

CITY OF HELENA



**2018 West Main
Street Project**



**Comprehensive Annual Financial Report
Fiscal Year 2018
July 1, 2017 – June 30, 2018
Helena, Montana**

City of Helena, Montana

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATIVE SERVICES

FISCAL YEAR 2018
July 1, 2017 - June 30, 2018

INTRODUCTORY SECTION

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2018

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INTRODUCTORY SECTION

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City of Helena

December 14, 2018

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 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, 2018, is hereby submitted.

Management Representation

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

Independent Auditor

Wipfli, LLP, a firm of licensed certified public accountants has audited the financial statements of the City. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2018, 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, 2018, provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

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

Transmittal Letter

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

PROFILE OF THE CITY OF HELENA

Self-Government Chartered City

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

City Commission

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

City Manager

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

City Demographics

Helena, the state capital, is located in southern Lewis and Clark County, and situated at the south end of a large mountain valley. The economy is stable because federal, state, county, or city government workers earn approximately 37 percent of total personal income in Lewis and Clark County according to the United States Department of Labor. Helena, with a population estimate of 31,429, 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 75,000. It includes many small, rural communities that rely heavily on Helena for employment, professional services, retail goods, and entertainment.

City Services

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

Financial Entity

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

Annual Budget

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

Comprehensive Capital Improvement Programs (CCIP)

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

The CCIP emphasizes:

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

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

Budget to Actual Comparisons

The State municipal budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of Agency funds. The City legally adopts a budget for the required funds. Consistent with past years, the City established the legal spending level at the fund level for the fiscal year 2018 budget. The City Manager may make transfers of appropriations within a fund. Transfers between funds, however, require approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the general and streets funds, comparisons are presented beginning on page B-8 as part of the basic financial statements for the governmental funds. For other governmental funds, this comparison is presented in the governmental fund subsection of this report, starting on page D-10. All appropriations lapse at year-end; however, they can be re-appropriated by the City Manager as part of the following year's budget.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Helena is fortunate to be the State capital and home to many federal agencies including the Fort Harrison army base and veteran's administration hospital. Residential and commercial construction has shown consistent growth in recent years. In fiscal year 2018 a gun range, two restaurants and one fast food restaurant, a car wash, a casino, two retail establishments, a 20 unit housing unit, a grocery/box store, and three new elementary schools have all been completed or are still in the process. In addition, several extensive remodels are in process, including a major office structure and a fast food restaurant. The city and county have also begun work to purchase and remodel a building to house the police and sheriff departments. Their old space will then be remodeled to expand the detention center. 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, 2017 is estimated to be 31,429 by the U.S. Census Bureau. This estimate indicates the State of Montana's population increased by 7.6 percent between the 2010 census and July 1, 2017 while Lewis and Clark County increased by 7.9 percent and the City by 11.5 percent.

Unemployment

The unadjusted unemployment rate for the 2017 calendar year for the City of Helena was 3.1 percent. This is up .1 percent from one year ago. For the State of Montana, the current unadjusted unemployment rate is 4.0 percent and the nation is 4.4 percent. The unemployment rate for Helena rose during the first half of 2018 to 3.3 percent for June 2018.

Per Capita Income

According to the Montana Department of Labor, the 2017 average annual wage for Lewis & Clark County, MT is \$45,344.

Transportation Planning

The City Commission and staff continue to work with the Montana Department of Transportation (MDOT) and Lewis & Clark County to plan for and complete all possible upgrades needed for our

transportation network. The City is also working to implement the Interstate Corridor Environmental Impact Study to provide a better interstate system that is complimentary to the City. The City is also working closely with the State and other regional governmental entities to prioritize recommendations for the MAP 21 funds. This funding requires the City to make recommendations for local transportation projects. The State will then determine which projects are funded throughout the State, allocate the funds, and perform the work.

The City has also prepared five year road transportation improvement plans and increased rates during the last three fiscal years to provide funding. The City Commission will approve the street replacement priorities after reviewing staff's recommendations annually. The City plans to use a combination of cash and borrowing to replace approximately \$3 million of streets annually.

Northwestern Energy is a private utility that owns all the lights in City created lighting districts. They have committed to replace all the halogen lights with LED lights in all districts. They will bear the replacement cost and will monitor electrical savings to see if it covers the cost in a reasonable time period. They are regulated by the State and will seek rate adjustments if they feel it is warranted in the future. Replacements began October 2018.

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 13% of total City budgeted revenues and 56% 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 5% 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. Circumstantial revenues such as newly taxable property and building permit fees are primarily driven by the economy or other variables beyond City control.

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

The most recent reappraisal cycle was completed on January 1, 2018 for legislative review during the 2019 legislative session. New reappraisal values will be used for property tax purposes in tax year 2019 (fiscal year 2020).

Discretionary revenues such as special assessments and utility charges make up about 45% 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 36% of total City budgeted revenues.

GASB Statement Effects on Net Position

Other Postemployment Benefits (OPEB) – Implied Rate Subsidy Liability:

The City implemented GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for fiscal year 2017. The City participates in

single-employer healthcare, dental and vision plans. Retirees pay the full cost of all premiums for plans they participate in. GASB Statement 75 changed from the current method of amortizing the remaining liability over 30 years to recording the entire liability.

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. See Note J for additional information.

Major Initiatives

The City annexed a number of properties on the west side of town, effective December 1, 2018, that are wholly surrounded. The City has split the project into four phases and annexed phase one in 2017, and phases two and three in 2018. The City’s plan is to fund the water and wastewater infrastructure upgrades and recover the costs with rebate fees. This process meets the City’s Growth Policy as it would help provide the opportunity for infill development, lessen urban sprawl, keep development costs affordable, and increase density where appropriate. Seven properties within this area were annexed at their request and are receiving wastewater services through this rebate program.

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

The City is in the process of creating a new TIF in its downtown area. The City Commission formally created the district in November 2018. This area, along with the TIF described above, incorporate most of the historic sections of the City.

The City completed an ADA assessment and transition plan for all its buildings and properties accessed by the public. The assessment was initiated at the request of the United States Department of Justice. A plan has been developed that establishes funding sources and time frames to accomplish the changes. Many improvements to City parks and buildings have been completed including playable playground improvements, a new family restroom on the third floor of the City-County Building, and sidewalk repairs around parking facilities.

The City issued \$2.1 million of general fund bonds in November 2017 to finance a major addition to its golf course proshop. One of the needs driving the renovation and addition was to provide a fully ADA compliant facility. The new addition contains a new clubhouse with a restaurant, bar and three simulators. The remodel was completed in September 2018.

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, 2017. This was the thirtieth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,



Dennis M. Taylor
INTERIM CITY MANAGER



Glenn Jorgenson, CPA
ADMINISTRATIVE SERVICES DIRECTOR



Government Finance Officers Association

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

Presented to

**City of Helena
Montana**

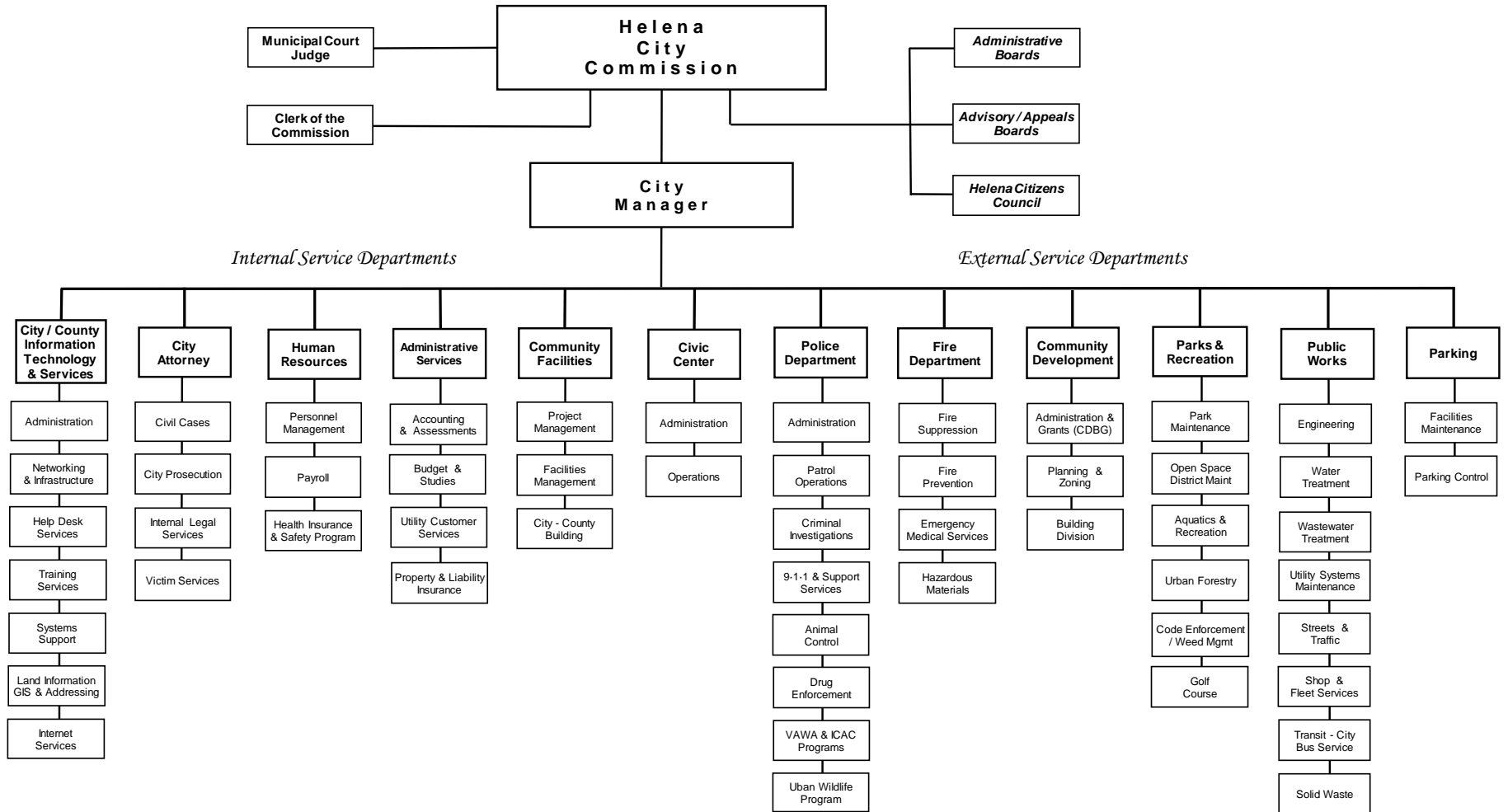
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morvill

Executive Director/CEO

CITY OF HELENA - ORGANIZATION CHART



City of Helena, Montana
LIST OF PRINCIPAL OFFICIALS
June 30, 2018

ELECTED OFFICIALS

Wilmot J. Collins	Mayor
Andres Haladay	Commissioner
Robert Farris-Olsen	Commissioner
Heather O'Loughlin	Commissioner
Ed Noonan	Commissioner

CITY OFFICIALS

Dennis Taylor	Interim City Manager
Debbie Havens	Clerk
Randall Camp	Public Works Director
Bob Wood	Municipal Judge
Thomas Jodoin	Attorney
Glenn Jorgenson	Administrative Services Director
Troy McGee	Police Chief
Mark Emert	Fire Chief
Sharon Haugen	Community Development Director
Craig Marr	Interim Parks & Recreation Director
James Fehr	Human Resources Director

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Section A
FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of City Commissioners
City of Helena, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general and streets funds) of the City of Helena, Montana (the City), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general and streets funds) of the City, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages A-4 through A-15, Schedule of City's Total Liability and Related Ratios and Schedule of City Contributions for Other Postemployment Benefits (OPEB) on C-1 and C-2, and Schedules of City's Proportionate Share of Net Pension Liability and Contributions on pages C-3 through C-8 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, 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.

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli, LLP

Helena, Montana
December 14, 2018

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30 by \$284,215,072 (*net position*). Of this amount, \$13,044,842 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$3,563,788 over the prior fiscal year due to contributed assets of \$971,437 from grantors and developers, increases in utility fees, and building reserves in utility funds for large anticipated capital projects.
- As of June 30 the City's governmental funds reported combined ending fund balances of \$22,801,594, a decrease of \$352,865 from the prior year. Approximately 20% of this amount, \$4,559,252 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the total of the *committed*, *assigned*, and *unassigned* components of *fund balance* for the general fund was \$5,433,764, or 34 percent of total general fund expenditures.
- The City's total debt decreased by \$490,029 (2 percent) during the current fiscal year. Key factors in the change include:
 1. Payment of principal on revenue bonds (\$1,169,000), general obligation bonds (\$835,000), certificates of participation (\$285,000), special assessment bonds (\$40,000), and loans (\$261,029).
 2. Additional borrowing of general fund bonds (\$2,100,000) was used to finance a major addition including a restaurant, bar and space for three simulators to the golf course pro shop.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds 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 17 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 and Streets special revenue funds that are considered to be major funds. Data from the other 15 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 and Streets funds to demonstrate compliance with their budgets.

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

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

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

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

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

The City has one fiduciary fund categorized as an Agency fund. The City uses the State Court Trust Agency fund to account for amounts collected on behalf of the State of Montana, Lewis and Clark County, and victims.

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

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

Other Information. All required supplementary information other than GASB Statements 68 and 75, Pensions and Other Postemployment Benefits other than Pensions (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 and Pensions liabilities beginning on page C-1.

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

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 and deferred outflows exceeded liabilities and deferred inflows by \$284,215,072 at June 30, 2018.

City of Helena, Montana
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The largest portion of the City's net position (\$259,271,915 or 91.2%) reflects its investment in capital assets (e.g., land, building, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Helena's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position is shown in the following table.

	CITY OF HELENA					
	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 26,375,377	\$ 26,221,095	\$ 32,220,421	\$ 31,731,620	\$ 58,595,798	\$ 57,952,715
Capital assets	134,380,594	133,152,996	147,776,702	142,995,568	282,157,296	276,148,564
Total assets	<u>160,755,971</u>	<u>159,374,091</u>	<u>179,997,123</u>	<u>174,727,188</u>	<u>340,753,094</u>	<u>334,101,279</u>
Deferred outflows of resources	3,580,471	2,708,655	2,210,398	1,744,148	5,790,869	4,452,803
Long-term liabilities outstanding	24,328,931	24,255,843	27,501,632	25,857,719	51,830,563	50,113,562
Other liabilities	4,065,356	3,385,949	4,609,903	3,526,245	8,675,259	6,912,194
Total liabilities	<u>28,394,287</u>	<u>27,641,792</u>	<u>32,111,535</u>	<u>29,383,964</u>	<u>60,505,822</u>	<u>57,025,756</u>
Deferred inflows of resources	1,280,680	602,230	542,389	274,812	1,823,069	877,042
Net position:						
Net investment in capital assets	129,370,594	127,387,996	129,901,321	125,406,279	259,271,915	252,794,275
Restricted	10,179,868	11,521,903	1,718,447	1,828,652	11,898,315	13,350,555
Unrestricted	(4,888,987)	(5,071,175)	17,933,829	19,577,629	13,044,842	14,506,454
Total net position	<u>\$ 134,661,475</u>	<u>\$ 133,838,724</u>	<u>\$ 149,553,597</u>	<u>\$ 146,812,560</u>	<u>\$ 284,215,072</u>	<u>\$ 280,651,284</u>

An additional portion of the City's net position (\$11,898,315 or 4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted (\$13,044,842 or 4.6%) and may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate business-type activities. The Governmental funds' negative unrestricted fund balance is because GASB 68 and 75 require the City's estimated portion of the State's pension liability and other postemployment benefits (OPEB) to be reported. The City has paid all required amounts to the pension administrators as required by State law. In addition the City has paid all insurance premiums.

The City's net position increased during the current fiscal year by \$3,563,788. The increase is attributed to several factors that are discussed on the following pages.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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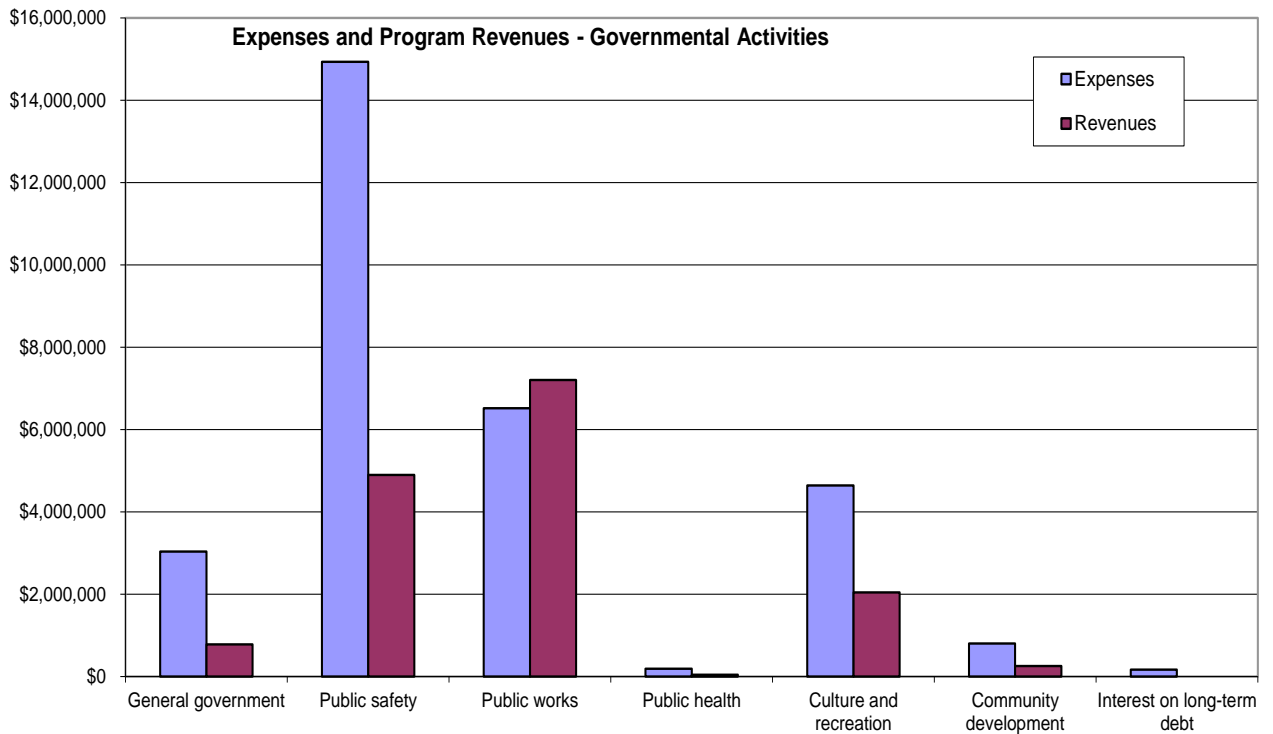
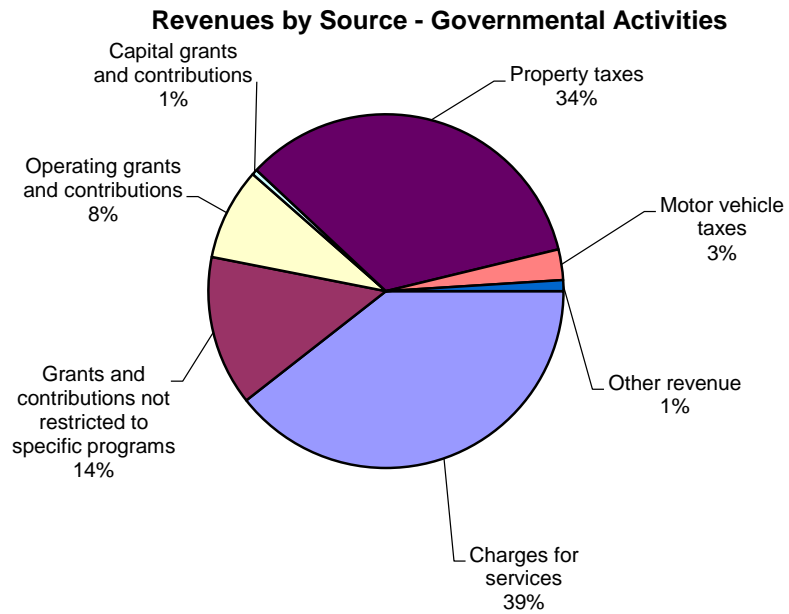
CITY OF HELENA
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 12,428,536	\$ 11,401,540	\$ 23,917,854	\$ 22,904,226	\$ 36,346,390	\$ 34,305,766
Operating grants and contributions	2,636,652	2,938,264	1,081,538	1,311,418	3,718,190	4,249,682
Capital grants and contributions	146,862	1,194,086	1,074,948	1,677,932	1,221,810	2,872,018
General revenues:						
Property taxes	10,797,141	10,329,375	-	-	10,797,141	10,329,375
Motor vehicle taxes	891,652	853,548	-	-	891,652	853,548
Grants and contributions not restricted to specific programs	4,334,645	4,310,367	-	-	4,334,645	4,310,367
Other	311,426	215,893	409,229	195,800	720,655	411,693
Total revenues	31,546,914	31,243,073	26,483,569	26,089,376	58,030,483	57,332,449
Expenses:						
General government	3,036,845	2,784,547	-	-	3,036,845	2,784,547
Public safety	14,930,310	13,858,480	-	-	14,930,310	13,858,480
Public works	6,517,871	6,227,931	-	-	6,517,871	6,227,931
Public health	188,800	230,818	-	-	188,800	230,818
Culture and recreation	4,641,148	4,760,319	-	-	4,641,148	4,760,319
Community development	799,505	560,099	-	-	799,505	560,099
Intergovernmental	-	11,849	-	-	-	11,849
Interest on long-term debt	162,792	187,449	-	-	162,792	187,449
Water	-	-	6,353,763	6,527,186	6,353,763	6,527,186
Wastewater	-	-	3,905,694	3,832,496	3,905,694	3,832,496
Solid waste	-	-	3,914,718	2,527,796	3,914,718	2,527,796
Transfer station	-	-	2,898,935	2,999,596	2,898,935	2,999,596
Parking	-	-	1,854,018	1,615,543	1,854,018	1,615,543
Golf course	-	-	1,437,446	1,378,934	1,437,446	1,378,934
Bus	-	-	1,742,719	1,707,372	1,742,719	1,707,372
Building	-	-	1,148,191	1,034,714	1,148,191	1,034,714
City-County Admin. Building	-	-	933,940	939,543	933,940	939,543
Total expenses	30,277,271	28,621,492	24,189,424	22,563,180	54,466,695	51,184,672
Change in net position before transfers	1,269,643	2,621,581	2,294,145	3,526,196	3,563,788	6,147,777
Transfers	(446,892)	(407,904)	446,892	407,904	-	-
Change in net position before restatement	822,751	2,213,677	2,741,037	3,934,100	3,563,788	6,147,777
Net position - beginning	133,838,724	133,147,315	146,812,560	143,460,102	280,651,284	276,607,417
Restatement - GASB 75 implementation	-	(1,522,268)	-	(581,642)	-	(2,103,910)
Net position - ending	\$ 134,661,475	\$ 133,838,724	\$ 149,553,597	\$ 146,812,560	\$ 284,215,072	\$ 280,651,284

Governmental Activities. Governmental activities in fiscal year 2018 increased the City's net position by \$882,751. The key elements of the increase and variances between years are:

- street assessments increased \$667,503 from rate increases of 7% for residential properties, and 13.5% for commercial,
- interest revenue increased \$133,915 from increased rates, and
- the remaining portion represents normal variations in revenues and expenditures.

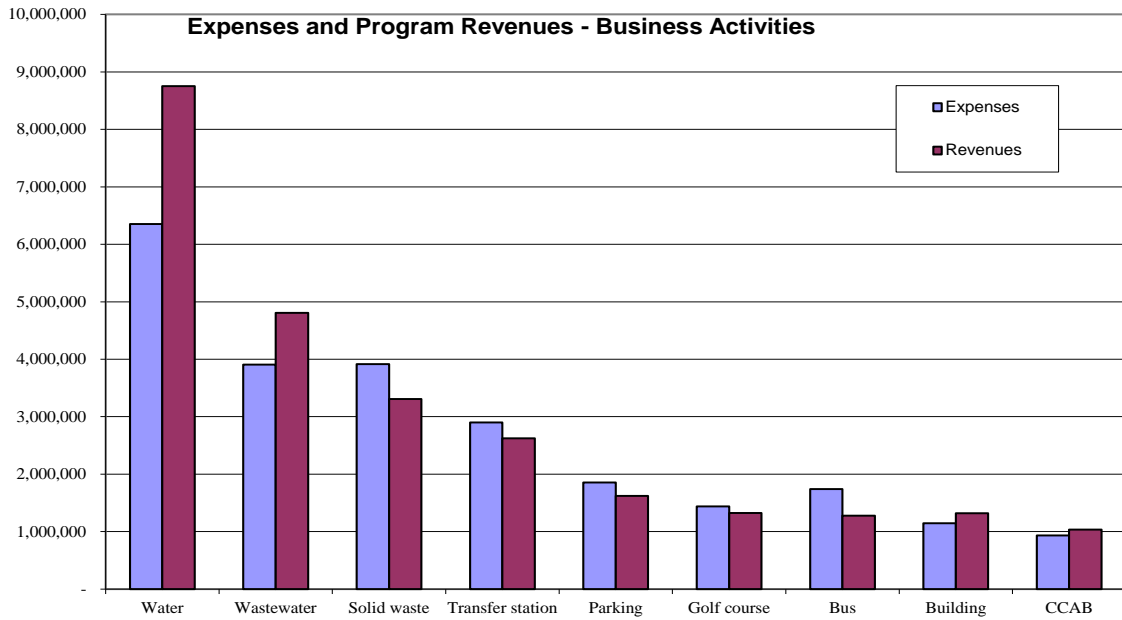
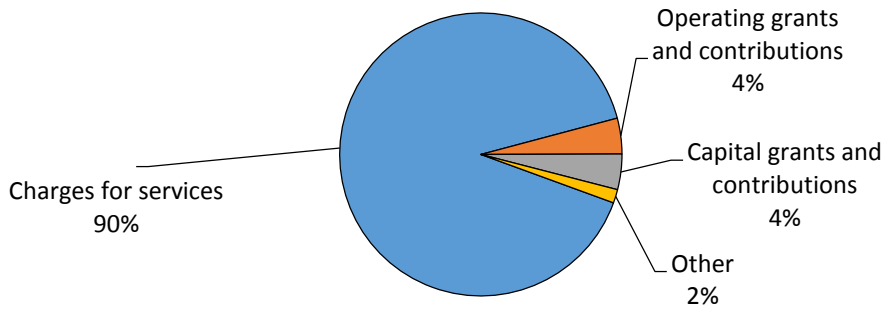
City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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Business-Type Activities. Business-type activities increased the City's net position by \$2,741,037. Key elements of the increase are: increasing water, and wastewater fees 6.98% and 8.38%, respectively, to fund future capital projects; recording a federally funded bus, and donated water and wastewater mains and easements for \$971,437; and the remaining portion represents normal variations in revenues versus expenditures.

Revenues by Source - Business Activities



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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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 balances 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 \$22,801,594, a decrease of \$352,865 in comparison with the prior year. Approximately 20% of this amount (\$4,559,252) 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 (\$287,996), 2) restricted for particular purposes (\$11,210,157), 3) committed for a particular purpose (\$1,781,734), or 4) assigned for particular purposes (\$4,962,455).

The General fund is the chief operating fund of the City. At June 30 unassigned fund balance was \$4,609,737 while total fund balance was \$5,509,398. 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 29.2 percent of total general fund expenditures, while total fund balance represents approximately 34.9 percent of that same amount. The General fund balance increased \$9,699 during the current fiscal year.

The Streets fund had an ending fund balance of \$5,591,623, a decrease of \$340,501 due to increasing the amount of streets replaced and repaired each year.

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	\$ 12,241,831	70%	\$ 2,553,842	97%
Wastewater	2,232,906	13%	956,090	36%
Solid waste	1,496,690	9%	(728,437)	-28%
Transfer station	785,045	4%	(36,364)	-1%
Parking	532,288	3%	(223,797)	-9%
Golf course	158,857	1%	(88,991)	-3%
Other	47,941	0%	199,414	8%
Total	<u>\$ 17,495,558</u>	<u>100%</u>	<u>\$ 2,631,757</u>	<u>100%</u>

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

- the Water, and Wastewater funds increased rates by 6.98 and 8.38 percent, respectively, during fiscal year 2018 to offset inflation and increase funding levels for capital replacement and maintenance of infrastructure,
- developers contributed \$649,611 of water and wastewater mains and easements.

City of Helena, Montana
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General Fund Budgetary Highlights

Revenue budgets were adjusted by \$65,357 as the Commission accepted donations, and federal and state grants during the fiscal year totaling this amount. Differences between the original expenditure budget and the final amended budget of \$609,163 (including changes to transfers out) were due to:

- reappropriating unspent budget from the prior fiscal year
 - \$27,004 for software training,
 - \$8,902 for unspent grants,
 - \$3,000 for firefighter testing,
 - \$4,900 for traffic signal box art,
- appropriating cash reserves
 - \$500,000 to fund future capital expenditures for General fund departments,
- appropriating unanticipated revenues
 - \$22,084 for a fire hazmat grant,
 - \$25,773 for a victims services grant,
 - \$15,000 for a community development grant, and
 - \$2,500 donation for police body cameras.

Actual expenditures and transfers out in the General fund were \$1,212,859 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, 80% (\$120,000) of funds budgeted for contingencies were not needed and remained unspent. As noted in previous years, City staff was directed to keep spending to a minimum due to uncertainty regarding the economy.

Capital Asset and Debt Administration

Capital Assets. The City of Helena's net investment in capital assets (net of related debt) for its governmental and business-type activities as of June 30 was \$259,271,915. 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:

- down payment on a building to be used for city and county law enforcement agencies of \$16,806,
- expansion and remodel to the golf pro shop and clubhouse, including 2 new simulators of \$1,279,698,
- vehicles (10 for solid waste and transfer station operations, 4 for police, 2 for utility maintenance, 1 each for animal control, engineering, parks, streets, open space, building, water treatment, bus, and shop) were purchased for \$2,369,358 (including equipment and accessories),
- radios for police and fire for \$114,995,
- \$654,928 for street reconstruction and extension,
- public works land for \$719,065,
- storm water, water, and wastewater easements were added in the amount of \$730,818,
- storm water, water and wastewater mains were added or replaced in the amounts of \$705,258, \$1,123,698, and \$749,932, respectively,
- completion of the railroad quiet zone totaling \$671,719,
- \$56,567 in improvements were made to the City's water systems,
- parks improvements totaling \$112,697
- parking garage improvements including ticket dispensing equipment of \$427,598,
- improvements to the city's two water treatment plants of \$779,875,
- wastewater treatment plant improvements of \$203,915.
- improvements to city facilities for \$159,058, and
- equipment was purchased for various departments totaling \$547,230.

City of Helena, Montana
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City's Capital Assets
(net of accumulated depreciation)

	Governmental Activities	Business-type Activities	Totals
Non-depreciable assets:			
Land	\$ 85,129,945	\$ 48,201,055	\$ 133,331,000
Construction in progress	2,898,767	5,912,661	8,811,428
	<u>88,028,712</u>	<u>54,113,716</u>	<u>142,142,428</u>
Depreciable assets:			
Buildings	4,306,586	23,528,774	27,835,360
Improvements other than buildings	9,952,347	2,782,819	12,735,166
Machinery and equipment	4,379,983	5,279,932	9,659,915
Infrastructure	27,712,966	62,071,461	89,784,427
	<u>46,351,882</u>	<u>93,662,986</u>	<u>140,014,868</u>
Total capital assets	<u>\$ 134,380,594</u>	<u>\$ 147,776,702</u>	<u>\$ 282,157,296</u>

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

Long-Term Debt. As of June 30, the City had total debt outstanding of \$22,778,278. Of this amount, \$7,790,000 comprises debt backed by the full faith and credit of the government; \$560,278 is loans payable; \$20,000 is special assessment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$7,760,000 is certificates of participation secured solely by the 15th Street Parking Garage; and \$6,648,000 is bonds secured solely by specified revenue sources of the water and wastewater funds.

The City's total debt decreased by \$490,029 (2 percent) during the current fiscal year. The City issued \$2,100,000 limited general obligation bonds for a major addition and remodel to the golf course pro shop. The remodeled space includes, in addition to the pro shop, a restaurant, lounge, and three simulators.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of the total assessed value of taxable property. The current debt limitation for the City is \$91,884,445, which is significantly in excess of the City's outstanding general obligation debt.

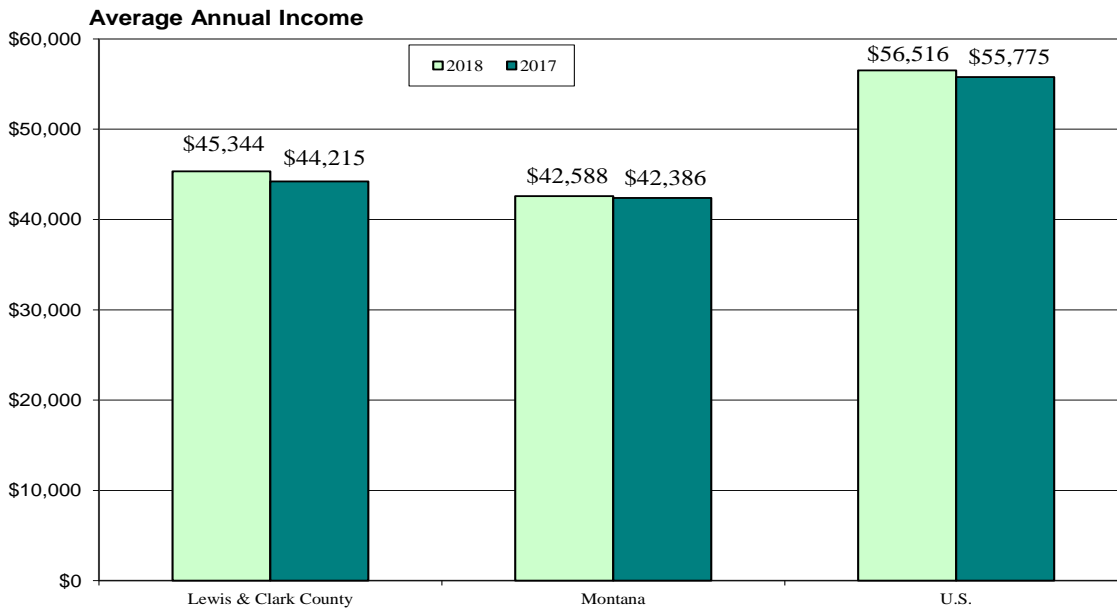
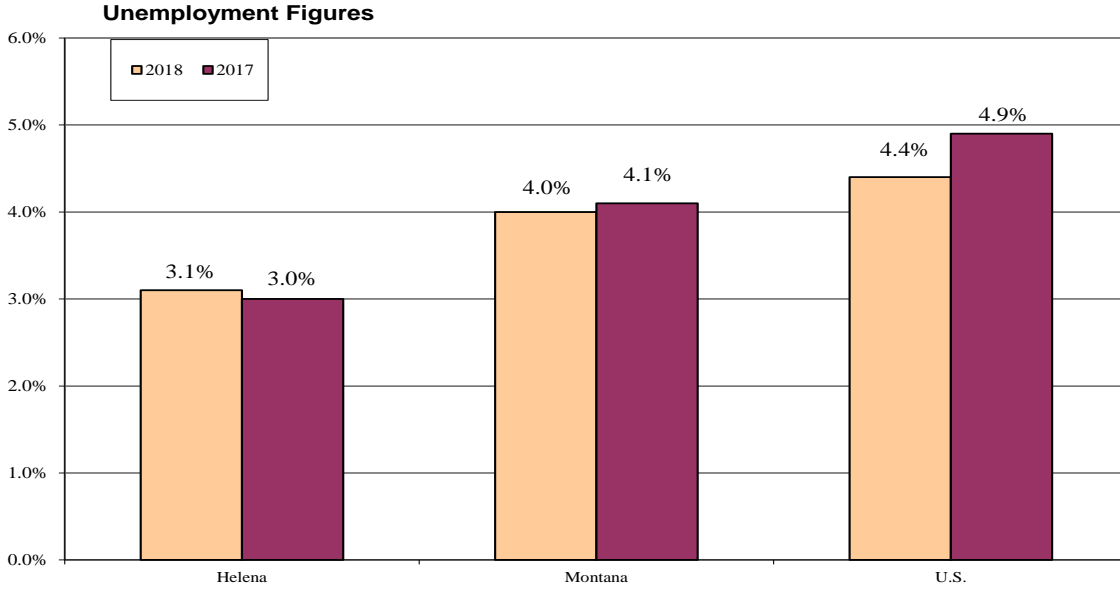
Additional information on long-term debt can be found in the notes of the basic financial statements (Note H).

City's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 5,010,000	\$ 2,780,000	\$ 7,790,000
Loans payable	39,107	521,171	560,278
Special assessment debt with government commitment	20,000	-	20,000
Revenue bonds	-	6,648,000	6,648,000
Certificates of participation	-	7,760,000	7,760,000
Total	<u>\$ 5,069,107</u>	<u>\$ 17,709,171</u>	<u>\$ 22,778,278</u>

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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.)



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The City Commission approved rate increases for fiscal year 2019 in several funds to maintain or increase reserves to finance their respective Comprehensive Capital Improvement Programs. The City did not increase fees for residential solid waste and the transfer station due to healthy reserves. The approximate increase for each service is:

	<u>Average Rate Increase</u>
Governmental:	
Streets	7.0/29.6 % residential/commercial
Storm water	7.0/18.5 % residential/commercial
Proprietary:	
Water	4.00 % average
Wastewater	5.52 % average

Water rates were increased by different amounts and percentages depending upon whether residential or commercial, and the size of the meter and service line.

Requests for Information

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

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Section B

BASIC FINANCIAL STATEMENTS

City of Helena, Montana
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units - Governmental Type	
	Governmental	Business-type	Total	Business	Tourism
	Activities	Activities		Improvement	Business
				Improvement	Improvement
				District	District
ASSETS					
Cash and cash equivalents	\$ 22,973,542	\$ 25,353,399	\$ 48,326,941	\$ 170,485	\$ 52,594
Certificates of deposits	1,564,853	1,705,841	3,270,694	-	-
Receivables (net of allowance for uncollectibles)	816,492	1,838,376	2,654,868	5,312	24,009
Loans receivable	1,164,896	95,699	1,260,595	-	-
Internal balances	(518,961)	518,961	-	-	-
Inventories	287,996	982,824	1,270,820	-	-
Temporarily restricted assets:					
Cash and cash equivalents	1,000	1,718,272	1,719,272	-	-
Cash with fiscal agent	-	175	175	-	-
Intergovernmental receivable	85,559	6,874	92,433	-	-
Capital assets (net of accumulated depreciation):					
Nondepreciable	88,028,712	54,113,716	142,142,428	-	-
Depreciable	46,351,882	93,662,986	140,014,868	9,560	1,399
Total assets	<u>160,755,971</u>	<u>179,997,123</u>	<u>340,753,094</u>	<u>185,357</u>	<u>78,002</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge - debt refunding	11,680	597,680	609,360	-	-
Related to other postemployment benefits:					
Changes in assumptions and other inputs	145,760	-	145,760	-	-
Related to pensions:					
Pension contributions subsequent to measurement date	1,402,464	419,702	1,822,166	-	-
Difference between expected and actual experience	243,252	182,127	425,379	-	-
Difference between projected and actual earnings	4,862	-	4,862	-	-
Changes of assumptions	1,772,453	1,010,889	2,783,342	-	-
Total deferred outflows of resources	<u>3,580,471</u>	<u>2,210,398</u>	<u>5,790,869</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and other current liabilities	2,137,557	2,203,178	4,340,735	36,807	19,610
Due to other governments	81,414	-	81,414	-	-
Accrued interest	77,259	149,021	226,280	-	-
Unearned grant revenue	48,561	-	48,561	-	-
Noncurrent liabilities:					
Due within one year:					
Compensated absences	1,021,458	390,651	1,412,109	2,210	1,347
Debt	699,107	1,757,729	2,456,836	-	-
Landfill postclosure costs	-	109,324	109,324	-	-
Due in more than one year:					
Compensated absences	1,021,458	390,654	1,412,112	2,210	1,347
Debt	4,370,000	15,951,442	20,321,442	-	-
Landfill postclosure costs	-	2,077,156	2,077,156	-	-
Net pension liability	15,070,910	7,395,505	22,466,415	-	-
Other postemployment benefits	3,866,563	1,686,875	5,553,438	-	-
Total liabilities	<u>28,394,287</u>	<u>32,111,535</u>	<u>60,505,822</u>	<u>41,227</u>	<u>22,304</u>
DEFERRED INFLOWS OF RESOURCES					
Related to other postemployment benefits:					
Differences between expected and actual experience	277,095	113,033	390,128	-	-
Changes in assumptions and other inputs	113,345	101,450	214,795	-	-
Related to pensions:					
Difference between expected and actual experience	158,464	10,702	169,166	-	-
Difference between projected and actual earnings	63,006	49,669	112,675	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	668,770	267,535	936,305	-	-
Total deferred inflows of resources	<u>1,280,680</u>	<u>542,389</u>	<u>1,823,069</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	129,370,594	129,901,321	259,271,915	9,560	1,399
Restricted for:					
General government	10,000	-	10,000	-	-
Public safety	196,341	-	196,341	-	-
Public works	7,989,379	-	7,989,379	-	-
Community development	36,927	-	36,927	-	-
Special improvement districts	1,200,547	-	1,200,547	-	-
Debt service	746,674	1,718,447	2,465,121	-	-
Unrestricted	(4,888,987)	17,933,829	13,044,842	134,570	54,299
Total net position	<u>\$ 134,661,475</u>	<u>\$ 149,553,597</u>	<u>\$ 284,215,072</u>	<u>\$ 144,130</u>	<u>\$ 55,698</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, 2018

(1 of 2)

Functions/Programs	<u>Program Revenues</u>			
	<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	\$ 3,036,845	\$ 776,923	\$ -	\$ -
Public safety	14,930,310	2,827,107	2,066,440	-
Public works	6,517,871	6,488,305	570,212	146,862
Public health	188,800	38,685	-	-
Culture and recreation	4,641,148	2,042,207	-	-
Community development	799,505	255,309	-	-
Interest on long-term debt	162,792	-	-	-
Total governmental activities	<u>30,277,271</u>	<u>12,428,536</u>	<u>2,636,652</u>	<u>146,862</u>
Business-type activities:				
Water	6,353,763	8,001,154	23,674	726,461
Wastewater	3,905,694	4,684,320	16,587	104,855
Solid waste	3,914,718	3,296,827	9,972	-
Transfer station	2,898,935	2,480,033	145,762	-
Parking	1,854,018	1,615,268	6,401	-
Golf course	1,437,446	1,318,807	7,561	-
Bus	1,742,719	181,262	854,890	243,632
Building	1,148,191	1,307,860	11,452	-
City-County administration building	933,940	1,032,323	5,239	-
Total business-type activities	<u>24,189,424</u>	<u>23,917,854</u>	<u>1,081,538</u>	<u>1,074,948</u>
Total primary government	<u>\$ 54,466,695</u>	<u>\$ 36,346,390</u>	<u>\$ 3,718,190</u>	<u>\$ 1,221,810</u>
Component units				
Business improvement district	\$ 289,613	\$ 302,500	\$ -	\$ -
Tourism business improvement district	282,867	193,460	-	-
	<u>\$ 572,480</u>	<u>\$ 495,960</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

(2 of 2)

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units - Governmental Type	
Governmental Activities	Business-type Activities	Total	Business Improvement District	Tourism Business Improvement District
\$ (2,259,922)	\$ -	\$ (2,259,922)		
(10,036,763)	-	(10,036,763)		
687,508	-	687,508		
(150,115)	-	(150,115)		
(2,598,941)	-	(2,598,941)		
(544,196)	-	(544,196)		
(162,792)	-	(162,792)		
<u>(15,065,221)</u>	<u>-</u>	<u>(15,065,221)</u>		
-	2,397,526	2,397,526		
-	900,068	900,068		
-	(607,919)	(607,919)		
-	(273,140)	(273,140)		
-	(232,349)	(232,349)		
-	(111,078)	(111,078)		
-	(462,935)	(462,935)		
-	171,121	171,121		
-	103,622	103,622		
<u>-</u>	<u>1,884,916</u>	<u>1,884,916</u>		
<u>\$ (15,065,221)</u>	<u>\$ 1,884,916</u>	<u>\$ (13,180,305)</u>		
			\$ 12,887	\$ -
			<u>-</u>	<u>(89,407)</u>
			<u>\$ 12,887</u>	<u>\$ (89,407)</u>
\$ 10,797,141	\$ -	\$ 10,797,141	\$ -	\$ -
891,652	-	891,652	-	-
4,334,645	-	4,334,645	-	-
291,269	396,725	687,994	810	32
20,157	12,504	32,661	-	-
(446,892)	446,892	-	-	-
<u>15,887,972</u>	<u>856,121</u>	<u>16,744,093</u>	<u>810</u>	<u>32</u>
822,751	2,741,037	3,563,788	13,697	(89,375)
133,838,724	146,812,560	280,651,284	130,433	145,073
<u>\$ 134,661,475</u>	<u>\$ 149,553,597</u>	<u>\$ 284,215,072</u>	<u>\$ 144,130</u>	<u>\$ 55,698</u>

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

City of Helena, Montana
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Special Revenue Streets	Other Governmental	Total Governmental
ASSETS				
Cash and cash equivalents	\$ 5,644,873	\$ 5,221,548	\$ 10,402,233	\$ 21,268,654
Certificates of deposit	375,530	351,216	723,142	1,449,888
Receivables (net of allowance for uncollectibles)	564,783	93,088	158,621	816,492
Loans receivable	-	-	1,164,896	1,164,896
Due from other funds	50,485	-	-	50,485
Inventory	7,697	280,299	-	287,996
Advances to other funds	-	-	166,210	166,210
Restricted assets:				
Cash - bond accounts	-	-	1,000	1,000
Intergovernmental receivable	57,699	-	27,860	85,559
Total assets	<u>6,701,067</u>	<u>5,946,151</u>	<u>12,643,962</u>	<u>25,291,180</u>
LIABILITIES				
Accounts payable	982,432	322,098	770,019	2,074,549
Due to other funds	-	-	50,485	50,485
Due to other governments	-	-	81,414	81,414
Unearned grant revenue	48,561	-	-	48,561
Compensated absences	56,265	-	-	56,265
Total liabilities	<u>1,087,258</u>	<u>322,098</u>	<u>901,918</u>	<u>2,311,274</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	104,411	32,430	41,471	178,312
FUND BALANCES (DEFICITS)				
Nonspendable - not in spendable form	7,697	280,299	-	287,996
Restricted	67,937	5,311,324	5,830,896	11,210,157
Committed	-	-	1,781,734	1,781,734
Assigned	824,027	-	4,138,428	4,962,455
Unassigned	4,609,737	-	(50,485)	4,559,252
Total fund balances (deficits)	<u>5,509,398</u>	<u>5,591,623</u>	<u>11,700,573</u>	<u>22,801,594</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,701,067</u>	<u>\$ 5,946,151</u>	<u>\$ 12,643,962</u>	<u>\$ 25,291,180</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, 2018

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

Total ending fund balance		\$ 22,801,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and construction in progress	88,028,712	
Buildings, improvements, and equipment (net)	18,630,238	
Infrastructure (net)	<u>27,712,966</u>	
		134,371,916
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		178,312
Internal service funds are used by management to charge the costs of the copier revolving and insurance funds to individual funds. The assets and liabilities of these internal service funds are included in the governmental activities in the statement of net position.		1,080,352
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	(77,259)	
Loans payable	(39,107)	
Bonds payable	(5,010,000)	
Special assessment debt with government commitment	(20,000)	
Compensated absences	(2,042,916)	
Compensated absences accrued for terminations	56,265	
Other postemployment benefits	(3,866,563)	
Net pension liability	<u>(15,070,910)</u>	
		(26,070,490)
Deferred inflows and outflows which are not payable or receivable in the current period, are therefore not reported in the funds.		
Deferred outflows	3,580,471	
Deferred inflows	<u>(1,280,680)</u>	
		2,299,791
Net position of governmental activities		<u>\$ 134,661,475</u>

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

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES				
Taxes:				
Property	\$ 9,968,708	\$ -	\$ 816,034	\$ 10,784,742
Motor vehicle	891,652	-	-	891,652
Penalties and interest	11,308	-	3,332	14,640
Special assessments	-	4,068,140	2,953,764	7,021,904
Licenses and permits	478,604	31,355	35,671	545,630
Intergovernmental	4,659,633	560,757	2,136,630	7,357,020
Charges for services	728,204	17,409	1,034,077	1,779,690
Fines	523,678	-	-	523,678
Investment earnings	82,475	67,303	141,491	291,269
Contributions and donations	40,086	-	-	40,086
Miscellaneous	90,215	9,387	233,101	332,703
Total revenues	<u>17,474,563</u>	<u>4,754,351</u>	<u>7,354,100</u>	<u>29,583,014</u>
EXPENDITURES				
Current:				
General government	1,930,073	-	855,592	2,785,665
Public safety	10,663,586	-	1,967,500	12,631,086
Public works	255,110	3,516,269	1,535,694	5,307,073
Public health	173,517	-	-	173,517
Culture and recreation	2,260,265	-	1,431,401	3,691,666
Community development	519,764	-	253,450	773,214
Debt service:				
Principal	-	-	832,892	832,892
Interest	-	-	151,233	151,233
Capital outlay	-	1,598,278	1,947,715	3,545,993
Total expenditures	<u>15,802,315</u>	<u>5,114,547</u>	<u>8,975,477</u>	<u>29,892,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,672,248</u>	<u>(360,196)</u>	<u>(1,621,377)</u>	<u>(309,325)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	19,362	-	795	20,157
Transfers in	225,370	19,695	1,623,519	1,868,584
Transfers out	(1,907,281)	-	(25,000)	(1,932,281)
Total other financing sources and uses	<u>(1,662,549)</u>	<u>19,695</u>	<u>1,599,314</u>	<u>(43,540)</u>
Net change in fund balances	9,699	(340,501)	(22,063)	(352,865)
Fund balances - beginning	5,499,699	5,932,124	11,722,636	23,154,459
Fund balances - ending	<u>\$ 5,509,398</u>	<u>\$ 5,591,623</u>	<u>\$ 11,700,573</u>	<u>\$ 22,801,594</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, 2018

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

Net change in fund balances - total governmental funds		\$ (352,865)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other changes in the current period.</p>		
Capital asset purchases capitalized	3,545,993	
Depreciation expense	(2,415,900)	
Loss on disposal of assets	<u>(25,955)</u>	
		1,104,138
<p>Donations of capital assets or transfers of capital assets to or from other funds or other governments affect net assets in the statement of activities, but these transactions do not appear in the governmental funds because they are not financial resources.</p>		
		128,826
<p>Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.</p>		
Long-term receivables	(21,606)	
Pension contributions from state	<u>1,887,156</u>	
		1,865,550
<p>The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the difference in the treatment of long-term debt.</p>		
Principal payments		832,892
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(13,261)	
Compensated absences - terminated employees	56,265	
Other postemployment benefits	(235,281)	
Pension accruals	(2,256,659)	
Amortization of deferred charge - debt refunding	(1,168)	
Accrued interest	<u>(10,391)</u>	
		(2,460,495)
<p>Internal service funds are used by management to charge the costs of copier revolving and insurance activities to individual funds.</p>		
		<u>(295,295)</u>
Change in net position of governmental activities		<u>\$ 822,751</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, 2018

(1 of 2)

	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 9,845,323	\$ 9,845,323	\$ 10,044,935	\$ 199,612
Motor vehicle taxes	803,000	803,000	891,652	88,652
Penalties and interest	16,000	16,000	11,308	(4,692)
Licenses and permits:				
Alcoholic beverages	51,000	51,000	51,450	450
General business	490,100	490,100	390,653	(99,447)
Animal licenses	34,000	34,000	32,748	(1,252)
Other permits	3,750	3,750	3,753	3
Intergovernmental:				
Federal grants	295,906	321,679	325,390	3,711
State grants	-	37,084	28,084	(9,000)
State shared revenues	4,311,370	4,311,370	4,315,165	3,795
Other governments	5,000	5,000	5,789	789
Local payments in lieu of taxes	10,000	10,000	13,691	3,691
Charges for services:				
Public safety	350,931	350,931	357,569	6,638
Public works	-	-	250	250
Public health	5,000	5,000	4,095	(905)
Culture and recreation	352,521	352,521	363,675	11,154
Community development	2,500	2,500	2,615	115
Fines - city court	646,000	646,000	523,678	(122,322)
Investment earnings	40,000	40,000	89,917	49,917
Interfund reimbursements	3,045,611	3,045,611	3,045,611	-
Contributions and donations	53,522	56,022	40,086	(15,936)
Miscellaneous	15,500	15,500	90,215	74,715
Total revenues	20,377,034	20,442,391	20,632,329	189,938
EXPENDITURES				
Current:				
General government:				
Legislative				
Personal services	274,423	274,423	253,329	21,094
Supplies/services/materials	209,630	206,422	157,422	49,000
Executive				
Personal services	270,317	270,317	267,493	2,824
Supplies/services/materials	257,094	247,094	102,774	144,320
Judicial				
Personal services	448,341	448,341	427,663	20,678
Supplies/services/materials	94,034	94,034	80,832	13,202
Administrative services				
Personal services	298,106	307,823	311,093	(3,270)
Supplies/services/materials	125,422	125,422	122,151	3,271
Financial services				
Personal services	583,309	573,592	504,428	69,164
Supplies/services/materials	334,816	339,306	287,540	51,766
Human resources				
Personal services	377,666	377,666	371,346	6,320
Supplies/services/materials	91,478	94,478	73,968	20,510
Legal services				
Personal services	675,392	675,392	673,491	1,901
Supplies/services/materials	105,916	105,916	100,125	5,791
Total general government	\$ 4,145,944	\$ 4,140,226	\$ 3,733,655	\$ 406,571

(2 of 2)

EXPENDITURES, continued	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Public safety:				
Law enforcement and judicial				
Personal services	\$ 5,354,473	\$ 5,356,092	\$ 5,538,734	\$ (182,642)
Supplies/services/materials	1,055,860	1,058,337	854,023	204,314
Fire protection				
Personal services	3,801,942	3,846,076	3,734,563	111,513
Supplies/services/materials	601,087	612,120	533,969	78,151
Total public safety	<u>10,813,362</u>	<u>10,872,625</u>	<u>10,661,289</u>	<u>211,336</u>
Public works:				
Public works administration				
Personal services	1,106,708	1,106,708	1,082,843	23,865
Supplies/services/materials	218,940	218,940	183,037	35,903
Streets				
Supplies/services/materials	32,340	32,340	31,181	1,159
Total public works	<u>1,357,988</u>	<u>1,357,988</u>	<u>1,297,061</u>	<u>60,927</u>
Public health:				
Animal control				
Personal services	154,772	153,176	97,161	56,015
Supplies/services/materials	92,155	96,955	78,754	18,201
Total public health	<u>246,927</u>	<u>250,131</u>	<u>175,915</u>	<u>74,216</u>
Culture and recreation:				
Parks				
Personal services	1,563,774	1,563,774	1,368,260	195,514
Supplies/services/materials	1,091,366	1,091,366	916,331	175,035
Total culture and recreation	<u>2,655,140</u>	<u>2,655,140</u>	<u>2,284,591</u>	<u>370,549</u>
Community development				
Administration and planning				
Personal services	425,557	425,557	396,890	28,667
Supplies/services/materials	120,611	173,025	112,435	60,590
Total community development	<u>546,168</u>	<u>598,582</u>	<u>509,325</u>	<u>89,257</u>
Total expenditures	<u>19,765,529</u>	<u>19,874,692</u>	<u>18,661,836</u>	<u>1,212,856</u>
Revenues over (under) expenditures	<u>611,505</u>	<u>567,699</u>	<u>1,970,493</u>	<u>1,402,794</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	10,000	19,362	9,362
Transfers in	240,370	240,370	225,370	(15,000)
Transfers out	(1,407,284)	(1,907,284)	(1,907,281)	3
Total other financing sources (uses)	<u>(1,156,914)</u>	<u>(1,656,914)</u>	<u>(1,662,549)</u>	<u>(5,635)</u>
Net change in fund balances	<u>\$ (545,409)</u>	<u>\$ (1,089,215)</u>	<u>307,944</u>	<u>\$ 1,397,159</u>
Fund balances - beginning			5,651,926	
Fund balances - ending			<u>\$ 5,959,870</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, 2018

	Streets			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Special assessments	\$ 3,695,920	\$ 3,695,920	\$ 4,085,640	\$ 389,720
Licenses and permits - other permits	-	-	31,355	31,355
Intergovernmental				
State shared	556,350	556,350	560,757	4,407
Other governments	-	45,000	-	(45,000)
Charges for services - public works	30,000	30,000	17,409	(12,591)
Investment earnings	25,000	25,000	67,303	42,303
Miscellaneous	2,000	2,000	9,387	7,387
Total revenue	<u>4,309,270</u>	<u>4,354,270</u>	<u>4,771,851</u>	<u>417,581</u>
EXPENDITURES				
Current:				
Public works				
Personal services	1,390,291	1,390,291	1,334,819	55,472
Supplies/services/materials	2,373,896	3,317,831	2,212,789	1,105,042
Capital outlay	2,660,480	4,977,414	1,441,632	3,535,782
Total expenditures	<u>6,424,667</u>	<u>9,685,536</u>	<u>4,989,240</u>	<u>4,696,296</u>
Revenues over (under) expenditures	<u>(2,115,397)</u>	<u>(5,331,266)</u>	<u>(217,389)</u>	<u>5,113,877</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	2,168,144	2,800,562	-	(2,800,562)
Sale of capital assets	5,000	5,000	-	(5,000)
Transfers in	19,695	19,695	19,695	-
Total other financing sources (uses)	<u>2,192,839</u>	<u>2,825,257</u>	<u>19,695</u>	<u>(2,805,562)</u>
Net change in fund balances	<u>\$ 77,442</u>	<u>\$ (2,506,009)</u>	<u>(197,694)</u>	<u>\$ 2,308,315</u>
Fund balances - beginning			5,749,828	
Fund balances - ending			<u>\$ 5,552,134</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, 2018

(1 of 2)

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Solid Waste	Transfer Station
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,714,157	\$ 3,053,487	\$ 3,864,162	\$ 1,794,719
Certificates of deposit	856,513	205,388	260,237	120,579
Receivables (net of allowance for uncollectibles)	920,807	418,325	164,144	122,179
Loans receivable	-	95,699	-	-
Inventories	417,185	124,826	159,062	-
Restricted assets:				
Cash-revenue bond accounts	563,652	1,154,620	-	-
Cash with fiscal agent	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total current assets	<u>15,472,314</u>	<u>5,052,345</u>	<u>4,447,605</u>	<u>2,037,477</u>
Noncurrent assets:				
Capital assets:				
Land	26,194,560	18,688,458	37,170	-
Buildings and system	6,426,242	12,648,967	518,737	2,359,975
Improvements other than buildings	1,453,791	337,841	152,280	367,939
Machinery and equipment	3,100,727	2,138,112	3,509,836	2,059,743
Infrastructure	122,138,054	57,870,913	-	-
Construction in progress	2,955,829	912,316	-	51,048
Less accumulated depreciation	<u>(89,330,558)</u>	<u>(45,507,431)</u>	<u>(2,498,699)</u>	<u>(2,726,720)</u>
Total noncurrent assets	<u>72,938,645</u>	<u>47,089,176</u>	<u>1,719,324</u>	<u>2,111,985</u>
Total assets	<u>88,410,959</u>	<u>52,141,521</u>	<u>6,166,929</u>	<u>4,149,462</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge - debt refunding	-	-	-	-
Related to pensions:				
Contributions subsequent to measurement date	89,606	62,781	34,526	47,814
Difference between expected and actual experience	38,884	27,243	14,982	20,749
Changes in assumptions	215,823	151,211	83,159	115,166
Total deferred outflows of resources	<u>344,313</u>	<u>241,235</u>	<u>132,667</u>	<u>183,729</u>
LIABILITIES				
Current liabilities:				
Accounts payable	583,743	317,457	55,072	226,524
Customer deposits	137,737	-	-	-
Accrued interest	46,430	25,900	-	-
Compensated absences	101,175	60,940	29,234	60,411
Loans	-	-	-	-
General obligation bonds	-	-	-	-
Certificates of participation	-	-	-	-
Revenue bonds	472,000	721,000	-	-
Advances from other funds	-	-	-	-
Landfill postclosure costs	-	-	109,324	-
Total current liabilities	<u>1,341,085</u>	<u>1,125,297</u>	<u>193,630</u>	<u>286,935</u>
Noncurrent liabilities:				
Compensated absences	101,175	60,941	29,234	60,412
Loans	-	-	-	-
General obligation bonds	-	-	-	-
Certificates of participation	-	-	-	-
Revenue bonds	3,586,000	1,869,000	-	-
Advances from other funds	-	-	-	-
Landfill postclosure costs	-	-	2,077,156	-
Net pension liability	1,578,928	1,106,236	608,379	842,534
Other postemployment benefits	347,735	253,321	131,489	185,356
Total noncurrent liabilities	<u>5,613,838</u>	<u>3,289,498</u>	<u>2,846,258</u>	<u>1,088,302</u>
Total liabilities	<u>6,954,923</u>	<u>4,414,795</u>	<u>3,039,888</u>	<u>1,375,237</u>
DEFERRED INFLOWS OF RESOURCES				
Related to other postemployment benefits:				
Differences between expected and actual experience	23,301	16,974	8,811	12,420
Changes in assumptions and other inputs	20,913	15,235	7,908	11,147
Related to pensions:				
Difference between projected and actual earnings	10,604	7,430	4,086	5,659
Difference between expected and actual experience	2,285	1,601	880	1,219
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,118	40,019	22,009	30,479
Total deferred inflows of resources	<u>114,221</u>	<u>81,259</u>	<u>43,694</u>	<u>60,924</u>
NET POSITION				
Net investment in capital assets	68,880,645	44,499,176	1,719,324	2,111,985
Restricted for:				
Debt service	563,652	1,154,620	-	-
Unrestricted	12,241,831	2,232,906	1,496,690	785,045
Total net position	<u>\$ 81,686,128</u>	<u>\$ 47,886,702</u>	<u>\$ 3,216,014</u>	<u>\$ 2,897,030</u>
Adjustment to reflect the consolidation of fleet services internal service fund activities related to enterprise funds				
Net position of business-type activities				

(2 of 2)

<u>Parking</u>	<u>Golf Course</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 480,754	\$ 1,150,966	\$ 2,020,867	\$ 25,079,112	\$ 1,979,175
32,248	77,130	135,490	1,687,585	133,221
-	-	212,921	1,838,376	-
-	-	-	95,699	-
15,107	190,507	-	906,687	76,137
-	-	-	1,718,272	-
175	-	-	175	-
-	-	6,874	6,874	-
<u>528,284</u>	<u>1,418,603</u>	<u>2,376,152</u>	<u>31,332,780</u>	<u>2,188,533</u>
2,602,825	83,000	446,988	48,053,001	148,054
14,852,829	354,231	4,564,148	41,725,129	830,638
179,915	2,344,278	355,726	5,191,770	74,687
772,059	671,654	1,639,806	13,891,937	181,791
-	-	-	180,008,967	-
5,250	1,845,572	142,646	5,912,661	-
<u>(2,061,462)</u>	<u>(2,086,974)</u>	<u>(3,046,749)</u>	<u>(147,258,593)</u>	<u>(974,662)</u>
<u>16,351,416</u>	<u>3,211,761</u>	<u>4,102,565</u>	<u>147,524,872</u>	<u>260,508</u>
<u>16,879,700</u>	<u>4,630,364</u>	<u>6,478,717</u>	<u>178,857,652</u>	<u>2,449,041</u>
597,680	-	-	597,680	-
24,228	28,617	106,431	394,003	25,699
10,513	12,419	46,185	170,975	11,152
58,354	68,928	256,349	948,990	61,899
<u>690,775</u>	<u>109,964</u>	<u>408,965</u>	<u>2,111,648</u>	<u>98,750</u>
33,830	572,565	114,914	1,904,105	159,851
-	64,493	-	202,230	-
47,179	27,064	2,448	149,021	-
10,237	37,697	76,707	376,401	14,250
-	51,252	53,477	104,729	-
80,000	85,000	-	165,000	-
295,000	-	-	295,000	-
-	-	-	1,193,000	-
-	40,934	-	40,934	-
-	-	-	109,324	-
<u>466,246</u>	<u>879,005</u>	<u>247,546</u>	<u>4,539,744</u>	<u>174,101</u>
10,236	37,697	76,708	376,403	14,251
-	335,883	80,559	416,442	-
600,000	2,015,000	-	2,615,000	-
7,465,000	-	-	7,465,000	-
-	-	-	5,455,000	-
-	125,276	-	125,276	-
-	-	-	2,077,156	-
426,908	504,269	1,875,406	6,942,660	452,845
123,567	91,883	450,554	1,583,905	102,970
<u>8,625,711</u>	<u>3,110,008</u>	<u>2,483,227</u>	<u>27,056,842</u>	<u>570,066</u>
<u>9,091,957</u>	<u>3,989,013</u>	<u>2,730,773</u>	<u>31,596,586</u>	<u>744,167</u>
8,280	6,157	30,190	106,133	6,900
7,431	5,526	27,097	95,257	6,193
2,867	3,387	12,595	46,628	3,041
618	730	2,714	10,047	655
<u>15,443</u>	<u>18,242</u>	<u>67,843</u>	<u>251,153</u>	<u>16,382</u>
<u>34,639</u>	<u>34,042</u>	<u>140,439</u>	<u>509,218</u>	<u>33,171</u>
7,911,416	558,416	3,968,529	129,649,491	260,508
175	-	-	1,718,447	-
532,288	158,857	47,941	17,495,558	1,509,945
<u>\$ 8,443,879</u>	<u>\$ 717,273</u>	<u>\$ 4,016,470</u>	<u>148,863,496</u>	<u>\$ 1,770,453</u>
			690,101	
			<u>\$ 149,553,597</u>	

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

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

For the year ended June 30, 2018

(1 of 2)

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Solid Waste	Transfer Station
OPERATING REVENUES				
Charges for services	\$ 8,001,154	\$ 4,684,320	\$ 3,296,827	\$ 2,480,033
Total operating revenues	<u>8,001,154</u>	<u>4,684,320</u>	<u>3,296,827</u>	<u>2,480,033</u>
OPERATING EXPENSES				
Personal services	1,740,013	1,217,427	698,776	995,722
Maintenance and operations	2,586,058	1,571,167	2,750,402	1,677,772
Depreciation	1,981,276	1,084,420	461,825	228,956
Total operating expenses	<u>6,307,347</u>	<u>3,873,014</u>	<u>3,911,003</u>	<u>2,902,450</u>
Operating income (loss)	<u>1,693,807</u>	<u>811,306</u>	<u>(614,176)</u>	<u>(422,417)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	23,674	16,587	9,972	145,762
Investment earnings	197,270	60,368	54,606	27,347
Interest expense	(95,486)	(55,350)	-	-
Bond issuance costs	-	-	-	-
Sale of capital assets	-	229	11,390	-
Total non-operating revenue (expenses)	<u>125,458</u>	<u>21,834</u>	<u>75,968</u>	<u>173,109</u>
Income (loss) before contributions and transfers	1,819,265	833,140	(538,208)	(249,308)
Capital contributions - grants	-	-	-	-
Capital contributions - mains & other	726,461	104,855	-	-
Transfers in	25,689	18,095	9,771	212,944
Transfer out	(17,573)	-	(200,000)	-
Change in net position	<u>2,553,842</u>	<u>956,090</u>	<u>(728,437)</u>	<u>(36,364)</u>
Total net position - beginning	79,132,286	46,930,612	3,944,451	2,933,394
Total net position - ending	<u>\$ 81,686,128</u>	<u>\$ 47,886,702</u>	<u>\$ 3,216,014</u>	<u>\$ 2,897,030</u>

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

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

Change in net position of business-type activities

(2 of 2)

<u>Parking</u>	<u>Golf Course</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
<u>\$ 1,615,268</u>	<u>\$ 1,318,807</u>	<u>\$ 2,521,445</u>	<u>\$ 23,917,854</u>	<u>\$ 6,613,668</u>
<u>1,615,268</u>	<u>1,318,807</u>	<u>2,521,445</u>	<u>23,917,854</u>	<u>6,613,668</u>
507,763	650,210	2,160,695	7,970,606	518,905
769,344	600,244	1,300,800	11,255,787	5,871,441
<u>340,910</u>	<u>101,355</u>	<u>370,194</u>	<u>4,568,936</u>	<u>18,150</u>
<u>1,618,017</u>	<u>1,351,809</u>	<u>3,831,689</u>	<u>23,795,329</u>	<u>6,408,496</u>
<u>(2,749)</u>	<u>(33,002)</u>	<u>(1,310,244)</u>	<u>122,525</u>	<u>205,172</u>
6,401	7,561	871,581	1,081,538	28,622
11,134	18,515	27,485	396,725	5,130
(248,287)	(48,059)	(6,128)	(453,310)	-
-	(43,500)	-	(43,500)	-
<u>885</u>	<u>-</u>	<u>-</u>	<u>12,504</u>	<u>2,325</u>
<u>(229,867)</u>	<u>(65,483)</u>	<u>892,938</u>	<u>993,957</u>	<u>36,077</u>
(232,616)	(98,485)	(417,306)	1,116,482	241,249
-	-	243,632	243,632	-
-	-	-	831,316	-
8,819	9,494	389,894	674,706	6,565
-	-	(16,806)	(234,379)	(433,828)
<u>(223,797)</u>	<u>(88,991)</u>	<u>199,414</u>	<u>2,631,757</u>	<u>(186,014)</u>
<u>8,667,676</u>	<u>806,264</u>	<u>3,817,056</u>	<u>146,231,739</u>	<u>1,956,467</u>
<u>\$ 8,443,879</u>	<u>\$ 717,273</u>	<u>\$ 4,016,470</u>	<u>\$ 148,863,496</u>	<u>\$ 1,770,453</u>

2,631,757

109,280

\$ 2,741,037

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

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2018

(1 of 4)

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Solid Waste	Transfer Station
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 8,349,662	\$ 4,723,975	\$ 3,298,701	\$ 2,477,076
Payments to suppliers	(1,717,897)	(895,054)	(1,634,394)	(1,398,716)
Payments to employees	(1,662,314)	(1,201,514)	(653,538)	(925,231)
Payment for interfund services used	(812,980)	(665,889)	(331,404)	(291,490)
Net cash provided (used) by operating activities	<u>4,156,471</u>	<u>1,961,518</u>	<u>679,365</u>	<u>(138,361)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	25,689	18,095	9,771	212,944
Transfers to other funds	(17,573)	-	(200,000)	-
Operating grants	23,674	16,587	9,122	12,633
Contributions from other governments	-	-	850	133,129
Principal payments - advances	-	-	-	-
Interest payments - advances	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>31,790</u>	<u>34,682</u>	<u>(180,257)</u>	<u>358,706</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital grants / contributions	83,402	98,303	-	-
Proceeds from capital debt	-	-	-	-
Principal payments - bonds	(462,000)	(707,000)	-	-
Principal payments - loans	-	-	-	-
Interest payments	(100,716)	(62,420)	-	-
Purchase of capital assets	(1,989,084)	(1,775,048)	(1,308,667)	(532,203)
Proceeds from disposition of capital assets	-	4,892	11,390	-
Net cash provided (used) by capital and related financing activities	<u>(2,468,398)</u>	<u>(2,441,273)</u>	<u>(1,297,277)</u>	<u>(532,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in certificates of deposit	378,261	279,559	231,761	101,753
Interest received	197,270	60,368	54,606	27,347
Net cash provided (used) by investing activities	<u>575,531</u>	<u>339,927</u>	<u>286,367</u>	<u>129,100</u>
Net increase (decrease) in cash and cash equivalents	2,295,394	(105,146)	(511,802)	(182,758)
Cash and cash equivalents, beginning	10,982,415	4,313,253	4,375,964	1,977,477
Cash and cash equivalents, ending	<u>\$ 13,277,809</u>	<u>\$ 4,208,107</u>	<u>\$ 3,864,162</u>	<u>\$ 1,794,719</u>
Cash and cash equivalents, current	\$ 12,714,157	\$ 3,053,487	\$ 3,864,162	\$ 1,794,719
Cash and cash equivalents, noncurrent - restricted	563,652	1,154,620	-	-
Cash and cash equivalents, ending	<u>\$ 13,277,809</u>	<u>\$ 4,208,107</u>	<u>\$ 3,864,162</u>	<u>\$ 1,794,719</u>

(2 of 4)

<u>Parking</u>	<u>Golf Course</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
\$ 1,615,268	\$ 1,323,212	\$ 2,343,719	\$ 24,131,613	\$ 6,613,668
(677,540)	(532,794)	(994,194)	(7,850,589)	(5,733,959)
(488,189)	(665,215)	(2,008,065)	(7,604,066)	(490,672)
(107,552)	(111,225)	(300,521)	(2,621,061)	(98,881)
<u>341,987</u>	<u>13,978</u>	<u>(959,061)</u>	<u>6,055,897</u>	<u>290,156</u>
8,819	9,494	389,894	674,706	6,565
-	-	(16,806)	(234,379)	(433,828)
6,401	7,561	937,565	1,013,543	28,622
-	-	-	133,979	-
-	(68,695)	-	(68,695)	-
-	(2,349)	-	(2,349)	-
<u>15,220</u>	<u>(53,989)</u>	<u>1,310,653</u>	<u>1,516,805</u>	<u>(398,641)</u>
-	-	-	181,705	-
-	2,056,500	-	2,056,500	-
(80,000)	-	-	(1,249,000)	-
(285,000)	(50,225)	(172,911)	(508,136)	-
(220,317)	(22,802)	(6,563)	(412,818)	-
(427,598)	(1,301,261)	(104,907)	(7,438,768)	(49,392)
885	-	-	17,167	2,325
<u>(1,012,030)</u>	<u>682,212</u>	<u>(284,381)</u>	<u>(7,353,350)</u>	<u>(47,067)</u>
73,887	(19,786)	72,879	1,118,314	95,479
11,134	18,515	27,485	396,725	5,130
85,021	(1,271)	100,364	1,515,039	100,609
(569,802)	640,930	167,575	1,734,391	(54,943)
1,050,731	510,036	1,853,292	25,063,168	2,034,118
<u>\$ 480,929</u>	<u>\$ 1,150,966</u>	<u>\$ 2,020,867</u>	<u>\$ 26,797,559</u>	<u>\$ 1,979,175</u>
\$ 480,754	\$ 1,150,966	\$ 2,020,867	\$ 25,079,112	\$ 1,979,175
175	-	-	1,718,447	-
<u>\$ 480,929</u>	<u>\$ 1,150,966</u>	<u>\$ 2,020,867</u>	<u>\$ 26,797,559</u>	<u>\$ 1,979,175</u>

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

City of Helena, Montana
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2018

(3 of 4)

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Solid Waste	Transfer Station
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,693,807	\$ 811,306	\$ (614,176)	\$ (422,417)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,981,276	1,084,420	461,825	228,956
(Increase) decrease in accounts receivable	311,120	39,655	1,874	(2,957)
(Increase) decrease in inventories	69,641	11	55,458	-
(Increase) decrease in deferred outflows of resources	(103,201)	(68,086)	(42,759)	(57,705)
Increase (decrease) in accounts payable	(2,347)	14,612	8,394	2,154
Increase (decrease) in customer deposits	28,936	-	-	-
Increase (decrease) in compensated absences	22,508	(3,104)	5,351	14,271
Increase (decrease) in other postemployment benefits	20,554	14,973	7,772	10,957
Increase (decrease) in net pensions	78,226	28,552	48,786	58,146
Increase (decrease) in landfill postclosure costs payable	-	-	724,993	-
Increase (decrease) in deferred inflows of resources	55,951	39,179	21,847	30,234
Total adjustments	<u>2,462,664</u>	<u>1,150,212</u>	<u>1,293,541</u>	<u>284,056</u>
Net cash provided (used) by operating activities	<u>\$ 4,156,471</u>	<u>\$ 1,961,518</u>	<u>\$ 679,365</u>	<u>\$ (138,361)</u>
Supplemental disclosure of non-cash activity:				
Basis of property disposed / transferred out	\$ 39,275	\$ 4,663	\$ -	\$ -
Contribution of capital assets by developers/ other governments:				
Mains	-	6,552	-	-
Other equipment	-	-	-	-
Land and easements	643,059	-	-	-

(4 of 4)

<u>Parking</u>	<u>Golf Course</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
\$ (2,749)	\$ (33,002)	\$ (1,310,244)	\$ 122,525	\$ 205,172
340,910	101,355	370,194	4,568,936	18,150
-	-	(177,726)	171,966	-
(1,359)	(28,811)	-	94,940	11,121
(29,814)	(26,386)	(135,496)	(463,447)	(32,687)
(12,876)	(15,004)	7,480	2,413	26,592
-	4,405	-	33,341	-
(9,722)	6,218	16,082	51,604	(2,643)
7,305	5,430	26,629	93,620	6,085
33,041	(15,930)	173,313	404,134	41,661
-	-	-	724,993	-
17,251	15,703	70,707	250,872	16,705
<u>344,736</u>	<u>46,980</u>	<u>351,183</u>	<u>5,933,372</u>	<u>84,984</u>
<u>\$ 341,987</u>	<u>\$ 13,978</u>	<u>\$ (959,061)</u>	<u>\$ 6,055,897</u>	<u>\$ 290,156</u>

\$ -	\$ 1,261	\$ -	\$ 45,199	\$ -
-	-	-	6,552	-
-	-	243,632	243,632	-
-	-	-	643,059	-

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

City of Helena, Montana
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 23,266
LIABILITIES	
Due to other governments	\$ 23,266

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. Description of Government-wide Financial Statements

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

2. Reporting Entity

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

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

3. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

Golf Course. This fund is used to account for the revenues and expenditures related to the operation and maintenance of the City's 18-hole golf course, pro shop, and clubhouse. The fund is also used to account for course-related construction projects and the corresponding debt.

Additionally, the City reports the following fund types:

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

Agency. This fund accounts for monies held on behalf of the State Supreme Court, Lewis and Clark County, and victims.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

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

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

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

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

5. Cash and Investments

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

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

5. Cash and Investments, (continued)

Cash and Investment Policies

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

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

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

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

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

6. Receivables and Payables

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

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

7. Inventories

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

8. Restricted Assets

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

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

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 acquisition value on the date donated. The City considers capital assets and infrastructure to be assets with an initial cost greater than or equal to \$5,000 and a life of more than one year.

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

9. Capital Assets, (continued)

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

10. Unavailable revenue

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

11. Compensated Absences

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

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

12. Long-Term Obligations

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

13. Pensions

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

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

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

14. Postemployment Benefits Other than Pensions (OPEB)

The City accounts for postemployment benefit obligations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City allows retirees, their dependents and spouses to retain health insurance coverage under its plans. Rates for retirees are currently 81 percent of rates for current employees. The City provides no explicit OPEB benefits.

15. Deferred Charge on Debt Refunding

A deferred charge on funding reported in the government-wide and proprietary statements of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt. See note H for further information on long-term debt including debt refundings.

16. 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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

16. Net Position/Fund Balance, (continued)

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

- Nonspendable – funds that are not in a spendable 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 – balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. If expenditures incurred for specific purposes exceed restricted, committed, or assigned balances in other funds, a negative unassigned fund balance is reported.

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

17. 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.

18. 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, 2018

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 2018, the City levied 163.86 mills including a 124.36 all-purpose mill levy, a 27.75 group health insurance mill levy, and an 11.75 debt service mill levy for the Open Space/Fire Truck and Park and Recreation debt service funds.

The City 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. Resolution No. 20443 was adopted by the Commission May 21, 2018 declaring a stormwater infrastructure emergency due to a sink hole on a 100 year old stormwater pipe under private property near 11th and North Montana Avenues. This emergency project cost \$555,435.

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 2018, 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.

	Major Funds	
	General	Special Revenue Streets
Fund balances budget basis	\$ 5,959,870	\$ 5,552,134
Basis differences:		
Accrual of tax/assessment revenue	460,372	60,658
Accrual of grant revenue	9,138	-
Accrual of expenditures	(871,414)	(301,468)
Accrual of compensated absences	(56,265)	-
Inventory	7,697	280,299
Fund balances modified accrual	\$ 5,509,398	\$ 5,591,623

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

2. Budgetary/US GAAP Basis Difference

	Non-major Funds		
	Special Revenue	Debt Service	Capital Projects
Fund balances budget basis	\$ 6,545,121	\$ 710,985	\$ 4,663,922
Basis differences:			
Accrual of accounts receivable	8,490	-	-
Loans receivable	473,301	-	-
Accrual of tax/assessment revenue	45,345	35,689	26,065
Accrual of grant revenue	27,860	-	-
Accrual of expenditures	(751,835)	-	(84,370)
Fund balances modified accrual	\$ 6,348,282	\$ 746,674	\$ 4,605,617

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 non-major capital projects fund had a negative fund balance of \$50,485. This balance is due to preliminary expenditures on projects that will be reimbursed at a later date from special assessment revenues.

The City also is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its major and Building non-major business-type activities. The Bus and City-County Administration Building non-major business-type activities had negative unrestricted net positions of \$303,408 and \$38,368, respectively. The Governmental activities also had a negative unrestricted net position of \$4,888,987. These balances are due to reporting other postemployment benefits (OPEB) and pension liabilities, and their related deferred inflows and deferred outflows as required by GASB statements 68 and 75. The City has paid all amounts to its health insurance carrier and pension administrators as required.

NOTE C - DEPOSITS AND INVESTMENTS

1. June 30th Deposit and Investment Balances

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

	Governmental & Business		Component Units		Total
	Type	Agency	BID	TBID	
Cash	\$ 1,841,688	\$ 23,266	\$ 95,903	\$ 52,594	\$ 2,013,451
Certificates of deposit	3,270,694	-	-	-	3,270,694
Total carrying amount of deposits	5,112,382	23,266	95,903	52,594	5,284,145
Investments:					
State short-term investment pool	48,204,700	-	74,582	-	48,279,282
Total deposits and investments	\$ 53,317,082	\$ 23,266	\$ 170,485	\$ 52,594	\$ 53,563,427

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS, (continued)

2. Deposits

Reconciliation of carrying amount to deposit balances:

	Governmental & Business		Component Units		Total
	Type	Agency	BID	TBID	
Cash - carrying amount	\$ 1,841,688	\$ 23,266	\$ 95,903	\$ 52,594	\$ 2,013,451
Deposits in transit	(264,624)	(3,590)	-	-	(268,214)
Outstanding checks	312,676	52,322	-	-	364,998
Certificates of deposits	3,270,694	-	-	-	3,270,694
Deposit balances with financial institutions insured or collateralized with securities held in the City's name	<u>\$ 5,160,434</u>	<u>\$ 71,998</u>	<u>\$ 95,903</u>	<u>\$ 52,594</u>	<u>\$ 5,380,929</u>

At fiscal year-end, the City's carrying amount of deposits was \$1,864,954, and the bank balance was \$1,961,738. The entire cash bank balance was covered by an irrevocable, unconditional and nontransferable Letter of Credit from Federal Home Loan Bank. \$3,270,694 of certificates of deposit are covered by the Federal Depository Insurance Corporation.

3. Restricted Cash and Cash Equivalents

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

Governmental Activities:

Restricted for bond reserves \$ 1,000

Business Type Activities:

Restricted for bond reserves 1,718,272
Cash with fiscal agent 175
\$ 1,719,447

4. Investments

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS, (continued)

4. Investments, (continued)

Investments in the pool are reported at a Net Asset Value (NAV). The fair value of pooled investments is determined annually and is based on year-end market prices. The NAV at June 30, 2018 is \$1.000072 resulting in an unrealized gain of \$3,471. The unit value of the pool is fixed at \$1 for both participant redemptions and purchases. Investments in STIP are carried and reported at cost. 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	Intergov- ernmental - Restricted	Total
Funds:					
General	\$ 564,506	\$ -	\$ 277	\$ 57,699	\$ 622,482
Streets	-	-	93,088	-	93,088
Water	-	920,807	-	-	920,807
Wastewater	-	418,325	-	-	418,325
Solid waste	-	112,884	51,260	-	164,144
Transfer station	-	122,179	-	-	122,179
Nonmajor and other funds	77,401	223,211	70,930	34,734	406,276
Total receivables	<u>\$ 641,907</u>	<u>\$ 1,797,406</u>	<u>\$ 215,555</u>	<u>\$ 92,433</u>	<u>\$ 2,747,301</u>

Discretely presented component unit receivables of \$5,312 and \$24,009 for the BID and TBID, respectively, include special assessments and miscellaneous receivables.

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE D - ACCOUNTS/OTHER RECEIVABLES, (continued)

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

Unearned/Unavailable Revenue Balances:

	Unearned/ Unavailable
Unavailable property taxes - general fund	\$ 104,411
Unavailable property taxes - debt service funds	9,295
Unavailable special assessments - special revenue funds	57,903
Unavailable special assessments - debt service funds	31
Unavailable property taxes - capital projects funds	6,672
Unearned grant revenue - general fund	48,561
Total unavailable revenue for governmental funds	\$ 226,873

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	\$ (759,901)	\$ 759,901
Internal service funds - business-type funds	74,730	(74,730)
Interfund advance from capital improvements to golf	166,210	(166,210)
Total interfund balances receivable (payable)	\$ (518,961)	\$ 518,961

The Capital Improvements fund advanced to the golf course \$138,066 in April, 2013, to purchase new golf carts and \$206,739 in December, 2016 to purchase new mowers. The loans are for five years at 1% interest.

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

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

Due from other funds	Due to other funds	
General	Special improvement districts construction	\$ 50,485

This balance is to cover short-term cash shortages until home owner reimbursements are received for sidewalk replacements.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

Interfund Transfers:

	Transfers Out						Total Transfers Out
	General	Non-major governmental	Water	Solid Waste	Non-major proprietary	Internal Service	
Transfers In:							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,370	\$ 225,370
Streets	-	-	-	-	-	19,695	19,695
Non-major governmental	1,569,781	-	17,573	-	-	36,165	1,623,519
Water	-	-	-	-	-	25,689	25,689
Wastewater	-	-	-	-	-	18,095	18,095
Solid waste	-	-	-	-	-	9,771	9,771
Transfer station	-	-	-	200,000	-	12,944	212,944
Parking	-	-	-	-	-	8,819	8,819
Non-major proprietary	337,500	25,000	-	-	-	36,888	399,388
Internal service	-	-	-	-	-	6,565	6,565
Governmental activities	-	-	-	-	16,806	33,827	50,633
Total transfers in	<u>\$ 1,907,281</u>	<u>\$ 25,000</u>	<u>\$ 17,573</u>	<u>\$ 200,000</u>	<u>\$ 16,806</u>	<u>\$ 433,828</u>	<u>\$ 2,600,488</u>

The general fund transferred \$1,907,281 to: help finance the Civic Center and Facilities Management programs which are part of the Community Facilities fund (\$653,723), fund bus transit services (\$337,500), fund debt service payments for Sidewalk INTERCAP loans (\$1,688), provide assistance to public arts and alternative energy programs (\$12,000), and provide funds for governmental programs capital replacements (\$902,370).

The proprietary CCAB fund paid \$16,806 towards the purchase of the Law and Justice Center, a governmental capital asset. In addition, the internal service property and liability insurance fund replaced a police vehicle costing \$33,827. Because governmental funds do not report capital assets, transfers in and out will only balance in the Statement of Activities.

NOTE F – LOANS RECEIVABLE

Loans receivable at June 30 include the following:

Non-major Governmental:

3% Loan receivable from Artisan LLP; due in monthly payments beginning August 1, 2001 through April 2034; secured by real property (a)	\$ 473,301
0% Alternative Energy Loan Program; secured by tax lien on property (b)	204,447
0% Sidewalk Replacement Loan Program; secured by tax lien on property (c)	487,148

Major Proprietary - Wastewater

0% Wastewater Infrastructure Rebate Program; secured by lien on property, billed monthly on the utility statement (d)	95,699
Total loans receivable	<u>\$ 1,260,595</u>

- (a) The City originally loaned \$880,000 of tax increment financing funds to a local developer to help construct major improvements in the downtown Great Northern area. The City Commission agreed to lower the loan amount by \$254,730 for increases in taxable value to the property through fiscal year 2005. The developer made payments through July 2002 when the City Commission approved deferring payments on the loan until April 2020. The City discounted the note to its present value in fiscal year 2008 as interest on the loan was deferred from June 30, 2007 until April 2020. This loan is partially secured with real property currently valued at approximately \$670,000.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE F – LOANS RECEIVABLE, (continued)

- (b) The City created an alternative energy loan program to encourage homeowners to invest in this type of upgrades to residences. The property owner hires the work and pays the contractor. The City reimburses them construction costs, which are then repaid over 10 years on their tax bill with zero percent interest. The tax assessments constitute a first lien on the property under State law.
- (c) The City created a sidewalk replacement program to encourage construction of new sidewalks and the replacement of aging, unsafe sidewalks. The City bids the work and pays the contractor to perform the work. The property owner contracts to pay the cost back over 10 years on their tax bill with zero percent interest. The tax assessments constitute a first lien on the property under State law.
- (d) The City created a loan program to assist newly-annexed property owners on the west side whose septic systems are failing in financing infrastructure to connect to the City's wastewater system. The City hires and pays the contractor. The property owner contracts to pay the cost back over 20 years through a monthly charge on their utility bill. The loans are secured by a lien on the property.

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	\$ 85,052,066	\$ 78,194	\$ (315)	\$ -	\$ 85,129,945
Construction in progress	880,872	2,111,626	-	(93,731)	2,898,767
Total capital assets not being depreciated	<u>85,932,938</u>	<u>2,189,820</u>	<u>(315)</u>	<u>(93,731)</u>	<u>88,028,712</u>
Capital assets being depreciated:					
Buildings	11,069,537	-	-	-	11,069,537
Improvements other than buildings	17,518,872	39,833	-	-	17,558,705
Machinery and equipment	15,524,592	693,979	(284,033)	20,600	15,955,138
Infrastructure	45,102,420	755,890	(92,953)	93,731	45,859,088
Total capital assets being depreciated	<u>89,215,421</u>	<u>1,489,702</u>	<u>(376,986)</u>	<u>114,331</u>	<u>90,442,468</u>
Less accumulated depreciation for:					
Buildings	6,572,796	190,154	-	-	6,762,950
Improvements other than buildings	6,982,839	623,520	-	-	7,606,359
Machinery and equipment	10,878,689	957,828	(281,963)	20,600	11,575,154
Infrastructure	17,561,039	649,766	(64,682)	-	18,146,123
Total accumulated depreciation	<u>41,995,363</u>	<u>2,421,268</u>	<u>(346,645)</u>	<u>20,600</u>	<u>44,090,586</u>
Total capital assets being depreciated, net	<u>47,220,058</u>	<u>(931,566)</u>	<u>(30,341)</u>	<u>93,731</u>	<u>46,351,882</u>
Governmental activities capital assets, net	<u>\$ 133,152,996</u>	<u>\$ 1,258,254</u>	<u>\$ (30,656)</u>	<u>\$ -</u>	<u>\$ 134,380,594</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE G - CAPITAL ASSETS, (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 46,827,065	\$ 1,371,690	\$ -	\$ 2,300	\$ 48,201,055
Construction in progress	2,526,347	3,913,080	-	(526,766)	5,912,661
Total capital assets not being depreciated	<u>49,353,412</u>	<u>5,284,770</u>	<u>-</u>	<u>(524,466)</u>	<u>54,113,716</u>
Capital assets being depreciated:					
Buildings	42,457,225	-	(1,666)	100,208	42,555,767
Improvements other than buildings	4,893,622	101,404	-	271,432	5,266,458
Machinery and equipment	11,755,853	2,871,686	(326,153)	(262,252)	14,039,134
Infrastructure	178,705,034	1,150,192	(240,735)	394,477	180,008,968
Total capital assets being depreciated	<u>237,811,734</u>	<u>4,123,282</u>	<u>(568,554)</u>	<u>503,865</u>	<u>241,870,327</u>
Less accumulated depreciation for:					
Buildings	17,963,512	1,058,721	(500)	5,260	19,026,993
Improvements other than buildings	2,177,131	275,147	-	31,361	2,483,639
Machinery and equipment	7,794,907	1,347,576	(326,058)	(57,222)	8,759,203
Infrastructure	116,234,028	1,900,274	(196,796)	-	117,937,506
Total accumulated depreciation	<u>144,169,578</u>	<u>4,581,718</u>	<u>(523,354)</u>	<u>(20,601)</u>	<u>148,207,341</u>
Total capital assets being depreciated, net	<u>93,642,156</u>	<u>(458,436)</u>	<u>(45,200)</u>	<u>524,466</u>	<u>93,662,986</u>
Business-type activities capital assets, net	<u>\$ 142,995,568</u>	<u>\$ 4,826,334</u>	<u>\$ (45,200)</u>	<u>\$ -</u>	<u>\$ 147,776,702</u>

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

Governmental activities:

General government	\$ 137,128
Public safety	470,664
Public health	4,932
Public works	989,879
Culture and recreation	813,297
Copier revolving - internal service fund charged to various functions based on their usage of the assets	5,368
	<u>\$ 2,421,268</u>

Business-type activities:

Water	\$ 1,981,276
Wastewater	1,084,420
Solid waste	461,825
Transfer station	228,956
Parking	340,910
Golf course	101,355
Bus	218,242
Building	13,705
City-County administration building	138,247
Fleet services - internal service fund charged to various functions based on their usage of the assets	12,782
	<u>\$ 4,581,718</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES

General Obligation Debt

General Obligation Bonds:

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

Governmental:

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.	\$ 240,000
2017 General Obligation Refunding Bonds, 3.0%, payable in annual installments of \$400,000 to \$565,000, final scheduled payment January 1, 2028.	4,770,000

Business Type:

2015 Limited General Obligation Bonds, 2.4%, payable in annual installments of \$10,000 to \$90,000, final scheduled payment August 15, 2025.	680,000
2017 Limited General Obligation Bonds, 2.75%, payable in annual installments of \$85,000 to \$140,000, final scheduled payment February 15, 2037.	<u>2,100,000</u>
Total general obligation bonds outstanding	7,790,000
Less current portion	<u>(805,000)</u>
Long-term bonds outstanding	<u><u>\$ 6,985,000</u></u>

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

In 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 were general obligations of the City and the City's general credit and taxing powers were pledged for the payment of principal and interest thereon. These bonds were refunded on February 28, 2017, when the City issued \$5,180,000 of General Obligation Refunding Bonds, Series 2017, with an interest rate of 3% to advance refund \$5,525,000 of outstanding 2008 Series bonds with a true interest rate of 3.77% to reduce its total debt service payments over the next eleven 11 years by \$318,040 and obtain a present value economic gain of \$288,501.

In June 2015, the City issued \$845,000 of General Fund Refunding Bonds, Series 2015 with a true interest rate of 2.4% to refund the General Fund Bonds, Series 2005. The City will achieve \$65,214 of debt service savings over the life of the bonds with a net present value savings of \$58,163. The City refunded the General Fund Bonds, Series 2005 in full August 15, 2015. The original Series 2005 bonds were issued to finance improvements in the downtown area, including construction of the Jackson Street parking garage. The City has pledged the revenues of the general fund to repay these refunding bonds. However, the bonds are not subject to the City's debt limit as the City is not obligated to levy taxes for repayment. These bonds are expected to be paid solely from parking net revenues and are payable through 2025. The total principal and interest remaining to be paid on the bonds, is \$747,059. Principal and interest paid for the current year on the refunding bonds was \$97,267. The principal and interest from fiscal year 2018 equal approximately .6% of the general fund revenues pledged, and 6% of the Parking operating revenues used to pay the debt service. These bonds were bank qualified and all were purchased by a local bank.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

General Obligation Debt, (continued)

General Obligation Bonds (continued):

In November 2017, the City issued \$2,100,000 of General Fund Bonds, Series 2017 with a true interest rate of 2.75% for a major expansion to the City's golf course pro shop and restaurant. The City has pledged the revenues of the general fund to repay these bonds. However, these bonds are expected to be paid solely from golf course net revenues and are payable through 2037. These bonds were bank qualified and all were purchased by a local bank.

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

Fiscal Year Ending June 30	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2019	\$ 640,000	\$ 147,900	\$ 165,000	\$ 73,102
2020	415,000	131,100	170,000	68,845
2021	425,000	118,650	170,000	64,484
2022	445,000	105,900	180,000	59,994
2023	460,000	92,550	180,000	55,342
2024-2028	2,625,000	242,850	790,000	207,980
2029-2033	-	-	590,000	123,200
2034-2037	-	-	535,000	37,262
Total	<u>\$ 5,010,000</u>	<u>\$ 838,950</u>	<u>\$ 2,780,000</u>	<u>\$ 690,209</u>

Legal Debt Margin:

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

Total assessed value of taxable property (market value)	\$ 3,675,378
General limitation percentage	2.50%
General limit of indebtedness	<u>91,884</u>
Outstanding general obligation bonds at June 30	7,110
Outstanding loans subject to limitation *	
Golf course improvements	35
Sidewalk replacement	39
Total debt subject to limit	<u>7,184</u>
Excess limit over outstanding debt margin	<u>\$ 84,700</u>

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

Certificates of Participation

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

On July 26, 2016, the City issued COPs totaling \$8,200,000 with a true interest rate of 2.64% to advance refund the 2009 COPs. The City will achieve \$2,439,530 of debt service savings over the life of the certificates with a net present value savings of \$1,960,545. At June 30, 2018, \$7,935,519 is held in escrow to fully redeem the 2009 COPs on January 1, 2019.

Payments are made using the garage receipts and other downtown parking revenues as necessary. The City has pledged the revenues of the general fund to repay the COPs principal and interest, but they are not a general obligation of the City or secured by the full faith and credit or the taxing power of the City. However, the City expects the bonds to be paid solely from parking net revenues and are payable through June 2039. Annual principal and interest payments on the bonds are expected to require approximately 3.6 percent of general fund net revenues if the Parking fund cannot make the payments. The principal and interest from fiscal year 2018 equaled 2.8 percent of the general fund revenues pledged, and 30 percent of the parking operating revenues used to pay the debt service.

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

Fiscal Year Ending June 30	Principal	Interest
2019	\$ 295,000	\$ 195,350
2020	300,000	189,450
2021	305,000	183,450
2022	310,000	177,350
2023	320,000	171,150
2024-2028	1,685,000	755,113
2029-2033	1,890,000	551,150
2034-2038	2,185,000	254,475
2039	470,000	12,925
Total	<u>\$ 7,760,000</u>	<u>\$ 2,490,413</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 2020.

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

Statutes allow for a property tax levy as long as the balance in this fund is less than 10% of total outstanding special assessment debt with government commitment. In the current fiscal year, the City did not levy for this fund. At June 30, the cash and investment balance in the revolving fund was \$52,576 and secured outstanding bonds and warrants in the amount of \$20,000 or 263 percent.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Special Assessment Debt, (continued)

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.

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

Fiscal Year Ending June 30	Governmental	
2019	Principal *	Interest
	\$ 20,000	\$ 450

* The City called these bonds in July 2018.

Business-Type Activities Revenue Bonds:

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

Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due July 1, 2025, 2.25%, payable from the Water fund in semi-annual installments of \$69,000 to \$92,000 beginning January 1, 2013, redeemable on any date with the permission of the State.	\$ 1,268,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due January 1, 2024, 2.25%, payable from the Water fund in semi-annual installments of \$86,000 to \$109,000 beginning January 1, 2013, redeemable on any date with the permission of the State.	1,241,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due January 1, 2027, 2.25%, payable from the Water fund in semi-annual installments of \$42,000 to \$57,000 beginning January 1, 2013, redeemable on any date with the permission of the State.	927,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2016, due July 1, 2036, 2.50%, payable from the Water fund in semi-annual installments of \$12,666 to \$21,000 beginning January 1, 2017, redeemable on any date with the permission of the State.	622,000
Wastewater System Revenue Bonds, (DNRC Revolving Loan Program) Series 2012 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, redeemable on any date with the permission of the State.	<u>2,590,000</u>
Total revenue bonds outstanding	6,648,000
Less current portion	<u>(1,193,000)</u>
Long-term bonds outstanding	<u>\$ 5,455,000</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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

On December 29, 2016, the City issued \$660,666 of DNRC Drinking Water Revolving Loan Program, with an interest rate of 2.5% to finance improvements to the Tenmile Water Treatment Plant.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$4.1 million in water system revenue bonds described above. These bonds are payable solely from water customer net revenues and are payable through 2037. Annual principal and interest payments on the bonds are approximately 14 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,528,796. Principal and interest paid for the current year and total customer net operating revenues were \$562,716 and \$3,955,755, respectively.

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

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$2.6 million in wastewater system revenue bonds described in the preceding paragraph. These bonds are payable solely from wastewater customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require approximately 33 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,694,690. Principal and interest paid for the current year and total customer net revenues were \$769,420 and \$2,054,397, respectively.

Revenue bond resolutions include various restrictive covenants. The most significant covenants 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation of facilities; 2) specify minimum required operating income over debt service requirements of 110% for water and 125% for wastewater; 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 110% and 125%, respectively, of the maximum debt service requirement in any succeeding year as computed below.

Direct operating expenses exclude depreciation.

Debt Service Coverage in Thousands:

	Water	Wastewater
Gross revenues	\$ 8,281	\$ 4,843
Direct operating expenses	4,326	2,789
Net revenue	\$ 3,955	\$ 2,054
Maximum debt service	\$ 564	\$ 770
Percent coverage	701.2%	266.8%

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

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

	Water	Wastewater
Cash:		
Operating/suplus account	\$ 13,570,670	\$ 3,258,875
Restricted cash - revenue bond account	563,652	1,154,620
Total cash and investments	\$ 14,134,322	\$ 4,413,495

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	
	Principal	Interest
2019	\$ 1,193,000	\$ 138,410
2020	1,221,000	113,166
2021	1,246,000	151,226
2022	890,000	60,940
2023	518,000	45,573
2024-2028	1,258,000	92,621
2029-2033	181,000	30,300
2034-2037	141,000	7,150
Total	\$ 6,648,000	\$ 639,386

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 - 3.15%.

\$ 39,107

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Loans:

Golf INTERCAP Loan, Series 2009 (Driving Range/Clubhouse Improvements) annual adjustable interest rate 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 - 3.15%	\$ 34,504
Golf INTERCAP Loan, Series 2014 (Irrigation Improvements) annual adjustable interest rate INTERCAP Revolving Loan from the Montana Board of Investments; agreement date December 5, 2014 with a loan amount of \$433,099, semi-annual payments of varying amounts with a maturity date of February 15, 2030. Current rate - 3.15%	352,631
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 - 3.15%	134,036
Total business-type loans outstanding	521,171
Less current portion	(104,729)
Long-term loans outstanding	\$ 416,442

Loan Annual Debt Service Requirements to Maturity:

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

Fiscal Year Ending	Governmental		Business-type		
	June 30	Principal	Interest	Principal	Interest
2019	\$ 39,107	\$ 1,028	\$ 104,729	\$ 17,329	
2020	-	-	93,602	13,662	
2021	-	-	54,377	10,596	
2022	-	-	28,634	9,146	
2023	-	-	28,927	8,141	
2024-2028	-	-	149,149	25,272	
2029-2030	-	-	61,753	2,707	
Total	\$ 39,107	\$ 1,028	\$ 521,171	\$ 86,853	

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.

In December 2016, an additional advance was made to finance the purchase of a new mower fleet payable in annual installments for five years beginning July 1, 2017.

The Golf Course will be charged interest at one percent for the life of the loans.

Advance from Capital Improvement Fund - Commission approved April 25, 2013
 \$206,739 advance payable in annual installments of \$42,597 beginning July 1, 2017, final scheduled payment July 1, 2021. Annual rate - 1%

	\$ 166,210
Less current portion	(40,934)
Long-term advances outstanding	\$ 125,276

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE H - LONG-TERM LIABILITIES, (continued)

Advance Annual Debt Service Requirements to Maturity:

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

Fiscal Year Ending June 30	Business-type	
	Principal	Interest
2019	\$ 40,934	\$ 1,662
2020	41,344	1,253
2021	41,757	839
2022	42,175	422
Total	<u>\$ 166,210</u>	<u>\$ 4,176</u>

Changes in Long-Term Liabilities

Governmental Activities Long-Term Liabilities:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 5,765,000	\$ -	\$ 755,000	\$ 5,010,000	\$ 640,000
Loans	76,999	-	37,892	39,107	39,107
Special assessment bonds	60,000	-	40,000	20,000	20,000
Compensated absences *	2,057,168	1,192,323	1,206,575	2,042,916	1,021,458
Other postemployment benefits*	3,605,177	261,386	-	3,866,563	-
Pensions*	14,532,975	537,935	-	15,070,910	-
Total	<u>\$ 26,097,319</u>	<u>\$ 1,991,644</u>	<u>\$ 2,039,467</u>	<u>\$ 26,049,496</u>	<u>\$ 1,720,565</u>

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

Business-Type Activities Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 760,000	\$ 2,100,000	\$ 80,000	\$ 2,780,000	\$ 165,000
Loans	744,306	-	223,135	521,171	104,729
Certificates of participation	8,045,000	-	285,000	7,760,000	295,000
Revenue bonds	7,817,000	-	1,169,000	6,648,000	1,193,000
Compensated absences	732,344	647,040	598,079	781,305	390,651
Other postemployment benefits	1,587,170	99,705	-	1,686,875	-
Pensions	6,949,710	445,795	-	7,395,505	-
Landfill postclosure	1,461,487	724,993	-	2,186,480	109,324
Total	<u>\$ 28,097,017</u>	<u>\$ 4,017,533</u>	<u>\$ 2,355,214</u>	<u>\$ 29,759,336</u>	<u>\$ 2,257,704</u>

The BID and TBID had compensated absences payable of \$4,420 and \$2,694, respectively.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE I – FUND BALANCES

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

	General	Streets	Non Major Governmental	Total All Funds
Fund balances:				
Nonspendable:				
Inventory	\$ 7,697	\$ 280,299	\$ -	\$ 287,996
Restricted:				
General government	10,000	-	-	10,000
Public safety	-	-	163,095	163,095
911 dispatch center	-	-	38,146	38,146
Fire	21,010	-	-	21,010
Public works projects	-	5,311,324	3,178,397	8,489,721
Culture and recreation	-	-	814,241	814,241
Community development	36,927	-	724,133	761,060
General obligation debt	-	-	650,545	650,545
Special assessment debt	-	-	65,059	65,059
Long-term interfund advances	-	-	197,280	197,280
Total restricted	<u>67,937</u>	<u>5,311,324</u>	<u>5,830,896</u>	<u>11,210,157</u>
Committed:				
General government - community facilities	-	-	1,084,918	1,084,918
Culture and recreation	-	-	696,816	696,816
Total committed	<u>-</u>	<u>-</u>	<u>1,781,734</u>	<u>1,781,734</u>
Assigned:				
General government	14,458	-	-	14,458
Public safety	590,991	-	1,874,604	2,465,595
Public works	31,215	-	77,179	108,394
Culture and recreation	138,972	-	1,423,542	1,562,514
Community development	36,392	-	43,373	79,765
Other capital projects	-	-	719,730	719,730
Trakit software project	11,999	-	-	11,999
Total assigned	<u>824,027</u>	<u>-</u>	<u>4,138,428</u>	<u>4,962,455</u>
Unassigned:	4,609,737	-	(50,485)	4,559,252
Total fund balance	<u>\$ 5,509,398</u>	<u>\$ 5,591,623</u>	<u>\$ 11,700,573</u>	<u>\$ 22,801,594</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.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE I – FUND BALANCES, (continued)

The city maintains one major special revenue fund, the Streets 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	\$ 4,068,140
Licenses and permits	31,355
State shared revenue - gas tax	560,757
Charges for services	17,409
Investment earnings	67,303
Miscellaneous	9,387
Transfers in	19,695
	<u>\$ 4,774,046</u>

NOTE J - EMPLOYEE BENEFIT PLANS

Pension Plans

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

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

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

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

Benefit Calculation

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

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

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

Membership Service

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

The Membership Service Factor is:

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

Highest Average Compensation (HAC)

HAC is a member's highest average monthly compensation:

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

Service Credit

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

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

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

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

- Active Member and less than 20 years of membership service - one-half of final average compensation.
- Active member and 20 years or more of membership service - 2.5% of final average compensation for each year of service credit.
- Inactive member - refund of accumulated contributions.
- Retired member - benefit is paid to surviving spouse or dependent children. If no survivors as previously mentioned, the designated beneficiary or estate will receive the remaining amount of accumulated contributions.

Benefit Calculation

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

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

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

Service Credit

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

Final Average Compensation (FAC)

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Deferred Retirement Option Plan (DROP)

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

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

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

Benefit Calculation

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

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

Service Credit

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

Highest Average Compensation (HAC)

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Contribution Rates and Amounts

	<u>Employee</u>	<u>Employer</u>	<u>State</u>
PERS	7.9%	8.47%	0.10% ¹
MPORS	5.8-9.0%	14.41%	29.37%
FURS - GABA	10.69%	14.36%	32.61%
FURS - NON-GABA	9.5-10.69%	14.36%	32.61%

	<u>City</u>			<u>State</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>
PERS	\$ 1,024,554	\$ 969,521	\$ 946,424	\$ 251,549
MPORS	505,016	465,935	477,914	946,784
FURS	364,244	352,147	352,077	799,709

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

One hundred percent of required contributions were paid.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

	<u>PERS</u>	<u>MPORS</u>	<u>FURS</u>	<u>Total</u>
City's proportionate share of the net pension liability	\$ 16,776,937	\$ 3,835,219	\$ 1,854,259	\$ 22,466,415
State's proportionate share of the net pension liability associated with the City	216,680	7,816,822	4,210,822	12,244,324
Total	<u>\$ 16,993,617</u>	<u>\$ 11,652,041</u>	<u>\$ 6,065,081</u>	<u>\$ 34,710,739</u>

The net pension liability was determined by an actuarial valuation as of June 30, 2016, with update procedures to roll forward to the measurement date of June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, including the State, actuarially determined.

	<u>PERS</u>	<u>MPORS</u>	<u>FURS</u>
Proportionate share of plan's net pension liability	0.8614%	2.1557%	1.7411%

For the year ended June 30, 2018, the City recognized pension expenses of \$4,374,369 and revenue of \$1,998,042 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	<u>PERS</u>	<u>MPORS</u>	<u>FURS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 413,163	\$ -	\$ 12,216	\$ 425,379
Net difference between projected and actual earnings on pension plan investments	-	3,333	1,529	4,862
Changes in assumptions	2,293,232	258,869	231,241	2,783,342
City contributions subsequent to the measurement date	952,109	505,813	364,244	1,822,166
Total	<u>\$ 3,658,504</u>	<u>\$ 768,015</u>	<u>\$ 609,230</u>	<u>\$ 5,035,749</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

	Deferred Inflows of Resources			
	<u>PERS</u>	<u>MPORS</u>	<u>FURS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 24,284	\$ 130,859	\$ 14,023	\$ 169,166
Net difference between projected and actual earnings on pension plan investments	112,675	-	-	112,675
Changes in proportion and differences between City contributions and proportionate share of contributions	606,911	219,203	110,191	936,305
Total	<u>\$ 743,870</u>	<u>\$ 350,062</u>	<u>\$ 124,214</u>	<u>\$ 1,218,146</u>

\$1,822,166 reported as deferred outflows of resources related to pensions from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>PERS</u>	<u>MPORS</u>	<u>FURS</u>	<u>Total</u>
2019	\$ 358,705	\$ (60,040)	\$ (2,857)	\$ 295,808
2020	1,074,360	28,025	76,659	1,179,044
2021	886,550	715	42,376	929,641
2022	(357,090)	(56,560)	(26,920)	(440,570)
Thereafter	-	-	31,514	31,514
Total	<u>\$ 1,962,525</u>	<u>\$ (87,860)</u>	<u>\$ 120,772</u>	<u>\$ 1,995,437</u>

Actuarial Assumptions

The total pension liabilities (TPL) used to calculate the net pension liabilities were determined by actuarial valuations as of June 30, 2016, with update procedures to roll forward the TPL to June 30, 2017. The actuarial assumptions used in the June 30, 2017 valuations were based on the results of actuarial experience studies, dated May 2017 for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

Inflation	2.75%
Salary Increases	3.50% average, including inflation
Investment rate of return	7.65% net of administrative expense
Administrative expense as percentage of payroll	0.26%
Merit increases	0% to 6.3%
Guaranteed annual benefit adjustment (GABA)	0% to 3% based on hire date and PERS funded percentage

The inflation rate and salary increase rates were reduced from 3% to 2.75%, and 4% to 3.5%, respectively in this most recent study.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 and are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Rate of Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash equivalents	2.60%	4.00%	0.11%
Domestic equity	36.00%	4.55%	1.64%
Foreign equity	18.00%	6.35%	1.14%
Fixed income	23.40%	1.00%	0.23%
Private equity	12.00%	7.75%	0.93%
Real estate	8.00%	4.00%	0.32%
Total	<u>100.00%</u>		<u>4.37%</u>
Inflation			<u>2.75%</u>
Portfolio return expectation			<u>7.12%</u>

The long-term expected rate of return above (7.12%) is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of a 2.75% inflation rate and a real rate of return of 4.9%.

Discount Rate

The discount rate used to measure the total pension liabilities was 7.65 percent, down from 7.75% in the prior study. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

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

The following present the City's proportionate share of the net pension liabilities calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

<u>City's proportionate share of the net pension liability</u>	<u>1% Decrease (6.65%)</u>	<u>Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
PERS	\$ 24,434,175	\$ 16,776,937	\$ 10,349,266
MPORS	5,584,227	3,835,219	2,432,883
FURS	3,081,312	1,854,259	862,865
	<u>\$ 33,099,714</u>	<u>\$ 22,466,415</u>	<u>\$ 13,645,014</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net positions is available in the separately issued PERB financial report.

Postemployment Benefits Other Than Pensions (OPEB)

Plan Description. In 2018, the City of Helena provided employee medical insurance through a single-employer plan run by the Montana Municipal Interlocal Authority (MMIA). The City also provided dental and vision through single-employer defined benefit plans. As required by state law (2-18-704, MCA), 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 plans. To continue coverage, retirees are required to pay the full cost of the benefits. Rates are adjusted annually and benefits altered to ensure the plans remain properly funded.

Benefits Provided. The City's plans provide healthcare, dental, and vision benefits for retirees and their dependents. Retirees pay the full cost of coverages selected.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

	<u>Health</u>	<u>Dental</u>	<u>Vision</u>
Inactive employees or beneficiaries currently receiving benefit payments	42	72	80
Active employees and dependents	<u>352</u>	<u>357</u>	<u>359</u>
	<u>394</u>	<u>429</u>	<u>439</u>

Contributions. MMIA health insurance rates are actuarially set 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 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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions (OPEB), (continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB

The City's total OPEB liability of \$5,553,438 was measured as of June 30, 2016, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.87 percent
Salary increases	4.0 percent
Discount rate	3.87 percent
Medical and dental healthcare cost trend rates	8.0 percent for 2016, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2023 and later years
Vision healthcare cost trend rates	4.0 percent
Retirees' share of benefit-related costs	100 percent of projected premiums for retirees

The discount rate was based on the current 20-year municipal bond index.

Mortality rates were based on the RP-2000 Healthy Combined Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2015.

Changes in the Total OPEB Liability.

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 5,192,346
Changes for the year:	
Service cost	323,195
Interest	213,451
Changes in assumptions or other inputs	(45,567)
Benefit payments	<u>(129,987)</u>
Net changes	361,092
Balance at June 30, 2018	<u>\$ 5,553,438</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease <u>(2.87%)</u>	Discount rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Total OPEB Liability	\$ 6,524,597	\$ 5,553,438	\$ 4,776,167

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Postemployment Benefits Other Than Pensions (OPEB), (continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB, (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7% decreasing to 3.5%) or 1 percentage point higher (9% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 3.5%)	Healthcare Cost Trend Rates (8% decreasing to 4.5%)	1% Increase (9% decreasing to 5.5%)
Total OPEB Liability	\$ 4,653,702	\$ 5,553,438	\$ 6,714,726

For the year ended June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 390,128
Changes of assumptions or other inputs	145,760	214,795
Total	<u>\$ 145,760</u>	<u>\$ 604,923</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	
2019	\$ 33,357
2020	37,032
2021	37,032
2022	37,032
2023	37,032
Thereafter	277,678
	<u>\$ 459,163</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE K - JOINT VENTURES

Lewis and Clark Library

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

	2018	2017
Cash and investments	<u>\$ 6,622,460</u>	<u>\$ 5,996,575</u>
Net position	<u>\$ 6,622,460</u>	<u>\$ 5,996,575</u>
Revenues	3,850,921	3,786,070
Expenses	<u>(3,225,036)</u>	<u>(2,953,701)</u>
Change in net position	<u>\$ 625,885</u>	<u>\$ 832,369</u>

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

NOTE L - RELATED ORGANIZATIONS

The City Commission is responsible for the following board appointments:

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

The City has no further accountability for these organizations.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE M - 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>
MR4906	MRTP pumps/valves/motors	\$ 61,296
MR8909	MRTP chemical feed system	600,000
PR7930	Golf building construction	604,286
SD6908	Henderson Street stormwater improvement	157,037
SD8908	Dakota-11th stormwater main replacement	573,553
ST3907	West Main improvements	3,104,274
TS4903	Transfer Station improvements	423,518
WT7905	Rimini raw water line	349,748
WU4916	Ten Mile transmission main	5,064,434
WU8914	Fixed base radio read	305,203
WU8920	Lewis St water main replacement	257,365
WW6906	Wastewater influent channel-headwork	324,423
WW8913	Wastewater headworks grit remove washer	246,662
		<u>\$ 12,071,799</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 City.

NOTE N - RISK MANAGEMENT

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omission), environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for commercial property and boiler insurance. The City participates in a statewide public risk pool operated by the Montana Municipal Interlocal Authority (MMIA) for property and contents, business auto, contractors' equipment, bonding of public officials, workers' compensation and tort liability coverage. MMIA provides environmental damages coverage for all participants on a first come, first served basis of \$10 million each year, with maximum coverage of \$2 million per incident. The City has no coverage for potential losses from environmental damages once the ten million is expended. The City also contracts with the MMIA to provide health insurance.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE N - RISK MANAGEMENT, (continued)

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

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

The City offers employees health benefits for medical, vision, dental, and life. The City was self-insured for the dental and vision plans during fiscal year 2018 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 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:

	2018	2017
Claims payable, July 1	\$ 71,545	\$ 81,056
Claims incurred	259,105	250,062
Claims paid	(272,537)	(259,573)
Claims payable, June 30	\$ 58,113	\$ 71,545

Medical Plan - Effective July 1, 2009, the City joined MMIA's 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, 2018

NOTE O - LANDFILL POSTCLOSURE CARE COSTS

In November of 1993, the City discontinued using their landfill operation. Final closure status was granted to this facility in January 2000. State and Federal laws require the City to monitor the site for thirty subsequent years or longer when the state determines it is necessary to ensure protection of human health and the environment. 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 statement of net position date. 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 \$724,993. 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 for the next twenty years with special assessments charged to all property owners within the City limits.

The City continues to demonstrate financial viability as required under RCRA Subtitle D and is, therefore, not required to create a trust fund or secure third-party provider instruments such as letters of credit or surety bonds. Note that the \$2,186,480 presented on the statement of net position at June 30 is an estimate of the postclosure care costs liability and is subject to changes such as the effect of inflation, revision of laws and other variables.

NOTE P - OPERATING LEASES

15 Street Parking Garage

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

<u>Minimum Lease Payments</u>		<u>Carrying Amount of 15th St. Garage</u>	
Fiscal Year Ending	Amount		
June 30			
2019	\$ 306,600	Cost	\$ 6,992,366
2020	306,600	Accumulated Depreciation	<u>(831,634)</u>
2021	306,600	Carrying Amount	<u><u>\$ 6,160,732</u></u>
2022	306,600		
2023	306,600		
2024-2028	1,533,000		
2029-2033	1,533,000		
2034-2038	1,533,000		
2039-2040	613,200		
Total	<u><u>\$ 6,745,200</u></u>		

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE P - OPERATING LEASES, (continued)

15 Street Parking Garage, (continued)

Lease payments received were \$294,845 for the year ended June 30, 2018. The minimum lease payments will increase with changes in the fees set by the Helena Parking Commission. These minimum lease payments are offset by permits sold to other parties at that garage.

Grandstreet Theatre

The City entered into a ten-year operating lease with Broadwater Productions, Inc. to use the Grandstreet Theatre located at 325 North Park Avenue for the purpose of operating a center for theatrical productions and cultural and educational activities. The lessee paid a one lump sum payment of \$10 in November 2016. The lease expires September 30, 2026. The cost and accumulated depreciation are \$553,503 and \$372,294, respectively.

Neighborhood Center

The City entered into a lease agreement with Rocky Mountain Development Council for the Neighborhood Center located at 200 South Cruse Avenue. After June 30, 2017, this lease became a month-to-month tenancy agreement. The lessee pays \$1,365 per month to occupy this space. The cost and accumulated depreciation of this building are \$760,178 and \$735,500, respectively.

George D. Anderson Commerce Center Building

The City entered into lease agreements with the Helena Area Chamber of Commerce (Chamber) and Montana Business Assistance Connections, Inc. (MBAC) for office space in this building located at 225 Cruse Avenue. The Chamber and MBAC pay monthly rents of \$1,692 and \$1,741, respectively. The City Parking Commission also occupies space in this building. The cost and accumulated depreciation of this building are \$755,000 and \$226,499, respectively.

NOTE Q – TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses as allowed by state laws. Under 15-24-1402, MCA, localities may grant property tax abatements to new or expanding industries. In the first 5 years, qualifying expansions must be taxed at 50% of their taxable value. Each year thereafter, the percentage must be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property must be taxed at 100% of its taxable value. Property taxes abated by this section are subject to recapture if the ownership does not add at least \$50,000 worth of qualifying improvements or modernized processes within the first two years in which these benefits are provided. For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$39,442 under this program as follows:

<u>Company</u>	<u>Amount</u>
The Boeing Corporation	\$ 22,153
Pioneer Aerostructures	17,289
	<u>\$ 39,442</u>

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE Q – TAX ABATEMENTS, (continued)

Under 15-24-1502, MCA, remodeling, reconstruction, or expansion of an existing structure that increases its taxable value by at least 5% may receive a property tax exemption during the construction period, not to exceed 12 months, and for up to 5 years following completion of construction. The property tax exemption is limited to 100% of the increase in taxable value. In addition to this property tax exemption, the structures may receive a property tax reduction for four years following the exemption starting at 20% and increasing each year by 20% to 100% in the fifth year. Property taxes abated by this section are subject to recapture if the ownership does not meet the requirements of this section or the City's resolution granting the abatement. For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$145 under this program as follows:

<u>Company</u>	<u>Amount</u>
Stone Tree Climbing Center	\$ 145

NOTE R – TAX INCREMENT FINANCING

The City created a Tax Increment Financing district (TIF) in 2016 to revitalize an historic area bordering both sides of the railroad as it runs through Helena. The base taxable value was established as of January 1, 2017. An advisory committee will make recommendations to the City Commission for potential projects to be funded. No funds have been expended as of June 30. The work plan recommended by the committee was adopted by the City Commission on August 13, 2018. The committee plans to start accepting applications for projects in the fall of 2018. TIF valuation information is as follows:

<u>Tax Year</u>	<u>Taxable Base</u>	<u>Certified Value</u>	<u>Certified Increment</u>	<u>Mills Applied</u>	<u>Calculated Revenue</u>
2017	\$ 2,338,125	\$ 2,338,125 ¹	\$ 49,989 ¹	729.30	\$ 36,457 ²

¹ The State Department of Revenue certified the TIF total taxable value of \$2,498,061 with an increment of \$159,936 for tax year 2017. They found a programming error in August 2018 which lowered the increment to the amount shown.

² Calculated revenue is different than actual revenue as tax year 2018 personal property taxes are billed in May or June each year with some amounts collected and reported as of June 30 (see non-major TIF Railroad District capital projects fund). Also, not all taxes are collected when due.

NOTE S – SUBSEQUENT EVENTS

Lewis and Clark County, in partnership with the City, are purchasing and remodeling a building formerly occupied by Blue Cross Blue Shield to house the sheriff and police departments, as well as the municipal court. Occupancy is anticipated for early 2019. This will allow the county to remodel the current location of the police and sheriff's departments for additional jail space. Costs are approximately \$1,950,000 to purchase the building and \$550,000 initial remodeling cost, and will be split 50/50 with the County.

The fire department has been approved for a SAFER grant from FEMA for \$811,410 to assist with funding the addition of six firefighters over a three year period. The grant will pay 75% of the salaries for the first two years and 25% the third year.

The City plans to issue \$2,180,000 and \$5,000,000 in bonds from the DNRC Drinking Water Revolving Loan and DNRC Water Pollution Control State Revolving Loan programs, respectively, to finance water and wastewater main extensions to an area on the west side of Helena that is being annexed, and replace approximately five miles of transmission main from the Ten Mile treatment plant to the city limits.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE S – SUBSEQUENT EVENTS, (continued)

A cover on one of the two secondary digesters at the wastewater treatment plant failed on September 4, 2018. The preliminary budget estimate to replace it is between \$1 and \$1.5 million. It had been scheduled for replacement in fiscal year 2022. Staff plans to have the project engineered and bidding complete to allow for construction during spring and summer 2019. Staff is confident they can operate the plant safely and effectively with one digester for the next year and remain in compliance with EPA standards.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which is effective for the City beginning in fiscal year 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations.

GASB has issued Statement No. 84, Fiduciary Activities, which is effective for the City beginning in fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB has issued Statement No. 87, Leases, which is effective for the City beginning in fiscal year 2021. The objective of this statement is to improve accounting and financial reporting for leases and enhance the relevance and consistency of information about governments' leasing activities.

GASB has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which is effective for the City beginning in fiscal year 2019. The objective of this statement is to improve the information that is disclosed in financial statement notes related to debt, and clarifies what liabilities should be included in these disclosures.

GASB has issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, which is effective for the City beginning in fiscal year 2021. However, the City chose to implement this statement for fiscal year 2018. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and not included in the historical cost of a capital asset reported in a business type activity fund.

GASB has issued Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, which is effective for the City beginning in fiscal year 2020. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The City has not fully assessed the impact of Statements 83, 84, 87, 88, and 90 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.

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Section C

REQUIRED SUPPLEMENTARY INFORMATION

City of Helena, Montana
SCHEDULE OF CITY'S TOTAL LIABILITY
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2018

	2018	2017
Total OPEB liability		
Service cost	\$ 323,195	\$ 349,927
Interest	213,451	212,050
Differences between expected and actual experience	-	(390,128)
Changes of assumptions or other inputs	(45,567)	(23,468)
Benefit payments	(129,987)	(157,165)
Net change in total OPEB liability	361,092	(8,784)
Total OPEB liability--beginning	5,192,346	5,201,130
Total OPEB liability--ending	\$ 5,553,438	\$ 5,192,346

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	4.25%
2017	3.82%
2018	3.87%

Governmental Accounting Standard Board, Statement 75 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2018

	2018	2017
Contractually required contribution	\$ 3,095,913	\$ 2,967,400
Contributions in relation to the contractually required contribution	3,095,913	2,967,400
Contribution deficiency (excess)	\$ -	\$ -

Governmental Accounting Standard Board, Statement 75 requires this information to be provided for 10 years. Because this is the second year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.861400%	0.896172%	0.922511%	0.920375%
City's proportionate share of the net pension liability (asset)	\$16,776,937	\$15,264,917	\$12,895,525	\$11,467,968
State's proportionate share of the net pension liability (asset) associated with the City	216,680	186,520	158,400	140,041
Total	<u>\$16,993,617</u>	<u>\$15,451,437</u>	<u>\$13,053,925</u>	<u>\$11,608,009</u>
City's covered payroll	\$11,583,283	\$11,444,023	\$11,338,734	\$10,956,702
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	144.8%	133.4%	113.7%	104.7%
Plan fiduciary net position as a percentage of the total pension liability	73.75%	74.71%	78.40%	79.87%

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

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,019,181	\$ 969,521	\$ 946,424	\$ 926,312
Contributions in relation to the contractually required contribution	(1,019,181)	(969,521)	(946,424)	(926,312)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 12,032,833	\$ 11,583,283	\$ 11,444,023	\$ 11,338,734
Contributions as a percentage of covered payroll	8.47%	8.37%	8.27%	8.17%

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

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MONTANA POLICE OFFICERS RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	2.155700%	2.349374%	2.344892%	2.284225%
City's proportionate share of the net pension liability (asset)	\$ 3,835,219	\$ 4,229,192	\$ 3,878,937	\$ 3,589,338
State's proportionate share of the net pension liability (asset) associated with the City	7,816,822	8,395,130	7,859,095	7,250,892
Total	<u>\$11,652,041</u>	<u>\$12,624,322</u>	<u>\$11,738,033</u>	<u>\$10,840,230</u>
City's covered payroll	\$ 3,233,415	\$ 3,316,542	\$ 3,245,374	\$ 3,064,830
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	118.6%	127.5%	119.5%	117.1%
Plan fiduciary net position as a percentage of the total pension liability	68.34%	65.62%	66.90%	67.01%

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

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
MONTANA POLICE OFFICERS RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 505,616	\$ 465,935	\$ 477,914	\$ 467,659
Contributions in relation to the contractually required contribution	(505,616)	(465,935)	(477,914)	(467,659)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$3,508,791	\$3,233,415	\$3,316,542	\$3,245,374
Contributions as a percentage of covered payroll	14.41%	14.41%	14.41%	14.41%

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

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FIREFIGHTERS UNIFIED RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.640400%	1.741105%	1.802239%	1.768133%
City's proportionate share of the net pension liability (asset)	\$1,854,259	\$1,988,576	\$1,843,275	\$1,725,991
State's proportionate share of the net pension liability (asset) associated with the City	4,210,822	4,505,486	4,105,464	3,893,752
Total	<u>\$6,065,081</u>	<u>\$6,494,062</u>	<u>\$5,948,739</u>	<u>\$5,619,743</u>
City's covered payroll	\$2,452,811	\$2,451,788	\$2,421,941	\$2,296,751
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.6%	81.1%	76.1%	75.1%
Plan fiduciary net position as a percentage of the total pension liability	77.77%	75.48%	76.90%	76.71%

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

See independent auditor's report.

City of Helena, Montana
SCHEDULE OF CITY CONTRIBUTIONS
FIREFIGHTERS UNIFIED RETIREMENT SYSTEM
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 364,244	\$ 352,147	\$ 352,077	\$ 347,791
Contributions in relation to the contractually required contribution	(364,244)	(352,147)	(352,077)	(347,791)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$2,536,527	\$2,452,811	\$2,451,788	\$2,421,941
Contributions as a percentage of covered payroll	14.36%	14.36%	14.36%	14.36%

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

See independent auditor's report.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

PENSIONS

Changes of benefit terms

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

2015 Legislative Changes:

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

Second Retirement Benefit

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

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

Employer Contributions and the Defined Contribution Plan – for PERS

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

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations

If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Terminating Employers – Recovery of actuary costs

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employers must also pay for the cost of the actuarial study used to determine that liability.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

PENSIONS, (continued)

Public Employees Retirement System (PERS), (continued)

2017 Legislative Changes: (continued)

Refunds

- 1) Terminating members eligible to retire may be, in lieu of receiving a monthly retirement benefit, refunded their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who become disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

PERS Statutory Appropriation – House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent funds previously statutorily-appropriated to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

1. FY2018 - \$31.386 million
2. FY2019 - \$31.958 million
3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.600 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million
 - e. FY2024 - \$33.588 million
 - f. FY2025 - \$33.924 million

Montana Police Officers Retirement (MPORS)

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

2015 Legislative Changes:

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

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

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

PENSIONS, (continued)

Montana Police Officers Retirement (MPORS) and Firefighters Unified Retirement (FURS)

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017

Working Retiree Limitations

- 1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
- 4) Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees; and
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA in January immediately following the second retirement.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- 4) A member who returns to covered service is not eligible for a disability benefit.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

PENSIONS, (continued)

Montana Police Officers Retirement (MPORS) and Firefighters Unified Retirement (FURS), (continued)

2017 Legislative Changes: (continued)

Terminating Employers – Recovery of actuary costs

Employers who terminate participation in MPORS or FURS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employers must also pay for the cost of the actuarial study used to determine that liability.

Refunds

- 1) Terminating members eligible to retire may be, in lieu of receiving a monthly retirement benefit, refunded their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Firefighters Unified Retirement (FURS)

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

2015 Legislative Changes:

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

- If a PERS member transfers employment to a FURS covered position and fails to elect FURS membership within 90 days, the default is PERS membership.

2017 Legislative Changes:

Other General Revisions – House Bill 101, effective July 1, 2017

Eligibility to Participate

Part-paid firefighters become eligible to participate in FURS once they have earned \$300 in a fiscal year. Previously, statute was unclear on whether the limit applied to a calendar year or a fiscal year.

Section D

NON-MAJOR GOVERNMENTAL FUNDS

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), Home Investments Partnerships (HOME), and other grant funds, as well as other community development planning activities.

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

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

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

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

Light Maintenance Districts - Used to account for the receipt of assessments from property owners in 53 street lighting districts who are assessed for electricity for the lights in their district and for administrative charges.

DEBT SERVICE FUNDS

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

Non-Major Funds:

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

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

2017 Park and Recreation General Obligation Refunding – Used to account for funds to pay the periodic payment of interest and principal on the bonds issued to refund the 2008 general obligation bonds that were used to finance improvements to Centennial Park, Memorial Park pool and Kindrick-Legion field approved by the citizens.

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

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

City of Helena, Montana
June 30, 2018

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 capital projects for general fund departments as well as funds specifically 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.

TIF Railroad District – Used to account for revenues from property tax levies on increased taxable values in the district. Amounts collected are available to revitalize an historic area of Helena bordering both sides of the railroad that runs through the center of town.

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Non-major Governmental
ASSETS				
Cash and cash equivalents	\$ 5,932,378	\$ 636,251	\$ 3,833,604	\$ 10,402,233
Certificate of deposits	421,730	42,903	258,509	723,142
Receivables (net of allowance for uncollectibles)	81,108	44,776	32,737	158,621
Loans receivable	677,748	31,070	456,078	1,164,896
Advances to other funds	-	-	166,210	166,210
Restricted assets:				
Cash - bond account	-	1,000	-	1,000
Intergovernmental receivable	27,860	-	-	27,860
Total assets	<u>7,140,824</u>	<u>756,000</u>	<u>4,747,138</u>	<u>12,643,962</u>
LIABILITIES				
Accounts payable	767,069	-	2,950	770,019
Due to other funds	-	-	50,485	50,485
Due to other governments	-	-	81,414	81,414
Total liabilities	<u>767,069</u>	<u>-</u>	<u>134,849</u>	<u>901,918</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>25,473</u>	<u>9,326</u>	<u>6,672</u>	<u>41,471</u>
FUND BALANCES (DEFICITS)				
Restricted	4,731,681	746,674	352,541	5,830,896
Committed	1,549,276	-	232,458	1,781,734
Assigned	67,325	-	4,071,103	4,138,428
Unassigned	-	-	(50,485)	(50,485)
Total fund balances (deficits)	<u>6,348,282</u>	<u>746,674</u>	<u>4,605,617</u>	<u>11,700,573</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,140,824</u>	<u>\$ 756,000</u>	<u>\$ 4,747,138</u>	<u>\$ 12,643,962</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Non-major Governmental
REVENUES				
Taxes	\$ -	\$ 773,661	\$ 45,705	\$ 819,366
Special assessments	2,885,095	68,628	41	2,953,764
Licenses and permits	14,400	-	21,271	35,671
Intergovernmental	2,136,630	-	-	2,136,630
Charges for services	1,016,147	-	17,930	1,034,077
Investment earnings	81,519	5,093	54,879	141,491
Miscellaneous	143,552	-	89,549	233,101
Total revenues	<u>6,277,343</u>	<u>847,382</u>	<u>229,375</u>	<u>7,354,100</u>
EXPENDITURES				
Current:				
General government	849,320	6,272	-	855,592
Public safety	1,841,476	-	126,024	1,967,500
Public works	1,485,209	-	50,485	1,535,694
Culture and recreation	1,357,479	-	73,922	1,431,401
Community development	253,450	-	-	253,450
Debt service:				
Principal	-	832,892	-	832,892
Interest	-	151,233	-	151,233
Capital outlay	1,445,323	-	502,392	1,947,715
Total expenditures	<u>7,232,257</u>	<u>990,397</u>	<u>752,823</u>	<u>8,975,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(954,914)</u>	<u>(143,015)</u>	<u>(523,448)</u>	<u>(1,621,377)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	795	-	-	795
Transfers in	719,461	1,688	902,370	1,623,519
Transfers out	-	-	(25,000)	(25,000)
Total other financing sources and uses	<u>720,256</u>	<u>1,688</u>	<u>877,370</u>	<u>1,599,314</u>
Net change in fund balances	<u>(234,658)</u>	<u>(141,327)</u>	<u>353,922</u>	<u>(22,063)</u>
Fund balances - beginning	6,582,940	888,001	4,251,695	11,722,636
Fund balances - ending	<u>\$ 6,348,282</u>	<u>\$ 746,674</u>	<u>\$ 4,605,617</u>	<u>\$ 11,700,573</u>

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2018

(1 of 2)

	Storm Water	Community Development	Community Facilities
ASSETS			
Cash and cash equivalents	\$ 2,998,870	\$ 40,633	\$ 1,468,444
Certificates of deposit	202,151	2,740	121,224
Receivables (net of allowance for uncollectibles):			
Special assessments	34,980	-	-
Other	-	-	-
Restricted assets:			
Intergovernmental receivable	-	-	-
Loans receivable	-	677,748	-
Total assets	3,236,001	721,121	1,589,668
LIABILITIES			
Accounts payable	544,029	-	40,392
Total liabilities	544,029	-	40,392
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	13,917	-	-
Total deferred inflows of resources	13,917	-	-
FUND BALANCES (DEFICITS)			
Restricted	2,678,055	677,748	-
Committed	-	-	1,549,276
Assigned	-	43,373	-
Total fund balances (deficits)	2,678,055	721,121	1,549,276
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,236,001	\$ 721,121	\$ 1,589,668

Police Programs	Open Space District Maintenance	Urban Forestry Maintenance District	Light Maintenance Districts	Total
\$ 228,620	\$ 359,567	\$ 281,968	\$ 554,276	\$ 5,932,378
15,216	24,097	18,926	37,376	421,730
-	9,267	7,766	18,805	70,818
10,290	-	-	-	10,290
-	27,860	-	-	27,860
-	-	-	-	677,748
<u>254,126</u>	<u>420,791</u>	<u>308,660</u>	<u>610,457</u>	<u>7,140,824</u>
54,843	11,583	10,789	105,433	767,069
<u>54,843</u>	<u>11,583</u>	<u>10,789</u>	<u>105,433</u>	<u>767,069</u>
-	3,781	3,093	4,682	25,473
<u>-</u>	<u>3,781</u>	<u>3,093</u>	<u>4,682</u>	<u>25,473</u>
175,331	405,427	294,778	500,342	4,731,681
-	-	-	-	1,549,276
23,952	-	-	-	67,325
<u>199,283</u>	<u>405,427</u>	<u>294,778</u>	<u>500,342</u>	<u>6,348,282</u>
<u>\$ 254,126</u>	<u>\$ 420,791</u>	<u>\$ 308,660</u>	<u>\$ 610,457</u>	<u>\$ 7,140,824</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2018

(1 of 2)

	<u>Storm Water</u>	<u>Community Development</u>	<u>Community Facilities</u>
REVENUES			
Special assessments	\$ 1,417,226	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	9,455	245,915	-
Charges for services	-	-	930,358
Investment earnings	41,535	14,297	15,135
Miscellaneous	17,138	507	75,677
	<u>1,485,354</u>	<u>260,719</u>	<u>1,021,170</u>
EXPENDITURES			
Current:			
General government	-	-	849,320
Public safety	-	-	-
Public works	596,507	-	-
Culture and recreation	-	-	741,512
Community development	-	253,450	-
Capital outlay	1,241,683	-	32,571
Total expenditures	<u>1,838,190</u>	<u>253,450</u>	<u>1,623,403</u>
Revenues over (under) expenditures	<u>(352,836)</u>	<u>7,269</u>	<u>(602,233)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	2,862	12,000	662,782
Total other financing sources (uses)	<u>2,862</u>	<u>12,000</u>	<u>662,782</u>
Net change in fund balances	<u>(349,974)</u>	<u>19,269</u>	<u>60,549</u>
Fund balances - beginning	3,028,029	701,852	1,488,727
Fund balances - ending	<u>\$ 2,678,055</u>	<u>\$ 721,121</u>	<u>\$ 1,549,276</u>

Police Programs	Open Space District Maintenance	Urban Forestry Maintenance District	Light Maintenance Districts	Total
\$ -	\$ 343,354	\$ 257,046	\$ 867,469	\$ 2,885,095
14,400	-	-	-	14,400
1,741,452	139,178	630	-	2,136,630
84,206	1,583	-	-	1,016,147
2,693	4,479	3,380	-	81,519
50,230	-	-	-	143,552
<u>1,892,981</u>	<u>488,594</u>	<u>261,056</u>	<u>867,469</u>	<u>6,277,343</u>
-	-	-	-	849,320
1,841,476	-	-	-	1,841,476
-	-	-	888,702	1,485,209
-	396,520	219,447	-	1,357,479
-	-	-	-	253,450
-	171,069	-	-	1,445,323
<u>1,841,476</u>	<u>567,589</u>	<u>219,447</u>	<u>888,702</u>	<u>7,232,257</u>
<u>51,505</u>	<u>(78,995)</u>	<u>41,609</u>	<u>(21,233)</u>	<u>(954,914)</u>
-	-	795	-	795
20,124	19,438	2,255	-	719,461
20,124	19,438	3,050	-	720,256
71,629	(59,557)	44,659	(21,233)	(234,658)
127,654	464,984	250,119	521,575	6,582,940
<u>\$ 199,283</u>	<u>\$ 405,427</u>	<u>\$ 294,778</u>	<u>\$ 500,342</u>	<u>\$ 6,348,282</u>

See independent auditor's report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2018

(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	\$1,210,820	\$ 1,210,820	\$1,431,924	\$ 221,104	\$ -	\$ -	\$ -	\$ -
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	-	-	-	-	1,636,195	240,580	(1,395,615)
State grants	-	-	-	-	-	45,000	20,000	(25,000)
State shared revenues	-	-	-	-	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Local payments in lieu of taxes	8,025	8,025	9,455	1,430	-	-	-	-
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Investment earnings	15,000	15,000	41,535	26,535	-	-	326	326
Miscellaneous	-	5,455	17,138	11,683	-	-	507	507
Total revenue	<u>1,233,845</u>	<u>1,239,300</u>	<u>1,500,052</u>	<u>260,752</u>	<u>-</u>	<u>1,681,195</u>	<u>261,413</u>	<u>(1,419,782)</u>
EXPENDITURES								
Current:								
General government								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public safety								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public works								
Personal services	218,260	218,260	212,289	5,971	-	-	-	-
Supplies/services/materials	431,278	466,009	399,626	66,383	-	-	-	-
Culture and recreation								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Community development								
Supplies/services/materials	-	-	-	-	16,360	1,701,870	259,896	1,441,974
Capital outlay								
Public works	2,307,500	4,437,833	717,279	3,720,554	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>2,957,038</u>	<u>5,122,102</u>	<u>1,329,194</u>	<u>3,792,908</u>	<u>16,360</u>	<u>1,701,870</u>	<u>259,896</u>	<u>1,441,974</u>
Revenues over (under) expenditures	<u>(1,723,193)</u>	<u>(3,882,802)</u>	<u>170,858</u>	<u>4,053,660</u>	<u>(16,360)</u>	<u>(20,675)</u>	<u>1,517</u>	<u>22,192</u>
OTHER FINANCING SOURCES (USES)								
Debt issuance	1,861,200	1,861,200	-	(1,861,200)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	2,862	2,862	2,862	-	12,000	12,000	12,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,864,062</u>	<u>1,864,062</u>	<u>2,862</u>	<u>(1,861,200)</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 140,869</u>	<u>\$ (2,018,740)</u>	<u>173,720</u>	<u>\$2,192,460</u>	<u>\$ (4,360)</u>	<u>\$ (8,675)</u>	<u>13,517</u>	<u>\$ 22,192</u>
Fund balances - beginning			3,025,726				234,303	
Fund balances - ending			<u>\$3,199,446</u>				<u>\$ 247,820</u>	

(2 of 4)

Community Facilities				Police Programs			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	12,000	12,000	14,400	2,400
-	-	-	-	30,000	30,000	3,804	(26,196)
-	-	-	-	-	-	-	-
-	-	-	-	432,000	432,000	446,695	14,695
-	-	-	-	1,253,167	1,253,167	1,294,167	41,000
-	-	-	-	-	-	-	-
-	-	-	-	55,000	65,000	81,738	16,738
822,538	873,830	930,358	56,528	-	-	-	-
4,325	4,325	15,135	10,810	500	500	2,693	2,193
83,859	89,159	75,677	(13,482)	1,360	48,519	50,230	1,711
<u>910,722</u>	<u>967,314</u>	<u>1,021,170</u>	<u>53,856</u>	<u>1,784,027</u>	<u>1,841,186</u>	<u>1,893,727</u>	<u>52,541</u>
215,750	215,750	216,693	(943)	-	-	-	-
631,021	677,291	633,411	43,880	-	-	-	-
-	-	-	-	1,405,220	1,410,712	1,348,129	62,583
-	-	-	-	553,556	553,556	497,880	55,676
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
403,068	406,108	381,765	24,343	-	-	-	-
306,054	344,619	350,242	(5,623)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,400	26,400	41,814	(15,414)	-	-	-	-
<u>1,571,293</u>	<u>1,670,168</u>	<u>1,623,925</u>	<u>46,243</u>	<u>1,958,776</u>	<u>1,964,268</u>	<u>1,846,009</u>	<u>118,259</u>
<u>(660,571)</u>	<u>(702,854)</u>	<u>(602,755)</u>	<u>100,099</u>	<u>(174,749)</u>	<u>(123,082)</u>	<u>47,718</u>	<u>170,800</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
662,782	662,782	662,782	-	155,859	155,859	155,859	-
-	-	-	-	(150,735)	(150,735)	(135,735)	15,000
<u>662,782</u>	<u>662,782</u>	<u>662,782</u>	<u>-</u>	<u>5,124</u>	<u>5,124</u>	<u>20,124</u>	<u>15,000</u>
<u>\$ 2,211</u>	<u>\$ (40,072)</u>	<u>60,027</u>	<u>\$ 100,099</u>	<u>\$ (169,625)</u>	<u>\$ (117,958)</u>	<u>67,842</u>	<u>\$ 185,800</u>
		<u>1,525,889</u>				<u>173,249</u>	
		<u>\$1,585,916</u>				<u>\$ 241,091</u>	

See independent auditor's report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2018

(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	\$ 342,750	\$ 342,750	\$ 347,670	\$ 4,920	\$ 256,000	\$ 256,000	\$ 259,035	\$ 3,035
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	1,434,947	108,108	(1,326,839)	-	-	-	-
State grants	-	-	-	-	-	-	-	-
State shared revenues	-	15,595	1,294	(14,301)	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Local payments in lieu of taxes	1,669	1,669	1,916	247	-	-	630	630
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	1,590	1,590	1,583	(7)	-	-	-	-
Investment earnings	1,100	1,100	4,479	3,379	75	75	3,380	3,305
Miscellaneous	25,450	25,450	-	(25,450)	-	-	-	-
Total revenue	<u>372,559</u>	<u>1,823,101</u>	<u>465,050</u>	<u>(1,358,051)</u>	<u>256,075</u>	<u>256,075</u>	<u>263,045</u>	<u>6,970</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	128,799	128,799	126,921	1,878	166,429	166,429	128,628	37,801
Supplies/services/materials	256,199	1,684,741	339,035	1,345,706	106,847	106,847	88,424	18,423
Community development								
Supplies/services/materials	-	-	-	-	-	-	-	-
Capital outlay								
Public works	-	-	-	-	-	-	-	-
Culture and recreation	111,000	147,000	102,346	44,654	-	-	-	-
Total expenditures	<u>495,998</u>	<u>1,960,540</u>	<u>568,302</u>	<u>1,392,238</u>	<u>273,276</u>	<u>273,276</u>	<u>217,052</u>	<u>56,224</u>
Revenues over (under) expenditures	<u>(123,439)</u>	<u>(137,439)</u>	<u>(103,252)</u>	<u>34,187</u>	<u>(17,201)</u>	<u>(17,201)</u>	<u>45,993</u>	<u>63,194</u>
OTHER FINANCING SOURCES (USES)								
Debt issuance	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	795	795
Transfers in	41,865	41,865	19,438	(22,427)	2,255	2,255	2,255	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>41,865</u>	<u>41,865</u>	<u>19,438</u>	<u>(22,427)</u>	<u>2,255</u>	<u>2,255</u>	<u>3,050</u>	<u>795</u>
Net change in fund balances	<u>\$ (81,574)</u>	<u>\$ (95,574)</u>	<u>(83,814)</u>	<u>\$ 11,760</u>	<u>\$ (14,946)</u>	<u>\$ (14,946)</u>	<u>49,043</u>	<u>\$ 63,989</u>
Fund balances - beginning			464,099				249,867	
Fund balances - ending			<u>\$ 380,285</u>				<u>\$ 298,910</u>	

Light Maintenance Districts				Total			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 822,335	\$ 825,735	\$ 867,890	\$ 42,155	\$ 2,631,905	\$ 2,635,305	\$ 2,906,519	\$ 271,214
-	-	-	-	12,000	12,000	14,400	2,400
-	-	-	-	30,000	3,101,142	352,492	(2,748,650)
-	-	-	-	-	45,000	20,000	(25,000)
-	-	-	-	432,000	447,595	447,989	394
-	-	-	-	1,253,167	1,253,167	1,294,167	41,000
-	-	-	-	9,694	9,694	12,001	2,307
-	-	-	-	55,000	65,000	81,738	16,738
-	-	-	-	824,128	875,420	931,941	56,521
-	-	-	-	21,000	21,000	67,548	46,548
-	-	-	-	110,669	168,583	143,552	(25,031)
<u>822,335</u>	<u>825,735</u>	<u>867,890</u>	<u>42,155</u>	<u>5,379,563</u>	<u>8,633,906</u>	<u>6,272,347</u>	<u>(2,361,559)</u>
-	-	-	-	215,750	215,750	216,693	(943)
-	-	-	-	631,021	677,291	633,411	43,880
-	-	-	-	1,405,220	1,410,712	1,348,129	62,583
-	-	-	-	553,556	553,556	497,880	55,676
-	-	-	-	218,260	218,260	212,289	5,971
855,324	890,434	888,677	1,757	1,286,602	1,356,443	1,288,303	68,140
-	-	-	-	698,296	701,336	637,314	64,022
-	-	-	-	669,100	2,136,207	777,701	1,358,506
-	-	-	-	16,360	1,701,870	259,896	1,441,974
-	-	-	-	2,307,500	4,437,833	717,279	3,720,554
-	-	-	-	126,400	173,400	144,160	29,240
<u>855,324</u>	<u>890,434</u>	<u>888,677</u>	<u>1,757</u>	<u>8,128,065</u>	<u>13,582,658</u>	<u>6,733,055</u>	<u>6,849,603</u>
<u>(32,989)</u>	<u>(64,699)</u>	<u>(20,787)</u>	<u>43,912</u>	<u>(2,748,502)</u>	<u>(4,948,752)</u>	<u>(460,708)</u>	<u>4,488,044</u>
-	-	-	-	1,861,200	1,861,200	-	(1,861,200)
-	-	-	-	-	-	795	795
-	-	-	-	877,623	877,623	855,196	(22,427)
-	-	-	-	(150,735)	(150,735)	(135,735)	15,000
-	-	-	-	2,588,088	2,588,088	720,256	(1,867,832)
<u>\$ (32,989)</u>	<u>\$ (64,699)</u>	<u>(20,787)</u>	<u>\$ 43,912</u>	<u>\$ (160,414)</u>	<u>\$(2,360,664)</u>	<u>259,548</u>	<u>\$2,620,212</u>
		612,440				6,285,573	
		<u>\$ 591,653</u>				<u>\$ 6,545,121</u>	

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2018

(1 of 2)

	Special Improvement Districts	Special Improvement Districts Revolving
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 22,033	\$ 19,211
Certificates of deposit	1,486	1,295
Receivables (net of allowance for uncollectibles):		
Property taxes	-	-
Special assessments	58	31
Loans receivable	-	31,070
Restricted:		
Cash - bond accounts	-	1,000
Total assets	<u>23,577</u>	<u>52,607</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	31
Total deferred inflows of resources	<u>-</u>	<u>31</u>
 FUND BALANCES (DEFICITS)		
Restricted	<u>23,577</u>	<u>52,576</u>
Total fund balances (deficits)	<u>23,577</u>	<u>52,576</u>
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	 <u>\$ 23,577</u>	 <u>\$ 52,607</u>

2017	2009		
Park and Recreation	Open Space and Fire Truck		
General Obligation Refunding	General Obligation Refunding	Sidewalk Loans	Total
\$ 333,889	\$ 242,425	\$ 18,693	\$ 636,251
22,515	16,347	1,260	42,903
30,871	13,793	-	44,664
-	-	23	112
-	-	-	31,070
-	-	-	1,000
<u>387,275</u>	<u>272,565</u>	<u>19,976</u>	<u>756,000</u>
6,341	2,954	-	9,326
<u>6,341</u>	<u>2,954</u>	<u>-</u>	<u>9,326</u>
380,934	269,611	19,976	746,674
<u>380,934</u>	<u>269,611</u>	<u>19,976</u>	<u>746,674</u>
<u>\$ 387,275</u>	<u>\$ 272,565</u>	<u>\$ 19,976</u>	<u>\$ 756,000</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2018

(1 of 2)

	Special Improvement Districts	Special Improvement Districts Revolving
REVENUES		
Property taxes	\$ -	\$ -
Penalties and interest	-	-
Special assessments	38,214	247
Investment earnings	92	250
Total revenues	38,306	497
EXPENDITURES		
General government	350	4,422
Debt service:		
Principal	40,000	-
Interest	2,250	-
Total expenditures	42,600	4,422
Revenue over (under) expenditures	(4,294)	(3,925)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Net change in fund balances	(4,294)	(3,925)
Fund balances - beginning	27,871	56,501
Fund balances - ending	\$ 23,577	\$ 52,576

2017	2009		
Park and Recreation General Obligation Refunding	Open Space and Fire Truck General Obligation Refunding	Sidewalk Loans	Total
\$ 535,208	\$ 235,121	\$ -	\$ 770,329
723	2,609	-	3,332
-	-	30,167	68,628
<u>3,049</u>	<u>1,517</u>	<u>185</u>	<u>5,093</u>
<u>538,980</u>	<u>239,247</u>	<u>30,352</u>	<u>847,382</u>
1,100	400	-	6,272
410,000	345,000	37,892	832,892
<u>130,795</u>	<u>16,500</u>	<u>1,688</u>	<u>151,233</u>
<u>541,895</u>	<u>361,900</u>	<u>39,580</u>	<u>990,397</u>
<u>(2,915)</u>	<u>(122,653)</u>	<u>(9,228)</u>	<u>(143,015)</u>
-	-	1,688	1,688
<u>(2,915)</u>	<u>(122,653)</u>	<u>(7,540)</u>	<u>(141,327)</u>
<u>383,849</u>	<u>392,264</u>	<u>27,516</u>	<u>888,001</u>
<u>\$ 380,934</u>	<u>\$ 269,611</u>	<u>\$ 19,976</u>	<u>\$ 746,674</u>

See independent auditor's report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2018

(1 of 4)

	Special Improvement Districts			
	Original	Final	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Penalties and interest	-	-	-	-
Special assessments	38,225	38,225	38,164	(61)
Investment earnings	-	-	92	92
Total revenues	38,225	38,225	38,256	31
EXPENDITURES				
General government	350	350	350	-
Debt service:				
Principal	25,000	40,000	40,000	-
Interest	2,588	2,588	2,250	338
Total expenditures	27,938	42,938	42,600	338
Revenue over (under) expenditures	10,287	(4,713)	(4,344)	369
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	\$ 10,287	\$ (4,713)	(4,344)	\$ 369
Fund balances - beginning			27,864	
Fund balances - ending			\$ 23,520	

<u>Special Improvement Districts Revolving</u>				<u>2017 Park and Recreation General Obligation Refunding</u>			
<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ 538,500	\$ 538,500	\$ 539,198	\$ 698
-	-	-	-	1,300	1,300	723	(577)
-	-	8	8	-	-	-	-
75	75	250	175	1,000	1,000	3,049	2,049
75	75	258	183	540,800	540,800	542,970	2,170
4,422	4,422	4,420	2	1,350	1,350	1,100	250
-	-	-	-	370,000	370,000	410,000	(40,000)
-	-	-	-	197,845	197,845	130,795	67,050
4,422	4,422	4,420	2	569,195	569,195	541,895	27,300
(4,347)	(4,347)	(4,162)	185	(28,395)	(28,395)	1,075	29,470
-	-	-	-	-	-	-	-
\$ (4,347)	\$ (4,347)	(4,162)	\$ 185	\$ (28,395)	\$ (28,395)	1,075	\$ 29,470
		56,499				355,328	
		\$ 52,337				\$ 356,403	

See independent auditor's report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR DEBT SERVICE FUNDS
For the year ended June 30, 2018

(3 of 4)

	2009 Open Space and Fire Truck			
	General Obligation Refunding			
	Original	Final	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 233,000	\$ 233,000	\$ 241,526	\$ 8,526
Penalties and interest	650	650	2,609	1,959
Special assessments	-	-	-	-
Investment earnings	300	300	1,517	1,217
Total revenues	233,950	233,950	245,652	11,702
EXPENDITURES				
General government	350	400	400	-
Debt service:				
Principal	345,000	345,000	345,000	-
Interest	16,500	16,500	16,500	-
Total expenditures	361,850	361,900	361,900	-
Revenue over (under) expenditures	(127,900)	(127,950)	(116,248)	11,702
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net change in fund balances	\$(127,900)	\$ (127,950)	(116,248)	\$ 11,702
Fund balances - beginning			375,020	
Fund balances - ending			\$ 258,772	

Sidewalk Loans				Total Non-major Debt Service			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 771,500	\$ 771,500	\$ 780,724	\$ 9,224
-	-	-	-	1,950	1,950	3,332	1,382
29,864	29,864	31,574	1,710	68,089	68,089	69,746	1,657
-	-	185	185	1,375	1,375	5,093	3,718
<u>29,864</u>	<u>29,864</u>	<u>31,759</u>	<u>1,895</u>	<u>842,914</u>	<u>842,914</u>	<u>858,895</u>	<u>15,981</u>
-	-	-	-	6,472	6,522	6,270	252
37,894	37,894	37,892	2	777,894	792,894	832,892	(39,998)
1,691	1,691	1,688	3	218,624	218,624	151,233	67,391
<u>39,585</u>	<u>39,585</u>	<u>39,580</u>	<u>5</u>	<u>1,002,990</u>	<u>1,018,040</u>	<u>990,395</u>	<u>27,645</u>
<u>(9,721)</u>	<u>(9,721)</u>	<u>(7,821)</u>	<u>1,900</u>	<u>(160,076)</u>	<u>(175,126)</u>	<u>(131,500)</u>	<u>43,626</u>
1,691	1,691	1,688	(3)	1,691	1,691	1,688	(3)
<u>\$ (8,030)</u>	<u>\$ (8,030)</u>	<u>(6,133)</u>	<u>\$ 1,897</u>	<u>\$ (158,385)</u>	<u>\$ (173,435)</u>	<u>(129,812)</u>	<u>\$ 43,623</u>
		26,086				840,797	
		<u>\$ 19,953</u>				<u>\$ 710,985</u>	

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2018

	Capital Improvements	Special Improvement Districts Construction	TIF Railroad District	Total
ASSETS				
Cash and cash equivalents	\$ 3,738,297	\$ -	\$ 95,307	\$ 3,833,604
Certificates of deposit	252,082	-	6,427	258,509
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	32,737	32,737
Advances to other funds	166,210	-	-	166,210
Loans receivable	456,078	-	-	456,078
Total assets	<u>4,612,667</u>	<u>-</u>	<u>134,471</u>	<u>4,747,138</u>
LIABILITIES				
Accounts payable	2,950	-	-	2,950
Due to other funds	-	50,485	-	50,485
Due to other governments	-	-	81,414	81,414
Total liabilities	<u>2,950</u>	<u>50,485</u>	<u>81,414</u>	<u>134,849</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	6,672	6,672
FUND BALANCES (DEFICITS)				
Restricted	306,156	-	46,385	352,541
Committed	232,458	-	-	232,458
Assigned	4,071,103	-	-	4,071,103
Unassigned	-	(50,485)	-	(50,485)
Total fund balances (deficits)	<u>4,609,717</u>	<u>(50,485)</u>	<u>46,385</u>	<u>4,605,617</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,612,667</u>	<u>\$ -</u>	<u>\$ 134,471</u>	<u>\$ 4,747,138</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
For the year ended June 30, 2018

	Capital Improvements	Special Improvement Districts Construction	TIF Railroad District	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ 45,705	\$ 45,705
Special assessments	41	-	-	41
Licenses and permits	21,271	-	-	21,271
Charges for services	17,930	-	-	17,930
Investment earnings	54,199	-	680	54,879
Miscellaneous	38,116	51,433	-	89,549
Total revenues	<u>131,557</u>	<u>51,433</u>	<u>46,385</u>	<u>229,375</u>
EXPENDITURES				
Current:				
Public safety	126,024	-	-	126,024
Public works	-	50,485	-	50,485
Culture and recreation	73,922	-	-	73,922
Capital outlay	502,392	-	-	502,392
Total expenditures	<u>702,338</u>	<u>50,485</u>	<u>-</u>	<u>752,823</u>
Revenues over (under) expenditures	<u>(570,781)</u>	<u>948</u>	<u>46,385</u>	<u>(523,448)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	902,370	-	-	902,370
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources (uses)	<u>877,370</u>	<u>-</u>	<u>-</u>	<u>877,370</u>
Net change in fund balances	306,589	948	46,385	353,922
Fund balances - beginning	4,303,128	(51,433)	-	4,251,695
Fund balances - ending	<u>\$ 4,609,717</u>	<u>\$ (50,485)</u>	<u>\$ 46,385</u>	<u>\$ 4,605,617</u>

See independent auditor's report.

City of Helena, Montana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Budget Basis)
NON-MAJOR CAPITAL PROJECTS FUNDS
For the year ended June 30, 2018

(1 of 2)

	Capital Improvements				Special Improvement Districts Construction			
	Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	41	41	-	-	-	-
Licenses and permits	30,000	30,000	21,271	(8,729)	-	-	-	-
Charges for services	12,500	12,500	17,930	5,430	-	-	-	-
Investment earnings	-	-	54,199	54,199	-	-	-	-
Miscellaneous	11,000	11,000	38,116	27,116	150,000	300,000	51,433	(248,567)
Total revenues	53,500	53,500	131,557	78,057	150,000	300,000	51,433	(248,567)
EXPENDITURES								
Current:								
Public works	-	-	-	-	150,000	253,234	50,485	202,749
Culture and recreation	111,330	210,137	58,009	152,128	-	-	-	-
Capital outlay:								
Public safety	461,850	461,850	424,192	37,658	-	-	-	-
Public works	38,360	511,390	45,960	465,430	-	-	-	-
Culture and recreation	230,540	558,876	175,055	383,821	-	-	-	-
Total expenditures	842,080	1,742,253	703,216	1,039,037	150,000	253,234	50,485	202,749
Revenue over (under) expenditures	(788,580)	(1,688,753)	(571,659)	1,117,094	-	46,766	948	(45,818)
OTHER FINANCING SOURCES (USES)								
Transfers in	402,370	902,370	902,370	-	-	-	-	-
Transfers out	-	(25,000)	(25,000)	-	-	-	-	-
Total other financing sources (uses)	402,370	877,370	877,370	-	-	-	-	-
Net change in fund balances	\$ (386,210)	\$ (811,383)	305,711	\$ 1,117,094	\$ -	\$ 46,766	948	\$ (45,818)
Fund balances - beginning			4,306,962				(51,433)	
Fund balances - ending			\$ 4,612,673				\$ (50,485)	

TIF Railroad District				Total Non-major Capital Projects			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ 101,054	\$ 101,054	\$ -	\$ -	\$ 101,054	\$ 101,054
-	-	-	-	-	-	41	41
-	-	-	-	30,000	30,000	21,271	(8,729)
-	-	-	-	12,500	12,500	17,930	5,430
-	-	680	680	-	-	54,879	54,879
-	-	-	-	161,000	311,000	89,549	(221,451)
-	-	101,734	101,734	203,500	353,500	284,724	(68,776)
-	-	-	-	150,000	253,234	50,485	202,749
-	-	-	-	111,330	210,137	58,009	152,128
-	-	-	-	461,850	461,850	424,192	37,658
-	-	-	-	38,360	511,390	45,960	465,430
-	-	-	-	230,540	558,876	175,055	383,821
-	-	-	-	992,080	1,995,487	753,701	1,241,786
-	-	101,734	101,734	(788,580)	(1,641,987)	(468,977)	1,173,010
-	-	-	-	402,370	902,370	902,370	-
-	-	-	-	-	(25,000)	(25,000)	-
-	-	-	-	402,370	877,370	877,370	-
\$ -	\$ -	\$ 101,734	\$ 101,734	\$ (386,210)	\$ (764,617)	408,393	\$ 1,173,010
		<u>\$ 101,734</u>				<u>4,255,529</u>	
						<u>\$ 4,663,922</u>	

See independent auditor's report.

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Section E

NON-MAJOR ENTERPRISE FUNDS

City of Helena, Montana

June 30, 2018

ENTERPRISE FUNDS

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

Non-Major Funds:

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

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.

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2018

	City - County			Total
	Bus	Building	Administration Building	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 620,326	\$ 1,012,879	\$ 387,662	\$ 2,020,867
Certificates of deposit	41,372	68,081	26,037	135,490
Accounts receivable	8,796	204,125	-	212,921
Restricted assets:				
Intergovernmental receivable	6,874	-	-	6,874
Total current assets	<u>677,368</u>	<u>1,285,085</u>	<u>413,699</u>	<u>2,376,152</u>
Noncurrent assets:				
Capital assets:				
Land	446,988	-	-	446,988
Buildings and system	3,014,720	-	1,549,428	4,564,148
Improvements other than buildings	26,675	-	329,051	355,726
Machinery and equipment	1,489,335	116,296	34,175	1,639,806
Construction in progress	112,446	-	30,200	142,646
Less accumulated depreciation	<u>(1,816,685)</u>	<u>(68,670)</u>	<u>(1,161,394)</u>	<u>(3,046,749)</u>
Total non-current assets	<u>3,273,479</u>	<u>47,626</u>	<u>781,460</u>	<u>4,102,565</u>
Total assets	<u>3,950,847</u>	<u>1,332,711</u>	<u>1,195,159</u>	<u>6,478,717</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions:				
Contributions subsequent to measurement date	43,259	43,345	19,827	106,431
Difference between expected and actual experience	18,772	18,809	8,604	46,185
Changes in assumptions	104,192	104,400	47,757	256,349
Total deferred outflows of resources	<u>166,223</u>	<u>166,554</u>	<u>76,188</u>	<u>408,965</u>
LIABILITIES				
Current liabilities:				
Accounts payable	46,499	40,718	27,697	114,914
Accrued interest	-	-	2,448	2,448
Compensated absences	35,705	26,967	14,035	76,707
Loans	-	-	53,477	53,477
Total current liabilities	<u>82,204</u>	<u>67,685</u>	<u>97,657</u>	<u>247,546</u>
Noncurrent liabilities:				
Compensated absences	35,705	26,968	14,035	76,708
Loans	-	-	80,559	80,559
Net pension liability	762,252	763,774	349,380	1,875,406
Other postemployment benefits	<u>206,752</u>	<u>150,495</u>	<u>93,307</u>	<u>450,554</u>
Total noncurrent liabilities	<u>1,004,709</u>	<u>941,237</u>	<u>537,281</u>	<u>2,483,227</u>
Total liabilities	<u>1,086,913</u>	<u>1,008,922</u>	<u>634,938</u>	<u>2,730,773</u>
DEFERRED INFLOWS OF RESOURCES				
Related to other postemployment benefits:				
Difference between expected and actual experience	13,854	10,084	6,252	30,190
Changes in assumptions and other inputs	12,434	9,051	5,612	27,097
Related to pensions:				
Difference between projected and actual earnings	5,119	5,130	2,346	12,595
Difference between expected and actual experience	1,104	1,105	505	2,714
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>27,575</u>	<u>27,630</u>	<u>12,638</u>	<u>67,843</u>
Total deferred inflows of resources	<u>60,086</u>	<u>53,000</u>	<u>27,353</u>	<u>140,439</u>
NET POSITION				
Net investment in capital assets	3,273,479	47,626	647,424	3,968,529
Unrestricted	<u>(303,408)</u>	<u>389,717</u>	<u>(38,368)</u>	<u>47,941</u>
Total net position	<u>\$ 2,970,071</u>	<u>\$ 437,343</u>	<u>\$ 609,056</u>	<u>\$ 4,016,470</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2018

	<u>Bus</u>	<u>Building</u>	<u>City - County Administration Building</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 181,262	\$ 1,307,860	\$ 1,032,323	\$ 2,521,445
Total operating revenues	<u>181,262</u>	<u>1,307,860</u>	<u>1,032,323</u>	<u>2,521,445</u>
OPERATING EXPENSES				
Personal services	924,770	880,108	355,817	2,160,695
Maintenance and operations	603,716	260,699	436,385	1,300,800
Depreciation	218,242	13,705	138,247	370,194
Total operating expenses	<u>1,746,728</u>	<u>1,154,512</u>	<u>930,449</u>	<u>3,831,689</u>
Operating income (loss)	<u>(1,565,466)</u>	<u>153,348</u>	<u>101,874</u>	<u>(1,310,244)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental operating grants	854,890	11,452	5,239	871,581
Investment earnings	9,095	12,961	5,429	27,485
Interest expense	-	-	(6,128)	(6,128)
Total non-operating revenue (expenses)	<u>863,985</u>	<u>24,413</u>	<u>4,540</u>	<u>892,938</u>
Income (loss) before contributions and transfers	<u>(701,481)</u>	<u>177,761</u>	<u>106,414</u>	<u>(417,306)</u>
Capital contributions - grants	243,632	-	-	243,632
Transfers in	347,591	11,369	30,934	389,894
Transfer out	-	-	(16,806)	(16,806)
Change in net position	<u>(110,258)</u>	<u>189,130</u>	<u>120,542</u>	<u>199,414</u>
Total net position - beginning	<u>3,080,329</u>	<u>248,213</u>	<u>488,514</u>	<u>3,817,056</u>
Total net position - ending	<u>\$ 2,970,071</u>	<u>\$ 437,343</u>	<u>\$ 609,056</u>	<u>\$ 4,016,470</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2018

	<u>Bus</u>	<u>Building</u>	<u>City-County Administration Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 181,345	\$ 1,130,051	\$ 1,032,323	\$ 2,343,719
Payments to suppliers	(401,987)	(179,189)	(413,018)	(994,194)
Payments to employees	(859,223)	(796,515)	(352,327)	(2,008,065)
Payment for interfund services used	(201,330)	(80,503)	(18,688)	(300,521)
Net cash provided (used) by operating activities	<u>(1,281,195)</u>	<u>73,844</u>	<u>248,290</u>	<u>(959,061)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	347,591	11,369	30,934	389,894
Transfers to other funds	-	-	(16,806)	(16,806)
Operating grants	920,874	11,452	5,239	937,565
Net cash provided (used) by non-capital financing activities	<u>1,268,465</u>	<u>22,821</u>	<u>19,367</u>	<u>1,310,653</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments - loans	-	-	(172,911)	(172,911)
Interest payments	-	-	(6,563)	(6,563)
Purchase of capital assets	(42,929)	(24,622)	(37,356)	(104,907)
Net cash provided (used) by capital and related financing activities	<u>(42,929)</u>	<u>(24,622)</u>	<u>(216,830)</u>	<u>(284,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in certificates of deposit	30,211	32,579	10,089	72,879
Interest received	9,095	12,961	5,429	27,485
Net cash provided (used) by investing activities	<u>39,306</u>	<u>45,540</u>	<u>15,518</u>	<u>100,364</u>
Net increase (decrease) in cash and cash equivalents	(16,353)	117,583	66,345	167,575
Cash and cash equivalents, beginning	636,679	895,296	321,317	1,853,292
Cash and cash equivalents, ending	<u>\$ 620,326</u>	<u>\$ 1,012,879</u>	<u>\$ 387,662</u>	<u>\$ 2,020,867</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (1,565,466)	\$ 153,348	\$ 101,874	\$(1,310,244)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	218,242	13,705	138,247	370,194
(Increase) decrease in accounts receivable	83	(177,809)	-	(177,726)
(Increase) decrease in deferred outflow s of resources	(52,409)	(59,269)	(23,818)	(135,496)
Increase (decrease) in accounts payable	2,003	4,372	1,105	7,480
Increase (decrease) in compensated absences	20,449	7,235	(11,602)	16,082
Increase (decrease) in other postemployment benefits	12,221	8,894	5,514	26,629
Increase (decrease) in net pensions	53,867	96,021	23,425	173,313
Increase (decrease) in deferred inflow s of resources	29,815	27,347	13,545	70,707
Total adjustments	<u>284,271</u>	<u>(79,504)</u>	<u>146,416</u>	<u>351,183</u>
Net cash provided (used) by operating activities	<u>\$ (1,281,195)</u>	<u>\$ 73,844</u>	<u>\$ 248,290</u>	<u>\$ (959,061)</u>
Supplemental disclosure of non-cash activity:				
Contribution of capital assets by other governments	\$ 243,632	\$ -	\$ -	\$ 243,632

See independent auditor's report.

Section F

INTERNAL SERVICE FUNDS

City of Helena, Montana
June 30, 2018

INTERNAL SERVICE FUNDS

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

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

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

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

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

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

	Business-type		Governmental Activities		
	Activities				
	Fleet Services	Copier Revolving	Property and Liability Insurance	Health Insurance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 274,287	\$ 50,703	\$ 1,168,576	\$ 485,609	\$ 1,979,175
Certificates of deposit	18,256	3,419	78,800	32,746	133,221
Inventories	76,137	-	-	-	76,137
Total current assets	<u>368,680</u>	<u>54,122</u>	<u>1,247,376</u>	<u>518,355</u>	<u>2,188,533</u>
Noncurrent assets:					
Capital assets:					
Land	148,054	-	-	-	148,054
Buildings and system	830,638	-	-	-	830,638
Improvements other than buildings	74,687	-	-	-	74,687
Machinery and equipment	147,198	34,593	-	-	181,791
Accumulated depreciation	<u>(948,747)</u>	<u>(25,915)</u>	<u>-</u>	<u>-</u>	<u>(974,662)</u>
Total noncurrent assets	<u>251,830</u>	<u>8,678</u>	<u>-</u>	<u>-</u>	<u>260,508</u>
Total assets	<u>620,510</u>	<u>62,800</u>	<u>1,247,376</u>	<u>518,355</u>	<u>2,449,041</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions:					
Contributions subsequent to measurement date	25,699	-	-	-	25,699
Difference between expected and actual experience	11,152	-	-	-	11,152
Changes in assumptions	61,899	-	-	-	61,899
Total deferred outflows of resources	<u>98,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,750</u>
LIABILITIES					
Current liabilities:					
Accounts payable	96,843	-	4,895	58,113	159,851
Compensated absences	14,250	-	-	-	14,250
Total current liabilities	<u>111,093</u>	<u>-</u>	<u>4,895</u>	<u>58,113</u>	<u>174,101</u>
Noncurrent liabilities:					
Compensated absences	14,251	-	-	-	14,251
Net pension liability	452,845	-	-	-	452,845
Other postemployment benefits	102,970	-	-	-	102,970
Total noncurrent liabilities	<u>570,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,066</u>
Total liabilities	<u>681,159</u>	<u>-</u>	<u>4,895</u>	<u>58,113</u>	<u>744,167</u>
DEFERRED INFLOWS OF RESOURCES					
Related to other postemployment benefits:					
Difference between expected and actual experience	6,900	-	-	-	6,900
Changes in assumptions and other inputs	6,193	-	-	-	6,193
Related to pensions:					
Difference between projected and actual earnings	3,041	-	-	-	3,041
Difference between expected and actual experience	655	-	-	-	655
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,382	-	-	-	16,382
Total deferred inflows of resources	<u>33,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,171</u>
NET POSITION					
Net investment in capital assets	251,830	8,678	-	-	260,508
Unrestricted	<u>(246,900)</u>	<u>54,122</u>	<u>1,242,481</u>	<u>460,242</u>	<u>1,509,945</u>
Total net position	<u>\$ 4,930</u>	<u>\$ 62,800</u>	<u>\$ 1,242,481</u>	<u>\$ 460,242</u>	<u>\$ 1,770,453</u>

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

	Business-type		Governmental Activities		
	Activities		Property		Total
	Fleet Services	Copier Revolving	and Liability Insurance	Health Insurance	
OPERATING REVENUES					
Charges for services	\$ 1,623,993	\$ 20,342	\$ 885,597	\$ 4,083,736	\$ 6,613,668
Total operating revenues	1,623,993	20,342	885,597	4,083,736	6,613,668
OPERATING EXPENSES					
Personal services	518,905	-	-	-	518,905
Maintenance and operations	1,195,434	12,066	547,670	4,116,271	5,871,441
Depreciation	12,782	5,368	-	-	18,150
Total operating expenses	1,727,121	17,434	547,670	4,116,271	6,408,496
Operating income (loss)	(103,128)	2,908	337,927	(32,535)	205,172
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	28,622	-	-	-	28,622
Interest income	-	-	-	5,130	5,130
Gain (loss) on disposal of assets	2,325	-	-	-	2,325
Total non-operating revenues (expenses)	30,947	-	-	5,130	36,077
Income (loss) before contributions and transfers	(72,181)	2,908	337,927	(27,405)	241,249
Transfers in	6,565	-	-	-	6,565
Transfers out	-	-	(433,828)	-	(433,828)
Change in net position	(65,616)	2,908	(95,901)	(27,405)	(186,014)
Total net position - beginning	70,546	59,892	1,338,382	487,647	1,956,467
Total net position - ending	\$ 4,930	\$ 62,800	\$ 1,242,481	\$ 460,242	\$ 1,770,453

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2018

	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	\$ 1,623,993	\$ 20,342	\$ 885,597	\$ 4,083,736	\$ 6,613,668
Payments to suppliers	(1,049,415)	(12,066)	(542,775)	(4,129,703)	(5,733,959)
Payments to employees	(490,672)	-	-	-	(490,672)
Payment for interfund services used	(98,881)	-	-	-	(98,881)
Net cash provided (used) by operating activities	(14,975)	8,276	342,822	(45,967)	290,156
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	6,565	-	-	-	6,565
Transfers to other funds	-	-	(433,828)	-	(433,828)
Operating grants	28,622	-	-	-	28,622
Net cash provided (used) by non-capital financing activities	35,187	-	(433,828)	-	(398,641)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(49,392)	-	-	-	(49,392)
Proceeds from disposition of capital assets	2,325	-	-	-	2,325
Net cash provided (used) by capital and related financing activities	(47,067)	-	-	-	(47,067)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in certificates of deposit	14,025	1,215	56,468	23,771	95,479
Interest received	-	-	-	5,130	5,130
Net cash provided (used) by investing activities	14,025	1,215	56,468	28,901	100,609
Net increase (decrease) in cash and cash equivalents	(12,830)	9,491	(34,538)	(17,066)	(54,943)
Cash and cash equivalents, beginning	287,117	41,212	1,203,114	502,675	2,034,118
Cash and cash equivalents, ending	\$ 274,287	\$ 50,703	\$ 1,168,576	\$ 485,609	\$ 1,979,175
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (103,128)	\$ 2,908	\$ 337,927	\$ (32,535)	\$ 205,172
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	12,782	5,368	-	-	18,150
(Increase) decrease in inventories	11,121	-	-	-	11,121
(Increase) decrease in deferred outflows of resources	(32,687)	-	-	-	(32,687)
Increase (decrease) in accounts payable	35,129	-	4,895	(13,432)	26,592
Increase (decrease) in compensated absences	(2,643)	-	-	-	(2,643)
Increase (decrease) in other postemployment benefits	6,085	-	-	-	6,085
Increase (decrease) in net pensions	41,661	-	-	-	41,661
Increase (decrease) in deferred inflows of resources	16,705	-	-	-	16,705
Total adjustments	88,153	5,368	4,895	(13,432)	84,984
Net cash provided by operating activities	\$ (14,975)	\$ 8,276	\$ 342,822	\$ (45,967)	\$ 290,156

See independent auditor's report.

Section G
FIDUCIARY FUNDS

City of Helena, Montana

June 30, 2018

FIDUCIARY FUNDS

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

Agency Fund:

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

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
FIDUCIARY FUND
For the year ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>STATE COURT TRUST</u>				
Assets				
Cash and cash equivalents	<u>\$ 14,859</u>	<u>\$ 653,710</u>	<u>\$ 645,303</u>	<u>\$ 23,266</u>
Liabilities				
Due to other governments	<u>\$ 14,859</u>	<u>\$ 653,710</u>	<u>\$ 645,303</u>	<u>\$ 23,266</u>

See independent auditor's report.

Section H
COMPONENT UNIT

City of Helena, Montana

June 30, 2018

COMPONENT UNITS

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

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT
June 30, 2018

	General	Special Revenue Tourism Alliance	Total Governmental
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,266	\$ 34,328	\$ 52,594
Receivables (net of allowance for uncollectibles)	24,009	-	24,009
Total assets	42,275	34,328	76,603
LIABILITIES			
Current liabilities:			
Accounts payable	8,922	10,688	19,610
Total current liabilities	8,922	10,688	19,610
FUND BALANCE			
Unrestricted	33,353	23,640	56,993
Total fund balance	\$ 33,353	\$ 23,640	\$ 56,993

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

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

Total ending fund balance	\$ 56,993
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,399
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(2,694)
Net position of governmental activities	\$ 55,698

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

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT
For the year ended June 30, 2018

	General	Special Revenue Tourism Alliance	Total Governmental
REVENUES			
Special assessments	\$ 160,037	\$ -	\$ 160,037
Contributions	-	31,851	31,851
Charges for services	1,572	-	1,572
Investment earnings	32	-	32
Total operating revenues	161,641	31,851	193,492
EXPENDITURES			
Current:			
Community development	116,051	172,198	288,249
Total expenditures	116,051	172,198	288,249
Excess (deficiency) of revenues over (under) expenditures	45,590	(140,347)	(94,757)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(140,000)	140,000	-
Total other financing sources and uses	(140,000)	140,000	-
Net change in fund balances	(94,410)	(347)	(94,757)
Fund balances - beginning	127,763	23,987	151,750
Fund balances - ending	\$ 33,353	\$ 23,640	\$ 56,993

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

Net change in fund balances - total governmental funds	\$ (94,757)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and other changes exceeded capital outlays in the current period.</p>	
Depreciation expense	(933)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Prepaid insurance	(1,433)
Compensated absences	7,748
Change in net position of governmental activities	\$ (89,375)

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

See independent auditor's report.

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Section I

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

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE ¹
June 30, 2018 and 2017

	2018	2017
Governmental Fund's Capital Assets:		
Land	\$ 85,129,945	\$ 85,052,066
Buildings and systems	11,086,342	11,069,537
Improvements other than buildings	17,558,708	17,518,872
Machinery and equipment	15,920,544	15,489,999
Infrastructure	45,859,088	45,102,420
Construction in progress	2,881,960	880,872
	\$ 178,436,587	\$ 175,113,766
 Investment in Governmental Fund's Capital Assets by Source:		
General	\$ 22,626	\$ 22,626
Special revenue	139,975,240	136,880,788
Capital projects	38,438,721	38,210,352
	\$ 178,436,587	\$ 175,113,766

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

See independent auditor's report.

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ¹
For the year ended June 30, 2018

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
Finance and administration	\$ 55,878	\$ 2,362,499	\$ 577,942	\$ -	\$ -	\$ -	\$ 2,996,319
Community facilities	70,500	2,285,433	506,289	164,744	-	12,445	3,039,411
Total general government	<u>126,378</u>	<u>4,647,932</u>	<u>1,084,231</u>	<u>164,744</u>	<u>-</u>	<u>12,445</u>	<u>6,035,730</u>
Public safety:							
Law enforcement and judicial	-	70,752	41,154	3,432,596	-	-	3,544,502
Fire protection	46,000	932,281	27,994	3,664,609	-	-	4,670,884
Total public safety	<u>46,000</u>	<u>1,003,033</u>	<u>69,148</u>	<u>7,097,205</u>	<u>-</u>	<u>-</u>	<u>8,215,386</u>
Public works:							
Public works administration	-	-	-	22,626	-	-	22,626
Undistributed engineering	-	-	-	199,264	-	-	199,264
Streets	40,299,537	104,273	323,737	3,605,954	37,456,281	1,138,919	82,928,701
Storm water	34,704,260	338,960	23,511	638,669	8,402,807	1,625,080	45,733,287
Total public works	<u>75,003,797</u>	<u>443,233</u>	<u>347,248</u>	<u>4,466,513</u>	<u>45,859,088</u>	<u>2,763,999</u>	<u>128,883,878</u>
Public health	-	-	-	48,388	-	-	48,388
Culture and recreation	9,953,770	4,992,144	16,058,081	4,128,734	-	105,516	35,238,245
Community development	-	-	-	14,960	-	-	14,960
Total general capital assets	<u>\$ 85,129,945</u>	<u>\$ 11,086,342</u>	<u>\$ 17,558,708</u>	<u>\$ 15,920,544</u>	<u>\$ 45,859,088</u>	<u>\$ 2,881,960</u>	<u>\$ 178,436,587</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.

See independent auditor's report.

City of Helena, Montana
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY ¹
For the year ended June 30, 2018

FUNCTION AND ACTIVITY	Balance Beginning	Additions ²	Deletions	Transfers In (Out)	Capital Contributions	Balance Ending
General government:						
Finance and administration	\$ 2,996,319	\$ -	\$ -	\$ -	\$ -	\$ 2,996,319
Community facilities	3,026,966	12,445	-	-	-	3,039,411
Total general government	6,023,285	12,445	-	-	-	6,035,730
Public safety:						
Law enforcement and judicial	3,484,734	182,662	173,527	50,633	-	3,544,502
Fire protection	4,618,902	73,227	21,245	-	-	4,670,884
Total public safety	8,103,636	255,889	194,772	50,633	-	8,215,386
Public works:						
Public works administration	22,626	-	-	-	-	22,626
Undistributed engineering	150,511	28,153	-	20,600	-	199,264
Streets	81,400,440	1,614,978	86,717	-	-	82,928,701
Storm water	44,430,761	1,241,685	17,352	-	78,193	45,733,287
Total public works	126,004,338	2,884,816	104,069	20,600	78,193	128,883,878
Public health	6,110	42,278	-	-	-	48,388
Culture and recreation	34,961,437	355,268	78,460	-	-	35,238,245
Community development	14,960	-	-	-	-	14,960
Total general capital assets	<u>\$ 175,113,766</u>	<u>\$ 3,550,696</u>	<u>\$ 377,301</u>	<u>\$ 71,233</u>	<u>\$ 78,193</u>	<u>\$ 178,436,587</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 include \$4,700 trade in value and therefore does not agree to capital additions in the Statement of Revenues and Changes in Fund Balance - Governmental Funds.

See independent auditor's report.

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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 and state requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

See independent auditor's report.

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

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

Top Ten Employers – presents information about the top ten employers in the City of Helena during the current year and nine years ago. The information presented is based on telephone surveys by City staff.

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

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

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

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

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

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

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

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

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

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

Railroad Tax Increment Financing District/Property Tax Levies and Collections – presents information regarding the amount of property taxes levied and collected to support the district.

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

See independent auditor's report.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 72,144,806	\$ 88,499,411	\$ 91,429,209	\$ 97,546,860	\$ 104,225,402	\$ 104,044,169	\$ 112,997,297	\$ 126,448,587	\$ 127,387,996	\$ 129,370,594
Restricted	2,165,593	8,263,953	9,029,049	8,684,750	9,665,803	10,259,787	9,969,118	12,000,238	11,521,903	10,179,868
Unrestricted	12,541,775	7,003,205	6,751,747	7,518,283	7,502,998	8,476,396	(3,648,813)	(5,301,510)	(5,071,175)	(4,888,987)
Total governmental activities net position	\$ 86,852,174	\$ 103,766,569	\$ 107,210,005	\$ 113,749,893	\$ 121,394,203	\$ 122,780,352	\$ 119,317,602	\$ 133,147,315	\$ 133,838,724	\$ 134,661,475
Business-type activities										
Net investment in capital assets	\$ 54,561,224	\$ 83,268,903	\$ 95,768,724	\$ 105,318,904	\$ 107,292,882	\$ 107,502,635	\$ 117,255,708	\$ 125,294,720	\$ 125,406,279	\$ 129,901,321
Restricted	3,069,393	3,090,553	3,009,229	2,372,783	1,894,240	1,937,111	2,782,860	2,773,367	1,828,652	1,718,447
Unrestricted	8,554,112	7,969,397	8,751,838	9,234,635	12,760,455	14,911,713	13,978,228	15,392,015	19,577,629	17,933,829
Total business-type activities net position	\$ 66,184,729	\$ 94,328,853	\$ 107,529,791	\$ 116,926,322	\$ 121,947,577	\$ 124,351,459	\$ 134,016,796	\$ 143,460,102	\$ 146,812,560	\$ 149,553,597
Primary government										
Net investment in capital assets	\$ 126,706,030	\$ 171,768,314	\$ 187,197,933	\$ 202,865,764	\$ 211,518,284	\$ 211,546,804	\$ 230,253,005	\$ 251,743,307	\$ 252,794,275	\$ 259,271,915
Restricted	5,234,986	11,354,506	12,038,278	11,057,533	11,560,043	12,196,898	12,751,978	14,773,605	13,350,555	11,898,315
Unrestricted	21,095,887	14,972,602	15,503,585	16,752,918	20,263,453	23,388,109	10,329,415	10,090,505	14,506,454	13,044,842
Total primary government net position	\$ 153,036,903	\$ 198,095,422	\$ 214,739,796	\$ 230,676,215	\$ 243,341,780	\$ 247,131,811	\$ 253,334,398	\$ 276,607,417	\$ 280,651,284	\$ 284,215,072

See independent auditor's report.

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

	(1 of 4)			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 2,403,466	\$ 2,341,247	\$ 2,122,007	\$ 2,210,331
Public safety	11,798,150	12,033,150	11,647,121	12,466,013
Public works	4,539,902	4,492,223	4,702,680	5,097,267
Public health	225,261	222,719	194,381	219,228
Culture and recreation	3,084,434	3,304,719	3,499,303	3,784,245
Community development	881,310	511,469	562,266	593,250
Intergovernmental	-	-	26,499	458,718
Interest on long-term debt	649,810	894,424	859,461	825,675
Total governmental activities	<u>23,582,333</u>	<u>23,799,951</u>	<u>23,613,718</u>	<u>25,654,727</u>
Business-type activities:				
Water	4,727,870	5,023,674	5,037,410	5,445,042
Wastewater	3,558,351	3,703,159	3,505,533	3,766,832
Solid waste	2,490,284	2,767,387	2,906,025	2,795,077
Transfer station	2,393,957	2,562,623	2,539,746	2,861,301
Parking	-	-	-	-
Golf course	1,078,623	1,064,199	1,101,612	1,112,447
Bus	1,400,629	1,440,940	1,388,995	1,474,071
Other activities	1,903,716	1,923,722	1,843,363	1,866,305
Total business-type activities	<u>17,553,430</u>	<u>18,485,704</u>	<u>18,322,684</u>	<u>19,321,075</u>
Total primary government	<u>\$ 41,135,763</u>	<u>\$ 42,285,655</u>	<u>\$ 41,936,402</u>	<u>\$ 44,975,802</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 687,888	\$ 728,815	\$ 621,880	\$ 820,821
Public safety	940,060	865,764	915,513	933,754
Public works	4,117,969	4,318,800	4,555,591	4,722,092
Public health	37,273	36,861	38,110	41,033
Culture and recreation	1,313,472	1,697,189	1,733,457	2,079,828
Community development	9,524	12,256	8,314	38,756
Operating grants and contributions	4,272,848	4,202,610	4,440,645	4,146,897
Capital grants and contributions	8,905,991	15,492,460	2,233,281	5,637,153
Total governmental activities	<u>20,285,025</u>	<u>27,354,755</u>	<u>14,546,791</u>	<u>18,420,334</u>
Business-type activities:				
Charges for services:				
Water	5,485,370	5,199,612	5,434,260	6,340,503
Wastewater	3,404,115	3,561,086	3,789,551	3,973,033
Solid waste	2,832,948	2,868,498	3,066,451	3,141,575
Transfer station	2,487,209	2,623,029	2,919,604	2,996,545
Parking	-	-	-	-
Golf course	1,076,039	1,180,094	1,204,148	1,239,308
Bus	349,182	377,842	310,174	305,902
Other activities	2,049,384	1,751,824	1,655,138	1,812,719
Operating grants and contributions	636,140	662,373	625,476	908,295
Capital grants and contributions	6,525,476	27,997,172	11,759,010	8,095,586
Total business-type activities	<u>24,845,863</u>	<u>46,221,530</u>	<u>30,763,812</u>	<u>28,813,466</u>
Total primary government	<u>\$ 45,130,888</u>	<u>\$ 73,576,285</u>	<u>\$ 45,310,603</u>	<u>\$ 47,233,800</u>

(2 of 4)

2013	2014	2015	2016	2017	2018
\$ 2,497,674	\$ 2,499,590	\$ 2,462,445	\$ 2,312,861	\$ 2,784,547	\$ 3,036,845
13,119,756	13,231,206	13,080,712	13,509,042	13,858,480	14,930,310
5,069,500	5,662,887	6,128,853	5,589,151	6,227,931	6,517,871
231,304	225,331	229,590	235,321	230,818	188,800
3,863,269	3,986,908	4,370,730	4,360,431	4,760,319	4,641,148
831,931	565,194	896,997	927,252	560,099	799,505
-	17,620	-	-	11,849	-
791,312	761,726	71,187	261,594	187,449	162,792
<u>26,404,746</u>	<u>26,950,462</u>	<u>27,240,514</u>	<u>27,195,652</u>	<u>28,621,492</u>	<u>30,277,271</u>
5,493,070	5,845,585	5,682,401	5,948,722	6,527,186	6,353,763
3,669,373	3,677,766	3,763,125	3,840,425	3,832,496	3,905,694
3,010,304	3,005,956	2,774,054	2,804,327	2,527,796	3,914,718
2,764,029	2,795,143	2,884,298	2,804,491	2,999,596	2,898,935
-	-	1,774,216	1,616,030	1,615,543	1,854,018
1,223,553	2,396,277	1,302,066	1,346,433	1,378,934	1,437,446
1,568,545	1,541,443	1,340,586	1,340,154	1,707,372	1,742,719
1,843,623	1,833,516	1,946,026	1,943,910	1,974,257	2,082,131
<u>19,572,497</u>	<u>21,095,686</u>	<u>21,466,772</u>	<u>21,644,492</u>	<u>22,563,180</u>	<u>24,189,424</u>
<u>\$ 45,977,243</u>	<u>\$ 48,046,148</u>	<u>\$ 48,707,286</u>	<u>\$ 48,840,144</u>	<u>\$ 51,184,672</u>	<u>\$ 54,466,695</u>
\$ 1,039,118	\$ 910,160	\$ 1,011,040	\$ 933,136	\$ 930,972	\$ 776,923
1,020,115	1,250,499	2,424,719	2,438,728	2,519,299	2,827,107
4,979,302	4,972,860	5,147,857	5,374,585	5,820,802	6,488,305
38,900	39,092	38,805	42,505	37,906	38,685
2,453,413	1,907,827	2,414,957	2,544,201	2,058,972	2,042,207
341,058	74,265	448,664	414,227	33,589	255,309
4,044,625	4,336,569	3,593,753	2,600,111	2,938,264	2,636,652
5,972,108	401,840	9,033,942	11,960,203	1,194,086	146,862
<u>19,888,639</u>	<u>13,893,112</u>	<u>24,113,737</u>	<u>26,307,696</u>	<u>15,533,890</u>	<u>15,212,050</u>
6,430,648	6,583,279	6,848,752	6,857,902	6,869,273	8,001,154
4,167,237	4,221,124	4,231,987	4,422,625	4,646,670	4,684,320
3,261,745	3,348,161	3,407,846	3,471,427	3,296,934	3,296,827
2,931,689	3,002,835	2,999,698	2,636,743	2,568,365	2,480,033
-	-	1,794,908	1,763,047	1,738,246	1,615,268
1,276,740	1,281,362	1,400,988	1,379,110	1,308,364	1,318,807
326,669	307,593	196,189	146,952	224,606	181,262
1,816,338	1,910,091	1,995,117	2,149,382	2,251,768	2,340,183
895,375	961,869	974,042	1,267,118	1,311,418	1,081,538
3,038,239	1,260,497	4,341,452	6,519,156	1,677,932	1,074,948
<u>24,144,680</u>	<u>22,876,811</u>	<u>28,190,979</u>	<u>30,613,462</u>	<u>25,893,576</u>	<u>26,074,340</u>
<u>\$ 44,033,319</u>	<u>\$ 36,769,923</u>	<u>\$ 52,304,716</u>	<u>\$ 56,921,158</u>	<u>\$ 41,427,466</u>	<u>\$ 41,286,390</u>

See independent auditor's report.

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

	(3 of 4)			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental activities	\$ (3,297,308)	\$ 3,554,804	\$ (9,066,927)	\$ (7,234,393)
Business-type activities	7,292,433	27,735,826	12,441,128	9,492,391
Total primary government	<u>\$ 3,995,125</u>	<u>\$ 31,290,630</u>	<u>\$ 3,374,201</u>	<u>\$ 2,257,998</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 7,837,489	\$ 9,357,361	\$ 8,422,755	\$ 9,074,313
Motor vehicle taxes	598,700	716,205	679,341	698,952
Unrestricted grants and contributions	3,308,744	3,460,650	3,930,680	4,147,426
Investment earnings	303,664	117,280	77,221	70,644
Gain on the sale of capital assets	15,232	-	-	47,596
Transfers	(370,651)	(291,905)	(363,634)	(264,650)
Special item	-	-	(236,000)	-
Total governmental activities	<u>11,693,178</u>	<u>13,359,591</u>	<u>12,510,363</u>	<u>13,774,281</u>
Business-type activities:				
Investment earnings	201,874	66,777	44,592	39,805
Gain on sale of capital assets	183,421	49,616	115,584	(400,315)
Transfers	370,651	291,905	363,634	264,650
Special item	-	-	236,000	-
Total business-type activities	<u>755,946</u>	<u>408,298</u>	<u>759,810</u>	<u>(95,860)</u>
Total primary government	<u>\$ 12,449,124</u>	<u>\$ 13,767,889</u>	<u>\$ 13,270,173</u>	<u>\$ 13,678,421</u>
Change in Net Position¹				
Governmental activities	\$ 8,395,870	\$ 16,914,395	\$ 3,443,436	\$ 6,539,888
Business-type activities	8,048,379	28,144,124	13,200,938	9,396,531
Total primary government	<u>\$ 16,444,249</u>	<u>\$ 45,058,519</u>	<u>\$ 16,644,374</u>	<u>\$ 15,936,419</u>

¹ Does not include restatements of net position.

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<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (6,516,107)	\$ (13,057,350)	\$ (3,126,777)	\$ (887,956)	\$ (13,087,602)	\$ (15,065,221)
4,572,183	1,781,125	6,724,207	8,968,970	3,330,396	1,884,916
<u>\$ (1,943,924)</u>	<u>\$ (11,276,225)</u>	<u>\$ 3,597,430</u>	<u>\$ 8,081,014</u>	<u>\$ (9,757,206)</u>	<u>\$ (13,180,305)</u>
\$ 9,244,244	\$ 9,813,380	\$ 9,627,235	\$ 9,939,895	\$ 10,329,375	\$ 10,797,141
684,194	688,338	774,849	826,785	853,548	891,652
4,472,786	4,622,584	4,132,618	4,259,548	4,310,367	4,334,645
50,171	34,930	31,507	91,441	157,354	291,269
124,083	12,912	28,257	-	58,539	20,157
(415,061)	(364,500)	(1,775,194)	(375,000)	(407,904)	(446,892)
-	-	-	(25,000)	-	-
<u>14,160,417</u>	<u>14,807,644</u>	<u>12,819,272</u>	<u>14,717,669</u>	<u>15,301,279</u>	<u>15,887,972</u>
34,011	18,257	18,808	81,993	188,875	396,725
-	240,000	30,695	17,343	6,925	12,504
415,061	364,500	1,775,194	375,000	407,904	446,892
-	-	7,391,153	-	-	-
<u>449,072</u>	<u>622,757</u>	<u>9,215,850</u>	<u>474,336</u>	<u>603,704</u>	<u>856,121</u>
<u>\$ 14,609,489</u>	<u>\$ 15,430,401</u>	<u>\$ 22,035,122</u>	<u>\$ 15,192,005</u>	<u>\$ 15,904,983</u>	<u>\$ 16,744,093</u>
\$ 7,644,310	\$ 1,750,294	\$ 9,692,495	\$ 13,829,713	\$ 2,213,677	\$ 822,751
5,021,255	2,403,882	15,940,057	9,443,306	3,934,100	2,741,037
<u>\$ 12,665,565</u>	<u>\$ 4,154,176</u>	<u>\$ 25,632,552</u>	<u>\$ 23,273,019</u>	<u>\$ 6,147,777</u>	<u>\$ 3,563,788</u>

See independent auditor's report.

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

(1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 245,402	\$ 253,654	\$ 25,634	\$ 29,738
Restricted	109,360	122,358	69,812	62,452
Committed	622,647	345,841	387,051	21,829
Assigned	155,192	3,977	25,600	69,024
Unassigned	<u>2,745,998</u>	<u>2,901,422</u>	<u>4,150,675</u>	<u>3,945,453</u>
Total general fund	<u>\$ 3,878,599</u>	<u>\$ 3,627,252</u>	<u>\$ 4,658,772</u>	<u>\$ 4,128,496</u>
All Other Governmental Funds				
Nonspendable	\$ 684,291	\$ 764,210	\$ 273,911	\$ 185,956
Restricted	17,140,709	12,794,658	10,906,112	8,762,619
Committed	326,570	97,653	1,446,093	1,800,616
Assigned	1,154,916	859,949	107,676	1,594,153
Unassigned	<u>(76,395)</u>	<u>(161,513)</u>	<u>(67,547)</u>	<u>(25,109)</u>
Total all other governmental funds	<u>\$ 19,230,091</u>	<u>\$ 14,354,957</u>	<u>\$ 12,666,245</u>	<u>\$ 12,318,235</u>

(2 of 2)

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 19,983	\$ 19,264	\$ 14,774	\$ 12,663	\$ 16,902	\$ 7,697
179,182	64,044	113,730	62,473	73,800	67,937
-	-	117,273	42,273	-	-
34,985	2,386	6,000	5,000	32,596	824,027
<u>4,331,115</u>	<u>6,559,029</u>	<u>6,770,453</u>	<u>5,436,164</u>	<u>5,376,401</u>	<u>4,609,737</u>
<u>\$ 4,565,265</u>	<u>\$ 6,644,723</u>	<u>\$ 7,022,230</u>	<u>\$ 5,558,573</u>	<u>\$ 5,499,699</u>	<u>\$ 5,509,398</u>
\$ 295,458	\$ 295,288	\$ 248,965	\$ 394,047	\$ 387,233	\$ 280,299
9,486,622	10,195,743	9,855,388	11,937,765	12,711,213	11,142,220
1,387,877	1,446,792	1,576,584	1,553,024	1,488,727	1,781,734
1,759,532	2,401,501	2,791,027	2,544,285	3,119,020	4,138,428
<u>(165,368)</u>	<u>(146,969)</u>	<u>(150,931)</u>	<u>(281,618)</u>	<u>(51,433)</u>	<u>(50,485)</u>
<u>\$ 12,764,121</u>	<u>\$ 14,192,355</u>	<u>\$ 14,321,033</u>	<u>\$ 16,147,503</u>	<u>\$ 17,654,760</u>	<u>\$ 17,292,196</u>

See independent auditor's report.

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

(1 of 2)

	2009	2010	2011	2012
Revenues				
Taxes:				
Property taxes	\$ 7,837,489	\$ 7,853,994	\$ 8,915,516	\$ 8,529,266
Motor vehicle taxes	598,700	716,205	679,341	698,952
Special assessments	4,682,422	4,918,167	5,139,199	5,444,818
Licenses and permits	509,405	513,500	449,979	558,201
Intergovernmental	7,636,031	8,040,706	8,491,242	9,119,595
Charges for services	1,277,505	1,460,571	1,618,479	1,698,420
Fines	543,163	507,054	560,042	585,612
Investment earnings	303,664	117,280	77,221	70,644
Miscellaneous	278,094	292,111	251,615	319,341
Total revenue	<u>23,666,473</u>	<u>24,419,588</u>	<u>26,182,634</u>	<u>27,024,849</u>
Expenditures				
General government	2,121,907	1,957,731	1,814,742	1,799,358
Public safety	11,150,250	11,251,927	11,193,009	11,790,650
Public works	3,861,772	3,714,314	3,928,499	4,315,554
Public health	219,001	215,472	194,574	214,404
Culture and recreation	2,655,304	2,733,957	2,974,842	3,235,172
Community development	854,583	496,937	561,150	579,757
Intergovernmental	-	-	26,499	458,718
Debt service:				
Principal	1,031,032	953,848	1,140,745	1,086,133
Interest	484,478	819,949	872,396	842,027
Debt issuance costs	320,247	-	-	-
Capital outlay	<u>8,162,824</u>	<u>7,119,681</u>	<u>3,998,412</u>	<u>3,391,834</u>
Total expenditures	<u>30,861,398</u>	<u>29,263,816</u>	<u>26,704,868</u>	<u>27,713,607</u>
Excess of revenues over (under) expenditures	<u>(7,194,925)</u>	<u>(4,844,228)</u>	<u>(522,234)</u>	<u>(688,758)</u>
Other Financing Sources (Uses)				
Debt issued	12,021,549	-	232,281	34,776
Debt issuance premium	153,576	-	-	-
Debt issuance discount	(54,868)	-	-	-
Payments to bond escrow agent	(2,872,047)	-	-	-
Sale of capital assets	15,232	9,652	79,435	47,596
Transfers in	2,019,370	2,451,696	2,130,980	2,498,421
Transfers out	(2,390,021)	(2,743,601)	(2,341,654)	(2,770,321)
Total other financing sources (uses)	<u>8,892,791</u>	<u>(282,253)</u>	<u>101,042</u>	<u>(189,528)</u>
Special item	-	-	(236,000)	-
Net change in fund balances ¹	<u>\$ 1,697,866</u>	<u>\$ (5,126,481)</u>	<u>\$ (657,192)</u>	<u>\$ (878,286)</u>
Debt service as a percentage of noncapital expenditures	6.68%	8.01%	8.87%	7.93%

¹ Does not include prior period adjustments.

(2 of 2)

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 8,883,694	\$ 11,376,883	\$ 10,138,026	\$ 9,940,730	\$ 10,386,161	\$ 10,799,382
684,194	688,338	774,849	826,785	853,548	891,652
5,605,367	5,677,012	5,718,233	5,911,386	6,409,137	7,021,904
611,813	737,162	638,327	638,250	633,332	545,630
9,606,039	9,238,030	8,533,328	7,961,957	7,658,087	7,357,020
1,995,504	1,820,517	1,922,226	2,063,152	1,632,309	1,779,690
611,103	713,420	650,074	585,401	535,033	523,678
50,171	34,930	31,507	91,441	157,354	291,269
570,002	283,980	551,325	727,425	415,052	372,789
<u>28,617,887</u>	<u>30,570,272</u>	<u>28,957,895</u>	<u>28,746,527</u>	<u>28,680,013</u>	<u>29,583,014</u>
1,971,882	2,192,450	2,343,318	2,150,391	2,467,576	2,785,665
12,336,834	12,524,881	11,487,514	11,722,710	11,786,301	12,631,086
4,193,099	4,746,026	5,185,550	4,583,452	5,192,118	5,307,073
226,779	222,301	227,565	236,745	232,168	173,517
3,313,713	3,331,804	3,788,237	3,655,584	3,800,002	3,691,666
829,295	556,037	875,627	934,609	556,388	773,214
-	17,620	-	-	11,849	-
1,058,311	924,831	719,102	735,321	771,583	832,892
806,001	775,737	301,260	274,926	248,064	151,233
-	-	-	-	96,440	-
<u>2,951,998</u>	<u>1,565,281</u>	<u>2,132,609</u>	<u>3,678,117</u>	<u>2,072,624</u>	<u>3,545,993</u>
<u>27,687,912</u>	<u>26,856,968</u>	<u>27,060,782</u>	<u>27,971,855</u>	<u>27,235,113</u>	<u>29,892,339</u>
<u>929,975</u>	<u>3,713,304</u>	<u>1,897,113</u>	<u>774,672</u>	<u>1,444,900</u>	<u>(309,325)</u>
53,371	145,976	-	-	5,180,000	-
-	-	-	-	308,748	-
-	-	-	-	-	-
-	-	-	-	(5,390,156)	-
124,083	12,912	112,230	(11,859)	58,539	20,157
1,670,630	1,633,835	1,558,900	3,889,055	2,473,448	1,868,584
(1,895,404)	(1,998,335)	(3,062,058)	(4,264,055)	(2,627,096)	(1,932,281)
<u>(47,320)</u>	<u>(205,612)</u>	<u>(1,390,928)</u>	<u>(386,859)</u>	<u>3,483</u>	<u>(43,540)</u>
-	-	-	(25,000)	-	-
<u>\$ 882,655</u>	<u>\$ 3,507,692</u>	<u>\$ 506,185</u>	<u>\$ 362,813</u>	<u>\$ 1,448,383</u>	<u>\$ (352,865)</u>
7.54%	6.72%	4.09%	4.16%	4.05%	3.74%

See independent auditor's report.

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

Fiscal Year	Real Taxable Value ¹	Personal Taxable Value ¹	Less Tax Increment	Net Taxable Valuation	Total Direct Tax Rate	Estimated Market Value	Taxable Value as a Percentage of Market Value
2009	\$ 48,978	\$ 2,652	\$ -	\$ 51,630	\$ 149.29	\$ 1,641,983	3.14%
2010	51,317	2,511	-	53,827	150.69	1,758,840	3.06%
2011	55,360	2,368	-	57,728	155.82	1,925,099	3.00%
2012	58,853	1,962	-	60,815	157.01	2,059,141	2.95%
2013	57,664	1,613	-	59,277	159.20	2,147,505	2.76%
2014	58,142	2,245	-	60,387	159.10	2,341,312	2.58%
2015	57,074	2,035	-	59,109	168.17	2,384,469	2.48%
2016	58,044	2,320	-	60,364	164.76	3,623,976	1.67%
2017	59,539	2,578	-	62,117	167.32	3,710,432	1.67%
2018	63,280	2,547	160	65,667	163.86	4,167,551	1.58%

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

See independent auditor's report.

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

Fiscal Year	City of Helena						Overlapping Rates ¹			
	General Purpose	Medical Insurance	GO		Other Levies	Total Direct	Schools			Lewis and Clark County
			Bond Debt Service	Tax Increment Financing			Helena Elementary	East Helena Elementary ²	Helena High	
2009	92.75	17.66	15.04	-	23.84	149.29	166.95	-	92.64	214.27
2010	93.14	19.32	14.61	-	23.62	150.69	161.09	182.41	92.11	212.68
2011	95.87	18.93	18.34	-	22.68	155.82	163.67	181.66	91.28	224.87
2012	94.23	20.29	18.06	-	24.43	157.01	161.27	183.40	88.48	216.95
2013	94.71	21.30	18.40	-	24.79	159.20	154.87	156.84	85.02	220.91
2014	95.94	22.34	16.73	-	24.09	159.10	160.16	160.80	86.19	235.04
2015	100.06	25.16	17.79	-	25.16	168.17	166.31	157.69	87.06	226.20
2016	99.13	25.84	14.35	-	25.44	164.76	155.76	158.59	85.71	218.04
2017	102.52	27.16	13.15	-	24.49	167.32	159.96	166.56	80.22	225.30
2018	99.40	27.75	11.75	0.30	24.66	163.86	201.19	195.45	82.95	218.22

Source: City of Helena and Lewis & Clark County

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

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Helena. Not all overlapping rates apply to all Helena property owners. Although the county and high school property tax rates apply to all city property owners, elementary do not. East Helena Elementary School District rates apply to approximately 2% of city property owners whose property is located within that district's geographic boundaries. All other city property is located within the Helena Elementary school district boundaries and those rates apply.

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

See independent auditor's report.

City of Helena, Montana
PRINCIPAL PROPERTY TAXPAYERS¹
Current Year and Nine Years Ago
(Unaudited)

	2018			2009		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value
Northwestern Corporation	\$ 7,547,318	1	11.39%	\$ 5,135,267	1	9.89%
Verizon Wireless	2,757,272	2	4.16%	2,067,393	2	3.98%
The Boeing Company	1,763,158	3	2.66%	-	-	-
Centurylink Inc	906,044	4	1.37%	-	-	-
Charter Communications Inc.	494,962	5	0.75%	-	-	-
Health Care Service Corporation	467,609	6	0.71%	-	-	-
Helena Federal Office Complex, LLC	445,856	7	0.67%	431,670	4	0.83%
Skyway Regional Shopping Center LLC	379,208	8	0.58%	-	-	-
Touchmark on Saddle Drive (formerly Waterford)	345,082	9	0.52%	315,241	8	0.61%
Costco Wholesale	299,716	10	0.45%	345,880	6	0.67%
Qwest Corporation	-	-	-	1,623,732	3	3.13%
Summit Design & Manufacturing	-	-	-	379,092	5	0.73%
Wal Mart Stores Inc	-	-	-	324,608	7	0.63%
Federal Reserve Bank of Minneapolis	-	-	-	222,206	9	0.43%
Capital Hill Shopping Center	-	-	-	221,392	10	0.43%
	<u>\$ 15,406,225</u>		<u>23.26%</u>	<u>\$ 11,066,481</u>		<u>21.33%</u>
Total City Taxable Assessed Value ¹	66,261,551			51,899,017		

Source: Lewis & Clark County

¹ Certified taxable value per Montana Department of Revenue.

See independent auditor's report.

City of Helena, Montana
PROPERTY TAX LEVIES AND COLLECTIONS¹
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 7,678,355	\$ 7,501,053	97.69%	\$ 176,469	\$ 7,677,522	99.99%
2010 ²	8,008,549	6,066,850	75.75%	1,940,691	8,007,541	99.99%
2011	8,867,259	8,773,371	98.94%	93,459	8,866,830	100.00%
2012	8,833,803	8,172,294	92.51%	654,339	8,826,633	99.92%
2013	9,162,193	9,033,110	98.59%	120,151	9,153,261	99.90%
2014	9,273,110	8,964,557	96.67%	307,647	9,272,204	99.99%
2015	9,968,900	9,400,597	94.30%	567,421	9,968,018	99.99%
2016	9,944,968	9,658,179	97.12%	285,440	9,943,619	99.99%
2017	10,356,392	9,853,992	95.15%	499,108	10,353,100	99.97%
2018	10,883,857	10,282,203	94.47%	-	10,282,203	94.47%

Source: Lewis & Clark County

¹ This schedule does not include the Railroad tax increment district created in 2016.

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

See independent auditor's report.

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

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percent of Personal Income ¹	Total Debt Per Capita ¹
	General Obligation Bonds	Loans	Special Assessment Bonds	General Obligation Bonds	Certificates of Participation	Revenue Bonds	Loans	Special Assessment Bonds			
2009	\$ 11,540,000	\$ 805,969	\$ 997,837	\$ -	\$ 8,900,000 ²	\$ 18,858,520	\$ 1,185,606	\$ 265,000	\$ 42,552,932	3.95%	\$ 1,450
2010	11,015,000	672,840	711,837	-	8,900,000 ²	17,279,991	1,688,861	195,000	40,463,529	3.58%	1,352
2011	10,450,000	525,057	525,000	-	8,900,000 ²	14,850,854	1,546,387	125,000	36,922,298	3.38%	1,310
2012	9,855,000	372,605	370,000	-	8,725,000 ²	12,015,465	1,351,583	65,000	32,754,653	2.93%	1,146
2013	9,245,000	215,931	270,000	-	8,545,000 ²	11,472,000	1,150,385	15,000	30,913,316	2.62%	1,061
2014	8,605,000	183,005	225,000	-	8,360,000 ²	10,461,000	942,513	-	28,776,518	2.39%	972
2015	7,085,000	148,903	160,000	1,695,000 ³	8,170,000	9,387,000	1,139,560	-	27,785,463	2.24%	928
2016	6,435,000	113,582	110,000	835,000	7,975,000	8,290,000	965,257	-	24,723,839	1.88%	808
2017	5,765,000	76,999	60,000	760,000	8,045,000	7,817,000	744,307	-	23,268,306	1.69%	747
2018	5,010,000	39,107	20,000	2,780,000 ⁴	7,760,000	6,648,000	521,171	-	22,778,278	1.62%	725

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.

² Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

³ General obligation debt that financed parking activities was transferred to the parking proprietary fund July 1, 2014 as a result of merging the Parking component unit into the City.

⁴ \$2.1 million in bonds were issued to finance a significant expansion to the pro shop and clubhouse at the municipal golf course.

See independent auditor's report.

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

Fiscal Year	General Obligation Bonds	General Fund Bonds 2005 ¹	Limited General Fund Refunding Bonds 2015 ¹	Limited General Fund Bonds 2017	Less Amounts Restricted to Repaying Principal	Total Primary Government	Percent of Estimated Actual Taxable Value ²	Per Capita ³
2009	10,475,000 ⁴	1,065,000	-	-	(234,316)	11,305,688	21.90%	385.19
2010	9,980,000 ⁴	1,035,000	-	-	(255,699)	10,759,305	19.99%	359.37
2011	9,445,000 ⁴	1,005,000	-	-	(419,250)	10,030,754	17.38%	355.83
2012	8,885,000 ⁴	970,000	-	-	(330,228)	9,524,776	15.66%	333.13
2013	8,310,000 ⁴	935,000	-	-	(323,402)	8,921,602	15.05%	306.23
2014	7,705,000 ⁴	900,000	-	-	(639,052)	7,965,952	13.19%	269.16
2015	7,085,000	850,000	845,000	-	(1,510,000)	7,270,000	12.30%	242.79
2016	6,435,000	-	835,000	-	(743,507)	6,526,493	10.81%	213.42
2017	5,765,000	-	760,000	-	(1,081,954)	5,443,046	8.76%	174.63
2018	5,010,000	-	680,000	2,100,000	(870,177)	6,919,823	10.54%	220.17

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

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

² See page J-12 for property value data.

³ See page J-21 for population data.

⁴ Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

See independent auditor's report.

City of Helena, Montana
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2018
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Helena School District No. 1 Elementary	\$ 53,498,000	64.05%	\$ 34,265,469
East Helena School District No. 9 Elementary	11,665,000	6.47%	754,726
Lewis & Clark County Bonds	6,164,677	49.55%	<u>3,054,597</u>
Total overlapping debt			38,074,792
City direct debt	<u>\$ 5,069,107</u>	<u>100.00%</u>	<u>5,069,107</u>
Total direct and overlapping debt			<u>\$ 43,143,899</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.

See independent auditor's report.

City of Helena, Montana
LEGAL DEBT MARGIN INFORMATION¹
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

											Assessed value ²	\$3,675,378
											Debt limit (2.5% of assessed value) ³	91,884
											Debt applicable to limit:	
											General obligation bonds	7,110
											Golf Course	35
											Sidewalk replacement	39
											Total debt subject to limit	<u>7,184</u>
											Legal debt margin	<u>\$ 84,700</u>
Fiscal year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Debt limit	\$38,507	\$41,295	\$45,619	\$46,787	\$49,190	\$58,069	\$60,015	\$84,952	\$85,464	\$ 91,884		
Total net debt applicable to limit	<u>9,591</u> ⁴	<u>9,344</u> ⁴	<u>8,856</u> ⁴	<u>8,349</u> ⁴	<u>7,826</u> ⁴	<u>7,411</u> ⁴	<u>6,969</u>	<u>6,513</u>	<u>5,899</u>	<u>7,184</u>		
Legal debt margin	<u>\$28,916</u>	<u>\$31,951</u>	<u>\$36,763</u>	<u>\$38,438</u>	<u>\$41,364</u>	<u>\$50,658</u>	<u>\$53,046</u>	<u>\$78,439</u>	<u>\$79,565</u>	<u>\$ 84,700</u>		
Total net debt applicable to the limit as a percentage of debt limit	24.91%	22.63%	19.41%	17.84%	15.91%	12.76%	11.61%	7.67%	6.90%	7.82%		

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 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.

³ 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).

⁴ Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

See independent auditor's report.

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

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage
				Principal	Interest					Principal	Interest	
2009	\$ 5,648	\$ 2,943	\$ 2,705	\$ 1,431	\$ 232	162.7%	\$ 3,551	\$ 2,325	\$ 1,226	\$ 721	\$ 132	143.7%
2010	5,346	3,171	2,175	1,431	232	130.8%	3,734	2,387	1,347	721	132	157.9%
2011	5,533	3,168	2,365	1,431	232	142.2%	4,026	2,225	1,801	721	132	211.1%
2012	6,435	3,501	2,934	306	94	733.5%	4,096	2,511	1,585	721	132	185.8%
2013	6,534	3,642	2,892	468	54	554.0%	4,297	2,569	1,728	736	34	224.4%
2014	6,658	3,944	2,714	468	54	519.9%	4,328	2,642	1,686	736	34	219.0%
2015	6,951	3,821	3,130	468	54	599.6%	4,404	2,719	1,685	736	34	218.8%
2016	6,974	4,026	2,948	468	54	564.8%	4,567	2,759	1,808	736	34	234.8%
2017	7,047	4,481	2,566	496	132	408.6%	4,831	2,719	2,112	736	34	274.3%
2018	8,281	4,326	3,955	507	57	701.2%	4,843	2,789	2,054	736	34	266.8%

Fiscal Year	Parking Certificates of Participation ¹						Special Improvement Districts			
	Parking Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage	Special Assessment Collections ²	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2009	\$ 1,226	\$ 1,131	\$ 95	\$ 12	\$ 5	558.8%	\$ 487	\$ 256	\$ 123	128.5%
2010	1,259	1,026	233	187	415	38.7%	476	403	123	90.5%
2011	1,440	1,348	92	187	415	15.3%	554	395	106	110.6%
2012	1,441	1,712	(271)	187	415	-45.0%	433	373	87	94.1%
2013	1,686	1,783	(97)	192	409	-16.1%	522	351	64	125.8%
2014	1,569	1,813	(244)	197	404	-40.6%	251	296	44	73.8%
2015	1,795	745	1,050	290	401	152.0%	205	196	32	89.9%
2016	1,763	928	835	370	410	107.1%	173	160	24	94.0%
2017	1,744	960	784	375	211	133.8%	42	110	2	37.5%
2018	1,626	1,277	349	405	88	70.8%	38	60	-	63.3%

Source: City financial statements.

¹ Prior to July 2014, the Parking Commission was a component unit of the City of Helena. There is no coverage requirement with the certificates of participation.

² Special Assessment Collections include special assessments, interest income, and bond funds in excess of construction costs used for debt service. There are no special improvement district (SID) bond requirements related to debt service coverage and the City only shows this information as it appears required by GASB Statement 44. The City is required to call bonds semi-annually using any cash available in the debt service funds. The City has consistently called bonds in advance for each separately issued series of SID bonds.

See independent auditor's report.

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
2008	29,351	\$ 1,078,532	\$ 36,746	3.7%	7,910
2009	29,939	1,302,673	37,799	4.7%	8,055
2010	28,190	1,317,853	38,764	5.5%	8,154
2011	28,592	1,353,368	39,052	5.3%	8,304
2012	29,134	1,421,329	40,456	4.9%	8,331
2013	29,596	1,440,450	40,612	4.5%	8,300
2014	29,943	1,476,228	41,469	3.9%	8,290
2015	30,581	1,527,452	43,108	3.1%	8,294
2016	31,169	1,573,133	44,215	3.0%	8,332
2017	31,429	\$ 1,405,913	44,733	3.3%	9,512

Sources: U. S. Census Bureau: Population

State of Montana, Department of Labor: Unemployment Rate, Personal Income, Per Capita Personal Income

Lewis and Clark Superintendent of Schools: School Enrollment

See independent auditor's report.

City of Helena, Montana
TOP TEN EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Company Name	Product or Service	2018			2009		
		Estimated Number of Employees	Rank	Percentage of Total Employment	Estimated Number of Employees	Rank	Percentage of Total Employment
State of Montana ¹	Government	6,234	1	37.94%	6,171	1	39.52%
US Government ¹	Government	1,752	2	10.66%	1,962	2	12.57%
Helena School District No. 1	Education	1,363	3	8.30%	880	4	5.64%
St. Peter's Hospital	Health Services	1,357	4	8.26%	1,000	3	6.40%
Lewis & Clark County	Government	374	5	2.28%	387	7	2.48%
Wal-Mart	Retail	350	6	2.13%	440	6	2.82%
Shodair Children's Hospital	Health Services	325	7	1.98%	263	10	1.68%
City of Helena	Government	317	8	1.93%	306	9	1.96%
Blue Cross/Blue Shield	Health Services	295	9	1.80%	630	5	4.04%
Carroll College	Education	248	10	1.51%	350	8	2.24%
		12,615		76.79%	12,389		79.35%
Total Employment		16,430			15,613		

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

¹Employee counts are for Lewis and Clark County as they are not available for the City of Helena.

See independent auditor's report.

City of Helena, Montana
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

FUNCTION/PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Legislative	7.00	7.00	7.00	7.38	7.38	7.38	7.38	7.38	7.38	7.38
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	6.00	6.00	6.00	6.00
Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Financial	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00
Human resources	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal	4.54	4.54	4.65	4.65	4.65	4.75	4.75	5.00	6.00	7.16
Facilities administration	2.06	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17
PUBLIC SAFETY										
Law enforcement	72.00	72.00	71.55	70.66	70.67	71.50	72.50	73.50	71.50	75.00
Fire protection	37.00	37.00	36.00	36.00	36.00	36.00	36.46	37.00	37.00	37.00
PUBLIC WORKS										
Public work administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Engineering	7.16	7.16	6.90	7.90	7.90	7.90	8.65	8.90	8.50	8.50
Road and street	15.50	15.51	15.51	15.76	15.51	15.01	15.01	15.01	15.01	15.01
Storm water	2.08	2.08	2.19	2.19	2.19	2.27	2.27	2.33	2.56	2.56
PUBLIC HEALTH										
Animal control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CULTURE AND RECREATION										
Park and recreation	19.30	19.30	20.29	21.30	22.08	21.60	21.60	21.60	22.50	23.75
Civic center	4.94	5.44	5.44	5.44	5.44	5.44	5.44	5.44	5.44	5.94
COMMUNITY DEVELOPMENT										
Community development and planning	5.29	5.29	5.13	5.13	5.13	5.13	5.13	5.13	5.13	5.13
Building	12.84	12.84	11.00	11.00	8.50	8.50	9.50	9.50	9.50	9.75
Water	18.35	18.35	19.36	19.91	20.54	21.28	21.28	22.26	21.95	21.45
Wastewater	14.46	14.46	14.79	14.79	14.79	15.23	15.23	15.91	15.99	15.49
Solid waste	8.45	8.45	8.45	8.50	8.60	8.30	8.30	8.30	8.30	8.40
Transfer station	10.85	10.85	10.85	10.50	10.40	10.70	10.70	10.70	11.70	11.60
Bus	16.82	16.50	14.58	12.50	13.26	13.08	10.95	11.27	13.37	13.37
Parking	9.80	10.20	10.10	10.28	10.28	10.63	9.80	7.65	7.65	7.65
City-County building administration	6.48	6.37	6.37	6.37	6.37	6.37	6.37	6.37	6.37	6.37
Fleet services	5.40	5.40	5.40	5.50	5.50	5.50	5.50	6.50	6.50	6.50
Total	<u>306.32</u>	<u>307.41</u>	<u>304.23</u>	<u>304.43</u>	<u>303.86</u>	<u>305.24</u>	<u>306.49</u>	<u>308.42</u>	<u>311.02</u>	<u>316.68</u>

Source: City of Helena, Administrative Services Department

NOTE: This schedule only includes permanent full and part-time employees and does not include seasonal or temporary employees.

See independent auditor's report.

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

(1 of 2)

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL GOVERNMENT										
Judicial										
Trials by judge	2,201	2,232	2,137	2,141	3,120	3,311	5,685	4,525	2,832	3,005
Trials by jury	15	17	12	15	11	7	7	11	8	7
Citations filed	8,605	7,646	7,541	7,243	7,096	8,201	7,068	5,921	5,067	5,691
PUBLIC SAFETY ACTIVITIES										
Police										
Total calls	27,778	27,232	26,454	26,849	27,566	30,678	30,583	29,205	27,871	29,432
Arrests	2,529	2,369	2,258	2,320	2,373	2,251	2,128	1,976	1,780	2,050
Warrants served	314	403	419	430	996	1,014	1,192	1,726	1,276	1,351
Traffic citations	5,647	5,739	5,458	5,271	4,718	5,271	4,620	2,205	2,244	2,686
Fire										
Alarms	3,284	3,149	3,253	3,286	3,493	3,575	3,807	4,120	4,385	4,014
Inspections	592	547	688	474	429	366	617	1,048	812	476
Medical calls	2,511	2,239	2,340	2,371	2,539	2,573	2,748	3,044	3,208	2,820
PUBLIC WORKS										
Streets										
Chip seal (miles)	8.6	9.0	8.9	9.5	8.6	8.6	8.9	8.7	9.2	13.4
Crack seal (miles)	7.0	8.0	9.0	9.5	8.6	8.6	8.9	8.7	9.2	13.4
Re-surface	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.2	2.4
Water										
Average daily consumption (millions of gallons)	5.2	4.9	4.6	5.0	6.0	5.5	5.6	5.6	5.2	5.9
Peak demand (millions of gallons)	12.7	12.1	11.6	12.5	14.0	14.2	15.0	13.2	13.1	15.1
Number of customers	10,256	10,521	10,655	10,775	10,908	10,989	11,159	11,441	11,526	11,569
Wastewater										
Average daily wastewater treated (millions of gallons)	2.9	2.7	2.7	3.0	2.9	2.7	2.8	2.8	2.5	2.7
Solid waste										
Refuse collected (tons per day)	118	114	109	105	101	102	101	104	104	100
Recyclables collected (tons per day)	16	18	18	18	17	17	18	17	18	18
Bus										
Total passengers ¹	120,980	131,790	117,036	97,032	80,973	76,097	79,252	97,189	81,787	95,789
Parking ²										
Number of spaces in garages	N/A	N/A	N/A	N/A	N/A	N/A	1,383	1,383	1,383	1,383
Monthly rate	N/A	N/A	N/A	N/A	N/A	N/A	\$57-\$67	\$59-\$69	\$63-\$73	\$63-\$73
Hourly rate	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
Garage revenues	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,127,000	\$ 1,125,661	\$ 1,053,540	\$ 1,045,100
Number of spaces in paid lots	N/A	N/A	N/A	N/A	N/A	N/A	656	656	656	656
Monthly rate	N/A	N/A	N/A	N/A	N/A	N/A	\$47-\$72	\$49-\$74	\$53-\$80	\$53-\$80
Hourly rate	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Lot revenues	N/A	N/A	N/A	N/A	N/A	N/A	\$ 319,163	\$ 328,388	\$ 329,890	\$ 349,079
On-Street monthly permit rate:										
Commercial areas	N/A	N/A	N/A	N/A	N/A	N/A	\$21-\$43	\$21-\$43	\$21-\$43	\$21-\$43
Residential areas	N/A	N/A	N/A	N/A	N/A	N/A	\$5-\$10	\$5-\$20	\$5-\$20	\$5-\$20
Permit revenues	N/A	N/A	N/A	N/A	N/A	N/A	\$ 212,520	\$ 217,650	\$ 211,731	\$ 185,768
Parking Meter rate	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Meter revenues	N/A	N/A	N/A	N/A	N/A	N/A	\$ 12,549	\$ 18,931	\$ 22,042	\$ 17,327

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

(2 of 2)

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PUBLIC HEALTH ACTIVITIES										
Animal control										
Total incidents	2,262	2,214	2,230	2,259	2,393	2,645	2,521	2,453	2,541	2,115
Citations	433	479	432	348	316	310	347	288	332	254
CULTURE AND RECREATION										
Swimming pool										
Swimming pool attendance	19,924	25,983	21,370	22,843	25,728	26,053	24,386	24,001	19,950	24,739
Civic Center										
Events	177	148	169	166	220	172	71	73	79	68
Number of days used	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170	131
Tickets sold	7,342	3,205	3,514	2,081	5,543	11,532	48,586	53,784	55,055	48,379
COMMUNITY DEVELOPMENT										
Building										
Residential permits, new construction	58	91	114	108	112	87	80	118	80	142
Number of units	80	107	176	161	172	132	339	386	175	258
Value of permits (in thousands)	\$ 17,571	\$ 18,405	\$ 26,546	\$ 24,598	\$ 25,109	\$ 23,243	\$ 37,670	\$ 48,294	\$ 46,820	\$ 21,724
Residential permits, addition/remodel	93	102	103	72	54	116	122	169	184	126
Value of permits (in thousands)	\$ 2,866	\$ 2,260	\$ 2,390	\$ 1,836	\$ 1,719	\$ 2,579	\$ 4,180	\$ 3,386	\$ 3,820	\$ 2,982
Commercial permits, new construction	26	19	26	14	26	30	13	39	19	15
Value of permits (in thousands)	\$ 23,509	\$ 44,747	\$ 30,256	\$ 19,597	\$ 30,918	\$ 23,740	\$ 14,623	\$ 54,372	\$ 26,565	\$ 15,206
Commercial permits, addition/remodel	99	129	145	128	96	105	169	211	177	127
Value of permits (in thousands)	\$ 27,248	\$ 16,968	\$ 21,568	\$ 19,594	\$ 15,382	\$ 14,417	\$ 18,675	\$ 17,930	\$ 32,444	\$ 21,950
Planning ³										
Annexations	N/A	N/A	N/A	N/A	1	3	4	1	7	5
Annexed properties	N/A	N/A	N/A	N/A	2	26	4	10	31	145
Major subdivisions	N/A	N/A	N/A	N/A	-	1	-	2	-	2
Lots created	N/A	N/A	N/A	N/A	-	26	-	32	-	50
Minor subdivisions	N/A	N/A	N/A	N/A	3	1	1	1	1	2
Lots created	N/A	N/A	N/A	N/A	9	2	3	4	3	5

Source: City of Helena

¹ A downtown trolley route was operated during 2006-2009, and a commuter route during 2009. Both these routes have been discontinued.

² Prior to 2014, parking was a separate legal entity, and a component unit of the city. Prior information is not available.

³ To provide more useful information for the reader, changes were made to information collected for Planning. Information prior to 2012 is not readily available.

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See independent auditor's report.

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

FUNCTION/PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC SAFETY ACTIVITIES										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	37	39	38	38	38	36	37	35	28	30
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire response trucks	19	19	18	19	17	17	16	16	16	17
PUBLIC WORKS										
Streets (miles)	245	254	265	267	267	269	271	271	272	272
Lights ¹	3,401	3,401	3,478	3,592	3,625	3,674	3,691	3,689	3,689	3,697
Stormwater mains (miles)	92	96	99	101	103	106	68 ²	71	71	71
Water										
Water mains (miles)	219	223	224	228	228	230	236	244	244	247
Fire hydrants	1,576	1,638	1,649	1,650	1,658	1,666	1,678	1,785	1,704	1,733
Storage capacity (in millions of gallons)	23	23	23	23	23	23	23	23	23	23
Wastewater mains (miles)	175	176	181	185	186	187	188	188	188	190
Solid waste - collection trucks	20	20	20	20	20	19	18	17	18	19
Bus - buses	18	20	18	17	19	19	19	18	19	15
Parking ³										
Garages	N/A	N/A	N/A	N/A	N/A	N/A	5	5	5	5
Parking lots	N/A	N/A	N/A	N/A	N/A	N/A	10	10	11	11
Curbside meters	N/A	N/A	N/A	N/A	N/A	N/A	280	280	264	264
CULTURE AND RECREATION										
Number of city parks	45	45	45	46	47	47	47	47	47	47
City park acreage	194	194	194	254	258	258	258	258	263	263
Open space acreage	1,739	1,784	1,804	1,804	1,845	1,845	1,999	1,999	1,999	1,999

Source: City of Helena

¹ Street lights are not the property of the City. All lights within the City are owned by NorthWestern Energy. Each light district is charged the full cost of electricity plus an annual maintenance charge to cover the cost and replacement of the lights.

² In the past, this number included open ditches. Beginning in 2015, this number more accurately only includes mains.

³ The Parking Commission component unit was merged with the City of Helena effective July 1, 2014. This information is not available for prior years.

See independent auditor's report.

City of Helena, Montana
THE WATER SYSTEM ¹
June 30, 2018
(Unaudited)

**Historical Water System Connections
Last Five Fiscal Years**

Fiscal <u>Year</u>	Residential <u>Customers</u>	Commercial <u>Customers</u>	Total <u>Customers</u>
2014	8,291	2,698	10,989
2015	8,384	2,775	11,159
2016	8,520	2,921	11,441
2017	8,543	2,983	11,526
2018	8,562	3,007	11,569

Water System Rate Structure

	Residential (Single Family Residence)	Commerical and Multi-Family
Base Rate (based on meter size)	\$5.00 - \$26.50	\$5.00 - \$299.10
Per 100 Cubic feet Water	\$2.95 - \$3.10	\$2.95 - \$3.05

Major Water System Users

<u>User</u>	Water <u>Charges</u>	Percent of Total Water Revenues ²
State of Montana	\$402,100	5.03 %
City of Helena	255,854	3.20
Helena School District #1	118,089	1.48
Helena Housing Authority	105,475	1.32
St. Peter's Hospital	99,410	1.24
Fort Harrison VA Medical Center	58,100	0.73
Carroll College	57,368	0.72
Guardian Apartments	40,389	0.50
Helena Colonial, LLC	32,053	0.40
Costco	27,692	0.35
	<u>\$1,196,530</u>	<u>14.97 %</u>

Source: The City of Helena

¹ This schedule is included to comply with requirements of our water bonds.

² Water revenue equals total operating revenue of the Water fund.

See independent auditor's report.

City of Helena, Montana
THE WASTEWATER SYSTEM ¹
June 30, 2018
(Unaudited)

Historical Wastewater System Connections Last Five Fiscal Years
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<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>	<u>Total Customers</u>
2014	8,178	2,549	10,727
2015	8,218	2,524	10,742
2016	8,354	2,615	10,969
2017	8,359	2,710	11,069
2018	8,362	2,711	11,073

Wastewater System Rate Structure

	<u>Basic Monthly Rates</u>	<u>Surcharge Rates</u>
Base Rate	\$5.49	\$1.62
Per 100 Cubic feet Water	\$2.45	\$0.46

Major Wastewater System Users

<u>User</u>	<u>Wastewater Charges</u>	<u>Percent of Total Wastewater Revenues</u> ²
State of Montana	\$113,344	2.42 %
McHugh Mobile Home Park	82,920	1.77
St. Peter's Hospital	81,358	1.74
Helena Housing Authority	59,350	1.27
Helena School District #1	48,445	1.03
Guardian Apartments	45,521	0.97
Carroll College	45,342	0.97
Fort Harrison VA Medical Center	43,010	0.92
Mobile City Home Park	40,904	0.87
Helena Colonial, LLC	28,076	0.60
	<u>\$588,270</u>	<u>12.56 %</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.

See independent auditor's report.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning balance - July 1	\$ 122,997	\$ 106,781	\$ 102,655	\$ 59,877	\$ 56,501
Receipts over disbursements ²	(16,216)	(4,126)	(42,778)	(3,376)	(3,925)
Ending balance - June 30	<u>\$ 106,781</u>	<u>\$ 102,655</u>	<u>\$ 59,877</u>	<u>\$ 56,501</u>	<u>\$ 52,576</u>
Assets:					
Cash	\$ 27,249	\$ 38,832	\$ 10,859	\$ 15,061	\$ 20,211
Certificates of deposit	1,201	4,548	806	1,693	1,295
Assessments receivable	-	3,073	1,513	241	31
Warrants	78,331	59,275	48,212	39,747	31,070
Total assets	<u>106,781</u>	<u>105,728</u>	<u>61,390</u>	<u>56,742</u>	<u>52,607</u>
Deferred inflows of resources:					
Unavailable revenue	-	3,073	1,513	241	31
Total liabilities	<u>-</u>	<u>3,073</u>	<u>1,513</u>	<u>241</u>	<u>31</u>
Fund balances:					
Restricted	106,781	102,655	59,877	56,501	52,576
Total fund balance	<u>106,781</u>	<u>102,655</u>	<u>59,877</u>	<u>56,501</u>	<u>52,576</u>
Total liabilities and fund balances	<u>\$ 106,781</u>	<u>\$ 105,728</u>	<u>\$ 61,390</u>	<u>\$ 56,742</u>	<u>\$ 52,607</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.

See independent auditor's report.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICTS REVOLVING FUND ¹
CASH BALANCE AND OUTSTANDING BONDS SECURED THEREBY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Revolving Fund Ending Cash and Investment Balances	Principal Amount of Bonds and Warrants	Percentage
2009	\$ 1,095,607	\$ 1,306,509	83.86%
2010	782,026	940,790	83.12%
2011	558,808	675,108	82.77%
2012	307,532	486,202	63.25%
2013	122,997	377,937	32.54%
2014	106,781	442,008	24.16%
2015	102,655	160,000	64.16%
2016	59,877	110,000	54.43%
2017	56,501	60,000	94.17%
2018	52,337	20,000	261.69%

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

Source: City of Helena

See independent auditor's report.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICT BONDS
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS¹
Last Five Fiscal Years
(Unaudited)

Fiscal Year	Current Assessments Billed	Total Assessments Collected ²	Percent Collected	Total Outstanding Assessments ³
2014	\$ 60,271	\$ 74,610	123.79%	\$ 215,998
2015	57,258	57,332	100.13%	149,385
2016	57,242	57,266	100.04%	92,329
2017	57,242	47,652	83.25%	64,283
2018	38,226	65,847	172.26%	112

¹ This schedule is provided to comply with disclosure requirements for the City's Special Improvement District (SID) bonds only and does not include amounts related to other special assessments.

² Total assessments collected include early payments of loans by property owners when they sell their property. These funds are used to call additional bonds as required by State law.

³ Total outstanding assessments shown above includes all assessments due through the life of the SID Bonds and assessments billed, but not collected. Amounts billed but not collected are immaterial and have always been collected shortly after each fiscal year end.

See independent auditor's report.

City of Helena, Montana
RAILROAD TAX INCREMENT FINANCING DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Year Ended June 30, 2018
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 9,054	\$ -	0.00%	\$ 9,053	\$ 9,053	99.99%
2018	42,965	10,229	23.81%	-	10,229	23.81%

Source: Lewis & Clark County

This schedule is intended to show the last ten fiscal years. Because this is a new district, only two years are available.

See independent auditor's report.

City of Helena, Montana
BUREAU OF CENSUS SUPPLEMENTAL SCHEDULE
Fiscal Year Ended June 30, 2018
(Unaudited)

Intergovernmental expenditures made to governments on a cost-sharing basis

<u>Purpose</u>	<u>Amount</u>
Information technology services	\$ 924,293
Gross wages paid	\$ 19,548,671

Debt outstanding
Long-term debt outstanding, issued and retired

<u>Purpose</u>	<u>Bonds Outstanding</u>			<u>Outstanding as of June 30, 2018</u>	
	<u>July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>General Obligation</u>	<u>Revenue bonds</u>
Water utility	\$ 4,520,000	\$ -	\$ 462,000	\$ -	\$ 4,058,000
Sewer utility	3,297,000	-	707,000	-	2,590,000
All other	6,525,000	2,100,000	835,000	7,790,000	-
	<u>\$ 14,342,000</u>	<u>\$ 2,100,000</u>	<u>\$ 2,004,000</u>	<u>\$ 7,790,000</u>	<u>\$ 6,648,000</u>

Other long-term debt

<u>Type</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Special improvement district bonds	\$ 60,000	\$ 20,000
Certificates of participation	8,045,000	7,760,000
Loans payable	821,305	560,277
	<u>\$ 8,926,305</u>	<u>\$ 8,340,277</u>

Cash balances by fund type

<u>Type of funds</u>	<u>Amount</u>
General	\$ 6,020,403
Special revenue	11,926,872
Debt service	680,154
Capital project	4,092,113
Enterprise	28,485,144
Internal services	2,112,396
Trust and agency	23,266
	<u>\$ 53,340,348</u>

See independent auditor's report.

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Section K

SINGLE AUDIT SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of City Commissioners
City of Helena, Montana

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and budgetary comparison (for general and streets funds) of the City of Helena, Montana (the City) as of and for the year ended June 30, 2018, 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 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli, LLP

Helena, Montana
December 14, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of City Commissioners
City of Helena, Montana

Report on Compliance for Each Major Federal Program

We have audited the City of Helena's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli, LLP

Helena, Montana
December 14, 2018

City of Helena, Montana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

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

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No

Identification of major programs:

CFDA Number and Name of Federal Program or Cluster

20.509	Formula Grants for Rural Areas
--------	--------------------------------

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Is the auditee qualified as a low-risk auditee?	_X_ Yes ___ No

City of Helena, Montana
SUMMARY OF AUDIT FINDINGS AND PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

Section II: Financial Statement Findings

There were no findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Section III: Federal Award Findings

There were no findings related to federal awards that are required to be reported in accordance with *Government Auditing Standards*.

Section IV: Current Status of Prior Year Findings

There were no prior year findings required to be reported in accordance with *Government Auditing Standards*.

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City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

(1 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Passed through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
N/A	Capital 360 Fuels	16-PA-11011500-039		\$ 24,550
N/A	Recreational Trails Program	2017-18		21,000
N/A	Challenge Cost Share Agreement	17-CS-11011500-001		34,713
Passed through Montana Department of Natural Resources and Conservation				
10.664	Cooperative Forestry Assistance	16-DG-11010000-012		25,000
10.664	Cooperative Forestry Assistance	14-DG-11010000-019/LRP-15-001		27,860
Total U.S. Department of Agriculture				133,123
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Montana Department of Commerce				
14.228	Community Development Block Grant/State's Program	MT-CDBG-16PL-09		10,335
14.239	Home Investment Partnerships Program	MT-HOME-16RD-SGC-3		215,580
Total U.S. Department of Housing and Urban Development				225,915
<u>U.S. Department of Justice</u>				
16.607	Bulletproof Vest Partnership Program	OMB# 1121-0235-2015		3,666
16.607	Bulletproof Vest Partnership Program	OMB# 1121-0235-2016		4,481
Passed through City of Billings				
16.543	Internet Crimes Against Children	2016-MC-FX-K038		1,073
Passed through Montana Board of Crime Control				
16.575	Crime Victim Assistance	16-V01-91930		54,947
16.588	Violence Against Women Formula Grant	17-W02-92105		62,540
Passed through Gallatin County				
16.738	Edward Byrne Memorial Justice Assistance Grant	2016-DJ-BX-0819		27,716
Total U.S. Department of Justice				154,423
<u>U.S. Department of Transportation</u>				
Passed through Montana Department of Transportation				
20.509	Formula Grants for Rural Areas	109490	5,029 ¹	674,591
20.509	Formula Grants for Rural Areas	109764		13,203
20.509	Formula Grants for Rural Areas	109845		243,632
Total Other Department of Transportation				931,426
Highway Safety Cluster:				
20.600/20.608/20.616	State and Community Highway Safety/Minimum Penalties for Repeat Offenders for Driving While Intoxicated/National Priority Safety Programs	109107		3,804
Total Highway Safety Cluster				3,804

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See independent auditor's report and accompanying notes to schedule.

City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

(2 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Passed through to Subrecipients	Federal Expenditures
<u>U.S. Executive Office of the President</u>				
Passed through Lewis and Clark County				
95.001	High Intensity Drug Trafficking Areas Program	G18RM0036A		33,068
95.001	High Intensity Drug Trafficking Areas Program	G16RM0036A		<u>27,904</u>
	Total U.S. Executive Office of the President			<u>60,972</u>
<u>U.S. Department of Homeland Security</u>				
Passed through Montana Department of Military Affairs, Disaster and Emergency Services				
97.067	Homeland Security Grant Program	EMW-2016-SS-00006		25,423
97.067	Homeland Security Grant Program	17HSHPD		<u>73,334</u>
	Total U.S. Department of Homeland Security			<u>98,757</u>
	Total All Grants		<u>\$ 5,029</u>	<u>\$ 1,608,420</u>

¹Rocky Mountain Development Council

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City of Helena, Montana
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Helena under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of OMB Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200* (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 – INDIRECT COST RATES

The City has elected to use the ten percent *de Minimis* indirect cost rate as allowed under the Uniform Guidance. This election has been approved by the Montana Department of Transportation who is our cognizant agency.

NOTE 4 - RESTATEMENTS

Expenditures in prior years were overstated or understated in the following grants:

- CFDA number 16.588 was overstated by \$13,984 – The police department spent more than the grant award.
- Grant number 16-PA-11011500-039 from the Forest Service was understated by \$2,845 – The grant administrator neglected to report January through June, 2017 expenditures.