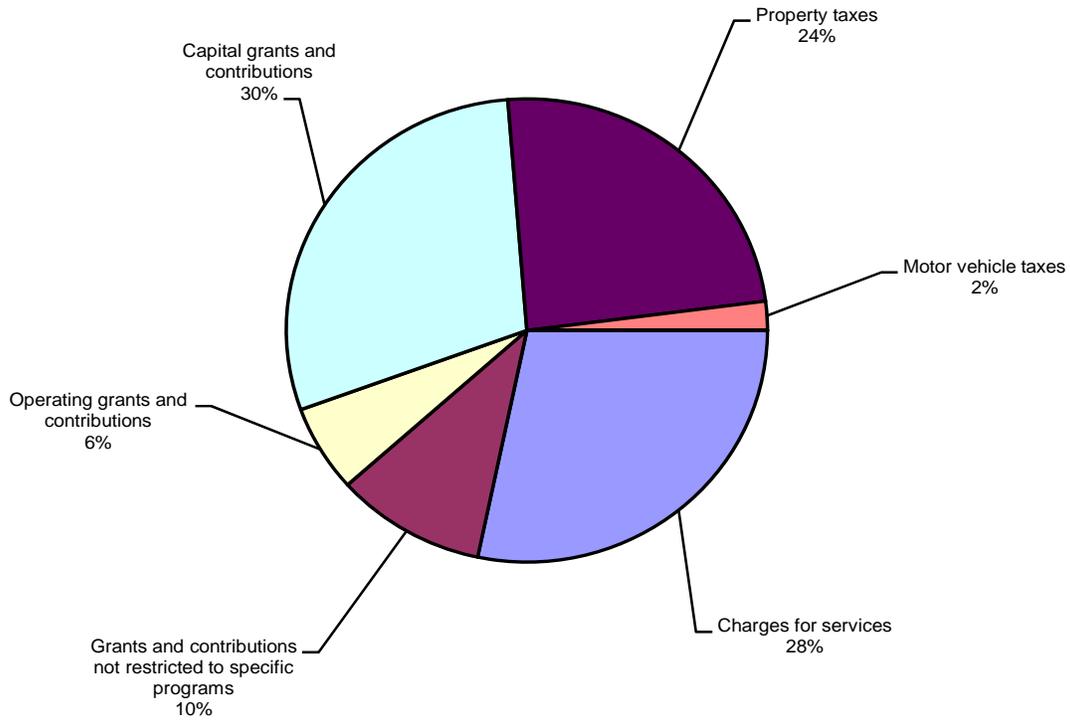
| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,747,382 | \$ 11,486,042 | \$ 22,827,188 | \$ 22,875,485 | \$ 34,574,570 | \$ 34,361,527 |
| Operating grants and contributions | 2,600,111 | 3,593,753 | 1,267,118 | 974,042 | 3,867,229 | 4,567,795 |
| Capital grants and contributions | 11,960,203 | 9,033,942 | 6,519,156 | 4,341,452 | 18,479,359 | 13,375,394 |
| General revenues: | | | | | | |
| Property taxes | 9,939,895 | 9,627,235 | - | - | 9,939,895 | 9,627,235 |
| Motor vehicle taxes | 826,785 | 774,849 | - | - | 826,785 | 774,849 |
| Grants and contributions not restricted to specific programs | 4,259,548 | 4,132,618 | - | - | 4,259,548 | 4,132,618 |
| Other | 91,441 | 59,764 | 99,336 | 49,503 | 190,777 | 109,267 |
| Total revenues | 41,425,365 | 38,708,203 | 30,712,798 | 28,240,482 | 72,138,163 | 66,948,685 |
| Expenses: | | | | | | |
| General government | 2,312,861 | 2,462,445 | - | - | 2,312,861 | 2,462,445 |
| Public safety | 13,509,042 | 13,080,712 | - | - | 13,509,042 | 13,080,712 |
| Public works | 5,589,151 | 6,128,853 | - | - | 5,589,151 | 6,128,853 |
| Public health | 235,321 | 229,590 | - | - | 235,321 | 229,590 |
| Culture and recreation | 4,360,431 | 4,370,730 | - | - | 4,360,431 | 4,370,730 |
| Community development | 927,252 | 896,997 | - | - | 927,252 | 896,997 |
| Interest on long-term debt | 261,594 | 71,187 | - | - | 261,594 | 71,187 |
| Water | - | - | 5,948,722 | 5,682,401 | 5,948,722 | 5,682,401 |
| Wastewater | - | - | 3,840,425 | 3,763,125 | 3,840,425 | 3,763,125 |
| Solid waste | - | - | 2,804,327 | 2,774,054 | 2,804,327 | 2,774,054 |
| Transfer station | - | - | 2,804,491 | 2,884,298 | 2,804,491 | 2,884,298 |
| Parking | - | - | 1,616,030 | 1,774,216 | 1,616,030 | 1,774,216 |
| Bus | - | - | 1,340,154 | 1,340,586 | 1,340,154 | 1,340,586 |
| Golf course | - | - | 1,346,433 | 1,302,066 | 1,346,433 | 1,302,066 |
| Building | - | - | 1,002,634 | 971,308 | 1,002,634 | 971,308 |
| CCAB | - | - | 941,276 | 974,718 | 941,276 | 974,718 |
| Total expenses | 27,195,652 | 27,240,514 | 21,644,492 | 21,466,772 | 48,840,144 | 48,707,286 |
| Change in net position before transfers | 14,229,713 | 11,467,689 | 9,068,306 | 6,773,710 | 23,298,019 | 18,241,399 |
| Transfers | (375,000) | (1,775,194) | 375,000 | 1,775,194 | - | - |
| Special item | (25,000) | - | - | 7,391,153 | (25,000) | 7,391,153 |
| Change in net position | 13,829,713 | 9,692,495 | 9,443,306 | 15,940,057 | 23,273,019 | 25,632,552 |
| Net position - beginning | 119,317,602 | 122,780,352 | 134,016,796 | 124,351,459 | 253,334,398 | 247,131,811 |
| Restatement | - | (13,155,245) | - | (6,274,720) | - | (19,429,965) |
| Net position - ending | \$ 133,147,315 | \$ 119,317,602 | \$ 143,460,102 | \$ 134,016,796 | \$ 276,607,417 | \$ 253,334,398 |

Governmental Activities. Governmental activities in fiscal year 2016 increased the City's net position by \$13,829,713. The key elements of the increase and variances between years are:

- charges for services increased due to 3 percent increases in street maintenance and storm water fees approved for fiscal year 2016,
- capital grants and contributions for a street sweeper, major bathroom renovations at the Grandstreet Theatre, open space donations, and easements of \$10,138,215, and
- the remaining portion represents normal variations in revenues and expenditures.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

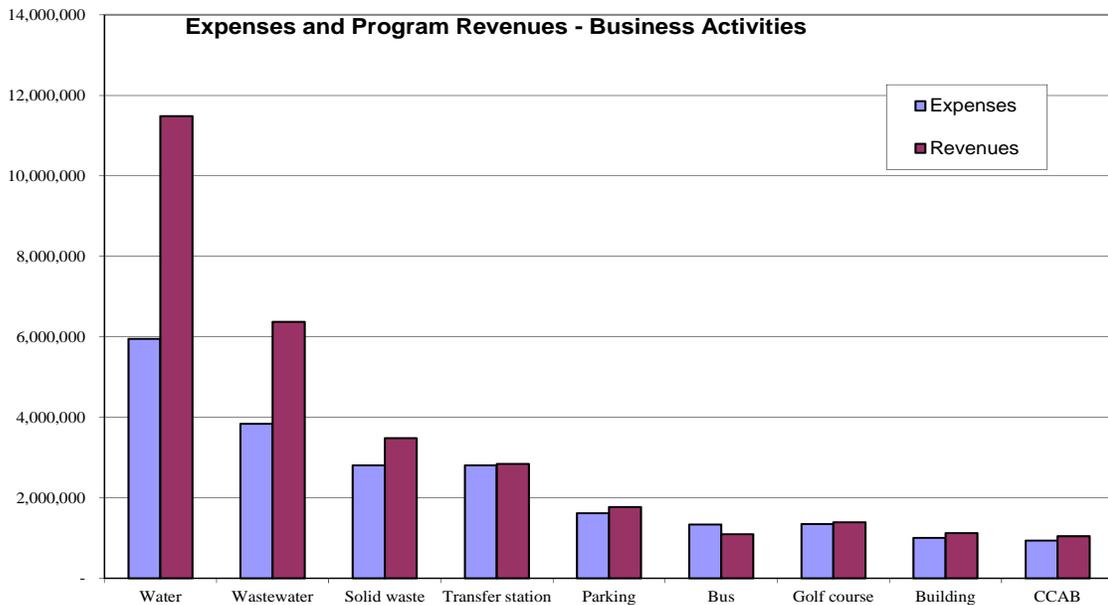
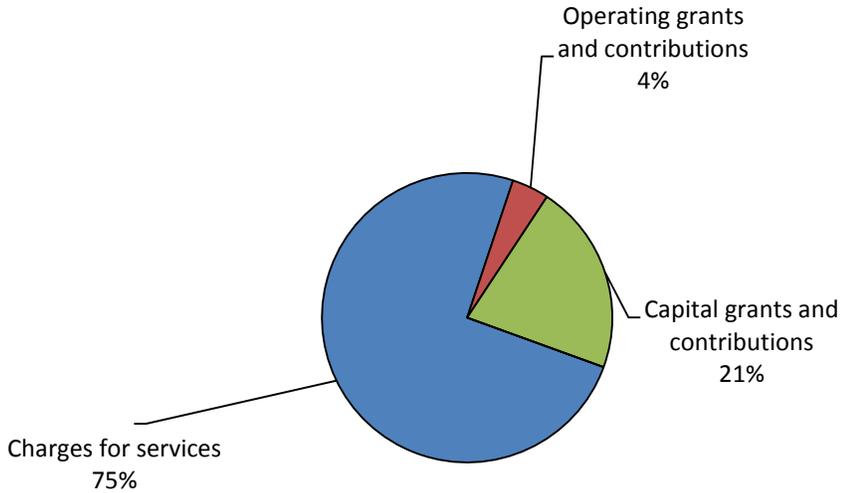
Revenues by Source - Governmental Activities



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

Business-Type Activities. Business-type activities increased the City's net position by \$9,443,306. Key elements of the increase are: increasing water, and wastewater fees 2% each to fund future capital projects; recording donated water and wastewater easements for \$5,465,860; and the remaining portion represents normal variations in revenues versus expenditures.

Revenues by Source - Business Activities



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

Financial Analysis of the City's Funds

Governmental Funds. The focus of the City of Helena's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use of particular purposes by the City Commission.

As of June 30, the City's governmental funds reported combined fund balances of \$21,706,076, an increase of \$362,813 in comparison with the prior year. Approximately 24% of this amount (\$5,154,546) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$406,710), 2) restricted for particular purposes (\$12,000,238), 3) committed for a particular purpose (\$1,595,297), or 4) assigned for particular purposes (\$2,549,285).

The General fund is the chief operating fund of the City. At June 30 unassigned fund balance was \$5,436,164 while total fund balance was \$5,558,573. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.5 percent of total general fund expenditures, while total fund balance represents approximately 39.4 percent of that same amount.

The fund balance decreased \$1,463,657 during the current fiscal year mainly due to transferring excess cash from the General fund. The City received additional tax revenue that had been held in protest that was released in fiscal year 2016 of approximately \$1.6 million. The City transferred a large part of this to the Capital Projects fund for the purchase of a building to house parks maintenance staff and equipment and police storage, fund construction costs of a quiet zone along the railroad tracks, allocate money for nonmotorized projects yet to be determined, and add to capital reserves.

The Streets fund had an ending fund balance of \$5,219,649, an increase of \$899,494 due to capital projects uncompleted at year end, salary and other budget savings, and a 3 percent increase in fee assessments.

The Capital Improvements fund had an ending fund balance of \$3,938,733, an increase of \$901,177 due to capital projects uncompleted at year end. This fund became a major fund as defined by GASB for the first time mainly due to increasing cash reserves by the transfer from the General fund mentioned above and the related capital expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position and the total growth in net position of proprietary funds by fund are:

City's Proprietary Fund Net Position

| | Unrestricted Net Position | % of Unrestricted Net Position | Change In Net Position | % Change In Net Position |
|------------------|------------------------------|--------------------------------------|---------------------------|-----------------------------|
| Water | \$ 9,151,504 | 60% | \$ 5,522,786 | 59% |
| Wastewater | 2,330,260 | 15% | 2,538,300 | 27% |
| Solid waste | 2,428,231 | 16% | 514,047 | 6% |
| Transfer station | 1,035,882 | 7% | 193,688 | 2% |
| Parking | 2,133 | 0% | 145,446 | 2% |
| Other | 211,159 | 2% | 378,748 | 4% |
| Total | <u>\$ 15,159,169</u> | <u>100%</u> | <u>\$ 9,293,015</u> | <u>100%</u> |

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

Major changes in net position of the proprietary funds are attributable to:

- the Water, and Wastewater funds increased rates by 2 percent each during fiscal year 2016 to offset inflation and increase funding levels for capital replacement and maintenance of infrastructure,
- developers contributed \$5,465,860 of water and wastewater easements.

General Fund Budgetary Highlights

Revenue budgets were adjusted by \$90,625 as the Commission approved acceptance of federal and state grants during the fiscal year totaling this amount. Differences between the original expenditure budget and the final amended budget of \$869,411 (including changes to transfers out) were due to:

- reappropriating unspent budget from the prior fiscal year
 - \$4,000 for software,
 - \$2,500 for union arbitration,
 - \$75,000 for a lawsuit settlement,
 - \$7,180 for goods and services not billed at June 30,
 - \$36,750 for incomplete engineering and community development studies,
 - \$131,036 for unspent grants,
- appropriating cash reserves
 - \$500,000 to fund future capital expenditures for General fund departments,
 - \$22,320 to fund legal services, and
- appropriating unanticipated revenues
 - \$90,625 for police, fire, and community development grants.

Actual expenditures and transfers out in the General fund were \$1,640,735 less than budgeted. This was due to vacancy savings in most divisions due to staff turnover, and spending less on supplies, services and materials than anticipated. In addition, 100% (\$167,118) of funds budgeted for contingencies were not needed and remained unspent. As noted in previous years, City staff was directed to keep spending to a minimum due to uncertainty regarding the economy.

Capital Asset and Debt Administration

Capital Assets. The City of Helena's net investment in capital assets for its governmental and business-type activities as of June 30 was \$251,743,307. Capital assets include land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and infrastructure.

Major capital asset events during the current fiscal year include the following:

- vehicles (six police, partial payment for two fire, four parks, three streets, two community facilities, two wastewater, and one each urban forestry, water and bus) were purchased for \$1,577,988 (including equipment & accessories),
- \$75,813 for improvements to parks,
- trail construction totaling \$192,195,
- a building for parks maintenance and police storage for \$1,307,436
- open space land donations were received valuing \$846,000
- improvements to city facilities for \$483,832,
- landfill monitoring improvements were made for \$140,964,
- \$309,010 for street reconstruction and extension,
- water and wastewater plant improvements were made in the amounts of \$1,918,508 and \$305,422, respectively,
- water, wastewater, storm water mains, and manholes were replaced in the amounts of \$316,143, \$786,567, and \$94,278, respectively,

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

- storm water, water and wastewater easements were added in the amount of \$15,632,358, and
- equipment was purchased for various departments totaling \$665,853.

City's Capital Assets
(net of accumulated depreciation)

| | Governmental Activities | Business-type Activities | Totals |
|-----------------------------------|----------------------------|-----------------------------|-----------------------|
| Non-depreciable assets: | | | |
| Land | \$ 83,900,491 | \$ 46,262,074 | \$ 130,162,565 |
| Construction in progress | 2,936,096 | 2,980,527 | 5,916,623 |
| | <u>86,836,587</u> | <u>49,242,601</u> | <u>136,079,188</u> |
| Depreciable assets: | | | |
| Buildings | 3,495,128 | 25,412,867 | 28,907,995 |
| Improvements other than buildings | 11,102,439 | 2,810,845 | 13,913,284 |
| Machinery and equipment | 3,964,078 | 3,956,844 | 7,920,922 |
| Infrastructure | 27,485,355 | 61,969,047 | 89,454,402 |
| | <u>46,047,000</u> | <u>94,149,603</u> | <u>140,196,603</u> |
| Total capital assets | <u>\$ 132,883,587</u> | <u>\$ 143,392,204</u> | <u>\$ 276,275,791</u> |

Additional information on capital assets including commitments for significant capital projects can be found in the notes of the basic financial statements (Notes G and M).

Long-Term Debt. As of June 30, the City had total debt outstanding of \$24,723,839. Of this amount, \$7,270,000 comprises debt backed by the full faith and credit of the government; \$1,078,839 is loans payable; \$110,000 is special assessment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$7,975,000 is certificates of participation secured solely by the 15th Street Parking Garage; and \$8,290,000 is bonds secured solely by specified revenue sources of the water and wastewater funds.

The City's total debt decreased by \$3,061,624 (11 percent) during the current fiscal year. The City issued refunding certificates of participation that were used to retire the 2009 certificates on July 26, 2016, and borrowed \$34,744 from the INTERCAP loan program for improvements to the irrigation system at the golf course.

The City of Helena maintains a "AA" rating from Standard & Poor's on its general obligation bonds and a "AA-" rating on its certificates of participation.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of the total assessed value of taxable property. The current debt limitation for the City is \$84,951,905, which is significantly in excess of the City's outstanding general obligation debt.

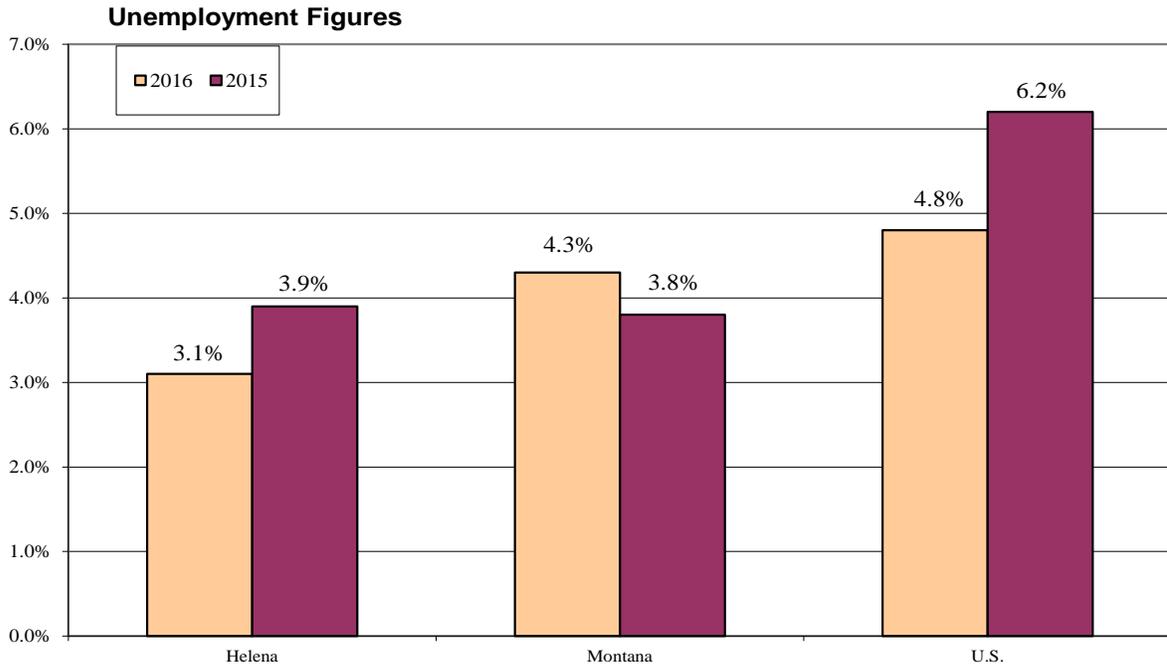
Additional information on long-term debt can be found in the notes of the basic financial statements (Note H).

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016

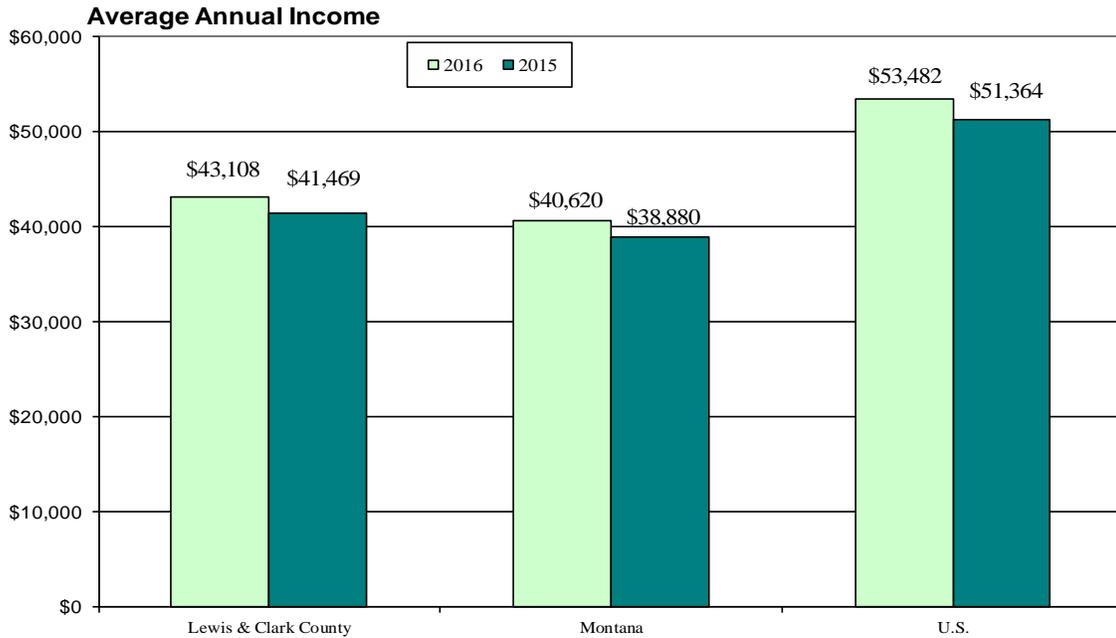
City's Outstanding Debt

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| General obligation bonds | \$ 6,435,000 | \$ 835,000 | \$ 7,270,000 |
| Loans payable | 113,582 | 965,257 | 1,078,839 |
| Special assessment debt with government commitment | 110,000 | - | 110,000 |
| Revenue bonds | - | 8,290,000 | 8,290,000 |
| Certificates of participation | - | 7,975,000 | 7,975,000 |
| Total | <u>\$ 6,658,582</u> | <u>\$ 18,065,257</u> | <u>\$ 24,723,839</u> |

Economic Factors and Next Year's Budgets and Rates (Some factors for the City are unavailable. In these instances factors for Lewis & Clark County have been used. Source: U.S. Department of Labor and Industry.)



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2016



The City Commission approved rate increases for fiscal year 2017 in several funds to maintain or increase reserves to finance their respective Comprehensive Capital Improvement Programs. The City was able to reduce the fees for two funds due to healthy reserves. The approximate increase (decrease) for each service is:

| | <u>Average Rate Increase</u> | |
|-------------------------|----------------------------------|------------------------|
| Governmental: | | |
| Streets | 7.0/10.6 % | residential/commercial |
| Storm water | 10/18.11 % | residential/commercial |
| Proprietary: | | |
| Water | 7.00 % | |
| Wastewater | 5.89 % | |
| Residential solid waste | (5.00) % | |
| Transfer station | (2.02) % | |

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Helena, Department of Administration, 316 North Park Avenue, Helena, MT 59623.

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Section B

BASIC FINANCIAL STATEMENTS

City of Helena, Montana
STATEMENT OF NET POSITION
June 30, 2016

| | Primary Government | | | Component Units | |
|---|----------------------------|-----------------------------|-----------------------|-------------------------------------|--|
| | Governmental Activities | Business-type Activities | Total | Governmental Type | |
| | | | | Business Improvement District | Tourism Business Improvement District |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 19,268,483 | \$ 17,394,366 | \$ 36,662,849 | \$ 125,292 | \$ 174,929 |
| Certificates of deposits | 2,907,155 | 2,613,333 | 5,520,488 | - | - |
| Receivables (net of allowance for uncollectibles) | 1,031,100 | 2,357,140 | 3,388,240 | 15,357 | 30,185 |
| Loans receivable | 1,018,927 | 15,803 | 1,034,730 | - | - |
| Internal balances | (320,762) | 320,762 | - | - | - |
| Inventories | 406,710 | 924,525 | 1,331,235 | - | - |
| Temporarily restricted assets: | | | | | |
| Cash and cash equivalents | 5,500 | 1,938,367 | 1,943,867 | - | - |
| Cash with fiscal agent | - | 1,193,387 | 1,193,387 | - | - |
| Intergovernmental receivable | 622,907 | 1,817,474 | 2,440,381 | - | - |
| Capital assets (net of accumulated depreciation): | | | | | |
| Nondepreciable | 86,836,587 | 49,242,601 | 136,079,188 | - | - |
| Depreciable | 46,047,000 | 94,149,603 | 140,196,603 | 10,623 | 974 |
| Total assets | <u>157,823,607</u> | <u>171,967,361</u> | <u>329,790,968</u> | <u>151,272</u> | <u>206,088</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension contributions subsequent to measurement date | 1,335,034 | 417,802 | 1,752,836 | - | - |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 127,279 | 11,375 | 138,654 | - | - |
| Total deferred outflows of resources | <u>1,462,313</u> | <u>429,177</u> | <u>1,891,490</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Accounts payable and other current liabilities | 1,466,908 | 866,262 | 2,333,170 | 6,198 | 15,313 |
| Accrued interest | 127,482 | 297,040 | 424,522 | - | - |
| Unearned grant revenue | 67,016 | - | 67,016 | - | - |
| Noncurrent liabilities: | | | | | |
| Due within one year: | | | | | |
| Compensated absences | 1,120,047 | 409,842 | 1,529,889 | 1,678 | 4,771 |
| Loans | 36,582 | 220,951 | 257,533 | - | - |
| General obligation bonds | 685,000 | 75,000 | 760,000 | - | - |
| Certificates of participation | - | 205,000 | 205,000 | - | - |
| Revenue bonds | - | 1,121,000 | 1,121,000 | - | - |
| Landfill postclosure costs | - | 116,522 | 116,522 | - | - |
| Due in more than one year: | | | | | |
| Compensated absences | 880,038 | 322,019 | 1,202,057 | 1,549 | 4,404 |
| Loans | 77,000 | 744,306 | 821,306 | - | - |
| General obligation bonds | 5,750,000 | 760,000 | 6,510,000 | - | - |
| Special assessment debt with government commitment | 110,000 | - | 110,000 | - | - |
| Certificates of participation | - | 7,770,000 | 7,770,000 | - | - |
| Revenue bonds | - | 7,169,000 | 7,169,000 | - | - |
| Landfill postclosure costs | - | 1,468,177 | 1,468,177 | - | - |
| Net pension liability | 12,779,503 | 5,838,232 | 18,617,735 | - | - |
| Other postemployment benefits | 2,087,382 | 1,009,838 | 3,097,220 | - | - |
| Total liabilities | <u>25,186,958</u> | <u>28,393,189</u> | <u>53,580,147</u> | <u>9,425</u> | <u>24,488</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Difference between projected and actual earnings | 854,618 | 494,270 | 1,348,888 | - | - |
| Difference between expected and actual experience | 80,523 | 35,322 | 115,845 | - | - |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 16,506 | 13,655 | 30,161 | - | - |
| Total deferred inflows of resources | <u>951,647</u> | <u>543,247</u> | <u>1,494,894</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 126,448,587 | 125,294,720 | 251,743,307 | 10,623 | 974 |
| Restricted for: | | | | | |
| for the year ended June 30, 2016 | 1,276,299 | - | 1,276,299 | - | - |
| Public works | 7,503,145 | - | 7,503,145 | - | - |
| Culture and recreation | 57,264 | - | 57,264 | - | - |
| Community development | 570,999 | - | 570,999 | - | - |
| Special improvement districts | 1,184,412 | - | 1,184,412 | - | - |
| Debt service | 1,408,119 | 2,773,367 | 4,181,486 | - | - |
| Unrestricted | (5,301,510) | 15,392,015 | 10,090,505 | 131,224 | 180,626 |
| Total net position | <u>\$ 133,147,315</u> | <u>\$ 143,460,102</u> | <u>\$ 276,607,417</u> | <u>\$ 141,847</u> | <u>\$ 181,600</u> |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

(1 of 2)

| Functions/Programs | Program Revenues | | | |
|---------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,312,861 | \$ 933,136 | \$ - | \$ 185,432 |
| Public safety | 13,509,042 | 2,438,728 | 1,968,506 | 32,418 |
| Public works | 5,589,151 | 5,374,585 | 631,605 | 10,896,353 |
| Public health | 235,321 | 42,505 | - | - |
| Culture and recreation | 4,360,431 | 2,544,201 | - | 846,000 |
| Community development | 927,252 | 414,227 | - | - |
| Interest on long-term debt | 261,594 | - | - | - |
| Total governmental activities | 27,195,652 | 11,747,382 | 2,600,111 | 11,960,203 |
| Business-type activities: | | | | |
| Water | 5,948,722 | 6,857,902 | 118,515 | 4,512,237 |
| Wastewater | 3,840,425 | 4,422,625 | 23,021 | 1,929,163 |
| Solid waste | 2,804,327 | 3,471,427 | 12,634 | - |
| Transfer station | 2,804,491 | 2,636,743 | 205,246 | - |
| Parking | 1,616,030 | 1,763,047 | 8,869 | - |
| Bus | 1,340,154 | 146,952 | 867,514 | 77,756 |
| Golf course | 1,346,433 | 1,379,110 | 10,026 | - |
| Building | 1,002,634 | 1,109,125 | 14,055 | - |
| City-County administration building | 941,276 | 1,040,257 | 7,238 | - |
| Total business-type activities | 21,644,492 | 22,827,188 | 1,267,118 | 6,519,156 |
| Total primary government | \$ 48,840,144 | \$ 34,574,570 | \$ 3,867,229 | \$ 18,479,359 |
| Component units | | | | |
| Business improvement district | 387,238 | 392,160 | - | - |
| Tourism business improvement district | 373,004 | 333,861 | - | - |
| | \$ 760,242 | \$ 726,021 | \$ - | \$ - |

General revenues:

Property taxes
Motor vehicle taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on the sale of capital assets

Transfers

Special Item: Loan forgiveness
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

The notes to the financial statements are an integral part of this statement.

(2 of 2)

| Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|--|-----------------------------|-----------------------|-------------------------------------|--|
| Primary Government | | | Governmental Type | |
| Governmental Activities | Business-type Activities | Total | Business Improvement District | Tourism Business Improvement District |
| \$ (1,194,293) | \$ - | \$ (1,194,293) | | |
| (9,069,390) | - | (9,069,390) | | |
| 11,313,392 | - | 11,313,392 | | |
| (192,816) | - | (192,816) | | |
| (970,230) | - | (970,230) | | |
| (513,025) | - | (513,025) | | |
| (261,594) | - | (261,594) | | |
| <u>(887,956)</u> | <u>-</u> | <u>(887,956)</u> | | |
| - | 5,539,932 | 5,539,932 | | |
| - | 2,534,384 | 2,534,384 | | |
| - | 679,734 | 679,734 | | |
| - | 37,498 | 37,498 | | |
| - | 155,886 | 155,886 | | |
| - | (247,932) | (247,932) | | |
| - | 42,703 | 42,703 | | |
| - | 120,546 | 120,546 | | |
| - | 106,219 | 106,219 | | |
| - | <u>8,968,970</u> | <u>8,968,970</u> | | |
| <u>\$ (887,956)</u> | <u>\$ 8,968,970</u> | <u>\$ 8,081,014</u> | | |
| | | | \$ 4,922 | |
| | | | <u>-</u> | \$ (39,143) |
| | | | <u>\$ 4,922</u> | <u>\$ (39,143)</u> |
| \$ 9,939,895 | \$ - | \$ 9,939,895 | \$ - | \$ - |
| 826,785 | - | 826,785 | - | - |
| 4,259,548 | - | 4,259,548 | - | - |
| 91,441 | 81,993 | 173,434 | 238 | 167 |
| - | 17,343 | 17,343 | - | - |
| (375,000) | 375,000 | - | - | - |
| (25,000) | - | (25,000) | - | - |
| <u>14,717,669</u> | <u>474,336</u> | <u>15,192,005</u> | <u>238</u> | <u>167</u> |
| <u>13,829,713</u> | <u>9,443,306</u> | <u>23,273,019</u> | <u>5,160</u> | <u>(38,976)</u> |
| <u>119,317,602</u> | <u>134,016,796</u> | <u>253,334,398</u> | <u>136,687</u> | <u>220,576</u> |
| <u>\$ 133,147,315</u> | <u>\$ 143,460,102</u> | <u>\$ 276,607,417</u> | <u>\$ 141,847</u> | <u>\$ 181,600</u> |

City of Helena, Montana
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

| | General | Special Revenue Streets | Capital Projects Capital Improvements | Other Governmental | Total Governmental |
|---|---------------------|-------------------------------|--|-----------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,751,119 | \$ 4,212,344 | \$ 2,830,586 | \$ 5,836,683 | \$ 17,630,732 |
| Certificates of deposit | 714,220 | 633,227 | 425,512 | 887,998 | 2,660,957 |
| Receivables (net of allowance for uncollectibles) | 624,296 | 93,123 | - | 313,681 | 1,031,100 |
| Loans receivable | - | - | 399,716 | 619,211 | 1,018,927 |
| Due from other funds | 195,629 | - | - | - | 195,629 |
| Inventory | 12,663 | 394,047 | - | - | 406,710 |
| Advances to other funds | - | - | 56,052 | - | 56,052 |
| Restricted assets: | | | | | |
| Cash - bond accounts | - | - | - | 5,500 | 5,500 |
| Intergovernmental receivable | 83,862 | - | 451,505 | 87,540 | 622,907 |
| Total assets | <u>6,381,789</u> | <u>5,332,741</u> | <u>4,163,371</u> | <u>7,750,613</u> | <u>23,628,514</u> |
| LIABILITIES | | | | | |
| Accounts payable | 670,154 | 103,943 | 224,638 | 374,787 | 1,373,522 |
| Due to other funds | - | - | - | 195,629 | 195,629 |
| Unearned grant revenue | 67,016 | - | - | - | 67,016 |
| Total liabilities | <u>737,170</u> | <u>103,943</u> | <u>224,638</u> | <u>570,416</u> | <u>1,636,167</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 86,046 | 9,149 | - | 191,076 | 286,271 |
| Total deferred inflows of resources | <u>86,046</u> | <u>9,149</u> | <u>-</u> | <u>191,076</u> | <u>286,271</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable - not in spendable form | 12,663 | 394,047 | - | - | 406,710 |
| Restricted | 62,473 | 4,825,602 | 1,472,905 | 5,639,258 | 12,000,238 |
| Committed | 42,273 | - | - | 1,553,024 | 1,595,297 |
| Assigned | 5,000 | - | 2,465,828 | 78,457 | 2,549,285 |
| Unassigned | 5,436,164 | - | - | (281,618) | 5,154,546 |
| Total fund balances (deficits) | <u>5,558,573</u> | <u>5,219,649</u> | <u>3,938,733</u> | <u>6,989,121</u> | <u>21,706,076</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 6,381,789</u> | <u>\$ 5,332,741</u> | <u>\$ 4,163,371</u> | <u>\$ 7,750,613</u> | <u>\$ 23,628,514</u> |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

| | | |
|---|---------------------|------------------------------|
| Total ending fund balance | | \$ 21,706,076 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Land and construction in progress | 86,836,587 | |
| Buildings, improvements, and equipment (net) | 18,541,527 | |
| Infrastructure (net) | <u>27,485,355</u> | 132,863,469 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | | |
| | | 286,271 |
| Internal service funds are used by management to charge the costs of the copier revolving and insurance funds to individual funds. The assets and liabilities of these internal service funds are included in the governmental activities in the statement of net position. | | |
| | | 1,433,867 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Accrued interest | (127,482) | |
| Loans payable | (113,582) | |
| Bonds payable | (6,435,000) | |
| Special assessment debt with government commitment | (110,000) | |
| Compensated absences | (2,000,085) | |
| Other postemployment benefits | (2,087,382) | |
| Net pension liability | <u>(12,779,503)</u> | (23,653,034) |
| Deferred inflows and outflows related to pension liabilities which are not payable or receivable in the current period, are therefore not reported in the funds. | | |
| Deferred outflows | 1,462,313 | |
| Deferred inflows | <u>(951,647)</u> | 510,666 |
| Net position of governmental activities | | <u>\$ 133,147,315</u> |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2016

| | <u>General</u> | <u>Special Revenue Streets</u> | <u>Capital Projects Capital Improvements</u> | <u>Other Governmental</u> | <u>Total Governmental</u> |
|--|----------------------------|--|--|-------------------------------|-------------------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | \$ 9,058,773 | \$ - | \$ - | \$ 865,048 | \$ 9,923,821 |
| Motor vehicle | 826,785 | - | - | - | 826,785 |
| Penalties and interest | 15,218 | - | - | 1,691 | 16,909 |
| Special assessments | - | 3,396,150 | 87 | 2,515,149 | 5,911,386 |
| Licenses and permits | 593,570 | - | 28,645 | 16,035 | 638,250 |
| Intergovernmental | 4,560,388 | 499,992 | 509,202 | 2,392,375 | 7,961,957 |
| Charges for services | 620,499 | 35,045 | 21,112 | 1,386,496 | 2,063,152 |
| Fines | 582,080 | - | - | 3,321 | 585,401 |
| Investment earnings | 33,803 | 14,551 | 13,291 | 29,796 | 91,441 |
| Contributions and donations | 22,938 | - | - | - | 22,938 |
| Miscellaneous | 36,669 | 1,558 | 308,138 | 358,122 | 704,487 |
| Total revenues | <u>16,350,723</u> | <u>3,947,296</u> | <u>880,475</u> | <u>7,568,033</u> | <u>28,746,527</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,370,870 | - | - | 779,521 | 2,150,391 |
| Public safety | 9,917,105 | - | 4,092 | 1,801,513 | 11,722,710 |
| Public works | 197,088 | 2,620,679 | - | 1,765,685 | 4,583,452 |
| Public health | 236,745 | - | - | - | 236,745 |
| Culture and recreation | 1,822,824 | - | 14,910 | 1,817,850 | 3,655,584 |
| Community development | 532,822 | - | - | 401,787 | 934,609 |
| Debt service: | | | | | |
| Principal | - | - | - | 735,321 | 735,321 |
| Interest | - | - | - | 274,926 | 274,926 |
| Capital outlay | 27,840 | 427,973 | 2,638,281 | 584,023 | 3,678,117 |
| Total expenditures | <u>14,105,294</u> | <u>3,048,652</u> | <u>2,657,283</u> | <u>8,160,626</u> | <u>27,971,855</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,245,429</u> | <u>898,644</u> | <u>(1,776,808)</u> | <u>(592,593)</u> | <u>774,672</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | (12,709) | 850 | - | - | (11,859) |
| Transfers in | 163,839 | - | 2,877,985 | 847,231 | 3,889,055 |
| Transfers out | (3,860,216) | - | (200,000) | (203,839) | (4,264,055) |
| Total other financing sources and uses | <u>(3,709,086)</u> | <u>850</u> | <u>2,677,985</u> | <u>643,392</u> | <u>(386,859)</u> |
| SPECIAL ITEM | | | | | |
| Loan forgiveness | - | - | - | (25,000) | (25,000) |
| Net change in fund balances | <u>(1,463,657)</u> | <u>899,494</u> | <u>901,177</u> | <u>25,799</u> | <u>362,813</u> |
| Fund balances - beginning | 7,022,230 | 4,320,155 | 3,037,556 | 6,963,322 | 21,343,263 |
| Fund balances - ending | <u>\$ 5,558,573</u> | <u>\$ 5,219,649</u> | <u>\$ 3,938,733</u> | <u>\$ 6,989,121</u> | <u>\$ 21,706,076</u> |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|---|-----------|-------------------|
| Net change in fund balances - total governmental funds | \$ | 362,813 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other changes in the current period.</p> | | |
| Capital asset purchases capitalized | | 3,678,117 |
| Depreciation expense | | (2,334,833) |
| Loss on disposal of assets | | (212,451) |
| | | 1,130,833 |
| <p>Donations of capital assets or transfers of capital assets to other funds or other governments affects net assets in the statement of activities, but these transactions do not appear in the governmental funds because they are not financial resources.</p> | | |
| | | 11,357,201 |
| <p>Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.</p> | | |
| Long-term receivables | | (96,883) |
| Pension contributions from state | | 1,418,520 |
| | | 1,321,637 |
| <p>The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the difference in the treatment of long-term debt.</p> | | |
| Principal payments | | 735,321 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Compensated absences | | (73,163) |
| Compensated absences - terminated employees | | (21,398) |
| Other postemployment benefits | | (216,682) |
| Pension accruals | | (969,734) |
| Accrued interest | | 13,332 |
| | | (1,267,645) |
| <p>Internal service funds are used by management to charge the costs of copier revolving and insurance activities to individual funds.</p> | | |
| | | 189,553 |
| Change in net position of governmental activities | \$ | 13,829,713 |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGET BASIS)

For the year ended June 30, 2016

(1 of 2)

| | General | | | Variance with Final Budget - Positive (Negative) |
|---------------------------------|------------------|--------------|-------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 9,043,548 | \$ 9,043,548 | \$ 9,022,091 | \$ (21,457) |
| Motor vehicle taxes | 702,000 | 702,000 | 826,785 | 124,785 |
| Penalties and interest | 22,000 | 22,000 | 15,218 | (6,782) |
| Licenses and permits: | | | | |
| Alcoholic beverages | 50,500 | 50,500 | 53,746 | 3,246 |
| General business | 499,100 | 499,100 | 500,379 | 1,279 |
| Animal licenses | 34,000 | 34,000 | 34,945 | 945 |
| Other permits | 4,200 | 4,200 | 4,500 | 300 |
| Intergovernmental: | | | | |
| Federal grants | 238,654 | 289,674 | 274,986 | (14,688) |
| State grants | - | 54,167 | 54,167 | - |
| State shared revenues | 4,150,250 | 4,150,250 | 4,149,504 | (746) |
| Other governments | 77,500 | 94,608 | 97,819 | 3,211 |
| Local payments in lieu of taxes | - | - | 10,580 | 10,580 |
| Charges for services: | | | | |
| Public safety | 422,000 | 422,000 | 398,903 | (23,097) |
| Public works | 1,000 | 1,000 | 1,000 | - |
| Public health | 4,000 | 4,000 | 5,140 | 1,140 |
| Culture and recreation | 186,375 | 186,375 | 211,526 | 25,151 |
| Community development | 5,190 | 5,190 | 3,930 | (1,260) |
| Fines - city court | 688,300 | 688,300 | 582,080 | (106,220) |
| Investment earnings | 4,000 | 4,000 | 25,974 | 21,974 |
| Interfund reimbursements | 3,162,307 | 3,162,307 | 3,162,308 | 1 |
| Contributions and donations | 43,470 | 43,470 | 22,938 | (20,532) |
| Miscellaneous | 21,500 | 21,500 | 36,669 | 15,169 |
| Total revenues | 19,359,894 | 19,482,189 | 19,495,188 | 12,999 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative | | | | |
| Personal services | 262,099 | 262,099 | 253,375 | 8,724 |
| Supplies/services/materials | 222,490 | 224,990 | 108,005 | 116,985 |
| Executive | | | | |
| Personal services | 257,126 | 257,126 | 255,166 | 1,960 |
| Supplies/services/materials | 284,857 | 368,475 | 88,623 | 279,852 |
| Judicial | | | | |
| Personal services | 417,617 | 417,617 | 396,033 | 21,584 |
| Supplies/services/materials | 90,377 | 90,377 | 82,927 | 7,450 |
| Administrative services | | | | |
| Personal services | 294,899 | 324,899 | 296,087 | 28,812 |
| Supplies/services/materials | 117,910 | 117,910 | 117,593 | 317 |
| Financial services | | | | |
| Personal services | 561,232 | 531,232 | 467,855 | 63,377 |
| Supplies/services/materials | 289,034 | 291,163 | 273,891 | 17,272 |
| Human resources | | | | |
| Personal services | 351,385 | 351,385 | 353,444 | (2,059) |
| Supplies/services/materials | 98,873 | 100,473 | 92,671 | 7,802 |
| Legal services | | | | |
| Personal services | 454,096 | 454,096 | 453,419 | 677 |
| Supplies/services/materials | 126,455 | 148,775 | 145,533 | 3,242 |
| Total general government | \$ 3,828,450 | \$ 3,940,617 | \$ 3,384,622 | \$ 555,995 |

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGET BASIS)

For the year ended June 30, 2016

(2 of 2)

| | General | | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|-----------------------|-----------------------|---------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| EXPENDITURES, continued | | | | |
| Public safety: | | | | |
| Law enforcement and judicial | | | | |
| Personal services | \$ 5,174,130 | \$ 5,169,430 | \$ 5,027,596 | \$ 141,834 |
| Supplies/services/materials | 1,034,411 | 1,044,161 | 836,110 | 208,051 |
| Fire protection | | | | |
| Personal services | 3,521,447 | 3,565,614 | 3,440,754 | 124,860 |
| Supplies/services/materials | 598,579 | 715,001 | 563,436 | 151,565 |
| Total public safety | <u>10,328,567</u> | <u>10,494,206</u> | <u>9,867,896</u> | <u>626,310</u> |
| Public works: | | | | |
| Public works administration | | | | |
| Personal services | 1,032,908 | 1,034,883 | 1,022,828 | 12,055 |
| Supplies/services/materials | 212,753 | 218,778 | 211,013 | 7,765 |
| Streets | | | | |
| Supplies/services/materials | 31,390 | 31,390 | 30,497 | 893 |
| Total public works | <u>1,277,051</u> | <u>1,285,051</u> | <u>1,264,338</u> | <u>20,713</u> |
| Public health: | | | | |
| Animal control | | | | |
| Personal services | 146,507 | 151,207 | 148,712 | 2,495 |
| Supplies/services/materials | 97,555 | 97,555 | 87,017 | 10,538 |
| Total public health | <u>244,062</u> | <u>248,762</u> | <u>235,729</u> | <u>13,033</u> |
| Culture and recreation: | | | | |
| Parks | | | | |
| Personal services | 1,348,754 | 1,343,754 | 1,057,677 | 286,077 |
| Supplies/services/materials | 894,921 | 899,921 | 813,839 | 86,082 |
| Total culture and recreation | <u>2,243,675</u> | <u>2,243,675</u> | <u>1,871,516</u> | <u>372,159</u> |
| Community development | | | | |
| Administration and planning | | | | |
| Personal services | 398,711 | 398,711 | 366,149 | 32,562 |
| Supplies/services/materials | 102,825 | 181,730 | 161,771 | 19,959 |
| Total community development | <u>501,536</u> | <u>580,441</u> | <u>527,920</u> | <u>52,521</u> |
| Total expenditures | <u>18,423,341</u> | <u>18,792,752</u> | <u>17,152,021</u> | <u>1,640,731</u> |
| Revenues over (under) expenditures | <u>936,553</u> | <u>689,437</u> | <u>2,343,167</u> | <u>1,653,730</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 9,000 | 9,000 | 41,400 | 32,400 |
| Transfers in | 61,876 | 61,876 | 163,839 | 101,963 |
| Transfers out | (3,360,220) | (3,860,220) | (3,860,216) | 4 |
| Total other financing sources (uses) | <u>(3,289,344)</u> | <u>(3,789,344)</u> | <u>(3,654,977)</u> | <u>134,367</u> |
| Net change in fund balances | <u>\$ (2,352,791)</u> | <u>\$ (3,099,907)</u> | <u>(1,311,810)</u> | <u>\$ 1,788,097</u> |
| Fund balances - beginning | | | 6,869,390 | |
| Fund balances - ending | | | <u>\$ 5,557,580</u> | |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGET BASIS)
For the year ended June 30, 2016

| | Streets | | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|----------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$ 3,266,700 | \$ 3,266,700 | \$ 3,367,903 | \$ 101,203 |
| Intergovernmental | | | | |
| Federal grants | - | - | 7,500 | 7,500 |
| State shared | 554,500 | 554,500 | 555,875 | 1,375 |
| Charges for services - public works | 40,000 | 40,000 | 35,045 | (4,955) |
| Investment earnings | 2,700 | 2,700 | 14,551 | 11,851 |
| Miscellaneous | 5,000 | 5,000 | 1,558 | (3,442) |
| Total revenue | <u>3,868,900</u> | <u>3,868,900</u> | <u>3,982,432</u> | <u>113,532</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | | | | |
| Personal services | 1,279,256 | 1,279,256 | 1,184,756 | 94,500 |
| Supplies/services/materials | 2,192,606 | 2,692,193 | 1,535,956 | 1,156,237 |
| Capital outlay | 433,797 | 1,847,539 | 437,591 | 1,409,948 |
| Total expenditures | <u>3,905,659</u> | <u>5,818,988</u> | <u>3,158,303</u> | <u>2,660,685</u> |
| Revenues over (under) expenditures | <u>(36,759)</u> | <u>(1,950,088)</u> | <u>824,129</u> | <u>2,774,217</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 5,000 | 5,000 | 850 | (4,150) |
| Net change in fund balances | <u>\$ (31,759)</u> | <u>\$ (1,945,088)</u> | <u>824,979</u> | <u>\$ 2,770,067</u> |
| Fund balances - beginning | | | 4,005,547 | |
| Fund balances - ending | | | <u><u>\$ 4,830,526</u></u> | |

The notes to the financial statements are an integral part of this statement.

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City of Helena, Montana
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

(1 of 2)

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------|---------------------|
| | Water | Wastewater | Solid Waste |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,516,825 | \$ 2,796,730 | \$ 3,870,342 |
| Certificates of deposit | 979,652 | 420,423 | 581,815 |
| Receivables (net of allowance for uncollectibles) | 1,577,257 | 428,491 | 162,835 |
| Loans receivable | - | - | - |
| Inventories | 492,466 | 118,017 | 75,482 |
| Restricted assets: | | | |
| Cash-revenue bond accounts | 783,747 | 1,154,620 | - |
| Cash with fiscal agent | - | - | - |
| Intergovernmental receivable | 1,627,973 | - | - |
| Total current assets | <u>11,977,920</u> | <u>4,918,281</u> | <u>4,690,474</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 25,275,712 | 17,668,325 | 37,170 |
| Buildings and system | 6,234,062 | 12,648,968 | 518,737 |
| Improvements other than buildings | 1,439,685 | 312,395 | - |
| Machinery and equipment | 2,874,862 | 1,920,913 | 2,215,699 |
| Infrastructure | 120,018,383 | 56,531,977 | - |
| Construction in progress | 2,013,066 | 809,654 | 148,287 |
| Less accumulated depreciation | <u>(85,579,708)</u> | <u>(43,842,895)</u> | <u>(1,963,885)</u> |
| Total noncurrent assets | <u>72,276,062</u> | <u>46,049,337</u> | <u>956,008</u> |
| Total assets | <u>84,253,982</u> | <u>50,967,618</u> | <u>5,646,482</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension contributions subsequent to measurement date | 93,089 | 66,533 | 34,501 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 2,534 | 1,811 | 939 |
| Total deferred outflows of resources | <u>95,623</u> | <u>68,344</u> | <u>35,440</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 196,124 | 157,227 | 55,833 |
| Customer deposits | 97,064 | - | - |
| Accrued interest | 48,375 | 39,900 | - |
| Compensated absences | 99,606 | 81,064 | 29,167 |
| Loans | - | - | - |
| General obligation bonds | - | - | - |
| Certificates of participation | - | - | - |
| Revenue bonds | 428,000 | 693,000 | - |
| Advances from other funds | - | - | - |
| Landfill postclosure costs | - | - | 116,522 |
| Total current liabilities | <u>869,169</u> | <u>971,191</u> | <u>201,522</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 78,262 | 63,692 | 22,917 |
| Loans | - | - | - |
| General obligation bonds | - | - | - |
| Certificates of participation | - | - | - |
| Revenue bonds | 3,872,000 | 3,297,000 | - |
| Advances from other funds | - | - | - |
| Landfill postclosure costs | - | - | 1,468,177 |
| Net pension liability | 1,300,791 | 929,703 | 482,108 |
| Other postemployment benefits | 197,032 | 143,650 | 78,098 |
| Total noncurrent liabilities | <u>5,448,085</u> | <u>4,434,045</u> | <u>2,051,300</u> |
| Total liabilities | <u>6,317,254</u> | <u>5,405,236</u> | <u>2,252,822</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Differences between projected and actual earnings | 110,126 | 78,709 | 40,816 |
| Difference between expected and actual experience | 7,870 | 5,625 | 2,917 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 3,042 | 2,175 | 1,128 |
| Total deferred inflows of resources | <u>121,038</u> | <u>86,509</u> | <u>44,861</u> |
| NET POSITION | | | |
| Net investment in capital assets | 67,976,062 | 42,059,337 | 956,008 |
| Restricted for: | | | |
| Revenue bond accounts | 783,747 | 1,154,620 | - |
| Unrestricted | 9,151,504 | 2,330,260 | 2,428,231 |
| Total net position | <u>\$77,911,313</u> | <u>\$45,544,217</u> | <u>\$ 3,384,239</u> |
| Adjustment to reflect the consolidation of fleet services internal service fund activities related to enterprise funds. | | | |
| Net position of business-type activities | | | |

The notes to the financial statements are an integral part of this statement.

(2 of 2)

| Transfer Station | Parking | Other | Totals | Internal Service |
|---------------------|---------------------|---------------------|-----------------------|---------------------|
| \$ 1,591,977 | \$ 289,534 | \$ 2,076,105 | \$ 17,141,513 | \$ 1,890,604 |
| 239,317 | 43,525 | 310,591 | 2,575,323 | 284,208 |
| 124,935 | - | 63,622 | 2,357,140 | - |
| - | 15,803 | - | 15,803 | - |
| - | 15,126 | 158,840 | 859,931 | 64,594 |
| - | - | - | 1,938,367 | - |
| - | 1,193,387 | - | 1,193,387 | - |
| - | - | 189,501 | 1,817,474 | - |
| <u>1,956,229</u> | <u>1,557,375</u> | <u>2,798,659</u> | <u>27,898,938</u> | <u>2,239,406</u> |
| - | 2,602,825 | 529,988 | 46,114,020 | 148,054 |
| 2,359,975 | 14,852,829 | 4,871,478 | 41,486,049 | 830,638 |
| 377,412 | 150,317 | 2,380,930 | 4,660,739 | 74,687 |
| 1,521,446 | 357,701 | 1,993,862 | 10,884,483 | 157,265 |
| - | - | - | 176,550,360 | - |
| - | - | 9,520 | 2,980,527 | - |
| (2,356,166) | (1,427,400) | (4,331,942) | (139,501,996) | (972,504) |
| <u>1,902,667</u> | <u>16,536,272</u> | <u>5,453,836</u> | <u>143,174,182</u> | <u>238,140</u> |
| <u>3,858,896</u> | <u>18,093,647</u> | <u>8,252,495</u> | <u>171,073,120</u> | <u>2,477,546</u> |
| 46,011 | 25,632 | 126,778 | 392,544 | 25,258 |
| 1,253 | 698 | 3,452 | 10,687 | 688 |
| <u>47,264</u> | <u>26,330</u> | <u>130,230</u> | <u>403,231</u> | <u>25,946</u> |
| 62,027 | 26,823 | 156,910 | 654,944 | 150,817 |
| - | - | 56,823 | 153,887 | - |
| - | 203,069 | 5,696 | 297,040 | - |
| 55,677 | 17,091 | 111,784 | 394,389 | 15,453 |
| - | - | 220,951 | 220,951 | - |
| - | 75,000 | - | 75,000 | - |
| - | 205,000 | - | 205,000 | - |
| - | - | - | 1,121,000 | - |
| - | - | 27,887 | 27,887 | - |
| - | - | - | 116,522 | - |
| <u>117,704</u> | <u>526,983</u> | <u>580,051</u> | <u>3,266,620</u> | <u>166,270</u> |
| 43,746 | 13,429 | 87,831 | 309,877 | 12,142 |
| - | - | 744,306 | 744,306 | - |
| - | 760,000 | - | 760,000 | - |
| - | 7,770,000 | - | 7,770,000 | - |
| - | - | - | 7,169,000 | - |
| - | - | 28,165 | 28,165 | - |
| - | - | - | 1,468,177 | - |
| 642,948 | 358,176 | 1,771,557 | 5,485,283 | 352,949 |
| 103,387 | 94,656 | 338,461 | 955,284 | 54,554 |
| <u>790,081</u> | <u>8,996,261</u> | <u>2,970,320</u> | <u>24,690,092</u> | <u>419,645</u> |
| <u>907,785</u> | <u>9,523,244</u> | <u>3,550,371</u> | <u>27,956,712</u> | <u>585,915</u> |
| 54,432 | 30,324 | 149,982 | 464,389 | 29,881 |
| 3,890 | 2,167 | 10,718 | 33,187 | 2,135 |
| 1,504 | 837 | 4,143 | 12,829 | 826 |
| <u>59,826</u> | <u>33,328</u> | <u>164,843</u> | <u>510,405</u> | <u>32,842</u> |
| 1,902,667 | 7,726,272 | 4,456,352 | 125,076,698 | 238,140 |
| - | 835,000 | - | 2,773,367 | - |
| 1,035,882 | 2,133 | 211,159 | 15,159,169 | 1,646,595 |
| <u>\$ 2,938,549</u> | <u>\$ 8,563,405</u> | <u>\$ 4,667,511</u> | <u>143,009,234</u> | <u>\$ 1,884,735</u> |
| | | | 450,868 | |
| | | | <u>\$ 143,460,102</u> | |

City of Helena, Montana
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the year ended June 30, 2016

(1 of 2)

| | Business-Type Activities - Enterprise Funds | | |
|---|--|-----------------------------|----------------------------|
| | Water | Wastewater | Solid Waste |
| OPERATING REVENUES | | | |
| Charges for services | \$ 6,857,902 | \$ 4,422,625 | \$ 3,471,427 |
| Total operating revenues | <u>6,857,902</u> | <u>4,422,625</u> | <u>3,471,427</u> |
| OPERATING EXPENSES | | | |
| Personal services | 1,707,723 | 1,219,435 | 633,737 |
| Maintenance and operations | 2,317,856 | 1,539,674 | 1,960,407 |
| Depreciation | 1,874,526 | 1,026,232 | 224,535 |
| Total operating expenses | <u>5,900,105</u> | <u>3,785,341</u> | <u>2,818,679</u> |
| Operating income (loss) | <u>957,797</u> | <u>637,284</u> | <u>652,748</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Intergovernmental | 118,515 | 23,021 | 12,634 |
| Investment earnings | 33,349 | 16,124 | 13,665 |
| Interest expense | (99,112) | (83,210) | - |
| Sale of capital assets | - | 15,918 | - |
| Total non-operating revenue (expenses) | <u>52,752</u> | <u>(28,147)</u> | <u>26,299</u> |
| Income (loss) before contributions and transfers | 1,010,549 | 609,137 | 679,047 |
| Capital contributions - grants | 765,004 | 1,800,876 | - |
| Capital contributions - mains & other | 3,747,233 | 128,287 | - |
| Transfers in | - | - | - |
| Transfer out | - | - | (165,000) |
| Change in net position | <u>5,522,786</u> | <u>2,538,300</u> | <u>514,047</u> |
| Total net position - beginning | 72,388,527 | 43,005,917 | 2,870,192 |
| Total net position - ending | <u>\$ 77,911,313</u> | <u>\$ 45,544,217</u> | <u>\$ 3,384,239</u> |

**Amounts reported for business-type activities in the statement
of activities are different because:**

Change in net position - total enterprise funds
Adjustment to reflect the consolidation of fleet services internal
service fund activities related to enterprise funds
Change in net position of business-type activities

The notes to the financial statements are an integral part of this statement.

(2 of 2)

| <u>Transfer Station</u> | <u>Parking</u> | <u>Other</u> | <u>Totals</u> | <u>Internal Service</u> |
|-------------------------|---------------------|---------------------|-----------------------|-------------------------|
| \$ 2,636,743 | \$ 1,763,047 | \$ 3,675,444 | \$ 22,827,188 | \$ 5,959,817 |
| <u>2,636,743</u> | <u>1,763,047</u> | <u>3,675,444</u> | <u>22,827,188</u> | <u>5,959,817</u> |
| 853,325 | 379,954 | 2,393,099 | 7,187,273 | 478,765 |
| 1,813,232 | 548,194 | 1,834,123 | 10,013,486 | 5,163,109 |
| 153,277 | 280,207 | 416,407 | 3,975,184 | 15,522 |
| <u>2,819,834</u> | <u>1,208,355</u> | <u>4,643,629</u> | <u>21,175,943</u> | <u>5,657,396</u> |
| <u>(183,091)</u> | <u>554,692</u> | <u>(968,185)</u> | <u>1,651,245</u> | <u>302,421</u> |
| 205,246 | 8,869 | 898,833 | 1,267,118 | 34,635 |
| 6,533 | 3,498 | 8,824 | 81,993 | 1,643 |
| - | (421,613) | (14,905) | (618,840) | - |
| - | - | 1,425 | 17,343 | - |
| <u>211,779</u> | <u>(409,246)</u> | <u>894,177</u> | <u>747,614</u> | <u>36,278</u> |
| 28,688 | 145,446 | (74,008) | 2,398,859 | 338,699 |
| - | - | 77,756 | 2,643,636 | 1,145 |
| - | - | - | 3,875,520 | - |
| 165,000 | - | 375,000 | 540,000 | - |
| - | - | - | (165,000) | - |
| <u>193,688</u> | <u>145,446</u> | <u>378,748</u> | <u>9,293,015</u> | <u>339,844</u> |
| 2,744,861 | 8,417,959 | 4,288,763 | 133,716,219 | 1,544,891 |
| <u>\$ 2,938,549</u> | <u>\$ 8,563,405</u> | <u>\$ 4,667,511</u> | <u>\$ 143,009,234</u> | <u>\$ 1,884,735</u> |

9,293,015

150,291

\$ 9,443,306

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2016

(1 of 4)

| | Business-Type Activities - Enterprise Funds | | |
|--|--|----------------------------|----------------------------|
| | <u>Water</u> | <u>Wastewater</u> | <u>Solid Waste</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 6,966,349 | \$ 4,408,589 | \$ 3,506,042 |
| Payments to suppliers | (1,556,726) | (800,934) | (1,683,367) |
| Payments to employees | (1,694,932) | (1,197,332) | (638,271) |
| Payment for interfund services used | (811,429) | (740,206) | (342,354) |
| Net cash provided (used) by operating activities | <u>2,903,262</u> | <u>1,670,117</u> | <u>842,050</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | - | - |
| Transfers to other funds | - | - | (165,000) |
| Operating grants | 86,305 | - | - |
| Contributions from other governments | 32,210 | 23,021 | 12,634 |
| Principal payments - advances | - | - | - |
| Interest payments - advances | - | - | - |
| Net cash provided (used) by non-capital financing activities | <u>118,515</u> | <u>23,021</u> | <u>(152,366)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from capital grants / contributions | 82,250 | 128,287 | - |
| Proceeds from capital debt | - | - | - |
| Principal payments - bonds | (418,000) | (679,000) | - |
| Principal payments - certificates of participation | - | - | - |
| Principal payments - loans | - | - | - |
| Interest payments | (103,815) | (90,000) | - |
| Purchase of capital assets | (2,388,190) | (1,460,031) | (167,052) |
| Proceeds from disposition of capital assets | 32,624 | 21,080 | - |
| Net cash provided (used) by capital and related financing activities | <u>(2,795,131)</u> | <u>(2,079,664)</u> | <u>(167,052)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Increase) decrease in certificates of deposit | (138,878) | 76,707 | (171,309) |
| Interest received | 33,349 | 16,124 | 13,665 |
| Net cash provided (used) by investing activities | <u>(105,529)</u> | <u>92,831</u> | <u>(157,644)</u> |
| Net increase (decrease) in cash and cash equivalents | 121,117 | (293,695) | 364,988 |
| Cash and cash equivalents, beginning | 7,179,455 | 4,245,045 | 3,505,354 |
| Cash and cash equivalents, ending | <u>\$ 7,300,572</u> | <u>\$ 3,951,350</u> | <u>\$ 3,870,342</u> |
| Cash and cash equivalents, current | \$ 6,516,825 | \$ 2,796,730 | \$ 3,870,342 |
| Cash and cash equivalents, noncurrent - restricted | 783,747 | 1,154,620 | - |
| Cash and cash equivalents, ending | <u>\$ 7,300,572</u> | <u>\$ 3,951,350</u> | <u>\$ 3,870,342</u> |

The notes to the financial statements are an integral part of this statement.

(2 of 4)

| <u>Transfer Station</u> | <u>Parking</u> | <u>Other</u> | <u>Total</u> | <u>Internal Service</u> |
|-------------------------|---------------------|---------------------|----------------------|-------------------------|
| \$ 2,677,804 | \$ 1,766,373 | \$ 3,707,780 | \$ 23,032,937 | \$ 5,951,076 |
| (1,648,945) | (429,294) | (1,415,723) | (7,534,989) | (5,079,379) |
| (857,333) | (448,759) | (2,410,418) | (7,247,045) | (444,147) |
| (293,603) | (117,889) | (423,613) | (2,729,094) | (99,340) |
| <u>(122,077)</u> | <u>770,431</u> | <u>(541,974)</u> | <u>5,521,809</u> | <u>328,210</u> |
| 165,000 | - | 375,000 | 540,000 | - |
| - | - | - | (165,000) | - |
| - | - | 788,898 | 875,203 | 34,634 |
| 205,246 | 8,869 | 43,867 | 325,847 | - |
| - | - | (27,610) | (27,610) | - |
| - | - | (837) | (837) | - |
| <u>370,246</u> | <u>8,869</u> | <u>1,179,318</u> | <u>1,547,603</u> | <u>34,634</u> |
| - | - | - | 210,537 | - |
| - | - | 38,744 | 38,744 | - |
| - | (860,000) | - | (1,957,000) | - |
| - | (195,000) | - | (195,000) | - |
| - | - | (213,048) | (213,048) | - |
| - | (432,365) | (13,771) | (639,951) | - |
| (90,464) | (27,216) | (120,608) | (4,253,561) | (21,055) |
| - | - | 1,425 | 55,129 | - |
| <u>(90,464)</u> | <u>(1,514,581)</u> | <u>(307,258)</u> | <u>(6,954,150)</u> | <u>(21,055)</u> |
| (64,557) | 67,569 | (95,919) | (326,387) | (92,221) |
| 6,533 | 3,498 | 8,824 | 81,993 | 1,643 |
| <u>(58,024)</u> | <u>71,067</u> | <u>(87,095)</u> | <u>(244,394)</u> | <u>(90,578)</u> |
| 99,681 | (664,214) | 242,991 | (129,132) | 251,211 |
| 1,492,296 | 2,147,135 | 1,833,114 | 20,402,399 | 1,639,393 |
| <u>\$ 1,591,977</u> | <u>\$ 1,482,921</u> | <u>\$ 2,076,105</u> | <u>\$ 20,273,267</u> | <u>\$ 1,890,604</u> |
| \$ 1,591,977 | \$ 289,534 | \$ 2,076,105 | \$ 17,141,513 | \$ 1,890,604 |
| - | 1,193,387 | - | 3,131,754 | - |
| <u>\$ 1,591,977</u> | <u>\$ 1,482,921</u> | <u>\$ 2,076,105</u> | <u>\$ 20,273,267</u> | <u>\$ 1,890,604</u> |

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2016

(3 of 4)

| | Business-Type Activities - Enterprise Funds | | |
|--|--|---------------------|--------------------|
| | Water | Wastewater | Solid Waste |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 957,797 | \$ 637,284 | \$ 652,748 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 1,874,526 | 1,026,232 | 224,535 |
| (Increase) decrease in accounts receivable | 139,432 | (12,034) | 34,615 |
| (Increase) decrease in inventories | (19,428) | (5,506) | (1,356) |
| (Increase) decrease in deferred outflows of resources | (6,965) | (6,082) | (1,479) |
| Increase (decrease) in accounts payable | (53,741) | 8,976 | 11,234 |
| Increase (decrease) in customer deposits | 1,489 | - | - |
| Increase (decrease) in compensated absences | (10,225) | (11,594) | 323 |
| Increase (decrease) in other postemployment benefits | 16,888 | 12,687 | 7,691 |
| Increase (decrease) in net pensions | 174,981 | 139,080 | 50,854 |
| Increase (decrease) in deferred inflows of resources | (171,492) | (118,926) | (67,196) |
| Increase (decrease) in landfill postclosure costs payable | - | - | (69,919) |
| Total adjustments | 1,945,465 | 1,032,833 | 189,302 |
| Net cash provided (used) by operating activities | \$ 2,903,262 | \$ 1,670,117 | \$ 842,050 |
| Supplemental disclosure of non-cash activity: | | | |
| Basis of property disposed / transferred out | \$ - | \$ 5,162 | \$ - |
| Contribution of capital assets by developers/ other governments: | | | |
| Land and easements | 3,664,983 | 1,800,876 | - |

The notes to the financial statements are an integral part of this statement.

| <u>Transfer Station</u> | <u>Parking</u> | <u>Other</u> | <u>Total</u> | <u>Internal Service</u> |
|-------------------------|-------------------|---------------------|---------------------|-------------------------|
| \$ (183,091) | \$ 554,692 | \$ (968,185) | \$ 1,651,245 | \$ 302,421 |
| 153,277 | 280,207 | 416,407 | 3,975,184 | 15,522 |
| 41,061 | 3,328 | 33,821 | 240,223 | - |
| - | 830 | (10,243) | (35,703) | (18,559) |
| (2,270) | 3,932 | (5,767) | (18,631) | (3,127) |
| (122,482) | 5,062 | 27,317 | (123,634) | 7,756 |
| - | - | (1,399) | 90 | - |
| 508 | 8,480 | (8,702) | (21,210) | (1,910) |
| 7,958 | 6,528 | 29,531 | 81,283 | 5,376 |
| 71,596 | (26,105) | 191,075 | 601,481 | 63,182 |
| (88,634) | (66,523) | (245,829) | (758,600) | (42,451) |
| - | - | - | (69,919) | - |
| <u>61,014</u> | <u>215,739</u> | <u>426,211</u> | <u>3,870,564</u> | <u>25,789</u> |
| <u>\$ (122,077)</u> | <u>\$ 770,431</u> | <u>\$ (541,974)</u> | <u>\$ 5,521,809</u> | <u>\$ 328,210</u> |

\$ 60,273 \$ - \$ - \$ 65,435 \$ -

- - - 5,465,859 -

City of Helena, Montana
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

| | <u>Agency</u> |
|--------------------------|------------------|
| ASSETS | |
| Cash and investments | <u>\$ 23,145</u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 23,145</u> |

The notes to the financial statements are an integral part of this statement.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Helena, Montana (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. Description of Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

2. Reporting Entity

The City of Helena was incorporated March 7, 1881. On March 2, 1953, by lawful authority, the City established a Commission/Manager form of government. The voters approved a self-government charter in 1976. This charter allows the City to exercise powers not specifically prohibited by state law. The City is governed by a city commission, composed of four commissioners and a mayor, elected at large by the voters of the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GASB. These financials present the City and its component units, entities for which the government is considered to be financially accountable, or which accumulate resources for the primary government and the government has access to them. The discretely presented component units are reported in separate columns in the basic financial statements to emphasize they are legally separate from the City. Each discretely presented component unit has a June 30 year end.

Discretely Presented Component Units The Business Improvement District (BID) and Tourism Business Improvement District (TBID) were created pursuant to the provisions of MCA 7-12-1101. The BID's purpose is promoting private investment and business expansion within its district boundaries, and the TBID's purpose is promoting tourism within its district's boundaries. The Boards of Trustees of the BID and TBID are appointed by the Mayor and subject to the approval of the Commission. The City is able to impose its will on the BID and TBID as it is authorized to levy assessments to support their activities, and approve their annual budgets. Neither the BID nor TBID separately present financial information for their entity. The entire financial reporting structure of the BID consists of one individual governmental fund. The TBID consists of two governmental type funds. In accordance with US GAAP, the City presents combining statements for the TBID with the non-major funds since separate financial statements are not prepared.

Both component units are presented discretely in the Statement of Net Position and Statement of Activities.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3. Government-wide and Fund Financial Statements

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

Eliminations have been made to minimize the double accounting of internal activities. The City's policy for internal service elimination is to eliminate amounts related to overhead and indirect expenditures and not services provided. Assets of the internal service funds are allocated to the governmental-type funds and the business-type funds based on which fund type benefits the most from its services.

Accordingly, the Copier Revolving, Property and Liability Insurance and Health Insurance funds' assets are included with the governmental activities, and the Fleet Services fund's assets are included in the business-type activities in the government-wide statements.

These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities are financed primarily through taxes, assessments, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services provided.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, assessments and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3. Government-wide and Fund Financial Statements, (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating.

The City reports the following major governmental funds:

General. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Streets. This special revenue fund is used to account for the receipt of street maintenance assessments, state gas tax distributions and the corresponding expenditures for striping, signing, and other traffic safety functions, as well as, street surface repair and replacement, sealing and cleaning, snow and ice control, and other street maintenance functions.

Capital Improvements. This capital projects fund is used to accumulate reserves and account for all capital expenditures of the general fund departments such as police, fire, and parks.

The City reports the following major enterprise funds:

Water. This fund accounts for the receipt of revenue and related expenses to provide water service to City residents.

Wastewater. This fund accounts for the receipt of revenue and related expenses to provide wastewater service to City residents.

Solid Waste. This fund is used to account for the activities of the City's residential and commercial solid waste collection system and the post closure expenses of the City's landfill.

Transfer Station. This fund is used to account for the activities of the City's transfer station operation and recycling programs. All residential and commercial solid waste is taken to the transfer station, loaded onto semi-trucks and hauled to a Lewis and Clark County landfill.

Parking. This fund is used to account for the activities of the City's five parking garages, ten lots, meters, and permit parking areas, including administration, enforcement, and maintenance.

Additionally, the City reports the following fund types:

Internal Service. These funds account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis. These funds account for the City's fleet repair and maintenance, copier equipment and charges, property and liability insurance, and health insurance.

Agency. This fund accounts for monies held on behalf of the State Supreme Court.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and Proprietary Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, excluding motor vehicle taxes, licenses, and interest on investments are considered to be susceptible to accrual. Property taxes not meeting the revenue recognition criteria at year-end have been reported as unavailable revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements and State law, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

In accordance with provisions of Montana statutes, the City finances both capital improvements and certain services deemed to benefit specific properties by levying special assessments against the benefited properties. Special assessments are levied against property in a manner similar to ad valorem property taxes.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

5. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash resources of the individual funds are combined to form a pool of cash and investments that is managed by the City Administrative Services Director. Investments of the pooled cash consist primarily of certificates of deposit and investments with the State of Montana short-term investment pool (STIP). Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on the average daily balance of cash in each fund.

The City issues checks in payment of its obligations. Cash balances in all funds are reported net of outstanding checks. Bank overdrafts are reported as a liability.

Investments are recorded at fair value in accordance with GASB Statements 31 and 72 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements.

Cash and Investment Policies

Deposits – State law requires bank balances to be secured at 50 percent if the banking institution has a net worth to total assets ratio of 6 percent or more, 100 percent if less than 6 percent. At June 30 the City was in compliance with this law.

The City's current banking contract requires deposits and overnight repurchase agreements to be 103 percent secured by collateral. Overnight repurchase agreement collateral cannot have a maturity date greater than 5 years. Collateral for overnight repurchase agreements must be U.S. government and U.S. agency obligations.

Investments - Under the City's investment policy, and as authorized by Montana law, the City is restricted to investing funds in specific types of investment instruments:

- U.S. government and U.S. agency obligations,
- Interest-bearing savings accounts, certificates of deposits and time deposits insured by the Federal Deposit Insurance Corporation or which are fully collateralized,
- Short-term discount obligations of the Federal National Mortgage Association or in shares of savings and loan associations insured by the Federal Savings and Loan Insurance Corporation and its successor,
- State of Montana Short-term Investment Pool, and
- Repurchase agreements where there is a master repurchase agreement.

The City's investment policy limits investment maturities to no greater than one year from the date of purchase unless tied to a specific cash flow. Investments are made on a competitive basis after receiving three bids from qualified investment companies.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

6. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Outstanding receivables and payables are classified as "due to/from other funds" or "advances to/from other funds" on the fund balance sheets. All amounts are eliminated in the Statement of Net Position other than any outstanding balances between governmental-type and business-type that are classified as "internal balances".

All trade, taxes and assessment receivables are shown net of an allowance for uncollectibles. Receivables are reviewed prior to year-end and written off if older than 360 days and not secured by real property. Water and wastewater receivables constitute a lien on the property per City ordinance and are passed to the new property owner if necessary. The only uncollectibles incurred in these funds are immaterial and relate to bankruptcy proceedings that are written off immediately after court proceedings are finalized. As such, the balance of the allowance for uncollectibles as of June 30 was \$-0-.

Property taxes are levied and collected by Lewis and Clark County and are payable in two installments due November 30 and May 31. The county assesses penalty and interest after these dates and writes off receivables when uncollectible. Uncollectible taxes result from protested taxes. As of June 30 there were no taxes receivable considered uncollectible.

Decisions by the tax appeal board on protested taxes are generally made prior to fiscal year-end for that year's taxes. Protesters may appeal to the State courts if they do not agree with the tax appeal board. All remaining receivables constitute a lien on the property and are eventually collected.

7. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The General and Streets governmental funds, the Water, Wastewater, Solid Waste, Parking, and Golf Course enterprise funds, and Fleet Services internal services fund have inventories that are expensed as consumed.

8. Restricted Assets

Certain proceeds of bonds and loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted cash and cash equivalents, and cash with fiscal agent on the Statement of Net Position are used to segregate resources set aside to make the next principal and interest payments, or make up potential future deficiencies in debt service accounts. The restricted intergovernmental receivable is restricted to grantor specified uses.

The City's policy for using restricted or unrestricted cash reflects the bond covenant restrictions or grant requirements. Amounts set aside for the payment of principal and interest is used when payments are made on the related bonds. Other long-term reserves are invested as allowed and are not used for any type of expenditure except as allowed by the covenants.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

9. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets used in governmental fund types are recorded as expenditures in the governmental funds and capitalized in the Statement of Net Position. Capital assets of the proprietary funds are capitalized in the fund in which they are used.

All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. The City considers capital assets and infrastructure to be assets with an initial cost greater than or equal to \$5,000 and a life of more than one year.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all governmental fund capital assets, except land, easements and construction in progress, is charged as an expense to the proper function in the Statement of Activity, but not in the governmental fund statements in accordance with US GAAP. Depreciation of all capital assets, except land, easements, and construction in progress, used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary funds' Statement of Net Position. However, it is shown net of the asset's installed cost on the Statement of Net Position for all fund types presented.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 20-75 |
| Improvements other than buildings | 20-50 |
| Equipment and vehicles | 3-15 |
| Infrastructure | 50-100 |

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period.

10. Unavailable revenues

Unavailable revenue results when asset recognition criteria have been met and when revenue recognition criteria have not been met. Revenue recognition criteria is met when the receivable is collected within 60 days after the end of the fiscal year. These pertain to the net uncollected property tax and special assessment receivables and are classified as Unavailable Revenues on the Balance Sheet of the governmental funds.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

11. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused leave benefits, which will be paid to employees upon separation from City service or when used. Employees are allowed to accumulate and carryover a maximum of two times their annual accumulation of vacation. Any excess over the maximum must be used by 90 days into the new calendar year. State law and City policy allows excess vacation hours to be carried until the end of the calendar year under certain circumstances. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability for compensated absences is reported in the government-wide and proprietary Statements of Net Position.

Compensated absences liability and expense are reported in the governmental funds only if they have matured. This would occur if an employee had terminated their employment with the City and there was unused reimbursable leave unpaid at June 30.

12. Long-Term Obligations

In the Statement of Net Position and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, except for insurance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Pensions

The City participates in three cost-sharing defined benefit pension plans administered by the Public Employees Retirement Board (PERB). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS), Municipal Police Officers Retirement System (MPORS), Firefighters Unified Retirement System (FURS) and additions to/deductions from PERB's fiduciary net position have been determined on the same basis as they are reported by PERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City also participates in a defined contribution plan offered by PERB. There is no liability associated with this type of pension plan unless the City fails to pay the required contributions. The city has paid all required contributions.

Management adopted the provisions of the Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The Statements establish requirements for the City to report a "net pension liability (asset) for the unfunded (overfunded) portion of its pension plans and deferred outflows of resources and deferred inflows of resources related to pension plans.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

14. Postemployment Benefits

The City accounts for postemployment benefit obligations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The City allows retirees, their dependents and spouses to pay similar rates for insurance as current employees. Statement 45 states this provides an "implied rate subsidy" since retirees generally have higher health costs and should pay higher premiums. Even though the City has consistently collected more premiums than it has paid in expenses for retiree insurance, the actuary is not allowed to take this into account since our insurance pool is not large enough for their statistical calculations. The City feels this is not a legal liability since nothing in State law or other contracts requires us to provide the same rate and we can change it at any time. Rates are actuarially established for the entire group and therefore the costs are covered. The City will continue to fund this imposed liability on a pay-as-you-go basis as City staff feel it would be irresponsible to set aside taxpayer funds in a irrevocable trust fund that will never be used and probably continue to increase.

15. Net Position/Fund Balance

Net position in the government wide and proprietary fund financial statements show the amount of the capital assets less any outstanding debt issued to fund them as net investment in capital assets. Restricted net positions are those that have constraints placed on them either by external parties or imposed by law or enabling legislation.

GASB Statement 54 requires governmental fund balances to be allocated to categories as follows:

- Nonspendable – funds that are not spendable in form (i.e. Inventory);
- Restricted – externally enforceable legal restrictions exist, such as state law or bond covenants;
- Committed – constraint formally imposed by the City Commission by the end of the reporting period through ordinance or resolution, as both are equally binding;
- Assigned – constraint imposed by the City Commission by a means other than ordinance or resolution, or at a level below the City Commission by the reporting date. The city manager is authorized to appropriate reserve or contingency funds as detailed in the annual budget resolution, and described in Note B(1);
- Unassigned – remaining balance.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The City considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, unless external requirements stipulate otherwise. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

16. Grant Revenue

The City recognizes grant income on government-mandated and voluntary non-exchange transactions when all eligibility requirements have been met. Cash or other assets provided in advance are reported as unearned grant revenue until all eligibility requirements have been met.

17. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used are reported as transfers.

Transactions occurring between the City (primary government) and its discretely presented component units are recorded as revenues and expenses.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Data

a. General Budget Policies

The State of Montana's budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of agency funds. The City legally adopts a budget for the required funds.

b. Budget Process

The City Manager is responsible for preparation of the preliminary annual budget. The City Commission modifies and/or approves this budget. The City Commission must meet prior to the budget adoption for the purpose of holding a public hearing on the final budget. This hearing can be continued until the budget is finally approved and adopted on or before the second Monday in August. The tax levies are set on the later of that date or 45 calendar days after receiving certified taxable values from the State. The total value of property within the City as determined by the County Assessor is the assessed valuation.

For fiscal year 2016, the City levied 164.76 mills including a 90.64 all-purpose mill levy and a 14.35 debt service mill levy for the Open Space/Fire Truck and Park and Recreation debt service funds.

The City Clerk forwards a copy of the final budget to the State Department of Administration no later than October 1st of each year. A copy of the final budget is available for review in the City Clerk's office located at 316 North Park Avenue, Helena, Montana and at the City's website at www.helenamt.gov. The tax levies and special assessments are forwarded to the County Treasurer for collection.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (continued)

1. Budgetary Data, (continued)

b. Budget Process, (continued)

The appropriated budget is prepared by fund, department and division. City departments may spend up to the appropriation limit within each division. Although the legal level of budget appropriation is the fund level, a management plan is prepared by fund, department, division and line item. The City maintains budgetary controls whose objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission.

State law permits the City Commission to transfer any part of an unencumbered balance of an appropriation to a purpose or object for which the appropriation for the current year is insufficient. The City Commission may also appropriate any accruing revenue of the municipality not appropriated, and any balance at any time remaining after the purpose of the appropriation has been satisfied or abandoned to other uses that do not conflict with any uses for which specifically the revenue was accrued. A public hearing is required for an overall increase in appropriation within a fund. Transfers of assets of discontinued funds do not require an appropriation. The City Commission authorized transfers of budget authority within funds and increased the overall appropriation for some funds, after public hearing. The law also allows for emergency expenditures to be charged to an emergency budget appropriation adopted by a three-fourths majority of the Commission members present. No emergency expenditures were authorized during the year.

All appropriations lapse at the end of the year, but can be re-appropriated in the subsequent fiscal year if approved by the City Manager.

2. Budgetary/US GAAP Basis Difference

Legally required budgets are adopted on the cash basis of accounting consistent with the budget laws of the State of Montana, which is a basis of accounting not in accordance with US GAAP. Under the budget basis of the City, certain revenues and the related assets are recognized when received rather than when susceptible to accrual or earned, and certain expenditures are recognized when disbursed as determined by the date of the expenditure rather than when the obligation was incurred.

Annual appropriated budgets are legally adopted for all City funds, except agency funds. US GAAP require that budget to actual comparisons be presented for all governmental fund types for which annual budgets have been adopted. The general fund and major special revenue funds are presented as part of the basic financial statements while all other governmental funds are shown in the combining statements in Section D of this report.

The City had no violations of budget law for fiscal year 2016, as all expenditures in total by fund are less than the related appropriations, or are transfers of closed funds as allowed by State law.

Accounting principles used in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with US GAAP. The following schedule reconciles the amounts on the basic governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (which is presented on a non-US GAAP budgetary basis) to the amounts on the basic governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance (which is presented on a US GAAP basis) for the major funds.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (continued)

2. Budgetary/US GAAP Basis Difference, (continued)

The following schedule also reconciles the actual amounts for those non-major funds budgeted to the totals shown on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Funds, shown elsewhere in this report.

| | General | Special Revenue Streets | Capital Projects Capital Improvements |
|-----------------------------------|---------------------|-------------------------------|--|
| Fund balances budget basis | \$ 5,557,580 | \$ 4,830,526 | \$ 3,711,870 |
| Basis differences: | | | |
| Accrual of tax/assessment revenue | 538,250 | 83,974 | - |
| Accrual of grant revenue | 16,846 | - | 451,501 |
| Accrual of investment earnings | 7,829 | - | - |
| Accrual of expenditures | (574,595) | (88,898) | (224,638) |
| Inventory | 12,663 | 394,047 | - |
| Fund balances modified accrual | <u>\$ 5,558,573</u> | <u>\$ 5,219,649</u> | <u>\$ 3,938,733</u> |

| | Non-major Funds | | |
|-----------------------------------|---------------------|---------------------|---------------------|
| | Special Revenue | Debt Service | Capital Projects |
| Fund balances budget basis | \$ 5,935,507 | \$ 954,234 | \$ (195,627) |
| Basis differences: | | | |
| Accrual of accounts receivable | 3,245 | - | - |
| Loans receivable | 445,771 | - | - |
| Accrual of tax/assessment revenue | 63,474 | 54,016 | - |
| Accrual of grant revenue | 27,595 | - | 59,943 |
| Accrual of expenditures | (213,256) | 153 | (145,934) |
| Fund balances modified accrual | <u>\$ 6,262,336</u> | <u>\$ 1,008,403</u> | <u>\$ (281,618)</u> |

3. Negative Fund and Net Position Balances

The City had no major funds with negative fund or net position balances. The Special Improvement Districts Construction and CTEP Projects non-major capital projects funds had negative fund balances of \$133,958 and \$147,660, respectively. These balances are due to preliminary expenditures on projects that will be reimbursed at a later date from special assessment and grant revenues.

The City also is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate business-type activities. The Governmental activities, however, had a negative unrestricted net position of \$5,301,510. This balance is due to reporting other postemployment benefits (OPEB) and pension liabilities, and their related deferred inflows and deferred outflows. The City has paid all amounts to its health insurance carrier and pension administrators as required.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE C - DEPOSITS AND INVESTMENTS

1. June 30th Deposit and Investment Balances

As of June 30, the City had the following cash and investments:

| | Governmental & Business | | Component Units | | Total |
|-----------------------------------|-------------------------|------------------|-------------------|-------------------|----------------------|
| | Type | Agency | BID | TBID | |
| Cash | \$ 1,971,406 | \$ 23,145 | \$ 84,191 | \$ 174,929 | \$ 2,253,671 |
| Certificates of deposit | 5,520,488 | - | - | - | 5,520,488 |
| Total carrying amount of deposits | <u>7,491,894</u> | <u>23,145</u> | <u>84,191</u> | <u>174,929</u> | <u>7,774,159</u> |
| Investments: | | | | | |
| State short-term investment pool | 37,828,697 | - | 41,101 | - | 37,869,798 |
| Total deposits and investments | <u>\$ 45,320,591</u> | <u>\$ 23,145</u> | <u>\$ 125,292</u> | <u>\$ 174,929</u> | <u>\$ 45,643,957</u> |

2. Deposits

Reconciliation of carrying amount to deposit balances:

| | Governmental & Business | | Component Units | | Total |
|--|-------------------------|------------------|------------------|-------------------|---------------------|
| | Type | Agency | BID | TBID | |
| Cash - carrying amount | \$ 1,971,406 | \$ 23,145 | \$ 84,191 | \$ 174,929 | \$ 2,253,671 |
| Deposits in transit | (1,251,673) | (11,384) | - | - | (1,263,057) |
| Outstanding checks | 1,132,233 | 67,483 | - | - | 1,199,716 |
| Certificates of deposits | 5,520,488 | - | - | - | 5,520,488 |
| Deposit balances with financial institutions insured or collateralized with securities held in the City's name | <u>\$ 7,372,454</u> | <u>\$ 79,244</u> | <u>\$ 84,191</u> | <u>\$ 174,929</u> | <u>\$ 7,710,818</u> |

At fiscal year-end, the City's carrying amount of deposits was \$1,995,018, including \$467 held for the BID, and the bank balance was \$1,931,677. The entire cash bank balance was covered by an irrevocable, unconditional and nontransferable Letter of Credit from Federal Home Loan Bank. \$5,500,000 of certificates of deposit are covered by the Federal Depository Insurance Corporation.

3. Restricted Cash and Cash Equivalents

The City held the following restricted cash and cash equivalents at June 30. These amounts are reported within the restricted assets, cash and cash equivalents, account on the respective government-wide Statement of Net Position, governmental funds Balance Sheet and the proprietary Statement of Net Position.

Governmental Activities:

Restricted for bond reserves \$ 5,500

Business Type Activities:

Restricted for bond reserves 1,938,367
Cash with fiscal agent 1,193,387
Total restricted cash \$ 3,137,254

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE C - DEPOSITS AND INVESTMENTS, (continued)

4. Investments

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value.

Credit Risk – Credit risk is the risk that the other party to an investment will not fulfill its obligations. The City’s investment policies do not specifically address credit risk. However, they do address it indirectly by limiting investments to those described in Note A(5).

The City invests in the Short-Term Investment Pool (STIP) managed by the State of Montana, Board of Investments. The pool invests in short-term, highly liquid investments, and as such, the City has reported these investments as cash equivalents. Amounts invested by the City in STIP may be redeemed at any date at the carrying value on that date. Audited financial statements for the State of Montana’s Board of Investments are available at 2401 Colonial Drive, 3rd Floor, Helena, Montana 59620.

Investments in the pool are reported at a Net Asset Value (NAV). The fair value of pooled investments is determined annually and is based on year-end market prices. The NAV at June 30, 2016 is \$1.000207 resulting in an unrealized gain of \$7,829. The unit value of the pool is fixed at \$1 for both participant redemptions and purchases. Investments in STIP are carried at cost, but reported using the NAV. STIP income is automatically reinvested in additional units. The STIP is not rated by a national rating agency.

Along with limitations placed on investments by state law, the City minimizes custodial credit risk by restrictions set forth in City policy. Custodial credit risk for investments is the risk that in the event of a financial institution failure, the City’s investments may not be returned or the City will not be able to recover the collateral securities in the possession of the outside party. The City’s administrative services department maintains a listing of financial institutions and securities dealers, not affiliated with a bank, which are approved for investment purposes. City policy requires that specific safeguards against risk of loss be evidenced when the City does not physically hold securities.

NOTE D - ACCOUNTS/OTHER RECEIVABLES

Other receivables represent services provided and billed as of June 30. The following represents a breakdown by fund type of outstanding balances at fiscal year-end.

| Funds: | Taxes | Accounts | Special Assessments | Intergovernmental - Restricted | Total |
|--------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------|
| General | \$ 624,296 | \$ - | \$ - | \$ 83,862 | \$ 708,158 |
| Streets | - | - | 93,123 | - | 93,123 |
| Capital Improvements | - | - | - | 451,505 | 451,505 |
| Water | - | 1,577,257 | - | 1,627,973 | 3,205,230 |
| Wastewater | - | 428,491 | - | - | 428,491 |
| Solid waste | - | 113,797 | 49,038 | - | 162,835 |
| Transfer station | - | 124,935 | - | - | 124,935 |
| Nonmajor and other funds | 60,094 | 68,737 | 248,472 | 277,041 | 654,344 |
| Total receivables | <u>\$ 684,390</u> | <u>\$ 2,313,217</u> | <u>\$ 390,633</u> | <u>\$ 2,440,381</u> | <u>\$ 5,828,621</u> |

Discretely presented component unit receivables of \$15,357 and \$30,185 for the BID and TBID, respectively, include special assessments and miscellaneous receivables.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE D - ACCOUNTS/OTHER RECEIVABLES, (continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

Unearned/Unavailable Revenue Balances:

| | Unearned/ Unavailable |
|---|--------------------------|
| Unavailable property taxes - general fund | \$ 86,046 |
| Unavailable property taxes - debt service funds | 8,808 |
| Unavailable special assessments - special revenue funds | 15,940 |
| Unavailable special assessments - debt service funds | 175,477 |
| Unearned grant revenue - general fund | 67,016 |
| Total unavailable revenue for governmental funds | <u>\$ 353,287</u> |

NOTE E - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of internal balances on the Statement of Net Position is as follows:

Interfund Balances Receivable (Payable):

| | Governmental Activities | Business-type |
|--|----------------------------|-------------------|
| Internal service funds - governmental activities funds | \$ (471,370) | \$ 471,370 |
| Internal service funds - business-type funds | 94,556 | (94,556) |
| Interfund advance from capital improvements to golf | 56,052 | (56,052) |
| Total interfund balances receivable (payable) | <u>\$ (320,762)</u> | <u>\$ 320,762</u> |

The Capital Improvements fund advanced \$138,066 in April, 2013, to the golf course to purchase new golf carts. The loan is for five years at 1% interest.

The City uses internal service type funds to account for functions that serve other City departments. Any balances of net position in these funds indicate that the user funds were either over or under charged for the services provided. The City's charges to each fund and function using the services are reduced according to their usage and are offset by an internal balance in the Statement of Net Position.

The composition of interfund balances in the fund financial statements as of June 30 is as follows:

| Due from other funds | Due to other funds | |
|-----------------------------|--|-------------------|
| General | Special improvement districts construction | \$ 103,212 |
| | CTEP projects | 92,417 |
| | | <u>\$ 195,629</u> |

This balance is to cover short-term cash shortages until grant reimbursements are received.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE E - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, (continued)

Interfund Transfers:

| | Transfers Out | | | | Total Transfers Out |
|------------------------|---------------------|-------------------------|---------------------------|-------------------|---------------------------|
| | General | Capital Improvements | Non-major governmental | Solid Waste | |
| Transfers In: | | | | | |
| General | \$ - | \$ - | \$ 163,839 | \$ - | \$ 163,839 |
| Capital Improvements | 2,837,985 | - | 40,000 | - | 2,877,985 |
| Non-major governmental | 647,231 | 200,000 | - | - | 847,231 |
| Transfer station | - | - | - | 165,000 | 165,000 |
| Non-major proprietary | 375,000 | - | - | - | 375,000 |
| Total transfers in | <u>\$ 3,860,216</u> | <u>\$ 200,000</u> | <u>\$ 203,839</u> | <u>\$ 165,000</u> | <u>\$ 4,429,055</u> |

The general fund transferred \$3,860,216 to: help finance the Civic Center and Facilities Management programs which are part of the Community Facilities fund (\$645,480), fund bus transit services (\$375,000), fund debt service payments for Sidewalk INTERCAP loans (\$1,751), and provide funds for governmental programs capital replacements (\$2,837,985).

NOTE F – LOAN RECEIVABLES

Loans receivable at June 30 include the following:

Non-major Governmental:

| | |
|--|------------|
| 3% Loan receivable from Artisan LLP; due in monthly payments beginning August 1, 2001 through April 2034; secured by real property (a) | \$ 445,771 |
| 0% Alternative Energy Loan Program; secured by tax lien on property (b) | 125,228 |
| 0% Sidewalk Replacement Loan Program; secured by tax lien on property (c) | 447,928 |

Major Proprietary - Parking:

| | |
|---|---------------------|
| 5% unsecured loan receivable from Helena Visitor and Commerce Center, due in monthly payments beginning September 1, 1995 through August 2020 (d) | 15,803 |
| Total note receivables | <u>\$ 1,034,730</u> |

- (a) The City originally loaned \$880,000 of tax increment financing funds to a local developer to help construct major improvements in the downtown Great Northern area. The City Commission agreed to lower the loan amount by \$254,730 for increases in taxable value to the property through fiscal year 2005. The developer made payments through July 2002 when the City Commission approved deferring payments on the loan until April 2020. The City discounted the note to its present value in fiscal year 2008 as interest on the loan was deferred from June 30, 2007 until April 2020.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE F – LOAN RECEIVABLES, (continued)

- (b) The City created an alternative energy loan program to encourage homeowners to invest in this type of upgrades to residences. The property owner hires the work and pays the contractor. The City reimburses them construction costs, which are then repaid over 10 years on their tax bill with zero percent interest. The tax assessments constitute a first lien on the property under State law.
- (c) The City created a sidewalk replacement program to encourage construction of new sidewalks and the replacement of aging, unsafe sidewalks. The City bids the work and pays the contractor to perform the work. The property owner contracts to pay the cost back over 10 years on their tax bill with zero percent interest. The tax assessments constitute a first lien on the property under State law.
- (d) The Parking Commission loaned \$60,000 to the Helena Visitor and Commerce Center, Inc. to assist with the construction of the building both entities occupied in 1995. The loan is a 5% interest loan, due in monthly installments of \$351 through August 2020.

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, for the primary government was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balances |
|---|-----------------------|----------------------|---------------------|--------------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 72,916,275 | \$ 10,984,216 | \$ - | \$ - | \$ 83,900,491 |
| Construction in progress | 1,600,704 | 2,440,793 | - | (1,105,401) | 2,936,096 |
| Total capital assets not being depreciated | <u>74,516,979</u> | <u>13,425,009</u> | <u>-</u> | <u>(1,105,401)</u> | <u>86,836,587</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 9,825,792 | 282,098 | (225,765) | - | 9,882,125 |
| Improvements other than buildings | 16,281,464 | 90,874 | - | 1,093,545 | 17,465,883 |
| Machinery and equipment | 13,905,440 | 1,197,940 | (515,986) | 15,248 | 14,602,642 |
| Infrastructure | 44,407,866 | 29,180 | (3,272) | - | 44,433,774 |
| Total capital assets being depreciated | <u>84,420,562</u> | <u>1,600,092</u> | <u>(745,023)</u> | <u>1,108,793</u> | <u>86,384,424</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 6,266,172 | 164,089 | (43,264) | - | 6,386,997 |
| Improvements other than buildings | 5,736,074 | 627,370 | - | - | 6,363,444 |
| Machinery and equipment | 10,198,432 | 943,437 | (487,280) | (16,026) | 10,638,563 |
| Infrastructure | 16,345,663 | 604,784 | (2,027) | - | 16,948,420 |
| Total accumulated depreciation | <u>38,546,341</u> | <u>2,339,680</u> | <u>(532,571)</u> | <u>(16,026)</u> | <u>40,337,424</u> |
| Total capital assets being depreciated, net | <u>45,874,221</u> | <u>(739,588)</u> | <u>(212,452)</u> | <u>1,124,819</u> | <u>46,047,000</u> |
| Governmental activities capital assets, net | <u>\$ 120,391,200</u> | <u>\$ 12,685,421</u> | <u>\$ (212,452)</u> | <u>\$ 19,418</u> | <u>\$ 132,883,587</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE G - CAPITAL ASSETS, (continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balances |
|--|-----------------------|---------------------|--------------------|--------------------|-----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 40,767,932 | \$ 5,494,142 | \$ - | \$ - | \$ 46,262,074 |
| Construction in progress | 1,817,512 | 2,139,136 | - | (976,121) | 2,980,527 |
| Total capital assets not being depreciated | <u>42,585,444</u> | <u>7,633,278</u> | <u>-</u> | <u>(976,121)</u> | <u>49,242,601</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 42,109,838 | 202,235 | - | 4,614 | 42,316,687 |
| Improvements other than buildings | 3,484,461 | 464,722 | - | 786,243 | 4,735,426 |
| Machinery and equipment | 10,158,073 | 1,154,854 | (464,668) | 145,946 | 10,994,205 |
| Infrastructure | 176,277,651 | 403,623 | (166,840) | 35,926 | 176,550,360 |
| Total capital assets being depreciated | <u>232,030,023</u> | <u>2,225,434</u> | <u>(631,508)</u> | <u>972,729</u> | <u>234,596,678</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 15,851,640 | 1,052,180 | - | - | 16,903,820 |
| Improvements other than buildings | 1,723,662 | 200,919 | - | - | 1,924,581 |
| Machinery and equipment | 6,565,676 | 856,659 | (403,775) | 16,026 | 7,034,586 |
| Infrastructure | 112,837,661 | 1,876,102 | (129,675) | - | 114,584,088 |
| Total accumulated depreciation | <u>136,978,639</u> | <u>3,985,860</u> | <u>(533,450)</u> | <u>16,026</u> | <u>140,447,075</u> |
| Total capital assets being depreciated, net | <u>95,051,384</u> | <u>(1,760,426)</u> | <u>(98,058)</u> | <u>956,703</u> | <u>94,149,603</u> |
| Business-type activities capital assets, net | <u>\$ 137,636,828</u> | <u>\$ 5,872,852</u> | <u>\$ (98,058)</u> | <u>\$ (19,418)</u> | <u>\$ 143,392,204</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|---|---------------------|
| General government | \$ 141,197 |
| Public safety | 478,352 |
| Public works | 975,237 |
| Culture and recreation | 740,048 |
| Copier revolving - internal service fund charged to various functions based on their usage of the assets | 4,846 |
| | <u>\$ 2,339,680</u> |

Business-type activities:

| | |
|---|---------------------|
| Water | \$ 1,874,526 |
| Wastewater | 1,026,232 |
| Solid waste | 224,535 |
| Transfer station | 153,277 |
| Parking | 280,207 |
| Bus | 187,392 |
| Golf course | 84,855 |
| Building | 9,858 |
| City-County administration building | 134,302 |
| Fleet services - internal service fund charged to various functions based on their usage of the assets | 10,676 |
| | <u>\$ 3,985,860</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES

General Obligation Debt

General Obligation Bonds:

At June 30, the outstanding general obligation indebtedness of the City was as follows:

Governmental:

| | |
|--|--------------|
| 2008 General Obligation Parks Bonds, 3.0 - 4.05%, payable in annual installments of \$150,000 to \$590,000, final scheduled payment January 1, 2028. | \$ 5,525,000 |
|--|--------------|

| | |
|--|---------|
| 2009 General Obligation Refunding Bonds, 3.0 - 4.0%, payable in annual installments of \$220,000 to \$345,000, final scheduled payment July 1, 2018. | 910,000 |
|--|---------|

Business Type:

| | |
|---|----------------|
| 2015 Limited General Obligation Bonds, 2.4%, payable in annual installments of \$10,000 to \$90,000, final scheduled payment August 15, 2025. | <u>835,000</u> |
|---|----------------|

| | |
|--|-----------|
| Total general obligation bonds outstanding | 7,270,000 |
|--|-----------|

| | |
|----------------------|------------------|
| Less current portion | <u>(760,000)</u> |
|----------------------|------------------|

| | |
|-----------------------------|---------------------|
| Long-term bonds outstanding | <u>\$ 6,510,000</u> |
|-----------------------------|---------------------|

In November 2007 the electors of the City authorized the Commission to issue \$7,850,000 of general obligation bonds to finance major improvements at Centennial Park, Memorial Park pool, and Kindrick-Legion baseball field. The bonds were issued in April 2008. The 2008 General Obligation Parks bonds are general obligations of the City and the City's general credit and taxing powers are pledged for the payment of principal and interest thereon.

On April 8, 2009, the City issued \$2,795,000 of General Obligation Refunding Bonds, Series 2009, with a true interest rate of 2.77% to fully refund \$1,401,000 of outstanding 1997 Series bonds with an average interest rate of 4.8%, and advance refund all \$1,280,000 of outstanding 2001 Series bonds with an average interest rate of 4.39%. The City refunded the 1997 Series bonds and advance refunded the 2001 Series bonds to reduce its total debt service payments over the next 10 years by \$338,965 and obtain a present value economic gain of \$285,052. The original Series 1997 and 2001 bonds were issued to purchase a fire truck and open space.

In June 2015, the City issued \$845,000 of General Fund Refunding Bonds, Series 2015 with a true interest rate of 2.4% to refund the General Fund Bonds, Series 2005. The City will achieve \$65,214 of debt service savings over the life of the bonds with a net present value savings of \$58,163. The City refunded the General Fund Bonds, Series 2005 in full August 15, 2015. The original Series 2005 bonds were issued to finance improvements in the downtown area, including construction of the Jackson Street parking garage.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

General Obligation Debt, (continued)

General Obligation Bonds (continued):

The City has pledged the revenues of the general fund to repay \$845,000 in refunding bonds issued in June 2015. However, the bonds are expected to be paid solely from parking net revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require approximately 5 percent of general fund net revenues. The total principal and interest remaining to be paid on the bonds, after refunding the Series 2005 bonds, is \$938,579. Principal and interest paid for the current year on the refunded bonds was \$22,984. The principal and interest from fiscal year 2016 equal approximately .08% of the general fund revenues pledged, and 1.3% of the Parking operating revenues used to pay the debt service.

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Fiscal Year Ending June 30 | Governmental | | Business-type | |
|-------------------------------|---------------------|---------------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 685,000 | \$ 242,145 | \$ 75,000 | \$ 19,188 |
| 2018 | 715,000 | 214,345 | 80,000 | 17,272 |
| 2019 | 630,000 | 187,845 | 80,000 | 15,352 |
| 2020 | 405,000 | 169,200 | 80,000 | 13,432 |
| 2021 | 420,000 | 154,620 | 80,000 | 11,547 |
| 2022-2026 | 2,430,000 | 523,085 | 440,000 | 26,728 |
| 2027-2028 | 1,150,000 | 70,190 | - | - |
| Total | <u>\$ 6,435,000</u> | <u>\$ 1,561,430</u> | <u>\$ 835,000</u> | <u>\$ 103,519</u> |

Legal Debt Margin:

At June 30 the general obligation debt issued by the City did not exceed its legal debt margin as demonstrated by the following computation (amounts in thousands):

| | |
|---|------------------|
| Total assessed value of taxable property (market value) | \$ 3,398,076 |
| General limitation percentage | 2.50% |
| General limit of indebtedness | <u>84,952</u> |
| Outstanding general obligation bonds at June 30 | 7,270 |
| Outstanding loans subject to limitation * | |
| Golf course improvements | 79 |
| Sidewalk replacement | 114 |
| Total debt subject to limit | <u>7,463</u> |
| Excess limit over outstanding debt margin | <u>\$ 77,489</u> |

* A State of Montana, Board of Investment's attorney gave an opinion that loans issued under 7-5-4306, MCA are subject to the limit of indebtedness. These loans are discussed in this note under the section Loans and Advances.

Certificates of Participation

In 2008 the City entered into a partnership with the State of Montana, Board of Investments (BOI), the Montana State Fund (worker's compensation) and the Helena Parking Commission to build a new 350 space parking garage in the downtown Great Northern Area. In February 2009 the City entered into a Lease Purchase Agreement with US Bank NA and the City issued 2009 Certificates of Participation (COPs) totaling \$8,900,000 to finance construction. The BOI has guaranteed the purchase of 350 parking permits, per year, for the life of the lease purchase agreement. This garage will help provide necessary parking capacity throughout the entire downtown parking system. Payments are made using the garage receipts and other downtown parking revenues as necessary.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

The City has pledged the revenues of the general fund to repay the COPs principal and interest, but they are not a general obligation of the City or secured by the full faith and credit or the taxing power of the City. However, the City expects the bonds to be paid solely from parking net revenues and are payable through January 2039. Annual principal and interest payments on the bonds are expected to require approximately 3.6 percent of general fund net revenues if the Parking fund cannot make the payments. Principal and interest paid for the current year on the refunded bonds was \$592,919. The principal and interest from fiscal year 2016 equaled 3.6 percent of the general fund revenues pledged, and 34 percent of the parking operating revenues used to pay the debt service. The 2009 COPs were advance refunded in July 2016. See Note Q – Subsequent Events for related information.

Annual debt service requirements to maturity for COPs are as follows:

| Fiscal Year Ending June 30 | Principal | Interest |
|-------------------------------|---------------------|---------------------|
| 2017 | \$ 205,000 | \$ 391,094 |
| 2018 | 210,000 | 383,919 |
| 2019 | 220,000 | 375,519 |
| 2020 | 230,000 | 366,719 |
| 2021 | 235,000 | 357,519 |
| 2022-2026 | 1,350,000 | 1,622,910 |
| 2027-2031 | 1,715,000 | 1,258,472 |
| 2032-2036 | 2,200,000 | 771,962 |
| 2037-2039 | 1,610,000 | 170,300 |
| Total | <u>\$ 7,975,000</u> | <u>\$ 5,698,414</u> |

Special Assessment Debt

Special Assessment Debt Bonds:

The City has issued special assessment bonds for the construction of various capital improvements within defined special improvement districts. The bonds are payable from special assessments levied against the properties of the respective districts. The bonds are issued with specified maturity dates, but must be called and repaid earlier, at par value plus accrued interest, if the related special assessments are collected early. The outstanding bonds bear interest rates ranging from 4.8% to 5.5%, and are payable in varying installments until 2021.

The City has a secondary responsibility on the special assessment bonds issued for the various special improvement districts. State law, as interpreted by the judicial system, obligates the City to pay the debt service on these bonds if the assessments on the property owners are in default. State law provides for, and the City uses, a "Special Improvement District Revolving Fund" to accumulate resources for such debt service payments.

Statutes allow for a property tax levy as long as the balance in this fund is less than 10% of total outstanding special assessment debt with government commitment. In the current fiscal year, the City did not levy for this fund. At June 30, the cash and investment balance in the revolving fund was \$11,665 and secured outstanding bonds and warrants in the amount of \$110,000 or 11 percent.

It is legally unclear what additional responsibility the City has if the revolving fund is inadequate to pay the special assessment bonds debt service in any year. The bonded debt of these special improvement districts is shown on the Statement of Net Position as Special Assessment Debt with Government Commitment under governmental activities.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Special Assessment Debt, (continued)

Special Assessment Debt Bonds (continued):

Special assessment bond debt service requirements to maturity are as follows:

| Fiscal Year Ending <u>June 30</u> | Governmental | |
|--------------------------------------|--------------|-----------|
| | Principal * | Interest |
| 2017 | \$ - | \$ 5,000 |
| 2018 | - | 5,000 |
| 2019 | 50,000 | 3,850 |
| 2020 | 60,000 | 1,350 |
| Total | \$ 110,000 | \$ 15,200 |

* The City has called bonds early for all special improvement districts and has no principal liability for fiscal year 2017 or 2018. However, the City will most likely call additional bonds using assessments collected and any prepayments of principal.

Business-Type Activities Revenue Bonds:

At June 30 the outstanding business-type activities revenue bonded indebtedness of the City is as follows:

| | |
|---|--------------|
| Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due July 1, 2025, 2.25%, payable from the Water fund in semi-annual installments of \$69,000 to \$92,000 beginning January 1, 2013, redeemable on any date with the permission of the State. | \$ 1,572,000 |
| Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due January 1, 2024, 2.25%, payable from the Water fund in semi-annual installments of \$86,000 to \$109,000 beginning January 1, 2013, redeemable on any date with the permission of the State. | 1,619,000 |
| Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due January 1, 2027, 2.25%, payable from the Water fund in semi-annual installments of \$42,000 to \$57,000 beginning January 1, 2013, redeemable on any date with the permission of the State. | 1,109,000 |
| Wastewater System Revenue Bonds, (DNRC Revolving Loan Program) Series 1999 Refunding, due July 1, 2021; 2%, payable from the Wastewater fund in semi-annual installments of \$322,000 to \$383,000 beginning January 1, 2013. | 3,990,000 |
| Total revenue bonds outstanding | 8,290,000 |
| Less current portion | (1,121,000) |
| Long-term bonds outstanding | \$ 7,169,000 |

On December 5, 2012, the City issued \$5,287,268 of Refunding Revenue Bonds through the Montana DNRC Revolving Loan Program, with an interest rate of 2.25% to refund \$5,287,268 of outstanding 2005, 2007, and 2012 Series bonds, all with 3.75% interest rate. These refundings reduced the City's total debt service payments over the next 15 years by \$849,553 and obtain a present value economic gain of \$717,657.

In March 2012 the City committed to borrow \$1,325,000 of DNRC Drinking Water Revolving Loan Program, Series 2012 bonds. The City had borrowed \$465,465 in March 2012 and \$507,803 in July 2012 for a total of \$973,268 outstanding at the time of the refunding. The City borrowed the remaining \$351,732 on March 8, 2013.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$4.3 million in water system revenue bonds described above. These bonds are payable solely from water customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are approximately 18 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,790,913. Principal and interest paid for the current year and total customer net revenues were \$521,815 and \$2,947,922, respectively.

On December 5, 2012, the City issued \$6,310,000 of Refunding Revenue Bonds through the Montana DNRC Pollution Control Revolving Loan Program, with an interest rate of 2% to refund all \$6,383,000 of outstanding 1999 Series bonds with an interest rate of 4%, to reduce its total debt service payments over the next 9 years by \$795,933 and obtain a present value economic gain of \$725,107. The City used \$73,000 of freed up debt reserves to pay additional principal outstanding at closing.

The City has pledged future wastewater customer revenues, net of specified operating expense, to repay \$4 million in wastewater system revenue bonds described in the preceding paragraph. These bonds are payable solely from wastewater customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require approximately 43 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,233,460. Principal and interest paid for the current year and total customer net revenues were \$769,000 and \$1,807,927, respectively.

Revenue bond resolutions include various restrictive covenants. The most significant covenants 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation of facilities; 2) specify minimum required operating income over debt service requirements of 125%; and 3) require specific and timely reporting of financial information to bond holders and the registrar. The City complied with these provisions during the current fiscal year.

The following information is presented to satisfy the requirements of certain revenue bond resolutions. At June 30 the Water and Wastewater funds had net revenues in excess of 125% of the maximum debt service requirement in any succeeding year as computed below.

Direct operating expenses exclude depreciation.

Debt Service Coverage in Thousands:

| | Water | Wastewater |
|---------------------------|-----------------|-----------------|
| Gross revenues | \$ 6,974 | \$ 4,567 |
| Direct operating expenses | 4,026 | 2,759 |
| Net revenue | <u>\$ 2,948</u> | <u>\$ 1,808</u> |
| Maximum debt service | \$ 522 | \$ 770 |
| Percent coverage | 564.8% | 234.8% |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

The balance in each of the respective fund's cash and investment accounts at June 30 is as follows:

| | <u>Water</u> | <u>Wastewater</u> |
|--|---------------------|---------------------|
| Cash: | | |
| Operating/suplus account | \$ 7,496,477 | \$ 3,217,153 |
| Restricted cash - revenue bond account | 783,747 | 1,154,620 |
| Total cash and investments | <u>\$ 8,280,224</u> | <u>\$ 4,371,773</u> |

Revenue Bonds Debt Service Requirements to Maturity:

Annual debt service requirements to maturity for revenue bonds are as follows:

| Fiscal Year Ending June 30 | <u>Business-type</u> | |
|----------------------------------|----------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 1,121,000 | \$ 170,704 |
| 2018 | 1,143,000 | 147,099 |
| 2019 | 1,167,000 | 123,022 |
| 2020 | 1,193,000 | 98,441 |
| 2021 | 1,218,000 | 73,301 |
| 2022-2026 | 2,335,000 | 119,896 |
| 2027 | 113,000 | 1,913 |
| Total | <u>\$ 8,290,000</u> | <u>\$ 734,376</u> |

Loans and Advances

The City borrows money from the State of Montana, Board of Investments INTERCAP loan program. The loans bear interest at a variable rate based on the State's annual cost of borrowing. Loans payable at June 30 are as follows:

Governmental Activities Loans:

Sidewalk Replacement, Series 2009

annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date February 6, 2009, with a loan amount of \$326,549, semi-annual payments of varying amounts with a maturity date of February 15, 2019, secured by revenues of the general fund. Current rate - 1.55%.

| | |
|-----------------------------|------------------|
| | \$ 113,582 |
| Less current portion | <u>(36,582)</u> |
| Long-term loans outstanding | <u>\$ 77,000</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Loans:

| | |
|---|------------|
| Golf INTERCAP Loan, Series 2009 (Driving Range/Clubhouse Improvements) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date September 25, 2009 with a loan amount of \$207,000, semi-annual payments of varying amounts with a maturity date of August 15, 2019. Current rate - 1.55% | \$ 79,255 |
| Golf INTERCAP Loan, Series 2014 (irrigation Improvements) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date December 5, 2014 with a loan amount of \$433,099, semi-annual payments of varying amounts with a maturity date of February 15, 2030. Current rate - 1.55% | 407,329 |
| CCAB Building and Elevator Improvements INTERCAP Loan, Series 2008 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date March 14, 2008, with a loan amount of \$999,483, semi-annual payments of varying amounts with a maturity date of February 15, 2018; secured by real property. Current rate - 1.55%. | 240,748 |
| CCAB Building Improvements INTERCAP Loan, Series 2010 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date June 25, 2010, with a loan amount of \$505,000, semi-annual payments of varying amounts with a maturity date of August 15, 2020; secured by real property. Current rate - 1.55% | 237,925 |
| Total business-type loans outstanding | 965,257 |
| Less current portion | (220,951) |
| Long-term loans outstanding | \$ 744,306 |

Loan Annual Debt Service Requirements to Maturity:

Annual debt service requirements to maturity for loans are as follows:

| Fiscal Year June 30 | Governmental | | Business-type | |
|------------------------|--------------|----------|---------------|-----------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 36,582 | \$ 1,619 | \$ 220,951 | \$ 14,108 |
| 2018 | 37,893 | 1,048 | 223,136 | 10,660 |
| 2019 | 39,107 | 455 | 104,729 | 7,674 |
| 2020 | - | - | 93,602 | 6,050 |
| 2021 | - | - | 54,377 | 4,693 |
| 2022-2026 | - | - | 146,135 | 15,757 |
| 2027-2030 | - | - | 122,327 | 4,289 |
| Total | \$ 113,582 | \$ 3,122 | \$ 965,257 | \$ 63,231 |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Advances:

In April 2013, the City Commission approved an advance from the Capital Improvement governmental fund to the Golf Course enterprise fund to finance the purchase of a new golf cart fleet payable in annual installments for five years beginning April 30, 2014. The Golf Course will be charged one percent for the life of the loan.

Advance from Captal Improvement Fund - Commission approved April 25, 2013
 \$138,066 advance payable in annual installments of \$28,448 beginning April
 30, 2014, final scheduled payment April 30, 2018. Annual rate - 1% \$ 56,052

Advance Annual Debt Service Requirements to Maturity:

Annual debt service requirements to maturity for advances are as follows:

| Fiscal Year June 30 | Business-type | |
|------------------------|------------------|---------------|
| | Principal | Interest |
| 2017 | \$ 27,887 | \$ 560 |
| 2018 | 28,165 | 282 |
| Total | <u>\$ 56,052</u> | <u>\$ 842</u> |

Changes in Long-Term Liabilities

Governmental Activities Long-Term Liabilities:

The following is a summary of the changes in long-term liabilities for the year ended June 30:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------------|
| General obligation bonds | \$ 7,085,000 | \$ - | \$ 650,000 | \$ 6,435,000 | \$ 685,000 |
| Loans | 148,903 | - | 35,321 | 113,582 | 36,582 |
| Special assessment bonds | 160,000 | - | 50,000 | 110,000 | - |
| Compensated absences * | 1,926,922 | 1,235,560 | 1,162,397 | 2,000,085 | 1,120,047 |
| Other postemployment benefits * | 1,870,700 | 216,682 | - | 2,087,382 | - |
| Pensions * | 11,609,728 | 1,169,775 | - | 12,779,503 | - |
| Total | <u>\$ 22,801,253</u> | <u>\$ 2,622,017</u> | <u>\$ 1,897,718</u> | <u>\$ 23,525,552</u> | <u>\$ 1,841,629</u> |

*The governmental funds that are expected to liquidate the compensated absences, pension and other postemployment benefits liabilities are the General, Streets, Storm Water, Community Facilities, Police Programs, Open Space Maintenance District, and Urban Forestry Maintenance District.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Long-Term Liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------------|
| General obligation bonds | \$ 1,695,000 | \$ - | \$ 860,000 | \$ 835,000 | \$ 75,000 |
| Loans | 1,139,560 | 38,744 | 213,047 | 965,257 | 220,951 |
| Certificates of participation | 8,170,000 | - | 195,000 | 7,975,000 | 205,000 |
| Revenue bonds | 9,387,000 | - | 1,097,000 | 8,290,000 | 1,121,000 |
| Compensated absences | 754,981 | 569,502 | 592,622 | 731,861 | 409,842 |
| Other postemployment benefits | 923,180 | 86,658 | - | 1,009,838 | - |
| Pensions | 5,173,569 | 664,663 | - | 5,838,232 | - |
| Landfill postclosure | 1,654,618 | - | 69,919 | 1,584,699 | 116,522 |
| Total | <u>\$ 28,897,908</u> | <u>\$ 1,359,567</u> | <u>\$ 3,027,588</u> | <u>\$ 27,229,887</u> | <u>\$ 2,148,315</u> |

The BID and TBID had compensated absences payable of \$3,227 and \$9,175, respectively.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE I – FUND BALANCES

In the basic financial statements, the fund balance classifications are presented in the aggregate. The table presented below further displays the fund balances by major purposes.

| | General | Major Special Revenue Fund-Streets | Major Capital Projects Fund - Capital Improvements | Other | Total |
|---|---------------------|---|---|---------------------|----------------------|
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 12,663 | \$ 394,047 | \$ - | \$ - | \$ 406,710 |
| Total nonspendable fund balance | 12,663 | 394,047 | - | - | 406,710 |
| Restricted: | | | | | |
| Contract commitments | - | - | 1,073,189 | - | 1,073,189 |
| Gas tax projects | - | 1,524,004 | - | - | 1,524,004 |
| Debt service | - | - | - | 960,191 | 960,191 |
| Special assessments | - | 3,301,598 | - | 3,861,955 | 7,163,553 |
| Long term receivables | - | - | 399,716 | 619,211 | 1,018,927 |
| 9-1-1 emergency program | - | - | - | 120,637 | 120,637 |
| Police grants | 62,473 | - | - | - | 62,473 |
| Support services division | - | - | - | 77,264 | 77,264 |
| Total restricted fund balance | 62,473 | 4,825,602 | 1,472,905 | 5,639,258 | 12,000,238 |
| Committed: | | | | | |
| Centennial trail grant match | 42,273 | - | - | - | 42,273 |
| Chamber of commerce building | - | - | - | 17,996 | 17,996 |
| Neighborhood center | - | - | - | 37,813 | 37,813 |
| Civic center | - | - | - | 540,574 | 540,574 |
| Community facilities | - | - | - | 956,641 | 956,641 |
| Total committed fund balance | 42,273 | - | - | 1,553,024 | 1,595,297 |
| Assigned: | | | | | |
| Park projects | 5,000 | - | 89,798 | - | 94,798 |
| Civic center projects | - | - | 37,150 | - | 37,150 |
| Fire department projects | - | - | 171,753 | - | 171,753 |
| Projects with no contractual commitment | - | - | 794,573 | - | 794,573 |
| Community development | - | - | - | 78,457 | 78,457 |
| Other capital projects | - | - | 1,372,554 | - | 1,372,554 |
| Total assigned fund balance | 5,000 | - | 2,465,828 | 78,457 | 2,549,285 |
| Unassigned: | | | | | |
| Total fund balances | 5,436,164 | - | - | (281,618) | 5,154,546 |
| Total fund balances | <u>\$ 5,558,573</u> | <u>\$ 5,219,649</u> | <u>\$ 3,938,733</u> | <u>\$ 6,989,121</u> | <u>\$ 21,706,076</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE I – FUND BALANCES, (continued)

The mayor and commission are the city’s highest level of decision-making authority, and must adopt an ordinance or resolution to establish (and modify or rescind) a fund balance commitment. Assigned fund balances include purchase commitments, and funds committed by the commission in the special districts construction funds for those functions.

Assigned fund balances may be modified by request of the department head when approved by the city manager.

The city has not established a policy for its use of unrestricted fund balance amounts, and therefore fund balances are reduced in the following order when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: committed, assigned, and then unassigned.

The city maintains one major special revenue fund, the Street fund. The purpose of this fund is to finance street repair, maintenance, and replacement, as well as traffic safety functions. GASB Statement 54 requires disclosure of revenues for each major special revenue fund. Revenues are as follows:

| | |
|--------------------------------|---------------------|
| Special assessments | \$ 3,396,150 |
| State shared revenue - gas tax | 492,492 |
| Federal grant | 7,500 |
| Charges for services | 35,045 |
| Miscellaneous | 1,558 |
| Investment earnings | 14,551 |
| Sale of capital assets | 850 |
| | <u>\$ 3,948,146</u> |

NOTE J - EMPLOYEE BENEFIT PLANS

Pension Plans

Substantially all City of Helena full-time employees participate in one of four statewide, cost-sharing multiple-employer retirement benefit plans. All plans are administered by the Public Employees’ Retirement Board (PERB). The authority to establish or amend contribution requirements for all plans, and provide cost of living adjustments for defined benefits plans is assigned to the State legislature. PERB issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for these plans. It is available from the Montana Public Employees’ Retirement Administration (MPERA) at 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana, 59620-0131 or at their website, <http://mpera.mt.gov>.

The Montana Public Employees Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to, and deductions from, fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Contributions to pension plans are as required by state statute. Information about each plan follows:

Public Employees' Retirement System (PERS) – All eligible new hires are initially members of the PERS-DBRP (Defined Benefit Retirement Plan). New hires have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP (Defined Contribution Retirement Plan) by filing an irrevocable election. Both plans are governed by Title 19, Chapters 2 and 3, Montana Code Annotated (MCA). PERS plans cover eligible state, local government, school district and university system employees.

PERS-DBRP is a multiple-employer, cost-sharing plan established July 1, 1945. PERS-DBRP provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries.

Employees with 5 years of service are eligible to retire at ages shown below. Vested (5 years of service) employees are eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits generally equal the balance in the member's vested account or continuing payments under an annuity contract.

Benefit Calculation

To be eligible for service retirement, a member must meet one of the following requirements:

- If hired prior to July 1, 2011:
 - Age 60, 5 years of membership service,
 - Age 65, regardless of membership service, or
 - Any age, 30 years of membership service,
- Or if hired on or after July 1, 2011:
 - Age 65, with at least 5 years of membership service, or
 - Age 70 and in active service.

A member's monthly retirement benefit is equal to the membership service factor times the member's highest average compensation times member's service credit. After completing 12 full months of retirement, the member will receive a guaranteed annual benefit adjustment (GABA) of 0% to 3% depending on their hire date and the amortization period of the plan.

Membership Service

Members earn a full month of membership service for any month in which he/she is reported to PERB by the City. Membership service is used to determine the membership service factor and vesting. One hour reported in a month will result in one month of membership service.

The Membership Service Factor is:

Members hired prior to July 1, 2011:

- 1.7857% for members with less than 25 years of membership service
- 2.0% for members with 25 or more years of membership service, or

Members hired on or after July 1, 2011:

- 1.5% for members with less than 10 years of membership service
- 1.7857% for members with 10 or more but less than 30 years of membership service
- 2.0% for members with 30 or more years of membership service.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Public Employees' Retirement System (PERS), (continued)

Highest Average Compensation (HAC)

HAC is a member's highest average monthly compensation:

- during any consecutive 36 months if hired prior to July 1, 2011
- during any consecutive 60 months of membership service if hired on or after July 1, 2011
- If hired on or after July 1, 2013, a 110% annual cap on compensation earned during each year of the HAC period.

Service Credit

A full month of service credit is earned when 160 hours or more is reported to PERB by the city during any given month. Proportional service credit is awarded unless at least 2080 hours is worked in a year.

Guaranteed Annual Benefit Adjustment (GABA)

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013
 - 1.5% each year PERS is funded at or above 90%
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

PERS-DCRP is a multiple-employer plan established July 1, 2002. A percentage of employer contributions are used to fund various PERS member education programs and a long-term disability plan fund. PERS-DCRP provides for retirement, disability, and death benefits to plan members and their beneficiaries based on the balance in the member's account.

Municipal Police Officers' Retirement System (MPORS) – MPORS, established in 1974 and governed by Title 19, chapters 2 and 9, MCA, covers all municipal police officers of cities covered by the plan. MPORS is a mandatory multiple-employer, cost-sharing defined benefit plan. It offers retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible to retire and receive pension benefits when he/she has completed 20 years of membership service, or at age 50 with at least 5 years of membership service. Disability benefits are determined in the same manner as retirement benefits for members having 20 or more years of service. If less than 20 years of membership service the disability benefit is equal to one-half of the member's final average compensation. Death benefits are paid to beneficiaries as follows:

- Active Member and less than 20 years of membership service - one-half of final average compensation.
- Active member and 20 years or more of membership service - 2.5% of final average compensation for each year of service credit.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Municipal Police Officers' Retirement System (MPORS), (continued)

- Inactive member - refund of accumulated contributions.
- Retired member - benefit is paid to surviving spouse or dependent children. If no survivors as previously mentioned, the designated beneficiary or estate will receive the remaining amount of accumulated contributions.

Benefit Calculation

To be eligible for service retirement, a member must meet one of the following requirements:

- 20 years of membership service at any age, or
- 5 years of membership service and 50 years of age.

A member's monthly retirement benefit is equal to the service credit times 2.5% times final average compensation (FAC).

Service Credit

A full month of service credit is earned when at least 160 hours is worked. Proportional service credit is awarded for less than 160 hours.

Final Average Compensation (FAC)

- Hired prior to July 1, 1977 – average monthly compensation of final year of service.
- Hired on or after July 1, 1977 – average monthly compensation for last consecutive 36 months of service.
- This is capped at 110% of compensation in the previous year for members hired after July 1, 2013. Also, bonuses paid on or after July 1, 2013, are not considered when calculating FAC.

Guaranteed Annual Benefit Adjustment (GABA)

Police officers who were active members before July 1, 1997, could choose to be covered under GABA. Officers hired on or after July 1, 1997, all receive GABA retirement benefit increases. GABA insures an increase of 3% over the previous year's benefit. Members not covered under GABA must receive a minimum benefit adjustment that may not be less than one-half of the base salary paid in the current fiscal year to a newly confirmed police officer in the city that last employed the retired member.

Deferred Retirement Option Plan (DROP)

DROP provides members who have at least 20 years of membership service with an additional retirement option. Once participation is elected, it is irrevocable. DROP allows a member to begin accumulating their retirement benefit without terminating employment for 1 to 60 months. While participating in DROP, monthly benefit payments accumulate in the MPORS trust fund in a separate DROP account. DROP participants and their employers continue to pay regular contributions. When employment is terminated, the DROP benefit is paid to the participant in addition to retirement benefits.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Firefighters' Unified Retirement System (FURS) – FURS, established in 1981 and governed by Title 19, Chapters 2 and 13, MCA is a mandatory multiple-employer, cost-sharing defined benefit plan offering retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible to retire and receive pension benefits when he/she has completed 20 years of membership service, or at age 50 with at least 5 years of membership service. Disability benefits are determined in the same manner as retirement benefits for members having 20 or more years of service.

If less than 20 years of membership service, the disability benefit is equal to one-half-of the member's highest average compensation. Death benefits are paid to beneficiaries as follows:

- Active member and less than 20 years of membership service - one-half of highest average compensation.
- Active member and 20 years or more of membership service - monthly survivorship benefits which amount to what the member was entitled on the date of death, or if no survivor, a lump-sum payment will be paid to the beneficiary.
- Inactive member with more than 20 years of membership service - monthly survivorship benefits equal benefit amount the member was entitled to on the date of death.
- Retired member - monthly retirement benefit will be paid to survivor, or if none, the designated beneficiary or estate will receive the remaining contributions.

Benefit Calculation

A member's basic monthly retirement benefit is equal to 2.5% times Years of Service Credit times Highest Average Compensation (HAC). If a member was hired before July 1, 1981 and did not elect to be covered under GABA, their monthly benefit will be the greater of the benefit calculated using the basic formula above; or

- For members with less than 20 years of membership service: 2% of highest monthly compensation (HMC) for each year of service credit
- For members with 20 or more years of membership service: 50% of HMC plus 2% of HMC for each year of service credit over 20 years.

Service Credit

A full month of service credit is earned when at least 160 hours is worked. Proportional service credit is awarded for less than 160 hours.

Highest Average Compensation (HAC)

HAC is the average of the member's highest consecutive 36 months of compensation. For members hired on or after July 1, 2013, HAC is capped at 110% of compensation earned during the highest average compensation period.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Firefighters' Unified Retirement System (FURS), (continued)

Guaranteed Annual Benefit Adjustment (GABA)

Firefighters who were active members before July 1, 1997, could choose to be covered under GABA. All members hired on or after that date are automatically eligible for GABA. GABA increases the monthly retirement benefit 3% each year. Non-GABA members with at least ten years of service will receive a minimum retirement not less than one-half of the current base salary paid to a newly confirmed active firefighter in the city where last employed as a firefighter.

Contribution Rates and Amounts

| | <u>Employee</u> | <u>Employer</u> | <u>State</u> |
|---------------|-----------------|-----------------|--------------------|
| PERS | 7.9% | 8.27% | 0.10% ¹ |
| MPORS | 5.8-9.0% | 14.41% | 29.37% |
| FURS-GABA | 10.69% | 14.36% | 32.61% |
| FURS-NON-GABA | 9.5%-10.69% | 14.36% | 32.61% |

| | <u>City</u> | | | <u>State</u> |
|-------|-------------|-------------|-------------|--------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2016</u> |
| PERS | \$ 946,538 | \$ 926,312 | \$ 888,635 | \$ 319,321 |
| MPORS | 477,914 | 467,659 | 441,642 | 799,293 |
| FURS | 352,077 | 347,791 | 329,813 | 444,473 |

¹ The State also contributes from the Coal Tax Severance fund.

One hundred percent of required contributions were paid.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

| | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> | <u>Total</u> |
|---|----------------------|----------------------|---------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 12,895,523 | \$ 3,878,937 | \$ 1,843,275 | \$ 18,617,735 |
| State's proportionate share of the net pension liability associated with the City | 158,400 | 7,859,095 | 4,105,464 | 12,122,959 |
| Total | <u>\$ 13,053,923</u> | <u>\$ 11,738,032</u> | <u>\$ 5,948,739</u> | <u>\$ 30,740,694</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

The net pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, including the State, actuarially determined.

| | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> |
|---|-------------|--------------|-------------|
| Proportionate share of plan's net pension liability | 0.922511% | 2.344892% | 1.802239% |

For the year ended June 30, 2016, the City recognized pension expenses of \$2,708,994 and revenue of \$1,563,087 for support provided by the State. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

| | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> | <u>Total</u> |
|---|-------------------|-------------------|-------------------|---------------------|
| Changes in proportion and differences between City contributions and proportionate share of contributions | \$ 25,125 | \$ 80,275 | \$ 33,254 | \$ 138,654 |
| City contributions subsequent to the measurement date | 922,845 | 477,914 | 352,077 | 1,752,836 |
| Total | <u>\$ 947,970</u> | <u>\$ 558,189</u> | <u>\$ 385,331</u> | <u>\$ 1,891,490</u> |

Deferred Inflows of Resources

| | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> | <u>Total</u> |
|---|---------------------|-------------------|-------------------|---------------------|
| Differences between expected and experience | \$ 78,019 | \$ 35,425 | \$ 2,401 | \$ 115,845 |
| Net difference between projected and actual earnings on pension plan investments | 1,091,745 | 145,724 | 111,419 | 1,348,888 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 30,161 | - | - | 30,161 |
| Total | <u>\$ 1,199,925</u> | <u>\$ 181,149</u> | <u>\$ 113,820</u> | <u>\$ 1,494,894</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

\$1,752,836 reported as deferred outflows of resources related to pensions from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending June 30 | PERS | MPORS | FURS | Total |
|-------------------------------|-----------------------|---------------------|--------------------|-----------------------|
| 2017 | \$ (488,060) | \$ (49,755) | \$ (43,524) | \$ (581,339) |
| 2018 | (488,060) | (49,755) | (43,524) | (581,339) |
| 2019 | (482,621) | (49,755) | (43,524) | (575,900) |
| 2020 | 283,942 | 48,390 | 43,835 | 376,167 |
| 2021 | - | - | 6,171 | 6,171 |
| Total | <u>\$ (1,174,799)</u> | <u>\$ (100,875)</u> | <u>\$ (80,566)</u> | <u>\$ (1,356,240)</u> |

Actuarial Assumptions

The total pension liabilities (TPL) used to calculate the net pension liabilities was determined by an actuarial valuation of of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study, dated June 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

| | |
|---------------------------|--|
| Inflation | 3% percent |
| Salary Increases | 4% percent, average, including inflation |
| Investment rate of return | 7.75% percent, net of pension plan investment expense, including inflation |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Cash equivalents | 2.00% | (0.25%) |
| Domestic equity | 36.00% | 4.55% |
| Foreign equity | 18.00% | 6.10% |
| Fixed income | 24.00% | 1.25% |
| Private equity | 12.00% | 8.00% |
| Real estate | 8.00% | 4.25% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following present the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

| <u>City's proportionate share of the net pension liability</u> | <u>1% Decrease (6.75%)</u> | <u>Discount Rate (7.75%)</u> | <u>1% Increase (8.75%)</u> |
|--|--------------------------------|----------------------------------|--------------------------------|
| PERS | \$ 19,882,109 | \$ 12,895,523 | \$ 6,995,517 |
| MPORS | 5,476,468 | 3,878,937 | 2,460,728 |
| FURS | 2,973,656 | 1,843,275 | 922,101 |
| | <u>\$ 28,332,233</u> | <u>\$ 18,617,735</u> | <u>\$ 10,378,346</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERB financial report.

Postemployment Benefits Other Than Pensions

The City reports the "implied rate subsidy" liability as required by GASB Statement No. 45. As required by state law, the City provides employees who retire and their spouses and dependents (retirees) the option to continue to participate in the City's group health insurance plan. To continue coverage, retirees are required to pay the full cost of the benefits. Although state law requires the City to offer insurance to retirees, it does not require the City to offer it at the same rate as all participants. Furthermore, there are no other legal or contractual agreements requiring the City to offer the same rates to retirees as other participants. Rates can be changed or benefits altered at any time to ensure all plans are fiscally sound.

Plan Description. In 2016, the City of Helena provided employee medical insurance through a cost-sharing, multiple-employer plan run by the Montana Municipal Interlocal Authority (MMIA).

Funding Policy. The City of Helena provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees include former fulltime and certain other employees. At June 30, 2016, the City had 57 retired employees, spouses and dependents and no employees under COBRA insurance coverage. In 2016 retirees contributed \$383,828 towards the cost of the City's annual premium, with claims totaling \$198,364. The only way to avoid this liability according to GASB 45 is to establish an irrevocable trust fund or charge retirees an age based premium. The City will not fund an irrevocable trust fund as it would be a waste of taxpayer funds as the liability will most likely continue to grow and the funds would never be used as the City pays its insurance premiums in full monthly and owes nothing further to MMIA. Also, retirees can leave the plan at any time and the City would have unwisely used funds collected from its citizens.

Annual OPEB Cost Obligation. The City's other postemployment benefit (OPEB) expense is calculated based on the projected unit credit cost method. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions, (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 is as follows:

| | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|
| Annual required contribution | \$ 348,800 | \$ 357,798 | \$ 438,654 |
| Interest on net OPEB obligation | 118,740 | 105,165 | 89,023 |
| Annual OPEB cost (expense) ^B | 467,540 | 462,963 | 527,677 |
| Contributions made ^A | (164,198) | (143,556) | (147,868) |
| Increase in net OPEB obligation | 303,342 | 319,407 | 379,809 |
| Net OPEB obligation-beginning of year | 2,793,878 | 2,474,471 | 2,094,662 |
| Net OPEB obligation-end of year | <u>\$ 3,097,220</u> | <u>\$ 2,793,878</u> | <u>\$ 2,474,471</u> |
| Percentage of annual OPEB cost contributed ^(A/B) | 35% | 31% | 28% |

Funded Status and Funding Progress. As of June 30, 2016, the actuarial accrued liability for benefits was \$4,884,279, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$17,541,382, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 28%.

Methods and Assumptions. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

- Mortality is assumed to follow the RP2000 Healthy Combined Mortality Table with no collar adjustment for males and females.
- Disability mortality is assumed to follow the RP2000 Disabled Mortality Table with no collar adjustment for males and females.
- Turnover rates were based on specific gender age data assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
- Interest and discount rates used were 4.25% and the payroll growth inflation rate was 2.5%.
- Healthcare cost trend rate (HCCTR) was based on projections from historical rates of the City. Assumed rates of increase applied to retiree/surviving spouse and spouse only premiums are as follows:

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions, (continued)

| <u>Plan Year</u> | <u>Insurance Plan</u> | | | |
|------------------|-----------------------|--------------|---------------|---------------|
| | <u>Medical</u> | <u>Drugs</u> | <u>Dental</u> | <u>Vision</u> |
| 2014 | 5.4% | 5.4% | 0.0% | 0.0% |
| 2015 | 7.5% | 7.5% | 7.5% | 4.0% |
| 2016 | 7.0% | 7.0% | 7.0% | 4.0% |
| 2017 | 6.5% | 6.5% | 6.5% | 4.0% |
| 2018 | 6.0% | 6.0% | 6.0% | 4.0% |
| 2019 | 5.5% | 5.5% | 5.5% | 4.0% |
| 2020 | 5.0% | 5.0% | 5.0% | 4.0% |
| 2021+ | 4.5% | 4.5% | 4.5% | 4.0% |

Health insurance premiums for 2013 retirees were used as the basis for calculation of the present value of total benefits to be paid.

Additional information derived from this actuarial valuation follows:

- Actuarial date: July 1, 2014
- Actuarial cost method: Projected unit credit funding method
- Amortization Method: Level percent of pay, open
- Remaining Amortization Period: 30 years

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE K - JOINT VENTURES

Lewis and Clark Library

In 1974, the City entered into an interlocal Library contract with Lewis and Clark County to create the Lewis and Clark Library located within the City of Helena. The five-member Board of Trustees consists of two members appointed by each government and one member appointed jointly. Upon dissolution, the City has a 50% share in the net position of the Library. The most current summary financial information as of, and for, the fiscal year ended June 30 is:

| | 2016 | 2015 |
|------------------------|--------------|--------------|
| Cash and investments | \$ 5,164,206 | \$ 5,049,284 |
| Total assets | 5,164,206 | 5,049,284 |
| Net position | 5,164,206 | 5,049,284 |
| Revenues | 3,304,208 | 3,564,310 |
| Expenses | (3,189,286) | (2,728,568) |
| Change in net position | \$ 114,922 | \$ 835,742 |

In fiscal year 2015, the library changed from a modified accrual basis of accounting to a cash basis, as allowed by the State of Montana. Financial information is available at the Lewis and Clark Library at 120 S. Last Chance Gulch, Helena, Montana, 59601.

NOTE L - RELATED ORGANIZATIONS

The City Commission is responsible for the following board appointments:

- Helena Housing Authority – The City Commission appoints 100% of this board.
- Helena Municipal Airport – The City and County Commissions each appoint three members. One is appointed jointly.

The City has no further accountability for these organizations.

The City leases a building at 325 North Park Avenue to the Grandstreet Theater board for \$1 a year. This nonprofit board uses it for theater productions and children's events.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE M - COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30 there were uncompleted construction contracts as follows:

| Project # | Project Title | Balance |
|-----------|---|---------------------|
| CT5901 | Centennial Trail West | \$ 283,422 |
| EN6903 | Quiet Zone | 456,674 |
| MR4906 | MRTP Pumps, Valves and Motors | 56,430 |
| SD2904 | DNRC Ponds Control Structure | 75,959 |
| SD4905 | Front Street Storm Drains Enlargement | 607,394 |
| ST3907 | West Main Improvements | 1,412,749 |
| ST5907 | Front Street Streetscape | 231,406 |
| TM2903 | TMTP Backwash Recycle System | 1,437,128 |
| TM4906 | TMTP Programmable Logic Controller | 171,775 |
| TS4903 | Transfer Station Improvements | 458,892 |
| WM6915 | Phase I Cannon Street Wastewater Mains | 60,979 |
| WM6916 | Granite Street Wastewater Mains | 399,157 |
| WM6917 | Phase II Cannon Street Wastewater Mains | 216,639 |
| WU4917 | Front Street Water Mains-800 to 1600 Blocks | 468,116 |
| WU5915 | Westside Water Mains | 1,445,914 |
| WU6910 | 2016 Main Replacements | 286,344 |
| WU6911 | Granite Street Water Mains | 523,357 |
| WW6906 | WWTP Influent Channel and Headworks | 112,794 |
| | | <u>\$ 8,705,129</u> |

Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE N - RISK MANAGEMENT

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omission), environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for commercial property and boiler insurance. The City participates in a statewide public risk pool operated by the Montana Municipal Interlocal Authority (MMIA) for property and contents, business auto, contractors' equipment, bonding of public officials, workers' compensation and tort liability coverage. The City also contracts with the MMIA to provide health insurance. MMIA provides an environmental damages fund of \$5 million each year for all participants on a first come, first served basis. The City has no coverage for potential losses from environmental damages once the five million is expended.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE N - RISK MANAGEMENT, (continued)

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City's property and liability Insurance fund (internal service) and other funds based upon the insurance needs of the funds. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the past three years.

In 1986, the City joined together with other Montana cities to form the Montana Municipal Interlocal Authority, which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments. The liability limits for damages in tort action are \$750,000 per individual and \$1.5 million per occurrence with an \$11,250 deductible per incident. The City pays an annual premium for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums.

The City offers employees health benefits for medical, vision, dental, and life. The City was self-insured for the dental and vision plans during fiscal year 2016 that are administered by third-party administrators (TPAs), Allegiance, Inc. of Missoula, Montana and Vision Service Plan. The City is a member of MMIA's multiple-employer health insurance plan. All three plans are included in the Health Insurance fund in the internal service funds combining financial statements elsewhere in this report. The City accrues as liabilities those claims that have been reported within ninety days of the date of the financial statements but were identified by the TPAs as being incurred prior to the date of the financial statements. A brief description of each plan is as follows.

Vision Plan - Effective July 1, 1997, the City established a self-insured vision plan. The purpose of the plan is to pay vision care claims of City employees and other enrolled family members and minimize the total cost of annual vision insurance to the municipality. Rates are determined in consultation with the administrator for the coming year.

Dental Plan - Effective August 1, 1989, the City implemented a self-insured dental benefits plan for all employees. The City is the named fiduciary and plan administrator. The supervisor of the plan is Allegiance, Inc. Life insurance of \$25,000 is attached to the dental plan for employees only. A reconciliation of dental claims payable for the last two fiscal years is as follows:

| | Fiscal 2016 | Fiscal 2015 |
|-------------------------|----------------|----------------|
| Claims payable, July 1 | \$ 57,761 | \$ 73,304 |
| Claims incurred | 250,453 | 225,964 |
| Claims paid | (227,158) | (241,507) |
| Claims payable, June 30 | \$ 81,056 | \$ 57,761 |

Medical Plan - Effective July 1, 2009, the City joined MMIA's multiple-employer health insurance plan. MMIA provides four plans with varying rates, benefits, and deductibles participants can select from. The purpose of these plans is to pay medical claims of the City employees, retirees and other enrolled family members. Rates are actuarially determined and approved by MMIA's board each spring for the next fiscal year. The City pays a monthly premium in advance.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE O - LANDFILL POSTCLOSURE CARE COSTS

In November of 1993, the City discontinued using their landfill operation. Final closure status was granted to this facility in January 2000. State and Federal laws require the City to monitor the site for thirty subsequent years. The accounting treatment for these projected costs is to recognize a portion of the postclosure care costs in each operating period even though actual payouts will occur sometime in the future. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. Consequently, since the landfill closed in a prior fiscal year all expenses associated with closure and postclosure care costs were reflected in the prior years as cost of operations based on information present at that time. During the current year, estimated closure and postclosure costs have been recalculated to include a net decrease of \$69,919. This decrease represents a change in accounting estimate and is therefore accounted for as part of the cost of operations. The City anticipates meeting the closure and postclosure care requirements over the next 13.6 years with special assessments charged to all property owners within the City limits.

The City continues to demonstrate financial viability as required under RCRA Subtitle D and is, therefore, not required to create a trust fund or secure third-party provider instruments such as letters of credit or surety bonds. Note that the \$1,584,699 presented on the balance sheet at June 30 is an estimate of the postclosure care costs liability and is subject to changes such as the effect of inflation, revision of laws and other variables.

NOTE P - OPERATING LEASES

In August 2008, the City entered into a thirty-year operating lease for 350 parking spaces in the 15th Street parking garage with the Montana Board of Investments (MBOI). Payments are due annually from MBOI on December 31st for the next calendar year. The future minimum lease payments, cost and accumulated depreciation are as follows:

| <u>Minimum Lease Payments</u> | | <u>Carrying Amount of 15th St. Garage</u> | |
|-------------------------------|---------------------|---|---------------------|
| Fiscal Year Ending | Amount | | |
| June 30 | | | |
| 2017 | \$ 298,200 | Cost | \$ 6,992,366 |
| 2018 | 298,200 | Accumulated Depreciation | <u>(645,171)</u> |
| 2019 | 298,200 | Carrying Amount | <u>\$ 6,347,195</u> |
| 2020 | 298,200 | | |
| 2021 | 298,200 | | |
| 2022-2026 | 1,491,000 | | |
| 2027-2031 | 1,491,000 | | |
| 2032-2036 | 1,491,000 | | |
| 2037-2040 | 1,192,800 | | |
| Total | <u>\$ 7,156,800</u> | | |

Lease payments received were \$286,935 for the year ended June 30, 2016. The minimum lease payments will increase with changes in the fees set by the Helena Parking Commission. These minimum lease payments are offset by permits sold to other parties at that garage.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE Q -- SUBSEQUENT EVENTS

The City issued 2016 Certificates of Participation (COPs) for \$8,200,000 in July 2016, to advance refund the 2009 Certificates to achieve lower interest expenses. The proceeds from the refunding COPs were used to fund an escrow account that purchased state and local government securities from the U.S. Treasury with redemption dates coinciding with principal and interest dates of the 2009 COPs. The 2009 COPs will be called and paid in full on January 1, 2019. Therefore, the 2009 COPs are considered defeased in substance and will not be shown on the balance sheet in future years. The cash flows for the 2009 COPs were \$13,477,867 over the remaining life of the certificates and the 2016 COPs cash flows are \$11,635,627 over the same time frame for a total savings of \$1,842,240. The net present value economic gain is \$1,363,396. The refunding decreased the true interest cost from 5.07 percent to 2.64 percent.

The City has been approved to borrow \$1,161,000 from the State of Montana Department of Natural Resources, Drinking Water Program. The loan will fund three capital projects at the Ten Mile Water Treatment Plant. The loan will consist of a taxable Loan A for \$500,000 that will be forgiven upon satisfactory completion of the projects, and a tax exempt Loan B for \$661,000 for a term of 20 years at an interest rate of 2.5 percent per annum. The closing date is anticipated to be November 29, 2016.

NOTE R – RECENT ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which are effective for the City beginning in Fiscal Year 2018. The objective of these statements is to improve the usefulness of information about OPEB included in the financial reports of state and local governments for making decisions and assessing accountability.

GASB has issued Statement No. 77, Tax Abatement Disclosures, which is effective for the City beginning in Fiscal Year 2017. The objective of this statement is to improve the transparency and consistency in reporting of tax abatements.

GASB has issued Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, which is effective for the City beginning in Fiscal Year 2017. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions.

GASB has issued Statement No. 79, Certain External Investment Pools and Pool Participants, and addresses accounting and financial reporting for certain external investment pool participants. Portions of this statement are effective for the City this fiscal year, while others are effective beginning in Fiscal Year 2017. Those that are effective this year have been implemented.

GASB has issued Statement No. 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14, which is effective for the City beginning in fiscal year 2017. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB has issued Statement No. 81, Irrevocable Split-Interest Agreements, which is effective for the City beginning in fiscal year 2018. The objective of this statement is to improve accounting and financial reporting by providing recognition and measurement guidance for situations in which a government is a beneficiary of an irrevocable split-interest agreement.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE R – RECENT ACCOUNTING PRONOUNCEMENTS, (continued)

GASB has issued Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, 68, and 73, which is effective for the City beginning in fiscal year 2018. However, the City implemented this statement for fiscal year 2016. The objective of this statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from guidance in an Actuarial Standard of Practice for reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The City has not fully assessed the impact of Statements 74, 77, 78, 79, 80, and 81 on its financial position and results of operations, but does not believe the adoption of these statements will have a material effect on its basic financial statements. However, The City believes Statement 75 will have a material impact on its financial statements. If implemented for this financial report, the reported OPEB liability would be significantly larger (\$4,884,279) resulting in a decrease in total net position of \$1,787,059 if implemented in fiscal year 2016.

Section C

REQUIRED SUPPLEMENTARY INFORMATION

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2016

| | 2015 | 2016 |
|--|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.920375% | 0.922511% |
| City's proportionate share of the net pension liability (asset) | \$11,467,968 | \$12,895,525 |
| State's proportionate share of the net pension liability (asset) associated with the City | 140,041 | 158,400 |
| Total | \$11,608,009 | \$13,053,924 |
| City's covered payroll | \$11,285,301 | \$11,391,993 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 101.6% | 113.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.9% | 78.4% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2016

| | 2015 | 2016 |
|--|---------------|---------------|
| Contractually required contribution | \$ 926,942 | \$ 946,538 |
| Contributions in relation to the contractually required contribution | (926,942) | (946,538) |
| Contribution deficiency (excess) | \$ - | \$ - |
| City's covered payroll | \$ 11,285,301 | \$ 11,391,993 |
| Contributions as a percentage of covered payroll | 8.21% | 8.31% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MONTANA POLICE OFFICERS RETIREMENT SYSTEM
June 30, 2016

| | <u>2015</u> | <u>2016</u> |
|--|---------------------|---------------------|
| City's proportion of the net pension liability (asset) | 2.284225% | 2.344892% |
| City's proportionate share of the net pension liability (asset) | \$ 3,589,338 | \$ 3,878,937 |
| State's proportionate share of the net pension liability (asset) associated with the City | 7,250,892 | 7,859,095 |
| Total | <u>\$10,840,230</u> | <u>\$11,738,033</u> |
| City's covered payroll | \$ 3,245,374 | \$ 3,316,542 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 110.6% | 117.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.0% | 66.9% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
MONTANA POLICE OFFICERS RETIREMENT SYSTEM
June 30, 2016

| | <u>2015</u> | <u>2016</u> |
|--|--------------|--------------|
| Contractually required contribution | \$ 467,659 | \$ 477,914 |
| Contributions in relation to the contractually required contribution | (467,659) | (477,914) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 3,245,374 | \$ 3,316,542 |
| Contributions as a percentage of covered payroll | 14.41% | 14.41% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FIREFIGHTERS UNIFIED RETIREMENT SYSTEM
June 30, 2016

| | <u>2015</u> | <u>2016</u> |
|--|--------------------|--------------------|
| City's proportion of the net pension liability (asset) | 1.768133% | 1.802239% |
| City's proportionate share of the net pension liability (asset) | \$1,725,991 | \$1,843,275 |
| State's proportionate share of the net pension liability (asset) associated with the City | 3,893,752 | 4,105,464 |
| Total | <u>\$5,619,743</u> | <u>\$5,948,739</u> |
| City's covered payroll | \$2,421,941 | \$2,451,788 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 71.3% | 75.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.7% | 76.9% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
FIREFIGHTERS UNIFIED RETIREMENT SYSTEM
June 30, 2016

| | 2015 | 2016 |
|--|-------------|-------------|
| Contractually required contribution | \$ 347,791 | \$ 352,077 |
| Contributions in relation to the contractually required contribution | (347,791) | (352,077) |
| Contribution deficiency (excess) | \$ - | \$ - |
| City's covered payroll | \$2,421,941 | \$2,451,788 |
| Contributions as a percentage of covered payroll | 14.36% | 14.36% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2016

| <u>Actuarial Valuation Date</u> | Actuarial Value of <u>Assets</u> (a) | Actuarial Accrued Liability <u>(AAL)</u> (b) | Unfunded AAL <u>(UAAL)</u> (b-a) | Funded Ratio <u>Percentage</u> (a/b) | Annual Covered <u>Payroll</u> (c) | UAAL as a Percentage of Covered <u>Payroll</u> (b-a/c) |
|---------------------------------|---|--|---|---|--|--|
| June 30, 2011 | \$ - | \$ 6,592,982 | \$ 6,592,982 | 0.00% | \$ 14,772,241 | 44.63% |
| June 30, 2013 | \$ - | \$ 5,204,235 | \$ 5,204,235 | 0.00% | \$ 15,878,902 | 32.77% |
| June 30, 2015 | \$ - | \$ 4,569,310 | \$ 4,569,310 | 0.00% | \$ 16,726,032 | 27.32% |

See independent auditor's report.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Changes of benefit terms

Public Employees Retirement System (PERS). The following changes to the plan provisions were made as identified:

2013 legislative changes:

Working retirees – House Bill 95 – PERS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap – House Bill 97, effective July 1, 2013

All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.

All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

House Bill 454 – Permanent Injunction Limits Application of the GABA Reduction passed under HB454
Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013
 - a. 1.5% each year PERS is funded at or above 90%;
 - b. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
 - c. 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes:

General Revisions – House Bill 101, effective January 1, 2016

Second Retirement Benefit

- 1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- 2) For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- 3) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and'
 - GABA starts again in the January immediately following second retirement.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

- 4) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
- Member receives same retirement benefit as prior to return to service;
 - Members receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws – House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution member's account.

Montana Police Officers Retirement (MPORS)

The following changes to the plan provision were made as identified:

2013 Legislative Changes:

Highest Average Compensation (HAC) Cap – House Bill 97, effective July 1, 2013

- All MPORS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to MPORS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

2015 Legislative Changes:

General Revisions – House Bill 101, effective January 1, 2016

MPORS DROP Survivor Benefits – Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment. 19-9-1206(1), MCA.

Firefighters Unified Retirement (FURS)

The following changes to the plan provision were made as identified:

2013 Legislative Changes:

Working Retirees – House Bill 95

- Requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted, FURS retirees may still work up to 480 hours a year, without returning to active service.

Highest Average Compensation (HAC) Cap – House Bill 97, effective July 1, 2013

- All FURS members hired on or after July 1, 2013, are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to FURS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

Changes in Actuarial Assumptions and Methods – all plans

Method and assumptions used in calculations of actuarially determined contributions

The following changes were adopted in 2013 based on the 2013 Economic Experience study:

General wage growth* - 4.0%

* includes inflation at 3.0%

Investment rate of return – 7.75%, net of pension plan investment expense, and including inflation

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

The following Actuarial Assumptions are from the June 2010 Experience Study:

| | |
|---------------------------|---|
| General wage growth | 4.25% |
| *includes inflation at | 3.00% |
| Merit increase | 0% to 7.3% |
| Investment rate of return | 8.0%, net of pension plan investment expense, and including inflation |
| Asset valuation method | 4-year smoothed market |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of pay, open |

The following additions to the actuarial assumptions were adopted in 2014 based upon implementation of GASB 68:

Administrative expense as percentage of payroll

| |
|--------------|
| PERS - 0.27% |
| MPORS - 0.2% |
| FURS - 0.19% |

Section D

NON-MAJOR GOVERNMENTAL FUNDS

City of Helena, Montana
June 30, 2016

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Non-Major Funds:

Storm Water - Used to account for the receipt of assessments from each property owner within the City limits. These assessments help finance the storm water drainage operation, maintenance, and capital improvements.

Community Development - Used to account for the receipt and expenditure of funds related to Community Development Block Grant (CDBG) funds.

Community Facilities - Used to account for the receipts and expenditures related to maintenance and other activities in buildings owned by the City of Helena, as well as Civic Center activities.

Police Programs - Used to account for the receipt and expenditure of funds related to various police department related programs. Programs include: officer overtime that is fully reimbursed by businesses, schools, etc. requiring police security; the operation of 911 and E911 emergency telephone system; the joint City/County operation of the dispatch and record keeping function; and miscellaneous grant funding.

Fire Programs - Used to account for the receipt and expenditure of funds related to various fire department related programs. Programs include restricted private donations, grants, and activities related to the smoke alarm program. This fund was eliminated June 30, 2016 and the residual equity transferred to the general fund.

Open Space District Maintenance - Used to account for the receipt and expenditure of assessments from each property owner within the City limits and grant funds received to be used to maintain open space land owned by the City.

Urban Forestry Maintenance District - Used to account for the receipt of assessments from each property owner within the City limits. The assessments are used to plant, protect, maintain, preserve and care for trees in public parks, City right-of-way and on open space land.

Weed Control - Used to account for receipts and expenditures related to the control of noxious and nuisance weeds within the City. This fund was eliminated June 30, 2016 and the residual equity transferred to the general fund.

Light Maintenance Districts - Used to account for the receipt of assessments from property owners in 52 street lighting districts who are assessed for electricity for the lights in their district and for administrative charges.

See Independent Auditor's Report.

City of Helena, Montana
June 30, 2016

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of property taxes and other revenue for the periodic payment of interest and principal on general obligation and special improvement district bonds and related authorized costs.

Non-Major Funds:

Special Improvement Districts - Used to account for the receipt and expenditure of assessments from property owners covering such improvements as sidewalk and street construction or reconstruction. These funds are used to pay the interest and principal on bonds or warrants issued to pay for construction costs.

Special Improvement Districts Revolving - This fund is required to maintain a balance no less than five percent of outstanding special improvement district (SID) bonds. This fund secures prompt payment of any SID bonds issued in payment of improvements and the interest thereon as it becomes due. These funds were received over a period of years from developers that are required to deposit five percent of the amount of the bonds issued for the development of new districts.

2008 Park and Recreation General Obligation – Used to account for funds to pay the periodic payment of interest and principal on the bonds issued to finance improvements to Centennial Park, Memorial Park pool and Kindrick-Legion field approved by the citizens.

2009 Open Space and Fire Truck General Obligation Refunding – Used to account for the funds to pay the periodic payment of interest and principal on the debt issued to refund the 1997 and 2001 general obligation bonds.

Sidewalk General Obligation Loans – Used to account for funds to pay the periodic payment of interest and principal on debt issued to finance sidewalk repairs for citizens.

City of Helena, Montana
June 30, 2016

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of equipment or major capital facilities other than those financed in the proprietary fund types.

Non-Major Funds:

Special Improvement Districts Construction - Used to account for the expenditure of special warrant or loan proceeds intended to construct (or reconstruct) sidewalks for property owners and the receipt and expenditure of SID bond proceeds intended to pave streets and finance other similar improvements for property owners.

CTEP Projects - Used to account for the receipt and expenditure of Community Transportation Enhancement Program (CTEP) grant funds and the required matching funds. Funds are available for bike paths, sidewalks, or exterior renovating of historic structures in close proximity to transportation routes.

Major Funds:

Capital Improvements - Used to account for capital projects for general fund departments as well as funds specifically earmarked for the development of parks.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Non-major Governmental</u> |
|---|----------------------------|----------------------------|-----------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,053,710 | \$ 782,973 | \$ - | \$ 5,836,683 |
| Certificate of deposits | 770,296 | 117,702 | - | 887,998 |
| Receivables (net of allowance for uncollectibles) | 75,380 | 238,301 | - | 313,681 |
| Loans receivable | 570,999 | 48,212 | - | 619,211 |
| Restricted assets: | | | | |
| Cash - bond account | - | 5,500 | - | 5,500 |
| Intergovernmental receivable | 27,595 | - | 59,945 | 87,540 |
| Total assets | <u>\$ 6,497,980</u> | <u>\$ 1,192,688</u> | <u>\$ 59,945</u> | <u>\$ 7,750,613</u> |
| LIABILITIES | | | | |
| Accounts payable | 228,853 | - | 145,934 | 374,787 |
| Due to other funds | - | - | 195,629 | 195,629 |
| Total liabilities | <u>228,853</u> | <u>-</u> | <u>341,563</u> | <u>570,416</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 6,791 | 184,285 | - | 191,076 |
| Total deferred inflows of resources | <u>6,791</u> | <u>184,285</u> | <u>-</u> | <u>191,076</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted | 4,630,855 | 1,008,403 | - | 5,639,258 |
| Committed | 1,553,024 | - | - | 1,553,024 |
| Assigned | 78,457 | - | - | 78,457 |
| Unassigned | - | - | (281,618) | (281,618) |
| Total fund balances (deficits) | <u>6,262,336</u> | <u>1,008,403</u> | <u>(281,618)</u> | <u>6,989,121</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 6,497,980</u> | <u>\$ 1,192,688</u> | <u>\$ 59,945</u> | <u>\$ 7,750,613</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2016

| | Special Revenue | Debt Service | Capital Projects | Total Non-major Governmental |
|--|----------------------------|----------------------------|-----------------------------|---|
| REVENUES | | | | |
| Taxes | \$ - | \$ 866,739 | \$ - | \$ 866,739 |
| Special assessments | 2,421,436 | 93,713 | - | 2,515,149 |
| Licenses and permits | 16,035 | - | - | 16,035 |
| Intergovernmental | 2,268,550 | - | 123,825 | 2,392,375 |
| Charges for services | 1,386,496 | - | - | 1,386,496 |
| Fines | 3,321 | - | - | 3,321 |
| Investment earnings | 27,810 | 1,986 | - | 29,796 |
| Miscellaneous | 170,337 | - | 187,785 | 358,122 |
| Total revenues | <u>6,293,985</u> | <u>962,438</u> | <u>311,610</u> | <u>7,568,033</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 771,177 | 8,344 | - | 779,521 |
| Public safety | 1,801,513 | - | - | 1,801,513 |
| Public works | 1,410,788 | - | 354,897 | 1,765,685 |
| Culture and recreation | 1,817,850 | - | - | 1,817,850 |
| Community development | 401,787 | - | - | 401,787 |
| Debt service: | | | | |
| Principal | - | 735,321 | - | 735,321 |
| Interest | - | 274,926 | - | 274,926 |
| Capital outlay | 496,623 | - | 87,400 | 584,023 |
| Total expenditures | <u>6,699,738</u> | <u>1,018,591</u> | <u>442,297</u> | <u>8,160,626</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(405,753)</u> | <u>(56,153)</u> | <u>(130,687)</u> | <u>(592,593)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 845,480 | 1,751 | - | 847,231 |
| Transfers out | (165,839) | (38,000) | - | (203,839) |
| Total other financing sources and uses | <u>679,641</u> | <u>(36,249)</u> | <u>-</u> | <u>643,392</u> |
| SPECIAL ITEM | | | | |
| Loan forgiveness | (25,000) | - | - | (25,000) |
| Net change in fund balances | <u>248,888</u> | <u>(92,402)</u> | <u>(130,687)</u> | <u>25,799</u> |
| Fund balances - beginning | 6,013,448 | 1,100,805 | (150,931) | 6,963,322 |
| Fund balances - ending | <u>\$ 6,262,336</u> | <u>\$ 1,008,403</u> | <u>\$ (281,618)</u> | <u>\$ 6,989,121</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2016

(1 of 2)

| | <u>Storm Water</u> | <u>Community Development</u> | <u>Community Facilities</u> | <u>Police Programs</u> |
|---|----------------------------|----------------------------------|---------------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,313,661 | \$ 68,204 | \$ 1,373,873 | \$ 216,275 |
| Certificates of deposit | 347,805 | 10,253 | 217,118 | 32,512 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Special assessments | 31,472 | - | - | - |
| Other | - | - | - | 5,115 |
| Restricted assets: | | | | |
| Intergovernmental receivable | - | - | - | 1,995 |
| Loans receivable | - | 570,999 | - | - |
| Total assets | <u>2,692,938</u> | <u>649,456</u> | <u>1,590,991</u> | <u>255,897</u> |
| LIABILITIES | | | | |
| Accounts payable | 11,529 | - | 37,967 | 57,996 |
| Total liabilities | <u>11,529</u> | <u>-</u> | <u>37,967</u> | <u>57,996</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 3,866 | - | - | - |
| Total deferred inflows of resources | <u>3,866</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted | 2,677,543 | 570,999 | - | 197,901 |
| Committed | - | - | 1,553,024 | - |
| Assigned | - | 78,457 | - | - |
| Total fund balances (deficits) | <u>2,677,543</u> | <u>649,456</u> | <u>1,553,024</u> | <u>197,901</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 2,692,938</u> | <u>\$ 649,456</u> | <u>\$ 1,590,991</u> | <u>\$ 255,897</u> |

See Independent Auditor's Report.

(2 of 2)

| <u>Fire Programs</u> | <u>Open Space District Maintenance</u> | <u>Urban Forestry Maintenance District</u> | <u>Weed Control</u> | <u>Light Maintenance Districts</u> | <u>Total</u> |
|----------------------|--|--|---------------------|------------------------------------|---------------------|
| \$ - | \$ 363,498 | \$ 164,674 | \$ - | \$ 553,525 | \$ 5,053,710 |
| - | 54,643 | 24,755 | - | 83,210 | 770,296 |
| - | 8,373 | 7,551 | - | 22,869 | 70,265 |
| - | - | - | - | - | 5,115 |
| - | 25,600 | - | - | - | 27,595 |
| - | - | - | - | - | 570,999 |
| <u>-</u> | <u>452,114</u> | <u>196,980</u> | <u>-</u> | <u>659,604</u> | <u>6,497,980</u> |
| - | 12,606 | 7,729 | - | 101,026 | 228,853 |
| <u>-</u> | <u>12,606</u> | <u>7,729</u> | <u>-</u> | <u>101,026</u> | <u>228,853</u> |
| - | 1,439 | 540 | - | 946 | 6,791 |
| <u>-</u> | <u>1,439</u> | <u>540</u> | <u>-</u> | <u>946</u> | <u>6,791</u> |
| - | 438,069 | 188,711 | - | 557,632 | 4,630,855 |
| - | - | - | - | - | 1,553,024 |
| - | - | - | - | - | 78,457 |
| <u>-</u> | <u>438,069</u> | <u>188,711</u> | <u>-</u> | <u>557,632</u> | <u>6,262,336</u> |
| <u>\$ -</u> | <u>\$ 452,114</u> | <u>\$ 196,980</u> | <u>\$ -</u> | <u>\$ 659,604</u> | <u>\$ 6,497,980</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2016

(1 of 2)

| | <u>Storm Water</u> | <u>Community Development</u> | <u>Community Facilities</u> | <u>Police Programs</u> |
|---------------------------------------|----------------------------|----------------------------------|---------------------------------|----------------------------|
| REVENUES | | | | |
| Special assessments | \$ 1,056,665 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | 16,035 |
| Intergovernmental | 7,788 | 401,395 | - | 1,667,666 |
| Charges for services | - | - | 1,208,269 | 69,810 |
| Fines | - | - | - | - |
| Investment earnings | 8,538 | 13,617 | 4,211 | 430 |
| Miscellaneous | 30,591 | 663 | 84,289 | 53,818 |
| | <u>1,103,582</u> | <u>415,675</u> | <u>1,296,769</u> | <u>1,807,759</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 771,177 | - |
| Public safety | - | - | - | 1,801,513 |
| Public works | 560,209 | - | - | - |
| Culture and recreation | - | - | 1,029,164 | - |
| Community development | - | 401,787 | - | - |
| Capital outlay | 185,251 | - | 38,268 | - |
| Total expenditures | <u>745,460</u> | <u>401,787</u> | <u>1,838,609</u> | <u>1,801,513</u> |
| Revenues over (under) expenditures | <u>358,122</u> | <u>13,888</u> | <u>(541,840)</u> | <u>6,246</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 200,000 | 645,480 | - |
| Transfers out | (30,000) | - | - | (23,876) |
| Total other financing sources (uses) | <u>(30,000)</u> | <u>200,000</u> | <u>645,480</u> | <u>(23,876)</u> |
| SPECIAL ITEM | | | | |
| Loan forgiveness | - | (25,000) | - | - |
| Net change in fund balances | <u>328,122</u> | <u>188,888</u> | <u>103,640</u> | <u>(17,630)</u> |
| Fund balances - beginning | 2,349,421 | 460,568 | 1,449,384 | 215,531 |
| Fund balances - ending | <u>\$ 2,677,543</u> | <u>\$ 649,456</u> | <u>\$ 1,553,024</u> | <u>\$ 197,901</u> |

See Independent Auditor's Report.

(2 of 2)

| <u>Fire Programs</u> | <u>Open Space District Maintenance</u> | <u>Urban Forestry Maintenance District</u> | <u>Weed Control</u> | <u>Light Maintenance Districts</u> | <u>Total</u> |
|----------------------|--|--|---------------------|------------------------------------|---------------------|
| \$ - | \$ 277,023 | \$ 245,995 | \$ - | \$ 841,753 | \$ 2,421,436 |
| - | - | - | - | - | 16,035 |
| - | 190,861 | 600 | 240 | - | 2,268,550 |
| - | 1,590 | - | 106,827 | - | 1,386,496 |
| - | - | - | 3,321 | - | 3,321 |
| - | 1,014 | - | - | - | 27,810 |
| - | 676 | 300 | - | - | 170,337 |
| - | <u>471,164</u> | <u>246,895</u> | <u>110,388</u> | <u>841,753</u> | <u>6,293,985</u> |
| - | - | - | - | - | 771,177 |
| - | - | - | - | - | 1,801,513 |
| - | - | - | - | 850,579 | 1,410,788 |
| - | 459,900 | 222,011 | 106,775 | - | 1,817,850 |
| - | - | - | - | - | 401,787 |
| - | 58,978 | 183,425 | 30,701 | - | 496,623 |
| - | <u>518,878</u> | <u>405,436</u> | <u>137,476</u> | <u>850,579</u> | <u>6,699,738</u> |
| - | <u>(47,714)</u> | <u>(158,541)</u> | <u>(27,088)</u> | <u>(8,826)</u> | <u>(405,753)</u> |
| - | - | - | - | - | 845,480 |
| (1,851) | (10,000) | - | (100,112) | - | (165,839) |
| (1,851) | (10,000) | - | (100,112) | - | 679,641 |
| - | - | - | - | - | (25,000) |
| (1,851) | (57,714) | (158,541) | (127,200) | (8,826) | 248,888 |
| 1,851 | 495,783 | 347,252 | 127,200 | 566,458 | 6,013,448 |
| <u>\$ -</u> | <u>\$ 438,069</u> | <u>\$ 188,711</u> | <u>\$ -</u> | <u>\$ 557,632</u> | <u>\$ 6,262,336</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2016

(1 of 4)

| | Storm Water | | | | Community Development | | | |
|---------------------------------------|---------------------|-----------------------|--------------------|------------------------------|-----------------------|-------------------|-------------------|------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Special assessments | \$ 992,000 | \$ 992,000 | \$ 1,047,529 | \$ 55,529 | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits - other | - | - | - | - | - | - | - | - |
| Intergovernmental | | | | | | | | |
| Federal grants | - | - | - | - | - | 371,394 | 371,395 | 1 |
| State grants | - | - | - | - | - | 80,000 | 30,000 | (50,000) |
| State shared revenues | - | - | - | - | - | - | - | - |
| Other governments | - | - | - | - | - | - | - | - |
| Local payments in lieu of taxes | 7,790 | 7,790 | 7,788 | (2) | - | - | - | - |
| Charges for services | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Fines - city court | - | - | - | - | - | - | - | - |
| Investment earnings | 1,500 | 1,500 | 8,538 | 7,038 | - | - | 459 | 459 |
| Miscellaneous | - | - | 30,591 | 30,591 | 4,250 | 4,250 | 663 | (3,587) |
| Total revenue | <u>1,001,290</u> | <u>1,001,290</u> | <u>1,094,446</u> | <u>93,156</u> | <u>4,250</u> | <u>455,644</u> | <u>402,517</u> | <u>(53,127)</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public safety | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public works | | | | | | | | |
| Personal services | 186,299 | 186,299 | 181,647 | 4,652 | - | - | - | - |
| Supplies/services/materials | 649,126 | 629,037 | 372,883 | 256,154 | - | - | - | - |
| Culture and recreation | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Community development | | | | | | | | |
| Supplies/services/materials | - | - | - | - | 110 | 453,134 | 401,786 | 51,348 |
| Capital outlay | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | 725,000 | 1,900,228 | 192,467 | 1,707,761 | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Total expenditures | <u>1,560,425</u> | <u>2,715,564</u> | <u>746,997</u> | <u>1,968,567</u> | <u>110</u> | <u>453,134</u> | <u>401,786</u> | <u>51,348</u> |
| Revenues over (under) expenditures | <u>(559,135)</u> | <u>(1,714,274)</u> | <u>347,449</u> | <u>2,061,723</u> | <u>4,140</u> | <u>2,510</u> | <u>731</u> | <u>(1,779)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | 200,000 | 200,000 | 200,000 | - |
| Transfers out | - | (30,000) | (30,000) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(30,000)</u> | <u>(30,000)</u> | <u>-</u> | <u>200,000</u> | <u>200,000</u> | <u>200,000</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (559,135)</u> | <u>\$ (1,744,274)</u> | <u>317,449</u> | <u>\$2,061,723</u> | <u>\$ 204,140</u> | <u>\$ 202,510</u> | <u>200,731</u> | <u>\$ (1,779)</u> |
| Fund balances - beginning | | | 2,342,809 | | | | 2,955 | |
| Fund balances - ending | | | <u>\$2,660,258</u> | | | | <u>\$ 203,686</u> | |

See Independent Auditor's Report.

(2 of 4)

| Community Facilities | | | | Police Programs | | | | Fire Programs | | | |
|----------------------|--------------|--------------------|------------------------------|-----------------|--------------|-------------------|------------------------------|-----------------|--------------|-------------|------------------------------|
| Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 10,000 | 10,000 | 16,035 | 6,035 | - | - | - | - |
| - | - | - | - | 65,725 | 79,033 | 53,606 | (25,427) | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | 672,700 | 440,000 | 432,193 | (7,807) | - | - | - | - |
| - | - | - | - | 1,192,810 | 1,192,810 | 1,192,810 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | 69,500 | 69,500 | 69,524 | 24 | - | - | - | - |
| 771,559 | 1,124,618 | 1,208,269 | 83,651 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| 755 | 755 | 4,211 | 3,456 | 50 | 50 | 430 | 380 | - | - | - | - |
| 78,550 | 78,550 | 84,289 | 5,739 | 1,360 | 1,360 | 53,818 | 52,458 | - | - | - | - |
| 850,864 | 1,203,923 | 1,296,769 | 92,846 | 2,012,145 | 1,792,753 | 1,818,416 | 25,663 | - | - | - | - |
| 200,014 | 200,014 | 198,889 | 1,125 | - | - | - | - | - | - | - | - |
| 605,745 | 605,745 | 573,859 | 31,886 | - | - | - | - | - | - | - | - |
| - | - | - | - | 1,264,396 | 1,264,396 | 1,217,362 | 47,034 | - | - | - | - |
| - | - | - | - | 533,757 | 594,335 | 565,637 | 28,698 | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| 363,213 | 379,101 | 393,609 | (14,508) | - | - | - | - | - | - | - | - |
| 340,533 | 684,154 | 661,310 | 22,844 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| 9,500 | 9,500 | 9,400 | 100 | - | - | - | - | - | - | - | - |
| - | - | - | - | 182,000 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - |
| 1,519,005 | 1,878,514 | 1,837,067 | 41,447 | 1,980,153 | 1,858,731 | 1,782,999 | 75,732 | - | - | - | - |
| (668,141) | (674,591) | (540,298) | 134,293 | 31,992 | (65,978) | 35,417 | 101,395 | - | - | - | - |
| 645,480 | 645,480 | 645,480 | - | 93,000 | 93,000 | 93,000 | - | - | - | - | - |
| - | - | - | - | (116,876) | (116,876) | (116,876) | - | - | - | (1,852) | (1,852) |
| 645,480 | 645,480 | 645,480 | - | (23,876) | (23,876) | (23,876) | - | - | - | (1,852) | (1,852) |
| \$ (22,661) | \$ (29,111) | 105,182 | \$ 134,293 | \$ 8,116 | \$ (89,854) | 11,541 | \$ 101,395 | \$ - | \$ - | (1,852) | \$ (1,852) |
| | | 1,478,991 | | | | 235,364 | | | | 1,852 | |
| | | <u>\$1,584,173</u> | | | | <u>\$ 246,905</u> | | | | <u>\$ -</u> | |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2016

(3 of 4)

| | Open Space District Maintenance | | | | Urban Forestry Maintenance District | | | |
|---------------------------------------|---------------------------------|---------------------|-------------------|------------------------------|-------------------------------------|---------------------|-------------------|------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Special assessments | \$ 343,000 | \$ 343,000 | \$ 277,821 | \$ (65,179) | \$ 240,000 | \$ 240,000 | \$ 245,084 | \$ 5,084 |
| Licenses and permits - other | - | - | - | - | - | - | - | - |
| Intergovernmental | | | | | | | | |
| Federal grants | 349,187 | 730,001 | 259,182 | (470,819) | - | - | - | - |
| State grants | - | - | - | - | - | - | - | - |
| State shared revenues | - | - | 11,891 | 11,891 | - | - | - | - |
| Other governments | - | - | - | - | - | - | - | - |
| Local payments in lieu of taxes | 1,669 | 1,669 | 1,699 | 30 | - | - | 600 | 600 |
| Charges for services | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Culture and recreation | 1,572 | 1,572 | 1,590 | 18 | - | - | - | - |
| Fines - city court | - | - | - | - | - | - | - | - |
| Investment earnings | 300 | 300 | 1,014 | 714 | - | - | - | - |
| Miscellaneous | - | - | 676 | 676 | - | - | 300 | 300 |
| Total revenue | <u>695,728</u> | <u>1,076,542</u> | <u>553,873</u> | <u>(522,669)</u> | <u>240,000</u> | <u>240,000</u> | <u>245,984</u> | <u>5,984</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public safety | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public works | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Culture and recreation | | | | | | | | |
| Personal services | 115,950 | 115,950 | 104,009 | 11,941 | 148,969 | 148,969 | 133,448 | 15,521 |
| Supplies/services/materials | 623,393 | 965,254 | 435,822 | 529,432 | 91,417 | 91,417 | 86,707 | 4,710 |
| Community development | | | | | | | | |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Capital outlay | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Culture and recreation | 20,000 | 127,138 | 58,978 | 68,160 | 190,000 | 190,000 | 183,425 | 6,575 |
| Total expenditures | <u>759,343</u> | <u>1,208,342</u> | <u>598,809</u> | <u>609,533</u> | <u>430,386</u> | <u>430,386</u> | <u>403,580</u> | <u>26,806</u> |
| Revenues over (under) expenditures | <u>(63,615)</u> | <u>(131,800)</u> | <u>(44,936)</u> | <u>86,864</u> | <u>(190,386)</u> | <u>(190,386)</u> | <u>(157,596)</u> | <u>32,790</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | (10,000) | (10,000) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(10,000)</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (63,615)</u> | <u>\$ (141,800)</u> | <u>(54,936)</u> | <u>\$ 86,864</u> | <u>\$ (190,386)</u> | <u>\$ (190,386)</u> | <u>(157,596)</u> | <u>\$ 32,790</u> |
| Fund balances - beginning | | | 470,707 | | | | 345,575 | |
| Fund balances - ending | | | <u>\$ 415,771</u> | | | | <u>\$ 187,979</u> | |

See Independent Auditor's Report.

| Weed Control | | | | Light Maintenance Districts | | | | Total | | | |
|--------------------|--------------------|------------------|------------------------------|-----------------------------|--------------------|-------------------|------------------------------|---------------------|-----------------------|---------------------|------------------------------|
| Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ 824,714 | \$ 824,714 | \$ 857,322 | \$ 32,608 | \$ 2,399,714 | \$ 2,399,714 | \$ 2,427,756 | \$ 28,042 |
| - | - | - | - | - | - | - | - | 10,000 | 10,000 | 16,035 | 6,035 |
| - | - | - | - | - | - | - | - | 414,912 | 1,180,428 | 684,183 | (496,245) |
| - | - | - | - | - | - | - | - | - | 80,000 | 30,000 | (50,000) |
| - | - | - | - | - | - | - | - | 672,700 | 440,000 | 444,084 | 4,084 |
| - | - | 240 | 240 | - | - | - | - | 1,192,810 | 1,192,810 | 1,193,050 | 240 |
| - | - | - | - | - | - | - | - | 9,459 | 9,459 | 10,087 | 628 |
| - | 15,000 | 6,827 | (8,173) | - | - | - | - | 69,500 | 84,500 | 76,351 | (8,149) |
| 100,000 | 100,000 | 100,000 | - | - | - | - | - | 873,131 | 1,226,190 | 1,309,859 | 83,669 |
| - | 15,000 | 3,321 | (11,679) | - | - | - | - | - | 15,000 | 3,321 | (11,679) |
| - | - | - | - | - | - | - | - | 2,605 | 2,605 | 14,652 | 12,047 |
| - | - | - | - | - | - | - | - | 84,160 | 84,160 | 170,337 | 86,177 |
| <u>100,000</u> | <u>130,000</u> | <u>110,388</u> | <u>(19,612)</u> | <u>824,714</u> | <u>824,714</u> | <u>857,322</u> | <u>32,608</u> | <u>5,728,991</u> | <u>6,724,866</u> | <u>6,379,715</u> | <u>(345,151)</u> |
| - | - | - | - | - | - | - | - | 200,014 | 200,014 | 198,889 | 1,125 |
| - | - | - | - | - | - | - | - | 605,745 | 605,745 | 573,859 | 31,886 |
| - | - | - | - | - | - | - | - | 1,264,396 | 1,264,396 | 1,217,362 | 47,034 |
| - | - | - | - | - | - | - | - | 533,757 | 594,335 | 565,637 | 28,698 |
| - | - | - | - | - | - | - | - | 186,299 | 186,299 | 181,647 | 4,652 |
| - | - | - | - | 854,147 | 854,147 | 848,685 | 5,462 | 1,503,273 | 1,483,184 | 1,221,568 | 261,616 |
| 73,173 | 73,173 | 64,807 | 8,366 | - | - | - | - | 701,305 | 717,193 | 695,873 | 21,320 |
| 45,476 | 75,476 | 44,137 | 31,339 | - | - | - | - | 1,100,819 | 1,816,301 | 1,227,976 | 588,325 |
| - | - | - | - | - | - | - | - | 110 | 453,134 | 401,786 | 51,348 |
| - | - | - | - | - | - | - | - | 9,500 | 9,500 | 9,400 | 100 |
| - | - | - | - | - | - | - | - | 182,000 | - | - | - |
| - | - | - | - | - | - | - | - | 725,000 | 1,900,228 | 192,467 | 1,707,761 |
| 35,000 | 35,000 | 30,701 | 4,299 | - | - | - | - | 245,000 | 352,138 | 273,104 | 79,034 |
| <u>153,649</u> | <u>183,649</u> | <u>139,645</u> | <u>44,004</u> | <u>854,147</u> | <u>854,147</u> | <u>848,685</u> | <u>5,462</u> | <u>7,257,218</u> | <u>9,582,467</u> | <u>6,759,568</u> | <u>2,822,899</u> |
| <u>(53,649)</u> | <u>(53,649)</u> | <u>(29,257)</u> | <u>24,392</u> | <u>(29,433)</u> | <u>(29,433)</u> | <u>8,637</u> | <u>38,070</u> | <u>(1,528,227)</u> | <u>(2,857,601)</u> | <u>(379,853)</u> | <u>2,477,748</u> |
| - | - | - | - | - | - | - | - | 938,480 | 938,480 | 938,480 | - |
| - | - | (100,112) | (100,112) | - | - | - | - | (116,876) | (156,876) | (258,840) | (101,964) |
| - | - | (100,112) | (100,112) | \$ - | - | - | - | 821,604 | 781,604 | 679,640 | (101,964) |
| <u>\$ (53,649)</u> | <u>\$ (53,649)</u> | <u>(129,369)</u> | <u>\$ (75,720)</u> | <u>\$ (29,433)</u> | <u>\$ (29,433)</u> | <u>8,637</u> | <u>\$ 38,070</u> | <u>\$ (706,623)</u> | <u>\$ (2,075,997)</u> | <u>299,787</u> | <u>\$ 2,375,784</u> |
| | | <u>129,369</u> | | | | <u>628,098</u> | | | | <u>5,635,720</u> | |
| | | <u>\$ -</u> | | | | <u>\$ 636,735</u> | | | | <u>\$ 5,935,507</u> | |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2016

(1 of 2)

| | Special Improvement Districts | Special Improvement Districts Revolving |
|---|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 28,852 | \$ 5,359 |
| Certificates of deposit | 4,337 | 806 |
| Receivables (net of allowance for uncollectibles): | | |
| Property taxes | - | - |
| Special assessments | 92,329 | 1,513 |
| Loans receivable | - | 48,212 |
| Restricted: | | |
| Cash - bond accounts | - | 5,500 |
| Total assets | 125,518 | 61,390 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue | 89,900 | 1,513 |
| Total deferred inflows of resources | 89,900 | 1,513 |
| FUND BALANCES (DEFICITS) | | |
| Restricted | 35,618 | 59,877 |
| Total fund balances (deficits) | 35,618 | 59,877 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | \$ 125,518 | \$ 61,390 |

See Independent Auditor's Report.

| 2008 Park and Recreation General Obligation | 2009 | | Total |
|---|--|-------------------|---------------------|
| | Open Space and Fire Truck General Obligation Refunding | Sidewalk Loans | |
| \$ 361,523 | \$ 360,780 | \$ 26,459 | \$ 782,973 |
| 54,346 | 54,235 | 3,978 | 117,702 |
| 33,761 | 26,333 | - | 60,094 |
| - | - | 84,365 | 178,207 |
| - | - | - | 48,212 |
| - | - | - | 5,500 |
| <u>449,630</u> | <u>441,348</u> | <u>114,802</u> | <u>1,192,688</u> |
| 4,971 | 3,837 | 84,064 | 184,285 |
| <u>4,971</u> | <u>3,837</u> | <u>84,064</u> | <u>184,285</u> |
| 444,659 | 437,511 | 30,738 | 1,008,403 |
| <u>444,659</u> | <u>437,511</u> | <u>30,738</u> | <u>1,008,403</u> |
| <u>\$ 449,630</u> | <u>\$ 441,348</u> | <u>\$ 114,802</u> | <u>\$ 1,192,688</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2016

(1 of 2)

| | Special Improvement Districts | Special Improvement Districts Revolving | 2008 Park and Recreation General Obligation |
|---------------------------------------|--|--|--|
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ 484,453 |
| Penalties and interest | - | - | 1,040 |
| Special assessments | 57,266 | 2,617 | - |
| Investment earnings | 20 | 99 | 1,093 |
| Total revenues | 57,286 | 2,716 | 486,586 |
| EXPENDITURES | | | |
| General government | 700 | 7,644 | - |
| Debt service: | | | |
| Principal | 50,000 | - | 345,000 |
| Interest | 6,505 | (150) | 224,320 |
| Total expenditures | 57,205 | 7,494 | 569,320 |
| Revenue over (under) expenditures | 81 | (4,778) | (82,734) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | (38,000) | - |
| Total other financing sources (uses) | - | (38,000) | - |
| Net change in fund balances | 81 | (42,778) | (82,734) |
| Fund balances - beginning | 35,537 | 102,655 | 527,393 |
| Fund balances - ending | \$ 35,618 | \$ 59,877 | \$ 444,659 |

See Independent Auditor's Report.

**2009
Open Space
and Fire Truck**

| General Obligation Refunding | Sidewalk Loans | Total |
|---|---------------------------|----------------------------|
| \$ 380,595 | \$ - | \$ 865,048 |
| 651 | - | 1,691 |
| - | 33,830 | 93,713 |
| 698 | 76 | 1,986 |
| <u>381,944</u> | <u>33,906</u> | <u>962,438</u> |
| - | - | 8,344 |
| 305,000 | 35,321 | 735,321 |
| 42,500 | 1,751 | 274,926 |
| <u>347,500</u> | <u>37,072</u> | <u>1,018,591</u> |
| <u>34,444</u> | <u>(3,166)</u> | <u>(56,153)</u> |
| - | 1,751 | 1,751 |
| - | - | (38,000) |
| - | 1,751 | (36,249) |
| 34,444 | (1,415) | (92,402) |
| 403,067 | 32,153 | 1,100,805 |
| <u>\$ 437,511</u> | <u>\$ 30,738</u> | <u>\$ 1,008,403</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2016

(1 of 4)

| | Special Improvement Districts | | | Variance Positive (Negative) |
|---------------------------------------|--------------------------------------|--------------------|-------------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Penalties and interest | - | - | - | - |
| Special assessments | 57,248 | 57,248 | 55,000 | (2,248) |
| Investment earnings | - | - | 20 | 20 |
| Total revenues | <u>57,248</u> | <u>57,248</u> | <u>55,020</u> | <u>(2,228)</u> |
| EXPENDITURES | | | | |
| General government | 700 | 700 | 700 | - |
| Debt service: | | | | |
| Principal | 65,000 | 65,000 | 50,000 | 15,000 |
| Interest | 7,310 | 7,310 | 6,505 | 805 |
| Total expenditures | <u>73,010</u> | <u>73,010</u> | <u>57,205</u> | <u>15,805</u> |
| Revenue over (under) expenditures | <u>(15,762)</u> | <u>(15,762)</u> | <u>(2,185)</u> | <u>13,577</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (15,762)</u> | <u>\$ (15,762)</u> | <u>(2,185)</u> | <u>\$ 13,577</u> |
| Fund balances - beginning | | | 35,376 | |
| Fund balances - ending | | | <u>\$ 33,191</u> | |

See Independent Auditor's Report.

| Special Improvement Districts Revolving | | | | 2008 Park and Recreation General Obligation | | | |
|---|--------------------|------------------|------------------------------------|---|--------------------|-------------------|------------------------------------|
| Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ 567,000 | \$ 493,500 | \$ 493,519 | \$ 19 |
| - | - | - | - | 1,500 | 1,500 | 1,040 | (460) |
| 3,022 | 3,022 | 2,617 | (405) | - | - | - | - |
| 500 | 500 | 99 | (401) | 100 | 100 | 1,093 | 993 |
| <u>3,522</u> | <u>3,522</u> | <u>2,716</u> | <u>(806)</u> | <u>568,600</u> | <u>495,100</u> | <u>495,652</u> | <u>552</u> |
| 7,647 | 7,647 | 7,644 | 3 | 1,350 | 1,350 | - | 1,350 |
| - | - | - | - | 345,000 | 345,000 | 345,000 | - |
| - | - | - | - | 224,320 | 224,320 | 224,320 | - |
| <u>7,647</u> | <u>7,647</u> | <u>7,644</u> | <u>3</u> | <u>570,670</u> | <u>570,670</u> | <u>569,320</u> | <u>1,350</u> |
| <u>(4,125)</u> | <u>(4,125)</u> | <u>(4,928)</u> | <u>(803)</u> | <u>(2,070)</u> | <u>(75,570)</u> | <u>(73,668)</u> | <u>1,902</u> |
| - | - | - | - | - | - | - | - |
| <u>(38,000)</u> | <u>(38,000)</u> | <u>(38,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(38,000)</u> | <u>(38,000)</u> | <u>(38,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ (42,125)</u> | <u>\$ (42,125)</u> | <u>(42,928)</u> | <u>\$ (803)</u> | <u>\$ (2,070)</u> | <u>\$ (75,570)</u> | <u>(73,668)</u> | <u>\$ 1,902</u> |
| | | 102,652 | | | | 489,536 | |
| | | <u>\$ 59,724</u> | | | | <u>\$ 415,868</u> | |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2016

(3 of 4)

| | 2009 Open Space and Fire Truck General Obligation Refunding | | | Variance Positive (Negative) |
|---------------------------------------|--|------------------|-------------------|---|
| | Original | Final | Actual | (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 387,000 | \$ 387,000 | \$ 379,704 | \$ (7,296) |
| Penalties and interest | 800 | 800 | 651 | (149) |
| Special assessments | - | - | - | - |
| Investment earnings | 10 | 10 | 698 | 688 |
| Total revenues | 387,810 | 387,810 | 381,053 | (6,757) |
| EXPENDITURES | | | | |
| General government | 350 | 350 | - | 350 |
| Debt service: | | | | |
| Principal | 305,000 | 305,000 | 305,000 | - |
| Interest | 42,500 | 42,500 | 42,500 | - |
| Total expenditures | 347,850 | 347,850 | 347,500 | 350 |
| Revenue over (under) expenditures | 39,960 | 39,960 | 33,553 | (6,407) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | \$ 39,960 | \$ 39,960 | 33,553 | \$ (6,407) |
| Fund balances - beginning | | | 381,461 | |
| Fund balances - ending | | | \$ 415,014 | |

See Independent Auditor's Report.

| Sidewalk Loans | | | | Total Non-major Debt Service | | | |
|-------------------|-------------------|------------------|------------------------------------|------------------------------|--------------------|-------------------|------------------------------------|
| Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ 954,000 | \$ 880,500 | \$ 873,223 | \$ (7,277) |
| - | - | - | - | 2,300 | 2,300 | 1,691 | (609) |
| 31,970 | 31,970 | 34,784 | 2,814 | 92,240 | 92,240 | 92,401 | 161 |
| - | - | 76 | 76 | 610 | 610 | 1,986 | 1,376 |
| <u>31,970</u> | <u>31,970</u> | <u>34,860</u> | <u>2,890</u> | <u>1,049,150</u> | <u>975,650</u> | <u>969,301</u> | <u>(6,349)</u> |
| - | - | - | - | 10,047 | 10,047 | 8,344 | 1,703 |
| 35,325 | 35,325 | 35,321 | 4 | 750,325 | 750,325 | 735,321 | 15,004 |
| 1,765 | 1,765 | 1,751 | 14 | 275,895 | 275,895 | 275,076 | 819 |
| <u>37,090</u> | <u>37,090</u> | <u>37,072</u> | <u>18</u> | <u>1,036,267</u> | <u>1,036,267</u> | <u>1,018,741</u> | <u>17,526</u> |
| <u>(5,120)</u> | <u>(5,120)</u> | <u>(2,212)</u> | <u>2,908</u> | <u>12,883</u> | <u>(60,617)</u> | <u>(49,440)</u> | <u>11,177</u> |
| 1,755 | 1,755 | 1,751 | (4) | 1,755 | 1,755 | 1,751 | (4) |
| - | - | - | - | (38,000) | (38,000) | (38,000) | - |
| <u>1,755</u> | <u>1,755</u> | <u>1,751</u> | <u>(4)</u> | <u>(36,245)</u> | <u>(36,245)</u> | <u>(36,249)</u> | <u>(4)</u> |
| <u>\$ (3,365)</u> | <u>\$ (3,365)</u> | <u>(461)</u> | <u>\$ 2,904</u> | <u>\$ (23,362)</u> | <u>\$ (96,862)</u> | <u>(85,689)</u> | <u>\$ 11,173</u> |
| | | 30,898 | | | | 1,039,923 | |
| | | <u>\$ 30,437</u> | | | | <u>\$ 954,234</u> | |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2016

| | Special Improvement Districts Construction | CTEP Projects | Total |
|---|---|--------------------------|-------------------------|
| ASSETS | | | |
| Restricted assets: | | | |
| Intergovernmental receivable | \$ - | \$ 59,945 | \$ 59,945 |
| Total assets | <u>\$ -</u> | <u>\$ 59,945</u> | <u>\$ 59,945</u> |
| LIABILITIES | | | |
| Accounts payable | 30,746 | 115,188 | 145,934 |
| Due to other funds | 103,212 | 92,417 | 195,629 |
| Total liabilities | <u>133,958</u> | <u>207,605</u> | <u>341,563</u> |
| FUND BALANCES (DEFICITS) | | | |
| Unassigned | <u>(133,958)</u> | <u>(147,660)</u> | <u>(281,618)</u> |
| Total fund balances (deficits) | <u>(133,958)</u> | <u>(147,660)</u> | <u>(281,618)</u> |
| Total liabilities and fund balances (deficits) | <u>\$ -</u> | <u>\$ 59,945</u> | <u>\$ 59,945</u> |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
For the year ended June 30, 2016

| | Special Improvement Districts Construction | CTEP Projects | Total |
|-------------------------------|---|--------------------------|---------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 123,825 | \$ 123,825 |
| Miscellaneous | 187,785 | - | 187,785 |
| Total revenues | 187,785 | 123,825 | 311,610 |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | 191,364 | 163,533 | 354,897 |
| Capital outlay | - | 87,400 | 87,400 |
| Total expenditures | 191,364 | 250,933 | 442,297 |
| Net change in fund balances | (3,579) | (127,108) | (130,687) |
| Fund balances - beginning | (130,379) | (20,552) | (150,931) |
| Fund balances - ending | \$ (133,958) | \$ (147,660) | \$ (281,618) |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR CAPITAL PROJECTS FUNDS
For the year ended June 30, 2016

(1 of 2)

| | Special Improvement Districts Construction | | | Variance |
|---------------------------------------|---|-------------------|---------------------|--------------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | 150,000 | 366,000 | 187,785 | (178,215) |
| Total revenues | 150,000 | 366,000 | 187,785 | (178,215) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 150,000 | 206,465 | 160,617 | 45,848 |
| Capital outlay: | | | | |
| Public works | - | - | - | - |
| Total expenditures | 150,000 | 206,465 | 160,617 | 45,848 |
| Revenue over (under) expenditures | - | 159,535 | 27,168 | (132,367) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (11,261) | (11,261) |
| Total other financing sources (uses) | - | - | (11,261) | (11,261) |
| Net change in fund balances | \$ - | \$ 159,535 | 15,907 | \$ (143,628) |
| Fund balances - beginning | | | (119,118) | |
| Fund balances - ending | | | \$ (103,211) | |

See Independent Auditor's Report.

| CTEP Projects | | | | Total Non-major Capital Projects | | | |
|---------------|-------------------|--------------------|------------------------------------|----------------------------------|-------------------|---------------------|------------------------------------|
| Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| \$ - | \$ 877,530 | \$ 568,334 | \$ (309,196) | \$ - | \$ 877,530 | \$ 568,334 | \$ (309,196) |
| - | 66,667 | - | (66,667) | 150,000 | 432,667 | 187,785 | (244,882) |
| - | 944,197 | 568,334 | (375,863) | 150,000 | 1,310,197 | 756,119 | (554,078) |
| - | - | - | - | 150,000 | 206,465 | 160,617 | 45,848 |
| - | 425,838 | 142,400 | 283,438 | - | 425,838 | 142,400 | 283,438 |
| - | 425,838 | 142,400 | 283,438 | 150,000 | 632,303 | 303,017 | 329,286 |
| - | 518,359 | 425,934 | (92,425) | - | 677,894 | 453,102 | (224,792) |
| - | - | - | - | - | - | (11,261) | (11,261) |
| - | - | - | - | - | - | (11,261) | (11,261) |
| \$ - | \$ 518,359 | 425,934 | \$ (92,425) | \$ - | \$ 677,894 | 441,841 | \$ (236,053) |
| | | (518,350) | | | | (637,468) | |
| | | \$ (92,416) | | | | \$ (195,627) | |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
MAJOR CAPITAL PROJECTS FUNDS
For the year ended June 30, 2016

| | <u>Capital Improvements</u> | | | Variance Positive (Negative) |
|---------------------------------------|-----------------------------|----------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Special assessments | \$ - | \$ - | \$ 87 | \$ 87 |
| Licenses and permits | 30,000 | 30,000 | 28,645 | (1,355) |
| Intergovernmental | | | | |
| Federal | - | 507,491 | 98,400 | (409,091) |
| Other | - | 8,197 | 8,198 | 1 |
| Charges for services | 8,600 | 8,600 | 21,112 | 12,512 |
| Investment earnings | 2,837 | 2,837 | 13,291 | 10,454 |
| Miscellaneous | 19,900 | 309,900 | 308,139 | (1,761) |
| Total revenues | <u>61,337</u> | <u>867,025</u> | <u>477,872</u> | <u>(389,153)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 7,430 | 7,430 | 4,092 | 3,338 |
| Culture and recreation | 27,350 | 62,350 | 60 | 62,290 |
| Capital outlay: | | | | |
| Public safety | 353,380 | 1,695,776 | 824,601 | 871,175 |
| Public works | 800,000 | 837,900 | 43,326 | 794,574 |
| Culture and recreation | 148,090 | 1,681,612 | 1,560,566 | 121,046 |
| Total expenditures | <u>1,336,250</u> | <u>4,285,068</u> | <u>2,432,645</u> | <u>1,852,423</u> |
| Revenue over (under) expenditures | <u>(1,274,913)</u> | <u>(3,418,043)</u> | <u>(1,954,773)</u> | <u>1,463,270</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,337,985 | 2,905,644 | 2,889,246 | (16,398) |
| Transfers out | (200,000) | (200,000) | (200,000) | - |
| Total other financing sources (uses) | <u>2,137,985</u> | <u>2,705,644</u> | <u>2,689,246</u> | <u>(16,398)</u> |
| Net change in fund balances | <u>\$ 863,072</u> | <u>\$ (712,399)</u> | <u>734,473</u> | <u>\$ 1,446,872</u> |
| Fund balances - beginning | | | <u>2,977,397</u> | |
| Fund balances - ending | | | <u>\$ 3,711,870</u> | |

See Independent Auditor's Report.

Section E

NON-MAJOR ENTERPRISE FUNDS

City of Helena, Montana

June 30, 2016

ENTERPRISE FUNDS

Enterprise Funds account for operations and activities that render services on a user charge basis to the general public.

Non-Major Funds:

Helena Bus - This fund is used to account for the activities of the City's bus system, which provides transportation to the citizens of Helena and East Helena in two ways, a fixed route system and an ADA para transit origin to destination demand system for qualified disabled citizens. Qualified ADA riders may call the Helena Bus office and arrange for pickup and delivery within the bus service area.

Golf Course - Used to account for the revenues and expenses related to the operation and maintenance of the City's 18-hole golf course. The fund is also used to account for course-related construction projects and the corresponding debt.

Building - Used to account for funds received and expended attributable to the City's building code enforcement program.

City-County Administration Building – Used to account for the rental income and expenses of a building that is jointly owned by the City and Lewis and Clark County. The building holds the main administrative offices of the City and County governments, along with numerous other City and County department offices. The department is jointly administered by City and County officials.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2016

| | City - County | | | | Total |
|---|---------------------|--------------------|-------------------|----------------------------|---------------------|
| | Bus | Golf Course | Building | Administration Building | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 556,144 | \$ 515,341 | \$ 670,092 | \$ 334,528 | \$ 2,076,105 |
| Certificates of deposit | 82,100 | 77,470 | 100,733 | 50,288 | 310,591 |
| Accounts receivable | 10,818 | - | 52,804 | - | 63,622 |
| Inventories | - | 158,840 | - | - | 158,840 |
| Restricted assets: | | | | | |
| Intergovernmental receivable | 189,501 | - | - | - | 189,501 |
| Total current assets | <u>838,563</u> | <u>751,651</u> | <u>823,629</u> | <u>384,816</u> | <u>2,798,659</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | 446,988 | 83,000 | - | - | 529,988 |
| Buildings and system | 3,014,720 | 307,330 | - | 1,549,428 | 4,871,478 |
| Improvements other than buildings | 18,250 | 2,151,194 | - | 211,486 | 2,380,930 |
| Machinery and equipment | 1,075,328 | 783,719 | 100,640 | 34,175 | 1,993,862 |
| Construction in progress | - | - | - | 9,520 | 9,520 |
| Less accumulated depreciation | <u>(1,381,824)</u> | <u>(1,987,580)</u> | <u>(75,153)</u> | <u>(887,385)</u> | <u>(4,331,942)</u> |
| Total capital assets (net of accumulated depreciation) | <u>3,173,462</u> | <u>1,337,663</u> | <u>25,487</u> | <u>917,224</u> | <u>5,453,836</u> |
| Total non-current assets | <u>3,173,462</u> | <u>1,337,663</u> | <u>25,487</u> | <u>917,224</u> | <u>5,453,836</u> |
| Total assets | <u>4,012,025</u> | <u>2,089,314</u> | <u>849,116</u> | <u>1,302,040</u> | <u>8,252,495</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension contributions subsequent to measurement date | 36,264 | 28,975 | 40,620 | 20,919 | 126,778 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 987 | 789 | 1,106 | 570 | 3,452 |
| Total deferred outflows of resources | <u>37,251</u> | <u>29,764</u> | <u>41,726</u> | <u>21,489</u> | <u>130,230</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 38,544 | 63,534 | 29,520 | 25,312 | 156,910 |
| Customer deposits | - | 56,823 | - | - | 56,823 |
| Accrued interest | - | 2,919 | - | 2,777 | 5,696 |
| Compensated absences | 35,947 | 33,612 | 22,684 | 19,541 | 111,784 |
| Loans | - | 49,224 | - | 171,727 | 220,951 |
| Advances from other funds | - | 27,887 | - | - | 27,887 |
| Total current liabilities | <u>74,491</u> | <u>233,999</u> | <u>52,204</u> | <u>219,357</u> | <u>580,051</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 28,243 | 26,410 | 17,824 | 15,354 | 87,831 |
| Loans | - | 437,360 | - | 306,946 | 744,306 |
| Advances from other funds | - | 28,165 | - | - | 28,165 |
| Net pension liability | 506,734 | 404,894 | 567,613 | 292,316 | 1,771,557 |
| Other postemployment benefits | 120,551 | 61,079 | 95,073 | 61,758 | 338,461 |
| Total noncurrent liabilities | <u>655,528</u> | <u>957,908</u> | <u>680,510</u> | <u>676,374</u> | <u>2,970,320</u> |
| Total liabilities | <u>730,019</u> | <u>1,191,907</u> | <u>732,714</u> | <u>895,731</u> | <u>3,550,371</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Difference between projected and actual earnings | 42,900 | 34,279 | 48,055 | 24,748 | 149,982 |
| Difference between expected and actual experience | 3,066 | 2,450 | 3,434 | 1,768 | 10,718 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 1,185 | 947 | 1,328 | 683 | 4,143 |
| Total deferred inflows of resources | <u>47,151</u> | <u>37,676</u> | <u>52,817</u> | <u>27,199</u> | <u>164,843</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 3,173,462 | 795,027 | 25,487 | 462,376 | 4,456,352 |
| Unrestricted | 98,644 | 94,468 | 79,824 | (61,777) | 211,159 |
| Total net position | <u>\$ 3,272,106</u> | <u>\$ 889,495</u> | <u>\$ 105,311</u> | <u>\$ 400,599</u> | <u>\$ 4,667,511</u> |

See Independent Auditor's Report

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2016

| | <u>Bus</u> | <u>Golf Course</u> | <u>Building</u> | <u>City - County Administration Building</u> | <u>Total</u> |
|--|----------------------------|--------------------------|--------------------------|--|----------------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 146,952 | \$ 1,379,110 | \$ 1,109,125 | \$ 1,040,257 | \$ 3,675,444 |
| Total operating revenues | <u>146,952</u> | <u>1,379,110</u> | <u>1,109,125</u> | <u>1,040,257</u> | <u>3,675,444</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 693,094 | 611,215 | 730,273 | 358,517 | 2,393,099 |
| Maintenance and operations | 473,316 | 648,526 | 268,391 | 443,890 | 1,834,123 |
| Depreciation | 187,392 | 84,855 | 9,858 | 134,302 | 416,407 |
| Total operating expenses | <u>1,353,802</u> | <u>1,344,596</u> | <u>1,008,522</u> | <u>936,709</u> | <u>4,643,629</u> |
| Operating income (loss) | <u>(1,206,850)</u> | <u>34,514</u> | <u>100,603</u> | <u>103,548</u> | <u>(968,185)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental operating grants | 867,514 | 10,026 | 14,055 | 7,238 | 898,833 |
| Investment earnings | 2,021 | 1,605 | 2,901 | 2,297 | 8,824 |
| Interest expense | - | (7,616) | - | (7,289) | (14,905) |
| Sale of capital assets | 1,425 | - | - | - | 1,425 |
| Total non-operating revenue (expenses) | <u>870,960</u> | <u>4,015</u> | <u>16,956</u> | <u>2,246</u> | <u>894,177</u> |
| Income (loss) before contributions and transfers | <u>(335,890)</u> | <u>38,529</u> | <u>117,559</u> | <u>105,794</u> | <u>(74,008)</u> |
| Capital contributions - grants | 77,756 | - | - | - | 77,756 |
| Transfers in | 375,000 | - | - | - | 375,000 |
| Change in net position | <u>116,866</u> | <u>38,529</u> | <u>117,559</u> | <u>105,794</u> | <u>378,748</u> |
| Total net position - beginning | 3,155,240 | 850,966 | (12,248) | 294,805 | 4,288,763 |
| Total net position - ending | <u>\$ 3,272,106</u> | <u>\$ 889,495</u> | <u>\$ 105,311</u> | <u>\$ 400,599</u> | <u>\$ 4,667,511</u> |

See Independent Auditor's Report

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2016

| | Bus | Golf Course | Building | City-County Administration Building | Total |
|--|--------------------------|--------------------------|--------------------------|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 142,404 | \$ 1,377,710 | \$ 1,147,409 | \$ 1,040,257 | \$ 3,707,780 |
| Payments to suppliers | (271,377) | (529,340) | (192,347) | (422,659) | (1,415,723) |
| Payments to employees | (720,070) | (592,253) | (735,980) | (362,115) | (2,410,418) |
| Payment for interfund services used | (202,320) | (123,451) | (78,903) | (18,939) | (423,613) |
| Net cash provided (used) by operating activities | <u>(1,051,363)</u> | <u>132,666</u> | <u>140,179</u> | <u>236,544</u> | <u>(541,974)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers from other funds | 375,000 | - | - | - | 375,000 |
| Operating grants | 788,898 | - | - | - | 788,898 |
| Contributions from other governments | 12,548 | 10,026 | 14,055 | 7,238 | 43,867 |
| Principal payments - advances | - | (27,610) | - | - | (27,610) |
| Interest payments - advances | - | (837) | - | - | (837) |
| Net cash provided (used) by non-capital financing activities | <u>1,176,446</u> | <u>(18,421)</u> | <u>14,055</u> | <u>7,238</u> | <u>1,179,318</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from capital debt | - | 38,744 | - | - | 38,744 |
| Principal payments - loans | - | (47,087) | - | (165,961) | (213,048) |
| Interest payments | - | (6,232) | - | (7,539) | (13,771) |
| Purchase of capital assets | (19,508) | (92,700) | - | (8,400) | (120,608) |
| Proceeds from disposition of capital assets | 1,425 | - | - | - | 1,425 |
| Net cash provided (used) by capital and related financing activities | <u>(18,083)</u> | <u>(107,275)</u> | <u>-</u> | <u>(181,900)</u> | <u>(307,258)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| (Increase) decrease in certificates of deposit | (26,621) | (16,224) | (36,399) | (16,675) | (95,919) |
| Interest received | 2,021 | 1,605 | 2,901 | 2,297 | 8,824 |
| Net cash provided (used) by investing activities | <u>(24,600)</u> | <u>(14,619)</u> | <u>(33,498)</u> | <u>(14,378)</u> | <u>(87,095)</u> |
| Net increase (decrease) in cash and cash equivalents | 82,400 | (7,649) | 120,736 | 47,504 | 242,991 |
| Cash and cash equivalents, beginning | 473,744 | 522,990 | 549,356 | 287,024 | 1,833,114 |
| Cash and cash equivalents, ending | <u>\$ 556,144</u> | <u>\$ 515,341</u> | <u>\$ 670,092</u> | <u>\$ 334,528</u> | <u>\$ 2,076,105</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | |
| Operating income | \$ (1,206,850) | \$ 34,514 | \$ 100,603 | \$ 103,548 | \$ (968,185) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | | |
| Depreciation expense | 187,392 | 84,855 | 9,858 | 134,302 | 416,407 |
| (Increase) decrease in accounts receivable | (4,546) | - | 38,367 | - | 33,821 |
| (Increase) decrease in inventories | - | (10,243) | - | - | (10,243) |
| (Increase) decrease in deferred outflow s of resources | 9 | (2,709) | (2,203) | (864) | (5,767) |
| Increase (decrease) in accounts payable | 9,791 | 14,765 | 172 | 2,589 | 27,317 |
| Increase (decrease) in customer deposits | - | (1,399) | - | - | (1,399) |
| Increase (decrease) in compensated absences | (4,974) | (3,307) | (2,567) | 2,146 | (8,702) |
| Increase (decrease) in other postemployment benefits | 10,014 | 6,448 | 7,808 | 5,261 | 29,531 |
| Increase (decrease) in net pensions | 33,591 | 61,336 | 65,733 | 30,415 | 191,075 |
| Increase (decrease) in deferred inflow s of resources | (75,790) | (51,594) | (77,592) | (40,853) | (245,829) |
| Total adjustments | <u>155,487</u> | <u>98,152</u> | <u>39,576</u> | <u>132,996</u> | <u>426,211</u> |
| Net cash provided (used) by operating activities | <u>\$ (1,051,363)</u> | <u>\$ 132,666</u> | <u>\$ 140,179</u> | <u>\$ 236,544</u> | <u>\$ (541,974)</u> |
| Supplemental disclosure of non-cash activity: | | | | | |
| Contribution of capital assets by other governments | \$ 77,756 | \$ - | \$ - | \$ - | \$ 77,756 |

See Independent Auditor's Report

Section F

INTERNAL SERVICE FUNDS

City of Helena, Montana

June 30, 2016

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Fleet Services - Used to account for the expenses incurred for the maintenance of all City vehicles and the charges to each department for its respective share.

Copier Revolving - Used to account for the purchase, maintenance and supplies for copiers for several City departments. Each department is charged for its respective use to recover operating costs.

Property and Liability Insurance - Used to account for the receipt of funds from all applicable departments and expenditure of insurance premium charges and deductibles attributed to the City's general insurance coverage.

Health Insurance - Used to account for the receipt of funds from other departments and entities, on a per employee basis, for medical, dental and vision insurance coverage and the related claims and administrative fees.

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

| | Business-type | | Governmental Activities | | | Total |
|---|---------------------------|-----------------------------|---|-----------------------------|--|---------------------|
| | Activities | | | | | |
| | Fleet Services | Copier Revolving | Property and Liability Insurance | Health Insurance | | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 252,853 | \$ 33,730 | \$ 1,065,424 | \$ 538,597 | | \$ 1,890,604 |
| Certificates of deposit | 38,010 | 5,071 | 160,162 | 80,965 | | 284,208 |
| Inventories | 64,594 | - | - | - | | 64,594 |
| Total current assets | 355,457 | 38,801 | 1,225,586 | 619,562 | | 2,239,406 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Land | 148,054 | - | - | - | | 148,054 |
| Buildings and system | 830,638 | - | - | - | | 830,638 |
| Improvements other than buildings | 74,687 | - | - | - | | 74,687 |
| Machinery and equipment | 109,722 | 47,543 | - | - | | 157,265 |
| Accumulated depreciation | (945,079) | (27,425) | - | - | | (972,504) |
| Total noncurrent assets | 218,022 | 20,118 | - | - | | 238,140 |
| Total assets | 573,479 | 58,919 | 1,225,586 | 619,562 | | 2,477,546 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension contributions subsequent to measurement date | 25,258 | - | - | - | | 25,258 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 688 | - | - | - | | 688 |
| Total deferred outflows of resources | 25,946 | - | - | - | | 25,946 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 57,431 | - | 12,330 | 81,056 | | 150,817 |
| Compensated absences | 15,453 | - | - | - | | 15,453 |
| Total current liabilities | 72,884 | - | 12,330 | 81,056 | | 166,270 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 12,142 | - | - | - | | 12,142 |
| Net pension liability | 352,949 | - | - | - | | 352,949 |
| Other postemployment benefits | 54,554 | - | - | - | | 54,554 |
| Total noncurrent liabilities | 419,645 | - | - | - | | 419,645 |
| Total liabilities | 492,529 | - | 12,330 | 81,056 | | 585,915 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Difference between projected and actual earnings | 29,881 | - | - | - | | 29,881 |
| Difference between expected and actual experience | 2,135 | - | - | - | | 2,135 |
| Changes in proportion share and differences between employer contributions and proportionate share of contributions | 826 | - | - | - | | 826 |
| Total deferred inflows of resources | 32,842 | - | - | - | | 32,842 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 218,022 | 20,118 | - | - | | 238,140 |
| Unrestricted | (143,968) | 38,801 | 1,213,256 | 538,506 | | 1,646,595 |
| Total net position | \$ 74,054 | \$ 58,919 | \$ 1,213,256 | \$ 538,506 | | \$ 1,884,735 |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016

| | Business-type | | Governmental Activities | | |
|--|------------------|------------------|----------------------------|-------------------|---------------------|
| | Activities | | | | |
| | Fleet | Copier | Property | Health | Total |
| | Services | Revolving | and Liability Insurance | Insurance | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 1,409,480 | \$ 19,151 | \$ 886,505 | \$ 3,644,681 | \$ 5,959,817 |
| Total operating revenues | 1,409,480 | 19,151 | 886,505 | 3,644,681 | 5,959,817 |
| OPERATING EXPENSES | | | | | |
| Personal services | 478,765 | - | - | - | 478,765 |
| Maintenance and operations | 917,260 | 15,479 | 560,416 | 3,669,954 | 5,163,109 |
| Depreciation | 10,676 | 4,846 | - | - | 15,522 |
| Total operating expenses | 1,406,701 | 20,325 | 560,416 | 3,669,954 | 5,657,396 |
| Operating income (loss) | 2,779 | (1,174) | 326,089 | (25,273) | 302,421 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenues | 34,635 | - | - | - | 34,635 |
| Interest income | - | - | - | 1,643 | 1,643 |
| Total non-operating revenues (expenses) | 34,635 | - | - | 1,643 | 36,278 |
| Income (loss) before contributions and transfers | 37,414 | (1,174) | 326,089 | (23,630) | 338,699 |
| Capital contributions - other | 1,145 | - | - | - | 1,145 |
| Change in net position | 38,559 | (1,174) | 326,089 | (23,630) | 339,844 |
| Total net position - beginning | 35,495 | 60,093 | 887,167 | 562,136 | 1,544,891 |
| Total net position - ending | \$ 74,054 | \$ 58,919 | \$ 1,213,256 | \$ 538,506 | \$ 1,884,735 |

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016

| | Business-type | | Governmental Activities | | |
|--|-------------------|---------------------|--|---------------------|---------------------|
| | Activities | | | | |
| | Fleet Services | Copier Revolving | Property and Liability Insurance | Health Insurance | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 1,400,739 | \$ 19,151 | \$ 886,505 | \$ 3,644,681 | \$ 5,951,076 |
| Payments to suppliers | (869,155) | (15,479) | (548,086) | (3,646,659) | (5,079,379) |
| Payments to employees | (444,147) | - | - | - | (444,147) |
| Payment for interfund services used | (99,340) | - | - | - | (99,340) |
| Net cash provided (used) by operating activities | (11,903) | 3,672 | 338,419 | (1,978) | 328,210 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Operating grants | 34,634 | - | - | - | 34,634 |
| Net cash provided (used) by non-capital financing activities | 34,634 | - | - | - | 34,634 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchase of capital assets | (11,856) | (9,199) | - | - | (21,055) |
| Net cash provided (used) by capital and related financing activities | (11,856) | (9,199) | - | - | (21,055) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| (Increase) decrease in certificates of deposit | (8,658) | (424) | (67,159) | (15,980) | (92,221) |
| Interest received | - | - | - | 1,643 | 1,643 |
| Net cash provided (used) by investing activities | (8,658) | (424) | (67,159) | (14,337) | (90,578) |
| Net increase (decrease) in cash and cash equivalents | 2,217 | (5,951) | 271,260 | (16,315) | 251,211 |
| Cash and cash equivalents, beginning | 250,636 | 39,681 | 794,164 | 554,912 | 1,639,393 |
| Cash and cash equivalents, ending | \$ 252,853 | \$ 33,730 | \$ 1,065,424 | \$ 538,597 | \$ 1,890,604 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ 2,779 | \$ (1,174) | \$ 326,089 | \$ (25,273) | \$ 302,421 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | | |
| Depreciation expense | 10,676 | 4,846 | - | - | 15,522 |
| (Increase) decrease in inventories | (18,559) | - | - | - | (18,559) |
| (Increase) decrease in deferred outflows of resources | (3,127) | - | - | - | (3,127) |
| Increase (decrease) in accounts payable | (27,869) | - | 12,330 | 23,295 | 7,756 |
| Increase (decrease) in compensated absences | (1,910) | - | - | - | (1,910) |
| Increase (decrease) in other postemployment benefits | 5,376 | - | - | - | 5,376 |
| Increase (decrease) in net pensions | 63,182 | - | - | - | 63,182 |
| Increase (decrease) in deferred inflow of resources | (42,451) | - | - | - | (42,451) |
| Total adjustments | (14,682) | 4,846 | 12,330 | 23,295 | 25,789 |
| Net cash provided by operating activities | \$ (11,903) | \$ 3,672 | \$ 338,419 | \$ (1,978) | \$ 328,210 |

See Independent Auditor's Report.

Section G
FIDUCIARY FUNDS

City of Helena, Montana

June 30, 2016

FIDUCIARY FUNDS

Fiduciary funds include agency funds that account for assets held by the City as an agent for an individual, private organization, or other governmental units.

Agency Fund:

State Court Trust - The Municipal Court is required to collect certain charges on behalf of the State of Montana. This fund accumulates those charges for later remittance.

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
FIDUCIARY FUND
For the year ended June 30, 2016

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| <u>STATE COURT TRUST</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 27,834 | \$ 1,051,933 | \$ 1,056,622 | \$ 23,145 |
| Liabilities | | | | |
| Due to other governments | \$ 27,834 | \$ 1,051,933 | \$ 1,056,622 | \$ 23,145 |

See Independent Auditor's Report.

Section H
COMPONENT UNIT

City of Helena, Montana

June 30, 2016

COMPONENT UNITS

The Helena Tourism Business Improvement District (TBID) is a component unit of the City. The TBID does not issue a separate financial report. Accounting principles generally accepted in the United States of America (US GAAP) require the City to present combining fund statements if the component units do not present separate financial statements. The TBID is made up of two governmental funds. Combining statements are reported here as required by US GAAP.

See Independent Auditor's Report.

City of Helena, Montana
COMBINING BALANCE SHEET
HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT
June 30, 2016

| | General | Special Revenue Tourism Alliance | Total Governmental |
|---|------------------|---|-------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$150,781 | \$ 24,148 | \$ 174,929 |
| Receivables (net of allowance for uncollectibles) | 29,043 | - | 29,043 |
| Total assets | 179,824 | 24,148 | 203,972 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 8,441 | 902 | 9,343 |
| Payroll liabilities | - | 15,145 | 15,145 |
| Total current liabilities | 8,441 | 16,047 | 24,488 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 4,500 | - | 4,500 |
| Total deferred inflows of resources | 4,500 | - | 4,500 |
| FUND BALANCE | | | |
| Unrestricted | 166,883 | 8,101 | 174,984 |
| Total fund balance | \$166,883 | \$ 8,101 | \$ 174,984 |

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|------------|
| Total ending fund balance | \$ 174,984 |
| Receivables not available for financial resources and not included in funds | 5,642 |
| Capital assets, net of accumulated depreciation | 974 |
| Net position of governmental activities | \$ 181,600 |

Note: Combining statements are presented for the Helena Tourism Business Improvement District since they do not prepare a separate financial report.

See Independent Auditor's Report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT
June 30, 2016

| | General | Special Revenue Tourism Alliance | Total Governmental |
|--|-------------------|---|-------------------------------|
| REVENUES | | | |
| Special assessments | \$ 297,802 | \$ 24,027 | \$ 321,829 |
| Charges for services | 7,152 | 380 | 7,532 |
| Investment earnings | 167 | - | 167 |
| Total operating revenues | 305,121 | 24,407 | 329,528 |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 216,187 | 152,672 | 368,859 |
| Total expenditures | 216,187 | 152,672 | 368,859 |
| Excess (deficiency) of revenues over (under) expenditures | 88,934 | (128,265) | (39,331) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | (135,000) | 135,000 | - |
| Total other financing sources and uses | (135,000) | 135,000 | - |
| Net change in fund balances | (46,066) | 6,735 | (39,331) |
| Fund balances - beginning | 212,949 | 1,366 | 214,315 |
| Fund balances - ending | \$ 166,883 | \$ 8,101 | \$ 174,984 |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

| | | |
|---|----|----------|
| Net change in fund balances - total governmental funds | \$ | (39,331) |
| <p>Prior year revenues in the statement of activities that provide current financial resources and are reported as revenues in the funds</p> <p style="padding-left: 40px;">Assessments receivable</p> <p style="padding-left: 40px;">Governmental funds report prepaid expenses as expenditures. However, in the statement of activities, the cost of those assets are allocated over the term of the service and reported as an expense as the benefit is received.</p> <p style="padding-left: 40px;">Prepaid Insurance</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and other changes exceeded capital outlays in the current period.</p> | | |
| Depreciation expense | | (5,287) |
| Change in net position of governmental activities | \$ | (38,976) |

Note: Combining statements are presented for the Helena Tourism Business Improvement District since they do not prepare a separate financial report.

See Independent Auditor's Report.

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Section I

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE ¹
June 30, 2016 and 2015

| | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Governmental Fund's Capital Assets: | | |
| Land | \$ 83,900,491 | \$ 72,916,276 |
| Buildings and systems | 9,882,125 | 9,825,792 |
| Improvements other than buildings | 17,465,883 | 16,281,464 |
| Machinery and equipment | 14,555,099 | 13,867,096 |
| Infrastructure | 44,433,774 | 44,407,866 |
| Construction in progress | 2,936,096 | 1,600,704 |
| | \$ 173,173,468 | \$ 158,899,198 |
| Investment in Governmental Fund's Capital Assets by Source: | | |
| General | \$ 22,626 | \$ 22,626 |
| Special revenue | 135,574,108 | 123,636,629 |
| Capital projects | 37,576,734 | 35,239,943 |
| | \$ 173,173,468 | \$ 158,899,198 |

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the copier revolving internal service fund are included as governmental activities in the statement of net position.

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ¹
For the year ended June 30, 2016

| FUNCTION AND ACTIVITY | Land | Buildings | Improvements | Machinery | Infrastructure | Construction | Total |
|-------------------------------------|----------------------|---------------------|-------------------------|----------------------|----------------------|---------------------|-----------------------|
| | | | Other than Buildings | and Equipment | | in Progress | |
| General government: | | | | | | | |
| Finance and administration | \$ 55,878 | \$ 2,362,499 | \$ 577,942 | \$ - | \$ - | \$ - | \$ 2,996,319 |
| Community facilities | 70,500 | 2,341,018 | 506,289 | 164,744 | - | - | 3,082,551 |
| Total general government | 126,378 | 4,703,517 | 1,084,231 | 164,744 | - | - | 6,078,870 |
| Public safety: | | | | | | | |
| Law enforcement and judicial | - | 53,946 | 41,154 | 3,639,714 | - | - | 3,734,814 |
| Fire protection | 46,000 | 932,281 | 27,994 | 2,748,734 | - | 611,928 | 4,366,937 |
| Total public safety | 46,000 | 986,227 | 69,148 | 6,388,448 | - | 611,928 | 8,101,751 |
| Public works: | | | | | | | |
| Public works administration | - | - | - | 22,626 | - | - | 22,626 |
| Undistributed engineering | - | - | - | 143,101 | - | 52,494 | 195,595 |
| Streets | 40,139,832 | 104,273 | 323,737 | 3,423,746 | 36,369,987 | 470,207 | 80,831,782 |
| Storm water | 34,308,656 | 338,961 | 11,488 | 528,879 | 8,063,787 | 306,468 | 43,558,239 |
| Total public works | 74,448,488 | 443,234 | 335,225 | 4,118,352 | 44,433,774 | 829,169 | 124,608,242 |
| Public health | - | - | - | 6,110 | - | - | 6,110 |
| Culture and recreation | 9,279,625 | 3,749,147 | 15,977,279 | 3,862,485 | - | 1,494,999 | 34,363,535 |
| Community development | - | - | - | 14,960 | - | - | 14,960 |
| Total general capital assets | \$ 83,900,491 | \$ 9,882,125 | \$ 17,465,883 | \$ 14,555,099 | \$ 44,433,774 | \$ 2,936,096 | \$ 173,173,468 |

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the copier revolving internal service fund are included as governmental activities in the statement of net position.

See Independent Auditor's Report.

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY ¹
For the year ended June 30, 2016

| FUNCTION AND ACTIVITY | Balance Beginning | Additions | Deletions | Transfers In (Out) | Capital Contributions | Balance Ending |
|-------------------------------------|-----------------------|----------------------------------|-------------------|-----------------------|--------------------------|-----------------------|
| General government: | | | | | | |
| Finance and administration | \$ 2,996,319 | \$ - | \$ - | \$ - | \$ - | \$ 2,996,319 |
| Community facilities | 2,881,588 | 27,387 | - | (11,856) | 185,432 | 3,082,551 |
| Total general government | <u>5,877,907</u> | <u>27,387</u> | <u>-</u> | <u>(11,856)</u> | <u>185,432</u> | <u>6,078,870</u> |
| Public safety: | | | | | | |
| Law enforcement and judicial | 4,116,374 | 290,393 | 704,371 | 32,418 | - | 3,734,814 |
| Fire protection | 3,633,725 | 746,472 | 13,260 | - | - | 4,366,937 |
| Total public safety | <u>7,750,099</u> | <u>1,036,865</u> | <u>717,631</u> | <u>32,418</u> | <u>-</u> | <u>8,101,751</u> |
| Public works: | | | | | | |
| Public works administration | 22,626 | - | - | - | - | 22,626 |
| Undistributed engineering | 150,966 | 52,495 | 7,866 | - | - | 195,595 |
| Streets | 80,269,096 | 427,973 | 16,254 | (17,170) | 168,137 | 80,831,782 |
| Storm water | 33,238,046 | 185,249 | 3,271 | - | 10,138,215 | 43,558,239 |
| Total public works | <u>113,680,734</u> | <u>665,717</u> | <u>27,391</u> | <u>(17,170)</u> | <u>10,306,352</u> | <u>124,608,242</u> |
| Public health | 6,110 | - | - | - | - | 6,110 |
| Culture and recreation | 31,569,388 | 1,948,147 | - | - | 846,000 | 34,363,535 |
| Community development | 14,960 | - | - | - | - | 14,960 |
| Total general capital assets | <u>\$ 158,899,198</u> | <u>\$ 3,678,116 ²</u> | <u>\$ 745,022</u> | <u>\$ 3,392</u> | <u>\$ 11,337,784</u> | <u>\$ 173,173,468</u> |

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of the copier revolving internal service fund are included as governmental activities in the statement of net position.

² Additions includes \$1000 trade in value and therefore does not agree to capital additions in the Statement of Revenues and Changes in Fund Balance - Governmental Funds.

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Section J

STATISTICAL INFORMATION

City of Helena, Montana

June 30, 2016

**STATISTICAL SECTION
(Unaudited)**

The objectives of the statistical section are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

Governmental Accounting Standards Board's (GASB) Statement 44 requires the City present information in the first five categories shown below. The "Additional Information" category is information the City presents to satisfy certain bond covenants and state requirements.

Financial Trends Information - this category is intended to assist users in understanding and assessing how a government's financial position has changed over time.

Net Position by Component – presents historical information regarding the three components of net position: net investment in capital assets, restricted, and unrestricted separately for governmental activities, business-type activities and the total primary government.

Changes in Net Position – presents historical information detailing changes in net position from the Statement of Activities for both governmental and business-type activities.

Fund Balances, Governmental Funds – presents historical information from the governmental Balance Sheet about fund balances.

Changes in Fund Balances, Governmental Funds – presents historical information detailing changes in fund balance from the governmental Statement of Revenues, Expenditures and Changes in Fund Balance.

Revenue Capacity Information – this category is intended to assist users in understanding and assessing the government's most significant local revenue source, property taxes.

Market Value of Taxable Property – presents information about the makeup of taxable property within the City.

Direct and Overlapping Property Tax Rates – presents information about the tax rates levied by the City and other taxing jurisdictions on City residents.

Principal Property Taxpayers – presents information regarding the top taxpayers during the current year and nine years ago.

Property Tax Levies and Collections – presents information regarding the amount of property taxes levied by the City and amounts collected.

Debt Capacity Information – this category is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

Ratios of Outstanding Debt by Type – presents information detailing the amount of each type of debt outstanding for governmental and business-type activities, and calculations of the (1) debt as a percent of personal income and (2) per capita ratio of outstanding debt.

Ratios of General Bonded Debt Outstanding – presents information about the amount of general obligation debt, or other bonded debt, financed with any general governmental resources.

Direct and Overlapping Governmental Activities Debt – presents information about governmental debt of the City and other taxing entities, other than the State of Montana, that are paid from resources provided by City taxpayers.

See Independent Auditor's Report.

City of Helena, Montana

June 30, 2016

Debt Capacity Information (continued) –

Legal Debt Margin Information – presents information about the amount of general obligation debt the City can issue, and amounts issued.

Pledged-Revenue Coverage – presents information about pledged-revenue coverage for non-general obligation debt that is secured by a pledge of a specific revenue stream.

Demographic and Economic Information – this category is intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.

Demographic and Economic Statistics – presents information about demographic and economic indicators such as population, total personal income, per capita personal income and the unemployment rate.

Top Ten Employers – presents information about the top ten employers in the City of Helena during the current year and eight years ago. US GAAP requires information be presented on the number of employees for the current year and nine years ago. However, that information is considered confidential by the State of Montana and is not available. The information presented is based on telephone surveys by City staff. Staff will continue requesting the information by phone surveys and will present information from 9 years ago when available.

Operating Information – this category is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.

Full-Time Equivalent City Government Employees by Function/Program – presents information regarding the number of full-time equivalent employees in each City function or program.

Operating Indicators by Function/Program – presents indicators of demand or level of service of City functions or programs.

Capital Assets Statistics by Function/Program – presents information of the volume, usage, or nature of capital assets for City functions or programs.

Additional Information – this category is intended to present other information the City feels is necessary for its users.

The Water System – presents information about the City's water system as required in bond covenants.

The Wastewater System – presents information about the City's wastewater system as required in bond covenants.

Special Improvement Districts (SID) Revolving Fund/Statement of Changes in Fund Balance – presents information about the City's SID Revolving Fund as is required in bond covenants.

Special Improvement Districts Revolving Fund/Cash Balance and Outstanding Bonds Secured Thereby – presents information about bonds secured by the City's SID Revolving Fund and the amount of cash securing them.

Special Improvement District Bond/Special Assessment Billings and Collections – presents information about assessment revenues billed, owing and collected for payment of these bonds.

Bureau of Census Supplemental Schedules – presents information required by the Bureau of Census that cannot be easily located in the financial statements.

See Independent Auditor's Report.

City of Helena, Montana
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
(accrual basis of accounting)
 (Unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 58,666,167 | \$ 63,786,471 | \$ 72,144,806 | \$ 88,499,411 | \$ 91,429,209 | \$ 97,546,860 | \$ 104,225,402 | \$ 104,044,169 | \$ 112,997,297 | \$ 126,448,587 |
| Restricted | 2,191,666 | 2,658,602 | 2,165,593 | 8,263,953 | 9,029,049 | 8,684,750 | 9,665,803 | 10,259,787 | 9,969,118 | 12,000,238 |
| Unrestricted | 14,854,053 | 12,011,231 | 12,541,775 | 7,003,205 | 6,751,747 | 7,518,283 | 7,502,998 | 8,476,396 | (3,648,813) | (5,301,510) |
| Total governmental activities net position | <u>\$ 75,711,886</u> | <u>\$ 78,456,304</u> | <u>\$ 86,852,174</u> | <u>\$ 103,766,569</u> | <u>\$ 107,210,005</u> | <u>\$ 113,749,893</u> | <u>\$ 121,394,203</u> | <u>\$ 122,780,352</u> | <u>\$ 119,317,602</u> | <u>\$ 133,147,315</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 39,509,749 | \$ 46,137,396 | \$ 54,561,224 | \$ 83,268,903 | \$ 95,768,724 | \$ 105,318,904 | \$ 107,292,882 | \$ 107,502,635 | \$ 117,255,708 | \$ 125,294,720 |
| Restricted | 2,732,134 | 2,890,094 | 3,069,393 | 3,090,553 | 3,009,229 | 2,372,783 | 1,894,240 | 1,937,111 | 2,782,860 | 2,773,367 |
| Unrestricted | 9,362,733 | 9,108,860 | 8,554,112 | 7,969,397 | 8,751,838 | 9,234,635 | 12,760,455 | 14,911,713 | 13,978,228 | 15,392,015 |
| Total business-type activities net position | <u>\$ 51,604,616</u> | <u>\$ 58,136,350</u> | <u>\$ 66,184,729</u> | <u>\$ 94,328,853</u> | <u>\$ 107,529,791</u> | <u>\$ 116,926,322</u> | <u>\$ 121,947,577</u> | <u>\$ 124,351,459</u> | <u>\$ 134,016,796</u> | <u>\$ 143,460,102</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 98,175,916 | \$ 109,923,867 | \$ 126,706,030 | \$ 171,768,314 | \$ 187,197,933 | \$ 202,865,764 | \$ 211,518,284 | \$ 211,546,804 | \$ 230,253,005 | \$ 251,743,307 |
| Restricted | 4,923,800 | 5,548,696 | 5,234,986 | 11,354,506 | 12,038,278 | 11,057,533 | 11,560,043 | 12,196,898 | 12,751,978 | 14,773,605 |
| Unrestricted | 24,216,786 | 21,120,091 | 21,095,887 | 14,972,602 | 15,503,585 | 16,752,918 | 20,263,453 | 23,388,109 | 10,329,415 | 10,090,505 |
| Total primary government net position | <u>\$ 127,316,502</u> | <u>\$ 136,592,654</u> | <u>\$ 153,036,903</u> | <u>\$ 198,095,422</u> | <u>\$ 214,739,796</u> | <u>\$ 230,676,215</u> | <u>\$ 243,341,780</u> | <u>\$ 247,131,811</u> | <u>\$ 253,334,398</u> | <u>\$ 276,607,417</u> |

City of Helena, Montana
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

(1 of 4)

| | 2007 | 2008 | 2009 | 2010 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,748,393 | \$ 2,103,615 | \$ 2,403,466 | \$ 2,341,247 |
| Public safety | 9,989,599 | 10,705,356 | 11,798,150 | 12,033,150 |
| Public works | 3,638,044 | 4,061,181 | 4,539,902 | 4,492,223 |
| Public health | 115,896 | 170,663 | 225,261 | 222,719 |
| Culture and recreation | 2,697,109 | 2,817,695 | 3,084,434 | 3,304,719 |
| Community development | 494,018 | 868,209 | 881,310 | 511,469 |
| Intergovernmental | - | - | - | - |
| Interest on long-term debt | 326,931 | 347,314 | 649,810 | 894,424 |
| Total governmental activities | <u>19,009,990</u> | <u>21,074,033</u> | <u>23,582,333</u> | <u>23,799,951</u> |
| Business-type activities: | | | | |
| Water | 4,049,531 | 4,658,420 | 4,727,870 | 5,023,674 |
| Wastewater | 3,199,613 | 3,328,910 | 3,558,351 | 3,703,159 |
| Solid waste | 2,383,914 | 2,546,152 | 2,490,284 | 2,767,387 |
| Transfer station | 2,286,627 | 2,385,755 | 2,393,957 | 2,562,623 |
| Parking | - | - | - | - |
| Bus | 1,045,055 | 1,269,931 | 1,400,629 | 1,440,940 |
| Golf course | 982,124 | 994,463 | 1,078,623 | 1,064,199 |
| Building | 714,325 | 853,723 | 965,393 | 1,039,813 |
| City-County administration building | - | 956,195 | 938,323 | 883,909 |
| Total business-type activities | <u>14,661,189</u> | <u>16,993,549</u> | <u>17,553,430</u> | <u>18,485,704</u> |
| Total primary government | <u>\$ 33,671,179</u> | <u>\$ 38,067,582</u> | <u>\$ 41,135,763</u> | <u>\$ 42,285,655</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 724,140 | \$ 616,160 | \$ 687,888 | \$ 728,815 |
| Public safety | 980,039 | 996,560 | 940,060 | 865,764 |
| Public works | 3,495,771 | 3,742,266 | 4,117,969 | 4,318,800 |
| Public health | 27,970 | 30,830 | 37,273 | 36,861 |
| Culture and recreation | 1,147,814 | 1,377,461 | 1,313,472 | 1,697,189 |
| Community development | 39,177 | 18,347 | 9,524 | 12,256 |
| Operating grants and contributions | 3,424,279 | 4,102,598 | 4,272,848 | 4,202,610 |
| Capital grants and contributions | 1,706,805 | 2,681,258 | 8,905,991 | 15,492,460 |
| Total governmental activities | <u>11,545,995</u> | <u>13,565,480</u> | <u>20,285,025</u> | <u>27,354,755</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 5,356,882 | 5,353,794 | 5,485,370 | 5,199,612 |
| Wastewater | 3,251,149 | 3,341,782 | 3,404,115 | 3,561,086 |
| Solid waste | 2,648,487 | 2,789,155 | 2,832,948 | 2,868,498 |
| Transfer station | 2,441,628 | 2,573,287 | 2,487,209 | 2,623,029 |
| Parking | - | - | - | - |
| Bus | 297,843 | 306,442 | 349,182 | 377,842 |
| Other activities | 2,140,316 | 2,889,906 | 3,125,423 | 2,931,918 |
| Operating grants and contributions | 436,887 | 844,432 | 636,140 | 662,373 |
| Capital grants and contributions | 2,301,923 | 4,495,413 | 6,525,476 | 27,997,172 |
| Total business-type activities | <u>18,875,115</u> | <u>22,594,211</u> | <u>24,845,863</u> | <u>46,221,530</u> |
| Total primary government | <u>\$ 30,421,110</u> | <u>\$ 36,159,691</u> | <u>\$ 45,130,888</u> | <u>\$ 73,576,285</u> |

See Independent Auditor's Report.

(2 of 4)

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,122,007 | \$ 2,210,331 | \$ 2,497,674 | \$ 2,499,590 | \$ 2,462,445 | \$ 2,312,861 |
| 11,647,121 | 12,466,013 | 13,119,756 | 13,231,206 | 13,080,712 | 13,509,042 |
| 4,702,680 | 5,097,267 | 5,069,500 | 5,662,887 | 6,128,853 | 5,589,151 |
| 194,381 | 219,228 | 231,304 | 225,331 | 229,590 | 235,321 |
| 3,499,303 | 3,784,245 | 3,863,269 | 3,986,908 | 4,370,730 | 4,360,431 |
| 562,266 | 593,250 | 831,931 | 565,194 | 896,997 | 927,252 |
| 26,499 | 458,718 | - | 17,620 | - | - |
| 859,461 | 825,675 | 791,312 | 761,726 | 71,187 | 261,594 |
| <u>23,613,718</u> | <u>25,654,727</u> | <u>26,404,746</u> | <u>26,950,462</u> | <u>27,240,514</u> | <u>27,195,652</u> |
| 5,037,410 | 5,445,042 | 5,493,070 | 5,845,585 | 5,682,401 | 5,948,722 |
| 3,505,533 | 3,766,832 | 3,669,373 | 3,677,766 | 3,763,125 | 3,840,425 |
| 2,906,025 | 2,795,077 | 3,010,304 | 3,005,956 | 2,774,054 | 2,804,327 |
| 2,539,746 | 2,861,301 | 2,764,029 | 2,795,143 | 2,884,298 | 2,804,491 |
| - | - | - | - | 1,774,216 | 1,616,030 |
| 1,388,995 | 1,474,071 | 1,568,545 | 1,541,443 | 1,340,586 | 1,340,154 |
| 1,101,612 | 1,112,447 | 1,223,553 | 2,396,277 | 1,302,066 | 1,346,433 |
| 965,311 | 912,228 | 920,713 | 897,675 | 971,308 | 1,002,634 |
| 878,052 | 954,077 | 922,910 | 935,841 | 974,718 | 941,276 |
| <u>18,322,684</u> | <u>19,321,075</u> | <u>19,572,497</u> | <u>21,095,686</u> | <u>21,466,772</u> | <u>21,644,492</u> |
| <u>\$ 41,936,402</u> | <u>\$ 44,975,802</u> | <u>\$ 45,977,243</u> | <u>\$ 48,046,148</u> | <u>\$ 48,707,286</u> | <u>\$ 48,840,144</u> |
| \$ 621,880 | \$ 820,821 | \$ 1,039,118 | \$ 910,160 | \$ 1,011,040 | \$ 933,136 |
| 915,513 | 933,754 | 1,020,115 | 1,250,499 | 2,424,719 | 2,438,728 |
| 4,555,591 | 4,722,092 | 4,979,302 | 4,972,860 | 5,147,857 | 5,374,585 |
| 38,110 | 41,033 | 38,900 | 39,092 | 38,805 | 42,505 |
| 1,733,457 | 2,079,828 | 2,453,413 | 1,907,827 | 2,414,957 | 2,544,201 |
| 8,314 | 38,756 | 341,058 | 74,265 | 448,664 | 414,227 |
| 4,440,645 | 4,146,897 | 4,044,625 | 4,336,569 | 3,593,753 | 2,600,111 |
| 2,233,281 | 5,637,153 | 5,972,108 | 401,840 | 9,033,942 | 11,960,203 |
| <u>14,546,791</u> | <u>18,420,334</u> | <u>19,888,639</u> | <u>13,893,112</u> | <u>24,113,737</u> | <u>26,307,696</u> |
| 5,434,260 | 6,340,503 | 6,430,648 | 6,583,279 | 6,848,752 | 6,857,902 |
| 3,789,551 | 3,973,033 | 4,167,237 | 4,221,124 | 4,231,987 | 4,422,625 |
| 3,066,451 | 3,141,575 | 3,261,745 | 3,348,161 | 3,407,846 | 3,471,427 |
| 2,919,604 | 2,996,545 | 2,931,689 | 3,002,835 | 2,999,698 | 2,636,743 |
| - | - | - | - | 1,794,908 | 1,763,047 |
| 310,174 | 305,902 | 326,669 | 307,593 | 196,189 | 146,952 |
| 2,859,286 | 3,052,027 | 3,093,078 | 3,191,453 | 3,396,105 | 3,528,492 |
| 625,476 | 908,295 | 895,375 | 961,869 | 974,042 | 1,267,118 |
| 11,759,010 | 8,095,586 | 3,038,239 | 1,260,497 | 4,341,452 | 6,519,156 |
| <u>30,763,812</u> | <u>28,813,466</u> | <u>24,144,680</u> | <u>22,876,811</u> | <u>28,190,979</u> | <u>30,613,462</u> |
| <u>\$ 45,310,603</u> | <u>\$ 47,233,800</u> | <u>\$ 44,033,319</u> | <u>\$ 36,769,923</u> | <u>\$ 52,304,716</u> | <u>\$ 56,921,158</u> |

See Independent Auditor's Report.

City of Helena, Montana
CHANGES IN NET POSITION (CONTINUED)
 Last Ten Fiscal Years
(accrual basis of accounting)
 (Unaudited)

| | (3 of 4) | | | |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (7,463,995) | \$ (7,508,553) | \$ (3,297,308) | \$ 3,554,804 |
| Business-type activities | 4,213,926 | 5,600,662 | 7,292,433 | 27,735,826 |
| Total primary government | <u>\$ (3,250,069)</u> | <u>\$ (1,907,891)</u> | <u>\$ 3,995,125</u> | <u>\$ 31,290,630</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 6,131,182 | \$ 6,319,687 | \$ 7,837,489 | \$ 9,357,361 |
| Motor vehicle taxes | 628,170 | 623,868 | 598,700 | 716,205 |
| Unrestricted grants and contributions | 3,141,160 | 3,185,955 | 3,308,744 | 3,460,650 |
| Investment earnings | 603,594 | 498,046 | 303,664 | 117,280 |
| Gain on the sale of capital assets | 39,847 | 59,387 | 15,232 | - |
| Transfers | (330,953) | (285,953) | (370,651) | (291,905) |
| Special item | - | (148,019) | - | - |
| Total governmental activities | <u>10,213,000</u> | <u>10,252,971</u> | <u>11,693,178</u> | <u>13,359,591</u> |
| Business-type activities: | | | | |
| Investment earnings | 583,020 | 516,687 | 201,874 | 66,777 |
| Gain on sale of capital assets | 5,565 | 128,432 | 183,421 | 49,616 |
| Transfers | 330,953 | 285,953 | 370,651 | 291,905 |
| Special item | - | - | - | - |
| Total business-type activities | <u>919,538</u> | <u>931,072</u> | <u>755,946</u> | <u>408,298</u> |
| Total primary government | <u>\$ 11,132,538</u> | <u>\$ 11,184,043</u> | <u>\$ 12,449,124</u> | <u>\$ 13,767,889</u> |
| Change in Net Position¹ | | | | |
| Governmental activities | \$ 2,749,005 | \$ 2,744,418 | \$ 8,395,870 | \$ 16,914,395 |
| Business-type activities | 5,133,464 | 6,531,734 | 8,048,379 | 28,144,124 |
| Total primary government | <u>\$ 7,882,469</u> | <u>\$ 9,276,152</u> | <u>\$ 16,444,249</u> | <u>\$ 45,058,519</u> |

¹ Does not include restatements of net position.

See Independent Auditor's Report.

(4 of 4)

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------|----------------------|-----------------------|------------------------|----------------------|----------------------|
| \$ (9,066,927) | \$ (7,234,393) | \$ (6,516,107) | \$ (13,057,350) | \$ (3,126,777) | \$ (887,956) |
| 12,441,128 | 9,492,391 | 4,572,183 | 1,781,125 | 6,724,207 | 8,968,970 |
| <u>\$ 3,374,201</u> | <u>\$ 2,257,998</u> | <u>\$ (1,943,924)</u> | <u>\$ (11,276,225)</u> | <u>\$ 3,597,430</u> | <u>\$ 8,081,014</u> |
| | | | | | |
| \$ 8,422,755 | \$ 9,074,313 | \$ 9,244,244 | \$ 9,813,380 | \$ 9,627,235 | \$ 9,939,895 |
| 679,341 | 698,952 | 684,194 | 688,338 | 774,849 | 826,785 |
| 3,930,680 | 4,147,426 | 4,472,786 | 4,622,584 | 4,132,618 | 4,259,548 |
| 77,221 | 70,644 | 50,171 | 34,930 | 31,507 | 91,441 |
| - | 47,596 | 124,083 | 12,912 | 28,257 | - |
| (363,634) | (264,650) | (415,061) | (364,500) | (1,775,194) | (375,000) |
| (236,000) | - | - | - | - | (25,000) |
| <u>12,510,363</u> | <u>13,774,281</u> | <u>14,160,417</u> | <u>14,807,644</u> | <u>12,819,272</u> | <u>14,717,669</u> |
| | | | | | |
| 44,592 | 39,805 | 34,011 | 18,257 | 18,808 | 81,993 |
| 115,584 | (400,315) | - | 240,000 | 30,695 | 17,343 |
| 363,634 | 264,650 | 415,061 | 364,500 | 1,775,194 | 375,000 |
| 236,000 | - | - | - | 7,391,153 | - |
| <u>759,810</u> | <u>(95,860)</u> | <u>449,072</u> | <u>622,757</u> | <u>9,215,850</u> | <u>474,336</u> |
| <u>\$ 13,270,173</u> | <u>\$ 13,678,421</u> | <u>\$ 14,609,489</u> | <u>\$ 15,430,401</u> | <u>\$ 22,035,122</u> | <u>\$ 15,192,005</u> |
| | | | | | |
| \$ 3,443,436 | \$ 6,539,888 | \$ 7,644,310 | \$ 1,750,294 | \$ 9,692,495 | \$ 13,829,713 |
| 13,200,938 | 9,396,531 | 5,021,255 | 2,403,882 | 15,940,057 | 9,443,306 |
| <u>\$ 16,644,374</u> | <u>\$ 15,936,419</u> | <u>\$ 12,665,565</u> | <u>\$ 4,154,176</u> | <u>\$ 25,632,552</u> | <u>\$ 23,273,019</u> |

See Independent Auditor's Report.

City of Helena, Montana
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 (Unaudited)

(1 of 2)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------|---------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ 248,436 | \$ 248,224 | \$ 245,402 | \$ 253,654 |
| Restricted | 3,500 | 43,913 | 109,360 | 122,358 |
| Committed | 1,820,955 | 1,237,940 | 622,647 | 345,841 |
| Assigned | 12,823 | 213,751 | 155,192 | 3,977 |
| Unassigned | 2,915,076 | 2,960,571 | 2,745,998 | 2,901,422 |
| Total general fund | <u>\$ 5,000,790</u> | <u>\$ 4,704,399</u> | <u>\$ 3,878,599</u> | <u>\$ 3,627,252</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ 789,581 | \$ 657,899 | \$ 684,291 | \$ 764,210 |
| Restricted | 8,188,189 | 14,892,691 | 17,140,709 | 12,794,658 |
| Committed | 56,022 | 11,261 | 326,570 | 97,653 |
| Assigned | 831,571 | 1,247,474 | 1,154,916 | 859,949 |
| Unassigned | (132,710) | (102,900) | (76,395) | (161,513) |
| Total all other governmental funds | <u>\$ 9,732,653</u> | <u>\$ 16,706,425</u> | <u>\$ 19,230,091</u> | <u>\$ 14,354,957</u> |

See Independent Auditor's Report.

(2 of 2)

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 25,634 | \$ 29,738 | \$ 19,983 | \$ 19,264 | \$ 14,774 | \$ 12,663 |
| 69,812 | 62,452 | 179,182 | 64,044 | 113,730 | 62,473 |
| 387,051 | 21,829 | - | - | 117,273 | 42,273 |
| 25,600 | 69,024 | 34,985 | 2,386 | 6,000 | 5,000 |
| <u>4,150,675</u> | <u>3,945,453</u> | <u>4,331,115</u> | <u>6,559,029</u> | <u>6,770,453</u> | <u>5,436,164</u> |
| <u>\$ 4,658,772</u> | <u>\$ 4,128,496</u> | <u>\$ 4,565,265</u> | <u>\$ 6,644,723</u> | <u>\$ 7,022,230</u> | <u>\$ 5,558,573</u> |
| | | | | | |
| \$ 273,911 | \$ 185,956 | \$ 295,458 | \$ 295,288 | \$ 248,965 | \$ 394,047 |
| 10,906,112 | 8,762,619 | 9,486,622 | 10,195,743 | 9,855,388 | 11,937,765 |
| 1,446,093 | 1,800,616 | 1,387,877 | 1,446,792 | 1,576,584 | 1,553,024 |
| 107,676 | 1,594,153 | 1,759,532 | 2,401,501 | 2,791,027 | 2,544,285 |
| (67,547) | (25,109) | (165,368) | (146,969) | (150,931) | (281,618) |
| <u>\$ 12,666,245</u> | <u>\$ 12,318,235</u> | <u>\$ 12,764,121</u> | <u>\$ 14,192,355</u> | <u>\$ 14,321,033</u> | <u>\$ 16,147,503</u> |

See Independent Auditor's Report.

City of Helena, Montana
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

(1 of 2)

| | 2007 | 2008 | 2009 | 2010 |
|---|-----------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | |
| Taxes: | | | | |
| Property taxes | \$ 6,143,544 | \$ 6,182,314 | \$ 7,837,489 | \$ 7,853,994 |
| Motor vehicle taxes | 628,170 | 623,868 | 598,700 | 716,205 |
| Special assessments | 3,899,780 | 4,329,900 | 4,682,422 | 4,918,167 |
| Licenses and permits | 511,857 | 460,948 | 509,405 | 513,500 |
| Intergovernmental | 6,597,455 | 7,272,051 | 7,636,031 | 8,040,706 |
| Charges for services | 1,304,416 | 1,411,566 | 1,277,505 | 1,460,571 |
| Fines | 721,722 | 656,388 | 543,163 | 507,054 |
| Investment earnings | 603,594 | 498,046 | 303,664 | 117,280 |
| Miscellaneous | 308,439 | 221,057 | 278,094 | 292,111 |
| Total revenue | <u>20,718,977</u> | <u>21,656,138</u> | <u>23,666,473</u> | <u>24,419,588</u> |
| Expenditures | | | | |
| General government | 1,607,133 | 1,796,231 | 2,121,907 | 1,957,731 |
| Public safety | 9,737,203 | 10,153,619 | 11,150,250 | 11,251,927 |
| Public works | 3,134,083 | 3,423,593 | 3,861,772 | 3,714,314 |
| Public health | 116,416 | 148,211 | 219,001 | 215,472 |
| Culture and recreation | 2,241,754 | 2,389,064 | 2,655,304 | 2,733,957 |
| Community development | 488,268 | 847,649 | 854,583 | 496,937 |
| Intergovernmental | - | - | - | - |
| Debt service: | | | | |
| Principal | 711,611 | 688,657 | 1,031,032 | 953,848 |
| Interest | 343,327 | 303,065 | 484,478 | 819,949 |
| Debt issuance costs | - | 137,600 | 320,247 | - |
| Capital outlay | 3,876,743 | 2,830,519 | 8,162,824 | 7,119,681 |
| Total expenditures | <u>22,256,538</u> | <u>22,718,208</u> | <u>30,861,398</u> | <u>29,263,816</u> |
| Excess of revenues over (under) expenditures | <u>(1,537,561)</u> | <u>(1,062,070)</u> | <u>(7,194,925)</u> | <u>(4,844,228)</u> |
| Other Financing Sources (Uses) | | | | |
| Debt issued | 575 | 8,066,892 | 12,021,549 | - |
| Debt issuance premium | - | 47,144 | 153,576 | - |
| Debt issuance discount | - | - | (54,868) | - |
| Payments to bond escrow agent | - | - | (2,872,047) | - |
| Sale of capital assets | 27,450 | 59,387 | 15,232 | 9,652 |
| Transfers in | 1,416,184 | 1,713,509 | 2,019,370 | 2,451,696 |
| Transfers out | (1,747,137) | (1,999,462) | (2,390,021) | (2,743,601) |
| Total other financing sources (uses) | <u>(302,928)</u> | <u>7,887,470</u> | <u>8,892,791</u> | <u>(282,253)</u> |
| Special item | - | (148,019) | - | - |
| Net change in fund balances ¹ | <u>\$ (1,840,489)</u> | <u>\$ 6,677,381</u> | <u>\$ 1,697,866</u> | <u>\$ (5,126,481)</u> |
| Debt service as a percentage of noncapital expenditures | 5.74% | 4.99% | 6.68% | 8.01% |

¹ Does not include prior period adjustments.

See Independent Auditor's Report.

(2 of 2)

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---------------------|---------------------|-------------------|---------------------|--------------------|-------------------|
| \$ 8,915,516 | \$ 8,529,266 | \$ 8,883,694 | \$11,376,883 | \$ 10,138,026 | \$ 9,940,730 |
| 679,341 | 698,952 | 684,194 | 688,338 | 774,849 | 826,785 |
| 5,139,199 | 5,444,818 | 5,605,367 | 5,677,012 | 5,718,233 | 5,911,386 |
| 449,979 | 558,201 | 611,813 | 737,162 | 638,327 | 638,250 |
| 8,491,242 | 9,119,595 | 9,606,039 | 9,238,030 | 8,533,328 | 7,961,957 |
| 1,618,479 | 1,698,420 | 1,995,504 | 1,820,517 | 1,922,226 | 2,063,152 |
| 560,042 | 585,612 | 611,103 | 713,420 | 650,074 | 585,401 |
| 77,221 | 70,644 | 50,171 | 34,930 | 31,507 | 91,441 |
| 251,615 | 319,341 | 570,002 | 283,980 | 551,325 | 727,425 |
| <u>26,182,634</u> | <u>27,024,849</u> | <u>28,617,887</u> | <u>30,570,272</u> | <u>28,957,895</u> | <u>28,746,527</u> |
| 1,814,742 | 1,799,358 | 1,971,882 | 2,192,450 | 2,343,318 | 2,150,391 |
| 11,193,009 | 11,790,650 | 12,336,834 | 12,524,881 | 11,487,514 | 11,722,710 |
| 3,928,499 | 4,315,554 | 4,193,099 | 4,746,026 | 5,185,550 | 4,583,452 |
| 194,574 | 214,404 | 226,779 | 222,301 | 227,565 | 236,745 |
| 2,974,842 | 3,235,172 | 3,313,713 | 3,331,804 | 3,788,237 | 3,655,584 |
| 561,150 | 579,757 | 829,295 | 556,037 | 875,627 | 934,609 |
| 26,499 | 458,718 | - | 17,620 | - | - |
| 1,140,745 | 1,086,133 | 1,058,311 | 924,831 | 719,102 | 735,321 |
| 872,396 | 842,027 | 806,001 | 775,737 | 301,260 | 274,926 |
| - | - | - | - | - | - |
| 3,998,412 | 3,391,834 | 2,951,998 | 1,565,281 | 2,132,609 | 3,678,117 |
| <u>26,704,868</u> | <u>27,713,607</u> | <u>27,687,912</u> | <u>26,856,968</u> | <u>27,060,782</u> | <u>27,971,855</u> |
| <u>(522,234)</u> | <u>(688,758)</u> | <u>929,975</u> | <u>3,713,304</u> | <u>1,897,113</u> | <u>774,672</u> |
| 232,281 | 34,776 | 53,371 | 145,976 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 79,435 | 47,596 | 124,083 | 12,912 | 112,230 | (11,859) |
| 2,130,980 | 2,498,421 | 1,670,630 | 1,633,835 | 1,558,900 | 3,889,055 |
| (2,341,654) | (2,770,321) | (1,895,404) | (1,998,335) | (3,062,058) | (4,264,055) |
| <u>101,042</u> | <u>(189,528)</u> | <u>(47,320)</u> | <u>(205,612)</u> | <u>(1,390,928)</u> | <u>(386,859)</u> |
| (236,000) | - | - | - | - | (25,000) |
| <u>\$ (657,192)</u> | <u>\$ (878,286)</u> | <u>\$ 882,655</u> | <u>\$ 3,507,692</u> | <u>\$ 506,185</u> | <u>\$ 362,813</u> |
| 8.87% | 7.93% | 7.54% | 6.72% | 4.09% | 4.16% |

See Independent Auditor's Report.

City of Helena, Montana
MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)
(Unaudited)

| Fiscal Year | Real Taxable Value ¹ | Personal Taxable Value ¹ | Total Taxable Valuation | Total Direct Tax Rate | Estimated Market Value | Taxable Value as a Percentage of Market Value |
|-------------|---------------------------------|-------------------------------------|-------------------------|-----------------------|------------------------|---|
| 2007 | \$ 44,711 | \$ 2,518 | \$ 47,229 | \$ 134.45 | \$ 1,466,193 | 3.22% |
| 2008 | 48,125 | 2,689 | 50,814 | 135.01 | 1,573,019 | 3.23% |
| 2009 | 48,978 | 2,652 | 51,630 | 149.29 | 1,641,983 | 3.14% |
| 2010 | 51,317 | 2,511 | 53,827 | 150.69 | 1,758,840 | 3.06% |
| 2011 | 55,360 | 2,368 | 57,728 | 155.82 | 1,925,099 | 3.00% |
| 2012 | 58,853 | 1,962 | 60,815 | 157.01 | 2,059,141 | 2.95% |
| 2013 | 57,664 | 1,613 | 59,277 | 159.20 | 2,147,505 | 2.76% |
| 2014 | 58,142 | 2,245 | 60,387 | 159.10 | 2,341,312 | 2.58% |
| 2015 | 57,074 | 2,035 | 59,109 | 168.17 | 2,384,469 | 2.48% |
| 2016 | 58,044 | 2,320 | 60,364 | 164.76 | 3,623,976 | 1.67% |

Source: Lewis & Clark County

NOTE: The State of Montana reappraises the Estimated Market Value each year with the exception of property tax classes 3, 4, and 10 which are reappraised on a cyclical basis. There are currently eleven classes of property assigned by the Montana Department of Revenue.

The Estimated Market Value of residential and commercial property is "partially exempted" from taxation by the percentages shown in the table below. This "partially exempted" market value is referred to as the Taxable Market Value. The Taxable Market Value is multiplied by the Taxable Valuation Rate to arrive at the Taxable Value. The Taxable Valuation Rate is set for each class of property assigned by the Montana Department of Revenue. The Taxable Valuation Rates for residential and commercial property is shown in the table below. Centrally assessed property percentages vary from 3 to 12% depending on the type of utility.

| Tax Year | Exemption Percentages | |
|----------------|-----------------------|------------|
| | Residential | Commercial |
| 2008 and after | 34.00% | 15.00% |

¹ Real property taxable valuations include personal property that is "attached" to the property. Personal property valuations includes only "non-attached" personal property such as movable equipment. It is not possible to separate the market value of attached personal property from the real property using any information available to the city. These amounts reflect taxable value of properties billed, and includes adjustments not reflected in the certified taxable value shown on J-14.

See Independent Auditor's Report.

City of Helena, Montana
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
(per \$1,000 of taxable value)
 (Unaudited)

| Fiscal Year | City of Helena | | | | | | Overlapping Rates ¹ | | | |
|-------------|-----------------|-------------------|----------|-------------------|--------------|--------------|--------------------------------|-------------------------------------|-------------|------------------------|
| | General Purpose | Medical Insurance | Planning | GO | | | Schools | | | Lewis and Clark County |
| | | | | Bond Debt Service | Other Levies | Total Direct | Helena Elementary | East Helena Elementary ² | Helena High | |
| 2007 | 79.98 | 14.38 | 9.97 | 7.40 | 22.72 | 134.45 | 159.07 | - | 96.52 | 206.89 |
| 2008 | 78.20 | 15.72 | 9.72 | 7.98 | 23.39 | 135.01 | 157.71 | - | 91.14 | 213.80 |
| 2009 | 82.46 | 17.66 | 10.29 | 15.04 | 23.84 | 149.29 | 166.95 | - | 92.64 | 214.27 |
| 2010 | 83.43 | 19.32 | 9.71 | 14.61 | 23.62 | 150.69 | 161.09 | 182.41 | 92.11 | 212.68 |
| 2011 | 87.12 | 18.93 | 8.75 | 18.34 | 22.68 | 155.82 | 163.67 | 181.66 | 91.28 | 224.87 |
| 2012 | 85.69 | 20.29 | 8.54 | 18.06 | 24.43 | 157.01 | 161.27 | 183.40 | 88.48 | 216.95 |
| 2013 | 86.01 | 21.30 | 8.70 | 18.40 | 24.79 | 159.20 | 154.87 | 156.84 | 85.02 | 220.91 |
| 2014 | 87.36 | 22.34 | 8.58 | 16.73 | 24.09 | 159.10 | 160.16 | 160.80 | 86.19 | 235.04 |
| 2015 | 90.62 | 25.16 | 9.44 | 17.79 | 25.16 | 168.17 | 166.31 | 157.69 | 87.06 | 226.20 |
| 2016 | 90.64 | 25.84 | 8.49 | 14.35 | 25.44 | 164.76 | 155.76 | 158.59 | 85.71 | 218.04 |

Source: City of Helena and Lewis & Clark County

Note: The city is allowed to increase property tax revenue each year on existing property at one-half the CPI-U average rate of inflation for the past three years, plus new growth.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Helena. Not all overlapping rates apply to all Helena property owners. Although the county and high school property tax rates apply to all city property owners, elementary do not. East Helena Elementary School District rates apply to less than 1% of city property owners whose property is located within that district's geographic boundaries. All other city property is located within the Helena Elementary school district boundaries and those rates apply.

² Prior to 2010, no city properties were located within the East Helena Elementary School area.

See Independent Auditor's Report.

City of Helena, Montana
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

| | 2016 | | | 2007 | | |
|--|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value |
| Northwestern Corporation | \$ 11,465,487 | 1 | 18.72% | \$ 9,004,769 | 1 | 19.07% |
| Verizon Wireless | 2,926,847 | 2 | 4.78% | - | - | - |
| Centurylink Inc. | 1,928,989 | 3 | 3.15% | - | - | - |
| The Boeing Company | 2,095,174 | 4 | 3.42% | - | - | - |
| Bresnan Communications | 1,175,459 | 5 | 1.92% | - | - | - |
| Helena Federal Office Complex, LLC | 472,877 | 6 | 0.78% | 407,885 | 4 | 0.86% |
| Wal Mart Stores Inc | 414,519 | 7 | 0.68% | 419,283 | 3 | 0.89% |
| Touchmark on Saddle Drive (formerly Waterford) | 343,533 | 8 | 0.56% | 303,129 | 7 | 0.64% |
| Costco Wholesale | 323,535 | 9 | 0.53% | - | - | - |
| Skyway Regional Shopping Center LLC | 257,835 | 10 | 0.43% | - | - | - |
| Qwest Corporation | - | - | - | 2,876,811 | 2 | 6.09% |
| AT&T Communications | - | - | - | 326,844 | 5 | 0.69% |
| Sky West Airlines | - | - | - | 305,928 | 6 | 0.65% |
| Federal Reserve Bank of Minneapolis | - | - | - | 233,984 | 8 | 0.50% |
| Capital Hill Shopping Center | - | - | - | 227,295 | 9 | 0.48% |
| Helena Montana Associates LLC | - | - | - | 220,860 | 10 | 0.47% |
| | <u>\$ 21,404,255</u> | | <u>34.97%</u> | <u>\$ 14,326,788</u> | | <u>30.34%</u> |
| Total City Taxable Assessed Value ¹ | \$ 61,254,920 | | | \$ 47,229,449 | | |

Source: Lewis & Clark County

¹ Certified taxable value per Montana Department of Revenue.

See Independent Auditor's Report.

City of Helena, Montana
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|--|---------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | \$ 6,345,452 | \$ 5,903,491 | 93.03% | \$ 441,959 | \$ 6,345,450 | 100.00% |
| 2008 | 6,921,557 | 5,252,505 | 75.89% ¹ | 1,668,425 | 6,920,930 | 99.99% |
| 2009 | 7,678,357 | 7,501,053 | 97.69% | 176,450 | 7,677,503 | 99.99% |
| 2010 | 8,008,553 | 6,066,850 | 75.75% ² | 1,940,682 | 8,007,532 | 99.99% |
| 2011 | 8,867,318 | 8,773,371 | 98.94% | 93,459 | 8,866,830 | 99.99% |
| 2012 | 8,834,206 | 8,172,294 | 92.51% | 654,155 | 8,826,449 | 99.91% |
| 2013 | 9,162,645 | 9,033,110 | 98.59% | 120,501 | 9,153,611 | 99.90% |
| 2014 | 9,273,435 | 8,964,557 | 96.67% | 306,916 | 9,271,473 | 99.98% |
| 2015 | 9,971,513 | 9,400,597 | 94.27% | 567,591 | 9,968,188 | 99.97% |
| 2016 | 9,947,353 | 9,658,179 | 97.09% | - | 9,658,179 | 97.09% |

Source: Lewis & Clark County

¹ Lewis & Clark County did not remit to the City taxes collected in June before June 30, 2008 as in past years due to implementation of a new tax system. The additional amount the County normally would have remitted the City by June 30 was \$934,335. This amount was received July 7, 2008 and would have resulted in a 95.07% "Current Collections as a Percent of Levy" for tax year 2008 if remitted by June 30 as in past years. The County was also unable to bill personal property taxes normally billed in April or May until July 2008. This resulted in \$324,120 in property taxes budgeted for fiscal year 2008, and the related revenue, that was not reflected until fiscal year 2009.

² Montana Department of Revenue reappraised all real property in the state for tax year 2009 as required by state law. A much higher than normal amount of taxes were paid under protest due to this reappraisal. At June 30, protested taxes totalled \$1,402,428. In addition, personal property taxes were not billed until June 22. This resulted in \$338,842 in property taxes budgeted for fiscal year 2010, and the related revenue, that was not reflected until fiscal year 2011.

See Independent Auditor's Report.

City of Helena, Montana
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | | | Total Primary Government | Percent of Personal Income ¹ | Total Debt Per Capita ¹ |
|-------------|--------------------------|------------|--------------------------|--------------------------|-------------------------------|---------------|------------|--------------------------|--------------------------|---|------------------------------------|
| | General Obligation Bonds | Loans | Special Assessment Bonds | General Obligation Bonds | Certificates of Participation | Revenue Bonds | Loans | Special Assessment Bonds | | | |
| 2007 | \$ 4,530,000 | \$ 834,263 | \$ 1,413,183 | \$ - | \$ - | \$ 19,955,588 | \$ 407,331 | \$ 441,815 | \$ 27,582,180 | 2.94% | \$ 989 |
| 2008 | 12,105,000 ² | 590,655 | 1,234,536 | - | - | 20,283,565 | 776,210 | 374,301 | 35,364,267 | 3.63% | 1,231 |
| 2009 | 11,540,000 ² | 805,969 | 997,837 | - | 8,900,000 ² | 18,858,520 | 1,185,606 | 265,000 | 42,552,932 | 3.95% | 1,450 |
| 2010 | 11,015,000 ² | 672,840 | 711,837 | - | 8,900,000 ² | 17,279,991 | 1,688,861 | 195,000 | 40,463,529 | 3.58% | 1,352 |
| 2011 | 10,450,000 ² | 525,057 | 525,000 | - | 8,900,000 ² | 14,850,854 | 1,546,387 | 125,000 | 36,922,298 | 3.38% | 1,310 |
| 2012 | 9,855,000 ² | 372,605 | 370,000 | - | 8,725,000 ² | 12,015,465 | 1,351,583 | 65,000 | 32,754,653 | 2.93% | 1,146 |
| 2013 | 9,245,000 ² | 215,931 | 270,000 | - | 8,545,000 ² | 11,472,000 | 1,150,385 | 15,000 | 30,913,316 | 2.62% | 1,061 |
| 2014 | 8,605,000 ² | 183,005 | 225,000 | - | 8,360,000 ² | 10,461,000 | 942,513 | - | 28,776,518 | 2.39% | 972 |
| 2015 | 7,085,000 ³ | 148,903 | 160,000 | 1,695,000 ³ | 8,170,000 | 9,387,000 | 1,139,560 | - | 27,785,463 | 2.24% | 928 |
| 2016 | 6,435,000 | 113,582 | 110,000 | 835,000 | 7,975,000 | 8,290,000 | 965,257 | - | 24,723,839 | 1.88% | 808 |

See Independent Auditor's Report.
J-16

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See page J-21 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

General obligation debt that financed parking activities was transferred to the parking proprietary fund July 1, 2014 as a result of merging the Parking component unit into the City.

City of Helena, Montana
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | General Obligation Bonds | General Fund Bonds ¹ | Limited General Fund Refunding Bonds 2015 ¹ | Less Amounts Restricted to Repaying Principal | Total Primary Government | Percent of Estimated Actual Taxable Value ² | Per Capita ³ |
|----------------|--------------------------------|---------------------------------------|---|--|--------------------------------|---|----------------------------|
| 2007 | \$ 3,415,000 | \$ 1,115,000 | \$ - | \$ (266,793) | \$ 4,263,207 | 9.03% | \$ 152.89 |
| 2008 | 11,015,000 ^{4, 5} | 1,090,000 | - | (175,149) | 11,929,851 | 23.48% | 415.30 |
| 2009 | 10,475,000 ⁵ | 1,065,000 | - | (234,316) | 11,305,689 | 21.90% | 385.19 |
| 2010 | 9,980,000 ⁵ | 1,035,000 | - | (255,699) | 10,759,306 | 19.99% | 359.37 |
| 2011 | 9,445,000 ⁵ | 1,005,000 | - | (419,250) | 10,030,755 | 17.38% | 355.83 |
| 2012 | 8,885,000 ⁵ | 970,000 | - | (330,228) | 9,524,777 | 15.66% | 333.13 |
| 2013 | 8,310,000 ⁵ | 935,000 | - | (323,402) | 8,921,603 | 15.05% | 306.23 |
| 2014 | 7,705,000 ⁵ | 900,000 | - | (639,052) | 7,965,953 | 13.19% | 269.16 |
| 2015 | 7,085,000 | 850,000 | 845,000 | (1,510,000) | 7,270,000 | 12.30% | 242.79 |
| 2016 | 6,435,000 | - | 835,000 | (743,507) | 6,526,493 | 10.81% | 213.42 |

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ The General Fund Bonds, Series 2005 and General Fund Refunding Bonds, Series 2015 are a general obligation of the City. However, they are not taken into account when calculating the City's debt limit and the City is not obligated to levy taxes for the payment of principal or interest. Effective July 1, 2014, the City acquired the Parking Component Unit, which is now maintained as an enterprise fund, and these bonds are being paid for and accounted for in that proprietary fund.

² See page J-12 for property value data.

³ See page J-21 for population data.

⁴ The City issued \$7.85 million of General Obligation Parks Bonds, Series 2008

⁵ Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

See Independent Auditor's Report

City of Helena, Montana
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016
(Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|--|---------------------|--|--|
| Debt repaid with property taxes | | | |
| Helena School District No. 1 High School | \$ 300,000 | 52.90% | \$ 158,707 |
| Helena School District No. 1 Elementary | 37,000 | 64.99% | 24,045 |
| East Helena School District No. 9 Elementary | 630,000 | 3.04% | 19,153 |
| Lewis & Clark County Bonds | 2,821,513 | 50.28% | 1,418,771 |
| Total overlapping debt | | | <u>1,620,676</u> |
| City direct debt | <u>\$ 6,658,582</u> | <u>100.00%</u> | <u>6,658,582</u> |
| Total direct and overlapping debt | | | <u>\$ 8,279,258</u> |

Sources: Assessed value data used to estimate applicable percentages was provided by the State of Montana, Department of Revenue. Debt outstanding data was provided by each governmental unit. See page J-16 for the City's total outstanding debt.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Helena. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Helena, Montana
LEGAL DEBT MARGIN INFORMATION¹
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

| | |
|--|------------------|
| Assessed value ³ | \$ 3,398,076 |
| Debt limit (2.5% of assessed value) ² | 84,952 |
| Debt applicable to limit: | |
| General obligation bonds | 7,270 |
| Golf Course | 79 |
| Sidewalk replacement | 114 |
| Total debt subject to limit | <u>7,463</u> |
| Legal debt margin | <u>\$ 77,489</u> |

| Fiscal year | <u>2007</u> | <u>2008</u> ⁴ | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|------------------|--------------------------|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------|------------------|
| Debt limit | \$ 22,309 | \$ 37,035 | \$ 38,507 | \$ 41,295 | \$ 45,619 | \$ 46,787 | \$ 49,190 | \$ 58,069 | \$ 60,015 | \$ 84,952 |
| Total net debt applicable to limit | <u>3,664</u> | <u>11,214</u> | <u>10,949</u> ⁵ | <u>10,594</u> ⁵ | <u>9,988</u> ⁵ | <u>9,354</u> ⁵ | <u>8,702</u> ⁵ | <u>8,018</u> ⁵ | <u>8,179</u> | <u>7,463</u> |
| Legal debt margin | <u>\$ 18,645</u> | <u>\$ 25,821</u> | <u>\$ 26,586</u> | <u>\$ 29,953</u> | <u>\$ 34,892</u> | <u>\$ 36,705</u> | <u>\$ 39,772</u> | <u>\$ 49,272</u> | <u>\$ 51,836</u> | <u>\$ 77,489</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 16.42% | 30.28% | 30.96% | 27.47% | 23.51% | 21.55% | 19.15% | 15.15% | 13.63% | 8.78% |

Source: Assessed value provided by the State of Montana Department of Revenue, other information from City records.

¹ Details regarding the City's outstanding debt can be found in Note H to the financial statements.

² Under State finance law, the City's outstanding general obligation debt should not exceed 2.5% of the total assessed value of taxable property (market value). Prior to fiscal year 2008 general obligation debt could not exceed 1.51% of the total assessed value of taxable property.

³ The City uses the "certified" Estimated Market Value provided by the State of Montana, Department of Revenue to calculate the legal debt margin in accordance with State law. It does not agree to amounts shown on J-12 as that schedule uses amounts after adjustments and protested tax changes are made.

⁴ The City issued \$7,850,000 of general obligation bonds during fiscal year 2008.

⁵ Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

City of Helena, Montana
PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

| Fiscal Year | Water Revenue Bonds | | | | | | Wastewater Revenue Bonds | | | | | |
|-------------|-------------------------|--------------------------|-----------------------|---|----------|----------|--------------------------|--------------------------|-----------------------|---|----------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Maximum Debt Service in Any Fiscal Year | | | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Maximum Debt Service in Any Fiscal Year | | |
| | | | | Principal | Interest | Coverage | | | | Principal | Interest | Coverage |
| 2007 | \$ 5,712 | \$ 2,667 | \$ 3,045 | \$ 1,431 | \$ 232 | 183.1% | \$ 3,566 | \$ 2,050 | \$ 1,516 | \$ 721 | \$ 132 | 177.7% |
| 2008 | 5,662 | 3,228 | 2,434 | 1,431 | 232 | 146.4% | 3,594 | 2,125 | 1,469 | 721 | 132 | 172.2% |
| 2009 | 5,648 | 2,943 | 2,705 | 1,431 | 232 | 162.7% | 3,551 | 2,325 | 1,226 | 721 | 132 | 143.7% |
| 2010 | 5,346 | 3,171 | 2,175 | 1,431 | 232 | 130.8% | 3,734 | 2,387 | 1,347 | 721 | 132 | 157.9% |
| 2011 | 5,533 | 3,168 | 2,365 | 1,431 | 232 | 142.2% | 4,026 | 2,225 | 1,801 | 721 | 132 | 211.1% |
| 2012 | 6,435 | 3,501 | 2,934 | 306 | 94 | 733.5% | 4,096 | 2,511 | 1,585 | 721 | 132 | 185.8% |
| 2013 | 6,534 | 3,642 | 2,892 | 468 | 54 | 554.0% | 4,297 | 2,569 | 1,728 | 736 | 34 | 224.4% |
| 2014 | 6,658 | 3,944 | 2,714 | 468 | 54 | 519.9% | 4,328 | 2,642 | 1,686 | 736 | 34 | 219.0% |
| 2015 | 6,951 | 3,821 | 3,130 | 468 | 54 | 599.6% | 4,404 | 2,719 | 1,685 | 736 | 34 | 218.8% |
| 2016 | 6,974 | 4,026 | 2,948 | 468 | 54 | 564.8% | 4,567 | 2,759 | 1,808 | 736 | 34 | 234.8% |

| Fiscal Year | Parking Certificates of Participation ¹ | | | | | | Special Improvement Districts | | | |
|-------------|--|--------------------------|-----------------------|---|----------|----------|---|--------------|----------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Maximum Debt Service in Any Fiscal Year | | | Special Assessment Collections ² | Debt Service | | |
| | | | | Principal | Interest | Coverage | | Principal | Interest | Coverage |
| 2007 | \$ 1,057 | \$ 945 | \$ 112 | \$ 12 | 5 | 658.8% | \$ 392 | \$ 259 | \$ 135 | 99.5% |
| 2008 | 1,137 | 1,000 | 137 | 12 | 5 | 805.9% | 386 | 272 | 124 | 97.5% |
| 2009 | 1,226 | 1,131 | 95 | 12 | 5 | 558.8% | 487 | 256 | 123 | 128.5% |
| 2010 | 1,259 | 1,026 | 233 | 187 | 415 | 38.7% | 476 | 403 | 123 | 90.5% |
| 2011 | 1,440 | 1,348 | 92 | 187 | 415 | 15.3% | 554 | 395 | 106 | 110.6% |
| 2012 | 1,441 | 1,712 | (271) | 187 | 415 | -45.0% | 433 | 373 | 87 | 94.1% |
| 2013 | 1,686 | 1,783 | (97) | 192 | 409 | -16.1% | 522 | 351 | 64 | 125.8% |
| 2014 | 1,569 | 1,813 | (244) | 197 | 404 | -40.6% | 251 | 296 | 44 | 73.8% |
| 2015 | 1,795 | 745 | 1,050 | 290 | 401 | 152.0% | 205 | 196 | 32 | 89.9% |
| 2016 | 1,763 | 928 | 835 | 370 | 410 | 107.1% | 173 | 160 | 24 | 94.0% |

Source: City financial statements

¹ Prior to July 2014, the Parking Commission was a component unit of the City of Helena. There is no coverage requirement with the certificates of participation.

² Special Assessment Collections include special assessments, interest income, and bond funds in excess of construction costs used for debt service. There are no special improvement district (SID) bond requirements related to debt service coverage and the City only shows this information as it appears required by GASB Statement 44. The City is required to call bonds semi-annually using any cash available in debt service funds. The City has consistently called bonds in advance for each separately issued series of SID bonds.

See Independent Auditor's Report.

City of Helena, Montana
DEMOGRAPHICS AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

| Calendar Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate | School Enrollment |
|------------------|------------|---|-------------------------------------|----------------------|----------------------|
| 2006 | 27,885 | \$ 938,693 | \$ 33,663 | 3.1% | 7,919 |
| 2007 | 28,726 | 972,921 | 33,869 | 2.7% | 8,013 |
| 2008 | 29,351 | 1,078,532 | 36,746 | 3.7% | 7,910 |
| 2009 | 29,939 | 1,302,673 | 37,799 | 4.7% | 8,055 |
| 2010 | 28,190 | 1,317,853 | 38,764 | 5.5% | 8,154 |
| 2011 | 28,592 | 1,353,368 | 39,052 | 5.3% | 8,304 |
| 2012 | 29,134 | 1,421,329 | 40,456 | 4.9% | 8,331 |
| 2013 | 29,596 | 1,440,450 | 40,612 | 4.5% | 8,300 |
| 2014 | 29,943 | 1,476,228 | 41,469 | 3.9% | 8,290 |
| 2015 | 30,581 | 1,527,452 | 43,108 | 3.1% | 8,294 |

Sources: State of Montana, Department of Commerce: Population, Personal Income,
State of Montana, Department of Labor: Unemployment Rate
Lewis and Clark Superintendent of Schools: School Enrollment
US Department of Labor: Per Capita Personal Income

See Independent Auditor's Report.

City of Helena, Montana
TOP TEN EMPLOYERS
Current Year and Eight Years Ago¹
(Unaudited)

| Company Name | Product or Service | 2016 | | | 2008 | | |
|------------------------------|--------------------|-------------------------------|------|--------------------------------|-------------------------------|------|--------------------------------|
| | | Estimated Number of Employees | Rank | Percentage of Total Employment | Estimated Number of Employees | Rank | Percentage of Total Employment |
| State of Montana | Government | 6,576 | 1 | 39.30% | 6,704 | 1 | 40.26% |
| US Government | Government | 1,907 | 2 | 11.40% | 1,908 | 2 | 11.46% |
| St. Peter's Hospital | Health Services | 1,333 | 3 | 7.97% | 1,000 | 3 | 6.01% |
| Helena School District No. 1 | Education | 952 | 4 | 5.69% | 847 | 4 | 5.09% |
| Blue Cross/Blue Shield | Health Services | 385 | 5 | 2.30% | 600 | 5 | 3.60% |
| Wal-Mart | Retail | 342 | 6 | 2.04% | 430 | 7 | 2.58% |
| Shodair Children's Hospital | Health Services | 325 | 7 | 1.94% | 374 | 8 | 2.25% |
| Military | Military | 322 | 8 | 1.92% | 450 | 6 | 2.70% |
| Lewis & Clark County | Government | 310 | 9 | 1.85% | 300 | 9 | 1.80% |
| City of Helena | Government | 296 | 10 | 1.77% | 283 | 10 | 1.70% |
| | | 12,748 | | 76.18% | 12,896 | | 77.45% |
| Total Employment | | 16,734 | | | 16,651 | | |

Sources: Montana Dept of Labor and telephone survey by City staff.

Governmental Accounting Standards Board, Statement 44 requires this statistic include the top ten employers in the current year and nine years ago for comparison. The State of Montana, Department of Labor only reports the top 20 private employers in each county and does not rank them or provide the number of employees as they consider it confidential information. The City called each employer on the list as well as public employers to provide the information. Information prior to 2008 is not available.

City of Helena, Montana
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

| FUNCTION/PROGRAM | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Legislative | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.50 | 7.50 | 7.50 | 7.50 | 7.00 |
| Executive | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Judicial | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 |
| Administrative | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Financial | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 |
| Human resources | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Legal | 4.54 | 4.54 | 4.50 | 4.50 | 4.50 | 4.50 | 4.75 | 4.75 | 5.00 | 5.00 |
| Facilities administration | 2.02 | 2.02 | 2.11 | 2.17 | 2.17 | 2.17 | 2.67 | 1.67 | 2.17 | 2.17 |
| PUBLIC SAFETY | | | | | | | | | | |
| Law enforcement | 69.00 | 69.00 | 72.00 | 70.00 | 71.50 | 71.50 | 72.46 | 78.46 | 72.46 | 71.46 |
| Fire protection | 37.00 | 37.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 37.00 |
| PUBLIC WORKS | | | | | | | | | | |
| Public work administration | 2.00 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 1.50 | 2.50 | 2.50 | 2.50 |
| Engineering | 7.25 | 6.75 | 6.90 | 6.90 | 6.90 | 7.90 | 7.90 | 5.90 | 8.90 | 8.50 |
| Road and street | 15.50 | 15.50 | 15.51 | 15.50 | 15.51 | 15.51 | 15.01 | 15.00 | 15.00 | 15.01 |
| Storm water | 2.03 | 2.03 | 2.03 | 2.03 | 2.18 | 2.18 | 2.18 | 2.24 | 2.33 | 2.23 |
| PUBLIC HEALTH | | | | | | | | | | |
| Animal control | 1.00 | 1.50 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Park and recreation | 16.07 | 16.79 | 19.60 | 20.35 | 19.35 | 19.60 | 21.60 | 16.60 | 18.18 | 20.00 |
| Civic center | 4.98 | 4.98 | 5.44 | 5.44 | 5.44 | 5.44 | 4.94 | 4.94 | 5.44 | 4.44 |
| COMMUNITY DEVELOPMENT | | | | | | | | | | |
| Community development and planning | 5.29 | 5.29 | 5.29 | 5.29 | 5.13 | 5.13 | 5.13 | 5.13 | 4.13 | 5.13 |
| Building | 8.34 | 11.84 | 10.34 | 10.34 | 10.50 | 8.50 | 8.50 | 9.25 | 9.25 | 9.25 |
| Water | 18.10 | 18.10 | 18.10 | 17.89 | 19.79 | 18.79 | 20.79 | 20.28 | 21.76 | 20.11 |
| Wastewater | 14.33 | 14.33 | 13.33 | 14.33 | 14.79 | 13.79 | 14.04 | 15.23 | 14.41 | 15.16 |
| Solid waste | 8.45 | 8.45 | 8.45 | 8.45 | 7.15 | 8.60 | 8.30 | 8.30 | 8.30 | 9.30 |
| Transfer station | 10.05 | 10.87 | 10.05 | 10.05 | 10.35 | 10.40 | 10.70 | 10.70 | 11.20 | 8.70 |
| Bus | 16.10 | 18.20 | 15.72 | 15.23 | 12.43 | 12.26 | 12.76 | 11.18 | 11.18 | 10.59 |
| Parking | 10.80 | 9.80 | 9.80 | 8.80 | 10.05 | 10.05 | 9.60 | 9.01 | 6.55 | 7.55 |
| City-County building administration | - | - | 6.32 | 6.26 | 6.26 | 6.26 | 6.26 | 6.26 | 6.26 | 5.26 |
| Fleet services | 5.50 | 5.25 | 5.40 | 5.40 | 5.40 | 5.50 | 5.50 | 5.50 | 5.50 | 6.50 |
| Total | <u>286.35</u> | <u>292.74</u> | <u>300.39</u> | <u>298.43</u> | <u>298.90</u> | <u>298.08</u> | <u>302.09</u> | <u>300.40</u> | <u>298.02</u> | <u>296.86</u> |

Source: City of Helena, Administrative Services Department

NOTE: This schedule only includes permanent full and part-time employees and does not include seasonal or temporary employees.

See Independent Auditor's Report.

City of Helena, Montana
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Calendar Years
(Unaudited)

(1 of 2)

| FUNCTION/PROGRAM | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|--------|---------|---------|---------|---------|--------|--------|--------|-----------|-----------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Judicial | | | | | | | | | | |
| Trials by judge | 1,699 | 1,673 | 2,201 | 2,232 | 2,137 | 2,141 | 3,120 | 3,311 | 5,685 | 4,525 |
| Trials by jury | 13 | 11 | 15 | 17 | 12 | 15 | 11 | 7 | 7 | 11 |
| Citations filed | 7,724 | 8,888 | 8,605 | 7,646 | 7,541 | 7,243 | 7,096 | 8,201 | 7,068 | 5,921 |
| PUBLIC SAFETY ACTIVITIES | | | | | | | | | | |
| Police | | | | | | | | | | |
| Total calls | 23,823 | 26,317 | 27,778 | 27,232 | 26,454 | 26,849 | 27,566 | 30,678 | 30,583 | 29,205 |
| Arrests | 2,288 | 2,642 | 2,529 | 2,369 | 2,258 | 2,320 | 2,373 | 2,251 | 2,128 | 1,976 |
| Warrants served | 264 | 302 | 314 | 403 | 419 | 430 | 996 | 1,014 | 1,192 | 1,726 |
| Traffic citations | 7,756 | 9,105 | 5,647 | 5,739 | 5,458 | 5,271 | 4,718 | 5,271 | 4,620 | 2,205 |
| Fire | | | | | | | | | | |
| Alarms | 2,925 | 3,045 | 3,284 | 3,149 | 3,253 | 3,286 | 3,493 | 3,575 | 3,807 | 4,120 |
| Inspections | 512 | 1,164 | 592 | 547 | 688 | 474 | 429 | 366 | 617 | 1,048 |
| Medical calls | 2,094 | 2,277 | 2,511 | 2,239 | 2,340 | 2,371 | 2,539 | 2,573 | 2,748 | 3,044 |
| PUBLIC WORKS | | | | | | | | | | |
| Streets | | | | | | | | | | |
| Chip seal (miles) | 8.5 | 9.0 | 8.6 | 9.0 | 8.9 | 9.5 | 8.6 | 8.6 | 8.9 | 8.7 |
| Crack seal (miles) | 6.5 | 6.8 | 7.0 | 8.0 | 9.0 | 9.5 | 8.6 | 8.6 | 8.9 | 8.7 |
| Water | | | | | | | | | | |
| Average daily consumption (millions of gallons) | 5.5 | 5.4 | 5.2 | 4.9 | 4.6 | 5.0 | 6.0 | 5.5 | 5.6 | 5.6 |
| Peak demand (millions of gallons) | 14.5 | 13.6 | 12.7 | 12.1 | 11.6 | 12.5 | 14.0 | 14.2 | 15.0 | 13.2 |
| Number of customers | 9,955 | 10,100 | 10,256 | 10,521 | 10,655 | 10,775 | 10,908 | 10,989 | 11,159 | 11,441 |
| Wastewater | | | | | | | | | | |
| Average daily wastewater treated (millions of gallons) | 2.8 | 2.7 | 2.9 | 2.7 | 2.7 | 3.0 | 2.9 | 2.7 | 2.8 | 2.8 |
| Solid waste | | | | | | | | | | |
| Refuse collected (tons per day) | 124 | 133 | 118 | 114 | 109 | 105 | 101 | 102 | 101 | 104 |
| Recyclables collected (tons per day) | 16 | 15 | 16 | 18 | 18 | 18 | 17 | 17 | 18 | 17 |
| Bus | | | | | | | | | | |
| Total passengers ¹ | 93,842 | 122,000 | 120,980 | 131,790 | 107,105 | 95,857 | 75,116 | 76,097 | 94,763 | 86,202 |
| Parking ² | | | | | | | | | | |
| Number of spaces in garages | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1,383 | 1,383 |
| Monthly rate | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$57-\$67 | \$59-\$69 |
| Hourly rate | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 0.75 | \$ 0.75 |
| Number of spaces in paid lots | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 656 | 656 |
| Monthly rate | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$47-72 | \$49-\$74 |
| Hourly rate | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 0.50 | \$ 0.50 |
| On-Street monthly permit rate: | | | | | | | | | | |
| Commercial areas | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$21-\$43 | \$21-\$43 |
| Residential areas | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$5-\$10 | \$5-\$20 |
| Parking Meter rate | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 0.50 | \$ 0.50 |

J-24 See Independent Auditor's Report.

City of Helena, Montana
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Calendar Years
(Unaudited)

(2 of 2)

| FUNCTION/PROGRAM | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PUBLIC HEALTH ACTIVITIES | | | | | | | | | | |
| Animal control | | | | | | | | | | |
| Total incidents | 1,901 | 1,778 | 2,262 | 2,214 | 2,230 | 2,259 | 2,393 | 2,645 | 2,521 | 2,453 |
| Citations | 280 | 217 | 433 | 479 | 432 | 348 | 316 | 310 | 347 | 288 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Swimming pool | | | | | | | | | | |
| Swimming pool attendance | 17,099 | 19,161 | 19,924 | 25,983 | 21,370 | 22,843 | 25,728 | 26,053 | 24,386 | 24,001 |
| Civic Center | | | | | | | | | | |
| Events | 172 | 188 | 177 | 148 | 169 | 166 | 220 | 172 | 71 | 73 |
| Tickets sold | 6,994 | 6,790 | 7,342 | 3,205 | 3,514 | 2,081 | 5,543 | 11,532 | 48,586 | 53,784 |
| COMMUNITY DEVELOPMENT | | | | | | | | | | |
| Building | | | | | | | | | | |
| Residential permits, new construction | 122 | 84 | 58 | 91 | 114 | 112 | 112 | 87 | 80 | 118 |
| Number of units | 183 | 143 | 80 | 107 | 176 | 172 | 172 | 132 | 339 | 386 |
| Value of permits (in thousands) | \$ 32,698 | \$ 27,831 | \$ 17,571 | \$ 18,405 | \$ 26,546 | \$ 24,598 | \$ 25,109 | \$ 23,243 | \$ 37,670 | \$ 48,294 |
| Residential permits, addition/remodel | 54 | 95 | 93 | 102 | 103 | 72 | 54 | 116 | 122 | 169 |
| Value of permits (in thousands) | \$ 2,070 | \$ 3,338 | \$ 2,866 | \$ 2,260 | \$ 2,390 | \$ 1,836 | \$ 1,719 | \$ 2,579 | \$ 4,180 | \$ 3,386 |
| Commercial permits, new construction | 30 | 24 | 26 | 19 | 26 | 14 | 26 | 30 | 13 | 39 |
| Value of permits (in thousands) | \$ 37,996 | \$ 22,834 | \$ 23,509 | \$ 44,747 | \$ 30,256 | \$ 19,597 | \$ 30,918 | \$ 23,740 | \$ 14,623 | \$ 54,372 |
| Commercial permits, addition/remodel | 116 | 122 | 99 | 129 | 145 | 128 | 96 | 105 | 169 | 211 |
| Value of permits (in thousands) | \$ 21,232 | \$ 17,914 | \$ 27,248 | \$ 16,968 | \$ 21,568 | \$ 19,594 | \$ 15,382 | \$ 14,417 | \$ 18,675 | \$ 17,930 |
| Planning | | | | | | | | | | |
| Conditional use permits | 17 | 12 | 8 | 1 | 1 | 4 | 5 | 1 | 4 | 3 |
| Zone changes | 11 | 8 | 5 | 6 | 3 | 3 | 7 | 5 | 5 | 3 |
| Zoning ordinance amendments | - | - | 4 | 1 | - | - | - | - | 1 | 1 |
| Annexation and pre-zoning | 11 | 10 | 85 | 3 | 4 | 4 | 5 | 8 | 6 | 25 |
| Major subdivision | 8 | 9 | 4 | 4 | 4 | 3 | 2 | 1 | 2 | 2 |
| Minor subdivision | 11 | 8 | 3 | 2 | 3 | 2 | 1 | 1 | 3 | 4 |
| Amended plat | 23 | 19 | 25 | 20 | 14 | 11 | 21 | 14 | 24 | 14 |
| Board of adjustment variances | 32 | 32 | 19 | 19 | 9 | 7 | 7 | 2 | 15 | 25 |

Source: City of Helena

¹ A downtown trolley route was operated during 2006-2009, and a commuter route during 2009. Both these routes have been discontinued.

² Prior to 2014, parking was a separate legal entity, and a component unit of the city. Prior information is not available.

City of Helena, Montana
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

| FUNCTION/PROGRAM | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-----------------|-------|-------|-------|-------|-------|--------------------|--------------------|--------------------|-------------------|
| PUBLIC SAFETY ACTIVITIES | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 34 | 34 | 37 | 39 | 38 | 38 | 38 | 36 | 37 | 35 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire response trucks | 17 | 18 | 19 | 19 | 18 | 19 | 17 | 17 | 16 | 16 |
| PUBLIC WORKS | | | | | | | | | | |
| Streets (miles) | 207.4 | 233.5 | 245.4 | 253.8 | 264.8 | 266.7 | 267.3 | 268.6 | 270.9 | 270.9 |
| Lights ¹ | 2,993 | 3,058 | 3,401 | 3,401 | 3,478 | 3,592 | 3,625 | 3,674 | 3,691 | 3,689 |
| Stormwater mains (miles) | 48.9 | 89.2 | 92.0 | 96.0 | 98.8 | 100.7 | 103.4 | 106.2 | 68.0 | 70.5 ⁴ |
| Water | | | | | | | | | | |
| Water mains (miles) | 210.3 | 212.5 | 219.0 | 222.5 | 223.7 | 227.6 | 227.8 | 230.1 | 235.7 | 243.7 |
| Fire hydrants | 1,501 | 1,568 | 1,576 | 1,638 | 1,649 | 1,650 | 1,658 | 1,666 | 1,678 | 1,785 |
| Storage capacity (in millions of gallons) | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 |
| Wastewater mains (miles) | 171.2 | 175.7 | 175.3 | 175.6 | 180.7 | 185.2 | 185.8 | 186.6 | 187.6 | 188.0 |
| Solid waste - collection trucks | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 19 | 18 | 17 |
| Bus - buses | 17 ² | 17 | 18 | 20 | 18 | 17 | 19 | 19 | 19 | 18 |
| Parking ⁵ | | | | | | | | | | |
| Garages | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 5 | 5 |
| Parking lots | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 10 | 10 |
| Curbside meters | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 280 | 280 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Number of city parks | 57 | 58 | 58 | 63 | 63 | 63 | 89 ³ | 89 ³ | 47 ⁶ | 47 |
| City park acreage | 2,179 | 2,187 | 2,334 | 2,349 | 2,349 | 2,399 | 2,320 ³ | 2,320 ³ | 258 ⁶ | 258 |
| Open space acreage | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1,846 ⁶ | 1,999 |

Source: City of Helena

¹ Street lights are not the property of the City. All lights within the City are owned by NorthWestern Energy. Each light district is charged the full cost of electricity plus an annual maintenance charge to cover the cost and replacement of the lights.

² The increase is due to the use of six buses that belong to Rocky Mountain Development Council for Head Start and one bus owned by the Rocky Mountain Development Council. The City took over these bus services as the State of Montana wanted to centralize bus service programs.

³ The Parks Department is working on a project to identify all city owned park land. As this project progresses, numbers will fluctuate as they become more accurate.

⁴ In the past, this number included open ditches. Beginning in 2015, this number more accurately only includes mains.

⁵ The Parking Commission component unit was merged with the City of Helena effective July 1, 2014. This information is not available for prior years.

⁶ In 2015, the Parks department began accounting for city parks separately from open space. This information is not available for prior years.

City of Helena, Montana
THE WATER SYSTEM ¹
June 30, 2016
(Unaudited)

| |
|---|
| Historical Water System Connections Last Five Fiscal Years |
|---|

| <u>Fiscal Year</u> | <u>Residential Customers</u> | <u>Commercial Customers</u> | <u>Total Customers</u> |
|------------------------|----------------------------------|---------------------------------|----------------------------|
| 2012 | 8,139 | 2,636 | 10,775 |
| 2013 | 8,237 | 2,671 | 10,908 |
| 2014 | 8,291 | 2,698 | 10,989 |
| 2015 | 8,384 | 2,775 | 11,159 |
| 2016 | 8,520 | 2,921 | 11,441 |

| |
|------------------------------------|
| Water System Rate Structure |
|------------------------------------|

| | <u>Residential (Single Family Residence)</u> | <u>Commerical (Commercial and Multi-Family)</u> |
|--------------------------|--|---|
| Base Rate | \$ 2.62 | \$ 4.22 |
| Per 100 Cubic feet Water | 2.97 | 2.97 |

| |
|---------------------------------|
| Major Water System Users |
|---------------------------------|

| <u>User</u> | <u>Water Charges</u> | <u>Percent of Total Water Revenues ²</u> |
|-----------------------------|--------------------------|---|
| State of Montana | \$316,864 | 5.24 % |
| City of Helena | 252,790 | 4.18 |
| Helena Housing Authority | 95,433 | 1.58 |
| St. Peter's Hospital | 91,955 | 1.52 |
| Helena School District #1 | 78,518 | 1.30 |
| Fort Harrison Vets Center | 52,455 | 0.87 |
| Carroll College | 41,734 | 0.69 |
| Lifestyle Mobile Home Court | 31,205 | 0.52 |
| Costco | 28,826 | 0.48 |
| Helena Colonial, LLC | 26,208 | 0.43 |
| | <u>\$1,015,988</u> | <u>16.81 %</u> |

Source: The City of Helena

¹ This schedule is included to comply with requirements of our water bonds.

² Water revenue equals total operating revenue of the Water fund.

See Independent Auditor's Report.

City of Helena, Montana
THE WASTEWATER SYSTEM ¹
June 30, 2016
(Unaudited)

| |
|--|
| Historical Wastewater System Connections Last Five Fiscal Years |
|--|

| <u>Fiscal Year</u> | <u>Residential Customers</u> | <u>Commercial Customers</u> | <u>Total Customers</u> |
|------------------------|----------------------------------|---------------------------------|----------------------------|
| 2012 | 8,013 | 2,465 | 10,478 |
| 2013 | 8,110 | 2,512 | 10,622 |
| 2014 | 8,178 | 2,549 | 10,727 |
| 2015 | 8,218 | 2,524 | 10,742 |
| 2016 | 2,615 | 8,354 | 10,969 |

| |
|---|
| Wastewater System Rate Structure |
|---|

| | <u>Basic Monthly Rates</u> | <u>Surcharge Rates</u> |
|--------------------------|----------------------------|------------------------|
| Base Rate | \$ 5.18 | \$ 1.53 |
| Per 100 Cubic feet Water | 2.31 | 0.43 |

| |
|--------------------------------------|
| Major Wastewater System Users |
|--------------------------------------|

| <u>User</u> | <u>Wastewater Charges</u> | <u>Percent of Total Wastewater Revenues</u> ² |
|---------------------------------|-------------------------------|--|
| State of Montana | \$107,234 | 2.42 % |
| McHugh Mobile Home Park | 81,072 | 1.83 |
| St. Peter's Hospital | 78,704 | 1.78 |
| Helena Housing Authority | 55,978 | 1.27 |
| Lee Reynold's Mobile Home Park | 50,989 | 1.15 |
| Helena School District #1 | 43,167 | 0.98 |
| Carroll College | 38,607 | 0.87 |
| Fort Harrison VA Medical Center | 36,785 | 0.83 |
| Helena Colonial, LLC | 23,962 | 0.54 |
| Guardian Apartments | 20,741 | 0.47 |
| | \$537,239 | 12.14 % |

Source: The City of Helena

¹ This schedule is included to comply with requirements of our wastewater bonds.

² Wastewater revenue equals total operating revenue of the Wastewater fund.

See Independent Auditor's Report.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICTS REVOLVING FUND
STATEMENT OF CHANGES IN FUND BALANCE ¹
Last Five Fiscal Years
(Unaudited)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
| Beginning balance - July 1 | \$ 583,916 | \$ 358,734 | \$ 122,997 | \$ 106,781 | \$ 102,655 |
| Receipts over disbursements ² | (225,182) | (235,737) | (16,216) | (4,126) | (42,778) |
| Ending balance - June 30 | <u>\$ 358,734</u> | <u>\$ 122,997</u> | <u>\$ 106,781</u> | <u>\$ 102,655</u> | <u>\$ 59,877</u> |
| Assets: | | | | | |
| Cash | \$ 264,020 | \$ 26,295 | \$ 27,249 | \$ 38,832 | \$ 10,859 |
| Certificates of deposit | 43,512 | 3,765 | 1,201 | 4,548 | 806 |
| Assessments receivable | - | - | - | 3,073 | 1,513 |
| Warrants | 51,202 | 92,937 | 78,331 | 59,275 | 48,212 |
| Total assets | <u>358,734</u> | <u>122,997</u> | <u>106,781</u> | <u>105,728</u> | <u>61,390</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | 3,073 | 1,513 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,073</u> | <u>1,513</u> |
| Fund balances: | | | | | |
| Restricted | 358,734 | 122,997 | 106,781 | 102,655 | 59,877 |
| Total fund balance | <u>358,734</u> | <u>122,997</u> | <u>106,781</u> | <u>102,655</u> | <u>59,877</u> |
| Total liabilities and fund balances | <u>\$ 358,734</u> | <u>\$ 122,997</u> | <u>\$ 106,781</u> | <u>\$ 105,728</u> | <u>\$ 61,390</u> |

Source: The City of Helena

¹ This information is provided to satisfy reporting requirements for our special improvement district bonds.

² The negative change in fund balance is due to the City using cash reserves in excess of bond requirements to provide capital replacement funds for governmental functions for many years.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICTS REVOLVING FUND ¹
CASH BALANCE AND OUTSTANDING BONDS SECURED THEREBY
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Revolving Fund Ending Cash and Investment Balances | Principal Amount of Bonds and Warrants | Percentage |
|----------------|---|---|------------|
| 2007 | \$ 1,388,360 | \$ 1,922,949 | 72.20% |
| 2008 | 1,190,703 | 1,766,607 | 67.40% |
| 2009 | 1,095,607 | 1,306,509 | 83.86% |
| 2010 | 782,026 | 940,790 | 83.12% |
| 2011 | 558,808 | 675,108 | 82.77% |
| 2012 | 307,532 | 486,202 | 63.25% |
| 2013 | 122,997 | 377,937 | 32.54% |
| 2014 | 106,781 | 442,008 | 24.16% |
| 2015 | 102,655 | 160,000 | 64.16% |
| 2016 | 59,877 | 110,000 | 54.43% |

¹ This schedule is included to comply with requirements of our special improvement district bonds.

Source: City of Helena

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICT BONDS
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS¹
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Current Assessments Billed | Total Assessments Collected ³ | Percent Collected | Total Outstanding Assessments ² |
|----------------|----------------------------------|--|----------------------|--|
| 2016 | \$ 59,777 | \$ 57,266 | 95.80% | \$ 92,329 |
| 2015 | 59,777 | 57,332 | 95.91% | 149,385 |
| 2014 | 58,567 | 74,610 | 127.39% | 215,998 |
| 2013 | 75,796 | 93,717 | 123.64% | 350,436 |
| 2012 | 165,989 | 180,928 | 109.00% | 407,097 |
| 2011 | 195,738 | 199,778 | 102.06% | 584,928 |
| 2010 | 239,858 | 251,968 | 105.05% | 1,384,746 |
| 2009 | 264,771 | 366,748 | 138.52% | 1,625,836 |
| 2008 | 337,649 | 398,227 | 117.94% | 1,879,410 |
| 2007 | 370,760 | 418,930 | 112.99% | 2,417,550 |

¹ This schedule is provided to comply with disclosure requirements for the City's Special Improvement District (SID) bonds only and does not include amounts related to other special assessments.

² Total Outstanding Assessments shown above includes all assessments due through the life of the SID Bonds and assessments billed, but not collected. Amounts billed but not collected are immaterial and have always been collected shortly after each fiscal year end.

³ Total Assessments Collected include early payments of loans by property owners when they sell their property. These funds are used to call additional bonds as required by State law.

See Independent Auditor's Report.

City of Helena, Montana
BUREAU OF CENSUS SUPPLEMENTAL SCHEDULE
Fiscal Year Ended June 30, 2016
(Unaudited)

Intergovernmental expenditures made to governments on a cost-sharing basis

| Purpose | Amount |
|---------------------------------|---------------|
| Information technology services | \$ 857,700 |
| Gross wages paid | \$ 18,278,959 |

Debt outstanding
Long-term debt outstanding, issued and retired

| Purpose | Bonds Outstanding | | | Outstanding as of June 30, 2016 | |
|---------------|----------------------|-------------|---------------------|---------------------------------|---------------------|
| | July 1, 2015 | Issued | Retired | General Obligation | Revenue bonds |
| Water utility | \$ 4,718,000 | \$ - | \$ 418,000 | \$ - | \$ 4,300,000 |
| Sewer utility | 4,669,000 | - | 679,000 | - | 3,990,000 |
| All other | 8,780,000 | - | 1,510,000 | 7,270,000 | - |
| | <u>\$ 18,167,000</u> | <u>\$ -</u> | <u>\$ 2,607,000</u> | <u>\$ 7,270,000</u> | <u>\$ 8,290,000</u> |

Other long-term debt

| Type | July 1, 2015 | June 30, 2016 |
|------------------------------------|---------------------|---------------------|
| Special improvement district bonds | \$ 160,000 | \$ 110,000 |
| Certificates of participation | 8,170,000 | 7,975,000 |
| Loans payable | 1,288,463 | 1,078,839 |
| | <u>\$ 9,618,463</u> | <u>\$ 9,163,839</u> |

Cash balances by fund type

| Type of funds | Amount |
|-------------------|----------------------|
| General | \$ 5,465,339 |
| Special revenue | 10,669,577 |
| Debt service | 906,175 |
| Capital project | 3,256,098 |
| Enterprise | 22,848,590 |
| Internal services | 2,174,812 |
| Trust and agency | 23,145 |
| | <u>\$ 45,343,736</u> |

See Independent Auditor's Report.

Section K

SINGLE AUDIT SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of City Commissioners
City of Helena, Montana

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and budgetary comparison (for general, street and capital improvement funds) of the City of Helena, Montana (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Helena, Montana
December 19, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of City Commissioners
City of Helena, Montana

Report on Compliance for Each Major Federal Program

We have audited the City of Helena's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City of Helena's major federal programs for the year ended June 30, 2016. The City of Helena's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Helena's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Helena's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Helena's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Helena is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Helena's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Helena's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

Helena, Montana
December 19, 2016

City of Helena, Montana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

| | | |
|---|---------|-------------------|
| Are any material weaknesses identified? | ___ Yes | _X_ No |
| Are any significant deficiencies identified not considered to be material weaknesses? | ___ Yes | _X_ None Reported |
| Is any noncompliance material to financial statements noted? | ___ Yes | _X_ No |

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major program compliance:

| | | |
|--|---------|-------------------|
| Are any material weaknesses identified? | ___ Yes | _X_ No |
| Are any significant deficiencies identified not considered to be material weaknesses? | ___ Yes | _X_ None Reported |
| Are any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)] | ___ Yes | _X_ No |

Identification of major programs:

CFDA Number and Name of Federal Program or Cluster

| | |
|--------|---|
| 20.509 | Formula Grants for Other than Urbanized Areas |
|--------|---|

| | |
|--|--------------------|
| Enter the dollar threshold used to distinguish between Type A and Type B programs: | \$ <u>750,000</u> |
| Is the auditee qualified as a low-risk auditee? | _X_ Yes ___ No |

City of Helena, Montana
SUMMARY OF AUDIT FINDINGS AND PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

Section II: Financial Statement Findings

There were no findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Section III: Federal Award Findings

There were no findings related to federal awards that are required to be reported in accordance with *Government Auditing Standards*.

Section IV: Current Status of Prior Year Findings

There were no prior year findings required to be reported in accordance with *Government Auditing Standards*.

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City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

(1 of 2)

| Federal CFDA Number | Grantor Program Title | Grant/Contract Number | Federal Expenditures |
|--|---|-------------------------------|-------------------------|
| U.S. Department of Agriculture | | | |
| Passed through Montana Department of Natural Resources and Conservation | | | |
| 10.664 | Cooperative Forestry Assistance | 14-DG-11010000-019/LRP-15-002 | \$ 65,891 |
| 10.664 | Cooperative Forestry Assistance | 15-DG-11010000-009 | 25,600 |
| 10.664 | Cooperative Forestry Assistance | 14-DG-11010000-019/LRP-15-001 | 28,500 |
| 10.680 | Forest Health Protection | 11-DG-11010000-014 | 5,700 |
| 10.680 | Forest Health Protection | 12-DG-11010000-019 | 25,000 |
| Total U.S. Department of Agriculture | | | <u>150,691</u> |
| U.S. Department of Housing and Urban Development | | | |
| Passed through Montana Department of Commerce | | | |
| 14.228 | Community Development Block Grants/State's program | MT-CDBG-14PL-28 | 25,000 |
| 14.228 | Community Development Block Grants/State's program | MT-CDBG-12HR-01 | 177,711 |
| 14.228 | Community Development Block Grants/State's program | | 14,105 |
| 14.239 | Home Investments Partnerships Program | M12-SG3001-24 | 168,683 |
| Total U.S. Department of Housing and Urban Development | | | <u>385,499</u> |
| U.S. Department of Justice | | | |
| 16.607 | Bulletproof Vest Partnership Program | OMB# 1121-0235-2014 | 832 |
| 16.607 | Bulletproof Vest Partnership Program | OMB# 1121-0235-2015 | 1,645 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | 14-DJ-BX-1048 | 13,398 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | 15-DJ-BX-0540 | 23,876 |
| Passed through City of Billings | | | |
| 16.543 | Internet Crimes Against Children | 2013-MC-FX-K025 | 5,755 |
| 16.543 | Internet Crimes Against Children | 2014-50430-MT-MC | 12 |
| Passed through Montana Board of Crime Control | | | |
| 16.588 | Violence Against Women Formula Grant | 15-W02-91824 | 50,060 |
| Passed through Gallatin County | | | |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | | 34,222 |
| Total U.S. Department of Justice | | | <u>129,800</u> |
| U.S. Department of Transportation | | | |
| Passed through Montana Department of Transportation | | | |
| Highway Planning and Construction Cluster: | | | |
| 20.205 | Highway Planning and Construction | STPE 5899(54) | 72,222 |
| 20.205 | Highway Planning and Construction | STPE 5899(39) & STPE5899(40) | 3,984 |
| 20.205 | Highway Planning and Construction | STPE 5899(52) | 47,619 |
| 20.205 | Highway Planning and Construction | | 7,500 |
| 20.205 | Highway Planning and Construction | 108542 | 31,036 |
| 20.205 | Highway Planning and Construction | UPN 8093 | 167,137 |
| Passed through Montana Fish, Wildlife & Parks | | | |
| 20.219 | Recreational Trails Program | 2014-22 | 24,714 |
| Total Highway Planning and Construction Cluster: | | | <u>354,212</u> |
| Passed through Montana Department of Transportation | | | |
| 20.509 | Formula Grants for Other Than Urbanized Areas | 108432 | 688,358 |
| 20.509 | Formula Grants for Other Than Urbanized Areas | 107989 | 63,938 |
| Total Other Montana Department of Transportation | | | <u>752,296</u> |
| Passed through Montana Department of Transportation | | | |
| Highway Safety Cluster: | | | |
| 20.600/20.601/20.602 | State and Community Highway Safety/Alcohol Impaired Driving Countermeasures Incentive Grants I/Occupant Protection Incentive Grants | 107707 | 3,394 |
| 20.600 & 20.608 | State and Community Highway Safety/Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 108502 | 8,150 |
| 20.600 & 20.607 | State and Community Highway Safety/Alcohol Open Container Requirements | 108578 | 7,490 |
| 20.600 & 20.601 | State and Community Highway Safety/Alcohol Impaired Driving Countermeasures Incentive Grants I | 108276 | 9,746 |
| Total Highway Safety Cluster | | | <u>28,780</u> |

See Independent Auditor's Report and Accompanying Notes to Schedule.

City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

(2 of 2)

| Federal CFDA Number | Grantor Program Title | Grant/Contract Number | Federal Expenditures |
|---|---|------------------------|-------------------------|
| Passed through Montana Department of Military Affairs, Disaster and Emergency Services | | | |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grant | HM-HMP-0441- 14-01-00 | 1,934 |
| | Total U.S. Department of Transportation | | <u>1,137,222</u> |
| <u>Institute of Museum and Library Services</u> | | | |
| Passed through Montana State Library | | | |
| 45.310 | Grants to States | | 1,500 |
| | Total Institute of Museum and Library Services | | <u>1,500</u> |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Passed through Montana Department of Natural Resources and Conservation | | | |
| Drinking Water State Revolving Fund Cluster: | | | |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | | 271,161 |
| | Total Drinking Water State Revolving Fund Cluster | | <u>271,161</u> |
| | Total U.S. Environmental Protection Agency | | <u>271,161</u> |
| <u>U. S. Department of Health and Human Services</u> | | | |
| Passed through Rocky Mountain HIDTA | | | |
| 95.001 | High Intensity Drug Trafficking Areas Program | G15M0036A | 66,464 |
| | Total U.S. Department of Health and Human Services | | <u>66,464</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| 97.044 | Assistance to Firefighters Grant | | 409,091 |
| Passed through Montana Department of Military Affairs, Disaster and Emergency Services | | | |
| 97.039 | Hazard Mitigation Grant | DR-1996-MT-P-28-R | 622,771 |
| 97.047 | Pre-Disaster Mitigation | PDMC-PJ-08-MT-2010-010 | 65,640 |
| 97.067 | Homeland Security Grant Program | EMW-2014-SS-00019-S01 | 26,490 |
| 97.067 | Homeland Security Grant Program | EMW-2015-SS-0005 | 74,166 |
| 97.067 | Homeland Security Grant Program | EMW-2014-SS-0019-S01 | 91,913 |
| 97.067 | Homeland Security Grant Program | EMW-2014-SS-0019-S01 | 12,436 |
| | Total U.S. Department of Homeland Security | | <u>1,302,507</u> |
| | Total All Grants | | <u>\$ 3,444,844</u> |

OF THE FEDERAL EXPENDITURES PRESENTED IN THE SCHEDULE, THE CITY OF HELENA PROVIDED FEDERAL AWARDS TO SUBRECIPIENTS AS FOLLOWS:

| Federal CFDA Number | Grantor Program Title | Subrecipient | Amount Provided to Subrecipient |
|---------------------------|--|-------------------------------------|---------------------------------------|
| 14.228 | Community Development Block Grants/State's program | Intermountain Children's Home | \$ 25,000 |
| 14.228 | Community Development Block Grants/State's program | WestMont | 177,711 |
| 14.228 | Community Development Block Grants/State's program | Young Women's Christian Association | 14,105 |
| 14.239 | Home Investments Partnerships Program | WestMont | 168,683 |
| 20.509 | Formula Grants for Other Than Urbanized Areas | Rocky Mountain Development Council | 2,406 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | Lewis & Clark County | 13,398 |
| | | | <u>\$ 401,303</u> |

City of Helena, Montana
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than US GAAP and is a different basis of accounting than the general-purpose financial statements. Accordingly, expenditures are recognized when disbursed. The information in this schedule is presented in accordance with the requirements of OMB Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - RESTATEMENTS

Expenditures in prior years were overstated or understated in the following grants:

- CFDA number 66.468 was overstated by \$60,257 – The backwash/recycle project at the Ten Mile Water Treatment Plant was removed from this grant program due to unexpected delays.
- CFDA number 20.205 was overstated by \$63,383 – Expenditures made in fiscal year 2014 for the Transportation Plan were never submitted for reimbursement.
- CFDA number 97.047 was understated by \$6,150 – A check to the contractor was not reported to finance as a reimbursable expenditure by the department overseeing the grant.