

CITY OF HELENA



GRANDSTREET THEATER
A City-owned facility - Home to Helena's community theater

Photo by R. Ricker

Comprehensive Annual Financial Report **Fiscal Year 2013** **July 1, 2012 – June 30, 2013** **Helena, Montana**

City of Helena, Montana

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATIVE SERVICES

FISCAL YEAR 2013
July 1, 2012 - June 30, 2013

INTRODUCTORY SECTION

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2013

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INTRODUCTORY SECTION

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City of Helena

December 16, 2013

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, 2013, 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

Galusha, Higgins & Galusha, P.C., 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, 2013, 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, 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, 2013, 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. 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 29,134, 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, Tourism Business Improvement District, and Helena Parking Commission 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 annually updated 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 2013 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 fund and street fund, comparisons are presented beginning on page B-8 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general and street 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.

Other Postemployment Benefits – Implied Rate Subsidy Liability

The City of Helena reported the “implied rate subsidy” liability (OPEB), required under the 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 fifth year of implementation, the recorded OPEB liability is \$2,057,787.

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.

Even though retirees pay the same rates as current employees in the plan, retirees paid \$1,252,536 in premiums while their claims paid were \$908,867 from fiscal year 2004 to 2013, resulting in a net gain of \$343,669. The City's independent actuary does not feel MMIA's pool of over 4,000 participants is adequate for an analysis and uses a different insurance program's results to project our liability. City staff feel using the results of an insurance program that loses money on its retirees further misleads the readers understanding of our true liabilities since it appears we have a large liability that contradicts historical results. While we feel the actuarial firm properly complied with actuarial standards in their work, we feel it is important to the reader to point out the questionable reliability and usefulness of the amount shown.

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.

Other Postemployment Benefits – Implied Rate Subsidy Liability (Continued)

Because the City will not be funding this liability, it will 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 rates to retirees, spouses and their dependents as other participants. City management feels offering insurance at the same rate to all participants 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. GASB is currently reviewing the requirements of this standard, but we do not expect them to change this requirement (see related discussion in the Notes to the Financial Statements – Other Postemployment Benefits).

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 has maintained a stable economy during a time most of the country is struggling. After numerous record years of growth, residential construction of new homes slowed to more historic levels in 2007 while commercial construction continued strong. In 2009 commercial construction also slowed to more historic levels. This compares favorably to much of the nation which has experienced high construction decreases. Office complexes valued at \$7.5 and \$4.2 million, and a new bank were completed in the downtown area. In addition, two banks, a strip mall, a gas station, and 2 retail stores were completed near the Custer Avenue Interchange. Two additional office buildings, a medical facility expansion, a grocery store, and a fast food restaurant are currently under construction. 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, 2012 is estimated to be 29,134 by the U.S. Census Bureau. This estimate indicates the State of Montana's population increased by 1.6 percent between the 2010 census and July 1, 2012 while Lewis and Clark County increased by 2.3 percent and the City by 3.3 percent.

Unemployment

The unadjusted unemployment rate for the 2012 calendar year for the City of Helena was 4.9 percent. This is down .4 percent from one year ago. For the State of Montana, the current unadjusted unemployment rate is 5.5 percent and the nation is 7.8 percent. The unemployment rate for Helena fell during the first one half of 2013 with a 4.4 percent rate for June 2013.

Per Capita Income

According to the Montana Department of Labor, the 2012 average annual wage for Lewis & Clark County, MT is \$40,456.

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.

Construction of a new interchange was completed in 2012 for the north end of town at Custer Avenue. Significant development has taken place in that area with several national and international retail stores opening for business. The State and City partnered to enhance ADA access and resurface streets on Broadway Street, and Park and Benton Avenues in the downtown area during 2013.

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 50% 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 20% 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. However, State entitlements are frozen at 2011 levels for fiscal years 2012 and 2013. The City does not exercise any significant control over the growth of these revenues. Circumstantial revenues such as newly taxable property and building permit fees are primarily driven by the economy or other variables beyond City control. In recent years community growth has provided property tax growth which offset the statutory limit on property tax inflation. However, the increase in demand for government services that accompanies development has exceeded the growth in revenues. We are currently seeing a slowdown in growth. In an economic slowdown, City operations such as Fire, Police and Parks & Recreation, which are dependent upon General fund finances, can expect more budgetary constraints.

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. Once every six years, the DOR is required by state law to conduct a reappraisal of residential, commercial, industrial, agricultural and forestland property in the state.

The most recent reappraisal cycle began on January 1, 2003 and was completed on July 1, 2008. New reappraisal values were used for property tax purposes in tax year 2009 (fiscal year 2010). By law, reappraisal values will be phased-in at the rate of one-sixth each year. Statewide, commercial and residential property values rose 34% and 55% respectively. In Lewis and Clark County, reappraisals resulted in property value increases of 46% for commercial property, and 62% for residential property.

Discretionary revenues such as special assessments and utility charges make up about 46% 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 9% of total City budgeted revenues. Service charges make up approximately 35% of total City budgeted revenues.

Major Initiatives

The Park's Advisory Committee prepared a plan to improve recreational opportunities within the City during recent years. The City Commission approved submitting a ballot measure to the citizens authorizing the issuance of \$7.85 million in general obligation bonds. The ballot measure was approved in November 2007 and the bonds were issued April 2008. The bonds financed major improvements to Centennial Park including new baseball and soccer facilities, trails, a bike

park and dog park; an additional skateboard area; improvements to the Memorial Park swimming pool; and improvements to Kindrick Legion Field (baseball). Improvements were completed to the pool and baseball field in 2009, the skate park in 2010, and final construction projects will be completed for Centennial Park by the end of 2013.

The Park's Advisory Committee is currently working with jurisdictions within 10 miles of Helena exploring the creation of a regional Park's District. The district would be financed by a special assessment used to maintain and enhance recreational facilities throughout the district.

The City Commission has also initiated exploration of a new district within the City for non-motorized transportation. If created, a special assessment would be implemented and used to enhance non-motorized transportation opportunities such as bike paths and trails.

AWARDS AND ACKNOWLEDGEMENTS

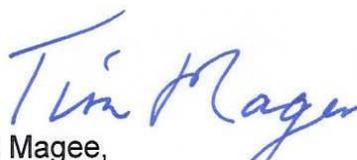
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Helena for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty-fifth consecutive year that the government 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 government 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


Tim Magee,
ADMINISTRATIVE SERVICES DIRECTOR



Government Finance Officers Association

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

Presented to

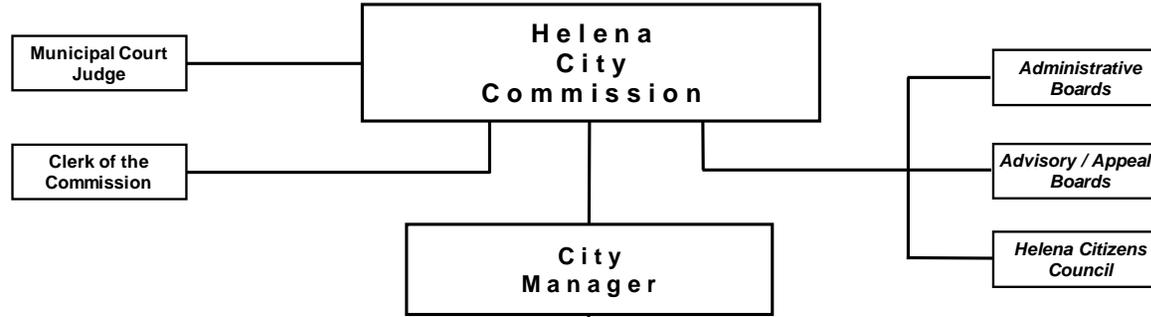
**City of Helena
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

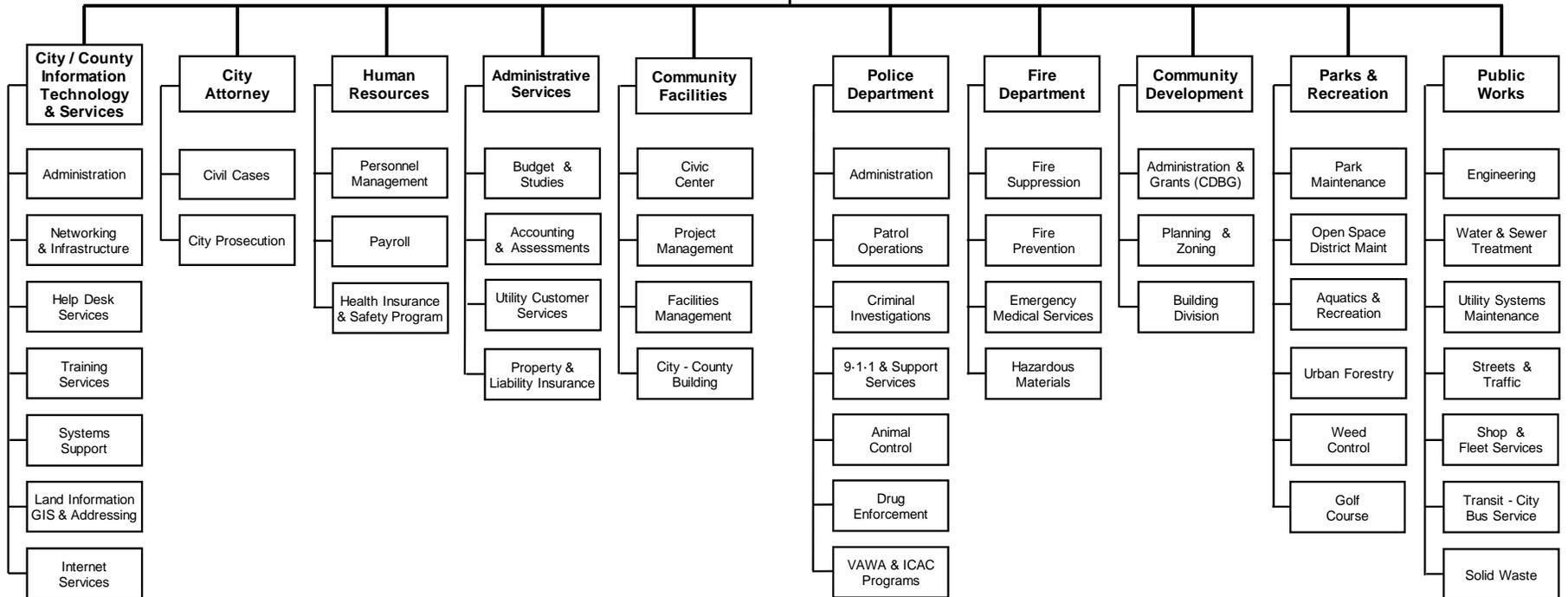
Executive Director/CEO

CITY OF HELENA ORGANIZATION CHART



Internal Service Departments

External Service Departments



City of Helena, Montana

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

ELECTED OFFICIALS

James E. Smith	Mayor
Dick Thweatt	Commissioner
Katherine Haque-Hausrath	Commissioner
Dan Ellison	Commissioner
Matt Elsaesser	Commissioner

CITY OFFICIALS

Ronald J. Alles	City Manager
Debbie Havens	Clerk
Randall Camp	Public Works Director
Bob Wood	Municipal Judge
Jeffrey M. Hindoiien	Attorney
Tim Magee	Administrative Services Director
Troy McGee	Police Chief
Sean Logan	Fire Chief
Gery Carpenter	Community Facilities Director
Sharon Haugen	Community Development Director
Amy Teegarden	Parks & Recreation Director
James Fehr	Human Resources Director

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Section A

FINANCIAL SECTION



GALUSHA
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EST. 1919

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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, and the aggregate remaining fund information of City of Helena, Montana (the City), as of and for the year ended June 30, 2013, 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 of America; 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 of America 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, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-14 and Other Postemployment Benefits (OPEB) Schedule of Funding Progress on page C-1 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, and statistical tables and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 and the Schedule of Expenditures of Federal Awards is 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 of America. In our opinion, the combining and individual non-major fund financial statements 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 has 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 16, 2013 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.


GALUSHA, HIGGINS & GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
December 16, 2013

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

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, 2013. 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 - x of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30 by \$243,341,780 (*net position*). Of this amount, \$20,263,453 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$12,665,565 over the prior fiscal year due to contributed assets of \$9,010,347 from grantors and developers.
- As of June 30 the City's governmental funds reported combined ending fund balances of \$17,329,386, an increase of \$882,655 over the prior year. Approximately 24% of this amount, \$4,165,747 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 \$4,366,100, or 30 percent of total general fund expenditures.
- The City's total debt decreased by \$1,831,343 (5.7 percent) during the current fiscal year. Key factors in the change include:
 1. Payment of principal and amortization of deferred issuance expenses and premium or discount on revenue bonds (\$543,465), general obligation bonds (\$606,031), certificates of participation (\$173,975), special assessment bonds (\$150,000), and loans (\$357,872).
 2. The City refunded all of its DNRC Drinking Water and Wastewater Pollution Control revenue bonds in December 2012 (\$12,456,803). While legally considered a refunding, the DNRC basically agreed to reduce the interest rates on the outstanding bonds to better match market rates. The City also made an interfund loan from the non-major capital improvements fund to the non-major golf course fund to fund the purchase of new golf carts (\$138,066) (see related Note H for additional information).

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 and liabilities with the difference between the two reported as *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.

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).

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

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, bus, golf course, building operations, and city-county administration building (CCAB) activities are reported here.
- **Component Units** - the City includes three separate legal entities in its report; the Helena Parking Commission, 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.

Complete financial statements of the Tourism Business Improvement District can be obtained from their administrative offices. Addresses and other additional 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 23 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 fund and Streets special revenue fund that are considered to be major funds. Data from the other 21 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.

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 fund and Streets fund to demonstrate compliance with their budgets.

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

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

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, 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 activities or the business-type 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 two fiduciary funds categorized as agency funds. 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 City contracts with an interstate bus line to perform their ticketing function. The Rimrock Stages agency fund accounts for the portion of each ticket owed to the bus line.

The basic fiduciary fund financial statement can be found on page B-19 of this report with the detail for the two funds shown in the combining statements beginning on page G-2.

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 Statement 45 Other Postemployment Benefit (OPEB) 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 liability 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. A cash flow is also presented for the Helena Parking Commission with the combining statements since it is a business type fund and does not prepare separate financial statements.

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 \$243,341,780 at June 30.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

The largest portion of the City's net position (\$211,518,284 or 87%) reflects its investment in capital assets (e.g., land, building, machinery and equipment, 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	2013	2012
	2013	2012	2013	2012		
Current and other assets	\$ 21,724,039	\$ 21,080,113	\$ 18,871,262	\$ 15,756,180	\$ 40,595,301	\$ 36,836,293
Capital assets	121,837,244	115,772,816	119,802,605	118,604,256	241,639,849	234,377,072
Total assets	<u>143,561,283</u>	<u>136,852,929</u>	<u>138,673,867</u>	<u>134,360,436</u>	<u>282,235,150</u>	<u>271,213,365</u>
Long-term liabilities outstanding	19,332,896	20,026,476	14,169,428	14,540,352	33,502,324	34,566,828
Other liabilities	2,834,184	3,076,560	2,556,862	2,893,762	5,391,046	5,970,322
Total liabilities	<u>22,167,080</u>	<u>23,103,036</u>	<u>16,726,290</u>	<u>17,434,114</u>	<u>38,893,370</u>	<u>40,537,150</u>
Net position:						
Net investment in capital assets	104,225,402	97,546,860	107,292,882	105,318,904	211,518,284	202,865,764
Restricted	9,665,803	8,684,750	1,894,240	2,372,783	11,560,043	11,057,533
Unrestricted	<u>7,502,998</u>	<u>7,518,283</u>	<u>12,760,455</u>	<u>9,234,635</u>	<u>20,263,453</u>	<u>16,752,918</u>
Total net position	<u>\$ 121,394,203</u>	<u>\$ 113,749,893</u>	<u>\$ 121,947,577</u>	<u>\$ 116,926,322</u>	<u>\$ 243,341,780</u>	<u>\$ 230,676,215</u>

An additional portion of the City's net position (\$11,560,043 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted (\$20,263,453 or 8%) 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 governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net position increased during the current fiscal year by \$12,665,565. The increase is attributed to several factors that are discussed below.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

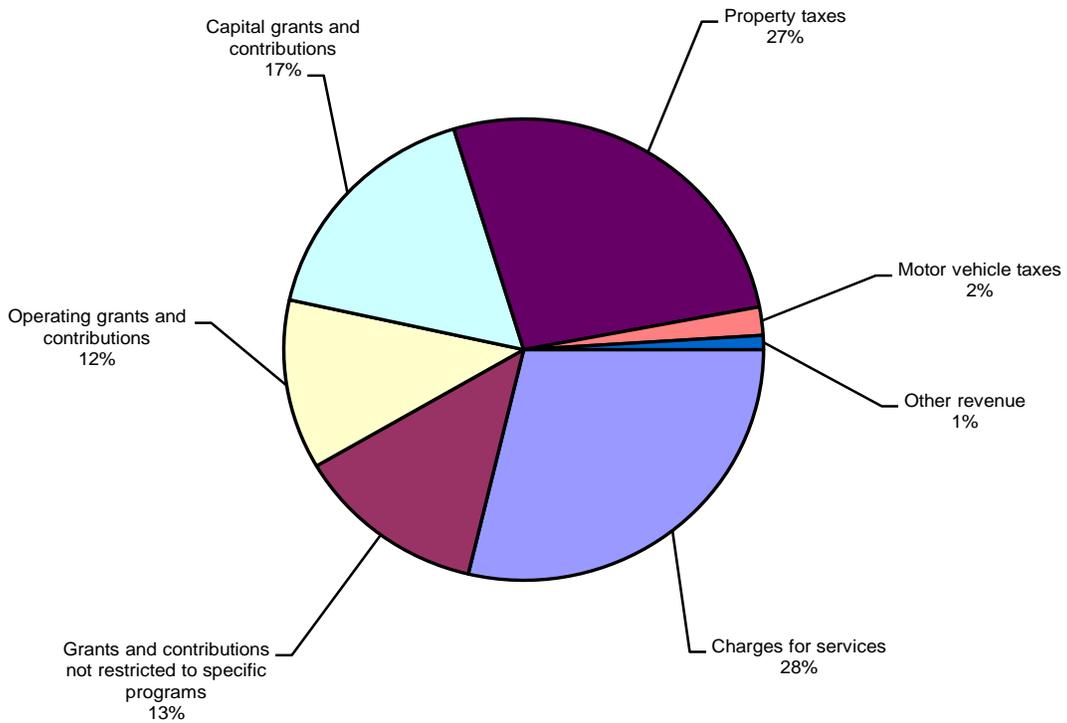
CITY OF HELENA						
Changes in Net Position						
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,871,906	\$ 8,636,284	\$ 20,211,066	\$ 19,809,585	\$ 30,082,972	\$ 28,445,869
Operating grants and contributions	4,044,625	4,146,897	895,375	908,295	4,940,000	5,055,192
Capital grants and contributions	5,972,108	5,637,153	3,038,239	8,095,586	9,010,347	13,732,739
General revenues:						
Property taxes	9,244,244	9,074,313	-	-	9,244,244	9,074,313
Motor vehicle taxes	684,194	698,952	-	-	684,194	698,952
Grants and contributions not restricted to specific programs	4,472,786	4,147,426	-	-	4,472,786	4,147,426
Other	174,254	118,240	34,011	(360,510)	208,265	(242,270)
Total revenues	34,464,117	32,459,265	24,178,691	28,452,956	58,642,808	60,912,221
Expenses:						
General government	2,497,674	2,210,331	-	-	2,497,674	2,210,331
Public safety	13,119,756	12,466,013	-	-	13,119,756	12,466,013
Public works	5,069,500	5,097,267	-	-	5,069,500	5,097,267
Public health	231,304	219,228	-	-	231,304	219,228
Culture and recreation	3,863,269	3,784,245	-	-	3,863,269	3,784,245
Community development	831,931	593,250	-	-	831,931	593,250
Intergovernmental	-	458,718	-	-	-	458,718
Interest on long-term debt	791,312	825,675	-	-	791,312	825,675
Water	-	-	5,493,070	5,445,042	5,493,070	5,445,042
Wastewater	-	-	3,669,373	3,766,832	3,669,373	3,766,832
Solid waste	-	-	3,010,304	2,795,077	3,010,304	2,795,077
Transfer station	-	-	2,764,029	2,861,301	2,764,029	2,861,301
Bus	-	-	1,568,545	1,474,071	1,568,545	1,474,071
Golf course	-	-	1,223,553	1,112,447	1,223,553	1,112,447
Building	-	-	920,713	912,228	920,713	912,228
CCAB	-	-	922,910	954,077	922,910	954,077
Total expenses	26,404,746	25,654,727	19,572,497	19,321,075	45,977,243	44,975,802
Change in net position before transfers	8,059,371	6,804,538	4,606,194	9,131,881	12,665,565	15,936,419
Transfers	(415,061)	(264,650)	415,061	264,650	-	-
Change in net position	7,644,310	6,539,888	5,021,255	9,396,531	12,665,565	15,936,419
Net position - beginning	113,749,893	107,210,005	116,926,322	107,529,791	230,676,215	214,739,796
Net position - ending	\$ 121,394,203	\$ 113,749,893	\$ 121,947,577	\$ 116,926,322	\$ 243,341,780	\$ 230,676,215

Governmental Activities. Governmental activities in fiscal year 2013 increased the City's net position by \$7,644,310. The key elements of the increase and variances between years are:

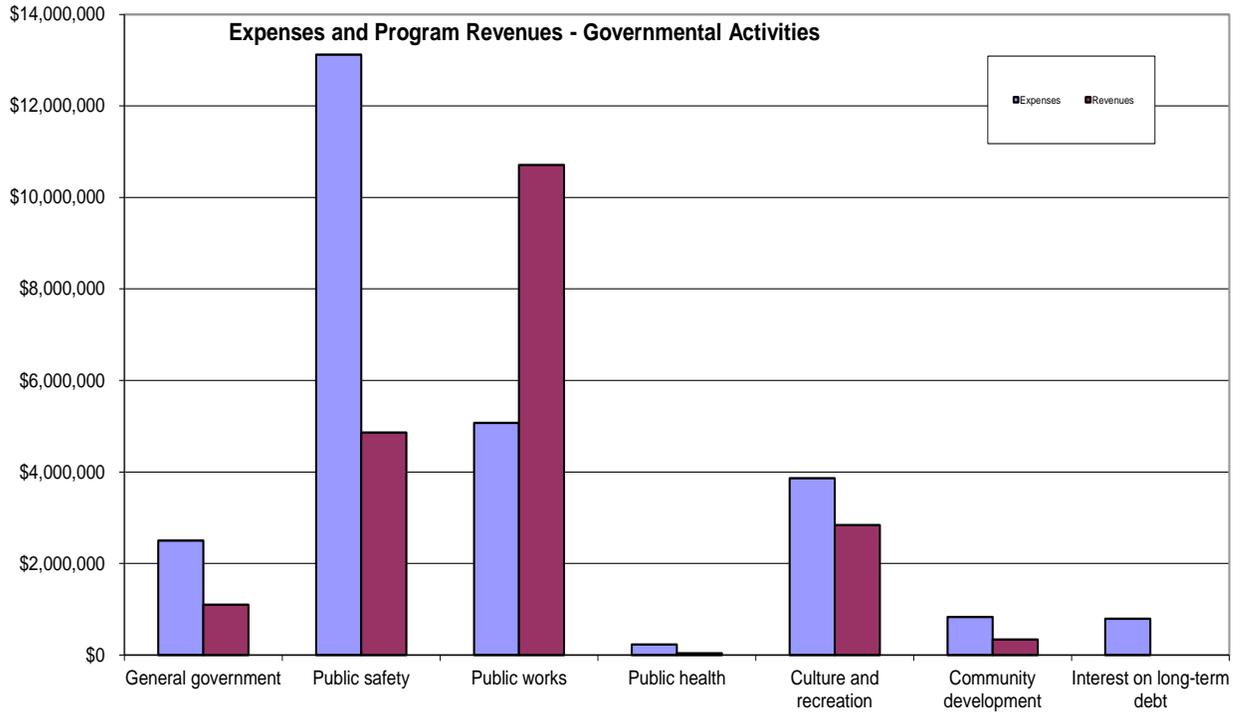
- charges for services increased due to 5.0 and 2.5 percent increases in street maintenance and storm water fees, respectively, approved for fiscal year 2013,
- capital grants and contributions due to:
 - developers contributing storm water mains, streets, right-of-way, and easements of \$5,160,108,
 - the City received a \$430,000 grant for an armored vehicle, and
 - the City received \$382,000 for purchase of open space land,
- and the remaining portion represents normal variations in revenues and expenditures.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

Revenues by Source - Governmental Activities



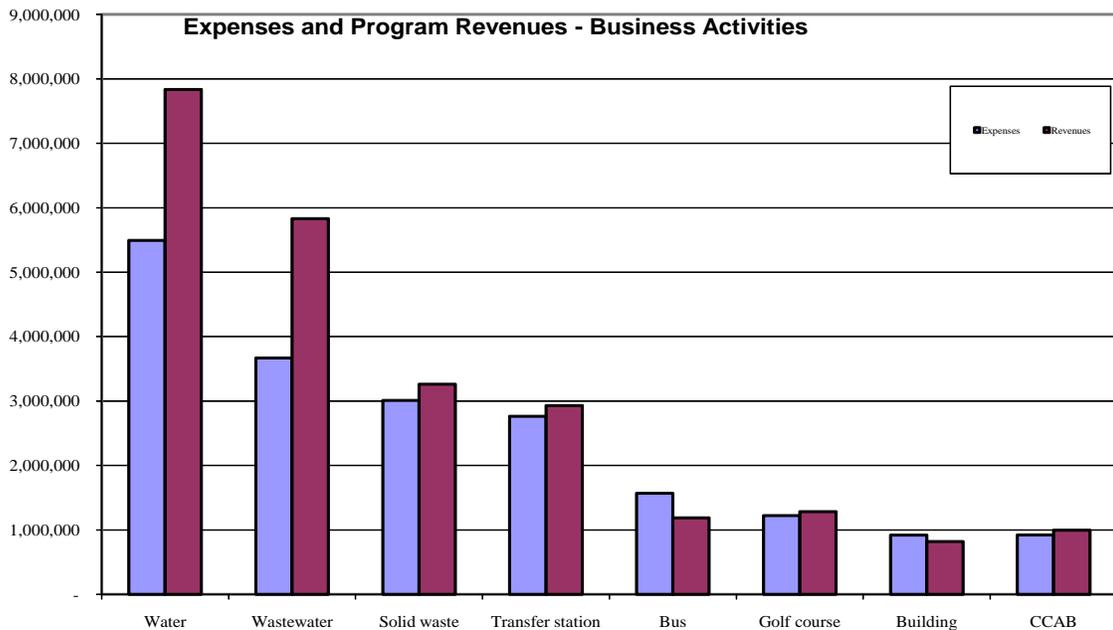
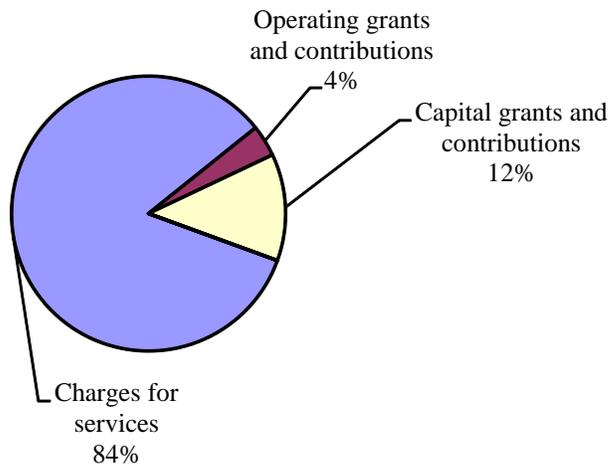
Expenses and Program Revenues - Governmental Activities



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

Business-Type Activities. Business-type activities increased the City's net position by \$5,021,255. Key elements of the increase are: increasing water, wastewater, and transfer station fees 2.5%, 3.0%, and 2.0%, respectively; recording donated water and wastewater mains and easements, although lower than in prior years due to the economy, for approximately \$2.7 million; federal capital grants of \$95,776 for a bus; 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, 2013

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 \$17,329,386, an increase of \$882,655 in comparison with the prior year. Approximately 24% of this amount (\$4,165,747) 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 (\$315,441), 2) restricted for particular purposes (\$9,665,804), 3) committed for a particular purpose (\$1,387,877), or 4) assigned for particular purposes (\$1,794,517).

The General fund is the chief operating fund of the City. At June 30 unassigned fund balance was \$4,331,115 while total fund balance was \$4,565,265. 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 29.9 percent of total general fund expenditures, while total fund balance represents approximately 31.6 percent of that same amount.

The fund balance increased \$436,769 during the current fiscal year mainly due to unspent contingency funds, salary savings, and other unspent budget items.

The Streets fund had an ending fund balance of \$3,761,496, an increase of \$810,581 due to capital projects uncompleted at year end, salary and other budget savings, and a 1.5 percent increase in fee assessments.

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	\$ 5,627,270	45%	\$ 2,381,474	47%
Wastewater	2,702,449	22%	2,190,289	43%
Solid waste	1,675,198	13%	271,849	5%
Transfer station	1,312,044	10%	187,385	4%
Other	1,271,559	10%	27,583	1%
Total	<u>\$ 12,588,520</u>	<u>100%</u>	<u>\$ 5,058,580</u>	<u>100%</u>

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

- the Water fund increased rates by 2.5 percent, the Wastewater fund increased rates by 3.0 percent, and the Transfer Station fund increased rates for solid waste disposal by 2.0 percent during fiscal year 2013 to offset inflation and increase funding levels for capital replacement and maintenance of infrastructure,
- developers contributed \$2,942,463 of water and wastewater mains, manholes, a lift station, and fees,
- and the Bus fund received \$766,272 in federal grants for general operations of the City's transit system and to develop a transit plan, and \$95,776 of state and federal grants for a bus.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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General Fund Budgetary Highlights

Property tax collections were lower than budgeted due to some large telecommunication companies protesting their property tax classification with the State as previously noted. Revenue budgets were adjusted by \$167,753 as the Commission approved acceptance of federal and state grants during the fiscal year for \$110,902 and \$56,851 for an additional officer at the state capitol. Differences between the original expenditure budget and the final amended budget of \$360,038 (including changes to transfers out) were due to:

- reappropriating unspent budget from the prior fiscal year
 - \$23,214 for fire equipment purchases,
 - \$160 for public art advertising,
 - \$40,468 for parks water,
 - \$37,615 for unspent fire grants,
 - \$7,055 for City-County Building remodel projects,
 - \$23,292 for unspent parks grants,
- appropriating cash reserves
 - \$15,931 to subsidize low income housing authority's City assessments,
 - \$17,050 for increased urban wildlife program,
 - \$17,500 for community development zoning software,
- appropriating unanticipated revenues
 - \$110,902 for police and fire grants and donations,
 - \$56,851 for additional police protection at state capitol,
 - 10,000 for non-motorized transportation plan.

Actual expenditures and transfers out in the General fund were \$1,081,937 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, 85% (\$145,000) of funds budgeted for contingencies were not needed and remained unspent. As noted in previous years, City staff was directed to keep spending to 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 \$211,518,284. 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:

- five police vehicles, one fire vehicle repair, two parks vehicle, two street vehicles, two buses, two storm water vehicles, an engineering vehicle, a facilities vehicle, a water vehicle, a sewer vehicle, and a transfer station vehicle were purchased for \$1,432,282 (including equipment & accessories),
- \$593,555 was expended for Centennial park improvements from the Series 2008 general obligation bonds,
- improvements to city facilities for \$440,485,
- equipment for \$285,564,
- \$43,148 was expended for street reconstruction and extension,
- \$89,556 for improvements to neighborhood parks,
- water and wastewater plant improvements were made in the amounts of \$522,248 and \$127,404, respectively,
- water, and wastewater mains, manholes, and fire hydrants were replaced in the amounts of \$540,827, and \$95,973, respectively,

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

- developers contributed water, wastewater, and storm mains (inclusive of system development fees) related to newly developed subdivisions in the amounts of \$1,100,410, \$793,146, and \$153,536 respectively,
- developers also contributed streets and alleys valued at \$1,680,286, and the associated right-of-way for \$980,001,
- easements for water, wastewater, and storm drains were added in the amounts of \$100,668, \$398,421, and \$2,190,644, respectively,
- a wastewater lift station for \$350,000,
- open space land valued at \$677,000, and
- storm water system improvements for \$507,774.

City's Capital Assets
(net of accumulated depreciation)

	Governmental Activities	Business-type Activities	Totals
Non-depreciable assets:			
Land	\$ 64,942,157	\$ 37,452,678	\$ 102,394,835
Construction in progress	397,696	220,734	618,430
	<u>65,339,853</u>	<u>37,673,412</u>	<u>103,013,265</u>
Depreciable assets:			
Buildings	13,648,232	14,088,125	27,736,357
Improvements other than buildings	9,898,993	739,573	10,638,566
Machinery and equipment	4,358,882	2,277,695	6,636,577
Infrastructure	28,591,284	65,023,800	93,615,084
	<u>56,497,391</u>	<u>82,129,193</u>	<u>138,626,584</u>
Total capital assets	<u>\$ 121,837,244</u>	<u>\$ 119,802,605</u>	<u>\$ 241,639,849</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 N).

Long-Term Debt. As of June 30, the City had total debt outstanding of \$30,549,171. Of this amount, \$9,166,863 comprises debt backed by the full faith and credit of the government; \$1,366,316 is loans payable; \$285,000 is special assessment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$11,472,000 is bonds secured solely by specified revenue sources of the water and wastewater funds net of amortization of issuance costs and premiums or discounts amortized over the life of the bonds; and \$8,258,992 is certificates of participation secured solely by the 15th Street Parking Garage.

The City's total debt decreased by \$1,831,343 (5.7 percent) during the current fiscal year. The City issued no new debt. The City did refund its existing water and wastewater revenue bonds to obtain a lower interest rate as discussed above and in Note H.

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

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 \$49,189,892, 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).

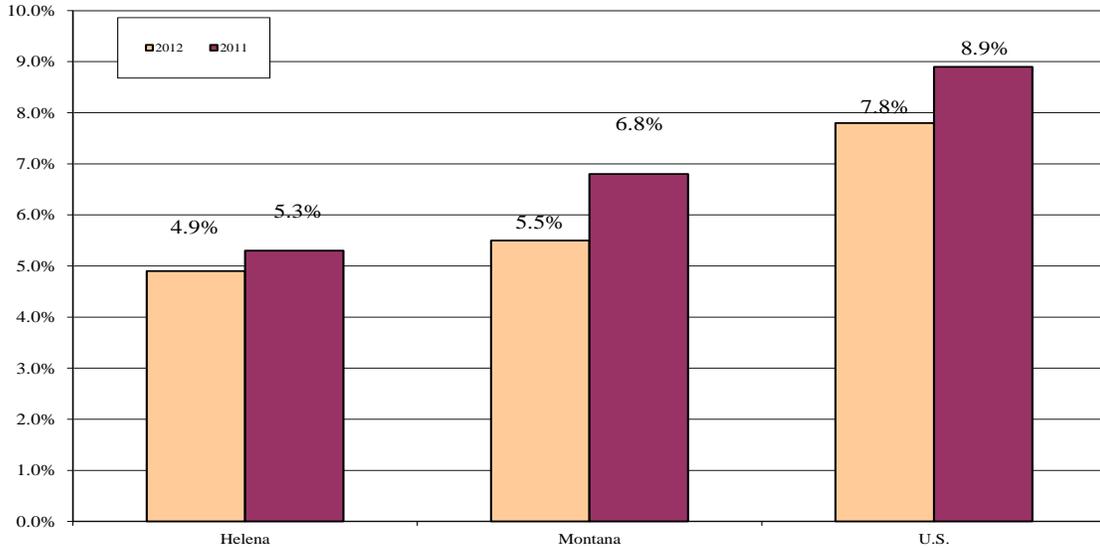
City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

City's Outstanding Debt

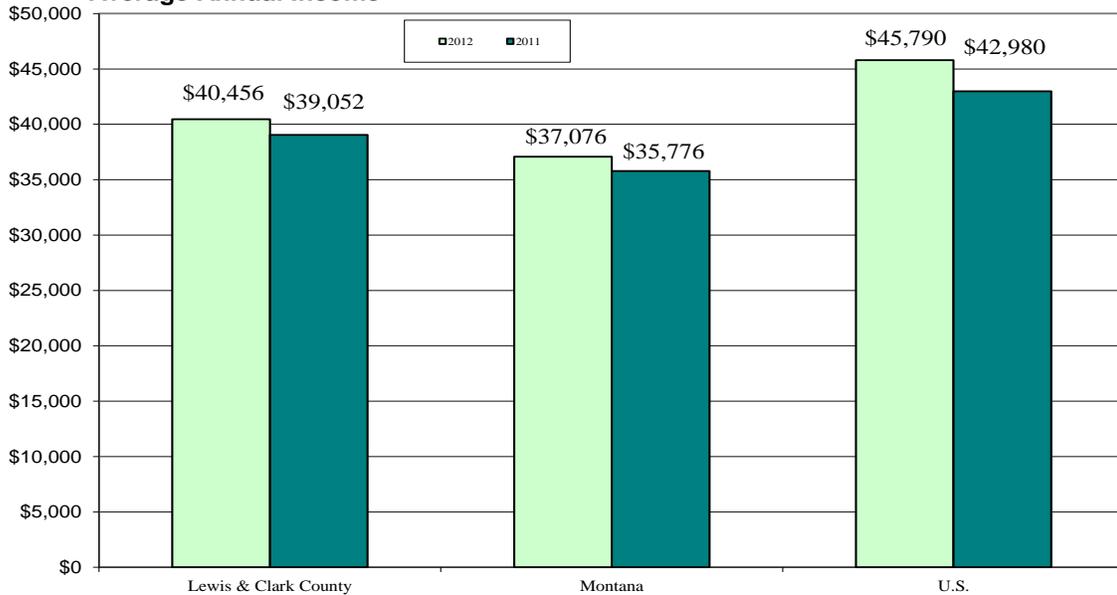
	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 9,166,863	\$ -	\$ 9,166,863
Loans payable	215,931	1,150,385	1,366,316
Special assessment debt with government commitment	270,000	15,000	285,000
Revenue bonds	-	11,472,000	11,472,000
Certificates of participation	8,258,992	-	8,258,992
Total	<u>\$ 17,911,786</u>	<u>\$ 12,637,385</u>	<u>\$ 30,549,171</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.)

Unemployment Figures



Average Annual Income



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2013

The City Commission approved rate increases for fiscal year 2014 in several funds to maintain or increase reserves to finance their respective Comprehensive Capital Improvement Program. The approximate increase for each service is:

	<u>Rate Increase</u>
Governmental:	
Streets	2.0 %
Storm water	3.0
Proprietary:	
Water	5.0
Wastewater	4.0
Residential solid waste	2.0

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.

Section B

BASIC FINANCIAL STATEMENTS

City of Helena, Montana
STATEMENT OF NET POSITION
June 30, 2013

	Component Units					
	Primary Government			Business		
				Type	Governmental Type	
	Governmental Activities	Business-type Activities	Total	Helena Parking Commission	Business Improvement District	Tourism Business Improvement District
ASSETS						
Cash and cash equivalents	\$ 14,132,677	\$ 11,896,886	\$ 26,029,563	\$ 696,964	\$ 145,720	\$ 209,794
Certificates of deposits	2,025,471	1,974,529	4,000,000	-	-	-
Receivables (net of allowance for uncollectibles)	3,331,302	2,075,460	5,406,762	-	7,452	55,230
Notes receivable	432,450	-	432,450	25,309	-	-
Internal balances	29,357	(29,357)	-	-	-	-
Inventories	315,441	909,180	1,224,621	11,247	-	-
Temporarily restricted assets:						
Cash and cash equivalents	14,250	1,894,240	1,908,490	-	-	-
Cash with fiscal agent	1,205,926	-	1,205,926	-	-	-
Intergovernmental receivable	237,165	150,324	387,489	-	-	-
Capital assets (net of accumulated depreciation):						
Nondepreciable	65,339,853	37,673,412	103,013,265	2,602,825	-	-
Depreciable	56,497,391	82,129,193	138,626,584	4,528,965	-	18,388
Total assets	<u>143,561,283</u>	<u>138,673,867</u>	<u>282,235,150</u>	<u>7,865,310</u>	<u>153,172</u>	<u>283,412</u>
LIABILITIES						
Accounts payable and other current liabilities	696,505	727,495	1,424,000	17,182	7,255	6,988
Accrued interest	384,898	125,032	509,930	-	-	-
Noncurrent liabilities:						
Due within one year:						
Compensated absences	905,213	357,405	1,262,618	14,424	21,213	-
Loans	32,926	207,872	240,798	-	-	-
General obligation bonds	635,834	-	635,834	-	-	-
Special assessment debt with government commitment	-	15,000	15,000	-	-	-
Certificates of participation	178,808	-	178,808	-	-	-
Revenue bonds	-	1,011,000	1,011,000	-	-	-
Landfill postclosure costs	-	113,058	113,058	-	-	-
Due in more than one year:						
Compensated absences	869,714	343,387	1,213,101	13,858	64	-
Other postemployment benefits	1,398,964	658,823	2,057,787	74,257	-	-
Loans	183,005	942,513	1,125,518	-	-	-
General obligation bonds	8,531,029	-	8,531,029	-	-	-
Special assessment debt with government commitment	270,000	-	270,000	-	-	-
Certificates of participation	8,080,184	-	8,080,184	-	-	-
Revenue bonds	-	10,461,000	10,461,000	-	-	-
Landfill postclosure costs	-	1,763,705	1,763,705	-	-	-
Total liabilities	<u>22,167,080</u>	<u>16,726,290</u>	<u>38,893,370</u>	<u>119,721</u>	<u>28,532</u>	<u>6,988</u>
NET POSITION						
Net investment in capital assets	104,225,402	107,292,882	211,518,284	7,131,790	-	18,388
Restricted for:						
Public safety	169,233	-	169,233	-	-	-
Public works	5,214,008	-	5,214,008	-	-	-
Culture and recreation	6,198	-	6,198	-	-	-
Community development	543,450	-	543,450	-	-	-
Special improvement districts	1,310,212	-	1,310,212	-	-	-
Debt service	1,893,054	1,894,240	3,787,294	-	-	-
Capital projects	529,648	-	529,648	-	-	-
Unrestricted	7,502,998	12,760,455	20,263,453	613,799	124,640	258,036
Total net position	<u>\$121,394,203</u>	<u>\$121,947,577</u>	<u>\$243,341,780</u>	<u>\$ 7,745,589</u>	<u>\$ 124,640</u>	<u>\$ 276,424</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, 2013

(1 of 2)

Functions/Programs	Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,497,674	\$ 1,039,118	\$ -	\$ 59,964
Public safety	13,119,756	1,020,115	3,401,731	436,450
Public works	5,069,500	4,979,302	642,894	5,089,290
Public health	231,304	38,900	-	-
Culture and recreation	3,863,269	2,453,413	-	386,404
Community development	831,931	341,058	-	-
Interest on long-term debt	791,312	-	-	-
Total governmental activities	<u>26,404,746</u>	<u>9,871,906</u>	<u>4,044,625</u>	<u>5,972,108</u>
Business-type activities:				
Water	5,493,070	6,430,648	124,103	1,279,838
Wastewater	3,669,373	4,167,237	-	1,662,625
Solid waste	3,010,304	3,261,745	-	-
Transfer station	2,764,029	2,931,689	-	-
Bus	1,568,545	326,669	766,272	95,776
Golf course	1,223,553	1,276,740	5,000	-
Building	920,713	819,647	-	-
City-County administration building	922,910	996,691	-	-
Total business-type activities	<u>19,572,497</u>	<u>20,211,066</u>	<u>895,375</u>	<u>3,038,239</u>
Total primary government	<u>\$45,977,243</u>	<u>\$ 30,082,972</u>	<u>\$ 4,940,000</u>	<u>\$ 9,010,347</u>
Component units				
Helena parking commission	\$ 1,891,712	\$ 1,685,790	\$ -	\$ -
Business improvement district	318,182	329,326	-	-
Tourism business improvement district	239,130	270,482	-	-
	<u>\$ 2,449,024</u>	<u>\$ 2,285,598</u>	<u>\$ -</u>	<u>\$ -</u>

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

- 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			Business Type	Governmental Type	
Governmental Activities	Business-type Activities	Total	Helena Parking Commission	Business Improvement District	Tourism Business Improvement District
\$ (1,398,592)	\$ -	\$ (1,398,592)			
(8,261,460)	-	(8,261,460)			
5,641,986	-	5,641,986			
(192,404)	-	(192,404)			
(1,023,452)	-	(1,023,452)			
(490,873)	-	(490,873)			
(791,312)	-	(791,312)			
<u>(6,516,107)</u>	<u>-</u>	<u>(6,516,107)</u>			
-	2,341,519	2,341,519			
-	2,160,489	2,160,489			
-	251,441	251,441			
-	167,660	167,660			
-	(379,828)	(379,828)			
-	58,187	58,187			
-	(101,066)	(101,066)			
-	73,781	73,781			
<u>-</u>	<u>4,572,183</u>	<u>4,572,183</u>			
<u>\$ (6,516,107)</u>	<u>\$ 4,572,183</u>	<u>\$ (1,943,924)</u>			
			\$ (205,922)		
			-	\$ 11,144	
			-	-	\$ 31,352
			<u>\$ (205,922)</u>	<u>\$ 11,144</u>	<u>\$ 31,352</u>
\$ 9,244,244	\$ -	\$ 9,244,244	\$ -	\$ -	\$ -
684,194	-	684,194	-	-	-
4,472,786	-	4,472,786	-	-	-
50,171	34,011	84,182	3,645	122	543
124,083	-	124,083	-	-	-
(415,061)	415,061	-	-	-	-
<u>14,160,417</u>	<u>449,072</u>	<u>14,609,489</u>	<u>3,645</u>	<u>122</u>	<u>543</u>
7,644,310	5,021,255	12,665,565	(202,277)	11,266	31,895
113,749,893	116,926,322	230,676,215	7,947,866	113,374	244,529
<u>\$ 121,394,203</u>	<u>\$ 121,947,577</u>	<u>\$ 243,341,780</u>	<u>\$ 7,745,589</u>	<u>\$ 124,640</u>	<u>\$ 276,424</u>

City of Helena, Montana
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Special Revenue	Other Governmental	Total Governmental
		Streets		
ASSETS				
Cash and cash equivalents	\$3,834,483	\$3,054,266	\$ 6,319,116	\$ 13,207,865
Certificates of deposit	548,998	437,291	906,772	1,893,061
Receivables (net of allowance for uncollectibles):	2,265,753	103,472	962,077	3,331,302
Notes receivable	-	-	432,450	432,450
Due from other funds	213,794	-	-	213,794
Inventory	19,983	295,458	-	315,441
Advances to other funds	-	-	138,066	138,066
Warrants	-	-	92,937	92,937
Restricted assets:				
Cash with fiscal agent	-	-	1,205,926	1,205,926
Cash - revenue bond accounts	-	-	14,250	14,250
Intergovernmental receivable	117,976	-	119,189	237,165
Total assets	<u>7,000,987</u>	<u>3,890,487</u>	<u>10,190,783</u>	<u>21,082,257</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	446,739	84,158	112,906	643,803
Due to other funds	-	-	213,794	213,794
Deferred revenue	1,988,983	44,833	861,458	2,895,274
Total liabilities	<u>2,435,722</u>	<u>128,991</u>	<u>1,188,158</u>	<u>3,752,871</u>
Fund balance:				
Nonspendable - not in spendable form	19,983	295,458	-	315,441
Restricted	179,182	3,466,038	6,020,584	9,665,804
Committed	-	-	1,387,877	1,387,877
Assigned	34,985	-	1,759,532	1,794,517
Unassigned	4,331,115	-	(165,368)	4,165,747
Total fund balance	<u>4,565,265</u>	<u>3,761,496</u>	<u>9,002,625</u>	<u>17,329,386</u>
Total liabilities and fund balance	<u>\$7,000,987</u>	<u>\$3,890,487</u>	<u>\$10,190,783</u>	<u>\$ 21,082,257</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, 2013

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

Total ending fund balance		\$ 17,329,386
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and construction in progress	65,339,853	
Buildings, improvements, and equipment (net)	27,898,185	
Infrastructure (net)	28,591,284	
		121,829,322
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		2,895,274
Other long-term intrafund assets are not reported in the statement of activities.		
		(92,937)
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 assets.		
		903,733
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	(384,898)	
Loans payable	(215,931)	
Bonds payable	(9,166,863)	
Special assessment debt with government commitment	(270,000)	
Certificates of participation	(8,258,992)	
Compensated absences	(1,774,927)	
Other postemployment benefits	(1,398,964)	
		(21,470,575)
Net position of governmental activities		\$ 121,394,203

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, 2013

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES				
Taxes:				
Property	\$ 7,858,560	\$ -	\$ 1,025,134	\$ 8,883,694
Motor vehicle	684,194	-	-	684,194
Special assessments	-	3,155,909	2,449,458	5,605,367
Licenses and permits	593,695	-	18,118	611,813
Intergovernmental	5,765,100	552,721	3,288,218	9,606,039
Charges for services	568,283	44,294	1,382,927	1,995,504
Fines	611,103	-	-	611,103
Investment earnings	12,906	6,667	30,598	50,171
Miscellaneous	128,146	30,586	411,270	570,002
Total revenues	<u>16,221,987</u>	<u>3,790,177</u>	<u>8,605,723</u>	<u>28,617,887</u>
EXPENDITURES				
Current:				
General government	1,168,317	-	803,565	1,971,882
Public safety	10,703,206	-	1,633,628	12,336,834
Public works	94,191	2,711,336	1,387,572	4,193,099
Public health	226,779	-	-	226,779
Culture and recreation	1,756,006	-	1,557,707	3,313,713
Community development	499,308	-	329,987	829,295
Debt service:				
Principal	-	-	1,058,311	1,058,311
Interest	-	-	806,001	806,001
Capital outlay	21,219	351,964	2,578,815	2,951,998
Total expenditures	<u>14,469,026</u>	<u>3,063,300</u>	<u>10,155,586</u>	<u>27,687,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,752,961</u>	<u>726,877</u>	<u>(1,549,863)</u>	<u>929,975</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	53,371	53,371
Sale of capital assets	19,637	75,274	29,172	124,083
Transfers in	308,055	8,430	1,354,145	1,670,630
Transfers out	(1,643,884)	-	(251,520)	(1,895,404)
Total other financing sources and uses	<u>(1,316,192)</u>	<u>83,704</u>	<u>1,185,168</u>	<u>(47,320)</u>
Net change in fund balances	436,769	810,581	(364,695)	882,655
Fund balances - beginning	4,128,496	2,950,915	9,367,320	16,446,731
Fund balance - ending	<u>\$ 4,565,265</u>	<u>\$ 3,761,496</u>	<u>\$ 9,002,625</u>	<u>\$ 17,329,386</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, 2013

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

Net change in fund balances - total governmental funds **\$ 882,655**

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.

Capital asset purchases capitalized	2,951,998	
Depreciation expense	(2,191,308)	
Loss on disposal of assets	(148,621)	
		612,069

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. 5,457,281

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.

Long-term receivables 264,866

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds of long-term debt	(53,371)	
Principal payments	1,058,311	
Amortization of deferred issuance costs and premium	(9,994)	
		994,946

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.

Compensated absences	(12,806)	
Other postemployment benefits	(282,956)	
Accrued interest	14,689	
		(281,073)

Internal service funds are used by management to charge the costs of copier revolving and insurance activities to individual funds. (286,434)

Change in net position of governmental activities **\$ 7,644,310**

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, 2013

(1 of 2)

	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 8,522,761	\$ 8,522,761	\$ 7,715,488	\$ (807,273)
Motor vehicle taxes	687,000	687,000	684,194	(2,806)
Licenses and permits:				
Alcoholic beverages	43,000	43,000	55,503	12,503
General business	453,100	453,100	498,320	45,220
Animal licenses	29,000	29,000	35,870	6,870
Other permits	5,200	5,200	4,002	(1,198)
Intergovernmental:				
Federal grants	146,600	213,335	168,855	(44,480)
State grants	30,000	74,167	57,112	(17,055)
State shared revenues	3,540,900	3,540,900	3,729,846	188,946
Other governments	72,240	72,240	75,018	2,778
Charges for services:				
Public safety	263,300	320,151	303,455	(16,696)
Public works	1,000	1,000	13,999	12,999
Public health	3,750	3,750	3,030	(720)
Culture and recreation	176,090	176,090	237,938	61,848
Community development	6,550	6,550	9,861	3,311
Fines - city court	539,150	539,150	611,103	71,953
Investment earnings	15,000	15,000	12,906	(2,094)
Interfund reimbursements	2,783,646	2,783,646	2,783,645	(1)
Miscellaneous	100,990	100,990	128,146	27,156
Total revenues	<u>17,419,277</u>	<u>17,587,030</u>	<u>17,128,291</u>	<u>(458,739)</u>
EXPENDITURES				
Current:				
General government:				
Legislative				
Personal services	236,175	236,175	228,933	7,242
Supplies/services/materials	137,277	153,208	103,540	49,668
Executive				
Personal services	232,298	232,298	218,997	13,301
Supplies/services/materials	269,594	244,594	74,843	169,751
Judicial				
Personal services	337,350	337,350	332,151	5,199
Supplies/services/materials	78,215	78,215	69,164	9,051
Administrative services				
Personal services	268,687	268,687	267,704	983
Supplies/services/materials	140,367	140,367	132,223	8,144
Financial services				
Personal services	522,925	522,925	502,012	20,913
Supplies/services/materials	283,546	283,546	236,198	47,348
Human resources				
Personal services	257,728	257,728	256,837	891
Supplies/services/materials	80,376	80,376	68,439	11,937
Legal services				
Personal services	404,158	404,158	385,463	18,695
Supplies/services/materials	95,647	95,647	84,082	11,565
Total general government	<u>\$ 3,344,343</u>	<u>\$ 3,335,274</u>	<u>\$ 2,960,586</u>	<u>\$ 374,688</u>

EXPENDITURES, continued	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Public safety:				
Law enforcement and judicial				
Personal services	\$ 4,486,225	\$ 4,568,076	\$ 4,595,288	\$ (27,212)
Supplies/services/materials	850,379	850,129	761,919	88,210
Fire protection				
Personal services	3,232,859	3,325,326	3,195,342	129,984
Supplies/services/materials	585,410	664,674	546,554	118,120
Total public safety	<u>9,154,873</u>	<u>9,408,205</u>	<u>9,099,103</u>	<u>309,102</u>
Public works:				
Public works administration				
Personal services	888,980	888,980	770,491	118,489
Supplies/services/materials	210,227	227,282	192,496	34,786
Streets				
Supplies/services/materials	<u>29,660</u>	<u>29,660</u>	<u>27,903</u>	<u>1,757</u>
Total public works	<u>1,128,867</u>	<u>1,145,922</u>	<u>990,890</u>	<u>155,032</u>
Public health:				
Animal control				
Personal services	135,506	152,206	148,061	4,145
Supplies/services/materials	<u>84,467</u>	<u>85,067</u>	<u>78,655</u>	<u>6,412</u>
Total public health	<u>219,973</u>	<u>237,273</u>	<u>226,716</u>	<u>10,557</u>
Culture and recreation:				
Parks				
Personal services	1,253,701	1,253,701	1,140,995	112,706
Supplies/services/materials	<u>787,090</u>	<u>850,850</u>	<u>754,528</u>	<u>96,322</u>
Total culture and recreation	<u>2,040,791</u>	<u>2,104,551</u>	<u>1,895,523</u>	<u>209,028</u>
Community development				
Administration and planning				
Personal services	385,514	386,944	385,363	1,581
Supplies/services/materials	<u>113,898</u>	<u>130,128</u>	<u>110,523</u>	<u>19,605</u>
Total community development	<u>499,412</u>	<u>517,072</u>	<u>495,886</u>	<u>21,186</u>
Total expenditures	<u>16,388,259</u>	<u>16,748,297</u>	<u>15,668,704</u>	<u>1,079,593</u>
Revenues over (under) expenditures	<u>1,031,018</u>	<u>838,733</u>	<u>1,459,587</u>	<u>620,854</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	10,000	9,394	(606)
Transfers in	307,851	307,851	308,055	204
Transfers out	<u>(1,646,228)</u>	<u>(1,646,228)</u>	<u>(1,643,884)</u>	<u>2,344</u>
Total other financing sources (uses)	<u>(1,328,377)</u>	<u>(1,328,377)</u>	<u>(1,326,435)</u>	<u>1,942</u>
Net change in fund balances	<u>\$ (297,359)</u>	<u>\$ (489,644)</u>	133,152	<u>\$ 622,796</u>
Fund balances - beginning			4,304,174	
Fund balances - ending			<u>\$ 4,437,326</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, 2013

	Streets			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Special assessments	\$ 2,972,500	\$ 2,972,500	\$ 3,159,246	\$ 186,746
Intergovernmental				
State shared	552,000	552,000	552,721	721
Charges for services - public works	50,000	50,000	44,294	(5,706)
Investment earnings	4,700	4,700	6,667	1,967
Miscellaneous	5,000	11,600	9,330	(2,270)
Total revenue	<u>3,584,200</u>	<u>3,590,800</u>	<u>3,772,258</u>	<u>181,458</u>
EXPENDITURES				
Current:				
Public works				
Personal services	1,221,927	1,221,927	1,124,523	97,404
Supplies/services/materials	1,846,652	1,936,118	1,676,662	259,456
Capital outlay	839,990	1,217,446	391,834	825,612
Total expenditures	<u>3,908,569</u>	<u>4,375,491</u>	<u>3,193,019</u>	<u>1,182,472</u>
Revenues over (under) expenditures	<u>(324,369)</u>	<u>(784,691)</u>	<u>579,239</u>	<u>1,363,930</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	75,274	70,274
Transfers in	8,430	8,430	8,430	-
Total other financing sources (uses)	<u>13,430</u>	<u>13,430</u>	<u>83,704</u>	<u>70,274</u>
Net change in fund balances	<u>\$ (310,939)</u>	<u>\$ (771,261)</u>	<u>662,943</u>	<u>\$ 1,434,204</u>
Fund balances - beginning			2,803,455	
Fund balance - ending			<u>\$ 3,466,398</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, 2013

(1 of 2)

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,744,170	\$ 2,114,760	\$ 2,956,182
Certificates of deposit	641,964	468,087	423,248
Receivables (net of allowance for uncollectibles)	1,330,083	420,427	158,314
Inventories	476,102	74,242	161,368
Restricted assets:			
Cash-revenue bond accounts	739,640	1,154,600	-
Intergovernmental receivable	8,736	-	-
Total current assets	<u>6,940,695</u>	<u>4,232,116</u>	<u>3,699,112</u>
Noncurrent assets:			
Capital assets:			
Land	19,359,074	15,524,847	37,170
Buildings and system	6,130,595	12,453,191	518,737
Improvements other than buildings	339,958	215,748	-
Machinery and equipment	2,107,809	1,760,897	1,992,375
Infrastructure	119,151,798	55,171,544	-
Construction in progress	56,475	104,985	-
Less accumulated depreciation	(80,241,911)	(41,618,865)	(2,037,802)
Total noncurrent assets	<u>66,903,798</u>	<u>43,612,347</u>	<u>510,480</u>
Total assets	<u>73,844,493</u>	<u>47,844,463</u>	<u>4,209,592</u>
LIABILITIES			
Current liabilities:			
Accounts payable	137,203	60,724	44,369
Customer deposits	71,380	-	-
Accrued interest	60,266	59,880	-
Compensated absences	82,991	76,767	24,133
Loans	-	-	-
Special assessment debt with government commitment	-	-	-
Revenue bonds	358,000	653,000	-
Advances from other funds	-	-	-
Landfill postclosure costs	-	-	113,058
Total current liabilities	<u>709,840</u>	<u>850,371</u>	<u>181,560</u>
Noncurrent liabilities:			
Compensated absences	79,736	73,756	23,187
Other postemployment benefits	142,209	103,940	55,462
Loans	-	-	-
Revenue bonds (net of unamortized discounts and deferred amount on refunding)	5,126,000	5,335,000	-
Advances from other funds	-	-	-
Landfill postclosure costs	-	-	1,763,705
Total noncurrent liabilities	<u>5,347,945</u>	<u>5,512,696</u>	<u>1,842,354</u>
Total liabilities	<u>6,057,785</u>	<u>6,363,067</u>	<u>2,023,914</u>
NET POSITION			
Net investment in capital assets	61,419,798	37,624,347	510,480
Restricted for:			
Revenue bond accounts	739,640	1,154,600	-
Unrestricted	5,627,270	2,702,449	1,675,198
Total net position	<u>\$ 67,786,708</u>	<u>\$ 41,481,396</u>	<u>\$ 2,185,678</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)

<u>Transfer Station</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 1,300,148	\$ 1,645,645	\$ 11,760,905	\$ 1,060,793
186,147	235,614	1,955,060	151,879
153,640	12,996	2,075,460	-
-	151,973	863,685	45,495
-	-	1,894,240	-
-	141,588	150,324	-
<u>1,639,935</u>	<u>2,187,816</u>	<u>18,699,674</u>	<u>1,258,167</u>
30,950	2,352,582	37,304,623	148,054
2,359,975	4,933,251	26,395,749	830,638
227,497	425,765	1,208,968	62,831
1,001,532	1,435,639	8,298,252	160,174
-	-	174,323,342	-
-	59,275	220,735	-
<u>(1,877,940)</u>	<u>(2,407,306)</u>	<u>(128,183,824)</u>	<u>(959,015)</u>
<u>1,742,014</u>	<u>6,799,206</u>	<u>119,567,845</u>	<u>242,682</u>
<u>3,381,949</u>	<u>8,987,022</u>	<u>138,267,519</u>	<u>1,500,849</u>
169,209	129,507	541,012	119,858
-	47,947	119,327	-
-	4,886	125,032	-
42,801	114,720	341,412	15,993
-	207,872	207,872	-
-	15,000	15,000	-
-	-	1,011,000	-
-	27,066	27,066	-
-	-	113,058	-
<u>212,010</u>	<u>546,998</u>	<u>2,500,779</u>	<u>135,851</u>
41,123	110,219	328,021	15,366
74,758	243,250	619,619	39,204
-	942,513	942,513	-
-	-	10,461,000	-
-	111,000	111,000	-
-	-	1,763,705	-
<u>115,881</u>	<u>1,406,982</u>	<u>14,225,858</u>	<u>54,570</u>
<u>327,891</u>	<u>1,953,980</u>	<u>16,726,637</u>	<u>190,421</u>
1,742,014	5,761,483	107,058,122	242,682
-	-	1,894,240	-
<u>1,312,044</u>	<u>1,271,559</u>	<u>12,588,520</u>	<u>1,067,746</u>
<u>\$ 3,054,058</u>	<u>\$ 7,033,042</u>	<u>121,540,882</u>	<u>\$ 1,310,428</u>
		406,695	
		<u>\$ 121,947,577</u>	

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

For the year ended June 30, 2013

(1 of 2)

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
OPERATING REVENUES			
Charges for services	\$ 6,430,648	\$ 4,167,237	\$ 3,261,745
Total operating revenues	6,430,648	4,167,237	3,261,745
OPERATING EXPENSES			
Cost of sales and services	2,830,637	1,834,538	2,485,158
Administration	811,916	734,319	328,998
Depreciation	1,704,541	892,912	185,889
Total operating expenses	5,347,094	3,461,769	3,000,045
Operating income (loss)	1,083,554	705,468	261,700
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental operating grants	124,103	-	-
Investment earnings	11,080	8,883	5,922
Interest expense	(152,722)	(183,236)	-
Bond issuance costs	(7,125)	(2,375)	-
Sale of capital assets	12,939	(17,331)	-
Total non-operating revenue (expenses)	(11,725)	(194,059)	5,922
Income (loss) before contributions and transfers	1,071,829	511,409	267,622
Capital contributions - grants	-	-	-
Capital contributions - mains & other	1,279,838	1,662,625	-
Transfers in	29,807	16,255	4,227
Transfer out	-	-	-
Change in net position	2,381,474	2,190,289	271,849
Total net position - beginning	65,405,234	39,291,107	1,913,829
Total net position - ending	\$ 67,786,708	\$ 41,481,396	\$ 2,185,678

**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.

<u>Transfer Station</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
<u>\$ 2,931,689</u>	<u>\$ 3,419,747</u>	<u>\$ 20,211,066</u>	<u>\$ 5,765,610</u>
2,931,689	3,419,747	20,211,066	5,765,610
2,293,564	3,785,624	13,229,521	5,805,204
299,035	487,843	2,662,111	108,626
161,276	335,659	3,280,277	15,171
<u>2,753,875</u>	<u>4,609,126</u>	<u>19,171,909</u>	<u>5,929,001</u>
177,814	(1,189,379)	1,039,157	(163,391)
-	771,272	895,375	25,221
3,673	4,453	34,011	1,522
-	(14,012)	(349,970)	-
-	-	(9,500)	-
123	3,502	(767)	150
<u>3,796</u>	<u>765,215</u>	<u>569,149</u>	<u>26,893</u>
181,610	(424,164)	1,608,306	(136,498)
-	95,776	95,776	-
-	-	2,942,463	-
5,775	355,971	412,035	3,204
-	-	-	(190,465)
<u>187,385</u>	<u>27,583</u>	<u>5,058,580</u>	<u>(323,759)</u>
2,866,673	7,005,459	116,482,302	1,634,187
<u>\$ 3,054,058</u>	<u>\$ 7,033,042</u>	<u>\$ 121,540,882</u>	<u>\$ 1,310,428</u>

5,058,580

(37,325)

\$ 5,021,255

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2013

(1 of 4)

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,599,465	\$ 4,142,577	\$ 3,271,213
Payments to suppliers	(1,369,025)	(766,689)	(1,637,996)
Payments to employees	(1,436,998)	(1,016,729)	(582,302)
Payment for interfund services used	(845,785)	(781,177)	(507,112)
Net cash provided (used) by operating activities	<u>2,947,657</u>	<u>1,577,982</u>	<u>543,803</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	29,807	16,255	4,227
Transfers to other funds	-	-	-
Operating grants	119,067	-	-
Net cash provided (used) by non-capital financing activities	<u>148,874</u>	<u>16,255</u>	<u>4,227</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital grants / contributions	546,464	121,057	-
Proceeds from capital debt	507,803	-	-
Refunding bond proceeds	5,639,000	6,310,000	-
Refunding bond outflow	(5,403,268)	(6,310,000)	-
Principal payments - bonds	(155,000)	(687,000)	-
Principal payments - loans	-	-	-
Interest payments	(178,716)	(256,856)	-
Bond issuance costs	(7,125)	(2,375)	-
Purchase of capital assets	(1,102,811)	(327,161)	(32,726)
Proceeds from disposition of capital assets	25,470	-	-
Net cash provided (used) by capital and related financing activities	<u>(128,183)</u>	<u>(1,152,335)</u>	<u>(32,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in certificates of deposit	(338,285)	(3,069)	(18,851)
Interest received	11,080	8,883	5,922
Net cash provided (used) by investing activities	<u>(327,205)</u>	<u>5,814</u>	<u>(12,929)</u>
Net increase (decrease) in cash and cash equivalents	2,641,143	447,716	502,375
Cash and cash equivalents, beginning	1,842,667	2,821,644	2,453,807
Cash and cash equivalents, ending	<u>\$ 4,483,810</u>	<u>\$ 3,269,360</u>	<u>\$ 2,956,182</u>
Cash and cash equivalents, current	\$ 3,744,170	\$ 2,114,760	\$ 2,956,182
Cash and cash equivalents, noncurrent - restricted	739,640	1,154,600	-
Cash and cash equivalents, ending	<u>\$ 4,483,810</u>	<u>\$ 3,269,360</u>	<u>\$ 2,956,182</u>

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

(2 of 4)

<u>Transfer Station</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
\$ 2,919,918	\$ 3,433,958	\$ 20,367,131	\$ 5,765,610
(1,449,427)	(1,463,107)	(6,686,244)	(5,340,937)
(706,048)	(2,157,973)	(5,900,050)	(420,170)
(391,974)	(609,991)	(3,136,039)	(105,193)
<u>372,469</u>	<u>(797,113)</u>	<u>4,644,798</u>	<u>(100,690)</u>
5,775	355,971	412,035	3,204
-	-	-	(190,465)
-	765,616	884,683	25,221
<u>5,775</u>	<u>1,121,587</u>	<u>1,296,718</u>	<u>(162,040)</u>
-	-	667,521	-
-	138,066	645,869	-
-	-	11,949,000	-
-	-	(11,713,268)	-
(445,000)	(50,000)	(1,337,000)	-
-	(201,197)	(201,197)	-
(12,238)	(19,086)	(466,896)	-
-	-	(9,500)	-
(216,141)	(79,919)	(1,758,758)	(11,913)
123	5,948	31,541	-
<u>(673,256)</u>	<u>(206,188)</u>	<u>(2,192,688)</u>	<u>(11,913)</u>
65,364	13,194	(281,647)	58,341
3,673	4,453	34,011	1,522
<u>69,037</u>	<u>17,647</u>	<u>(247,636)</u>	<u>59,863</u>
(225,975)	135,933	3,501,192	(214,780)
1,526,123	1,509,712	10,153,953	1,275,573
<u>\$1,300,148</u>	<u>\$ 1,645,645</u>	<u>\$13,655,145</u>	<u>\$ 1,060,793</u>
\$1,300,148	\$ 1,645,645	\$11,760,905	\$ 1,060,793
-	-	1,894,240	-
<u>\$1,300,148</u>	<u>\$ 1,645,645</u>	<u>\$13,655,145</u>	<u>\$ 1,060,793</u>

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2013

(3 of 4)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,083,554	\$ 705,468	\$ 261,700
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,704,541	892,912	185,889
(Increase) decrease in accounts receivable	180,761	(24,660)	9,469
(Increase) decrease in inventories	(48,206)	(2,594)	(23,768)
Increase (decrease) in accounts payable	9,519	(11,329)	14,039
Increase (decrease) in customer deposits	(11,944)	-	-
Increase (decrease) in compensated absences	2,334	(85)	4,201
Increase (decrease) in other postemployment benefits	27,098	18,270	11,308
Increase (decrease) in landfill postclosure costs payable	-	-	80,965
Total adjustments	<u>1,864,103</u>	<u>872,514</u>	<u>282,103</u>
Net cash provided (used) by operating activities	<u>\$ 2,947,657</u>	<u>\$ 1,577,982</u>	<u>\$ 543,803</u>
 Supplemental disclosure of non-cash activity:			
Basis of property disposed / transferred out	\$ 12,531	\$ 17,331	\$ -
Contribution of capital assets by developers/ other governments:			
Mains	1,036,010	689,946	-
Other equipment	64,400	453,200	-
Land and easements	100,668	398,421	-

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

(4 of 4)

<u>Transfer Station</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
<u>\$ 177,814</u>	<u>\$ (1,189,379)</u>	<u>\$ 1,039,157</u>	<u>\$ (163,391)</u>
161,276	335,659	3,280,277	15,171
(11,771)	15,069	168,868	-
-	(10,982)	(85,550)	3,622
30,489	10,751	53,469	34,285
-	3,473	(8,471)	-
916	6,547	13,913	2,357
13,745	31,749	102,170	7,266
-	-	80,965	-
<u>194,655</u>	<u>392,266</u>	<u>3,605,641</u>	<u>62,701</u>
<u>\$ 372,469</u>	<u>\$ (797,113)</u>	<u>\$ 4,644,798</u>	<u>\$ (100,690)</u>

\$ - \$ 2,446 \$ 32,308 \$ -

- - 1,725,956 -
- - 517,600 -
- - 499,089 -

City of Helena, Montana
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	<u>Agency</u>
ASSETS	
Cash and investments	<u>\$ 41,337</u>
LIABILITIES	
Due to other governments	<u>\$ 41,337</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, 2013

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 the activities of the BID and TBID. The annual budgets of the BID and TBID are subject to approval by the Commission. The BID does not separately present financial information for the entity. The entire financial reporting structure of the BID consists of one individual governmental fund. Audited financial information is available in the TBID office located at 105 Reeder's Alley in Helena, Montana.

The Helena Parking Commission (HPC) consists of seven members appointed by the Mayor with the approval of the rest of the City Commission. This body was created in July 1991. Prior to that time, the City Commission acted as the Parking Commission. The purpose of the Parking Commission is to administer the downtown parking program, including administration, enforcement, and maintenance. The Mayor and City Commission may remove any member at any time. The City Commission must review and approve the annual budget of the HPC.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

2. Reporting Entity, (continued)

Discretely Presented Component Units, (continued)

The Parking Commission does not separately present financial information for the entity. The entire financial reporting structure of the Parking Commission consists of one individual business-type fund. In accordance with US GAAP the City presents a cash flow for the Parking Commission with the non-major funds since separate financial statements are not prepared.

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

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 generally 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, 2013

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.

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.

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. These funds account for monies held on behalf of the State Supreme Court, and a nationwide bus line.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 deferred 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, 2013

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 daily average 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 Statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements.

Cash and Investment Policies

Deposits - The City's policy 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 policy.

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, 2013

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 in the allowance 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. 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, and Golf Course enterprise funds, Fleet Services internal services fund, and one component unit (HPC), 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 on the Statement of Net Position is 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, 2013

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 assets 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, including the component units, 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. Deferred Revenues

Deferred revenue results when asset recognition criteria have been met and when revenue recognition criteria have not been met. These pertain to the net uncollected property tax and special assessment receivables and are classified as Deferred Revenues on the Balance Sheet of the governmental funds.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 vacation 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 Statement 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 that was 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium, discount, or bond issuance costs.

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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. 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 the same level of 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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

14. 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.

15. 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.

16. 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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 his 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 2013, the City levied 159.20 mills including an 86.01 mill all-purpose levy and an 18.40 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.

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. Encumbrances are re-appropriated in the subsequent fiscal year if approved by the City Manager.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

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 2013, 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.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

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

	<u>General</u>	<u>Special Revenue Streets</u>
Fund balances budget basis	\$ 4,437,326	\$ 3,466,398
Basis differences:		
Accrual of accounts receivable	10,243	3,256
Accrual of tax/assessment revenue	266,527	55,383
Accrual of grant revenue	117,976	-
Accrual of expenditures	(286,790)	(58,999)
Inventory	19,983	295,458
Fund balances modified accrual	<u>\$ 4,565,265</u>	<u>\$ 3,761,496</u>

	<u>Non-major Funds</u>		
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund balances budget basis	\$ 4,506,506	\$ 1,853,947	\$ 2,080,365
Basis differences:			
Accrual of accounts receivable	6,444	-	-
Notes receivable	432,450	-	-
Accrual of tax/assessment revenue	53,877	39,108	-
Accrual of grant revenue	56,324	-	62,863
Accrual of expenditures	(59,099)	-	(30,160)
Fund balances modified accrual	<u>\$ 4,996,502</u>	<u>\$ 1,893,055</u>	<u>\$ 2,113,068</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 \$134,691 and \$30,677, respectively. These balances are due to preliminary expenditures on projects that will be reimbursed at a later date from grant or special assessment revenues.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 Type		Component Units			Total
	Agency	Parking	BID	TBID		
Cash	\$ 2,152,791	\$ 41,337	\$ 15,000	\$ 145,720	\$ 209,794	\$ 2,564,642
Certificates of deposit	4,000,000	-	-	-	-	4,000,000
Total carrying amount of deposits	<u>6,152,791</u>	<u>41,337</u>	<u>15,000</u>	<u>145,720</u>	<u>209,794</u>	<u>6,564,642</u>
Investments:						
State short-term investment pool	26,991,188	-	681,964	-	-	27,673,152
Total deposits and investments	<u>\$ 33,143,979</u>	<u>\$ 41,337</u>	<u>\$ 696,964</u>	<u>\$ 145,720</u>	<u>\$ 209,794</u>	<u>\$ 34,237,794</u>

2. Deposits

Reconciliation of carrying amount to deposit balances:

	Governmental & Business Type		Component Units			Total
	Agency	Parking	BID	TBID		
Cash - carrying amount	\$ 2,152,791	\$ 41,337	\$ 15,000	\$ 145,720	\$ 209,794	\$ 2,564,642
Deposits in transit	(132,876)	(5,670)	-	-	-	(138,546)
Outstanding checks	721,597	49,612	-	-	-	771,209
Certificates of deposits	4,000,000	-	-	-	-	4,000,000
Deposit balances with financial institutions insured or collateralized with securities held in the City's name	<u>\$ 6,741,512</u>	<u>\$ 85,279</u>	<u>\$ 15,000</u>	<u>\$ 145,720</u>	<u>\$ 209,794</u>	<u>\$ 7,197,305</u>

At fiscal year end, the City's carrying amount of deposits was \$6,209,595 and the bank balance was \$6,757,271. The carrying amount of deposits for the City includes \$15,467 of the component unit cash balances. The entire cash bank balance was covered by an irrevocable, unconditional and nontransferable Letter of Credit from Federal Home Loan Bank. \$4,000,000 of certificates of deposit are covered by pledged collateral in the City's name and held by a third party.

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	\$ 14,250
Cash with fiscal agent	1,205,926

Business Type Activities:

Restricted for bond reserves	1,894,240
Total restricted cash	<u>\$ 3,114,416</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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(4).

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 fair value. The fair value of pooled investments is determined annually and is based on year-end market prices. The unit value of the pool is fixed at \$1 for both participant redemptions and purchases. Investments in STIP are carried at cost. STIP is classified as a 2A-7 like pool. 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.

	Taxes	Accounts	Special Assessments	Intergovernmental - Restricted	Total
Funds:					
General	\$ 2,255,510	\$ 10,243	\$ -	\$ 117,976	\$ 2,383,729
Streets	-	3,256	100,216	-	103,472
Water	-	1,330,083	-	8,736	1,338,819
Wastewater	-	420,427	-	-	420,427
Solid waste	-	103,550	54,764	-	158,314
Transfer station	-	153,640	-	-	153,640
Nonmajor and other funds	265,275	20,630	689,168	260,777	1,235,850
Total receivables	<u>\$ 2,520,785</u>	<u>\$ 2,041,829</u>	<u>\$ 844,148</u>	<u>\$ 387,489</u>	<u>\$ 5,794,251</u>

Discretely presented component unit receivables of \$7,452 for the BID represent special assessments receivable. Receivables of \$55,230 for the TBID represent special assessments receivable.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE D - ACCOUNTS/OTHER RECEIVABLES, (continued)

Governmental funds report deferred 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 deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Balances:

	Deferred
Deferred property taxes - general fund	\$ 1,988,983
Deferred property taxes - debt service funds	230,914
Deferred special assessments - special revenue funds	70,920
Deferred special assessments - debt service funds	604,457
Total deferred revenue for governmental funds	\$ 2,895,274

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	\$ (141,251)	\$ 141,251
Internal service funds - business-type funds	32,542	(32,542)
Interfund advance from capital improvements to golf	138,066	(138,066)
Total interfund balances receivable (payable)	\$ 29,357	\$ (29,357)

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

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	\$ 132,376
	CTEP projects	81,418
		\$ 213,794

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, 2013

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

Interfund Transfers:

	Transfers Out			Total Transfers Out
	General	Non-major governmental	Internal Service	
Transfers in:				
General	\$ -	\$ 219,865	\$ 88,190	\$ 308,055
Streets	-	-	8,430	8,430
Non-major governmental	1,304,893	31,655	17,597	1,354,145
Water	-	-	29,807	29,807
Wastewater	-	-	16,255	16,255
Solid waste	-	-	4,227	4,227
Transfer station	-	-	5,775	5,775
Non-major proprietary	338,991	-	16,980	355,971
Internal service	-	-	3,204	3,204
Total transfers in	\$ 1,643,884	\$ 251,520	\$ 190,465	\$ 2,085,869

The general fund transferred \$1,643,884 to: help finance the Civic Center and Facilities Management programs which are part of the Community Facilities fund (\$630,216), fund bus transit services (\$338,991), fund debt service payments for the Fire and Sidewalk INTERCAP loans (\$124,677), and provide funds for governmental programs capital replacements (\$550,000). The City Commission approved transferring \$200,000 in excess reserves from the Special Improvement District Revolving fund to the General fund to finance capital replacements. The City transferred \$190,465 excess reserves from the Property and Liability Insurance fund back to participating funds.

NOTE F - NOTE RECEIVABLES

Notes receivable at June 30 include the following:

Non-major Governmental:

3% Note receivable from Artisan LLP; due in monthly payments beginning August 1, 2001 through April 2034; secured by real property (a) \$ 407,450

0% Rehabilitation Loan Program/City Note receivable from Helena YWCA; due in December 2028; secured by real property (b) 25,000

Total note receivables \$ 432,450

- (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, 2013

NOTE F - NOTE RECEIVABLES, (continued)

(b) The City loaned \$25,000 to the Young Women's Christian Association for the purchase of a new boiler in 2009. The loan is a zero percent interest loan with the entire amount due December 2028. The loan is secured by the real property and must be paid back immediately if it is no longer used for housing disadvantaged women. \$10,895 was loaned from City money with the remaining \$14,105 from CDBG Rehabilitation Loan Program funds.

Discretely presented component unit (HPC) notes receivable consist of a 5% unsecured note receivable from Helena Visitor and Commerce Center, Inc. due in monthly payments of \$351 beginning September 1, 1995 through August 2020, with an outstanding balance at June 30 of \$25,309.

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	\$ 61,120,022	\$ 3,847,645	\$ (25,510)	\$ -	\$ 64,942,157
Construction in progress	4,760,768	209,135	(84,770)	(4,487,437)	397,696
Total capital assets not being depreciated	<u>65,880,790</u>	<u>4,056,780</u>	<u>(110,280)</u>	<u>(4,487,437)</u>	<u>65,339,853</u>
Capital assets being depreciated:					
Buildings	20,182,239	10,532	-	90,636	20,283,407
Improvements other than buildings	9,702,043	449,975	(19,127)	4,412,651	14,545,542
Machinery and equipment	12,603,360	1,532,421	(814,085)	-	13,321,696
Infrastructure	41,380,397	2,360,571	(29,022)	74,786	43,786,732
Total capital assets being depreciated	<u>83,868,039</u>	<u>4,353,499</u>	<u>(862,234)</u>	<u>4,578,073</u>	<u>91,937,377</u>
Less accumulated depreciation for:					
Buildings	6,204,789	342,196	-	88,190	6,635,175
Improvements other than buildings	4,224,778	427,510	(5,738)	-	4,646,550
Machinery and equipment	8,893,778	865,532	(796,496)	-	8,962,814
Infrastructure	14,652,668	560,993	(18,214)	-	15,195,447
Total accumulated depreciation	<u>33,976,013</u>	<u>2,196,231</u>	<u>(820,448)</u>	<u>88,190</u>	<u>35,439,986</u>
Total capital assets being depreciated, net	<u>49,892,026</u>	<u>2,157,268</u>	<u>(41,786)</u>	<u>4,489,883</u>	<u>56,497,391</u>
Governmental activities capital assets, net	<u>\$ 115,772,816</u>	<u>\$ 6,214,048</u>	<u>\$ (152,066)</u>	<u>\$ 2,446</u>	<u>\$ 121,837,244</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE G - CAPITAL ASSETS, (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 36,953,588	\$ 499,090	\$ -	\$ -	\$ 37,452,678
Construction in progress	948,182	1,503	(7,306)	(721,645)	220,734
Total capital assets not being depreciated	<u>37,901,770</u>	<u>500,593</u>	<u>(7,306)</u>	<u>(721,645)</u>	<u>37,673,412</u>
Capital assets being depreciated:					
Buildings	27,189,840	109,975	-	(73,428)	27,226,387
Improvements other than buildings	1,041,108	210,454	-	20,237	1,271,799
Machinery and equipment	8,083,330	412,659	(105,185)	-	8,390,804
Infrastructure	170,400,159	3,287,503	(48,520)	684,200	174,323,342
Total capital assets being depreciated	<u>206,714,437</u>	<u>4,020,591</u>	<u>(153,705)</u>	<u>631,009</u>	<u>211,212,332</u>
Less accumulated depreciation for:					
Buildings	12,387,381	839,070	-	(88,190)	13,138,261
Improvements other than buildings	471,123	61,103	-	-	532,226
Machinery and equipment	5,559,855	636,991	(83,738)	-	6,113,108
Infrastructure	107,593,592	1,753,360	(47,408)	-	109,299,544
Total accumulated depreciation	<u>126,011,951</u>	<u>3,290,524</u>	<u>(131,146)</u>	<u>(88,190)</u>	<u>129,083,139</u>
Total capital assets being depreciated, net	<u>80,702,486</u>	<u>730,067</u>	<u>(22,559)</u>	<u>719,199</u>	<u>82,129,193</u>
Business-type activities capital assets, net	<u>\$ 118,604,256</u>	<u>\$ 1,230,660</u>	<u>\$ (29,865)</u>	<u>\$ (2,446)</u>	<u>\$ 119,802,605</u>

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

Governmental activities:

General government	\$ 264,970
Public safety	529,103
Public health	203
Public works	832,478
Culture and recreation	564,303
Community development	250
Copier revolving - internal service fund charged to various functions based on their usage of the assets	4,924
	<u>\$ 2,196,231</u>

Business-type activities:

Water	\$ 1,704,541
Wastewater	892,912
Solid waste	185,889
Transfer station	161,276
Bus	169,971
Golf course	32,161
Building	5,340
City-County administration building	128,187
Fleet services - internal service fund charged to various functions based on their usage of the assets	10,247
	<u>\$ 3,290,524</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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:

2005 General Fund Bonds, 3.3 - 4.0%, payable in annual installments of \$25,000 to \$55,000, final scheduled payment August 15, 2025.	\$ 935,000
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. (less deferred premium and issuance costs)	6,520,000 (75,130)
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. (less deferred premium and issuance costs)	1,790,000 <u>(3,007)</u>
Total general obligation bonds outstanding	\$ 9,166,863
Less current portion	<u>(635,834)</u>
	<u>\$ 8,531,029</u>

In August 2005, the City issued \$1,140,000 of General Fund Bonds, Series 2005. These bonds are considered a general obligation of the City and the general credit of the City is pledged for the payment of principal and interest. However, the bonds are not secured by a pledge of the City's taxing power and the City is not obligated to levy taxes for repayment of the bonds. The purpose of the bonds is to finance improvements in the downtown area. Although these bonds are general obligation bonds, they are not subject to the statutory debt limitation. The Helena Parking Commission leases the Jackson Street parking garage that the bond funds were used to construct. The City Commission has pledged these revenues to the debt service fund to make the payments. See the related note under the Operating Leases section later in these notes.

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 refund \$1,401,000 of outstanding 1997 Series bonds with an average interest rate of 4.8%, and advance refund \$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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

General Obligation Debt, (continued)

General Obligation Bonds (continued):

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

Fiscal Year Ending June 30	Principal	Interest
2014	\$ 635,834	\$ 351,970
2015	665,710	329,795
2016	700,513	304,245
2017	745,306	277,008
2018	780,156	246,170
2019-2023	2,715,225	883,274
2024-2028	2,924,119	350,284
Total	<u>\$ 9,166,863</u>	<u>\$ 2,742,746</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)	\$ 1,967,596
General limitation percentage	<u>2.50%</u>
General limit of indebtedness	<u>49,190</u>
Outstanding general obligation bonds at June 30	9,167
Outstanding loans subject to limitation *	
Commission chamber remodel	29
Golf mowers	6
Sidewalk replacement	<u>216</u>
Total debt subject to limit	<u>9,418</u>
Excess limit over outstanding debt margin	<u>\$ 39,772</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

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 bank 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. The Helena Parking Commission contracted with the City, separately, to give the City the semi-annual debt service payment amounts using the garage receipts and other downtown parking revenues as necessary. However, the City is the only party legally obligated to make the COPs payments to the participants. Neither the City's taxing powers nor revenues are obligated to the participants.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

Annual debt service requirements to maturity for COPs including \$286,008 of deferred issuance costs are as follows:

Fiscal Year Ending June 30	Principal	Interest
2014	\$ 178,808	\$ 409,169
2015	183,641	403,619
2016	188,473	397,918
2017	198,138	391,094
2018	202,971	383,919
2019-2023	1,150,170	1,784,871
2024-2028	1,430,463	1,491,000
2029-2033	1,831,573	1,079,910
2034-2038	2,348,666	538,240
2039	546,089	29,380
Total	<u>\$ 8,258,992</u>	<u>\$ 6,909,120</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 special property tax levy as long as the balance in this fund is less than 5% 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 \$122,997 and secured outstanding bonds and warrants in the amount of \$377,937 or 33 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. The only exception is special assessment debt issued to finance improvements to the golf course. It is the intention of the City to fund the debt service from revenues generated by this nonmajor enterprise fund. Consequently, this debt is reflected in the enterprise fund type.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 June 30	Governmental		Business-type	
	Principal *	Interest	Principal	Interest
2014	\$ -	\$ 12,280	\$ 15,000	\$ 360
2015	5,000	12,158	-	-
2016	10,000	11,797	-	-
2017	50,000	10,440	-	-
2018	70,000	7,735	-	-
2019-2020	135,000	5,775	-	-
Total	<u>\$ 270,000</u>	<u>\$ 60,185</u>	<u>\$ 15,000</u>	<u>\$ 360</u>

* The City has called bonds early for all special improvement districts and has no principal liability for fiscal year 2014. However, the City will most likely call additional bonds using assessments collected and any prepayments of principal.

Special Assessment Warrants:

The City issues warrants to fund sidewalk improvements for private landowners. The Special Improvement Districts Revolving fund purchases the warrants and the receivable is included in the governmental funds' Balance Sheet. The liability is not included in the governmental funds in accordance with US GAAP. The warrants receivable and liability are not included in the government-wide financial statements as they would be an internal balance within the governmental activities column and are required to be eliminated in accordance with US GAAP.

The funds are deposited in the capital projects funds and the sidewalk improvements are completed. As of June 30 the City has issued, and purchased, \$92,937 of warrants that are paid back to the City in annual installments over a period of nine to ten years by the program participants. Interest rates vary from zero to eight percent. In 2006 the City Commission approved a resolution authorizing zero percent financing for all sidewalk replacement programs created from that date forward to encourage participation.

The interest rate remains the same over the life of each year's sidewalk replacement program. Participants receive an assessment on their tax bill the same as special improvement district bonds.

Annual debt service requirements to maturity for the warrants are as follows:

Fiscal Year June 30	Principal	Interest
2014	\$ 14,606	\$ 805
2015	14,925	486
2016	11,269	150
2017	8,872	-
2018	8,815	-
2019-2021	34,450	-
Total	<u>\$ 92,937</u>	<u>\$ 1,441</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

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 2005 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.	\$ 2,003,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2007 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.	2,156,000
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, 2014, redeemable on any date with the permission of the State.	1,325,000
Wastewater System Revenue Bonds, (DNRC Revolving Loan Program) Series 1999 Refunding, 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.	<u>5,988,000</u>
Total revenue bonds outstanding	11,472,000
Less current portion	<u>(1,011,000)</u>
Long-term bonds outstanding	<u>\$ 10,461,000</u>

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.

Also 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 \$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.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

Direct operating expenses exclude depreciation.

Debt Service Coverage in Thousands:

	<u>Water</u>	<u>Wastewater</u>
Gross revenues	\$ 6,534	\$ 4,297
Direct operating expenses	3,642	2,569
Net revenue	<u>\$ 2,892</u>	<u>\$ 1,728</u>
Maximum debt service	\$ 522	\$ 770
Percent coverage	554.0%	224.4%

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	\$ 2,883,686	\$ 1,452,433
Replacement and depreciation account	1,502,448	1,130,414
Restricted cash - revenue bond account	739,640	1,154,600
Total cash and investments	<u>\$ 5,125,774</u>	<u>\$ 3,737,447</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	Business-type	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,011,000	\$ 236,705
2015	1,074,000	216,441
2016	1,097,000	193,815
2017	1,121,000	170,704
2018	1,143,000	147,098
2019-2023	4,927,000	375,365
2024-2027	1,099,000	41,209
Total	<u>\$ 11,472,000</u>	<u>\$ 1,381,337</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

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%.

Less current portion
Long-term loans outstanding

\$	215,931
	(32,926)
\$	<u>183,005</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Loans:

Golf INTERCAP Loan, Series 2003 (Mower and Turf Sweeper) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date October 24, 2003 with a loan amount of \$56,551, semi-annual payments of varying amounts with a maturity date of February 15, 2014. Current rate - 1%	\$ 6,398
Golf INTERCAP Loan, Series 2004 (Pond Improvements) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date December 3, 2004 with a loan amount of \$62,901, semi-annual payments of varying amounts with a maturity date of February 15, 2015. Current rate - 1%	13,961
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%	141,198
CCAB Commission Chamber Remodel INTERCAP Loan, Series 2004 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date November 1, 2004, with a loan amount of \$175,974, semi-annual payments of varying amounts with a maturity date of August 15, 2014; secured by real property. Current rate - 1%.	28,748
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 \$977,748, semi-annual payments of varying amounts with a maturity date of August 15, 2018; secured by real property. Current rate - 1%.	573,689
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%.	386,391
Total business-type loans outstanding	1,150,385
Less current portion	(207,872)
Long-term loans outstanding	<u>\$ 942,513</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

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
2014	\$ 32,926	\$ 3,116	\$ 207,872	\$ 10,983
2015	34,102	2,182	197,308	13,419
2016	35,321	1,752	187,277	10,665
2017	36,583	1,306	193,741	7,949
2018	37,892	845	195,648	5,145
2019-2021	39,107	367	168,539	4,342
Total	<u>\$ 215,931</u>	<u>\$ 9,568</u>	<u>\$ 1,150,385</u>	<u>\$ 52,503</u>

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 Capital Improvement Fund - Commission approved February 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%

\$ 138,066

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
2014	\$ 27,067	\$ 1,381
2015	27,337	1,110
2016	27,610	837
2017	27,887	561
2018	28,165	282
Total	<u>\$ 138,066</u>	<u>\$ 4,171</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE H - LONG-TERM LIABILITIES, (continued)

Changes in Long-Term Liabilities

Governmental Activities Long-Term Liabilities:

The following is a summary of the changes in long-term liabilities, net of deferred issuance costs, premiums and discounts for the year ended June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation	\$ 9,772,894	\$ -	\$ 606,031	\$ 9,166,863	\$ 635,834
Loans	372,605	-	156,674	215,931	32,926
Special assessment	370,000	-	100,000	270,000	-
Certificates of participation	8,432,967	-	173,975	8,258,992	178,808
Compensated absences **	1,762,121	1,079,778	1,066,972	1,774,927	905,213
Other postemployment benefits	1,116,008	282,956	-	1,398,964	-
Warrants***	51,202	53,371	11,636	92,937	11,938
Total	21,877,797	1,416,105	2,115,288	21,178,614	1,764,719
Warrants***	(51,202)	(53,371)	(11,636)	(92,937)	(11,938)
Total	\$ 21,826,595	\$ 1,362,734	\$ 2,103,652	\$ 21,085,677	\$ 1,752,781

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

***Warrants are not included in the Statement of Net Position per the discussion in this Note under *Special Assessment Debt, Special Assessment Warrants*.

Business-Type Activities Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans	\$ 1,351,583	\$ -	\$ 201,198	\$ 1,150,385	\$ 207,872
Special assessment	65,000	-	50,000	15,000	15,000
Revenue bonds	12,015,465	12,456,803	13,000,268	11,472,000	1,011,000
Compensated absences	691,507	450,575	441,290	700,792	357,405
Other postemployment benefits	538,070	120,753	-	658,823	-
Landfill postclosure	1,795,798	182,325	101,360	1,876,763	113,058
Total	\$ 16,457,423	\$ 13,210,456	\$ 13,794,116	\$ 15,873,763	\$ 1,704,335

The Helena Parking Commission and BID had compensated absences payable of \$28,282 and \$21,277, respectively. The Helena Parking Commission had other postemployment benefits of \$74,257.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE I - CONDUIT DEBT

The City has authorized the issuance of certain bonds, in its name, to provide tax-exempt status because it perceives a substantial public benefit will be achieved through the use of the proceeds. The following describes the various types of such third-party debt.

Higher Education Revenue Bonds - These bonds were issued during fiscal year 2003, on behalf of Carroll College, to finance the construction of a new student residence hall and to refund the City's \$3,700,000 higher education revenue bonds, series 1997.

As of June 30 the status of all third-party debt issued is:

	<u>Issued</u>	<u>Outstanding</u>
Higher Education Revenue Bonds	\$ 15,000,000	\$ 12,315,000

Lewis & Clark County issued \$12,315,000 of Higher Education Revenue Bonds on behalf of Carroll College to refund these bonds on July 26, 2013.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J – 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.

	Major Special Revenue			Total
	General	Fund-Streets	Other	
Fund balances:				
Nonspendable:				
Inventory	\$ 19,983	\$ 295,458	\$ -	\$ 315,441
Total nonspendable fund balance	<u>19,983</u>	<u>295,458</u>	<u>-</u>	<u>315,441</u>
Restricted:				
Contract commitments	68,182	-	299,944	368,126
Gas tax projects	-	925,014	-	925,014
Debt service	-	-	1,893,054	1,893,054
Special assessments	-	2,541,024	3,058,182	5,599,206
Long term receivables	111,000	-	432,450	543,450
9-1-1 emergency program	-	-	22,126	22,126
Fire donations	-	-	1,941	1,941
Support services division	-	-	83,183	83,183
Park and recreation capital projects	-	-	229,704	229,704
Total restricted fund balance	<u>179,182</u>	<u>3,466,038</u>	<u>6,020,584</u>	<u>9,665,804</u>
Committed:				
Chamber of Commerce building	-	-	15,953	15,953
Neighborhood Center	-	-	63,139	63,139
Civic Center	-	-	373,369	373,369
Community facilities	-	-	800,227	800,227
Weed control	-	-	135,189	135,189
Total committed fund balance	<u>-</u>	<u>-</u>	<u>1,387,877</u>	<u>1,387,877</u>
Assigned:				
Park projects	20,000	-	21,379	41,379
Projects with no contractual commitment	14,985	-	-	14,985
Community development	-	-	4,480	4,480
Police projects	-	-	6,264	6,264
Other capital projects	-	-	1,727,409	1,727,409
Total assigned fund balance	<u>34,985</u>	<u>-</u>	<u>1,759,532</u>	<u>1,794,517</u>
Unassigned:	<u>4,331,115</u>	<u>-</u>	<u>(165,368)</u>	<u>4,165,747</u>
Total fund balances	<u>\$ 4,565,265</u>	<u>\$ 3,761,496</u>	<u>\$ 9,002,625</u>	<u>\$ 17,329,386</u>

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE J – FUND BALANCES, (continued)

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	\$ 3,155,909
State shared revenue - gas tax	552,721
Charges for services	44,294
Miscellaneous	30,586
Investment earnings	6,667
Sale of capital assets	75,274
	<u>\$ 3,865,451</u>

NOTE K - EMPLOYEE BENEFIT 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>.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE K - EMPLOYEE BENEFIT PLANS, (continued)

PERS-DCRP is a multiple-employer plan established July 1, 2002. A percentage of employer contributions are used to maintain the funding of the defined benefit plan. 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 1975 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.

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

Contribution Rates and Amounts

	<u>Employee</u>	<u>Employer</u>	<u>State</u>
PERS	7.9%	8.07%	0.10%
MPORS	5.8-9.0%	14.41%	29.37%
FURS-GABA	10.7%	14.36%	32.61%
FURS-NON-GABA	9.5%-10.7%	14.36%	32.61%

	<u>City</u>			<u>State</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2013</u>
PERS	\$ 751,993	\$ 743,829	\$ 704,829	\$ 10,636
MPORS	436,994	420,144	392,720	890,666
FURS	439,092	329,232	307,207	747,757

One hundred percent of required contributions were paid.

Postemployment Benefits Other Than Pensions – The City reported the “implied rate subsidy” liability as required by GASB Statement No. 45 for the first time in fiscal year 2009. 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 2013, the City of Helena provided employee medical insurance through a cost-sharing, multiple-employer plan run by the Montana Municipal Interlocal Authority (MMIA).

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE K - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions (continued)

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, 2013, the City had 53 retired employees, spouses and dependents and one employee under COBRA insurance coverage. In 2013 retirees contributed \$350,337 towards the cost of the City's annual premium. 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 chooses to charge a level premium for all participants to ensure it remains affordable. 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.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

	2013	2012	2011
Annual required contribution	\$ 465,852	\$ 546,839	\$ 553,349
Interest on net OPEB obligation	70,298	53,382	35,366
Annual OPEB cost (expense) ^B	536,150	600,221	588,715
Contributions made ^A	(132,441)	(202,191)	(164,816)
Increase in net OPEB obligation	403,709	398,030	423,899
Net OPEB obligation-beginning of year	1,654,078	1,256,048	832,149
Net OPEB obligation-end of year	\$ 2,057,787	\$ 1,654,078	\$ 1,256,048
Percentage of annual OPEB cost contributed ^(A/B)	25%	34%	28%

Funded Status and Funding Progress. As of June 30, 2013, the actuarial accrued liability for benefits was \$5,580,884, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$15,606,829, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36%

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE K - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions (continued)

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 Generational 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:

<u>Plan Year</u>	<u>Insurance Plan</u>			
	<u>Prescription</u>			
	<u>Medical</u>	<u>Drugs</u>	<u>Dental</u>	<u>Vision</u>
2013	9.0%	9.0%	8.0%	4.0%
2014	8.5%	8.0%	7.5%	4.0%
2015	8.0%	7.0%	7.0%	4.0%
2016	7.5%	6.0%	6.5%	4.0%
2017	7.0%	5.0%	6.0%	4.0%
2018	6.5%	5.0%	5.5%	4.0%
2019	6.0%	5.0%	5.0%	4.0%
2020	5.5%	5.0%	5.0%	4.0%
2021+	5.0%	5.0%	5.0%	4.0%

Health insurance premiums for 2012 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, 2012
- 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, 2013

NOTE L - 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:

	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 3,802,950	\$3,189,750
Other assets	2,111,164	1,984,975
Total assets	<u>5,914,114</u>	<u>5,174,725</u>
Liabilities	169,161	150,827
Net position	<u>5,744,953</u>	<u>5,023,898</u>
Revenues	3,109,601	2,939,175
Expenses	(2,705,488)	(2,549,477)
Prior period adjustment	316,942	-
Change in net position	<u>\$ 721,055</u>	<u>\$ 389,698</u>

Audited financial information is available at the Lewis and Clark Library at 120 S. Last Chance Gulch, Helena, Montana, 59601.

NOTE M - 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, 2013

NOTE N - COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30 there were uncompleted construction contracts as follows:

<u>Project #</u>	<u>Project Title</u>	<u>Balance</u>
EN0901	Henderson/Brady Signal	62,018
MR1902	M RTP Pretreatment Improvements	64,259
PR8914	Centennial Park Construction Contract	101,632
PR8935	Centennial Park Picnic Shelters	126,153
SD1904	Last Chance Gulch Detention Pond	235,197
TM2903	TMTP Backwash Recycle System	150,606
WT0902	Tenmile Watershed Fire Mitigation	164,538
		<u>\$ 904,403</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 O - 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.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE O - RISK MANAGEMENT, (continued)

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 government. 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 2013 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 2013	Fiscal 2012
Claims payable, July 1	\$ 51,637	\$ 62,464
Claims incurred	(229,227)	(243,347)
Claims paid	230,292	232,520
Claims payable, June 30	\$ 52,702	\$ 51,637

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, 2013

NOTE P - 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 increase of \$80,965. This increase 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 16.6 years primarily through the use of commercial and residential solid waste user fees.

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 \$1,876,763 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 Q - OPERATING LEASES

In June 2005, the City entered into a twenty-year operating lease to lease the Jackson Street parking garage to the Helena Parking Commission. The Helena Parking Commission will collect the parking fees and maintain the structure. The lease contains scheduled increases for twenty years beginning February 2006 and ending August 2025.

The future minimum lease payments, cost and accumulated depreciation are as follows:

<u>Minimum Lease Payments</u>		<u>Carrying Amount of Jackson St. Garage</u>	
Fiscal Year Ending	Amount	Cost	Accumulated Depreciation
June 30		\$ 3,630,137	
2014	\$ 74,000	(367,038)	
2015	94,000	<u>\$ 3,263,099</u>	
2016	94,000		
2017	94,000		
2018	100,000		
2019-2023	500,000		
2024-2026	288,000		
Total	<u>\$ 1,244,000</u>		

Lease payments were \$77,625 for the year ended June 30, 2013.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE Q - OPERATING LEASES, (continued)

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 June 1st for the next fiscal year. The future minimum lease payments, cost and accumulated depreciation are as follows:

Minimum Lease Payments		Carrying Amount of 15th St. Garage	
Fiscal Year Ending	Amount		
June 30			
2014	\$ 260,400	Cost	\$ 6,992,366
2015	260,400	Accumulated Depreciation	(365,477)
2016	260,400	Carrying Amount	<u>\$ 6,626,889</u>
2017	260,400		
2018	260,400		
2019-2023	1,302,000		
2024-2028	1,302,000		
2029-2033	1,302,000		
2034-2038	1,302,000		
2039	260,400		
Total	<u>\$ 6,770,400</u>		

Lease payments received were \$264,751 for the year ended June 30, 2013. These minimum lease payments may be reduced by permits sold to other parties at that garage.

NOTE R – RECENT ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which is effective for the City beginning in Fiscal year 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

The Government Accounting Standards Board (GASB) has issued Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62, which is effective for the City beginning in Fiscal year 2014. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance in Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

The Government Accounting Standards Board (GASB) has issued Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25, which is effective for the City beginning in Fiscal year 2015; and Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, which is effective for the City beginning in Fiscal year 2016. The objective of these statements is to improve financial reporting by state and local governmental pension plans replacing the requirements of Statements No. 25, No. 27 and No. 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE R – RECENT ACCOUNTING PRONOUNCEMENTS, (continued)

The Government Accounting Standards Board (GASB) has issued Statement No. 69, Government Combinations and Disposals of Government Operations, which is effective for the City beginning in Fiscal year 2015. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment.

The Government Accounting Standards Board (GASB) has issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which is effective for the City beginning in Fiscal year 2014. The objective of this statement is to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees.

The City has not entirely assessed the impact of Statements 65-66 and 69-70 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. The City believes Statement 67 and 68 will have a material impact on its financial statements, but will not be able to determine the amount until the State of Montana provides the estimated liability.

Section C

REQUIRED SUPPLEMENTARY INFORMATION

City of Helena, Montana
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio Percentage</u> (a/b)	<u>Annual Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> (b-a/c)
June 30, 2009	\$ -	\$7,131,232	\$7,131,232	0.00%	\$14,204,910	50.20%
June 30, 2011	\$ -	\$6,592,982	\$6,592,982	0.00%	\$14,885,377	44.29%
June 30, 2013	\$ -	\$5,580,884	\$5,580,884	0.00%	\$15,606,829	35.76%

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Section D

NON-MAJOR GOVERNMENTAL FUNDS

City of Helena, Montana
June 30, 2013

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.

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; seatbelt programs; 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.

Open Space District Maintenance - Used to account for the receipt and expenditure of assessments from each property owner within the City limits 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.

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.

City of Helena, Montana
June 30, 2013

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 by developers that are required to deposit five percent of the amount of the bonds issued for the development of new districts.

Fire INTERCAP - Used to account for funds to pay the periodic payment of interest and principal on debt issued to acquire a fire vehicle and remodel the fire station.

General Fund Bonds – Used to account for funds to pay the periodic payment of interest and principal on debt issued for improvements in the downtown area.

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 Certificates of Participation – Used to account for funds to pay the periodic payment of interest and principal on debt issued to finance the construction of the 15th Street parking garage.

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, 2013

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:

Capital Improvements - Used to account for one-time and special capital projects as well as funds earmarked for the development of parks.

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.

2008 General Obligation Parks Bonds - Used to account for the receipt and expenditure of \$7,850,000 general obligation bonds issued in April 2008. The bond proceeds were approved by the citizens to make major improvements to Centennial Park, Memorial Park pool, and Kindrick-Legion field.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue	Debt Service	Capital Projects	Total Non-major Governmental
ASSETS				
Cash and cash equivalents	\$ 3,961,745	\$ 471,314	\$ 1,886,057	\$ 6,319,116
Certificate of deposits	567,218	69,520	270,034	906,772
Receivables (net of allowance for uncollectibles)	87,598	874,479	-	962,077
Notes receivable	432,450	-	-	432,450
Warrants	-	92,937	-	92,937
Advances to other funds	-	-	138,066	138,066
Restricted assets:				
Cash with fiscal agent	-	1,205,926	-	1,205,926
Cash - revenue bond account	-	14,250	-	14,250
Intergovernmental receivable	56,324	-	62,865	119,189
Total assets	<u>5,105,335</u>	<u>2,728,426</u>	<u>2,357,022</u>	<u>10,190,783</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	82,746	-	30,160	112,906
Due to other funds	-	-	213,794	213,794
Deferred revenue	26,087	835,371	-	861,458
Total liabilities	<u>108,833</u>	<u>835,371</u>	<u>243,954</u>	<u>1,188,158</u>
Fund balance:				
Restricted	3,597,881	1,893,055	529,648	6,020,584
Committed	1,387,877	-	-	1,387,877
Assigned	10,744	-	1,748,788	1,759,532
Unassigned	-	-	(165,368)	(165,368)
Total fund balance	<u>4,996,502</u>	<u>1,893,055</u>	<u>2,113,068</u>	<u>9,002,625</u>
Total liabilities and fund balance	<u>\$ 5,105,335</u>	<u>\$ 2,728,426</u>	<u>\$ 2,357,022</u>	<u>\$ 10,190,783</u>

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-major Governmental</u>
REVENUES				
Taxes: property taxes	\$ -	\$ 1,025,134	\$ -	\$ 1,025,134
Special assessments	2,312,322	137,136	-	2,449,458
Licenses and permits	8,118	-	10,000	18,118
Intergovernmental	2,100,123	667,922	520,173	3,288,218
Charges for services	1,376,026	-	6,901	1,382,927
Investment earnings	19,957	4,077	6,564	30,598
Miscellaneous	129,402	-	281,868	411,270
Total revenues	<u>5,945,948</u>	<u>1,834,269</u>	<u>825,506</u>	<u>8,605,723</u>
EXPENDITURES				
Current:				
General government	731,617	70,737	1,211	803,565
Public safety	1,608,674	-	24,954	1,633,628
Public works	1,200,415	-	187,157	1,387,572
Culture and recreation	1,533,896	-	23,811	1,557,707
Community development	329,987	-	-	329,987
Debt Service:				
Principal	-	1,058,311	-	1,058,311
Interest	-	806,001	-	806,001
Capital outlay	1,177,585	-	1,401,230	2,578,815
Total expenditures	<u>6,582,174</u>	<u>1,935,049</u>	<u>1,638,363</u>	<u>10,155,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(636,226)</u>	<u>(100,780)</u>	<u>(812,857)</u>	<u>(1,549,863)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	53,371	53,371
Sale of capital assets	29,172	-	-	29,172
Transfers in	647,812	125,333	581,000	1,354,145
Transfers out	(50,865)	(200,655)	-	(251,520)
Total other financing sources and uses	<u>626,119</u>	<u>(75,322)</u>	<u>634,371</u>	<u>1,185,168</u>
Net change in fund balances	(10,107)	(176,102)	(178,486)	(364,695)
Fund balances - beginning	5,006,609	2,069,157	2,291,554	9,367,320
Fund balance - ending	<u>\$ 4,996,502</u>	<u>\$ 1,893,055</u>	<u>\$ 2,113,068</u>	<u>\$ 9,002,625</u>

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2013

(1 of 2)

	<u>Storm Water</u>	<u>Community Development</u>	<u>Community Facilities</u>	<u>Police Programs</u>
ASSETS				
Cash and cash equivalents	\$ 1,520,418	\$ 3,919	\$ 1,114,898	\$ 113,450
Certificates of deposit	217,684	561	159,624	16,243
Receivables (net of allowance for uncollectibles)	27,749	-	-	7,634
Restricted assets:				
Intergovernmental receivable	-	-	-	3,656
Notes receivable	-	432,450	-	-
Total assets	<u>1,765,851</u>	<u>436,930</u>	<u>1,274,522</u>	<u>140,983</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	8,847	-	21,834	29,411
Deferred revenues	9,034	-	-	-
Total liabilities	<u>17,881</u>	<u>-</u>	<u>21,834</u>	<u>29,411</u>
Fund balance:				
Restricted	1,747,970	432,450	-	105,308
Committed	-	-	1,252,688	-
Assigned	-	4,480	-	6,264
Total fund balance	<u>1,747,970</u>	<u>436,930</u>	<u>1,252,688</u>	<u>111,572</u>
Total liabilities and fund balance	<u>\$1,765,851</u>	<u>\$ 436,930</u>	<u>\$1,274,522</u>	<u>\$ 140,983</u>

<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>
\$ 1,698	\$ 263,016	\$ 211,282	\$ 123,590	\$ 609,474	\$ 3,961,745
243	37,657	30,250	17,695	87,261	567,218
-	10,879	8,443	-	32,893	87,598
-	52,668	-	-	-	56,324
-	-	-	-	-	432,450
<u>1,941</u>	<u>364,220</u>	<u>249,975</u>	<u>141,285</u>	<u>729,628</u>	<u>5,105,335</u>
-	11,609	4,949	6,096	-	82,746
-	4,804	3,473	-	8,776	26,087
-	16,413	8,422	6,096	8,776	108,833
1,941	347,807	241,553	-	720,852	3,597,881
-	-	-	135,189	-	1,387,877
-	-	-	-	-	10,744
<u>1,941</u>	<u>347,807</u>	<u>241,553</u>	<u>135,189</u>	<u>720,852</u>	<u>4,996,502</u>
<u>\$ 1,941</u>	<u>\$ 364,220</u>	<u>\$ 249,975</u>	<u>\$ 141,285</u>	<u>\$ 729,628</u>	<u>\$ 5,105,335</u>

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, 2013

(1 of 2)

	<u>Storm Water</u>	<u>Community Development</u>	<u>Community Facilities</u>	<u>Police Programs</u>
REVENUES				
Special assessments	\$ 930,492	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	8,118
Intergovernmental	-	328,848	-	1,498,607
Charges for services	-	-	1,213,370	86,408
Investment earnings	4,583	12,028	2,302	441
Miscellaneous	16,040	2,349	71,279	631
	<u>951,115</u>	<u>343,225</u>	<u>1,286,951</u>	<u>1,594,205</u>
EXPENDITURES				
Current:				
General government	-	-	731,617	-
Public safety	-	-	-	1,606,106
Public works	394,065	-	-	-
Culture and recreation	-	-	969,835	-
Community development	-	329,987	-	-
Capital outlay	661,112	-	37,460	142,749
Total expenditures	<u>1,055,177</u>	<u>329,987</u>	<u>1,738,912</u>	<u>1,748,855</u>
Revenues over (under) expenditures	<u>(104,062)</u>	<u>13,238</u>	<u>(451,961)</u>	<u>(154,650)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	1,097	-	636,162	8,645
Transfers out	-	-	(31,000)	(19,865)
Total other financing sources (uses)	<u>1,097</u>	<u>-</u>	<u>605,162</u>	<u>(11,220)</u>
Net change in fund balances	<u>(102,965)</u>	<u>13,238</u>	<u>153,201</u>	<u>(165,870)</u>
Fund balance-beginning	1,850,935	423,692	1,099,487	277,442
Fund balance-ending	<u>\$ 1,747,970</u>	<u>\$ 436,930</u>	<u>\$ 1,252,688</u>	<u>\$ 111,572</u>

(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>
\$ -	\$ 309,763	\$ 249,771	\$ -	\$ 822,296	\$ 2,312,322
-	-	-	-	-	8,118
-	272,668	-	-	-	2,100,123
-	3,165	-	73,083	-	1,376,026
-	603	-	-	-	19,957
400	-	-	-	38,703	129,402
<u>400</u>	<u>586,199</u>	<u>249,771</u>	<u>73,083</u>	<u>860,999</u>	<u>5,945,948</u>
-	-	-	-	-	731,617
2,568	-	-	-	-	1,608,674
-	-	-	-	806,350	1,200,415
-	305,353	188,846	69,862	-	1,533,896
-	-	-	-	-	329,987
-	301,080	35,184	-	-	1,177,585
<u>2,568</u>	<u>606,433</u>	<u>224,030</u>	<u>69,862</u>	<u>806,350</u>	<u>6,582,174</u>
<u>(2,168)</u>	<u>(20,234)</u>	<u>25,741</u>	<u>3,221</u>	<u>54,649</u>	<u>(636,226)</u>
-	29,172	-	-	-	29,172
-	659	823	426	-	647,812
-	-	-	-	-	(50,865)
-	29,831	823	426	-	626,119
<u>(2,168)</u>	<u>9,597</u>	<u>26,564</u>	<u>3,647</u>	<u>54,649</u>	<u>(10,107)</u>
4,109	338,210	214,989	131,542	666,203	5,006,609
<u>\$ 1,941</u>	<u>\$ 347,807</u>	<u>\$ 241,553</u>	<u>\$ 135,189</u>	<u>\$ 720,852</u>	<u>\$ 4,996,502</u>

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, 2013

(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	\$ 873,500	\$ 873,500	\$ 929,101	\$ 55,601	\$ -	\$ -	\$ -	\$ -
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	-	-	-	-	1,143,896	328,848	(815,048)
State shared revenues	-	-	-	-	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Investment earnings	3,800	3,800	4,583	783	-	-	1	1
Miscellaneous	-	16,000	16,040	40	-	1,200	2,349	1,149
Total revenue	877,300	893,300	949,724	56,424	-	1,145,096	331,198	(813,898)
EXPENDITURES								
Current:								
General government								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public safety								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public works								
Personal services	169,460	169,460	164,036	5,424	-	-	-	-
Supplies/services/materials	355,522	268,252	231,543	36,709	-	-	-	-
Culture and recreation								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Community development								
Supplies/services/materials	-	-	-	-	1,120	1,146,216	329,987	816,229
Capital outlay	358,060	1,637,135	658,430	978,705	-	-	-	-
Total expenditures	883,042	2,074,847	1,054,009	1,020,838	1,120	1,146,216	329,987	816,229
Revenues over (under) expenditures	(5,742)	(1,181,547)	(104,285)	1,077,262	(1,120)	(1,120)	1,211	2,331
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	1,097	1,097	1,097	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,097	1,097	1,097	-	-	-	-	-
Net change in fund balances	\$ (4,645)	\$ (1,180,450)	(103,188)	\$ 1,077,262	\$ (1,120)	\$ (1,120)	1,211	\$ 2,331
Fund balances - beginning			1,839,198				3,269	
Fund balance - ending			\$ 1,736,010				\$ 4,480	

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	8,118	(1,882)	-	-	-	-
-	-	-	-	37,661	42,261	38,168	(4,093)	-	-	-	-
-	-	-	-	463,200	463,200	327,353	(135,847)	-	-	-	-
-	-	-	-	1,129,700	1,129,700	1,129,700	-	-	-	-	-
-	-	-	-	128,600	128,600	79,695	(48,905)	-	-	-	-
832,163	1,188,487	1,213,370	24,883	-	-	-	-	-	-	-	-
1,740	1,740	2,302	562	2,100	2,100	441	(1,659)	-	-	-	-
94,040	94,040	71,279	(22,761)	-	-	631	631	-	-	400	400
927,943	1,284,267	1,286,951	2,684	1,771,261	1,775,861	1,584,106	(191,755)	-	-	400	400
197,978	197,978	196,790	1,188	-	-	-	-	-	-	-	-
652,441	656,522	544,466	112,056	-	-	-	-	-	-	-	-
-	-	-	-	1,278,526	1,283,126	1,158,800	124,326	-	4,109	2,568	1,541
-	-	-	-	507,726	507,726	445,756	61,970	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
350,156	362,050	356,646	5,404	-	-	-	-	-	-	-	-
330,540	627,082	613,653	13,429	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
32,100	32,100	25,234	6,866	133,500	150,325	145,117	5,208	-	-	-	-
1,563,215	1,875,732	1,736,789	138,943	1,919,752	1,941,177	1,749,673	191,504	-	4,109	2,568	1,541
(635,272)	(591,465)	(449,838)	141,627	(148,491)	(165,316)	(165,567)	(251)	-	(4,109)	(2,168)	1,941
-	-	-	-	-	-	-	-	-	-	-	-
636,162	636,162	636,162	-	60,931	60,931	60,931	-	-	-	-	-
(6,000)	(31,000)	(31,000)	-	(71,947)	(72,197)	(72,151)	46	-	-	-	-
630,162	605,162	605,162	-	(11,016)	(11,266)	(11,220)	46	-	-	-	-
\$ (5,110)	\$ 13,697	155,324	\$ 141,627	\$ (159,507)	\$ (176,582)	(176,787)	\$ (205)	\$ -	\$ (4,109)	(2,168)	\$ 1,941
		1,111,378				301,060				4,109	
		\$ 1,266,702				\$ 124,273				\$ 1,941	

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, 2013

(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	\$ 321,500	\$ 321,500	\$ 309,525	\$ (11,975)	\$ 230,000	\$ 230,000	\$ 249,406	\$ 19,406
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	822,095	286,623	(535,472)	-	-	-	-
State shared revenues	-	75,000	-	(75,000)	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	1,572	1,572	3,165	1,593	-	-	-	-
Investment earnings	875	875	603	(272)	-	-	-	-
Miscellaneous	5,000	5,000	-	(5,000)	-	-	-	-
Total revenue	<u>328,947</u>	<u>1,226,042</u>	<u>599,916</u>	<u>(626,126)</u>	<u>230,000</u>	<u>230,000</u>	<u>249,406</u>	<u>19,406</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	105,066	105,066	103,213	1,853	128,509	128,509	130,321	(1,812)
Supplies/services/materials	175,336	936,409	205,744	730,665	80,406	81,806	59,496	22,310
Community development								
Supplies/services/materials	-	-	-	-	-	-	-	-
Capital outlay	7,000	311,874	309,039	2,835	-	35,500	35,184	316
Total expenditures	<u>287,402</u>	<u>1,353,349</u>	<u>617,996</u>	<u>735,353</u>	<u>208,915</u>	<u>245,815</u>	<u>225,001</u>	<u>20,814</u>
Revenues over (under) expenditures	<u>41,545</u>	<u>(127,307)</u>	<u>(18,080)</u>	<u>109,227</u>	<u>21,085</u>	<u>(15,815)</u>	<u>24,405</u>	<u>40,220</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	29,172	29,172	-	-	-	-
Transfers in	659	659	659	-	823	823	823	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>659</u>	<u>659</u>	<u>29,831</u>	<u>29,172</u>	<u>823</u>	<u>823</u>	<u>823</u>	<u>-</u>
Net change in fund balances	<u>\$ 42,204</u>	<u>\$ (126,648)</u>	<u>11,751</u>	<u>\$ 138,399</u>	<u>\$ 21,908</u>	<u>\$ (14,992)</u>	<u>25,228</u>	<u>\$ 40,220</u>
Fund balances - beginning			285,290				213,980	
Fund balance - ending			<u>\$ 297,041</u>				<u>\$ 239,208</u>	

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)
\$ -	\$ -	\$ -	\$ -	\$ 760,357	\$ 782,857	\$ 819,745	\$ 36,888	\$ 2,185,357	\$ 2,207,857	\$ 2,307,777	\$ 99,920
-	-	-	-	-	-	-	-	10,000	10,000	8,118	(1,882)
-	-	-	-	-	-	-	-	37,661	2,008,252	653,639	(1,354,613)
-	-	-	-	-	-	-	-	463,200	538,200	327,353	(210,847)
-	-	-	-	-	-	-	-	1,129,700	1,129,700	1,129,700	-
-	-	-	-	-	-	-	-	128,600	128,600	79,695	(48,905)
73,083	73,083	73,083	-	-	-	-	-	906,818	1,263,142	1,289,618	26,476
-	-	-	-	-	-	-	-	8,515	8,515	7,930	(585)
-	-	-	-	-	22,100	38,703	16,603	99,040	138,340	129,402	(8,938)
<u>73,083</u>	<u>73,083</u>	<u>73,083</u>	<u>-</u>	<u>760,357</u>	<u>804,957</u>	<u>858,448</u>	<u>53,491</u>	<u>4,968,891</u>	<u>7,432,606</u>	<u>5,933,232</u>	<u>(1,499,374)</u>
-	-	-	-	-	-	-	-	197,978	197,978	196,790	1,188
-	-	-	-	-	-	-	-	652,441	656,522	544,466	112,056
-	-	-	-	-	-	-	-	1,278,526	1,287,235	1,161,368	125,867
-	-	-	-	-	-	-	-	507,726	507,726	445,756	61,970
-	-	-	-	-	-	-	-	169,460	169,460	164,036	5,424
-	-	-	-	849,878	899,378	806,350	93,028	1,205,400	1,167,630	1,037,893	129,737
67,779	67,779	40,555	27,224	-	-	-	-	651,510	663,404	630,735	32,669
41,324	41,324	33,488	7,836	-	-	-	-	627,606	1,686,621	912,381	774,240
-	-	-	-	-	-	-	-	1,120	1,146,216	329,987	816,229
-	-	-	-	-	-	-	-	530,660	2,166,934	1,173,004	993,930
<u>109,103</u>	<u>109,103</u>	<u>74,043</u>	<u>35,060</u>	<u>849,878</u>	<u>899,378</u>	<u>806,350</u>	<u>93,028</u>	<u>5,822,427</u>	<u>9,649,726</u>	<u>6,596,416</u>	<u>3,053,310</u>
<u>(36,020)</u>	<u>(36,020)</u>	<u>(960)</u>	<u>35,060</u>	<u>(89,521)</u>	<u>(94,421)</u>	<u>52,098</u>	<u>146,519</u>	<u>(853,536)</u>	<u>(2,217,120)</u>	<u>(663,184)</u>	<u>1,553,936</u>
-	-	-	-	-	-	-	-	-	-	29,172	29,172
426	426	426	-	-	-	-	-	700,098	700,098	700,098	-
-	-	-	-	-	-	-	-	(77,947)	(103,197)	(103,151)	46
<u>426</u>	<u>426</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,151</u>	<u>596,901</u>	<u>626,119</u>	<u>29,218</u>
<u>\$ (35,594)</u>	<u>\$ (35,594)</u>	<u>(534)</u>	<u>\$ 35,060</u>	<u>\$ (89,521)</u>	<u>\$ (94,421)</u>	<u>52,098</u>	<u>\$ 146,519</u>	<u>\$ (231,385)</u>	<u>\$ (1,620,219)</u>	<u>(37,065)</u>	<u>\$ 1,583,154</u>
		140,649				644,638				4,543,571	
		<u>\$ 140,115</u>				<u>\$ 696,736</u>				<u>\$ 4,506,506</u>	

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2013

(1 of 2)

	Special Improvement Districts	Special Improvement Districts Revolving	Fire INTERCAP	General Fund Bonds
ASSETS				
Cash and cash equivalents	\$ 36,768	\$ 12,045	\$ -	\$ 1,979
Certificates of deposit	5,264	3,765	-	283
Receivables (net of allowance for uncollectibles)	350,436	-	-	-
Warrants	-	92,937	-	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Cash - bond accounts	-	14,250	-	-
Total assets	<u>392,468</u>	<u>122,997</u>	<u>-</u>	<u>2,262</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Deferred revenues	348,198	-	-	-
Total liabilities	<u>348,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted	44,270	122,997	-	2,262
Total fund balance	<u>44,270</u>	<u>122,997</u>	<u>-</u>	<u>2,262</u>
Total liabilities and fund balance	\$ 392,468	\$ 122,997	\$ -	\$ 2,262

2008 Park and Recreation General Obligation	2009 Certificates of Participation	2009		Total
		Open Space and Fire Truck General Obligation Refunding	Sidewalk General Obligation Loans	
\$ 142,773	\$ -	\$ 245,860	\$ 31,889	\$ 471,314
20,441	-	35,201	4,566	69,520
103,962	-	161,313	258,768	874,479
-	-	-	-	92,937
-	1,205,926	-	-	1,205,926
-	-	-	-	14,250
<u>267,176</u>	<u>1,205,926</u>	<u>442,374</u>	<u>295,223</u>	<u>2,728,426</u>
<u>80,382</u>	<u>-</u>	<u>150,533</u>	<u>256,258</u>	<u>835,371</u>
<u>80,382</u>	<u>-</u>	<u>150,533</u>	<u>256,258</u>	<u>835,371</u>
<u>186,794</u>	<u>1,205,926</u>	<u>291,841</u>	<u>38,965</u>	<u>1,893,055</u>
<u>186,794</u>	<u>1,205,926</u>	<u>291,841</u>	<u>38,965</u>	<u>1,893,055</u>
<u>\$ 267,176</u>	<u>\$ 1,205,926</u>	<u>\$ 442,374</u>	<u>\$295,223</u>	<u>\$ 2,728,426</u>

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, 2013

(1 of 2)

	Special Improvement Districts	Special Improvement Districts Revolving	Fire INTERCAP	General Fund Bonds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	93,631	86	-	-
Intergovernmental	-	-	-	77,625
Investment earnings	28	1,344	-	6
Total revenues	<u>93,659</u>	<u>1,430</u>	<u>-</u>	<u>77,631</u>
EXPENDITURES				
General government	24,319	37,822	-	250
Debt service:				
Principal	105,490	-	124,884	35,000
Interest	16,421	-	1,169	42,625
Total expenditures	<u>146,230</u>	<u>37,822</u>	<u>126,053</u>	<u>77,875</u>
Revenue over (under) expenditures	<u>(52,571)</u>	<u>(36,392)</u>	<u>(126,053)</u>	<u>(244)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	655	121,680	-
Transfers out	(655)	(200,000)	-	-
Total other financing sources (uses)	<u>(655)</u>	<u>(199,345)</u>	<u>121,680</u>	<u>-</u>
Net change in fund balances	<u>(53,226)</u>	<u>(235,737)</u>	<u>(4,373)</u>	<u>(244)</u>
Fund balance - beginning	97,496	358,734	4,373	2,506
Fund balance - ending	<u>\$ 44,270</u>	<u>\$ 122,997</u>	<u>\$ -</u>	<u>\$ 2,262</u>

2008	2009			Total
Park & Recreation General Obligation	2009 Certificates of Participation	Open Space and Fire Truck General Obligation Refunding	Sidewalk General Obligation Loans	
\$ 695,032	\$ -	\$ 330,102	\$ -	\$ 1,025,134
-	-	-	43,419	137,136
-	590,297	-	-	667,922
(244)	2,767	111	65	4,077
<u>694,788</u>	<u>593,064</u>	<u>330,213</u>	<u>43,484</u>	<u>1,834,269</u>
5,296	2,750	300	-	70,737
305,000	180,000	270,000	37,937	1,058,311
255,420	414,569	72,800	2,997	806,001
<u>565,716</u>	<u>597,319</u>	<u>343,100</u>	<u>40,934</u>	<u>1,935,049</u>
<u>129,072</u>	<u>(4,255)</u>	<u>(12,887)</u>	<u>2,550</u>	<u>(100,780)</u>
-	-	-	2,998	125,333
-	-	-	-	(200,655)
-	-	-	2,998	(75,322)
129,072	(4,255)	(12,887)	5,548	(176,102)
57,722	1,210,181	304,728	33,417	2,069,157
<u>\$ 186,794</u>	<u>\$ 1,205,926</u>	<u>\$ 291,841</u>	<u>\$ 38,965</u>	<u>\$ 1,893,055</u>

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, 2013

(1 of 4)

	Special Improvement Districts				Special Improvement Districts Revolving			
	Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	86,176	86,176	97,984	11,808	-	-	86	86
Intergovernmental - other	-	-	-	-	-	-	-	-
Investment earnings	-	-	28	28	1,000	1,000	1,344	344
Total revenues	<u>86,176</u>	<u>86,176</u>	<u>98,012</u>	<u>11,836</u>	<u>1,000</u>	<u>1,000</u>	<u>1,430</u>	<u>430</u>
EXPENDITURES								
General government	26,500	26,500	24,319	2,181	38,123	38,123	3,047	35,076
Debt service:								
Principal	110,493	110,493	105,490	5,003	-	-	-	-
Interest	17,584	17,584	16,421	1,163	-	-	-	-
Total expenditures	<u>154,577</u>	<u>154,577</u>	<u>146,230</u>	<u>8,347</u>	<u>38,123</u>	<u>38,123</u>	<u>3,047</u>	<u>35,076</u>
Revenue over (under) expenditures	<u>(68,401)</u>	<u>(68,401)</u>	<u>(48,218)</u>	<u>20,183</u>	<u>(37,123)</u>	<u>(37,123)</u>	<u>(1,617)</u>	<u>35,506</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	655	655
Transfers out	-	-	(655)	(655)	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(655)</u>	<u>(655)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(199,345)</u>	<u>655</u>
Net change in fund balances	<u>\$ (68,401)</u>	<u>\$ (68,401)</u>	<u>(48,873)</u>	<u>\$ 19,528</u>	<u>\$ (237,123)</u>	<u>\$ (237,123)</u>	<u>(200,962)</u>	<u>\$ 36,161</u>
Fund balance - beginning			90,906				323,958	
Fund balance - ending			<u>\$ 42,033</u>				<u>\$ 122,996</u>	

Fire INTERCAP				General Fund Bonds				2008 Park & Recreation General Obligation			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 747,000	\$ 747,000	\$ 682,008	\$ (64,992)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	80,000	80,000	77,625	(2,375)	-	-	-	-
-	-	-	-	-	-	6	6	(250)	(250)	(244)	6
-	-	-	-	80,000	80,000	77,631	(2,369)	746,750	746,750	681,764	(64,986)
-	-	-	-	300	300	250	50	1,050	5,300	5,296	4
124,884	124,884	124,884	-	35,000	35,000	35,000	-	305,000	305,000	305,000	-
1,825	1,825	1,170	655	42,626	42,626	42,625	1	255,420	255,420	255,420	-
126,709	126,709	126,054	655	77,926	77,926	77,875	51	561,470	565,720	565,716	4
(126,709)	(126,709)	(126,054)	655	2,074	2,074	(244)	(2,318)	185,280	181,030	116,048	(64,982)
122,342	122,342	121,680	(662)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
122,342	122,342	121,680	(662)	-	-	-	-	-	-	-	-
\$ (4,367)	\$ (4,367)	(4,374)	\$ (7)	\$ 2,074	\$ 2,074	(244)	\$ (2,318)	\$ 185,280	\$ 181,030	116,048	\$ (64,982)
		4,374				2,506				47,165	
		\$ -				\$ 2,262				\$ 163,213	

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, 2013

(3 of 4)

	2009 Certificates of Participation				2009 Open Space and Fire Truck General Obligation Refunding			
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
				Positive (Negative)				Positive (Negative)
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 355,200	\$ 355,200	\$ 323,929	\$ (31,271)
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental - other	597,170	597,170	590,297	(6,873)	-	-	-	-
Investment earnings	10,000	10,000	2,767	(7,233)	500	500	111	(389)
Total revenues	607,170	607,170	593,064	(14,106)	355,700	355,700	324,040	(31,660)
EXPENDITURES								
General government	3,000	3,000	2,750	250	300	300	300	-
Debt service:								
Principal	180,000	180,000	180,000	-	270,000	270,000	270,000	-
Interest	414,570	414,570	414,569	1	72,800	72,800	72,800	-
Total expenditures	597,570	597,570	597,319	251	343,100	343,100	343,100	-
Revenue over (under) expenditures	9,600	9,600	(4,255)	(13,855)	12,600	12,600	(19,060)	(31,660)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 9,600	\$ 9,600	(4,255)	\$ (13,855)	\$ 12,600	\$ 12,600	(19,060)	\$ (31,660)
Fund balance - beginning			1,210,181				300,121	
Fund balance - ending			\$ 1,205,926				\$ 281,061	

Sidewalk General Obligation Loans				Total Non-major Debt Service			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,102,200	\$ 1,102,200	\$ 1,005,937	\$ (96,263)
35,593	35,593	41,555	5,962	121,769	121,769	139,625	17,856
-	-	-	-	677,170	677,170	667,922	(9,248)
-	-	65	65	11,250	11,250	4,077	(7,173)
<u>35,593</u>	<u>35,593</u>	<u>41,620</u>	<u>6,027</u>	<u>1,912,389</u>	<u>1,912,389</u>	<u>1,817,561</u>	<u>(94,828)</u>
-	-	-	-	69,273	73,523	35,962	37,561
35,270	40,610	37,937	2,673	1,060,647	1,065,987	1,058,311	7,676
4,680	4,680	2,997	1,683	809,505	809,505	806,002	3,503
39,950	45,290	40,934	4,356	1,939,425	1,949,015	1,900,275	48,740
<u>(4,357)</u>	<u>(9,697)</u>	<u>686</u>	<u>10,383</u>	<u>(27,036)</u>	<u>(36,626)</u>	<u>(82,714)</u>	<u>(46,088)</u>
4,680	4,680	2,997	(1,683)	127,022	127,022	125,332	(1,690)
-	-	-	-	(200,000)	(200,000)	(200,655)	(655)
4,680	4,680	2,997	(1,683)	(72,978)	(72,978)	(75,323)	(2,345)
\$ 323	\$ (5,017)	3,683	\$ 8,700	\$ (100,014)	\$ (109,604)	\$ (158,037)	\$ (48,433)
		32,773				2,011,984	
		\$ 36,456				\$ 1,853,947	

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2013

	Capital Improvements	Special Improvement Districts Construction	CTEP Projects	2008 General Obligation Parks Bonds	Total
ASSETS					
Cash and cash equivalents	\$ 1,615,177	\$ -	\$ -	\$ 270,880	\$ 1,886,057
Certificates of deposit	231,251	-	-	38,783	270,034
Advances to other funds	138,066	-	-	-	138,066
Restricted assets:					
Intergovernmental receivable	-	-	62,865	-	62,865
Total assets	<u>1,984,494</u>	<u>-</u>	<u>62,865</u>	<u>309,663</u>	<u>2,357,022</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	6,002	2,315	12,124	9,719	30,160
Due to other funds	-	132,376	81,418	-	213,794
Total liabilities	<u>6,002</u>	<u>134,691</u>	<u>93,542</u>	<u>9,719</u>	<u>243,954</u>
Fund balance:					
Restricted	229,704	-	-	299,944	529,648
Assigned	1,748,788	-	-	-	1,748,788
Unassigned	-	(134,691)	(30,677)	-	(165,368)
Total fund balances	<u>1,978,492</u>	<u>(134,691)</u>	<u>(30,677)</u>	<u>299,944</u>	<u>2,113,068</u>
Total liabilities and fund balance	<u>\$ 1,984,494</u>	<u>\$ -</u>	<u>\$ 62,865</u>	<u>\$ 309,663</u>	<u>\$ 2,357,022</u>

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, 2013

	Capital Improvements	Special Improvement Districts Construction	CTEP Projects	2008 General Obligation Parks Bonds	Total
REVENUES					
Licenses and permits	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Intergovernmental	430,000	-	90,173	-	520,173
Charges for services - culture and recreation	6,901	-	-	-	6,901
Investment earnings	4,900	-	-	1,664	6,564
Miscellaneous	279,953	1,915	-	-	281,868
Total revenues	<u>731,754</u>	<u>1,915</u>	<u>90,173</u>	<u>1,664</u>	<u>825,506</u>
EXPENDITURES					
Current:					
General government	1,211	-	-	-	1,211
Public safety	24,954	-	-	-	24,954
Public works	-	187,157	-	-	187,157
Culture and recreation	23,811	-	-	-	23,811
Capital outlay	878,439	-	98,561	424,230	1,401,230
Total expenditures	<u>928,415</u>	<u>187,157</u>	<u>98,561</u>	<u>424,230</u>	<u>1,638,363</u>
Revenues over (under) expenditures	<u>(196,661)</u>	<u>(185,242)</u>	<u>(8,388)</u>	<u>(422,566)</u>	<u>(812,857)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	53,371	-	-	53,371
Transfers in	581,000	-	-	-	581,000
Total other financing sources (uses)	<u>581,000</u>	<u>53,371</u>	<u>-</u>	<u>-</u>	<u>634,371</u>
Net change in fund balances	384,339	(131,871)	(8,388)	(422,566)	(178,486)
Fund balance - beginning	1,594,153	(2,820)	(22,289)	722,510	2,291,554
Fund balance - ending	<u>\$ 1,978,492</u>	<u>\$ (134,691)</u>	<u>\$ (30,677)</u>	<u>\$ 299,944</u>	<u>\$ 2,113,068</u>

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, 2013

(1 of 4)

	Capital Improvements			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 10,000	\$ 10,000
Intergovernmental				
Federal	430,000	430,000	430,000	-
Charges for services	4,000	4,000	6,901	2,901
Investment earnings	2,500	2,500	4,900	2,400
Miscellaneous	26,000	30,400	279,953	249,553
Total revenues	<u>462,500</u>	<u>466,900</u>	<u>731,754</u>	<u>264,854</u>
EXPENDITURES				
Current:				
Public safety	21,000	21,000	20,831	169
Public works	-	-	-	-
Culture and recreation	37,080	34,734	23,811	10,923
Capital outlay	763,893	976,583	877,771	98,812
Total expenditures	<u>821,973</u>	<u>1,032,317</u>	<u>922,413</u>	<u>109,904</u>
Revenue over (under) expenditures	<u>(359,473)</u>	<u>(565,417)</u>	<u>(190,659)</u>	<u>374,758</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	556,000	581,000	581,000	-
Total other financing sources (uses)	<u>556,000</u>	<u>581,000</u>	<u>581,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 196,527</u>	<u>\$ 15,583</u>	390,341	<u>\$ 374,758</u>
Fund balance - beginning			1,594,154	
Fund balance - ending			<u>\$ 1,984,495</u>	

Special Improvement Districts Construction				CTEP Projects			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	170,767	1,070,980	92,785	(978,195)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,915	1,915	22,917	165,892	-	(165,892)
-	-	1,915	1,915	193,684	1,236,872	92,785	(1,144,087)
-	-	-	-	-	-	-	-
150,000	250,000	197,278	52,722	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	193,684	1,094,626	86,436	1,008,190
150,000	250,000	197,278	52,722	193,684	1,094,626	86,436	1,008,190
(150,000)	(250,000)	(195,363)	54,637	-	142,246	6,349	(135,897)
150,000	250,000	53,371	(196,629)	-	-	-	-
-	-	-	-	-	-	-	-
150,000	250,000	53,371	(196,629)	-	-	-	-
\$ -	\$ -	(141,992)	\$ (141,992)	\$ -	\$ 142,246	6,349	\$ (135,897)
		9,616				(87,766)	
		\$ (132,376)				\$ (81,417)	

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, 2013

(3 of 4)

2008 General Obligation Parks Bonds				Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	1,664	1,664
Miscellaneous	-	-	-	-
Total revenues	-	-	1,664	1,664
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	816,228	507,118	309,110
Total expenditures	-	816,228	507,118	309,110
Revenue over (under) expenditures	-	(816,228)	(505,454)	310,774
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ (816,228)	(505,454)	\$ 310,774
Fund balance - beginning			815,117	
Fund balance - ending			\$ 309,663	

Total Non-major Capital Projects			
Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ 10,000	\$ 10,000
600,767	1,500,980	522,785	(978,195)
4,000	4,000	6,901	2,901
2,500	2,500	6,564	4,064
48,917	196,292	281,868	85,576
<u>656,184</u>	<u>1,703,772</u>	<u>828,118</u>	<u>(875,654)</u>
21,000	21,000	20,831	169
150,000	250,000	197,278	52,722
37,080	34,734	23,811	10,923
957,577	2,887,437	1,471,325	1,416,112
<u>1,165,657</u>	<u>3,193,171</u>	<u>1,713,245</u>	<u>1,479,926</u>
<u>(509,473)</u>	<u>(1,489,399)</u>	<u>(885,127)</u>	<u>604,272</u>
150,000	250,000	53,371	(196,629)
556,000	581,000	581,000	-
<u>706,000</u>	<u>831,000</u>	<u>634,371</u>	<u>(196,629)</u>
<u>\$ 196,527</u>	<u>\$ (658,399)</u>	<u>(250,756)</u>	<u>\$ 407,643</u>
		2,331,121	
		<u>\$ 2,080,365</u>	

Section E

NON-MAJOR ENTERPRISE FUNDS

City of Helena, Montana

June 30, 2013

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 through a demand response system. A rider may call the Helena Bus office and arrange for pickup and delivery within the bus service area. A fixed route system is also available.

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, 2013

	<u>Bus</u>	<u>Golf Course</u>	<u>Building</u>	<u>City - County Administration Building</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 229,446	\$ 414,640	\$ 659,933	\$ 341,626	\$ 1,645,645
Certificates of deposit	32,851	59,366	94,485	48,912	235,614
Receivables (net of allowance for uncollectibles)	8,640	-	4,356	-	12,996
Inventories	-	151,973	-	-	151,973
Intergovernmental receivable-restricted	141,588	-	-	-	141,588
Total current assets	<u>412,525</u>	<u>625,979</u>	<u>758,774</u>	<u>390,538</u>	<u>2,187,816</u>
Capital assets:					
Land	446,988	1,905,594	-	-	2,352,582
Buildings and system	3,014,720	369,103	-	1,549,428	4,933,251
Improvements other than buildings	18,250	324,022	-	83,493	425,765
Machinery and equipment	934,782	390,141	110,716	-	1,435,639
Construction in progress	11,343	13,832	-	34,100	59,275
Less accumulated depreciation	(951,735)	(866,148)	(97,290)	(492,133)	(2,407,306)
Total capital assets (net of accumulated depreciation)	<u>3,474,348</u>	<u>2,136,544</u>	<u>13,426</u>	<u>1,174,888</u>	<u>6,799,206</u>
Total non-current assets	<u>3,474,348</u>	<u>2,136,544</u>	<u>13,426</u>	<u>1,174,888</u>	<u>6,799,206</u>
Total assets	<u>3,886,873</u>	<u>2,762,523</u>	<u>772,200</u>	<u>1,565,426</u>	<u>8,987,022</u>
LIABILITIES					
Current liabilities:					
Accounts payable	45,293	33,733	18,787	31,694	129,507
Customer deposits	-	47,947	-	-	47,947
Compensated absences	33,942	27,358	36,777	16,643	114,720
Accrued interest	-	1,201	-	3,685	4,886
Loans	-	33,273	-	174,599	207,872
Special assessment debt with government commitment	-	15,000	-	-	15,000
Advances from other funds	-	27,066	-	-	27,066
Total current liabilities	<u>79,235</u>	<u>185,578</u>	<u>55,564</u>	<u>226,621</u>	<u>546,998</u>
Noncurrent liabilities:					
Compensated absences	32,610	26,284	35,335	15,990	110,219
Other postemployment benefits	89,796	38,007	70,312	45,135	243,250
Loans	-	128,284	-	814,229	942,513
Advances from other funds	-	111,000	-	-	111,000
Total noncurrent liabilities	<u>122,406</u>	<u>303,575</u>	<u>105,647</u>	<u>875,354</u>	<u>1,406,982</u>
Total liabilities	<u>201,641</u>	<u>489,153</u>	<u>161,211</u>	<u>1,101,975</u>	<u>1,953,980</u>
NET POSITION					
Net investment in capital assets	3,474,348	1,959,987	13,426	313,722	5,761,483
Unrestricted	210,884	313,383	597,563	149,729	1,271,559
Total net position	<u>\$3,685,232</u>	<u>\$2,273,370</u>	<u>\$ 610,989</u>	<u>\$ 463,451</u>	<u>\$ 7,033,042</u>

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, 2013

	<u>Bus</u>	<u>Golf Course</u>	<u>Building</u>	<u>City - County Administration Building</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 326,669	\$ 1,276,740	\$ 819,647	\$ 996,691	\$ 3,419,747
Total operating revenues	<u>326,669</u>	<u>1,276,740</u>	<u>819,647</u>	<u>996,691</u>	<u>3,419,747</u>
OPERATING EXPENSES					
Cost of sales and services	1,152,261	1,058,435	823,351	751,577	3,785,624
Administration	236,018	134,440	87,841	29,544	487,843
Depreciation	169,971	32,161	5,340	128,187	335,659
Total operating expenses	<u>1,558,250</u>	<u>1,225,036</u>	<u>916,532</u>	<u>909,308</u>	<u>4,609,126</u>
Operating income (loss)	<u>(1,231,581)</u>	<u>51,704</u>	<u>(96,885)</u>	<u>87,383</u>	<u>(1,189,379)</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental operating grants	766,272	5,000	-	-	771,272
Investment earnings	474	706	2,272	1,001	4,453
Interest expense	-	(3,578)	-	(10,434)	(14,012)
Sale of capital assets	(2,446)	5,948	-	-	3,502
Total non-operating revenue (expenses)	<u>764,300</u>	<u>8,076</u>	<u>2,272</u>	<u>(9,433)</u>	<u>765,215</u>
Income (loss) before contributions and transfers	<u>(467,281)</u>	<u>59,780</u>	<u>(94,613)</u>	<u>77,950</u>	<u>(424,164)</u>
Capital contributions - grants	95,776	-	-	-	95,776
Transfers in	344,328	4,214	5,136	2,293	355,971
Change in net assets	(27,177)	63,994	(89,477)	80,243	27,583
Total net position - beginning	3,712,409	2,209,376	700,466	383,208	7,005,459
Total net position - ending	<u>\$ 3,685,232</u>	<u>\$ 2,273,370</u>	<u>\$ 610,989</u>	<u>\$ 463,451</u>	<u>\$ 7,033,042</u>

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2013

	Bus	Golf Course	Building	City-County Administration Building	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 327,502	\$ 1,275,881	\$ 833,884	\$ 996,691	\$ 3,433,958
Payments to suppliers	(293,432)	(589,108)	(176,728)	(403,839)	(1,463,107)
Payments to employees	(696,327)	(476,378)	(636,270)	(348,998)	(2,157,973)
Payment for interfund services used	(378,670)	(127,863)	(82,099)	(21,359)	(609,991)
Net cash provided (used) by operating activities	<u>(1,040,927)</u>	<u>82,532</u>	<u>(61,213)</u>	<u>222,495</u>	<u>(797,113)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	344,328	4,214	5,136	2,293	355,971
Operating grants	760,616	5,000	-	-	765,616
Net cash provided (used) by non-capital financing activities	<u>1,104,944</u>	<u>9,214</u>	<u>5,136</u>	<u>2,293</u>	<u>1,121,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	-	138,066	-	-	138,066
Principal payments - bonds	-	(50,000)	-	-	(50,000)
Principal payments - loans	-	(32,281)	-	(168,916)	(201,197)
Interest payments	-	(5,141)	-	(13,945)	(19,086)
Purchase of capital assets	(24,504)	(13,832)	-	(41,583)	(79,919)
Proceeds from disposition of capital assets	-	5,948	-	-	5,948
Net cash provided (used) by capital and related financing activities	<u>(24,504)</u>	<u>42,760</u>	<u>-</u>	<u>(224,444)</u>	<u>(206,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in certificates of deposit	(1,397)	(11,431)	19,868	6,154	13,194
Interest received	474	706	2,272	1,001	4,453
Net cash provided (used) by investing activities	<u>(923)</u>	<u>(10,725)</u>	<u>22,140</u>	<u>7,155</u>	<u>17,647</u>
Net increase (decrease) in cash and cash equivalents	38,590	123,781	(33,937)	7,499	135,933
Cash and cash equivalents, beginning	190,856	290,859	693,870	334,127	1,509,712
Cash and cash equivalents, ending	<u>\$ 229,446</u>	<u>\$ 414,640</u>	<u>\$ 659,933</u>	<u>\$ 341,626</u>	<u>\$ 1,645,645</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ (1,231,581)	\$ 51,704	\$ (96,885)	\$ 87,383	\$ (1,189,379)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	169,971	32,161	5,340	128,187	335,659
(Increase) decrease in accounts receivable	832	-	14,237	-	15,069
(Increase) decrease in inventories	-	(10,982)	-	-	(10,982)
Increase (decrease) in accounts payable	5,374	3,690	444	1,243	10,751
Increase (decrease) in customer deposits	-	(860)	4,333	-	3,473
Increase (decrease) in compensated absences	(2,369)	191	11,318	(2,593)	6,547
Increase (decrease) in other postemployment benefits	16,846	6,628	-	8,275	31,749
Total adjustments	<u>190,654</u>	<u>30,828</u>	<u>35,672</u>	<u>135,112</u>	<u>392,266</u>
Net cash provided (used) by operating activities	<u>\$ (1,040,927)</u>	<u>\$ 82,532</u>	<u>\$ (61,213)</u>	<u>\$ 222,495</u>	<u>\$ (797,113)</u>
Supplemental disclosure of non-cash activity:					
Basis of property disposed / transferred out	\$ 2,446	\$ -	\$ -	\$ -	\$ 2,446
Contribution of capital assets by other governments-bus	95,776	-	-	-	95,776

Section F

INTERNAL SERVICE FUNDS

City of Helena, Montana

June 30, 2013

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 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.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

	Business-type				Total
	Activities	Governmental Activities			
	Fleet Services	Copier Revolving	Property and Liability Insurance	Health Insurance	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 135,981	\$ 48,673	\$ 384,517	\$ 491,622	\$1,060,793
Certificates of deposit	19,469	6,969	55,053	70,388	151,879
Inventories	45,495	-	-	-	45,495
Total current assets	<u>200,945</u>	<u>55,642</u>	<u>439,570</u>	<u>562,010</u>	<u>1,258,167</u>
Noncurrent assets:					
Capital assets:					
Land	148,054	-	-	-	148,054
Buildings and system	830,638	-	-	-	830,638
Improvements other than buildings	62,831	-	-	-	62,831
Machinery and equipment	92,552	67,622	-	-	160,174
Accumulated depreciation	(899,315)	(59,700)	-	-	(959,015)
Total noncurrent assets	<u>234,760</u>	<u>7,922</u>	<u>-</u>	<u>-</u>	<u>242,682</u>
Total assets	<u>435,705</u>	<u>63,564</u>	<u>439,570</u>	<u>562,010</u>	<u>1,500,849</u>
LIABILITIES					
Current liabilities:					
Accounts payable	67,156	-	-	52,702	119,858
Compensated absences	15,993	-	-	-	15,993
Total current liabilities	<u>83,149</u>	<u>-</u>	<u>-</u>	<u>52,702</u>	<u>135,851</u>
Noncurrent liabilities:					
Compensated absences	15,366	-	-	-	15,366
Other postemployment benefits	39,204	-	-	-	39,204
Total noncurrent liabilities	<u>54,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,570</u>
Total liabilities	<u>137,719</u>	<u>-</u>	<u>-</u>	<u>52,702</u>	<u>190,421</u>
NET POSITION					
Net investment in capital assets	234,760	7,922	-	-	242,682
Unrestricted	63,226	55,642	439,570	509,308	1,067,746
Total net position	<u>\$ 297,986</u>	<u>\$ 63,564</u>	<u>\$ 439,570</u>	<u>\$ 509,308</u>	<u>\$1,310,428</u>

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2013

	Business-type		Governmental Activities		
	Activities		Property		
	Fleet	Copier	and Liability	Health	
	Services	Revolving	Insurance	Insurance	Total
OPERATING REVENUES					
Charges for services	\$1,563,905	\$ 16,489	\$ 1,025,754	\$3,159,462	\$5,765,610
Total operating revenues	<u>1,563,905</u>	<u>16,489</u>	<u>1,025,754</u>	<u>3,159,462</u>	<u>5,765,610</u>
OPERATING EXPENSES					
Cost of sales and services	1,521,876	6,334	901,655	3,375,339	5,805,204
Administration	105,846	-	1,625	1,155	108,626
Depreciation	10,247	4,924	-	-	15,171
Total operating expenses	<u>1,637,969</u>	<u>11,258</u>	<u>903,280</u>	<u>3,376,494</u>	<u>5,929,001</u>
Operating income (loss)	<u>(74,064)</u>	<u>5,231</u>	<u>122,474</u>	<u>(217,032)</u>	<u>(163,391)</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	25,221	-	-	-	25,221
Interest income	-	-	-	1,522	1,522
Gain (loss) on disposal of assets	150	-	-	-	150
Total non-operating revenues (expenses)	<u>25,371</u>	<u>-</u>	<u>-</u>	<u>1,522</u>	<u>26,893</u>
Net income (loss) before transfers	(48,693)	5,231	122,474	(215,510)	(136,498)
Transfers in	3,026	-	-	178	3,204
Transfers out	-	-	(190,465)	-	(190,465)
Change in net position	(45,667)	5,231	(67,991)	(215,332)	(323,759)
Total net position - beginning	343,653	58,333	507,561	724,640	1,634,187
Total net position - ending	<u>\$ 297,986</u>	<u>\$ 63,564</u>	<u>\$ 439,570</u>	<u>\$ 509,308</u>	<u>\$1,310,428</u>

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2013

	Business-type				Total
	Activities	Governmental Activities			
	Fleet Services	Copier Revolving	Property and Liability Insurance	Health Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,563,905	\$ 16,489	\$ 1,025,754	\$ 3,159,462	\$ 5,765,610
Payments to suppliers	(1,091,773)	(6,334)	(886,070)	(3,356,760)	(5,340,937)
Payments to employees	(380,135)	-	(22,521)	(17,514)	(420,170)
Payment for interfund services used	(102,413)	-	(1,625)	(1,155)	(105,193)
Net cash provided (used) by operating activities	(10,416)	10,155	115,538	(215,967)	(100,690)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	3,026	-	-	178	3,204
Transfers to other funds	-	-	(190,465)	-	(190,465)
Operating grants	25,221	-	-	-	25,221
Net cash provided (used) by non-capital financing activities	28,247	-	(190,465)	178	(162,040)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(11,913)	-	-	-	(11,913)
Net cash provided (used) by capital and related financing activities	(11,913)	-	-	-	(11,913)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in certificates of deposit	1,688	(533)	17,741	39,445	58,341
Interest received	-	-	-	1,522	1,522
Net cash provided (used) by investing activities	1,688	(533)	17,741	40,967	59,863
Net increase (decrease) in cash and cash equivalents	7,606	9,622	(57,186)	(174,822)	(214,780)
Cash and cash equivalents, beginning	128,375	39,051	441,703	666,444	1,275,573
Cash and cash equivalents, ending	\$ 135,981	\$ 48,673	\$ 384,517	\$ 491,622	\$ 1,060,793
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (74,064)	\$ 5,231	\$ 122,474	\$ (217,032)	\$ (163,391)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	10,247	4,924	-	-	15,171
(Increase) decrease in inventories	3,622	-	-	-	3,622
Increase (decrease) in accounts payable	40,156	-	(6,936)	1,065	34,285
Increase (decrease) in compensated absences	2,357	-	-	-	2,357
Increase (decrease) in other postemployment benefits	7,266	-	-	-	7,266
Total adjustments	63,648	4,924	(6,936)	1,065	62,701
Net cash provided by operating activities	\$ (10,416)	\$ 10,155	\$ 115,538	\$ (215,967)	\$ (100,690)

Section G
FIDUCIARY FUNDS

City of Helena, Montana

June 30, 2013

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 Funds:

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.

Rimrock Stages - The Helena Area Transit System contracts with an interstate bus service to sell their tickets. This fund accounts for the portion of ticket sales allocable to them.

City of Helena, Montana
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Agency Funds		
	State	Rimrock	Total
	Court	Stages	
	Trust	Stages	Total
ASSETS			
Cash and investments	\$41,045	\$ 292	\$ 41,337
LIABILITIES			
Due to other governments	\$41,045	\$ 292	\$ 41,337

City of Helena, Montana
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FIDUCIARY FUNDS
For the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>STATE COURT TRUST</u>				
Assets				
Cash and cash equivalents	\$ 17,585	\$1,031,026	\$1,007,566	\$ 41,045
Liabilities				
Due to other governments	\$ 17,585	\$1,031,026	\$1,007,566	\$ 41,045
<u>RIMROCK STAGES</u>				
Assets				
Cash and cash equivalents	\$ 1,897	\$ 61,791	\$ 63,396	\$ 292
Liabilities				
Due to other governments	\$ 1,897	\$ 61,791	\$ 63,396	\$ 292
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 19,482	\$1,092,817	\$1,070,962	\$ 41,337
Liabilities				
Due to other governments	\$ 19,482	\$1,092,817	\$1,070,962	\$ 41,337

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Section H

COMPONENT UNIT

City of Helena, Montana

June 30, 2013

COMPONENT UNIT

The Helena Parking Commission (HPC) is a component unit of the City. The HPC does not issue a separate financial report. Accounting principles generally accepted in the United States of America (US GAAP) require the City present a statement of cash flow and combining fund statements if the component unit uses fund accounting. The HPC is made up of one business-type fund and combining statements are therefore not necessary. The HPC financial statements can be found in the City's Statement of Net Position and Statement of Activities beginning on page B-1 of this report. A Statement of Cash Flows is reported here as required by US GAAP.

City of Helena, Montana
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the year ended June 30, 2013

	<u>Helena Parking Commission</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,685,741
Payments to suppliers	(469,382)
Payments to employees	(512,308)
Payment for interfund services used	(118,151)
Operating lease payments	<u>(667,922)</u>
Net cash provided by operating activities	<u>(82,022)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Principal received - loans	<u>2,865</u>
Net cash provided by non-capital financing activities	<u>2,865</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(16,200)</u>
Net cash used by capital and related financing activities	<u>(16,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>3,645</u>
Net cash provided by investing activities	<u>3,645</u>
Net increase in cash and cash equivalents	(91,712)
Cash and cash equivalents, beginning	<u>788,676</u>
Cash and cash equivalents, ending	<u>\$ 696,964</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (205,922)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	108,864
(Increase) decrease in inventories	213
Increase (decrease) in accounts payable	809
Increase (decrease) in compensated absences	700
Increase in other postemployment benefits payable	<u>13,314</u>
Total adjustments	<u>123,900</u>
Net cash provided by operating activities	<u>\$ (82,022)</u>

Note: A Statement of Cash flows is presented for the Helena Parking Commission only since they do not prepare a separate financial report.

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, 2013 and 2012

	2013	2012
Governmental Fund's Capital Assets:		
Land	\$ 64,942,157	\$ 61,120,023
Buildings and systems	20,283,407	20,182,239
Improvements other than buildings	14,545,542	9,702,043
Machinery and equipment	13,254,074	12,535,738
Infrastructure	43,786,732	41,380,397
Construction in progress	397,696	4,760,768
	\$ 157,209,608	\$ 149,681,208
 Investment in Governmental Fund's Capital Assets by Source:		
General	\$ 44,469	\$ 37,274
Special revenue	125,667,580	118,986,659
Capital projects	31,497,559	30,657,275
	\$ 157,209,608	\$ 149,681,208

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, 2013

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Equipment and Machinery	Infrastructure	Construction in Progress	Total
General government:							
Finance and administration	\$ 57,354	\$ 2,362,500	\$ 577,942	\$ -	\$ -	\$ -	\$ 2,997,796
Community facilities	70,000	12,421,312	500,409	107,711	-	6,002	13,105,434
Total general government	<u>127,354</u>	<u>14,783,812</u>	<u>1,078,351</u>	<u>107,711</u>	<u>-</u>	<u>6,002</u>	<u>16,103,230</u>
Public safety:							
Law enforcement and judicial	-	279,711	41,154	3,595,529	-	-	3,916,394
Fire protection	46,000	932,282	27,994	2,620,947	-	-	3,627,223
Total public safety	<u>46,000</u>	<u>1,211,993</u>	<u>69,148</u>	<u>6,216,476</u>	<u>-</u>	<u>-</u>	<u>7,543,617</u>
Public works:							
Public works administration	-	-	-	22,626	-	-	22,626
Undistributed engineering	-	-	-	138,939	-	-	138,939
Streets	35,375,942	104,274	-	2,991,009	36,019,927	67,856	74,559,008
Storm water	22,178,736	242,294	-	448,588	7,766,805	35,048	30,671,471
Total public works	<u>57,554,678</u>	<u>346,568</u>	<u>-</u>	<u>3,601,162</u>	<u>43,786,732</u>	<u>102,904</u>	<u>105,392,044</u>
Public health	-	-	-	6,110	-	-	6,110
Culture and recreation	7,214,125	3,941,034	13,398,043	3,307,655	-	288,790	28,149,647
Community development	-	-	-	14,960	-	-	14,960
Total general capital assets	<u><u>\$ 64,942,157</u></u>	<u><u>\$ 20,283,407</u></u>	<u><u>\$ 14,545,542</u></u>	<u><u>\$ 13,254,074</u></u>	<u><u>\$ 43,786,732</u></u>	<u><u>\$ 397,696</u></u>	<u><u>\$ 157,209,608</u></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.

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, 2013

FUNCTION AND ACTIVITY	Balance Beginning	Additions	Deletions	Transfers In (Out)	Capital Contributions	Balance Ending
General government:						
Finance and administration	\$ 2,997,796	\$ -	\$ -	\$ -	\$ -	\$ 2,997,796
Community facilities	13,061,972	43,462	-	-	-	13,105,434
Total general government	16,059,768	43,462	-	-	-	16,103,230
Public safety:						
Law enforcement and judicial	3,176,858	759,055	79,915	53,946	6,450	3,916,394
Fire protection	3,981,270	29,736	420,473	36,690	-	3,627,223
Total public safety	7,158,128	788,791	500,388	90,636	6,450	7,543,617
Public works:						
Public works administration	22,626	-	-	-	-	22,626
Undistributed engineering	126,901	27,087	15,049	-	-	138,939
Streets	71,928,611	352,964	382,854	-	2,660,287	74,559,008
Storm water	27,666,181	661,112	-	-	2,344,178	30,671,471
Total public works	99,744,319	1,041,163	397,903	-	5,004,465	105,392,044
Public health	6,110	-	-	-	-	6,110
Culture and recreation	26,697,923	1,079,581	74,223	-	446,366	28,149,647
Community development	14,960	-	-	-	-	14,960
Total general capital assets	<u>\$ 149,681,208</u>	<u>\$ 2,952,997 ²</u>	<u>\$ 972,514</u>	<u>\$ 90,636</u>	<u>\$ 5,457,281</u>	<u>\$ 157,209,608</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

STATISTICAL SECTION

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.

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.

City of Helena, Montana
June 30, 2013

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 a government 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 five 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.

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 11,562,923	\$ 15,456,807	\$ 49,962,342	\$ 58,666,167	\$ 63,786,471	\$ 72,144,806	\$ 88,499,411	\$ 91,429,209	\$ 97,546,860	\$ 104,225,402
Restricted	1,459,095	1,185,076	2,727,026	2,191,666	2,658,602	2,165,593	8,263,953	9,029,049	8,684,750	9,665,803
Unrestricted	15,878,146	16,450,771	15,921,870	14,854,053	12,011,231	12,541,775	7,003,205	6,751,747	7,518,283	7,502,998
Total governmental activities net position	\$28,900,164	\$33,092,654	\$ 68,611,238	\$ 75,711,886	\$ 78,456,304	\$ 86,852,174	\$103,766,569	\$107,210,005	\$113,749,893	\$121,394,203
Business-type activities										
Net investment in capital assets	\$37,649,189	\$36,559,860	\$ 36,687,613	\$ 39,509,749	\$ 46,137,396	\$ 54,561,224	\$ 83,268,903	\$ 95,768,724	\$105,318,904	\$107,292,882
Restricted	2,688,121	3,123,633	2,757,738	2,732,134	2,890,094	3,069,393	3,090,553	3,009,229	2,372,783	1,894,240
Unrestricted	2,237,148	4,367,943	7,025,801	9,362,733	9,108,860	8,554,112	7,969,397	8,751,838	9,234,635	12,760,455
Total business-type activities net position	\$42,574,458	\$44,051,436	\$ 46,471,152	\$ 51,604,616	\$ 58,136,350	\$ 66,184,729	\$ 94,328,853	\$107,529,791	\$116,926,322	\$121,947,577
Primary government										
Net investment in capital assets	\$49,212,112	\$52,016,667	\$ 86,649,955	\$ 98,175,916	\$109,923,867	\$126,706,030	\$171,768,314	\$187,197,933	\$202,865,764	\$211,518,284
Restricted	4,147,216	4,308,709	5,484,764	4,923,800	5,548,696	5,234,986	11,354,506	12,038,278	11,057,533	11,560,043
Unrestricted	18,115,294	20,818,714	22,947,671	24,216,786	21,120,091	21,095,887	14,972,602	15,503,585	16,752,918	20,263,453
Total primary government net position	\$71,474,622	\$77,144,090	\$115,082,390	\$127,316,502	\$136,592,654	\$153,036,903	\$198,095,422	\$214,739,796	\$230,676,215	\$243,341,780

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

(1 of 4)

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 1,142,758	\$ 1,276,872	\$ 1,786,075	\$ 1,748,393
Public safety	9,016,321	9,663,397	9,582,271	9,989,599
Public works	2,909,877	3,047,584	3,255,363	3,638,044
Public health	94,619	93,096	130,539	115,896
Culture and recreation	2,287,933	2,610,860	2,787,375	2,697,109
Community development	1,973,827	949,787	722,112	494,018
Intergovernmental	-	-	-	-
Interest on long-term debt	389,820	344,343	345,521	326,931
Total governmental activities	<u>17,815,155</u>	<u>17,985,939</u>	<u>18,609,256</u>	<u>19,009,990</u>
Business-type activities:				
Water	3,955,051	4,085,140	3,667,092	4,049,531
Wastewater	3,535,766	3,619,075	3,599,905	3,199,613
Solid waste	2,321,852	2,246,378	2,375,587	2,383,914
Transfer station	2,225,162	2,084,085	2,290,400	2,286,627
Bus	500,686	539,548	769,009	1,045,055
Golf course	852,528	732,985	929,409	982,124
Building	504,996	536,550	613,062	714,325
Municipal utility	25,000	50,000	95,000	-
City County administration building	-	-	-	-
Total business-type activities	<u>13,921,041</u>	<u>13,893,761</u>	<u>14,339,464</u>	<u>14,661,189</u>
Total primary government	<u>\$31,736,196</u>	<u>\$31,879,700</u>	<u>\$32,948,720</u>	<u>\$33,671,179</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 514,089	\$ 440,010	\$ 472,298	\$ 724,140
Public safety	1,026,368	984,630	1,018,225	980,039
Public works	2,856,034	3,454,589	2,911,689	3,495,771
Public health	24,354	26,748	28,911	27,970
Culture and recreation	614,072	1,110,376	1,342,167	1,147,814
Community development	534	23,450	37,070	39,177
Operating grants and contributions	4,477,088	3,882,988	3,507,088	3,424,279
Capital grants and contributions	4,448,698	2,565,369	804,459	1,706,805
Total governmental activities	<u>13,961,237</u>	<u>12,488,160</u>	<u>10,121,907</u>	<u>11,545,995</u>
Business-type activities:				
Charges for services:				
Water	4,901,917	4,385,924	4,883,727	5,356,882
Wastewater	2,805,120	2,797,253	3,118,129	3,251,149
Solid waste	2,431,333	2,451,891	2,558,849	2,648,487
Transfer station	2,261,395	2,337,359	2,367,990	2,441,628
Bus	64,786	80,192	185,215	297,843
Other activities	1,258,703	1,389,117	1,934,039	2,140,316
Operating grants and contributions	214,592	229,110	377,733	436,887
Capital grants and contributions	2,999,179	1,233,221	739,770	2,301,923
Total business-type activities	<u>16,937,025</u>	<u>14,904,067</u>	<u>16,165,452</u>	<u>18,875,115</u>
Total primary government	<u>\$30,898,262</u>	<u>\$27,392,227</u>	<u>\$26,287,359</u>	<u>\$30,421,110</u>

(2 of 4)

2008	2009	2010	2011	2012	2013
\$ 2,103,615	\$ 2,403,466	\$ 2,341,247	\$ 2,122,007	\$ 2,210,331	\$ 2,497,674
10,705,356	11,798,150	12,033,150	11,647,121	12,466,013	13,119,756
4,061,181	4,539,902	4,492,223	4,702,680	5,097,267	5,069,500
170,663	225,261	222,719	194,381	219,228	231,304
2,817,695	3,084,434	3,304,719	3,499,303	3,784,245	3,863,269
868,209	881,310	511,469	562,266	593,250	831,931
-	-	-	26,499	458,718	-
347,314	649,810	894,424	859,461	825,675	791,312
<u>21,074,033</u>	<u>23,582,333</u>	<u>23,799,951</u>	<u>23,613,718</u>	<u>25,654,727</u>	<u>26,404,746</u>
4,658,420	4,727,870	5,023,674	5,037,410	5,445,042	5,493,070
3,328,910	3,558,351	3,703,159	3,505,533	3,766,832	3,669,373
2,546,152	2,490,284	2,767,387	2,906,025	2,795,077	3,010,304
2,385,755	2,393,957	2,562,623	2,539,746	2,861,301	2,764,029
1,269,931	1,400,629	1,440,940	1,388,995	1,474,071	1,568,545
994,463	1,078,623	1,064,199	1,101,612	1,112,447	1,223,553
853,723	965,393	1,039,813	965,311	912,228	920,713
-	-	-	-	-	-
956,195	938,323	883,909	878,052	954,077	922,910
<u>16,993,549</u>	<u>17,553,430</u>	<u>18,485,704</u>	<u>18,322,684</u>	<u>19,321,075</u>	<u>19,572,497</u>
<u>\$38,067,582</u>	<u>\$41,135,763</u>	<u>\$42,285,655</u>	<u>\$41,936,402</u>	<u>\$44,975,802</u>	<u>\$45,977,243</u>
\$ 616,160	\$ 687,888	\$ 728,815	\$ 621,880	\$ 820,821	\$ 1,039,118
996,560	940,060	865,764	915,513	933,754	1,020,115
3,742,266	4,117,969	4,318,800	4,555,591	4,722,092	4,979,302
30,830	37,273	36,861	38,110	41,033	38,900
1,377,461	1,313,472	1,697,189	1,733,457	2,079,828	2,453,413
18,347	9,524	12,256	8,314	38,756	341,058
4,102,598	4,272,848	4,202,610	4,440,645	4,146,897	4,044,625
2,681,258	8,905,991	15,492,460	2,233,281	5,637,153	5,972,108
<u>13,565,480</u>	<u>20,285,025</u>	<u>27,354,755</u>	<u>14,546,791</u>	<u>18,420,334</u>	<u>19,888,639</u>
5,353,794	5,485,370	5,199,612	5,434,260	6,340,503	6,430,648
3,341,782	3,404,115	3,561,086	3,789,551	3,973,033	4,167,237
2,789,155	2,832,948	2,868,498	3,066,451	3,141,575	3,261,745
2,573,287	2,487,209	2,623,029	2,919,604	2,996,545	2,931,689
306,442	349,182	377,842	310,174	305,902	326,669
2,889,906	3,125,423	2,931,918	2,859,286	3,052,027	3,093,078
844,432	636,140	662,373	625,476	908,295	895,375
4,495,413	6,525,476	27,997,172	11,759,010	8,095,586	3,038,239
<u>22,594,211</u>	<u>24,845,863</u>	<u>46,221,530</u>	<u>30,763,812</u>	<u>28,813,466</u>	<u>24,144,680</u>
<u>\$36,159,691</u>	<u>\$45,130,888</u>	<u>\$73,576,285</u>	<u>\$45,310,603</u>	<u>\$47,233,800</u>	<u>\$44,033,319</u>

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

	(3 of 4)			
	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental activities	\$ (3,853,918)	\$ (5,497,779)	\$ (8,487,349)	\$ (7,463,995)
Business-type activities	3,015,984	1,010,306	1,825,988	4,213,926
Total primary government	<u>\$ (837,934)</u>	<u>\$ (4,487,473)</u>	<u>\$ (6,661,361)</u>	<u>\$ (3,250,069)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 5,960,455	\$ 6,443,934	\$ 5,912,446	\$ 6,131,182
Motor vehicle taxes	526,592	548,045	598,145	628,170
Unrestricted grants and contributions	2,661,606	2,736,954	3,013,361	3,141,160
Investment earnings	168,747	357,744	628,791	603,594
Gain on the sale of capital assets	56,627	-	81,657	39,847
Transfers	4,434,122	(234,794)	(205,953)	(330,953)
Special item: loan forgiveness	(62,748)	(161,614)	-	-
Total governmental activities	<u>13,745,401</u>	<u>9,690,269</u>	<u>10,028,447</u>	<u>10,213,000</u>
Business-type activities:				
Investment earnings	112,871	207,665	386,922	583,020
Gain on sale of capital assets	176,782	24,213	853	5,565
Transfers	(4,434,122)	234,794	205,953	330,953
Special item: loan forgiveness	-	-	-	-
Total business-type activities	<u>(4,144,469)</u>	<u>466,672</u>	<u>593,728</u>	<u>919,538</u>
Total primary government	<u>\$ 9,600,932</u>	<u>\$ 10,156,941</u>	<u>\$ 10,622,175</u>	<u>\$ 11,132,538</u>
Change in Net Position				
Governmental activities	\$ 9,891,483	\$ 4,192,490	\$ 1,541,098	\$ 2,749,005
Business-type activities	(1,128,485)	1,476,978	2,419,716	5,133,464
Total primary government	<u>\$ 8,762,998</u>	<u>\$ 5,669,468</u>	<u>\$ 3,960,814</u>	<u>\$ 7,882,469</u>

(4 of 4)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ (7,508,553)	\$ (3,297,308)	\$ 3,554,804	\$ (9,066,927)	\$ (7,234,393)	\$ (6,516,107)
<u>5,600,662</u>	<u>7,292,433</u>	<u>27,735,826</u>	<u>12,441,128</u>	<u>9,492,391</u>	<u>4,572,183</u>
<u>\$ (1,907,891)</u>	<u>\$ 3,995,125</u>	<u>\$31,290,630</u>	<u>\$ 3,374,201</u>	<u>\$ 2,257,998</u>	<u>\$ (1,943,924)</u>
\$ 6,319,687	\$ 7,837,489	\$ 9,357,361	\$ 8,422,755	\$ 9,074,313	\$ 9,244,244
623,868	598,700	716,205	679,341	698,952	684,194
3,185,955	3,308,744	3,460,650	3,930,680	4,147,426	4,472,786
498,046	303,664	117,280	77,221	70,644	50,171
59,387	15,232	-	-	47,596	124,083
(285,953)	(370,651)	(291,905)	(363,634)	(264,650)	(415,061)
<u>(148,019)</u>	<u>-</u>	<u>-</u>	<u>(236,000)</u>	<u>-</u>	<u>-</u>
<u>10,252,971</u>	<u>11,693,178</u>	<u>13,359,591</u>	<u>12,510,363</u>	<u>13,774,281</u>	<u>14,160,417</u>
516,687	201,874	66,777	44,592	39,805	34,011
128,432	183,421	49,616	115,584	(400,315)	-
285,953	370,651	291,905	363,634	264,650	415,061
<u>-</u>	<u>-</u>	<u>-</u>	<u>236,000</u>	<u>-</u>	<u>-</u>
<u>931,072</u>	<u>755,946</u>	<u>408,298</u>	<u>759,810</u>	<u>(95,860)</u>	<u>449,072</u>
<u>\$11,184,043</u>	<u>\$12,449,124</u>	<u>\$13,767,889</u>	<u>\$13,270,173</u>	<u>\$13,678,421</u>	<u>\$14,609,489</u>
\$ 2,744,418	\$ 8,395,870	\$ 16,914,395	\$ 3,443,436	\$ 6,539,888	\$ 7,644,310
<u>6,531,734</u>	<u>8,048,379</u>	<u>28,144,124</u>	<u>13,200,938</u>	<u>9,396,531</u>	<u>5,021,255</u>
<u>\$ 9,276,152</u>	<u>\$16,444,249</u>	<u>\$45,058,519</u>	<u>\$16,644,374</u>	<u>\$15,936,419</u>	<u>\$12,665,565</u>

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

(1 of 2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ 249,227	\$ 246,572	\$ 239,901	\$ 248,436
Restricted	5,338	61,481	2,059	3,500
Committed	10,280	26,043	1,563,100	1,820,955
Assigned	7,527	102,513	63,518	12,823
Unassigned	3,202,420	3,593,129	2,920,340	2,915,076
Total general fund	<u>\$ 3,474,792</u>	<u>\$ 4,029,738</u>	<u>\$ 4,788,918</u>	<u>\$ 5,000,790</u>
All Other Governmental Funds				
Nonspendable	\$ 907,473	\$ 778,974	\$ 769,388	\$ 789,581
Restricted	12,065,551	13,666,677	10,502,429	8,188,189
Committed	796,975	198,128	90,434	56,022
Assigned	1,206,960	613,448	657,611	831,571
Unassigned	(190,299)	(582,340)	(234,848)	(132,710)
Total all other governmental funds	<u>\$14,786,660</u>	<u>\$14,674,887</u>	<u>\$11,785,014</u>	<u>\$ 9,732,653</u>

(2 of 2)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 248,224	\$ 245,402	\$ 253,654	\$ 25,634	\$ 29,738	\$ 19,983
43,913	109,360	122,358	69,812	62,452	179,182
1,237,940	622,647	345,841	387,051	21,829	-
213,751	155,192	3,977	25,600	69,024	34,985
<u>2,960,571</u>	<u>2,745,998</u>	<u>2,901,422</u>	<u>4,150,675</u>	<u>3,945,453</u>	<u>4,331,115</u>
<u>\$ 4,704,399</u>	<u>\$ 3,878,599</u>	<u>\$ 3,627,252</u>	<u>\$ 4,658,772</u>	<u>\$ 4,128,496</u>	<u>\$ 4,565,265</u>
\$ 657,899	\$ 684,291	\$ 764,210	\$ 273,911	\$ 185,956	\$ 295,458
14,892,691	17,140,709	12,794,658	10,906,112	8,762,619	9,486,622
11,261	326,570	97,653	1,446,093	1,800,616	1,387,877
1,247,474	1,154,916	859,949	107,676	1,594,153	1,759,532
<u>(102,900)</u>	<u>(76,395)</u>	<u>(161,513)</u>	<u>(67,547)</u>	<u>(25,109)</u>	<u>(165,368)</u>
<u>\$16,706,425</u>	<u>\$19,230,091</u>	<u>\$14,354,957</u>	<u>\$12,666,245</u>	<u>\$12,318,235</u>	<u>\$ 12,764,121</u>

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

(1 of 2)

	2004	2005	2006	2007
Revenues				
Taxes:				
Property taxes	\$5,967,764	\$6,407,466	\$ 5,912,446	\$ 6,143,544
Motor vehicle taxes	526,592	670,051	598,145	628,170
Special assessments	721,830	704,906	3,559,444	3,899,780
Licenses and permits	3,213,786	3,924,255	361,367	511,857
Intergovernmental	428,041	412,381	6,552,133	6,597,455
Charges for services	8,342,164	7,703,692	1,567,451	1,304,416
Fines	824,588	1,117,853	730,005	721,722
Investment earnings	168,747	357,744	628,791	603,594
Miscellaneous	298,421	381,457	275,735	308,439
Total revenue	<u>20,491,933</u>	<u>21,679,805</u>	<u>20,185,517</u>	<u>20,718,977</u>
Expenditures				
General government	1,072,269	1,179,709	1,656,754	1,607,133
Public safety	8,764,135	9,277,423	9,112,711	9,737,203
Public works	2,732,304	2,846,793	2,949,036	3,134,083
Public health	94,619	93,096	129,107	116,416
Culture and recreation	1,755,147	2,072,444	2,230,351	2,241,754
Community development	1,974,044	956,590	706,602	488,268
Intergovernmental	-	-	-	-
Debt service:				
Principal	1,348,177	1,378,850	1,573,974	711,611
Interest	416,271	372,953	358,536	343,327
Debt issuance costs	-	-	-	-
Capital outlay	2,664,956	3,618,053	4,674,845	3,876,743
Total expenditures	<u>20,821,922</u>	<u>21,795,911</u>	<u>23,391,916</u>	<u>22,256,538</u>
Excess of revenues over (under) expenditures	<u>(329,989)</u>	<u>(116,106)</u>	<u>(3,206,399)</u>	<u>(1,537,561)</u>
Other Financing Sources (Uses)				
Debt issued	581,375	854,915	1,161,974	575
Debt issuance premium	-	-	-	-
Debt issuance discount	-	-	-	-
Payments to bond escrow agent	-	-	-	-
Sale of capital assets	63,624	42,259	119,685	27,450
Transfers in	7,970,312	4,915,716	1,107,328	1,416,184
Transfers out	(4,878,775)	(5,150,510)	(1,313,281)	(1,747,137)
Total other financing sources (uses)	<u>3,736,536</u>	<u>662,380</u>	<u>1,075,706</u>	<u>(302,928)</u>
Special item - loan forgiveness	(62,748)	(161,614)	-	-
Net change in fund balances ¹	<u><u>\$3,343,799</u></u>	<u><u>\$ 384,660</u></u>	<u><u>\$(2,130,693)</u></u>	<u><u>\$ (1,840,489)</u></u>
Debt service as a percentage of noncapital expenditures	9.72%	9.64%	10.32%	5.74%

¹ Does not include prior period adjustments.

(2 of 2)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 6,182,314	\$ 7,837,489	\$ 7,853,994	\$ 8,915,516	\$ 8,529,266	\$ 8,883,694
623,868	598,700	716,205	679,341	698,952	684,194
4,329,900	4,682,422	4,918,167	5,139,199	5,444,818	5,605,367
460,948	509,405	513,500	449,979	558,201	611,813
7,272,051	7,636,031	8,040,706	8,491,242	9,119,595	9,606,039
1,411,566	1,277,505	1,460,571	1,618,479	1,698,420	1,995,504
656,388	543,163	507,054	560,042	585,612	611,103
498,046	303,664	117,280	77,221	70,644	50,171
221,057	278,094	292,111	251,615	319,341	570,002
<u>21,656,138</u>	<u>23,666,473</u>	<u>24,419,588</u>	<u>26,182,634</u>	<u>27,024,849</u>	<u>28,617,887</u>
1,796,231	2,121,907	1,957,731	1,814,742	1,799,358	1,971,882
10,153,619	11,150,250	11,251,927	11,193,009	11,790,650	12,336,834
3,423,593	3,861,772	3,714,314	3,928,499	4,315,554	4,193,099
148,211	219,001	215,472	194,574	214,404	226,779
2,389,064	2,655,304	2,733,957	2,974,842	3,235,172	3,313,713
847,649	854,583	496,937	561,150	579,757	829,295
-	-	-	26,499	458,718	-
688,657	1,031,032	953,848	1,140,745	1,086,133	1,058,311
303,065	484,478	819,949	872,396	842,027	806,001
137,600	320,247	-	-	-	-
<u>2,830,519</u>	<u>8,162,824</u>	<u>7,119,681</u>	<u>3,998,412</u>	<u>3,391,834</u>	<u>2,951,998</u>
<u>22,718,208</u>	<u>30,861,398</u>	<u>29,263,816</u>	<u>26,704,868</u>	<u>27,713,607</u>	<u>27,687,912</u>
<u>(1,062,070)</u>	<u>(7,194,925)</u>	<u>(4,844,228)</u>	<u>(522,234)</u>	<u>(688,758)</u>	<u>929,975</u>
8,066,892	12,021,549	-	232,281	34,776	53,371
47,144	153,576	-	-	-	-
-	(54,868)	-	-	-	-
-	(2,872,047)	-	-	-	-
59,387	15,232	9,652	79,435	47,596	124,083
1,713,509	2,019,370	2,451,696	2,130,980	2,498,421	1,670,630
<u>(1,999,462)</u>	<u>(2,390,021)</u>	<u>(2,743,601)</u>	<u>(2,341,654)</u>	<u>(2,770,321)</u>	<u>(1,895,404)</u>
<u>7,887,470</u>	<u>8,892,791</u>	<u>(282,253)</u>	<u>101,042</u>	<u>(189,528)</u>	<u>(47,320)</u>
(148,019)	-	-	(236,000)	-	-
<u>\$ 6,677,381</u>	<u>\$ 1,697,866</u>	<u>\$ (5,126,481)</u>	<u>\$ (657,192)</u>	<u>\$ (878,286)</u>	<u>\$ 882,655</u>
4.99%	6.68%	8.01%	8.87%	7.93%	7.54%

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

Fiscal Year	Real Taxable Value ¹	Personal Taxable Value ¹	Less Tax Increment	Total Taxable Valuation	Total Direct Tax Rate	Estimated Market Value	Taxable Value as a Percentage of Market Value
2004	\$ 40,403	\$ 1,864	\$ 1,721	\$ 40,546	114.71	\$ 1,345,040	3.14%
2005	41,178	2,214	1,623	41,769	125.46	1,326,985	3.27%
2006	43,380	2,539	-	45,919	131.77	1,403,568	3.27%
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%

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	Class 3 & 4	Class 4	
	Taxable Valuation Rate	Residential Exemption Percentages	Commercial Exemption Percentages
2008 and after	3.01%	34.00%	15.00%

¹ Real property taxable valuations include personal property that is "attached" to the property. Personal property valuations only includes "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.

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

Fiscal Year	City of Helena						Overlapping Rates ¹				
	General Purpose	Medical Insurance	Planning	GO Bond Debt		Other Levies	Total Direct	Schools			Lewis and Clark County
				Service				Helena Elementary	Helena Elementary ²	Helena High	
2004	56.08	14.55	11.51	9.94	22.63	114.71	153.42	-	98.34	244.27	
2005	65.88	14.99	11.08	9.77	23.74	125.46	154.76	-	98.71	202.84	
2006	76.99	14.08	8.84	8.89	22.97	131.77	164.47	-	100.78	206.07	
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	

Source: City of Helena and Lewis & Clark County

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

¹Overlapping 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.

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

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

	2013			2004 ¹		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value
Northwestern Corporation	\$ 5,210,304	1	8.79%	\$ 8,619,781	1	10.05%
Verizon Wireless	5,207,828	2	8.79%	-		0.00%
Qwest Corporation	1,460,068	3	2.46%	2,419,711	3	2.82%
Bresnan Communications	848,524	4	1.43%	-		0.00%
Helena Federal Office Complex, LLC	470,048	5	0.79%	394,463	7	0.46%
Wal Mart Stores Inc	410,574	6	0.69%	303,988	9	0.35%
Boeing Helena Inc.	342,395	7	0.58%	-		0.00%
Waterford (Retirement Home)	327,650	8	0.55%	-		0.00%
Costco Wholesale	298,615	9	0.50%	-		0.00%
Montana Rail Link Inc	252,287	10	0.00%	520,816	4	0.61%
PPL Montana LLC	-		0.00%	2,422,248	2	2.83%
ASARCO	-		0.00%	425,678	5	0.50%
Burlington Northern Santa Fe	-		0.00%	424,557	6	0.50%
Yellowstone Pipeline Co.	-		0.00%	310,970	8	0.36%
AT&T Communications	-		0.00%	280,419	10	0.33%
	<u>\$14,828,293</u>		<u>24.58%</u>	<u>\$16,122,631</u>		<u>18.81%</u>
Total City Taxable Assessed Value	\$59,277,042			\$85,726,975		

Source: Lewis & Clark County

¹ This information for the City of Helena, individually, was not available. Instead, the information for 2004 is for Lewis and Clark County.

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

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
2004	\$ 4,638,284	\$ 4,534,248	97.76%	\$ 104,034	\$ 4,638,282	100.00%
2005	5,208,470	5,109,640	98.10%	98,828	5,208,468	100.00%
2006	6,050,202	5,683,871	93.95%	361,631	6,045,502	99.92%
2007	6,345,452	5,903,491	93.03%	441,959	6,345,450	100.00%
2008	6,854,286	5,252,505	76.63% ¹	1,601,153	6,853,658	99.99%
2009	7,678,357	7,501,053	97.69%	176,450	7,677,503	99.99%
2010	8,119,368	6,066,850	74.72% ²	2,051,062	8,117,912	99.98%
2011	8,991,079	8,773,371	97.58%	215,191	8,988,562	99.97%
2012	9,231,607	8,172,294	88.53%	1,038,320	9,210,614	99.77%
2013	9,436,723	9,033,110	95.72%	-	9,033,110	95.72%

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 2010 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.

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percent of Personal Income ¹	Total Debt Per Capita ¹
	General Obligation Bonds	Loans	Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Revenue Bonds	Loans	Special Assessment Bonds			
2004	\$ 4,095,000	\$ 1,003,574	\$ 1,745,000	\$ 1,582,605	\$ -	\$ 18,170,586	\$ 691,122	\$ 626,893	\$ 27,914,780	3.45%	\$ 1,043
2005	3,870,000	1,072,612	895,000	2,047,843	-	20,075,991	655,997	567,981	29,185,424	3.45%	1,074
2006	4,790,000	955,205	-	1,728,669	-	20,851,342	534,384	506,331	29,365,931	3.32%	1,072
2007	4,530,000	834,263	-	1,413,183	-	19,955,588	407,331	441,815	27,582,180	2.94%	989
2008	12,014,544	590,655	-	1,234,536	-	20,283,565	776,210	374,301	35,273,811	3.63%	1,228
2009	11,446,807	805,969	-	997,837	8,602,110	18,858,520	1,185,606	265,000	42,161,849	3.91%	1,436
2010	10,925,346	672,840	-	711,837	8,602,110	17,279,991	1,688,861	195,000	40,075,985	3.54%	1,339
2011	10,364,050	525,057	-	525,000	8,602,110	14,850,854	1,546,387	125,000	36,538,458	3.34%	1,296
2012	9,772,894	372,605	-	370,000	8,432,967	12,015,465	1,351,583	65,000	32,380,514	2.90%	1,133
2013	9,166,863	215,931	-	270,000	8,258,992	11,472,000	1,150,385	15,000	30,549,171	2.59%	1,049

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

¹ See page J-21 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Fiscal Year	General Obligation Bonds	General Fund Bonds ¹	Less Amounts Restricted to Repaying Principal	Total Primary Government	Percent of Estimated Actual Taxable Value ²	Per Capita ³
2004	\$ 4,095,000	\$ -	\$ (225,000)	\$ 3,870,000	9.54%	\$ 144.58
2005	3,870,000	-	(220,000)	3,650,000	8.74%	134.38
2006	3,650,000	1,140,000	(304,083)	4,485,917	9.77%	163.82
2007	3,415,000	1,115,000	(266,793)	4,263,207	9.03%	152.89
2008	10,924,544 ⁴	1,090,000	(175,149)	11,839,399	23.30%	412.15
2009	10,381,807	1,065,000	(234,316)	11,212,491	21.72%	382.01
2010	9,890,346	1,035,000	(255,699)	10,669,647	19.82%	356.38
2011	9,359,050	1,005,000	(419,250)	9,944,800	17.23%	352.78
2012	8,802,894	970,000	(330,228)	9,442,666	15.53%	330.26
2013	8,231,863	935,000	(323,402)	8,843,461	14.92%	303.54

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 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.

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

City of Helena, Montana
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2013

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	\$ 3,245,000	53.89%	\$ 1,748,692
Helena School District No. 1 Elementary	71,000	66.98%	47,553
East Helena School District No. 9 Elementary	2,507,286	1.92%	48,132
Lewis & Clark County Bonds	3,854,089	51.21%	1,973,698
Subtotal overlapping debt			3,818,075
City direct debt	<u>\$ 17,911,786</u>	<u>100.00%</u>	<u>17,911,786</u>
Total direct and overlapping debt			<u>\$ 21,729,861</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)

Assessed value	\$ 1,967,596 ³
Debt limit (2.5% of assessed value) ²	49,190
Debt applicable to limit:	
General obligation bonds	9,167
Commission chamber remodel	29
Golf mowers	6
Sidewalk replacement	216
Total debt subject to limit	9,418
Legal debt margin	\$ 39,772

Fiscal year	2004 ⁴	2005 ⁴	2006	2007	2008 ⁵	2009	2010	2011	2012	2013
Debt limit	\$ 18,426	\$ 19,094	\$ 21,200	\$ 22,309	\$ 37,035	\$ 38,507	\$ 41,295	\$ 45,619	\$ 46,787	\$ 49,190
Total net debt applicable to limit	4,291	4,215	3,948	3,664	11,214	11,921	11,342	10,727	10,082	9,418
Legal debt margin	\$ 14,135	\$ 14,879	\$ 17,252	\$ 18,645	\$ 25,821	\$ 26,586	\$ 29,953	\$ 34,892	\$ 36,705	\$ 39,772
Total net debt applicable to the limit as a percentage of debt limit	23.29%	22.07%	18.62%	16.42%	30.28%	30.96%	27.47%	23.51%	21.55%	19.15%

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 total net debt applicable to the limit for fiscal years 2004 through 2005 was revised as a new attorney's opinion was given that said debt issued under 7-5-4306, MCA needs to be included in this computation. This opinion required the City to include INTERCAP loans for a commission chamber remodel, golf mowers, golf cars and sidewalk replacement when computing the debt limit.

⁵ The City issued \$7,850,000 of general obligation bonds during fiscal year 2008.

City of Helena, Montana
PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage
				Principal	Interest					Principal	Interest	
2004	4,956	2,472	2,484	541	793	186.2%	2,836	1,764	1,072	721	132	125.7%
2005	4,472	2,663	1,809	1,205	60	143.0%	2,854	1,842	1,012	721	132	118.6%
2006	5,146	2,344	2,802	1,333	309	170.6%	3,380	1,927	1,453	721	132	170.3%
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%

Special Improvement Districts				
Fiscal Year	Special Assessment Collections ¹	Debt Service		
		Principal	Interest	Coverage
2004	386	272	124	97.5%
2005	487	256	123	128.5%
2006	476	403	123	90.5%
2007	554	395	106	110.6%
2008	433	373	87	94.1%
2009	522	351	64	125.8%
2010	251	296	44	73.8%
2011	205	196	32	89.9%
2012	173	160	24	94.0%
2013	94	105	16	77.7%

Source: City financial statements.

¹ 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 the debt service funds. The City has consistently called bonds in advance for each separately issued series of SID bonds.

City of Helena, Montana
DEMOGRAPHICS AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2003	26,768	\$ 809,357	\$ 30,236	3.9%	8,105
2004	27,162	846,803	31,176	3.9%	8,084
2005	27,383	883,293	32,257	3.8%	7,919
2006	27,885	938,693	33,663	3.1%	8,013
2007	28,726	972,921	33,869	2.7%	7,910
2008	29,351	1,078,532	36,746	3.7%	8,055
2009	29,939	1,302,673	37,799	4.7%	8,154
2010	28,190	1,317,853	38,764	5.5%	8,304
2011	28,592	1,353,368	39,052	5.3%	8,331
2012	29,134	1,421,329	40,456	4.9%	8,300

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

City of Helena, Montana
TOP TEN EMPLOYERS
Current Year and Five Years Ago¹

COMPANY NAME	PRODUCT OR SERVICE	2013			2008		
		ESTIMATED NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	ESTIMATED NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
State of Montana	Government	6,482	1	16.19%	6,704	1	12.93%
US Government	Government	1,915	2	4.78%	1,908	2	3.68%
St. Peter's Hospital	Health Services	1,187	3	2.97%	1,000	3	1.93%
Helena School District No. 1	Education	940	4	2.35%	847	4	1.63%
Carroll College	Education	491	5	1.23%	-	-	-
Blue Cross/Blue Shield	Health Services	480	6	1.20%	600	5	1.16%
Lewis & Clark County	Government	424	7	1.06%	430	7	0.83%
Wal-Mart	Retail	378	8	0.94%	450	6	0.87%
Military	Military	330	9	0.82%	374	8	0.72%
Shodair Children's Hospital	Health Services	310	10	0.77%	-	9	0.58%
City of Helena	Government	-	-	-	283	10	0.55%
		<u>12,937</u>		<u>32.32%</u>	<u>12,596</u>		<u>24.87%</u>
Total Employment		40,028			38,970		

Sources: Montana Dept of Labor and telephone survey by City staff.

¹ 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

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT										
Legislative	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.50	7.50
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	5.00	5.00
Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Financial	6.50	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Human resources	3.50	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Legal	3.54	3.54	4.54	4.54	4.54	4.50	4.50	4.50	4.50	4.75
Facilities administration	1.54	1.83	2.02	2.02	2.02	2.11	2.17	2.17	2.17	2.67
PUBLIC SAFETY										
Law enforcement	70.00	69.00	69.00	69.00	69.00	72.00	70.00	71.50	71.50	72.46
Fire protection	37.00	37.00	37.00	37.00	37.00	36.00	36.00	36.00	36.00	36.00
PUBLIC WORKS										
Public work administration	3.00	3.00	3.00	2.00	2.50	2.50	2.50	2.50	2.50	1.50
Engineering	6.00	6.25	7.25	7.25	6.75	6.90	6.90	6.90	7.90	7.90
Road and street	15.50	15.50	15.50	15.50	15.50	15.51	15.50	15.51	15.51	15.01
Storm water	1.43	1.43	1.43	2.03	2.03	2.03	2.03	2.18	2.18	2.18
PUBLIC HEALTH										
Animal control	1.00	1.00	1.00	1.00	1.50	2.00	2.00	2.00	2.00	2.00
CULTURE AND RECREATION										
Park and recreation	13.85	13.99	15.14	16.07	16.79	19.60	20.35	19.35	19.60	21.60
Civic center	5.46	5.17	4.98	4.98	4.98	5.44	5.44	5.44	5.44	4.94
COMMUNITY DEVELOPMENT										
Community development	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.66	2.66	2.66
Planning	3.96	3.96	2.96	2.96	2.96	2.96	2.96	2.47	2.47	2.47
Building	6.84	6.84	7.84	8.34	11.84	10.34	10.34	10.50	8.50	8.50
Water	19.24	19.13	18.95	18.10	18.10	18.10	17.89	19.79	18.79	20.79
Wastewater	13.75	12.71	14.08	14.33	14.33	13.33	14.33	14.79	13.79	14.04
Solid waste	8.45	8.45	8.45	8.45	8.45	8.45	8.45	7.15	8.60	8.30
Transfer station	10.05	10.05	10.05	10.05	10.87	10.05	10.05	10.35	10.40	10.70
Bus	7.10	7.40	9.60	16.10	18.20	15.72	15.23	12.43	12.26	12.76
City-County building administration	-	-	-	-	-	6.32	6.26	6.26	6.26	6.26
Fleet services	5.70	5.70	5.60	5.50	5.25	5.40	5.40	5.40	5.50	5.50
Total	263.24	261.78	269.22	275.55	282.94	290.59	289.63	288.85	288.03	292.49

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.

City of Helena, Montana
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Calendar Years

(1 of 2)

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT										
Judicial										
Trials by judge	2,088	1,963	1,827	1,699	1,673	2,201	2,232	2,137	2,141	3,120
Trials by jury	2	2	8	13	11	15	17	12	15	11
Citations filed	12,074	10,792	10,321	7,724	8,888	8,605	7,646	7,541	7,243	7,096
PUBLIC SAFETY ACTIVITIES										
Police ¹										
Total calls	N/A	N/A	26,380	23,823	26,317	27,778	27,232	26,454	26,849	27,566
Arrests	N/A	N/A	2,798	2,288	2,642	2,529	2,369	2,258	2,320	2,373
Warrants served	N/A	N/A	282	264	302	314	403	419	430	996
Traffic citations	N/A	N/A	13,216	7,756	9,105	5,647	5,739	5,458	5,271	4,718
Fire										
Alarms	2,599	2,688	2,680	2,925	3,045	3,284	3,149	3,253	3,286	3,493
Inspections	185	275	111	512	1,164	592	547	688	474	429
Medical calls	2,026	2,031	1,825	2,094	2,277	2,511	2,239	2,340	2,371	2,539
PUBLIC WORKS										
Streets										
Chip seal (miles)	8.0	9.5	11.0	8.5	9.0	8.6	9.0	8.9	9.5	8.6
Crack seal (miles)	7.0	9.0	11.0	6.5	6.8	7.0	8.0	9.0	9.5	8.6
Water										
Average daily consumption (millions of gallons)	5.5	5.0	5.5	5.5	5.4	5.2	4.9	4.6	5.0	6.0
Peak demand (millions of gallons)	15.7	12.2	12.6	14.5	13.6	12.7	12.1	11.6	12.5	14.0
Number of customers	9,528	9,608	9,740	9,955	10,100	10,256	10,442	10,621	10,790	11,100
Wastewater										
Average daily wastewater treated ² (millions of gallons)	3.2	2.9	2.8	2.8	2.7	2.9	2.7	2.7	3.0	2.9
Solid waste										
Refuse collected (tons per day)	117	117	121	124	133	118	114	109	105	101
Recyclables collected (tons per day)	11	13	15	16	15	16	18	18	18	17
Bus										
Total passengers ³	45,176	51,988	59,765	93,842	122,000	120,980	131,790	107,105	95,857	75,116
PUBLIC HEALTH ACTIVITIES										
Animal control ¹										
Total incidents	N/A	N/A	1,915	1,901	1,778	2,262	2,214	2,230	2,259	2,393
Citations	N/A	N/A	314	280	217	433	479	432	348	316

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City of Helena, Montana
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Calendar Years

(2 of 2)

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CULTURE AND RECREATION										
Swimming pool										
Swimming pool attendance	18,517	17,215	20,549	17,099	19,161	19,924	25,983	21,370	22,843	25,728
Civic Center										
Events	165	175	171	172	188	177	148	169	166	220
Tickets sold	14,919	5,905	8,682	6,994	6,790	7,342	3,205	3,514	2,081	5,543
COMMUNITY DEVELOPMENT										
Building										
Residential permits, new construction	66	110	111	122	84	58	91	114	112	112
Number of units	87	153	168	183	143	80	107	176	172	172
Value of permits (in thousands)	\$ 10,612	\$ 19,237	\$ 24,246	\$ 32,698	\$ 27,831	\$ 17,571	\$ 18,405	\$ 26,546	\$ 24,598	\$ 25,109
Residential permits, addition/remodel	63	59	66	54	95	93	102	103	72	54
Value of permits (in thousands)	\$ 1,150	\$ 1,327	\$ 1,178	\$ 2,070	\$ 3,338	\$ 2,866	\$ 2,260	\$ 2,390	\$ 1,836	\$ 1,719
Commercial permits, new construction	22	23	24	30	24	26	19	26	14	26
Value of permits (in thousands)	\$ 16,921	\$ 21,498	\$ 14,643	\$ 37,996	\$ 22,834	\$ 23,509	\$ 44,747	\$ 30,256	\$ 19,597	\$ 30,918
Commercial permits, addition/remodel	133	91	101	116	122	99	129	145	128	96
Value of permits (in thousands)	\$ 10,530	\$ 19,326	\$ 42,368	\$ 21,232	\$ 17,914	\$ 27,248	\$ 16,968	\$ 21,568	\$ 19,594	\$ 15,382
Planning										
Conditional use permits	18	18	19	17	12	8	1	1	4	5
Zone changes	8	6	9	11	8	5	6	3	3	7
Zoning ordinance amendments	7	8	2	-	-	4	1	-	-	-
Annexation and pre-zoning	16	14	14	11	10	85	3	4	4	5
Major subdivision	6	8	16	8	9	4	4	4	3	2
Minor subdivision	6	11	7	11	8	3	2	3	2	1
Amended plat	15	21	21	23	19	25	20	14	11	21
Board of adjustment variances	-	-	-	32	32	19	19	9	7	7

Source: City of Helena

¹ The police department switched to a new software system and did not retain records for several years. Information is not available for years shown as N/A.

² Average daily demand appears to drop in 2004. However, the wastewater plant had it's meters recalibrated and determined prior readings were higher than actual.

³ A downtown trolley route was operated during 2006-2009, and a commuter route during 2009. Both these routes have been discontinued.

N/A - Not available.

City of Helena, Montana
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PUBLIC SAFETY ACTIVITIES										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	31	34	34	34	37	39	38	38	38
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire response trucks	12	15	17	17	18	19	19	18	19	17
PUBLIC WORKS										
Streets (miles)	171.0	178.0	203.3	207.4	233.5	245.4	253.8	264.8	266.7	267.3
Lights ¹	2,862	2,952	2,937	2,993	3,058	3,401	3,401	3,478	3,526	3,562
Stormwater mains (miles)	31	31	36.1	48.9	89.2	92.0	96.0	98.8	100.7	103.4
Water										
Water mains (miles)	210.2	204.0	206.5	210.3	212.5	219.0	222.5	223.7	227.6	227.8
Fire hydrants	1,311	1,311	1,376	1,501	1,568	1,576	1,638	1,649	1,650	1,681
Storage capacity (in millions of gallons)	N/A	N/A	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Wastewater mains (miles)	161.7	165.0	157.5	171.2	175.7	175.3	175.6	180.7	185.2	185.8
Solid waste - collection trucks	18	19	19	20	20	20	20	20	20	20
Bus - buses	8	9	8	17 ²	17	18	20	18	17	12
CULTURE AND RECREATION										
Number of parks	53	56	57	57	58	58	63	63	63	89 ³
Acreage	2,139	2,177	2,179	2,179	2,187	2,334	2,349	2,349	2,399	2,320 ³

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.

N/A - Not available

City of Helena, Montana
THE WATER SYSTEM ¹
June 30, 2013

Historical Water System Connections Last Five Fiscal Years

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>	<u>Total Customers</u>
2009	7,756	2,686	10,442
2010	7,867	2,754	10,621
2011	7,971	2,819	10,790
2012	8,197	3,009	11,206
2013	8,295	3,074	11,369

Water System Rate Structure

	<u>Residential (Single Family Residence)</u>	<u>Commerical (Commercial and Multi-Family)</u>
Base Rate	\$ 2.40	\$ 3.87
Per 100 Cubic feet Water	2.71	2.71

Major Water System Users

<u>User</u>	<u>Water Charges</u>	<u>Percent of Total Water Revenues ²</u>
State of Montana	\$321,175	5.07 %
City of Helena	284,766	4.49
Helena School District #1	108,264	1.71
St. Peter's Hospital	96,920	1.53
Helena Housing Authority	87,143	1.37
Fort Harrison Vets Center	48,665	0.77
Carroll College	42,856	0.68
Lifestyle Mobile Home Court	33,239	0.52
Helena Colonial, LLC	26,187	0.41
Costco	24,816	0.39
	<u>\$1,074,031</u>	<u>16.94 %</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.

City of Helena, Montana
THE WASTEWATER SYSTEM ¹
June 30, 2013

Historical Wastewater System Connections Last Five Fiscal Years
--

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>	<u>Total Customers</u>
2009	7,619	2,334	9,953
2010	7,728	2,351	10,079
2011	7,830	2,384	10,214
2012	8,013	2,465	10,478
2013	8,110	2,512	10,622

Wastewater System Rate Structure

	<u>Basic Monthly Rates</u>	<u>Surcharge Rates</u>
Base Rate	\$ 4.77	\$ 1.41
Per 100 Cubic feet Water	2.12	0.40

Major Wastewater System Users

<u>User</u>	<u>Wastewater Charges</u>	<u>Percent of Total Wastewater Revenues</u> ²
State of Montana	\$200,891	4.82 %
St. Peter's Hospital	77,845	1.87
McHugh Mobile Home Park	36,685	0.88
Helena Housing Authority	52,651	1.26
Fort Harrison VA Medical Center	45,253	1.09
Helena School District #1	41,355	0.99
Carroll College	38,921	0.93
Lee Reynold's Mobile Home Park	31,403	0.75
Helena Colonial, LLC	24,364	0.58
Crichton Properties LLC	17,930	0.43
	<u>\$567,298</u>	<u>13.60 %</u>

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.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICTS REVOLVING FUND
STATEMENT OF CHANGES IN FUND BALANCE ¹
Last Five Fiscal Years

	2009	2010	2011	2012	2013
Beginning balance - July 1	\$ 1,368,327	\$ 1,159,133	\$ 836,948	\$ 583,916	\$ 358,734
Receipts over disbursements ²	(209,194)	(322,185)	(253,032)	(225,182)	(235,737)
Ending balance - June 30	<u>\$ 1,159,133</u>	<u>\$ 836,948</u>	<u>\$ 583,916</u>	<u>\$ 358,734</u>	<u>\$ 122,997</u>
Assets:					
Cash	\$ 924,136	\$ 679,550	\$ 484,766	\$ 264,020	\$ 26,295
Certificates of deposit	171,471	102,476	74,042	43,512	3,765
Assessments receivable	1,890	1,357	1,308	-	-
Warrants	43,672	33,953	25,108	51,202	92,937
Land held for resale	19,854	19,854	-	-	-
Total assets	<u>1,161,023</u>	<u>837,190</u>	<u>585,224</u>	<u>358,734</u>	<u>122,997</u>
Liabilities:					
Deferred revenues	1,890	242	1,308	-	-
Total liabilities	<u>1,890</u>	<u>242</u>	<u>1,308</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	53,807	19,854	-	-	-
Restricted	1,105,326	817,094	583,916	358,734	122,997
Total fund balance	<u>1,159,133</u>	<u>836,948</u>	<u>583,916</u>	<u>358,734</u>	<u>122,997</u>
Total liabilities and fund balances	<u>\$ 1,161,023</u>	<u>\$ 837,190</u>	<u>\$ 585,224</u>	<u>\$ 358,734</u>	<u>\$ 122,997</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

Fiscal Year	Revolving Fund Ending Cash and Investment Balances	Principal Amount of Bonds and Warrants	Percentage
2004	\$ 1,391,603	\$ 2,275,687	61.15%
2005	1,774,950 ²	2,698,801	65.77%
2006	1,634,711	2,317,557	70.54%
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%

¹ This schedule is included to comply with requirements of our special improvement district bonds.

² The increase was due to a developer buying tax deed property and paying the outstanding taxes and penalties owing.

City of Helena, Montana
BUREAU OF CENSUS SUPPLEMENTAL SCHEDULE
Fiscal Year Ended June 30, 2013

Intergovernmental expenditures made to governments on a cost-sharing basis

Purpose	Amount
None	\$ -

Gross wages paid \$17,158,006

Debt outstanding
Long-term debt outstanding, issued and retired

Purpose	Bonds Outstanding			Outstanding as of June 30, 2013	
	July 1, 2012	Issued	Retired	General Obligation	Revenue bonds
Water utility	\$ 4,895,465	\$ 6,146,803	\$ 5,558,268	\$ -	\$ 5,484,000
Sewer utility	6,675,000	6,310,000	6,997,000	-	5,988,000
All other	18,650,861	-	1,225,006	17,425,855	-
	\$ 30,221,326	\$ 12,456,803	\$ 13,780,274	\$ 17,425,855	\$ 11,472,000

Other long-term debt

Type	July 1, 2012	June 30, 2013
Special improvement district bonds	\$ 435,000	\$ 285,000
Loans payable	1,724,189	1,366,317
	\$ 2,159,189	\$ 1,651,317

Cash balances by fund type

Type of funds	Amount
General	\$ 4,383,481
Special revenue	8,020,520
Debt service	1,761,010
Capital project	2,156,091
Enterprise	15,610,205
Internal services	1,212,672
Trust and agency	41,337
	\$33,185,316

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Section K

SINGLE AUDIT SECTION



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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 of America 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 of City of Helena, Montana (the City) as of and for the year ended June 30, 2013, 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 16, 2013.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Galusha, Higgins & Galusha, PC

GALUSHA, HIGGINS & GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
December 16, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of City Commissioners
City of Helena, Montana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Helena, Montana (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The City'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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the compliance 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'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'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, 2013.

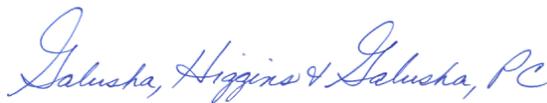
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, 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'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



GALUSHA, HIGGINS & GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
December 16, 2013

City of Helena, Montana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x none reported

Are there any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133? yes x no

Type of auditor's report issued on compliance for major programs: Unqualified

Identification of major programs:

CFDA Number:	Program Title
20.509	Formula Grants for Other Than Urbanized Areas
14.228	Community Development Block Grants/State's Program
10.689	Community Forest and Open Sapce Conservation Program (CFP)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

City of Helena, Montana
SUMMARY OF AUDIT FINDINGS AND PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were identified for the FY2013 audit.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were identified for the FY2013 audit.

SECTION IV - PRIOR AUDIT FINDINGS

No matters were identified for the FY2012 audit.

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City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2013

(1 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Montana DNRC			
10.689	Community Forest and Open Space Conservation Program (CFP)	12-DG-11420004	220,000
10.680	Forest Health Protection	10-DG-11010000-0102	-
	Total U.S. Department of Agriculture		<u>220,000</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Montana Department of Commerce			
CDBG - State-Administered CDBG Cluster			
14.228	Community Development Block Grants/State's program	MT-CDBG-11PF-03	328,848
	Total CDBG - State-Administered CDBG Cluster		<u>328,848</u>
<u>U.S. Department of Interior</u>			
Passed through Montana Fish, Wildlife & Parks			
15.916	Outdoor Recreation Acquisition, Development and Planning	30-00723	75,000
	Total U.S. Department of Interior		<u>75,000</u>
<u>U.S. Department of Justice</u>			
16.607	Bulletproof Vest Partnership	OMB1121-0235	6,130
JAG Program Cluster:			
16.738	Edward Byrne Memorial Justice Assistance Grant	11-G01-91256	19,661
Passed through Gallatin County			
16.738	Edward Byrne Memorial Justice Assistance Grant	N/A	21,276
	Total JAG Program Cluster:		<u>40,937</u>
Passed through City of Billings			
16.543	Internet Crimes Against Children	2010-MC-CX-K007	16,373
Passed through Montana Board of Crime Control			
16.588	Violence Against Women Formula Grant	12-W02-91135	53,075
	Total U.S. Department of Justice		<u>116,515</u>
<u>U.S. Department of Transportation</u>			
Passed through Montana Department of Transportation			
Highway Planning and Construction Cluster:			
20.205	Highway Planning and Construction	STPE 599 (41)	-
20.205	Highway Planning and Construction	STPE 5899(39) & STPE5899(40)	-
20.205	Highway Planning and Construction	STPE 5899(39) & STPE5899(40)	86,436
	Total Highway Planning and Construction Cluster:		<u>86,436</u>
20.509	Formula Grants for Other Than Urbanized Areas	5311-OPER-466	542,582
20.509	Formula Grants for Other Than Urbanized Areas	5311-OPER-466	-
20.509	Formula Grants for Other Than Urbanized Areas	106463	25,002
20.509	ARRA - Formula Grants for Other Than Urbanized Areas	106631	84,910
20.515	Transit Development Plan (TDP)	106686	30,868
Transit Services Program Cluster:			
20.516	Job Access-Reverse Commute	106471	46,449
20.516	Job Access-Reverse Commute	5316-OPER-12	-
20.521	New Freedom Program	106475	36,545
20.521	New Freedom Program	5317-OPER-33	16,485
	Total Transit Services Program Cluster		<u>99,479</u>
Passed through Montana Department of Highways			
Highway Safety Cluster:			
20.600/20.601	Occupant Protection Incentive Grant	106725	5,146
20.600/20.601	Occupant Protection Incentive Grant	105980	13,433
	Total Highway Safety Cluster		<u>18,579</u>
Passed through Montana Disaster and Emergency Services			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	HM-HMP-0216-11-01-00	7,007
	Total U.S. Department of Transportation		<u>894,863</u>

See Accompanying Notes to Schedule.

City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the fiscal year ended June 30, 2013

(2 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Federal Expenditures
<u>U. S. Department of Health and Human Services</u>			
Passed through Rocky Mountain HIDTA			
93.276	Drug-Free Communities Support Program	G12RM0036 & G13RM0036	4,372
Passed through National Recreation and Park Association			
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		20,556
	Total U.S. Department of Health and Human Services		<u>24,928</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Montana Department of Military Affairs, Disaster and Emergency Services			
97.036	Disaster Grants - Public Assistance	FEMA-1996-DR-MT	11,706
97.047	Pre-Disaster Mitigation	DR-1767-P-2-R	52,668
97.047	Pre-Disaster Mitigation	PDMC-PJ-08-MT-2008-006	107,961
97.067	Homeland Security Grant Program	2010-SS-T0-00089	76,420
97.067	Homeland Security Grant Program	2010-10-GPD-067-000-01	51,097
97.067	Homeland Security Grant Program	EMW-2012-SS-00143-S01	38,644
97.067	Homeland Security Grant Program	EMW-2011-SS-00052	430,000
	Total U.S. Department of Homeland Security		<u>768,496</u>
	Total All Grants		<u>\$ 2,428,650</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	\$ 328,848
20.521	New Freedom Program	Rocky Mountain Development Council	53,030
			<u>\$ 381,878</u>

City of Helena, Montana
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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

The prior year schedule understated expenditures by \$14,570 and \$41,250 for CFDA number 97.047 (grantor number PDMC-PJ-08-MT-2008-006) and 97.067 (grantor number 2010-10-GPD-067-000-01), respectively.