



City of Helena

COMPREHENSIVE ANNUAL FINANCE REPORT

JULY 1, 2019 - JUNE 30, 2020

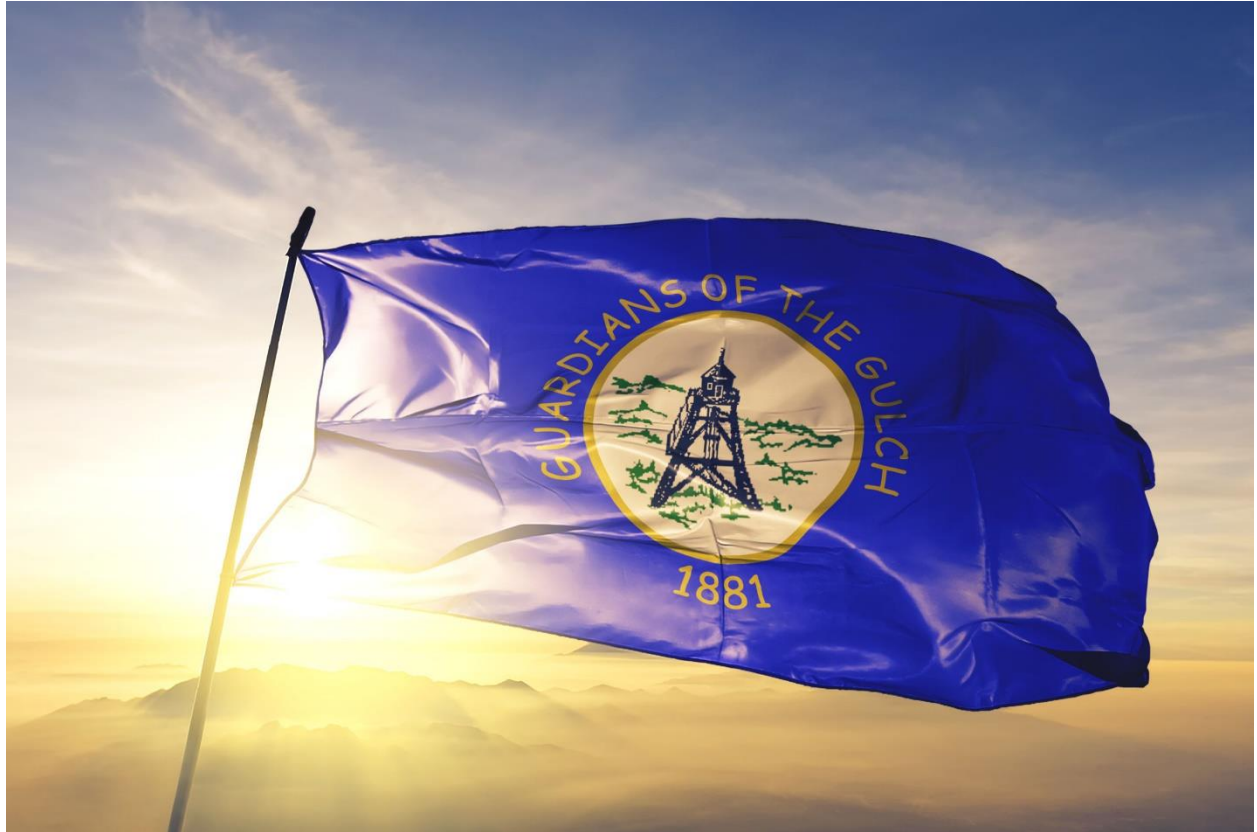


FISCAL YEAR 2020



CITY OF HELENA, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2020
July 1, 2019 - June 30, 2020



INTRODUCTORY SECTION

City of Helena, Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2020

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June 9, 2021

City Manager Harlow-Schalk,
Mayor Collins, City of Helena Commission and
Citizens of Helena, Montana:

CAFR TRANSMITTAL

The Comprehensive Financial Annual Report for the City of Helena, Montana for the Fiscal Year ended June 30, 2020 is hereby submitted. This report is published annually as the official annual financial report and complies with Montana State law (2-7-503 MCA) requiring annual reports for general purpose local governments to be filed in a timely manner.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with city management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. 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 applicable 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) require management to 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 of Helena's MD&A can be found immediately following the independent auditor's report.

As a recipient of federal financial assistance in excess of \$750,000 the City is required to undergo a Single Audit designed to meet the special needs of federal grantor agencies, 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 the Single Audit, including the Schedule of Expenditures of Federal Awards and the auditor's reports on internal controls and compliance is included in the Single Audit Section of this report.

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

Known as the "Queen City of the Rockies", Helena is the state capital of Montana and the county seat of Lewis and Clark County. Helena was established in 1864 as a gold camp during the Montana gold rush. Due to the gold rush Helena became a wealthy city with approximately 50 millionaires inhabiting the area by 1888. This contributed to the City's elaborate Victorian grand architecture that is seen throughout the city.

Located in southern Lewis and Clark County (west-central Montana), and surrounded by Helena National Forest, Helena boasts attractions for any lifestyle. With its numerous museums, historic sites, trails, parks, commerce, and other indoor and outdoor recreation areas, it serves as a premier destination to work, live and play.

Helena serves as a major governmental center for federal, state and county activities, and about 31 percent of the workforce is made up of public service employees. It is also a trading and transportation center for nearby livestock, mining and farming enterprises. Helena maintains an interest in mineral production and processing and remains a major telecommunications center. Although Helena's population is about 33,124 it 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. This area relies on Helena for employment, professional services, retail goods, and entertainment.

City Services

The City provides a full range of services divided into service areas, financial management and control systems. Services provided include: Public safety functions including police and fire protection and prevention, municipal court services, and animal control; Public works, one of the largest city departments, operates engineering services, water and wastewater utilities, solid waste disposal, and recycling services; Community development including planning, zoning, permitting and building inspection activities; Transportation systems including parking, traffic signal, street, roadway and sidewalk construction and maintenance, and operating a vast public transit system. In addition, the City operates and maintains growing open land, parks and recreation programs including a city-owned golf course, public swimming pool, civic center, tennis & pickleball courts, skateboard park, bike park, and an outdoor skating rink, in addition to sponsoring numerous cultural events throughout the year.

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 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 Finance Department in March of each year. The Finance Department 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. The legal level of budget appropriations is at the fund level. Management cannot overspend the budget at the fund level without the approval of the governing body. A budgetary 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.

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, except for 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 2020 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.

LONG RANGE FINANCIAL PLANNING

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 which spans out to a 10-year outlook. 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. The first year in the CCIP becomes the proposed annual budget. 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.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

Before the Montana State Governor declared a state of emergency in March 2020 due to the Novel Coronavirus disease pandemic, or COVID-19, Montana's economy was experiencing a strong economic expansion. The robust economy contributed to increasing personal income, wages, and standards of living. After the declaration, the state's performance quickly changed shutting down nonessential businesses. This led to sharp increases in unemployment, however, the state pandemic-induced recession is rebounding at the time of this writing, with a path toward restoring and expanding economic growth. Helena's tourism, hospitality and recreation industries has been hardest hit by the COVID-19 pandemic, which experienced sharp decreases in revenue generation and is not expected to show signs of recovery until vaccines for COVID-19 are more widely distributed in the state and the nation.

Despite the impacts of COVID-19 on the state and 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 which contributes to an ongoing stable and viable economy. Residential and commercial construction continues to show growth. The average median home price is over \$330,000 resulting from higher demand and lower inventory and is expected to continue to rise according to Helena Association of Realtors. Large commercial buildings are currently underway in the downtown corridor and

The city and county continued to remodel the Law and Justice Center facility. The police department, sheriff's department, coroner's office, and criminal justice services have occupied the building. The municipal court is slated to occupy the building in late 2020. The Lewis and Clark Library embarked on a major renovation of its main branch in Helena improving the structural integrity of the building along with reengineering and modernizing meeting rooms, bathrooms, children and teen spaces, study areas and circulation and information service points. Helena has also chosen Urban Renewal District mechanisms to stimulate development in key areas of town. The city is currently in the process of forming a Redevelopment Agency to oversee the existing Urban Renewal Districts and soon to be created third Urban Renewal District in the capital hill area of the city.

Population

Montana experienced a population increase between the 2010 and 2019 of 9.7 percent, reaching an estimated total of 1,084,974, according to the Montana Department of Labor and Industries market data. Lewis and Clark County (which largely comprises the trade area) experienced similar growth in this time frame of 9.8 percent, currently estimated to be 69,616. Helena, however, experienced an increase of 17.5 percent with a current population estimate of 33,124.

Unemployment

At the end of Fiscal Year 2020, the Montana Department of Labor and Industries posted the unadjusted unemployment rate for Montana at 7.2 percent, largely due to the COVID-19 pandemic. The unadjusted unemployment rate was restated in November with a significant decrease from the June figure at 4.3 percent. Lewis & Clark County posted similar declines from 6.0 percent at the end of June 2020 to 3.7 percent in November 2020. This is much less than the national unadjusted average of 6.4 percent.

Per Capita Income

The US Bureau of Labor Economic Analysis market data posted the per capita income for Lewis and Clark County of \$50,600 as of 2019. This is a 3.1 percent increase from 2018. Montana's per Capita income was posted as \$49,747, or a 3.2 percent increase from 2018 which was \$48,194.

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 10.9% of total City budgeted revenues and 46.5% 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. 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 were used for property tax purposes in tax year 2019 (fiscal year 2020).

State shared entitlement revenues make up approximately 4.6% of total City budgeted revenues and 19.7% of the General Fund budgeted revenues. This revenue is set by statutory formula and has grown by population and inflation in recent years. State shared entitlement revenue (born from House Bill 124 passed in 2001 by the Montana State Legislature) consists of motor vehicle taxes, gaming revenues, and alcohol and income taxes intended to provide local governments with a stable source of funding.

Discretionary revenues such as special assessments and utility and other charges for services make up about 41.5% 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 13.5% of total City budgeted revenues. Service charges make up approximately 28.0% of total City budgeted revenues.

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 State Legislature also allows local governments to raise mills to cover the cost of increases in health insurance premiums.

Major Initiatives

Established in 1986, the Downtown Helena Business Improvement District (HBID) was the first and oldest BID in the state of Montana. The HBID is an organization which represents property owners within Helena's legally constituted city district. It serves to facilitate planned, creative programming that is for the continual improvement of property values in Downtown Helena. The City Commission recently voted to renew the HBID to support growth, prosperity, safety, and economic development in the Downtown corridor.

The Facilities division completed a major milestone by finishing the installation of a new cooling system in the City-County Building. This was a multi-phase project that began in 2007. In addition, a complete fire alarm system was installed in the Civic Center, replacing an antiquated system enhancing the safety measures of the building. In addition, they remodeled the first floor of the pillar section of the Law & Justice Center for Municipal Court. The Municipal Court is slated to move into the building in early 2021.

The Public Education & Government (PEG) channel equipment that the city manages was replaced with high definition equipment in order to provide a better viewing experience to the cable cast customers. The project began in Feb of 2018 and equipment installation was completed in Feb of 2020. We anticipate the HD signal to be broadcast in January 2021.

The Parks and Recreation division spearheaded the completion and adoption of an updated Recreation Chapter to the Helena Open Lands Management Plan, born out of more than a year of stakeholder involvement, public meetings and community input and consensus building. The new recreation chapter includes a new public involvement plan for major recreation projects on Open Lands that was employed in the Fall and Winter, with a slate of new major recreation projects adopted by the commission at the end of 2020. In addition, the Parks Department, in partnership with the Public Works and Transportations divisions, completed improved infrastructure construction at the Beatie Street Trailhead, the second most used trailhead in the Helena open lands system.

Urban Forestry continued with the Montana Department of Natural Resources and Conservation grant project and further diversified the urban canopy including the removal of 120 ash trees and more than 200 new plantings and replacements with the wood waste donated to the Low-income Energy Assistance Program.

The City's legislative and legal departments executed a digital workflow initiative for internal documents in an effort to create efficiencies and reduce paper. This cloud-based storage and digital workflow model is being rolled out throughout the City and will continue in FY 2021.

In an effort to address affordable housing in the City, the Community Development team successfully obtained a CDBG Planning Grant to work with local non-profits and Trust Montana to create a land trust for developing affordable housing. The City also adopted the 2019 growth policy update, established an Affordable Housing Trust Fund and implemented a fee waiver program for affordable housing projects.

Of the numerous accomplishments of the City, adjusting to the COVID-19 pandemic was by far the greatest achievement. There was marginal interruption to key service delivery. The dedication of the city staff to maintain water, wastewater, transit, solid waste, streets maintenance and other critical services, while continuing to implement ongoing projects is substantiation that the staff, Mayor and Commission are committed to serve the community.

INDEPENDENT AUDIT

The State of Montana requires a biennial audit of the basic financial statements of the City by independent certified public accountants selected by the Commission. The City of Helena has elected to have an annual audit performed. An annual audit provides a higher level of financial management and fiscal responsibility. JCCS P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Helena, Montana's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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, 2019. This was the thirty-second 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 represents the culmination of months of collaborate teamwork of the entire staff in the Finance Department. Each member of the Finance Department has our sincere appreciation for their 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. Special thanks is extended to Liz Hurst, the City's prior Controller with assisting the current Finance team with completing this report.

Further appreciation is offered to the city's leadership team, City Manager, the Mayor, and the City Commission for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner.

Respectively Submitted,



Sheila Danielson
Finance Director



Barbara Walsh
City Controller



Government Finance Officers Association

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

Presented to

**City of Helena
Montana**

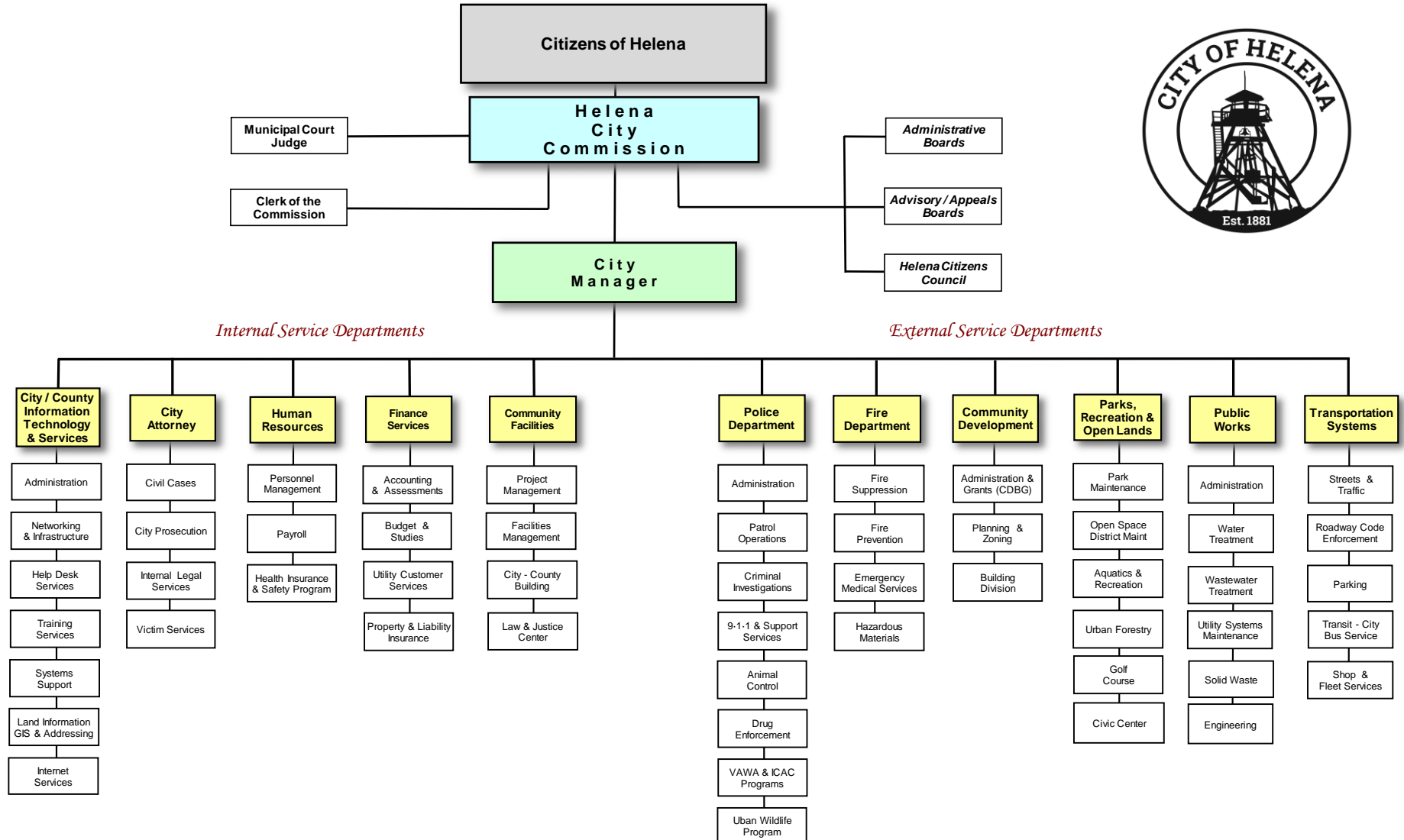
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Helena, MT Organization Chart:



City of Helena, Montana

List of Principal Officials

June 30, 2020

ELECTED OFFICIALS

| | |
|--------------------|--------------|
| Wilmot J. Collins | Mayor |
| Andres Haladay | Commissioner |
| Heather O'Loughlin | Commissioner |
| Emily Dean | Commissioner |
| Sean Logan | Commissioner |

CITY OFFICIALS

| | |
|----------------------|----------------------------------|
| Rachel Harlow-Schalk | City Manager |
| Dannai Clayborn | Clerk |
| Ryan Leland | Public Works Director |
| David Knoepke | Transportation Services Director |
| Anne Peterson | Municipal Judge |
| Thomas Jodoin | Attorney |
| Sheila Danielson | Finance Director |
| Steven Hagen | Police Chief |
| Kenneth Wood | Fire Chief |
| Sharon Haugen | Community Development Director |
| Kristi Ponozzo | Parks & Recreation Director |
| Renee McMahon | Human Resources Director |



Section A

FINANCIAL SECTION



JCCS

**ACCOUNTING
AUDIT
TAX
EMPLOYEE BENEFITS
SPECIALIZED SERVICES**

**To the Honorable Mayor, Members of the City Commissioners and and City Manager
City of Helena, Montana**

INDEPENDENT AUDITORS' REPORT

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 street funds) of the City of Helena, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Helena's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 street funds) of the City of Helena, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-4 through A-17, 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements, budgetary comparisons (other than the 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 and statistical sections 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 May 7, 2021, on our consideration of the City of Helena'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 of Helena's internal control over financial reporting and compliance.

Junkermier, Clark, Campanella, Stevens, P.C.

Helena, Montana
May 7, 2021

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

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 for the fiscal year ended June 30, 2020. 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 \$296,502,000 (*net position*). Of this amount, \$7,568,000 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$11,798,000 over the prior fiscal year primarily due to capital asset acquisitions of \$13,734,800, an increase of \$2,515,000 intergovernmental receivable for CARES Act reimbursement funding, and an increase of deferred outflows for post-employment benefits due to changes in assumptions of \$1,787,000.
- As of June 30, the City's governmental funds reported combined ending fund balances of \$27,602,000, an increase of \$3,923,000 from the prior year. Approximately 37.2 percent of this amount, \$10,257,000 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 \$9,550,600, or 64.1 percent of total general fund expenditures.
- The City's total debt increased by \$3,646,600 (17.9 percent) during the current fiscal year. Key factors in the change include:
 1. The Water fund issued a DNRC Loan for the Ten-Mile Drinking Water project (DNRC Loan) in the amount of \$4,421,000.
 2. The Wastewater Fund issued a DNRC Loan for a Pollution Control Project in the amount of \$226,000.
 3. The Parking Fund took an INTERCAP Loan for Parking Meters in the amount of \$560,000.
 4. Lewis and Clark County took an INTERCAP Loan for the City-County Building Cooling System Improvement project in the amount of \$750,000; The City is paying the debt service payments for this out of the City-County Building Fund.

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
- 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 using the accrual basis of accounting, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities. The difference between total assets and deferred outflows minus liabilities and deferred inflows is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The *Statement of Activities* presents information reflecting how the City's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

the change occurs, regardless of the timing of the related cash flows. Thus, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but not unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (business-type activities).

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. Traditional users of the City's financial statements will find the fund financial statement presentation more familiar. With the implementation of Governmental Accounting Standards Board (GASB) Statement 34, the focus is on major funds rather than fund types. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10 percent of the corresponding total (assets, liabilities, etc.) for that fund type (i.e. *governmental* or *enterprise* funds), and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combines.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year.

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*.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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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 major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

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

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

Proprietary Funds. The City maintains two different types of *proprietary* funds: enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. *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, transit, building, and City-County Administration Building (CCAB) operations. *Internal service funds* are used to account for activities performed for other organizational units within the City. 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 Pension's liabilities beginning on page C-1.

The Tourism Business Improvement District (TBID) consists of two governmental funds. The TBID does not prepare separate financial statements. Therefore, combining statements are included beginning on page H-2.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position over time may serve as a useful indicator of a government's financial position. The net position for the fiscal year ending June 30, 2020, was \$304,570,000 (assets and deferred outflows exceeded liabilities and deferred inflows), which was an increase of \$11,902,000.

The largest portion of the City's net position, \$276,405,000 or 90.8 percent, 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; accordingly, 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 | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 31,179,891 | \$ 26,920,309 | \$ 34,739,287 | \$ 29,553,623 | \$ 65,919,177 | \$ 56,473,932 |
| Capital assets | 139,254,305 | 135,138,106 | 157,247,992 | 155,015,630 | 296,502,296 | 290,153,736 |
| Total assets | <u>170,434,195</u> | <u>162,058,415</u> | <u>191,987,278</u> | <u>184,569,253</u> | <u>362,421,474</u> | <u>346,627,668</u> |
| Deferred outflows of resources | 5,693,626 | 4,422,884 | 3,597,975 | 2,674,360 | 9,291,601 | 7,097,244 |
| Long-term liabilities outstanding | 25,904,693 | 23,579,603 | 29,657,384 | 25,569,383 | 55,562,077 | 49,148,986 |
| Other liabilities | 3,928,661 | 3,736,643 | 4,803,547 | 4,665,441 | 8,732,209 | 8,402,084 |
| Total liabilities | <u>29,833,355</u> | <u>27,316,246</u> | <u>34,460,931</u> | <u>30,234,824</u> | <u>64,294,285</u> | <u>57,551,070</u> |
| Deferred inflows of resources | 1,694,296 | 2,105,680 | 1,154,226 | 1,399,740 | 2,848,522 | 3,505,420 |
| <u>Net position:</u> | | | | | | |
| Net investment in capital assets | 139,254,305 | 130,768,106 | 137,151,058 | 138,938,912 | 276,405,363 | 269,707,018 |
| Restricted | 17,323,027 | 11,140,729 | 3,274,243 | 1,719,012 | 20,597,270 | 12,859,741 |
| Unrestricted | <u>(11,977,161)</u> | <u>(4,849,462)</u> | <u>19,544,795</u> | <u>14,951,125</u> | <u>7,567,634</u> | <u>10,101,664</u> |
| Total net position | <u>\$ 144,600,171</u> | <u>\$ 137,059,373</u> | <u>\$ 159,970,096</u> | <u>\$ 155,609,049</u> | <u>\$ 304,570,267</u> | <u>\$ 292,668,423</u> |

An additional portion of the City's net position, \$20,597,000 or 6.8 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted, \$7,568,000 or 2.6 percent, and may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, the City can report positive balances in all three categories of net position. The Golf proprietary and 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 increase in net position by \$11,902,000, is attributed to several factors that are discussed on the following pages.

The City issued \$5,700,000 DNRC Drinking Water Revolving Loan program bonds in September 2019, and \$2,754,000 DNRC Water Pollution Control State Revolving Loan program bonds in December 2019 to replace approximately five miles of transmission main from the Ten Mile water treatment plant to the city limits, and to finance wastewater main extensions to an area on the west side of Helena that has recently been annexed.

The City Commission moved in December 2019 to sell a parcel of surplus property located in the downtown area to a local developer for \$300,000. As part of this agreement, the developer has agreed to include two residential rental units for citizens that fall at or below 120% median family income. The proposed redevelopment fits within the City's Downtown Neighborhood Plan as it will be a mixed-use development, redevelop an underutilized piece of property, and be built using the newly adopted Downtown zoning regulations.

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 | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 18,984,714 | \$ 15,450,179 | \$ 26,618,211 | \$ 25,727,346 | \$ 45,602,925 | \$ 41,177,525 |
| Operating Grants and Contributions | 6,951,335 | 3,344,495 | 1,739,535 | 1,702,931 | 8,690,870 | 5,047,426 |
| Capital Grants and Contributions | - | 342,062 | 10,376 | 726,328 | 10,376 | 1,068,390 |
| General Revenues: | | | | | | |
| Property Taxes | 10,514,624 | 11,620,191 | - | - | 10,514,624 | 11,620,191 |
| Motor Vehicle Taxes | 1,054,649 | 1,028,710 | - | - | 1,054,649 | 1,028,710 |
| Grants and Contributions not Restricted to Specific Programs | 4,525,417 | 4,409,295 | - | - | 4,525,417 | 4,409,295 |
| Other | 447,386 | 466,403 | 449,598 | 753,335 | 896,985 | 1,219,738 |
| Total Revenues | 42,478,126 | 36,661,335 | 28,817,720 | 28,909,940 | 71,295,846 | 65,571,275 |
| Expenses: | | | | | | |
| General Government | 3,151,905 | 2,473,932 | - | - | 3,151,905 | 2,473,932 |
| Public Safety | 16,980,222 | 15,625,931 | - | - | 16,980,222 | 15,625,931 |
| Public Works | 7,822,691 | 7,466,323 | - | - | 7,822,691 | 7,466,323 |
| Public Health | 91,084 | 108,097 | - | - | 91,084 | 108,097 |
| Culture and Recreation | 4,659,172 | 4,978,638 | - | - | 4,659,172 | 4,978,638 |
| Community Development | 994,638 | 1,653,385 | - | - | 994,638 | 1,653,385 |
| Intergovernmental | - | 13,919 | - | - | - | 13,919 |
| Interest on Long-term Debt | 131,100 | 138,732 | - | - | 131,100 | 138,732 |
| Water | - | - | 6,948,747 | 6,262,263 | 6,948,747 | 6,262,263 |
| Wastewater | - | - | 4,216,097 | 4,281,630 | 4,216,097 | 4,281,630 |
| Solid Waste | - | - | 3,363,018 | 3,217,794 | 3,363,018 | 3,217,794 |
| Transfer Station | - | - | 3,086,794 | 2,911,765 | 3,086,794 | 2,911,765 |
| Parking | - | - | 1,967,777 | 1,787,009 | 1,967,777 | 1,787,009 |
| Golf Course | - | - | 1,677,501 | 2,170,807 | 1,677,501 | 2,170,807 |
| Transit | - | - | 1,586,514 | 1,733,548 | 1,586,514 | 1,733,548 |
| Building | - | - | 1,141,589 | 1,069,539 | 1,141,589 | 1,069,539 |
| City-County Admin. Building | - | - | 1,317,295 | 1,224,614 | 1,317,295 | 1,224,614 |
| Total Expenses | 33,830,813 | 32,458,957 | 25,305,333 | 24,658,969 | 59,136,145 | 57,117,926 |
| Change in Net Position Before Transfers | 8,647,313 | 4,202,378 | 3,512,388 | 4,250,971 | 12,159,701 | 8,453,349 |
| Transfers | (848,659) | (1,804,481) | 848,659 | 1,804,481 | - | - |
| Change in Net Position Before Restatement | 7,798,654 | 2,397,897 | 4,361,047 | 6,055,452 | 12,159,701 | 8,453,349 |
| Net Position - Beginning | 137,059,373 | 134,661,475 | 155,609,049 | 149,553,597 | 292,668,422 | 284,215,072 |
| Prior Period Adjustment | (257,857) | - | - | - | (257,857) | - |
| Net Position - Ending | \$ 144,600,171 | \$ 137,059,372 | \$ 159,970,096 | \$ 155,609,049 | \$ 304,570,266 | \$ 292,668,422 |

Governmental Activities. Governmental activities in Fiscal Year 2020 increased the City's net position by \$7,799,000. The key elements of the increase and variances between years are:

- Charges for services increased by \$3,535,000 or 22.9 percent. This is primarily related to the increase in street assessments of \$2,166,000; the Commission approved rate increases for residential and commercial properties at 19.9% and 57.7%, respectively. Commercial properties generate a larger amount of vehicle trips than residential, vacant and mobile home properties which results in a higher level of impacts to streets within the district. As such, commercial properties pay a higher annual assessment than residential. A table of the rate changes is below:

Annual Street Assessments:

| | FY 2019 | FY 2020 | % Change |
|-----------------------|----------|----------|----------|
| Vacant or Residential | \$171.96 | \$206.16 | 19.9% |
| Mobile Home Parks | \$68.78 | \$82.46 | 19.9% |

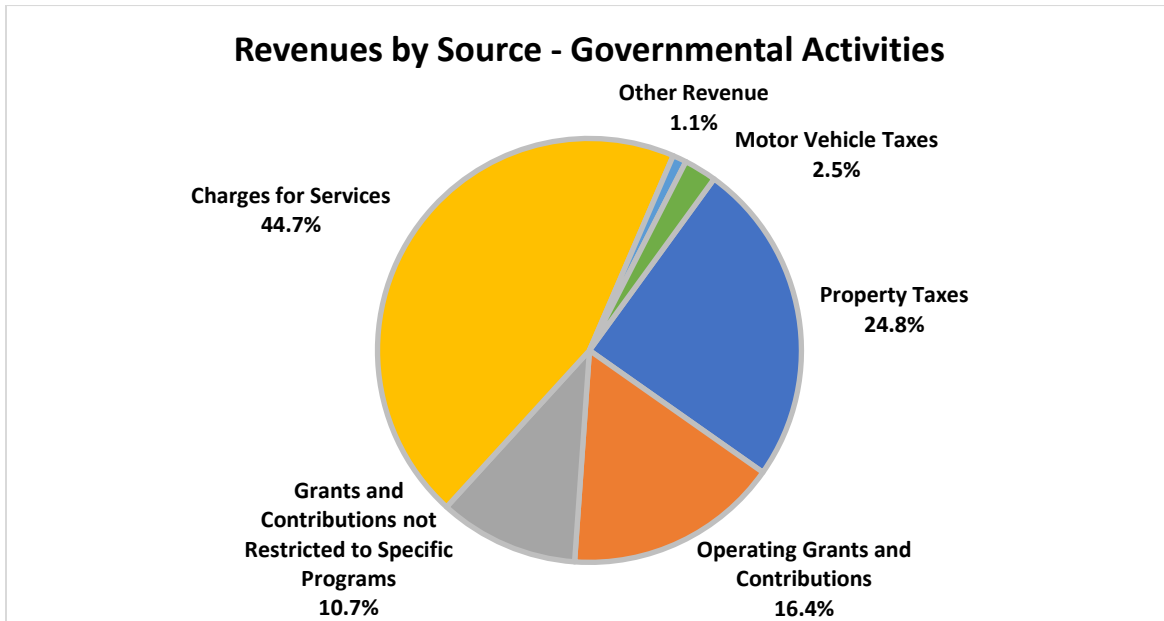
Commercial:

| | | | |
|------------------------|-----------------------|----------------------|-------|
| Lot Area < 6,000 sq ft | \$228.23 | \$360.00 | 57.7% |
| Lot Area > 6,000sq ft | \$0.03804 per sq. ft. | \$0.0600 per sq. ft. | 57.7% |

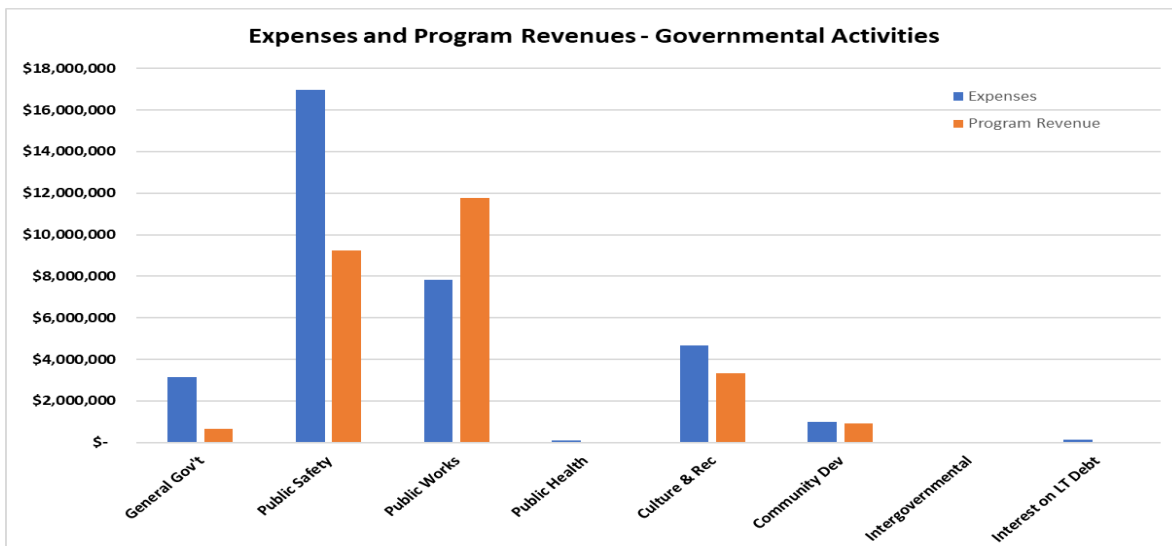
City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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- Storm rate increases were also approved by the Commission for commercial customers only. The base rate increased 7.6 percent and the impervious surface rate increased 30 percent. Assessments increased by \$269,000 or 15.2 percent from the prior year as a result of the rate increase to commercial customers.
- Total Operating Grants and Contributions of \$6,951,000 increased by \$3,607,000 from the prior year. This increase is largely related to General Fund State Entitlement Revenue (HB124) increasing \$326,000; Streets Fund state shared grants increasing \$363,000; and Federal CARES Act funding of \$2,320,000.

The chart below shows the distribution of General Government Revenues by source for Fiscal Year 2020:



- General Government Expenditures increased \$1,372,000 from the prior year or 4.2%. This was related to normal inflationary adjustments and capital improvements.
- General Government activities revenue and expense by program is displayed in the chart below:



City of Helena, Montana
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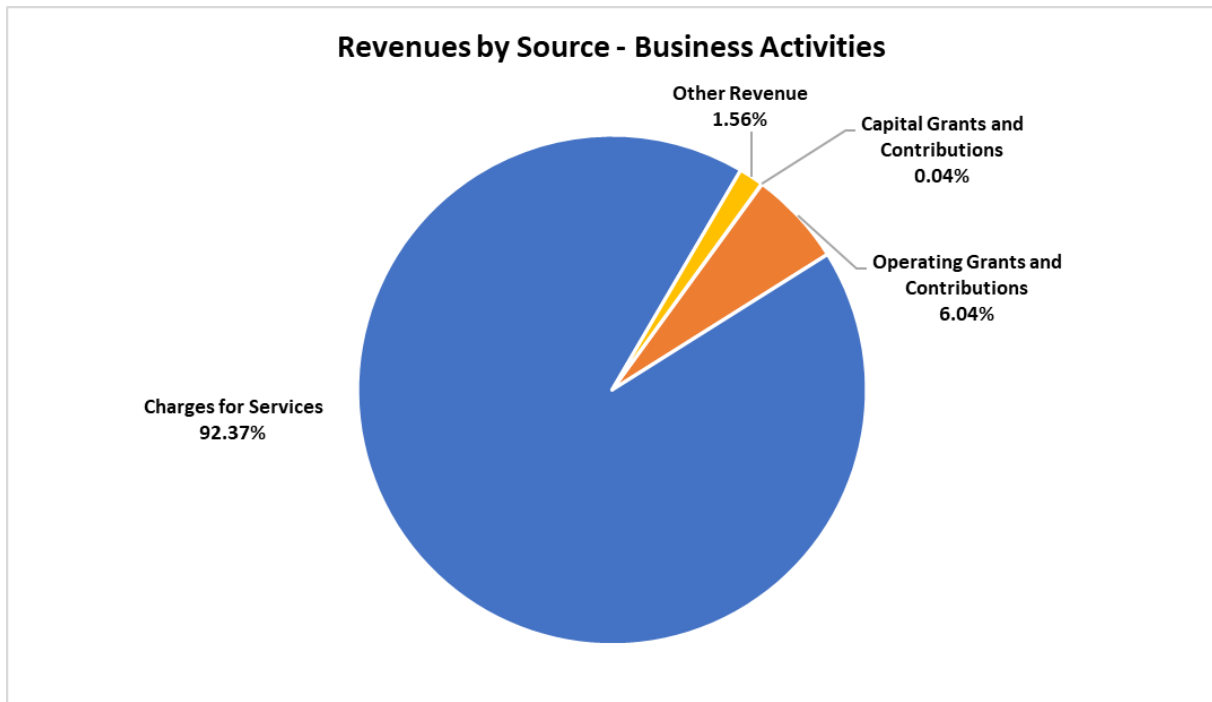
Business-Type Activities. Business-type activities increased the City's net position by \$4,346,000 or 2.8 percent. Key elements of the increase are:

- Water and wastewater charges for services increased by \$123,000 (1.5 percent) and \$504,000 (8.9 percent, respectively due to approved rate increases by the Commission. See the table below for rate increase information:

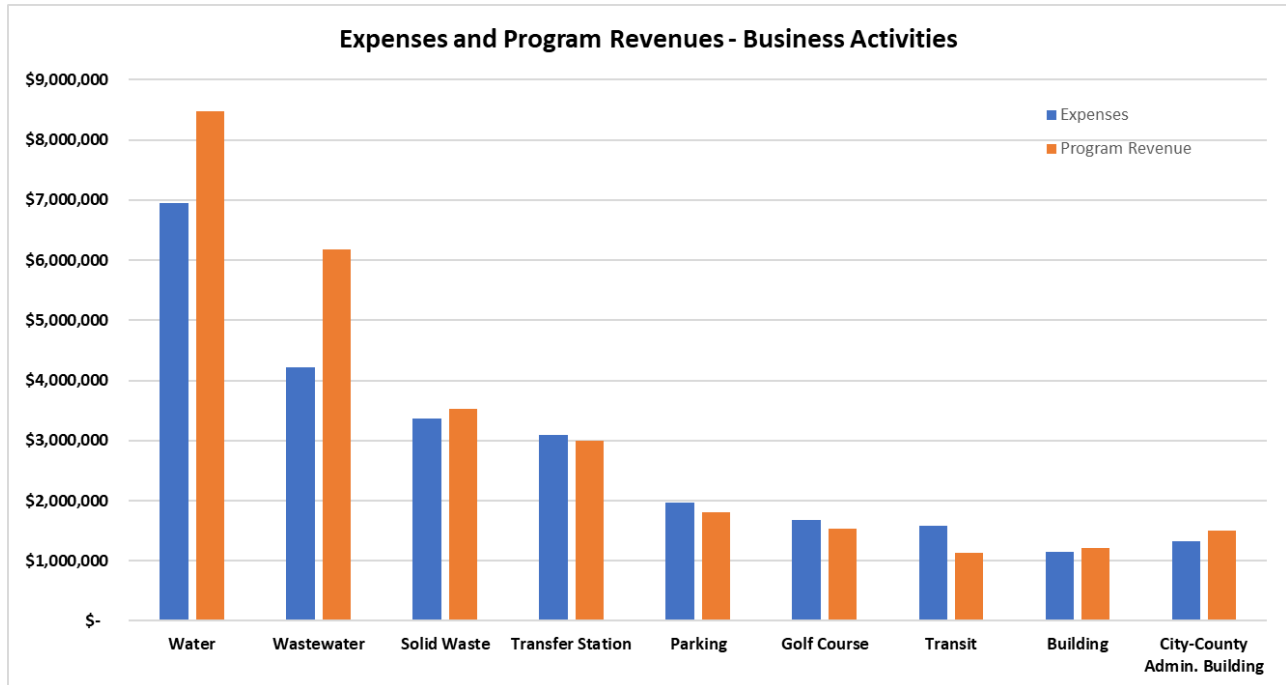
| | <u>Avg Rate Increase</u> |
|--------------------------|------------------------------|
| <u>Water</u> | |
| Meter Rate | 4.30% |
| Residential Rate | 8.00% |
| Commercial Rate | 12.00% |
| <u>Wastewater</u> | |
| Base Rate | 3.75% |
| Residential Rate | 26.0% |
| Commercial Rate | 26.0% |

- Transfer station charges for services increased by \$248,000 or 10.2 percent.
- Golf Course and parking revenues declined from prior year charges by \$(217,000) or negative 12.4 percent and \$(78,000) or negative 54.5 percent, respectively. These revenue declines were due to the state of emergency declared by the Governor's office in early 2020 as a result of the coronavirus (COVID-19) pandemic, which closed golf course services and reduced parking needs in the downtown and capital corridor.
- Building permit fees have increased from the prior year by \$211,000 or 21.4 percent, reflective of the residential and commercial development increases in Helena.
- Total business-like activity program expenses increased by \$646,000 or 2.6 percent which represents normally inflationary cost increases.

Revenues by source and a comparison of expenses to program revenues are displayed in the charts below:



City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
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- With relatively minor revenue and expense impacts to net position, the total increase in business like activity net position was primarily the result of capital asset acquisitions increasing by \$2,290,000 or 1.5 percent, and unspent water and wastewater bond proceeds of \$1,627,000 for capital projects.

City of Helena, Montana
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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 \$27,600,000, an increase of \$3,921,000 in comparison with the prior year. Approximately 37.2 percent of this amount, \$10,257,000, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *non-spendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form, \$972,000, 2) restricted for particular purposes, \$7,794,000, 3) committed for a particular purpose, \$2,932,000, or 4) assigned for a particular purpose, \$5,644,000.

The General fund is the chief operating fund of the City. At June 30, unassigned fund balance was \$10,301,000 while total fund balance was \$10,488,000. 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 69.1 percent of total general fund expenditures, while total fund balance represents approximately 70.4 percent of that same amount. The General fund balance increased \$3,743,000 during the current fiscal year.

The Streets fund had an ending fund balance of \$6,829,000, an increase of \$530,000 due to increasing the street assessment rates to allow for more streets to be 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 is outlined by fund below:

City's Proprietary Fund Net Position

| | | % of | | |
|------------------|---------------------|---------------|---------------------|---------------|
| | Unrestricted | Unrestricted | Change In | % Change In |
| | Net Position | Net Position | Net Position | Net Position |
| Water | \$14,019,362 | 75.0% | \$ 1,713,719 | 41.0% |
| Wastewater | 1,169,931 | 6.3% | 2,019,786 | 49.0% |
| Solid waste | 2,348,303 | 12.6% | 45,984 | 1.0% |
| Transfer station | 393,421 | 2.1% | 54,145 | 1.0% |
| Parking | 530,566 | 2.8% | (164,517) | -4.0% |
| Golf course | (452,547) | -2.4% | 146,363 | 4.0% |
| Other | 686,320 | 3.7% | 331,963 | 8.0% |
| Total | <u>\$18,695,357</u> | <u>100.0%</u> | <u>\$ 4,147,443</u> | <u>100.0%</u> |

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

- The Water and Wastewater funds increased Total Net Position by 41.0 and 49.0 percent, respectively, during Fiscal Year 2020 primarily due to infrastructure improvements and construction in progress increasing Capital Assets. These capital projects were partially funded by revenue bonds with the balance coming from charges to customers.

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

General Fund Budgetary Highlights

Revenue budgets were adjusted by \$83,000 as the Commission accepted a donation, and for the receipt of federal and state grants during the fiscal year.

General Fund budgeted expenditures were adjusted down in total by \$346,000. This was a result of savings from vacancies in administrative services, and adjusting the contingency account from expenditures to transfers out explained below. Public safety, Public Works Admin, Culture and Recreation and Community Development Services in total were aligned with their original budgeted expenditures.

Transfers out of the general fund were increased by \$535,000. This was made up of transfers to the Golf Fund of \$250,000 to cover operating losses and \$280,000 to the Law and Justice Center for the municipal court remodel.

Actual General Fund expenditures were \$1,232,000 less than the final budget. This was due to vacancy savings in most divisions due to staff turnover, and spending less on supplies, services and materials than anticipated.

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 \$276,405,400. Capital assets include land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and infrastructure.

City's Capital Assets
(net of accumulated depreciation)

| | Governmental Activities | Business-type Activities | Totals |
|-----------------------------------|----------------------------|-----------------------------|-----------------------|
| Non-depreciable assets: | | | |
| Land | \$ 84,844,395 | \$ 48,261,305 | \$ 133,105,700 |
| Construction in progress | 6,327,206 | 8,011,086 | 14,338,292 |
| | <u>91,171,601</u> | <u>56,272,391</u> | <u>147,443,992</u> |
| Depreciable assets: | | | |
| Buildings | 4,058,871 | 26,443,735 | 30,502,606 |
| Improvements other than buildings | 8,924,688 | 2,365,023 | 11,289,711 |
| Machinery and equipment | 5,510,675 | 6,063,576 | 11,574,251 |
| Infrastructure | 29,588,469 | 66,103,267 | 95,691,736 |
| | <u>48,082,704</u> | <u>100,975,601</u> | <u>149,058,304</u> |
| Total capital assets | <u>\$ 139,254,305</u> | <u>\$ 157,247,992</u> | <u>\$ 296,502,296</u> |

Total capital acquisitions amounted to \$13,734,900. Major capital asset events during the current fiscal year include the following:

Streets / Stormwater:

- \$3,783,500 – Front Street/Neill/Fuller Streetscape and Stormwater Project
- \$812,400 – Vehicle and Equipment Replacements
- \$235,300 – Rodney Street Project-Phase 1
- \$122,500 – DNRC Alleyway Improvements and Storm Drainage Improvements
- \$114,800 – West Main Street Improvements
- \$32,600 – Knight Street Sidewalk Improvements
- \$28,900 – Nature Park Improvements
- \$26,400- Storm Drain & Pond Improvements

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

Facilities:

- \$469,500 – City-County Building - Cooling Project, Phase V / ADA Parking Lot Upgrade
- \$84,200 – Civic Center Fire Alarm System Improvements
- \$55,600 – Law and Justice Center Remodel
- \$93,300 – Vehicles, Copiers and Other Equipment
- \$13,500 – Municipal Court / HCTV Video and Recording System Improvements

Water / Wastewater:

- \$2,357,800 – Water/Wastewater Main Replacements
- \$1,550,500 – Sewer Improvements at South Airport Road
- \$649,700 – Wastewater Vehicle and Equipment Replacements
- \$375,400 – Water Vehicle and Equipment Replacements
- \$366,100 - Chessman Control Valve Replacements
- \$355,600 – Hale Reservoir Seal & Lining Project
- \$205,900 – Front Street Improvements
- \$125,600 – Westside Tank Replacement
- \$62,500 – Storage Building

Solid Waste:

- \$151,900 – Vehicle and Equipment Replacements
- \$94,900 – Warm Storage Building
- \$27,500 – Transfer Station Entrance Improvements

Public Safety Services:

- \$564,400 – Vehicle and Equipment Replacements
- \$187,500 – Handheld Radio replacements for the Police and Fire Departments
- \$67,900 – Exhaust Ventilation Improvements at Fire Station 1 and 2

Parks / Open Space / Trails:

- \$267,500 – Bill Roberts Bike Path Improvements
- \$233,800 – Vehicle and Equipment Replacements
- \$99,800 – Cherry Park and Clinton Park Playground Upgrades
- \$48,700 – Swimming Pool Liner Replacements
- \$29,500 – Beattie Street Trailhead Improvements
- \$20,000 – Fire Tower Restoration
- \$19,900 – Civic Center Tennis Court Resurfacing

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).

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

Long-Term Debt. As of June 30, the City had total debt outstanding of \$23,968,000. Of this amount, \$6,400,000 comprises debt backed by the full faith and credit of the government; \$1,633,000 is loans payable; \$7,165,000 is certificates of participation secured solely by the 15th Street Parking Garage; and \$8,770,000 is bonds secured solely by specified revenue sources of the water and wastewater funds.

The City's total debt increased by \$3,647,000 (17.9 percent) during the current fiscal year. Additional debt was issued for the Ten-Mile Drinking Water project (DNRC Loan) in the amount of \$4,421,000; Pollution Control Wastewater Project (DNRC Loan) in the amount of \$226,000, and for Parking Meters (INTERCAP Loan) in the amount of \$560,000. The County issued and the City is paying the debt service payments for the City-County Building Cooling System Improvements (INTERCAP Loan) in the amount of \$750,000.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5 percent of the total assessed value of taxable property. The current debt limitation for the City is \$97,316,000, which is significantly in excess of the City's outstanding general obligation debt.

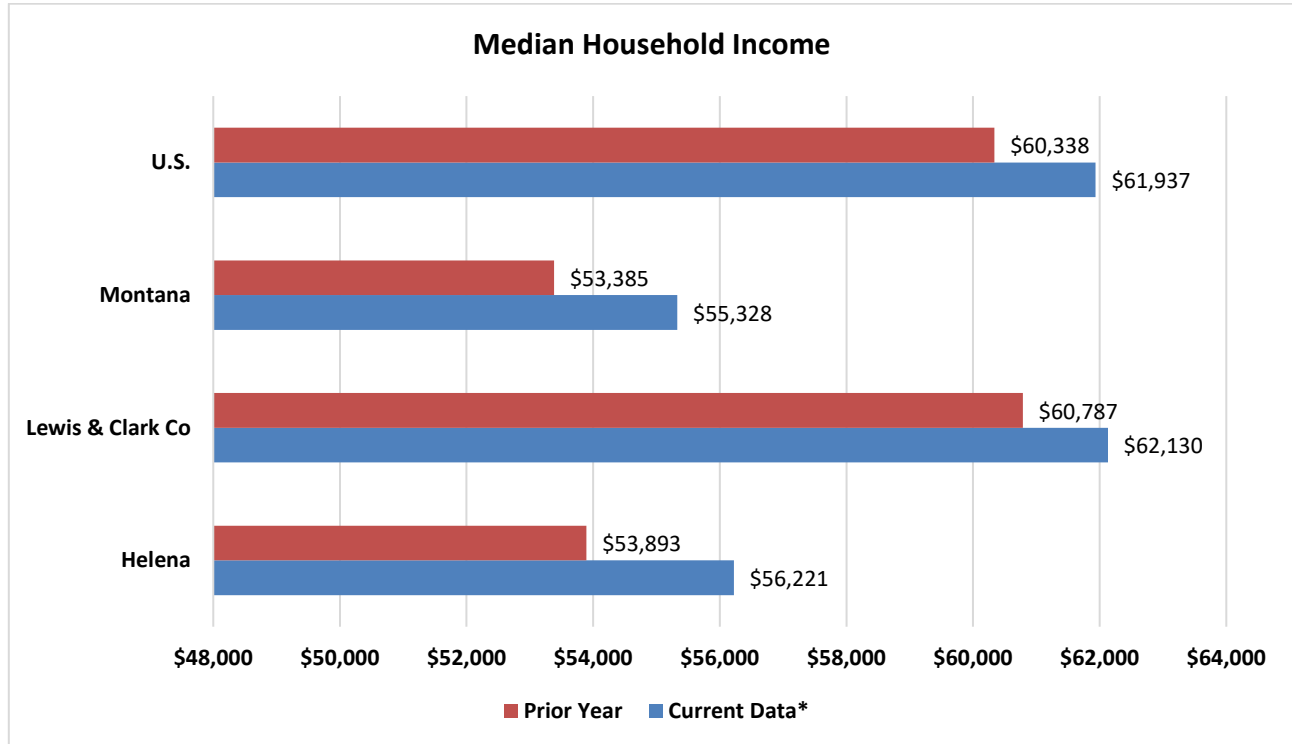
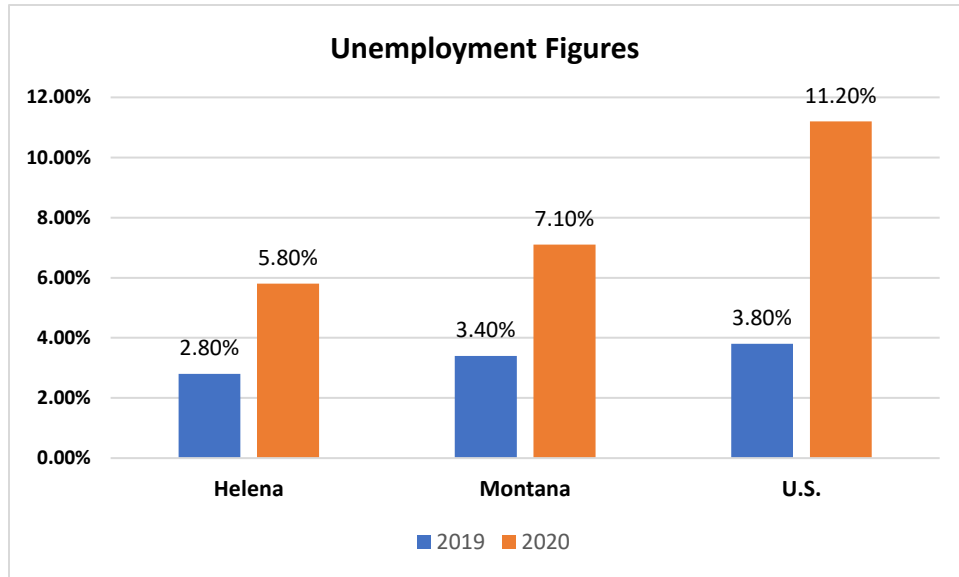
Additional information on long-term debt can be found in the notes of the basic financial statements (Note H).

City's Outstanding Debt

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------------|------------------------------------|-------------------------------------|----------------------|
| General Obligation Bonds | \$ 3,955,000 | \$ 2,445,000 | \$ 6,400,000 |
| Loans Payable | | 1,633,082 | 1,633,082 |
| Revenue Bonds | | 8,769,919 | 8,769,919 |
| Certificates of Participation | | 7,165,000 | 7,165,000 |
| Total | \$ 3,955,000 | \$ 20,013,001 | \$ 23,968,001 |

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

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. Bureau of Labor Statistics.)



*2018 Data

City of Helena, Montana
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2020

Requests for Information

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the attention of the Finance Director at the following address: City of Helena, 316 North Park Avenue, Room 320, Helena, MT 59623.



Section B

BASIC FINANCIAL STATEMENTS

City of Helena, Montana
STATEMENT OF NET POSITION
June 30, 2020

| | Primary Government | | | Component Units - Governmental Type | |
|---|----------------------------|-----------------------------|-----------------------|--|--|
| | Governmental Activities | Business-type Activities | Total | Business Improvement District | Tourism Business Improvement District |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 26,387,058 | \$ 27,225,579 | \$ 53,612,638 | \$ 239,652 | \$ 207,313 |
| Receivables (net of allowance for uncollectibles) | 1,318,051 | 2,074,739 | 3,392,789 | 5,602 | 35,503 |
| Loans receivable | 1,074,764 | 239,978 | 1,314,742 | - | - |
| Internal balances | (524,475) | 524,475 | - | - | - |
| Inventories | 316,784 | 1,181,318 | 1,498,102 | - | - |
| <u>Temporarily restricted assets:</u> | | | | | |
| Cash and cash equivalents | - | 1,647,181 | 1,647,181 | - | - |
| Cash with fiscal agent | - | 120 | 120 | - | - |
| Investments - bond proceeds | - | 1,626,941 | 1,626,941 | - | - |
| Intergovernmental receivable | 2,607,708 | 218,956 | 2,826,664 | - | - |
| <u>Capital assets (net of accumulated depreciation):</u> | | | | | |
| Nondepreciable | 91,171,601 | 56,272,391 | 147,443,992 | - | - |
| Depreciable | 48,082,704 | 100,975,601 | 149,058,304 | 7,436 | 1,786 |
| Total assets | <u>170,434,195</u> | <u>191,987,278</u> | <u>362,421,474</u> | <u>252,690</u> | <u>244,602</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge - debt refunding | - | 537,912 | 537,912 | - | - |
| Upfront Payment for Debt Service Related to a future period | 59,325 | 888,845 | 948,170 | - | - |
| <u>Related to other postemployment benefits:</u> | | | | | |
| Changes in assumptions and other inputs | 2,441,266 | 1,112,237 | 3,553,503 | - | - |
| <u>Related to pensions:</u> | | | | | |
| Pension contributions subsequent to measurement date | 1,468,743 | 426,710 | 1,895,453 | - | - |
| Difference between expected and actual experience | 928,460 | 293,943 | 1,222,403 | - | - |
| Difference between projected and actual earnings | 238,763 | 75,161 | 313,924 | - | - |
| Changes of assumptions | 557,069 | 263,167 | 820,236 | - | - |
| Total deferred outflows of resources | <u>5,693,626</u> | <u>3,597,975</u> | <u>9,291,601</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Accounts payable and other current liabilities | 2,307,191 | 1,960,027 | 4,267,217 | 10,266 | 39,506 |
| Accrued interest | - | 69,929 | 69,929 | - | - |
| Unearned Revenue | 666 | - | 666 | - | - |
| <u>Noncurrent liabilities:</u> | | | | | |
| <u>Due within one year:</u> | | | | | |
| Compensated absences | 1,195,805 | 477,118 | 1,672,923 | 5,075 | 3,484 |
| Debt | 425,000 | 2,188,837 | 2,613,837 | - | - |
| Landfill postclosure costs | - | 107,637 | 107,637 | - | - |
| <u>Due in more than one year:</u> | | | | | |
| Compensated absences | 1,089,563 | 434,728 | 1,524,291 | 5,075 | 3,484 |
| Debt | 3,530,000 | 17,824,164 | 21,354,164 | - | 31,470 |
| Landfill postclosure costs | - | 1,937,466 | 1,937,466 | - | - |
| Net pension liability | 14,054,634 | 6,199,008 | 20,253,642 | - | - |
| Other postemployment benefits | 7,230,497 | 3,262,017 | 10,492,514 | - | - |
| Total liabilities | <u>29,833,355</u> | <u>34,460,931</u> | <u>64,294,285</u> | <u>20,415</u> | <u>77,944</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| <u>Related to other postemployment benefits:</u> | | | | | |
| Differences between expected and actual experience | 200,694 | 80,505 | 281,199 | - | - |
| <u>Related to pensions:</u> | | | | | |
| Difference between expected and actual experience | 413,005 | 291,688 | 704,693 | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,080,598 | 782,032 | 1,862,630 | - | - |
| Total deferred inflows of resources | <u>1,694,296</u> | <u>1,154,226</u> | <u>2,848,522</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 139,254,305 | 137,151,058 | 276,405,363 | 7,436 | 1,786 |
| <u>Restricted for:</u> | | | | | |
| General government | 66,191 | - | 66,191 | - | - |
| Public safety | 1,261,104 | - | 1,261,104 | - | - |
| Public works | 5,653,774 | - | 5,653,774 | - | - |
| Culture and recreation | 2,210,927 | - | 2,210,927 | - | - |
| Community development | 1,145,447 | - | 1,145,447 | - | - |
| Special improvement districts | 1,842,133 | - | 1,842,133 | - | - |
| Debt service | 670,297 | 3,274,243 | 3,944,540 | - | - |
| Capital projects | 4,473,154 | - | 4,473,154 | - | - |
| Unrestricted | (11,977,161) | 19,544,795 | 7,567,634 | 224,839 | 164,872 |
| Total net position | <u>\$ 144,600,171</u> | <u>\$ 159,970,096</u> | <u>\$ 304,570,267</u> | <u>\$ 232,275</u> | <u>\$ 166,658</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, 2020

(1 of 2)

| Functions/Programs | Expenses | Charges for Services | Program Revenues | |
|---------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
| | | | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,151,905 | \$ 653,762 | \$ - | \$ - |
| Public safety | 16,980,222 | 4,135,574 | 5,093,743 | - |
| Public works | 7,822,691 | 10,511,471 | 1,253,023 | - |
| Public health | 91,084 | 34,805 | - | - |
| Culture and recreation | 4,659,172 | 3,066,355 | 260,041 | - |
| Community development | 994,638 | 582,748 | 344,528 | - |
| Intergovernmental | - | - | - | - |
| Interest on long-term debt | 131,100 | - | - | - |
| Total governmental activities | 33,830,813 | 18,984,714 | 6,951,335 | - |
| Business-type activities: | | | | |
| Water | 6,948,747 | 8,452,071 | 29,450 | - |
| Wastewater | 4,216,097 | 6,147,366 | 20,392 | 9,526 |
| Solid waste | 3,363,018 | 3,432,181 | 91,807 | 850 |
| Transfer station | 3,086,794 | 2,676,681 | 314,496 | - |
| Parking | 1,967,777 | 1,793,831 | 7,910 | - |
| Golf course | 1,677,501 | 1,530,191 | 11,602 | - |
| Bus | 1,586,514 | 65,017 | 1,067,364 | - |
| Building | 1,141,589 | 1,196,573 | 12,992 | - |
| City-County administration building | 1,317,295 | 1,324,301 | 183,522 | - |
| Total business-type activities | 25,305,333 | 26,618,211 | 1,739,535 | 10,376 |
| Total primary government | \$ 59,136,145 | \$ 45,602,925 | \$ 8,690,870 | \$ 10,376 |
| Component units | | | | |
| Business improvement district | \$ 299,372 | \$ 308,038 | \$ - | \$ - |
| Tourism business improvement district | 363,398 | 415,605 | 19,138 | - |
| | \$ 662,770 | \$ 723,643 | \$ 19,138 | \$ - |

General revenues:

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

Transfers

Special Item: Loan Proceeds

Total general revenues and transfers

Change in net position

Net position - beginning

Prior Year adjustment(Note U)

Net position - ending

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, 2020

(2 of 2)

| Net (Expense) Revenue and Changes in Net Position | | | Component Units - Governmental Type | |
|--|-----------------------------|----------------|--|--|
| Primary Government | | | | |
| Governmental Activities | Business-type Activities | Total | Business Improvement District | Tourism Business Improvement District |
| \$ (2,498,143) | \$ - | \$ (2,498,143) | | |
| (7,750,906) | - | (7,750,906) | | |
| 3,941,802 | - | 3,941,802 | | |
| (56,279) | - | (56,279) | | |
| (1,332,775) | - | (1,332,775) | | |
| (67,362) | - | (67,362) | | |
| - | - | - | | |
| (131,100) | - | (131,100) | | |
| (7,894,763) | - | (7,894,763) | | |
| - | 1,532,774 | 1,532,774 | | |
| - | 1,961,187 | 1,961,187 | | |
| - | 161,819 | 161,819 | | |
| - | (95,617) | (95,617) | | |
| - | (166,037) | (166,037) | | |
| - | (135,708) | (135,708) | | |
| - | (454,133) | (454,133) | | |
| - | 67,976 | 67,976 | | |
| - | 190,528 | 190,528 | | |
| - | 3,062,789 | 3,062,789 | | |
| \$ (7,894,763) | \$ 3,062,789 | \$ (4,831,974) | | |
| | | | \$ 8,666 | \$ - |
| | | | - | 71,345 |
| | | | \$ 8,666 | \$ 71,345 |
| \$ 10,514,624 | \$ - | \$ 10,514,624 | \$ - | \$ - |
| 1,054,649 | - | 1,054,649 | - | - |
| 4,525,417 | - | 4,525,417 | - | - |
| 314,922 | 449,598 | 764,520 | 2,001 | 34 |
| 132,464 | - | 132,464 | - | - |
| (848,659) | 848,659 | 0 | - | - |
| - | - | - | - | - |
| 15,693,418 | 1,298,258 | 16,991,676 | 2,001 | 34 |
| 7,798,654 | 4,361,047 | 12,159,702 | 10,667 | 71,379 |
| 137,059,373 | 155,609,049 | 292,668,422 | 221,608 | 95,279 |
| (257,857) | - | (257,857) | - | - |
| \$ 144,600,171 | \$ 159,970,096 | \$ 304,570,267 | \$ 232,275 | \$ 166,658 |

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

City of Helena, Montana
BALANCE SHEET
GOVERNMENTAL FUNDS
For the year ended June 30, 2020

| | | Special Revenue | | |
|---|----------------------|---------------------|-----------------------|-----------------------|
| | General | Streets | Other Governmental | Total Governmental |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,892,137 | \$ 6,814,225 | \$ 7,130,318 | \$ 24,836,680 |
| Certificates of deposit | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | 780,055 | 245,818 | 292,177 | 1,318,051 |
| Loans receivable | - | - | 1,074,764 | 1,074,764 |
| Due from other funds | 28,525 | - | - | 28,525 |
| Inventory | 6,287 | 310,498 | - | 316,784 |
| Land held for resale | - | - | - | - |
| Advances to other funds | - | - | 83,932 | 83,932 |
| Restricted assets: | - | - | - | - |
| Intergovernmental receivable | 117,571 | - | 2,490,137 | 2,607,708 |
| Total assets | <u>11,824,575</u> | <u>7,370,540</u> | <u>11,071,328</u> | <u>30,266,444</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Upfront Payment for Debt Service Related to a future period | - | - | 59,325 | 59,325 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>59,325</u> | <u>59,325</u> |
| LIABILITIES | | | | |
| Accounts payable | 1,119,546 | 419,360 | 664,826 | 2,203,732 |
| Due to other funds | - | - | 28,525 | 28,525 |
| Unearned grant revenue | - | - | 666 | 666 |
| Compensated absences | 36,262 | - | (1,083) | 35,180 |
| Total liabilities | <u>1,155,809</u> | <u>419,360</u> | <u>692,934</u> | <u>2,268,102</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 181,091 | 122,309 | 152,723 | 456,124 |
| Total deferred inflows of resources | <u>181,091</u> | <u>122,309</u> | <u>152,723</u> | <u>456,124</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable - not in spendable form | 6,287 | 310,498 | 655,474 | 972,258 |
| Restricted | 132,814 | 1,909,366 | 5,752,192 | 7,794,372 |
| Committed | - | 1,248,724 | 1,683,183 | 2,931,907 |
| Assigned | 47,934 | 3,360,284 | 2,238,223 | 5,646,441 |
| Unassigned | 10,300,640 | - | (44,075) | 10,256,565 |
| Total fund balances (deficits) | <u>10,487,674</u> | <u>6,828,872</u> | <u>10,284,996</u> | <u>27,601,543</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 11,824,575</u> | <u>\$ 7,370,541</u> | <u>\$ 11,130,653</u> | <u>\$ 30,325,769</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 NET POSITION
For the year ended June 30, 2020

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

| | | |
|---|---------------------|------------------------------|
| Total ending fund balance | | \$ 27,599,377 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Land and construction in progress | 91,171,601 | |
| Buildings, improvements, and equipment (net) | 18,414,635 | |
| Infrastructure (net) | <u>29,646,519</u> | |
| | | 139,232,755 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | | |
| Unavailable revenue | 456,124 | |
| Upfront Payment for Debt Service Related to a future period | <u>(59,325)</u> | |
| | | 396,799 |
| 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. | | 860,063 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | (3,955,000) | |
| Compensated absences | (2,285,368) | |
| Compensated absences accrued for terminations | 37,345 | |
| Other postemployment benefits | (7,230,497) | |
| Net pension liability | <u>(14,054,634)</u> | |
| | | (27,488,153) |
| Deferred inflows and outflows which are not payable or receivable in the current period, are therefore not reported in the funds. | | |
| Deferred outflows | 5,693,626 | |
| Deferred inflows | <u>(1,694,296)</u> | |
| | | 3,999,330 |
| Net position of governmental activities | | <u>\$ 144,600,171</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 –
GOVERNMENT FUNDS
For the year ended June 30, 2020

| | | Special Revenue | | Other | Total |
|--|-----------------------------|----------------------------|-----------------------------|-----------------------------|-------|
| | General | Streets | Governmental | Governmental | |
| REVENUES | | | | | |
| <u>Taxes:</u> | | | | | |
| Property | \$ 10,973,684 | \$ - | \$ 1,634,483 | \$ 12,608,166 | |
| Motor vehicle | 1,054,649 | - | - | 1,054,649 | |
| Penalties and interest | 13,236 | - | 667 | 13,902 | |
| Special assessments | - | 7,174,379 | 3,966,743 | 11,141,122 | |
| Licenses and permits | 562,573 | 74,968 | 27,860 | 665,401 | |
| Intergovernmental | 5,129,707 | 1,167,423 | 5,253,487 | 11,550,618 | |
| Charges for services | 485,419 | - | 1,466,631 | 1,952,050 | |
| Fines | 571,191 | - | - | 571,191 | |
| Investment earnings | 112,807 | 76,109 | 126,005 | 314,922 | |
| Contributions and donations | 124,394 | - | - | 124,394 | |
| Miscellaneous | 48,456 | 9,252 | 157,422 | 215,130 | |
| Total revenues | <u>19,076,116</u> | <u>8,502,132</u> | <u>12,633,297</u> | <u>40,211,545</u> | |
| EXPENDITURES | | | | | |
| <u>Current:</u> | | | | | |
| General government | 1,869,259 | - | 1,010,964 | 2,880,223 | |
| Public safety | 10,148,875 | - | 3,960,011 | 14,108,886 | |
| Public works | 39,236 | 4,356,304 | 1,584,395 | 5,979,935 | |
| Public health | 83,813 | - | - | 83,813 | |
| Culture and recreation | 2,128,913 | - | 1,825,542 | 3,954,455 | |
| Community development | 629,147 | - | 344,528 | 973,675 | |
| <u>Debt service:</u> | | | | | |
| Principal | - | - | 415,000 | 415,000 | |
| Interest | - | - | 131,100 | 131,100 | |
| Capital outlay | - | 3,731,327 | 3,525,450 | 7,256,776 | |
| Total expenditures | <u>14,899,242</u> | <u>8,087,631</u> | <u>12,796,990</u> | <u>35,783,863</u> | |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,176,874</u> | <u>414,501</u> | <u>(163,692)</u> | <u>4,427,682</u> | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contributions | - | - | 11,674 | 11,674 | |
| Sale of capital assets | 22,190 | 105,274 | 5,000 | 132,464 | |
| Transfers in | 749,836 | 9,894 | 738,513 | 1,498,242 | |
| Transfers out | (1,205,874) | - | (941,029) | (2,146,903) | |
| Total other financing sources and uses | <u>(433,848)</u> | <u>115,167</u> | <u>(185,842)</u> | <u>(504,523)</u> | |
| Net change in fund balances | 3,743,026 | 529,668 | (349,535) | 3,923,159 | |
| Fund balances - beginning | 6,744,649 | 6,299,204 | 10,634,531 | 23,678,384 | |
| Prior Period Adjustment (Note U) | | (257,857) | | (257,857) | |
| Fund balances - ending | <u>\$ 10,487,675</u> | <u>\$ 6,828,872</u> | <u>\$ 10,284,996</u> | <u>\$ 27,601,543</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, 2020

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

Net change in fund balances - total governmental funds **\$ 3,923,159**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other changes in the current period.

| | | |
|-------------------------------------|-------------|-----------|
| Capital asset purchases capitalized | 7,256,776 | |
| Depreciation expense | (2,563,683) | |
| Loss on disposal of assets | (14,735) | |
| | | 4,678,357 |

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.

50,472

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

| | | |
|----------------------------------|-----------|-----------|
| Long-term receivables | (163,081) | |
| Pension contributions from state | 2,194,119 | |
| | | 2,031,038 |

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.

| | | |
|--------------------|---------|---------|
| Principal payments | 415,000 | |
| | | 415,000 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|---|-------------|-------------|
| Compensated absences | (265,657) | |
| Compensated absences - terminated employees | 35,180 | |
| Other postemployment benefits | (580,922) | |
| Pension accruals | (2,603,735) | |
| Prepaid Interest | 59,325 | |
| | | (3,355,810) |

Internal service funds are used by management to charge the costs of copier revolving and insurance activities to individual funds.

56,439

Change in net position of governmental activities **\$ 7,798,654**

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, 2020

(1 of 2)

| | General | | | |
|---------------------------------|------------------|---------------|-------------------|---|
| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
| | Original | Final | Actual Amounts | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 10,625,109 | \$ 10,625,109 | \$ 10,879,461 | \$ 254,352 |
| Motor vehicle taxes | 885,000 | 885,000 | 1,054,649 | 169,649 |
| Penalties and interest | 18,000 | 18,000 | 13,236 | (4,764) |
| Licenses and permits: | | | | |
| Alcoholic beverages | 51,500 | 51,500 | 45,660 | (5,840) |
| General business | 516,000 | 516,000 | 485,689 | (30,311) |
| Animal licenses | 34,000 | 34,000 | 29,724 | (4,276) |
| Other permits | 3,450 | 3,450 | 1,500 | (1,950) |
| Intergovernmental: | | | | |
| Federal grants | 279,938 | 279,938 | 422,016 | 142,078 |
| State grants | - | - | 963 | 963 |
| State shared revenues | 4,537,145 | 4,537,145 | 4,536,481 | (664) |
| Other governments | 44,901 | 44,901 | 45,673 | 772 |
| Local payments in lieu of taxes | - | - | 16,899 | 16,899 |
| Charges for services: | | | | |
| Public safety | 283,628 | 363,628 | 332,568 | (31,060) |
| Public works | - | - | - | - |
| Public health | 3,500 | 3,500 | 6,647 | 3,147 |
| Culture and recreation | 269,321 | 269,321 | 148,545 | (120,776) |
| Community development | 4,670 | 4,670 | 1,681 | (2,989) |
| Fines - city court | 502,200 | 502,200 | 566,672 | 64,472 |
| Investment earnings | 100,000 | 100,000 | 112,807 | 12,807 |
| Interfund reimbursements | 3,413,290 | 3,413,290 | 3,487,290 | 74,000 |
| Contributions and donations | 54,618 | 57,618 | 50,394 | (7,224) |
| Miscellaneous | 18,000 | 18,000 | 48,953 | 30,953 |
| Total revenues | 21,644,270 | 21,727,270 | 22,287,507 | 560,237 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative | | | | |
| Personal services | 289,275 | 289,550 | 262,256 | 27,294 |
| Supplies/services/materials | 219,969 | 208,109 | 513,341 | (305,232) |
| Executive | | | | |
| Personal services | 349,990 | 462,565 | 462,564 | 1 |
| Supplies/services/materials | 964,840 | 429,337 | 205,215 | 224,122 |
| Judicial | | | | |
| Personal services | 474,434 | 474,434 | 463,084 | 11,350 |
| Supplies/services/materials | 91,397 | 91,397 | 84,794 | 6,603 |
| Administrative services | | | | |
| Personal services | 307,361 | 187,161 | 178,569 | 8,592 |
| Supplies/services/materials | 159,819 | 167,130 | 75,492 | 91,638 |
| Financial services | | | | |
| Personal services | 601,147 | 603,747 | 601,354 | 2,393 |
| Supplies/services/materials | 358,388 | 376,641 | 328,535 | 48,106 |
| Human resources | | | | |
| Personal services | 397,919 | 394,899 | 326,377 | 68,522 |
| Supplies/services/materials | 89,295 | 92,315 | 91,186 | 1,129 |
| Legal services | | | | |
| Personal services | 749,778 | 735,768 | 709,572 | 26,196 |
| Supplies/services/materials | 123,806 | 142,543 | 120,052 | 22,491 |
| Total general government | \$ 5,177,418 | \$ 4,655,596 | \$ 4,422,390 | \$ 233,206 |

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGET BASIS)
For the year ended June 30, 2020

(2 of 2)

| | General | | | |
|--------------------------------------|------------------|--------------|-------------------|---|
| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
| | Original | Final | Actual Amounts | |
| EXPENDITURES, continued | | | | |
| Public safety: | | | | |
| Law enforcement and judicial | | | | |
| Personal services | \$ 5,776,370 | \$ 5,776,170 | \$ 5,674,982 | \$ 101,188 |
| Supplies/services/materials | 1,029,407 | 1,032,407 | 914,992 | 117,415 |
| Fire protection | | | | |
| Personal services | 4,323,545 | 4,430,965 | 4,406,855 | 24,110 |
| Supplies/services/materials | 634,384 | 592,443 | 593,692 | (1,249) |
| Total public safety | 11,763,706 | 11,831,985 | 11,590,521 | 241,464 |
| Public works: | | | | |
| Public works administration | | | | |
| Personal services | 1,309,846 | 1,302,496 | 1,044,384 | 258,113 |
| Supplies/services/materials | 217,051 | 224,401 | 210,931 | 13,470 |
| Streets | | | | |
| Supplies/services/materials | 33,780 | 33,780 | - | 33,780 |
| Total public works | 1,560,677 | 1,560,677 | 1,255,314 | 305,363 |
| Public health: | | | | |
| Animal control | | | | |
| Personal services | 72,910 | 72,910 | 70,703 | 2,207 |
| Supplies/services/materials | 84,806 | 99,905 | 12,540 | 87,365 |
| Total public health | 157,716 | 172,815 | 83,243 | 89,572 |
| Culture and recreation: | | | | |
| Parks | | | | |
| Personal services | 1,503,066 | 1,502,729 | 1,351,430 | 151,299 |
| Supplies/services/materials | 982,359 | 982,696 | 839,599 | 143,097 |
| Total culture and recreation | 2,485,425 | 2,485,425 | 2,191,029 | 294,396 |
| Community development | | | | |
| Administration and planning | | | | |
| Personal services | 448,884 | 415,684 | 415,491 | 193 |
| Supplies/services/materials | 152,678 | 277,962 | 210,287 | 67,675 |
| Total community development | 601,562 | 693,646 | 625,778 | 67,868 |
| Total expenditures | 21,746,504 | 21,400,144 | 20,168,274 | 1,231,870 |
| Revenues over (under) expenditures | (102,234) | 327,126 | 2,119,233 | 1,792,107 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 10,000 | 10,000 | 22,190 | 12,190 |
| Transfers in | 740,541 | 740,541 | 749,836 | 9,295 |
| Transfers out | (670,879) | (1,205,874) | (1,205,874) | - |
| Total other financing sources (uses) | 79,662 | (455,333) | (433,848) | 21,485 |
| Net change in fund balances | \$ (22,572) | \$ (128,207) | \$ 1,685,385 | \$ 1,813,592 |
| Fund balances - beginning | | | 7,001,183 | |
| Fund balances - ending | | | \$ 8,686,568 | |

City of Helena, Montana
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGET BASIS)
For the year ended June 30, 2020

| | Streets | | | Variance with |
|--------------------------------------|------------------|----------------|-------------------|------------------------|
| | Budgeted Amounts | | Actual Amounts | Final Budget - |
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Special assessments | \$ 6,912,975 | \$ 6,912,975 | \$ 7,113,341 | \$ 200,366 |
| Licenses and permits - other permits | 32,000 | 32,000 | 74,968 | 42,968 |
| Intergovernmental | | | | |
| State grants | - | - | 1,136,930 | 1,136,930 |
| State shared | 1,060,760 | 1,060,760 | - | (1,060,760) |
| Other governments | - | 45,000 | 30,494 | (14,506) |
| Charges for services - public works | 11,500 | 11,500 | - | (11,500) |
| Investment earnings | 60,000 | 60,000 | 76,109 | 16,109 |
| Miscellaneous | 2,500 | 2,500 | 9,252 | 6,752 |
| Total revenue | 8,079,735 | 8,124,735 | 8,441,094 | 316,359 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | | | | |
| Personal services | 2,008,744 | 2,008,744 | 1,542,382 | 466,362 |
| Supplies/services/materials | 3,288,402 | 4,901,967 | 2,825,676 | 2,076,291 |
| Capital outlay | 3,601,310 | 7,707,343 | 3,650,041 | 4,057,302 |
| Total expenditures | 8,898,456 | 14,618,054 | 8,018,099 | 6,599,955 |
| Revenues over (under) expenditures | (818,721) | (6,493,319) | 422,994 | 6,916,313 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt issuance | 1,000,000 | 4,300,562 | - | (4,300,562) |
| Sale of capital assets | 5,000 | 5,000 | 105,274 | 100,274 |
| Transfers in | 9,894 | 9,894 | - | (9,894) |
| Total other financing sources (uses) | 1,014,894 | 4,315,456 | 105,274 | (4,210,182) |
| Net change in fund balances | \$ 196,173 | \$ (2,177,863) | 528,268 | \$ 2,706,131 |
| Fund balances - beginning | | | 6,278,992 | |
| Fund balances - ending | | | \$ 6,807,260 | |



City of Helena, Montana
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

(1 of 2)

| | Water | Wastewater | Solid Waste | Transfer Station |
|---|---------------|---------------|--------------|------------------|
| ASSETS | | | | |
| <u>Current assets:</u> | | | | |
| Cash and cash equivalents | \$ 14,669,427 | \$ 1,541,403 | \$ 5,053,810 | \$ 1,491,449 |
| Receivables (net of allowance for uncollectibles) | 1,219,140 | 529,371 | 172,705 | 150,530 |
| Loans receivable | 69,406 | 170,572 | - | - |
| Inventories | 513,555 | 135,938 | 101,302 | - |
| <u>Restricted assets:</u> | | | | |
| Cash-revenue bond accounts | 437,692 | 1,209,489 | - | - |
| Restricted investments | 360,682 | 1,266,259 | - | - |
| Cash with fiscal agent | - | - | - | - |
| Intergovernmental receivable | - | - | - | - |
| Total current assets | 17,269,902 | 4,853,033 | 5,327,816 | 1,641,979 |
| <u>Noncurrent assets:</u> | | | | |
| Capital assets: | | | | |
| Land | 26,229,094 | 18,775,228 | 37,170 | - |
| Buildings and system | 6,451,710 | 12,648,967 | 518,737 | 3,281,626 |
| Improvements other than buildings | 1,453,791 | 337,841 | 152,280 | 382,178 |
| Machinery and equipment | 4,474,343 | 2,521,079 | 2,871,186 | 2,362,409 |
| Infrastructure | 123,910,464 | 58,502,427 | - | - |
| Construction in progress | 4,103,963 | 3,665,972 | 110,750 | 43,394 |
| Less accumulated depreciation | (88,094,966) | (47,159,030) | (2,499,424) | (3,289,320) |
| Total noncurrent assets | 78,528,400 | 49,292,483 | 1,190,699 | 2,780,288 |
| Total assets | 95,798,302 | 54,145,516 | 6,518,515 | 4,422,267 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge - debt refunding | - | - | - | - |
| Upfront Payment for Debt Service Related to a future period | 448,466 | 440,379 | - | - |
| <u>Related to other postemployment benefits:</u> | | | | |
| Changes in assumptions and other inputs | 233,934 | 160,126 | 80,330 | 110,919 |
| <u>Related to pensions:</u> | | | | |
| Contributions subsequent to measurement date | 91,795 | 63,563 | 37,223 | 45,185 |
| Difference between expected and actual experience | 63,234 | 43,786 | 25,642 | 31,126 |
| Changes in assumptions | 56,613 | 39,201 | 22,957 | 27,867 |
| Difference between projected and actual earnings | 16,169 | 11,196 | 6,557 | 7,959 |
| Total deferred outflows of resources | 910,210 | 758,251 | 172,708 | 223,055 |
| LIABILITIES | | | | |
| <u>Current liabilities:</u> | | | | |
| Accounts payable | 805,866 | 274,993 | 112,993 | 209,437 |
| Customer deposits | 95,314 | - | - | - |
| Accrued interest | - | - | - | - |
| Compensated absences | 105,287 | 60,084 | 56,479 | 73,445 |
| Loans | - | - | - | - |
| General obligation bonds | - | - | - | - |
| Certificates of participation | - | - | - | - |
| Revenue bonds | 721,000 | 857,000 | - | - |
| Advances from other funds | - | - | - | - |
| Landfill postclosure costs | - | - | 107,637 | - |
| Total current liabilities | 1,727,467 | 1,192,077 | 277,109 | 282,882 |
| <u>Noncurrent liabilities:</u> | | | | |
| Compensated absences | 95,933 | 54,745 | 51,461 | 66,920 |
| Loans | - | - | - | - |
| General obligation bonds | - | - | - | - |
| Certificates of participation | - | - | - | - |
| Revenue bonds | 6,689,622 | 502,297 | - | - |
| Advances from other funds | - | - | - | - |
| Landfill postclosure costs | - | - | 1,937,466 | - |
| Net pension liability | 1,333,541 | 923,407 | 540,761 | 656,416 |
| Other postemployment benefits | 678,994 | 480,144 | 245,300 | 342,524 |
| Total noncurrent liabilities | 8,798,090 | 1,960,593 | 2,774,988 | 1,065,860 |
| Total liabilities | 10,525,557 | 3,152,669 | 3,052,097 | 1,348,742 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| <u>Related to other postemployment benefits:</u> | | | | |
| Differences between expected and actual experience | 16,460 | 12,290 | 6,460 | 9,175 |
| <u>Related to pensions:</u> | | | | |
| Difference between expected and actual experience | 62,748 | 43,450 | 25,445 | 30,887 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 168,232 | 116,492 | 68,219 | 82,810 |
| Total deferred inflows of resources | 247,441 | 172,232 | 100,125 | 122,871 |
| NET POSITION | | | | |
| Net investment in capital assets | 71,117,778 | 47,933,186 | 1,190,699 | 2,780,288 |
| <u>Restricted for:</u> | | | | |
| Debt service | 798,374 | 2,475,748 | - | - |
| Unrestricted | 14,019,362 | 1,169,931 | 2,348,303 | 393,421 |
| Total net position | \$ 85,935,514 | \$ 51,578,866 | \$ 3,539,002 | \$ 3,173,709 |

Adjustment to reflect the consolidation of fleet services internal service fund activities related to enterprise funds

Net position of business-type activities

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

City of Helena, Montana
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

(2 of 2)

| <u>Parking</u> | <u>Golf Course</u> | <u>Other</u> | <u>Totals</u> | <u>Internal Service</u> |
|---------------------|--------------------|---------------------|-----------------------|-------------------------|
| \$ 614,074 | \$ 178,239 | \$ 2,948,833 | \$ 26,497,236 | \$ 728,344 |
| - | - | 2,993 | 2,074,739 | - |
| - | - | - | 239,978 | - |
| 15,847 | 336,037 | - | 1,102,678 | 78,639 |
| - | - | - | 1,647,181 | - |
| - | - | - | 1,626,941 | - |
| 120 | - | - | 120 | - |
| - | - | 218,956 | 218,956 | - |
| <u>630,041</u> | <u>514,275</u> | <u>3,170,782</u> | <u>33,407,829</u> | <u>806,983</u> |
| 2,602,825 | 83,000 | 446,988 | 48,174,305 | 87,000 |
| 14,852,829 | 2,135,829 | 6,688,007 | 46,577,706 | 830,638 |
| 179,915 | 2,361,782 | 474,667 | 5,342,454 | 74,687 |
| 1,137,189 | 1,004,192 | 1,741,786 | 16,112,185 | 169,637 |
| - | - | - | 182,412,890 | - |
| - | - | 87,007 | 8,011,086 | - |
| <u>(2,780,710)</u> | <u>(2,361,599)</u> | <u>(3,373,829)</u> | <u>(149,558,877)</u> | <u>(985,718)</u> |
| <u>15,992,049</u> | <u>3,223,204</u> | <u>6,064,626</u> | <u>157,071,748</u> | <u>176,243</u> |
| <u>16,622,090</u> | <u>3,737,480</u> | <u>9,235,408</u> | <u>190,479,577</u> | <u>983,226</u> |
| 537,912 | - | - | 537,912 | - |
| - | - | - | 888,845 | - |
| 84,205 | 99,710 | 280,859 | 1,050,082 | 62,155 |
| 24,654 | 36,162 | 103,555 | 402,137 | 24,573 |
| 16,983 | 24,911 | 71,335 | 277,016 | 16,927 |
| 15,205 | 22,302 | 63,866 | 248,012 | 4,328 |
| <u>4,343</u> | <u>6,370</u> | <u>18,240</u> | <u>70,833</u> | <u>15,155</u> |
| <u>683,302</u> | <u>189,454</u> | <u>537,856</u> | <u>3,474,837</u> | <u>123,139</u> |
| 43,240 | 114,926 | 165,015 | 1,726,469 | 39,241 |
| - | 99,003 | - | 194,317 | - |
| 48,854 | 20,921 | 153 | 69,929 | - |
| 11,381 | 36,131 | 116,043 | 458,850 | 18,268 |
| 47,984 | 28,343 | 59,510 | 135,837 | - |
| 80,000 | 90,000 | - | 170,000 | - |
| 305,000 | - | - | 305,000 | - |
| - | - | - | 1,578,000 | - |
| - | 41,757 | - | 41,757 | - |
| - | - | - | 107,637 | - |
| <u>536,459</u> | <u>431,081</u> | <u>340,721</u> | <u>4,787,796</u> | <u>57,509</u> |
| 10,370 | 32,921 | 105,733 | 418,083 | 16,645 |
| 512,259 | 268,462 | 716,524 | 1,497,245 | - |
| 440,000 | 1,835,000 | - | 2,275,000 | - |
| 6,860,000 | - | - | 6,860,000 | - |
| - | - | - | 7,191,919 | - |
| - | 42,175 | - | 42,175 | - |
| - | - | - | 1,937,466 | - |
| 358,161 | 525,341 | 1,504,396 | 5,842,023 | 356,985 |
| <u>242,796</u> | <u>232,793</u> | <u>848,429</u> | <u>3,070,980</u> | <u>191,037</u> |
| <u>8,423,587</u> | <u>2,936,692</u> | <u>3,175,083</u> | <u>29,134,891</u> | <u>564,667</u> |
| <u>8,960,045</u> | <u>3,367,773</u> | <u>3,515,805</u> | <u>33,922,687</u> | <u>622,176</u> |
| 5,818 | 3,247 | 21,974 | 75,424 | 5,081 |
| 16,853 | 24,719 | 70,788 | 274,891 | 16,798 |
| <u>45,184</u> | <u>66,274</u> | <u>189,786</u> | <u>736,997</u> | <u>45,035</u> |
| <u>67,854</u> | <u>94,241</u> | <u>282,548</u> | <u>1,087,312</u> | <u>66,914</u> |
| 7,746,806 | 917,467 | 5,288,591 | 136,974,815 | 176,243 |
| 120 | - | - | 3,274,243 | - |
| 530,566 | (452,547) | 686,320 | 18,695,357 | 241,032 |
| <u>\$ 8,277,492</u> | <u>\$ 464,921</u> | <u>\$ 5,974,911</u> | <u>158,944,415</u> | <u>\$ 417,275</u> |
| | | | 1,025,682 | |
| | | | <u>\$ 159,970,097</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, 2020

(1 of 2)

| | Business-Type Activities - Enterprise Funds | | | |
|--|--|----------------------|---------------------|-------------------------|
| | Water | Wastewater | Solid Waste | Transfer Station |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 8,452,072 | \$ 6,147,366 | \$ 3,432,181 | \$ 2,676,681 |
| Total operating revenues | 8,452,072 | 6,147,366 | 3,432,181 | 2,676,681 |
| OPERATING EXPENSES | | | | |
| Personal services | 1,806,138 | 1,302,506 | 924,318 | 973,119 |
| Maintenance and operations | 3,183,974 | 1,909,491 | 2,096,176 | 1,851,670 |
| Depreciation | 1,897,491 | 1,001,546 | 326,481 | 293,193 |
| Total operating expenses | 6,887,603 | 4,213,543 | 3,346,975 | 3,117,982 |
| Operating income (loss) | 1,564,469 | 1,933,823 | 85,206 | (441,301) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental | 29,450 | 20,392 | 91,807 | 314,496 |
| Investment earnings | 240,911 | 77,375 | 74,055 | 23,504 |
| Interest expense | (73,969) | (15,030) | - | - |
| Bond issuance costs | (19,250) | (19,250) | - | - |
| Sale of capital assets | - | 4,200 | (59,667) | - |
| Total non-operating revenue (expenses) | 177,141 | 67,688 | 106,195 | 338,000 |
| Income (loss) before contributions and transfers | 1,741,610 | 2,001,510 | 191,401 | (103,300) |
| Capital contributions - grants | - | - | - | - |
| Capital contributions - mains & other | - | 9,526 | 850 | - |
| Transfers in | 12,109 | 8,749 | 28,733 | 181,490 |
| Transfer out | (40,000) | - | (175,000) | (24,045) |
| Change in net position | 1,713,719 | 2,019,786 | 45,984 | 54,145 |
| Total net position - beginning | 84,221,795 | 49,559,080 | 3,493,017 | 3,119,564 |
| Total net position - ending | \$ 85,935,514 | \$ 51,578,866 | \$ 3,539,001 | \$ 3,173,709 |

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

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

Change in net position of business-type activities

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

City of Helena, Montana
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2020

(2 of 2)

| <u>Parking</u> | <u>Golf Course</u> | <u>Other</u> | <u>Totals</u> | <u>Internal Service</u> |
|---------------------|--------------------|---------------------|-----------------------|-------------------------|
| \$ 1,793,831 | \$ 1,530,191 | \$ 2,585,890 | \$ 26,618,212 | \$ 7,777,698 |
| 1,793,831 | 1,530,191 | 2,585,890 | 26,618,212 | 7,777,698 |
| 516,771 | 787,410 | 2,206,198 | 8,516,459 | 516,500 |
| 850,672 | 680,969 | 1,463,174 | 12,036,126 | 7,056,062 |
| 364,638 | 149,831 | 441,712 | 4,474,893 | 23,622 |
| 1,732,081 | 1,618,210 | 4,111,084 | 25,027,477 | 7,596,184 |
| 61,750 | (88,019) | (1,525,193) | 1,590,735 | 181,514 |
| 7,910 | 11,602 | 1,263,878 | 1,739,535 | 40,509 |
| 6,987 | 481 | 26,286 | 449,598 | (5,508) |
| (241,749) | (62,601) | (1,348) | (394,697) | - |
| (2,757) | - | - | (41,257) | - |
| - | - | 3,391 | (52,075) | 250,097 |
| (229,610) | (50,518) | 1,292,207 | 1,701,104 | 285,098 |
| (167,860) | (138,537) | (232,986) | 3,291,839 | 466,612 |
| - | - | - | - | - |
| - | - | - | 10,376 | - |
| 3,343 | 284,900 | 564,949 | 1,084,273 | 3,431 |
| - | - | - | (239,045) | (200,000) |
| (164,517) | 146,363 | 331,963 | 4,147,444 | 270,043 |
| 8,442,009 | 318,558 | 5,642,948 | 154,796,971 | 1,615,702 |
| \$ 8,277,492 | \$ 464,921 | \$ 5,974,911 | \$ 158,944,415 | \$ 1,885,745 |
| | | | 4,147,444 | |
| | | | 213,604 | |
| | | | \$ 4,361,047 | |

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, 2020

(1 of 4)

| | Business-Type Activities - Enterprise Funds | | | |
|--|--|---------------------|---------------------|-------------------------|
| | Water | Wastewater | Solid Waste | Transfer Station |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 8,448,586 | \$ 6,147,366 | \$ 3,432,181 | \$ 2,676,681 |
| Payments to suppliers | (2,160,257) | (996,599) | (1,864,809) | (1,463,765) |
| Payments to employees | (1,741,282) | (1,258,792) | (785,870) | (971,776) |
| Payment for interfund services used | (1,118,236) | (865,806) | (420,967) | (311,931) |
| Net cash provided (used) by operating activities | 3,428,811 | 3,026,170 | 360,536 | (70,791) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 12,109 | 8,749 | 58,733 | 181,490 |
| Transfers to other funds | (40,000) | - | (205,000) | (24,045) |
| Operating grants | - | - | 850 | 300,000 |
| Contributions from other governments | 29,450 | 20,392 | 91,807 | 14,496 |
| Principal payments - advances | - | - | - | - |
| Net cash provided (used) by non-capital financing activities | 1,559 | 29,141 | (53,610) | 471,941 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from capital debt | 4,420,622 | 226,297 | - | - |
| Principal payments - bonds | (955,000) | (1,162,000) | - | - |
| Refunding certificates of participation proceeds | - | - | - | - |
| Principal payments - loans | - | - | - | - |
| Interest payments | (204,523) | (48,099) | - | - |
| Debt issuance costs | (19,250) | (19,250) | - | - |
| Purchase of capital assets | (3,178,996) | (2,980,365) | (168,920) | (105,373) |
| Proceeds from disposition of capital assets | - | 4,200 | 9,000 | - |
| Net cash provided (used) by capital and related financing activities | 62,852 | (3,979,216) | (159,920) | (105,373) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 240,911 | 77,375 | 74,055 | 23,504 |
| Net cash provided (used) by investing activities | 240,911 | 77,375 | 74,055 | 23,504 |
| Net increase (decrease) in cash and cash equivalents | 3,734,133 | (846,530) | 221,061 | 319,281 |
| Cash and cash equivalents, beginning | 11,733,669 | 4,863,682 | 4,832,749 | 1,172,168 |
| Cash and cash equivalents, ending | \$ 15,467,802 | \$ 4,017,152 | \$ 5,053,810 | \$ 1,491,449 |
| Cash and cash equivalents | \$ 14,669,427 | \$ 1,541,403 | \$ 5,053,810 | \$ 1,491,449 |
| Cash and cash equivalents - restricted | 798,374 | 2,475,748 | - | - |
| Cash and cash equivalents, ending | \$ 15,467,802 | \$ 4,017,152 | \$ 5,053,810 | \$ 1,491,449 |

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, 2020

(2 of 4)

| Parking | Golf Course | Other | Total | Internal Service |
|-------------------|--------------------|---------------------|----------------------|-------------------------|
| \$ 1,793,831 | \$ 1,530,191 | \$ 2,658,458 | \$ 26,687,294 | \$ 7,777,698 |
| (724,658) | (674,835) | (1,086,165) | (8,971,087) | (6,982,819) |
| (514,237) | (822,293) | (2,131,817) | (8,226,068) | (513,034) |
| (118,868) | (141,373) | (360,551) | (3,337,732) | (99,780) |
| <u>436,068</u> | <u>(108,310)</u> | <u>(920,076)</u> | <u>6,152,406</u> | <u>182,065</u> |
| 3,343 | 284,900 | 564,949 | 1,114,273 | 3,431 |
| - | - | - | (269,045) | (200,000) |
| - | - | 857,071 | 1,157,921 | 28,114 |
| 7,910 | 11,602 | 305,000 | 480,657 | 7,884 |
| - | (41,344) | - | (41,344) | - |
| <u>11,253</u> | <u>255,158</u> | <u>1,727,021</u> | <u>2,442,463</u> | <u>(160,571)</u> |
| 560,243 | - | 750,000 | 5,957,162 | - |
| (80,000) | (25,027) | - | (2,222,027) | - |
| (300,000) | - | - | (300,000) | - |
| - | (104,051) | (54,525) | (158,575) | - |
| (208,233) | (67,534) | (2,254) | (530,643) | - |
| (2,757) | - | - | (41,257) | - |
| - | (29,537) | (568,270) | (7,031,460) | (50,047) |
| - | - | 3,391 | 16,591 | 311,151 |
| <u>(30,748)</u> | <u>(226,149)</u> | <u>128,343</u> | <u>(4,310,210)</u> | <u>261,104</u> |
| 6,987 | 481 | 26,286 | 449,598 | 4,511 |
| <u>6,987</u> | <u>481</u> | <u>26,286</u> | <u>449,598</u> | <u>4,511</u> |
| 423,560 | (78,821) | 961,574 | 4,734,258 | 287,109 |
| 190,634 | 257,060 | 1,987,259 | 25,037,221 | 1,991,613 |
| <u>\$ 614,194</u> | <u>\$ 178,239</u> | <u>\$ 2,948,833</u> | <u>\$ 29,771,479</u> | <u>\$ 2,278,722</u> |
| \$ 614,074 | \$ 178,239 | \$ 2,948,833 | \$ 26,497,236 | \$ 2,278,722 |
| 120 | - | - | 3,274,243 | - |
| <u>\$ 614,194</u> | <u>\$ 178,239</u> | <u>\$ 2,948,833</u> | <u>\$ 29,771,479</u> | <u>\$ 2,278,722</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, 2020

(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) | \$ 1,564,469 | \$ 1,933,823 | \$ 85,206 | \$ (441,301) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 1,897,491 | 1,001,546 | 326,481 | 293,193 |
| (Increase) decrease in accounts receivable | (95,687) | 13,528 | 5,588 | 69,921 |
| (Increase) decrease in inventories | 42,069 | 19,738 | (43,410) | - |
| (Increase) decrease in deferred outflows of resources | (11,044) | (6,235) | (13,649) | 3,555 |
| Increase (decrease) in accounts payable | (7,177) | 23,925 | 22,140 | 8,300 |
| Increase (decrease) in customer deposits | (27,692) | - | - | - |
| Increase (decrease) in compensated absences | 9,235 | 5,177 | 44,552 | 8,503 |
| Increase (decrease) in landfill postclosure costs payable | - | - | (160,297) | - |
| Increase (decrease) in net pensions | (60,706) | (45,164) | 42,827 | (61,735) |
| Increase (decrease) in other postemployment benefits | 171,115 | 117,168 | 58,790 | 81,187 |
| Increase (decrease) in deferred inflows of resources | (53,262) | (37,336) | (7,693) | (32,414) |
| Total adjustments | 1,864,342 | 1,092,347 | 275,329 | 370,510 |
| Net cash provided (used) by operating activities | \$ 3,428,811 | \$ 3,026,170 | \$ 360,535 | \$ (70,791) |
| Supplemental disclosure of non-cash activity: | | | | |
| Basis of property disposed / transferred out | \$ - | \$ - | \$ 68,667 | \$ - |

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, 2020

(4 of 4)

| <u>Parking</u> | <u>Golf Course</u> | <u>Other</u> | <u>Total</u> | <u>Internal Service</u> |
|-------------------|---------------------|---------------------|---------------------|-------------------------|
| \$ 61,750 | \$ (88,019) | \$ (1,525,194) | \$ 1,590,734 | \$ 181,514 |
| 364,638 | 149,831 | 441,712 | 4,474,893 | 23,622 |
| - | - | 72,567 | 65,918 | - |
| 1,648 | (164,847) | - | (144,802) | (3,459) |
| (12,936) | 534 | (20,080) | (59,855) | (4,799) |
| (15,083) | 15,854 | (7,089) | 40,870 | (39,055) |
| - | 15,867 | - | (11,825) | - |
| 2,072 | (24,036) | 41,224 | 86,726 | (1,167) |
| - | - | - | (160,297) | - |
| (13,650) | (57,776) | (68,802) | (265,006) | (7,677) |
| 61,588 | 72,788 | 205,525 | 768,159 | 45,491 |
| (13,960) | (28,505) | (59,938) | (233,108) | (12,406) |
| 374,318 | (20,292) | 605,119 | 4,561,672 | 551 |
| \$ 436,068 | \$ (108,310) | \$ (920,075) | \$ 6,152,406 | \$ 182,065 |
| \$ - | \$ - | \$ - | \$ 68,667 | 61,054 |

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, 2020

| | <u>Agency</u> |
|--------------------------|------------------|
| ASSETS | |
| Cash and investments | <u>\$ 17,453</u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 17,453</u> |

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 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 are financially accountable, or which accumulate resources for the primary government and the government have 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, 2020

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, 2020

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, 2020

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 Controller and Finance 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 market 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.

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; secured at 100 percent if less than 6 percent. At June 30 the City was in compliance with this law.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

5. Cash and Investments, (continued)

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 listed below:

- 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 government-wide Statement of Net Position other than any outstanding balances between governmental-type and business-type activities that are classified as "internal balances".

All trade, taxes and assessment receivables are shown net of an allowance for uncollectible amounts. 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 uncollectible amounts 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 uncollectible receivables 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 penalties 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, 2020

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 an estimated 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 government-wide Statement of Activities, but not in the governmental fund statements in accordance with U.S. 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, 2020

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 government-wide Statement of Net Position and proprietary 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, 2020

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 refunding.

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, 2020

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:

- Non-spendable – net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. (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, 2020

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 the 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 2020, the City levied 169.08 mills including a 122.51 all-purpose mill levy, a 30.17 group health insurance mill levy, a 9.26 voter approved fire safety mill levy, and a 7.14 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.

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, 2020

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 U.S. 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. U.S. 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 2020, 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 U.S. 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-U.S. 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.

| | Major Funds | |
|-----------------------------------|----------------------|---------------------|
| | | Special |
| | | Revenue |
| | General | Streets |
| Fund balances budget basis | \$ 8,686,568 | \$ 6,807,260 |
| <u>Basis differences:</u> | | |
| Due from(to) other funds | 28,525 | - |
| Accrual of accounts receivable | 2,092,345 | - |
| Accrual of tax/assessment revenue | 598,964 | 123,509 |
| Accrual of grant revenue | 117,571 | - |
| Accrual of investment earnings | - | - |
| Accrual of expenditures | (1,006,324) | (412,395) |
| Accrual of compensated absences | (36,262) | - |
| Inventory | 6,287 | 310,498 |
| Fund balances modified accrual | <u>\$ 10,487,674</u> | <u>\$ 6,828,872</u> |

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

2. Budgetary/U.S. GAAP Basis Difference

| | Non-major Funds | | |
|-----------------------------------|------------------------|-------------------|---------------------|
| | Special Revenue | Debt Service | Capital Projects |
| Fund balances budget basis | \$ 6,003,553 | \$ 574,561 | \$ 2,882,529 |
| <u>Basis differences:</u> | | | |
| Due from(to) other funds | 404,066 | - | - |
| Accrual of accounts receivable | 8,948 | - | - |
| Loans receivable | 14,779 | - | - |
| Accrual of tax/assessment revenue | 4,477 | 36,172 | 8,350 |
| Accrual of grant revenue | 2,328,547 | - | - |
| Accrual of expenditures | (1,935,369) | 59,565 | (106,263) |
| Accrual of compensated absences | 1,083 | - | - |
| Fund balances modified accrual | <u>\$ 6,830,083</u> | <u>\$ 670,298</u> | <u>\$ 2,784,616</u> |

3. Negative Fund and Net Position Balances

The City had no major funds with negative fund or net position balances. The Special Improvement Districts Construction non-major capital projects fund had a negative fund balance of \$44,000. This balance is due to preliminary expenditures on projects that will be reimbursed at a later date from special assessment revenues.

The City also can report positive balances in all three categories of net position, both for the City as a whole, as well as for its water, wastewater, solid waste, transfer station, and parking major and Building non-major business-type activities. The non-major bus (transit) fund had negative unrestricted fund balance and net position of \$349,000. The Governmental activities also had a negative unrestricted net position of \$12,067,000. 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 | \$ 864,517 | \$ 17,453 | \$ 104,948 | \$ 207,313 | \$ 1,194,231 |
| Certificates of deposit | | - | - | - | - |
| Total carrying amount of deposits | <u>864,517</u> | <u>17,453</u> | <u>104,948</u> | <u>207,313</u> | <u>1,194,231</u> |
| Investments: | | | | | |
| State short-term investment pool | 56,022,364 | - | 134,704 | - | 56,157,068 |
| Total deposits and investments | <u>\$ 56,886,880</u> | <u>\$ 17,453</u> | <u>\$ 239,652</u> | <u>\$ 207,313</u> | <u>\$ 57,351,298</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE C - DEPOSITS AND INVESTMENTS, (continued)

2. Deposits

Reconciliation of carrying amount to deposit balances:

| | Governmental & Business | | Component Units | | |
|--|----------------------------|-----------|-----------------|------------|--------------|
| | Type | Agency | BID | TBID | Total |
| Cash - carrying amount | \$ 864,517 | \$ 17,453 | \$ 104,948 | \$ 207,313 | \$ 1,194,231 |
| Deposits in transit | (75,637) | (754,994) | - | - | (830,631) |
| Outstanding checks | 462,848 | 755,809 | - | - | 1,218,657 |
| Certificates of deposits | - | - | - | - | - |
| Deposit balances with financial institutions insured or collateralized with securities held in the City's name | \$ 1,251,728 | \$ 18,268 | \$ 104,948 | \$ 207,313 | \$ 1,582,257 |

At fiscal year-end, the City's carrying amount of deposits was \$865,000, and the bank balance was \$1,252,000. The entire cash bank balance was covered by an irrevocable, unconditional and nontransferable Letter of Credit from Federal Home Loan Bank.

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.

| | |
|------------------------------|--------------------|
| Business Type Activities: | |
| Restricted for bond reserves | 3,274,123 |
| Cash with fiscal agent | 120 |
| | <u>\$3,274,243</u> |

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, 2020

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, 2020 is \$1.000140 resulting in an unrealized gain of \$6,800. 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

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

| | Taxes | Accounts | Special Assessments | Intergovernmental - Restricted | Total |
|--------------------------|------------------|--------------------|------------------------|-----------------------------------|--------------------|
| Funds: | | | | | |
| General | \$780,055 | \$ - | \$ - | \$117,571 | \$897,627 |
| Streets | | | 245,818 | | 245,818 |
| Water | | 1,219,140 | | | 1,219,140 |
| Wastewater | | 529,371 | | | 529,371 |
| Solid waste | | 121,980 | 50,725 | | 172,705 |
| Transfer station | | 150,530 | | 218,956 | 369,486 |
| Nonmajor and other funds | 99,616 | 2,993 | 192,562 | 2,490,137 | 2,785,308 |
| Total Receivables | <u>\$879,671</u> | <u>\$2,024,014</u> | <u>\$489,105</u> | <u>\$2,826,664</u> | <u>\$6,219,454</u> |

Discretely presented component unit receivables of \$5,602 and \$35,503 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, 2020

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 | \$181,091 |
| Unavailable property taxes - debt service funds | 1,046 |
| Unavailable special assessments - special revenue funds | 265,292 |
| Unavailable special assessments - debt service funds | 189 |
| Unavailable property taxes - capital projects funds | 8,506 |
| Unearned grant revenue - general fund | 666 |
| Total unavailable revenue for governmental funds | <u>\$456,790</u> |

NOTE E - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Interfund Balances Receivable (Payable):

| | Governmental Activities | Business-type |
|--|----------------------------|-------------------|
| Internal service funds - governmental activities funds | \$ (808,407) | \$ 808,407 |
| Internal service funds - business-type funds | 200,000 | (200,000) |
| Interfund advance from capital improvements to golf | 83,932 | (83,932) |
| Total interfund balances receivable (payable) | <u>\$ (524,475)</u> | <u>\$ 524,475</u> |

The Capital Improvements fund advanced \$206,739 to the golf course in December 2016, to purchase new mowers. The loan is for five years at 1% interest.

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

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

| Due from other funds | Due to other funds | |
|-----------------------------|--|-----------|
| General | Special improvement districts construction | \$ 44,075 |

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, 2020

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

Interfund Transfers:

| | Transfers In | | | | | | | |
|----------------------------|------------------|---------------------------|---------------------|---------------|----------------|---------------------|---------------------|-----------------------|
| | General | Non-Major Governmental | Capital Transfer | Water | Solid Waste | Transfer Station | Internal Service | Total Transfers In |
| Transfers Out: | | | | | | | | |
| General | \$ - | \$ 636,028 | \$ - | \$ - | \$ - | \$ - | \$ 113,808 | \$ 749,836 |
| Streets | | | | | | | 9,894 | 9,894 |
| Non-Major Governmental | 720,379 | | | 40,000 | | | 18,134 | 778,513 |
| Water | | | | | | | 12,109 | 12,109 |
| Wastewater | | | | | | | 8,749 | 8,749 |
| Solid Waste | | | | | | 24,045 | 4,688 | 28,733 |
| Transfer Station | | | | | 175,000 | | 6,490 | 181,490 |
| Parking | | | | | | | 3,343 | 3,343 |
| Golf | 280,000 | | | | | | 4,900 | 284,900 |
| Non-Major Proprietary | 205,495 | 297,000 | 8,000 | | | | 14,454 | 524,949 |
| Internal Service | | | | | | | 3,431 | 3,431 |
| Total Transfers Out | 1,205,874 | 933,028 | 8,000 | 40,000 | 175,000 | 24,045 | 200,000 | 2,585,947 |

The general fund transferred \$1,206,000 to help finance the Civic Center and Facilities Management programs which are part of the Community Facilities fund (\$364,000), fund bus transit services (\$292,000), fund the golf course (\$280,000) with the expectation it will be repaid in the future, provide assistance to public arts programs (\$19,000), and provide funds for the new Law and Justice center (\$250,000).

A governmental asset, a payment (\$8,000) for the remodel of the Law and Justice Center Courtroom, was transferred to the City-County Administration Building non-major proprietary fund that owns and maintains the building. 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) | \$ 502,476 |
| 0% Alternative Energy Loan Program; secured by tax lien on property (b) | 144,492 |
| 0% Sidewalk Replacement Loan Program; secured by tax lien on property (c) | 511,688 |
| Interfund Loan pre-payment adjustment - Golf Course Fund (d) | (83,892) |

Major Proprietary - Water

| | |
|--|--------|
| 0% Water Infrastructure Rebate Program; secured by lien on property (e) | 15,767 |
| 0% Service Line Infrastructure Rebate Program; secured by lien on property (e) | 53,638 |

Major Proprietary - Wastewater

| | |
|--|---------|
| 0% Wastewater Infrastructure Rebate Program; secured by lien on property (e) | 134,516 |
| 0% Service Line Infrastructure Rebate Program; secured by lien on property (e) | 36,056 |

| | |
|------------------------|--------------|
| Total loans receivable | \$ 1,314,742 |
|------------------------|--------------|

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE F – LOANS RECEIVABLE, (continued)

- (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.
- (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) This was an interfund advance to the Golf Fund from the Capital Improvements Fund. The yearly advance due in Fiscal 2019 had not been paid to the Capital Improvements Fund. The FY2019 and FY2020 repayments were done in Fiscal year 2020.
- (e) The City created a loan program to assist newly-annexed property owners on the west side who are on wells and/or septic systems to connect to the City's water and wastewater systems. 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 or property tax 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 Balance |
|--|----------------------|--------------|-------------|-----------|-------------------|
| Government activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 84,847,204 | \$ - | \$ (2,809) | \$ - | \$ 84,844,395 |
| Construction in Progress | 1,730,901 | 4,596,305 | - | - | 6,327,206 |
| Total capital assets not being depreciated | 86,578,105 | 4,596,305 | (2,809) | - | 91,171,601 |
| Capital assets being depreciated: | | | | | |
| Buildings | 11,138,261 | 67,900 | (53,946) | - | 11,152,215 |
| Improvements other than buildings | 17,355,977 | 119,674 | - | - | 17,475,652 |
| Machinery and equipment | 17,097,582 | 1,854,373 | (560,934) | (7,935) | 18,383,086 |
| Infrastructure | 48,683,048 | - | - | - | 48,683,048 |
| Total capital assets being depreciated | 94,274,868 | 2,041,948 | (614,880) | (7,935) | 95,694,001 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 6,955,168 | 192,123 | (53,946) | - | 7,093,345 |
| Improvements other than buildings | 8,013,600 | 595,411 | - | - | 8,609,012 |
| Machinery and equipment | 12,395,833 | 1,094,249 | (546,198) | (71,473) | 12,872,411 |
| Infrastructure | 18,350,266 | 686,264 | - | - | 19,036,529 |
| Total accumulated depreciation | 45,714,867 | 2,568,047 | (600,144) | (71,473) | 47,611,297 |
| Total capital assets being depreciated, net | 48,560,000 | (526,099) | (14,736) | 63,537 | 48,082,704 |
| Governmental-type activities capital assets, net | \$ 135,138,106 | \$ 4,070,206 | \$ (17,545) | \$ 63,537 | \$ 139,254,305 |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE G - CAPITAL ASSETS, (continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|--------------|-------------|-------------|-------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 48,322,359 | \$ - | \$ (61,054) | \$ - | \$ 48,261,305 |
| Construction in Progress | 8,407,520 | 5,103,496 | - | (5,499,930) | 8,011,086 |
| Total capital assets not being depreciated | 56,729,879 | 5,103,496 | (61,054) | (5,499,930) | 56,272,391 |
| Capital assets being depreciated: | | | | | |
| Buildings | 46,612,876 | 456,318 | - | 339,150 | 47,408,343 |
| Improvements other than buildings | 5,417,140 | - | - | - | 5,417,140 |
| Machinery and equipment | 15,828,701 | 931,297 | (486,112) | 7,934 | 16,281,820 |
| Infrastructure | 176,896,515 | 355,595 | - | 5,160,781 | 182,412,890 |
| Total capital assets being depreciated | 244,755,232 | 1,743,209 | (486,112) | 5,507,865 | 251,520,194 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 19,956,540 | 1,008,068 | - | - | 20,964,608 |
| Improvements other than buildings | 2,770,783 | 281,335 | - | - | 3,052,118 |
| Machinery and equipment | 9,282,910 | 1,354,371 | (486,112) | 67,075 | 10,218,244 |
| Infrastructure | 114,459,245 | 1,850,378 | - | - | 116,309,623 |
| Total accumulated depreciation | 146,469,478 | 4,494,152 | (486,112) | 67,075 | 150,544,593 |
| Total capital assets being depreciated, net | 98,285,754 | (2,750,943) | 0 | 5,440,790 | 100,975,601 |
| Business-type activities capital assets, net | \$ 155,015,633 | \$ 2,352,553 | \$ (61,054) | \$ (59,140) | \$ 157,247,992 |

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

Governmental activities:

| | |
|---|---------------------|
| General Government | \$ 58,959 |
| Public safety | 545,387 |
| Public health | 8,456 |
| Public works | 1,074,115 |
| Culture and recreation | 876,766 |
| Copier revolving - internal service fund charged to various functions based on their usage of the assets | 4,364 |
| | <u>\$ 2,568,047</u> |

Business-type activities:

| | |
|---|---------------------|
| Water | \$ 1,897,491 |
| Wastewater | 1,001,546 |
| Solid waste | 326,481 |
| Transfer station | 293,193 |
| Parking | 364,638 |
| Golf course | 149,831 |
| Bus/Transit | 285,045 |
| Building | 18,329 |
| City-County administration building | 138,339 |
| Fleet services - internal service fund charged to various functions based on their usage of the assets | 19,259 |
| | <u>\$ 4,494,152</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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:

| | |
|---|--------------|
| 2017 General Obligation Refunding Bonds, 3.0%, payable in annual installments of \$400,000 to \$565,000, final scheduled payment January 1, 2028. | \$ 3,955,000 |
|---|--------------|

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. | 520,000 |
|---|---------|

| | |
|---|---------------------|
| 2017 Limited General Obligation Bonds, 2.75%, payable in annual installments of \$85,000 to \$140,000, final scheduled payment February 15, 2037. | 1,925,000 |
| Total general obligation bonds outstanding | 6,400,000 |
| Less current portion | (595,000) |
| Long-term bonds outstanding | <u>\$ 5,805,000</u> |

In November 2007 the electors of the City authorized the Commission to issue \$7,850,000 of general obligation bonds to finance major improvements at Centennial Park, Memorial Park pool, and Kindrick-Legion baseball field. The bonds were issued in April 2008. The 2008 General Obligation Parks bonds 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 percent to advance refund \$5,525,000 of outstanding 2008 Series bonds with a true interest rate of 3.77 percent to reduce its total debt service payments over the next eleven 11 years by \$318,000 and obtain a present value economic gain of \$289,000.

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 \$65,000 of debt service savings over the life of the bonds with a net present value savings of \$58,000. 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 \$558,000. Principal and interest paid for the current year on the refunding bonds was \$93,000. The principal and interest from fiscal year 2020 equal approximately 0.5 percent of the general fund revenues pledged, and 5 percent of the Parking operating revenues used to pay the debt service. These bonds were bank qualified and all were purchased by a local bank.

In November 2017, the City issued \$2,100,000 of General Fund Bonds, Series 2017 with a true interest rate of 2.75 percent 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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

General Obligation Bonds (continued):

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 |
| 2021 | \$ 425,000 | \$ 118,650 | \$ 170,000 | \$ 64,315 |
| 2022 | 445,000 | 105,900 | 180,000 | 59,994 |
| 2023 | 460,000 | 92,550 | 180,000 | 55,342 |
| 2024 | 480,000 | 78,750 | 190,000 | 50,629 |
| 2025 | 500,000 | 64,350 | 190,000 | 45,730 |
| 2026-2030 | 1,645,000 | 99,750 | 635,000 | 170,471 |
| 2031-2035 | - | - | 625,000 | 90,200 |
| 2036-2040 | - | - | 275,000 | 11,413 |
| Total | <u>\$ 3,955,000</u> | <u>\$ 559,950</u> | <u>\$ 2,445,000</u> | <u>\$ 548,094</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) | \$4,127,824 |
| General limitation percentage | <u>2.50%</u> |
| General limit of indebtedness | <u>\$103,196</u> |
| Outstanding general obligation bonds at June 30: | |
| Outstanding loans subject to limitation* | 5,880 |
| Total debt subject to limit | <u>5,880</u> |
| Excess limit over outstanding debt margin | <u>\$97,316</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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

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.

On July 26, 2016, the City issued COPs totaling \$8,200,000 with a true interest rate of 2.64 percent to advance refund the 2009 COPs. The City will achieve \$2,440,000 of debt service savings over the life of the certificates with a net present value savings of \$1,961,000.

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 2020 equaled 2.7 percent of the general fund revenues pledged, and 28.8 percent of the parking operating revenues used to pay the debt service.

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

| <u>Fiscal Year Ending</u> <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
|---|---------------------|---------------------|
| 2021 | \$ 305,000 | \$ 183,450 |
| 2022 | 310,000 | 177,350 |
| 2023 | 320,000 | 171,150 |
| 2024 | 325,000 | 164,750 |
| 2025 | 330,000 | 158,250 |
| 2026-2030 | 1,750,000 | 683,712 |
| 2031-2035 | 2,010,000 | 439,500 |
| 2036-2039 | 1,815,000 | 127,450 |
| Total | <u>\$ 7,165,000</u> | <u>\$ 2,105,612</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds:

As of 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. | \$ 950,000 |
| 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. | 846,000 |
| 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. | 737,000 |
| 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. | 568,000 |
| Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2019, due July 1, 2036, 2.50%, payable from the Water fund in semi-annual installments of \$111,000 to \$163,000 beginning January 1, 2020, redeemable on any date with the permission of the State. | 4,309,622 |
| 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. | 1,133,000 |
| Wastewater System Revenue Bonds, (DNRC Revolving Loan Program) Series 2019 Refunding, due July 1, 2040; 2%, payable from the Wastewater fund in semi-annual installments of \$53,000 to \$84,000 beginning January 1, 2020, redeemable on any date with the permission of the State. | 226,297 |
| Total revenue bonds outstanding | 8,769,919 |
| Less current portion | (1,578,000) |
| Long-term bonds outstanding | <u>\$ 7,191,919</u> |

On December 5, 2012, the City issued \$5,287,000 of Refunding Revenue Bonds through the Montana DNRC Revolving Loan Program, with an interest rate of 2.25 percent to refund \$5,287,000 of outstanding 2005, 2007, and 2012 Series bonds, all with 3.75 percent interest rate. These refunding reduced the City's total debt service payments over the next 15 years by \$850,000 and obtain a present value economic gain of \$718,000.

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 \$465,000 in March 2012 and \$508,000 in July 2012 for a total of \$973,000 outstanding at the time of the refunding. The City borrowed the remaining \$352,000 on March 8, 2013.

On December 29, 2016, the City issued \$661,000 of DNRC Drinking Water Revolving Loan Program, with an interest rate of 2.5 percent to finance improvements to the Ten mile 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 19 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,387,000. Principal and interest paid for the current year and total customer net operating revenues were \$919,000, and \$951,000, respectively.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

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 percent to refund all \$6,383,000 of outstanding 1999 Series bonds with an interest rate of 4 percent, to reduce its total debt service payments over the next 9 years by \$796,000 and obtain a present value economic gain of \$725,000. The City used \$73,000 of freed up debt service reserves to pay additional principal outstanding at closing.

On September 9, 2019, the City committed to borrow \$5,700,000 of DNRC Drinking Water Revolving Loan Program, Series 2019 bonds. The City borrowed \$4,421,000 of the amount on September 17, 2019.

On December 15, 2019, the City committed to borrowed \$2,754,000 of DNRC Pollution Control, Series 2019 bonds. The City borrowed 226,000 on December 17, 2019.

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 \$610,000. Principal and interest paid for the current year and total customer net revenues were \$1,004,000 and \$1,167,000, 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 percent for water and 125 percent 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 percent and 125 percent, 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 | \$ 8,452 | \$ 6,147 |
| Direct operating expenses | 6,888 | 4,214 |
| Net revenue | <u>\$ 1,564</u> | <u>\$ 1,933</u> |
| Maximum debt service | \$ 896 | \$ 939 |
| Percent coverage | 174.6% | 205.9% |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Business-Type Activities Revenue Bonds (continued):

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

| | <u>Water</u> | <u>Wastewater</u> |
|--|----------------------|---------------------|
| Cash: | | |
| Operating/surplus account | \$ 14,669,427 | \$ 1,541,403 |
| Restricted cash - revenue bond account | 798,374 | 2,475,748 |
| Total cash and investments | <u>\$ 15,467,802</u> | <u>\$ 4,017,152</u> |

Revenue Bonds Debt Service Requirements to Maturity:

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

| Fiscal Year Ending | Business-type | |
|--------------------|---------------------|---------------------|
| June 30 | Principal | Interest |
| 2021 | \$ 1,578,000 | \$ 199,489 |
| 2022 | 1,231,000 | 165,057 |
| 2023 | 764,297 | 141,610 |
| 2024 | 771,000 | 123,666 |
| 2025 | 566,000 | 106,723 |
| 2026-2030 | 1,825,000 | 370,982 |
| 2031-2035 | 1,711,000 | 161,900 |
| 2036-2040 | 323,622 | 4,869 |
| Total | <u>\$ 8,769,919</u> | <u>\$ 1,274,296</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Loans and Advances

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

Business-Type Activities Loans:

| | |
|---|---------------------|
| 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 - 2.5% | \$ 296,805 |
| 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 - 3.37% | 26,034 |
| CCAB Cooling System INTERCAP Loan, Series 2020 | |
| annual adjustable rate INTERCAP Revolving loan to the City from the Montana Board of Investments; agreement date June 29, 2020 with a loan amount of 750,000, semi annual payments of varying amounts with a maturity date of August 15, 2030; Current rate - 2.5% | 750,000 |
| Parking Meter Project INTERCAP Loan Series 2020 | |
| annual adjustable rate INTERCAP Revolving loan to the City from the Montana Board of Investments: agreement date November 01, 2019 with a loan amount of 560,242, semi annual payments of varying amounts with a maturity date of February 15, 2030; Current rate - 2.5% | 560,243 |
| Total business-type loans outstanding | 1,633,082 |
| Less current portion | (135,837) |
| Long-term loans outstanding | <u>\$ 1,497,245</u> |

Loan Annual Debt Service Requirements to Maturity:

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

| Fiscal Year Ending | Business-type | |
|--------------------|---------------------|-------------------|
| | Principal | Interest |
| June 30 | | |
| 2021 | \$ 135,837 | \$ 25,396 |
| 2022 | 145,985 | 43,220 |
| 2023 | 149,669 | 38,860 |
| 2024 | 153,456 | 34,384 |
| 2025 | 157,345 | 29,796 |
| 2026-2030 | 848,964 | 75,951 |
| 2031 | 41,826 | 526 |
| Total | <u>\$ 1,633,082</u> | <u>\$ 248,134</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Loans and advances (continued):

Business-Type Activities Advances:

In December 2016, the City Commission approved an advance from the Capital Improvement governmental fund to the Golf enterprise fund to finance the purchase of a new mower 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%
 Less current portion
 Long-term advances outstanding

| |
|-------------------------|
| \$ 83,932 |
| <u>(41,757)</u> |
| <u><u>\$ 42,175</u></u> |

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 |
| 2021 | 41,757 | 839 |
| 2022 | 42,175 | 422 |
| Total | <u><u>\$ 83,932</u></u> | <u><u>\$ 1,261</u></u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE H - LONG-TERM LIABILITIES, (continued)

Changes in Long-Term Liabilities

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

Governmental Activities Long-Term Liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------------|
| General obligation bonds | \$ 4,370,000 | \$ - | \$ 415,000 | \$ 3,955,000 | \$ 425,000 |
| Compensated absences * | 2,054,890 | 1,367,768 | 1,137,290 | 2,285,368 | 1,195,805 |
| Other postemployment benefits* | 5,329,451 | 1,901,047 | - | 7,230,498 | - |
| Pensions* | 13,331,829 | 722,805 | - | 14,054,634 | - |
| Total | <u>\$ 25,086,170</u> | <u>\$ 3,991,619</u> | <u>\$ 1,552,290</u> | <u>\$ 27,525,499</u> | <u>\$ 1,620,805</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 | \$ 2,615,000 | \$ - | \$ 170,000 | \$ 2,445,000 | \$ 170,000 |
| Loans | 416,442 | 1,310,243 | 93,602 | 1,633,083 | 135,837 |
| Certificates of participation | 7,465,000 | - | 300,000 | 7,165,000 | 305,000 |
| Revenue bonds | 5,455,000 | 4,646,919 | 1,332,000 | 8,769,919 | 1,578,000 |
| Compensated absences | 826,287 | 20,236 | 65,323 | 911,846 | 477,118 |
| Other postemployment benefits | 2,448,366 | 813,652 | - | 3,262,017 | - |
| Pensions | 6,471,690 | - | 272,681 | 6,199,008 | - |
| Landfill postclosure | 2,205,400 | 107,637 | 267,934 | 2,045,103 | 107,637 |
| Total | <u>\$ 27,903,185</u> | <u>\$ 6,898,687</u> | <u>\$ 2,501,539</u> | <u>\$ 32,430,977</u> | <u>\$ 2,773,592</u> |

The BID and TBID had compensated absences payable of \$10,000 and \$7,000, respectively.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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: | | | | |
| <u>Nonspendable:</u> | | | | |
| Inventory | \$ 6,287 | \$ 310,498 | \$ - | \$ 316,784 |
| Unavailable Revenue | | | 8,506 | 8,506 |
| Long-term notes receivable | - | - | 646,968 | 646,968 |
| Total Nonspendable | 6,287 | 310,498 | 655,474 | 972,258 |
| <u>Restricted:</u> | | | | |
| General government | 55,401 | - | - | 55,401 |
| Public safety | 6,730 | - | 281,779 | 288,509 |
| 911 dispatch center | - | - | 470,000 | 470,000 |
| Public works projects | - | 1,909,366 | 2,800,432 | 4,709,798 |
| Culture and recreation | - | - | 1,071,662 | 1,071,662 |
| Community development | 70,683 | - | - | 70,683 |
| General obligation debt | - | - | 620,232 | 620,232 |
| Special assessment debt | - | - | 36,020 | 36,020 |
| Tax Increment Financing | | | 472,067 | 472,067 |
| Total restricted | 132,814 | 1,909,366 | 5,752,193 | 7,794,373 |
| <u>Committed:</u> | | | | |
| General government - community facilities | - | - | 1,683,183 | 1,683,183 |
| Public works | - | 1,248,724 | - | 1,248,724 |
| Total committed | - | 1,248,724 | 1,683,183 | 2,931,907 |
| <u>Assigned:</u> | | | | |
| General government | 10,790 | - | - | 10,790 |
| Public safety | 14,644 | - | 487,951 | 502,595 |
| Public works | 22,500 | 1,133 | 160,000 | 183,633 |
| Culture and recreation | - | - | 351,812 | 351,812 |
| Community development | - | - | 122,290 | 122,290 |
| Other capital projects | - | 3,359,150 | 1,114,004 | 4,473,154 |
| Total assigned | 47,934 | 3,360,283 | 2,236,057 | 5,644,274 |
| <u>Unassigned:</u> | 10,300,640 | 0 | (44,075) | 10,256,565 |
| Total fund balance | \$ 10,487,674 | \$ 6,828,872 | \$ 10,282,831 | \$ 27,599,377 |

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, 2020

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 | \$ 7,174,379 |
| Licenses and permits | 74,968 |
| State shared revenue - gas tax | 1,136,930 |
| Local grant | 30,494 |
| Investment earnings | 76,109 |
| Miscellaneous | 9,252 |
| Sale of capital assets | 105,274 |
| Transfers in | 9,894 |
| Total | <u>\$ 8,617,299</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, 2020

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

Public Employees' Retirement System (PERS), (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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

Service Credit

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

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

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

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

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

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

Service Credit

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

Final Average Compensation (FAC)

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Deferred Retirement Option Plan (DROP)

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

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.

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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE J - EMPLOYEE BENEFIT PLANS, (continued)

Pension Plans, (continued)

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

- 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% | 8.67% | 0.10% | ¹ |
| MPORS | 5.8-10.5% | 14.41% | 29.37% | |
| FURS - GABA | 10.70% | 14.36% | 32.61% | |
| FURS - NON-GABA | 7.8-9.5% | 14.36% | 32.61% | |

| | <u>City</u> | | <u>State</u> | |
|-------|--------------|--------------|--------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2020</u> |
| PERS | \$ 1,084,183 | \$ 1,042,570 | \$ 1,024,554 | \$ 308,438 |
| MPORS | 536,769 | 525,448 | 505,016 | 1,074,709 |
| FURS | 417,245 | 408,385 | 364,244 | 947,870 |

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, 2020

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, 2020, 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 | \$ 13,966,667 | \$ 4,405,672 | \$ 1,881,303 | \$ 20,253,642 |
| State's proportionate share of the net pension liability associated with the City | 4,543,235 | 8,971,489 | 4,549,940 | 18,064,664 |
| Total | <u>\$ 18,509,902</u> | <u>\$ 13,377,161</u> | <u>\$ 6,431,243</u> | <u>\$ 38,318,306</u> |

The net pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures to roll forward to the measurement date of June 30, 2020. 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 | 0.6682% | 2.2134% | 1.6400% |

For the year ended June 30, 2020, the City recognized pension expenses of \$2,654,609 and revenue of \$2,331,017 for support provided by the State. At June 30, 2020, 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 | \$ 662,268 | \$ 391,009 | \$ 169,126 | \$ 1,222,403 |
| Net difference between projected and actual earnings on pension plan investments | 169,342 | 81,891 | 62,691 | 313,924 |
| Changes in assumptions | 592,928 | 88,601 | 138,707 | 820,236 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | - | - | - |
| City contributions subsequent to the measurement date | 961,398 | 525,670 | 408,385 | 1,895,453 |
| Total | <u>\$ 2,385,936</u> | <u>\$ 1,087,171</u> | <u>\$ 778,909</u> | <u>\$ 4,252,016</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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)

| | <u>Deferred Inflows of Resources</u> | | | |
|---|---|------------------|------------------|---------------------|
| | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> | <u>Total</u> |
| Differences between expected and actual experience | \$ 657,188 | \$ 27,988 | \$ 19,517 | \$ 704,693 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 1,761,957 | 36,870 | 63,803 | 1,862,630 |
| Total | <u>\$ 2,419,145</u> | <u>\$ 64,858</u> | <u>\$ 83,320</u> | <u>\$ 2,567,323</u> |

\$1,895,453 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, 2020. 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</u> <u>June 30</u> | <u>PERS</u> | <u>MPORS</u> | <u>FURS</u> | <u>Total</u> |
|---|---------------------|-------------------|-------------------|---------------------|
| 2020 | (137,478) | 183,793 | 98,742 | 145,057 |
| 2021 | (1,072,109) | 122,751 | 29,462 | (919,896) |
| 2022 | 62,996 | 148,839 | 87,884 | 299,719 |
| 2023 | 151,984 | 41,260 | 69,076 | 262,320 |
| Thereafter | - | - | 2,039 | 2,039 |
| Total | <u>\$ (994,607)</u> | <u>\$ 496,643</u> | <u>\$ 287,203</u> | <u>\$ (210,761)</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, 2020. The actuarial assumptions used in the June 30, 2020 valuations were based on the results of actuarial experience studies, dated May 2017 for the six-year period July 1, 2011 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 average percentage of payroll | .23% to .26% |
| Merit increases | 0% to 6.6% |
| Guaranteed annual benefit adjustment (GABA) | 0% to 3% based on hire date and PERS funded percentage |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2019 and are summarized in the following table:

| Asset Class | Target Asset Allocation | Real Rate of Return Arithmetic Basis | Long-Term Expected Real Rate of Return |
|------------------------------|--|---|---|
| Cash equivalents | 3.00% | 4.09% | 0.12% |
| Domestic equity | 36.00% | 6.05% | 2.18% |
| Foreign equity | 18.00% | 7.01% | 1.26% |
| Fixed income | 23.00% | 2.17% | 0.50% |
| Private equity | 12.00% | 10.53% | 1.26% |
| Real estate | 8.00% | 5.65% | 0.45% |
| Total | <u>100.00%</u> | | <u>5.78%</u> |
| Inflation | | | <u>2.75%</u> |
| Portfolio return expectation | | | <u>8.53%</u> |

The long-term expected rate of return above (8.53%) 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 remained at 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutorily required rates. Based on those assumptions, the pension 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, 2020

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:

| City's proportionate share of the net pension liability | 1% Decrease (6.65%) | Discount Rate (7.65%) | 1% Increase (8.65%) |
|--|------------------------|--------------------------|------------------------|
| PERS | \$ 20,066,123 | \$ 13,966,667 | \$ 8,840,847 |
| MPORS | 6,477,077 | 4,405,672 | 2,747,528 |
| FURS | 3,285,736 | 1,881,303 | 748,895 |
| | <u>\$ 29,828,936</u> | <u>\$ 20,253,642</u> | <u>\$ 12,337,270</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 2020, 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, 2020, 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 | 47 | 84 | 91 |
| Active employees and dependents | <u>319</u> | <u>322</u> | <u>321</u> |
| | <u>366</u> | <u>406</u> | <u>412</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, 2020

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 \$10,492,513 was measured as of June 30, 2019, with results rolled forward to June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 3.50 percent |
| Salary increases | 2.50 percent |
| Discount rate | 3.50 percent |
| Medical and dental healthcare cost trend rates | 7.0 percent for 2020, decreasing 0.5 percent per year to 2022, then decreasing by .1 percent per year to an ultimate rate of 3.8 percent for 2076 and later years |
| Vision healthcare cost trend rates | 2.0 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2017.

Changes in the Total OPEB Liability.

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balance at June 30, 2019 | \$ 7,777,814 |
| Changes for the year: | |
| Service cost | 494,525 |
| Interest | 280,803 |
| Differences between expected and actual experience | - |
| Changes in assumptions or other inputs | 2,076,199 |
| Benefit payments | <u>(136,828)</u> |
| Net changes | 2,714,699 |
| Balance at June 30, 2020 | <u><u>\$ 10,492,513</u></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 (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

| | 1% Decrease (2.5%) | Discount rate (3.5%) | 1% Increase (4.5%) |
|----------------------|-----------------------|-------------------------|-----------------------|
| Total OPEB Liability | \$ 13,378,927 | \$ 10,492,513 | \$ 8,367,740 |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 8,168,349 | \$ 10,492,513 | \$ 13,725,678 |

For the year ended June 30, 2020, 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 | \$ - | \$ 281,199 |
| Changes of assumptions or other inputs | 3,553,503 | - |
| Total | <u>\$ 3,553,503</u> | <u>\$ 281,199</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: | |
|--------------------------------|---------------------|
| 2021 | 259,251 |
| 2022 | 259,251 |
| 2023 | 259,251 |
| 2024 | 259,251 |
| 2025 | 259,251 |
| Thereafter | 1,976,050 |
| | <u>\$ 3,272,305</u> |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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:

| | 2020 | 2019 |
|-------------------------|-----------------------|---------------------|
| Cash and investments | <u>\$ 6,124,268</u> | <u>\$ 7,194,506</u> |
| Other assets | <u>-</u> | <u>-</u> |
| Total assets | <u>6,124,268</u> | <u>7,194,506</u> |
| Liabilities | 2,000,000 | - |
| Net position | <u>\$ 4,124,268</u> | <u>\$ 7,194,506</u> |
| Revenues | 3,936,689 | 3,889,955 |
| Expenses | (7,005,627) | (3,326,140) |
| Prior period adjustment | (1,300) | 8,231 |
| Change in net position | <u>\$ (3,070,238)</u> | <u>\$ 572,046</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.

NOTE M - COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, there were uncompleted construction contracts as follows:

| <u>Project #</u> | <u>Project Title</u> | <u>Balance</u> |
|------------------|--------------------------------|----------------|
| CF0907 | City Court Remodel | \$ 87,007 |
| CF7903 | Civic Center-Fire Alarm System | 65,588 |
| MR7902 | MRTP Prg Support | 30,609 |
| MR7903 | MRTP Prg logic controls | 424,141 |
| MR8909 | MRTP chemical feed system | 326,584 |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE M - COMMITMENTS AND CONTINGENCIES, (Continued)

| Project # | Project Title | Balance |
|------------------|--------------------------------|-----------------------------|
| PR9913 | 50 Meter Pool liner | 144,162 |
| PR9915 | Park Well Project | 79,636 |
| PR9919 | Beattie Trailhead | 87,533 |
| PS8909 | Fire Tower Restoration | 20,000 |
| SD0906 | Kmart Ponds Improvement | 10,135 |
| SD0909 | 13th St Storm Water Main | 16,285 |
| SD4905 | Front 48" to 66" Concrete | 2,436,202 |
| SD8906 | Lawrence & Warren Sidewalk | 35,210 |
| SD8907 | Nature Prk- Mchugh | 279,732 |
| SD9906 | Harris St/Storm Drain | 8,896 |
| ST0917 | Rodney St PH1 | 235,351 |
| ST3907 | West Main Improvements | 194,570 |
| ST5907 | Front St 800-1600 Streetscape | 2,794,215 |
| ST9911 | Bill Robert BikePath/Benton | 269,286 |
| ST9915 | Neill/Fuller and Front Str | 39,465 |
| ST9916 | Knight Str Sidewalk | 294,487 |
| SW0902 | Warm Storage Building | 110,750 |
| SW0903 | Transfer Station Entrance | 43,394 |
| WM0910 | Slip Lining Projects | 2,325 |
| WM7909 | Northside Gravity Main | 24,575 |
| WM8905 | MntView MDW Sewer Impr | 1,765,573 |
| WM8909 | Westside WW Mains | 740,612 |
| WM9916 | Clark Str WW Main | 1,057 |
| WT7905 | Rimini Raw Water Line | 91,748 |
| WT8915 | Chessman Control Valves | 466,344 |
| WT9909 | Westside Tank Design | 692,131 |
| WU0914 | Fire Hydrant Replcmnt | 81,608 |
| WU5912 | Cold Storage Bldg | 8,793 |
| WU5915 | Westside Water Mains | 811,932 |
| WU8912 | WWTP Pressure Red Valves | 90,086 |
| WU8914 | Fixed Base Radio Read | 20,226 |
| WU8920 | Lewis Str Water Main | 211,427 |
| WU9918 | Birch St Water Main | 209,212 |
| WW0909 | Secondary Digester #2 Cov | 28,427 |
| WW0914 | Monroe Shrd Svc Swr Ext | 199,999 |
| WW6906 | Influent Channel-Headwork | 250,171 |
| WW7905 | Poplar Trees Removal | 57,475 |
| WW8911 | IMP Pipe Wrk Replacement | 5,698 |
| WW8913 | Headwrks Grit Removal-Wshr | 202,406 |
| WW8914 | IMP Bldg Standby Generator | 128,092 |
| WW9905 | Boiler Replacement | 71,561 |
| WW9909 | WWTP Digester Roof Replacement | 143,577 |
| | | <u>\$ 14,338,292</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.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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.

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 2020 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:

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE N - RISK MANAGEMENT, (continued)

| | Fiscal Year 2020 | Fiscal Year 2019 |
|-------------------------|---------------------|---------------------|
| Claims payable, July 1 | \$ 77,168 | \$ 58,113 |
| Claims incurred | 330,049 | 272,758 |
| Claims paid | (305,415) | (253,703) |
| Claims payable, June 30 | <u>\$ 101,802</u> | <u>\$ 77,168</u> |

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.

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 post closure 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 post closure 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 post closure costs have been recalculated to include a net increase of \$29,884. 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 post closure 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 \$2,0457,000 presented on the statement of net position at June 30 is an estimate of the post closure care costs liability and is subject to changes such as the effect of inflation, revision of laws and other variables.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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:

| Minimum Lease Payments | | Carrying Amount of 15th St. Garage | |
|------------------------|---------------------|------------------------------------|---------------------|
| Fiscal Year Ending | | | |
| June 30 | Amount | Cost | |
| 2021 | \$ 306,600 | | \$ 6,992,366 |
| 2022 | 306,600 | Accumulated Depreciation | (1,018,097) |
| 2023 | 306,600 | Carrying Amount | <u>\$ 5,974,269</u> |
| 2024 | 306,600 | | |
| 2025 | 306,600 | | |
| 2026-2030 | 1,533,000 | | |
| 2031-2035 | 1,533,000 | | |
| 2036-2040 | 1,533,000 | | |
| Total | <u>\$ 6,132,000</u> | | |

Lease payments received were \$297,090 for the year ended June 30, 2020. 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 had 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 \$553,000 and \$386,000, 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 \$760,000 and \$738,000, 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 \$257,000, respectively.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 percent 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 percent 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, 2020, the City abated property taxes totaling \$29,000 under this program as follows:

| <u>Company</u> | <u>Amount</u> |
|------------------------|------------------|
| The Boeing Corporation | \$ 11,888 |
| Pioneer Aerostructures | 17,081 |
| | <u>\$ 28,969</u> |

Under 15-24-1502, MCA, remodeling, reconstruction, or expansion of an existing structure that increases its taxable value by at least 5 percent 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 percent 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 percent and increasing each year by 20 percent to 100 percent 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, 2020, the City abated property taxes totaling \$150 under this program as follows:

| <u>Company</u> | <u>Amount</u> |
|----------------------------|---------------|
| Stone Tree Climbing Center | \$ 150 |

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. The work plan recommended by the committee was adopted by the City Commission on August 13, 2018. The committee is recommending applications for projects. Nothing has been expended as of June 30. TIF valuation information is as follows:

| <u>Year</u> | <u>Base</u> | <u>Value</u> | <u>Increment</u> | <u>Applied</u> | <u>Revenue</u> |
|-------------|--------------|--------------|------------------|----------------|----------------|
| 2019 | \$ 2,334,837 | \$ 2,565,822 | \$ 230,985 | 1,277.33 | \$ 295,043 |

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE R – TAX INCREMENT FINANCING, (Continued)

The City Commission adopted a resolution establishing the Downtown Urban Renewal Tax Increment Financing District in 2018 and set the base valuation as of January 1, 2019. In November 2019, this district was amended to include the portion of Rodney Street that borders downtown, again by resolution. The amended base taxable value will be established as of January 1, 2020. The committee is recommending applications for projects. Nothing has been expended as of June 30. TIF valuation information is as follows:

| <u>Year</u> | <u>Base</u> | <u>Value</u> | <u>Increment</u> | <u>Applied</u> | <u>Revenue</u> |
|-------------|--------------|--------------|------------------|----------------|----------------|
| 2019 | \$ 5,430,261 | \$ 5,735,690 | \$ 305,272 | 746.05 | \$ 227,747 |

NOTE S – SUBSEQUENT EVENTS

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 is working with engineers to design the project and anticipate bidding to be completed this winter to allow for construction during spring and summer 2021. Staff is confident they can operate the plant safely and effectively with one digester and remain in compliance with EPA standards until construction is complete.

The City Commission adopted a resolution #20618 on August 24, 2020 establishing an Urban Renewal Tax Increment Financing District for the corridor area around the Capital Hill Mall. The corridor is from one block south of 11th Street to one block north of Prospect Ave. and bounded by North Dakota Street to the west and I-15 to the east.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 84, Fiduciary Activities, which was originally effective for the City beginning in fiscal year 2020, however the effective date was postponed to fiscal year 2021. 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 2022. 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. 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 was effective for the City 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 of Helena reports two component units on the face of its Government wide financial statements. The City has not acquired 100% equity interest in either component unit and as such, continues to report them as component units.

City of Helena, Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS, (Continued)

GASB has issued Statement No. 91, Conduit Debt Obligations which is effective for the City beginning in fiscal year 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

The City has not fully assessed the impact of Statements 84, 87, and 91 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 except for Statement 87.

NOTE U – PRIOR PERIOD ADJUSTMENTS

City of Helena has recorded a prior period adjustment to the financial statements fund balance of prior years manual rollforward fund balance adjustments that should have been posted.

| | <u>Fund Balance</u> |
|--|----------------------------|
| Beginning fund balance, as previously reported at June 30, 2019 | <u>\$ 6,299,204</u> |
| Prior period adjustments: | |
| Fiscal year 2018 expenses | <u>(257,857)</u> |
| Fund balance, as restated at July 1, 2019 | <u>\$ 6,041,347</u> |



Section C

REQUIRED SUPPLEMENTARY INFORMATION

City of Helena, Montana
SCHEDULE OF CITY'S TOTAL LIABILITY
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2020

| | 2020 | 2019 | 2018 | 2017 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 494,525 | \$ 305,180 | \$ 323,195 | \$ 349,927 |
| Interest | 280,803 | 205,052 | 213,451 | 212,050 |
| Differences between expected and actual experience | - | 15,687 | - | (390,128) |
| Changes of assumptions or other inputs | 2,076,199 | 1,828,444 | (45,567) | (23,468) |
| Benefit payments | (136,828) | (129,987) | (129,987) | (157,165) |
| Net change in total OPEB liability | 2,714,699 | 2,224,376 | 361,092 | (8,784) |
| Total OPEB liability--beginning | 7,777,814 | 5,553,438 | 5,192,346 | 5,201,130 |
| Total OPEB liability--ending | <u>\$10,492,513</u> | <u>\$ 7,777,814</u> | <u>\$ 5,553,438</u> | <u>\$ 5,192,346</u> |

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% |
| 2019 | 3.50% |
| 2020 | 3.50% |

Governmental Accounting Standard Board, Statement 75 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
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2020

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$3,574,506 | \$3,259,869 | \$3,095,913 | \$2,967,400 |
| Contributions in relation to the contractually required contribution | 3,574,506 | 3,259,869 | 3,095,913 | 2,967,400 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Governmental Accounting Standard Board, Statement 75 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
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City's proportion of the net pension liability (asset) | 0.668162% | 0.677700% | 0.861400% | 0.896172% | 0.922511% | 0.920375% |
| City's proportionate share of the net pension liability (asset) | \$13,966,667 | \$14,143,693 | \$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 | 4,543,235 | 4,729,895 | 216,680 | 186,520 | 158,400 | 140,041 |
| Total | <u>\$18,509,902</u> | <u>\$18,873,588</u> | <u>\$16,993,617</u> | <u>\$15,451,437</u> | <u>\$13,053,925</u> | <u>\$11,608,009</u> |
| City's covered payroll | \$12,408,205 | \$12,032,833 | \$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 | 113% | 117.5% | 144.8% | 133.4% | 113.7% | 104.7% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.85% | 73.47% | 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 sixth 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, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 1,075,792 | \$ 1,034,116 | \$ 1,019,181 | \$ 969,521 | \$ 946,424 | \$ 926,312 |
| Contributions in relation to the contractually required contribution | (1,075,792) | (1,034,116) | (1,019,181) | (969,521) | (946,424) | (926,312) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$12,408,205 | \$ 12,066,691 | \$ 12,032,833 | \$ 11,583,283 | \$ 11,444,023 | \$ 11,338,734 |
| Contributions as a percentage of covered payroll | 8.67% | 8.57% | 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 sixth 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, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City's proportion of the net pension liability (asset) | 2.213400% | 2.221800% | 2.155700% | 2.349374% | 2.344892% | 2.284225% |
| City's proportionate share of the net pension liability (asset) | \$ 4,405,672 | \$ 3,804,931 | \$ 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 | 8,971,489 | 7,775,004 | 7,816,822 | 8,395,130 | 7,859,095 | 7,250,892 |
| Total | <u>\$13,377,161</u> | <u>\$11,579,935</u> | <u>\$11,652,041</u> | <u>\$12,624,322</u> | <u>\$11,738,033</u> | <u>\$10,840,230</u> |
| City's covered payroll | \$ 3,724,980 | \$ 3,508,791 | \$ 3,223,935 | \$ 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% | 108.4% | 119.0% | 127.5% | 119.5% | 117.1% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.84% | 70.95% | 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 sixth 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, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 536,769 | \$ 525,448 | \$ 505,616 | \$ 465,935 | \$ 477,914 | \$ 467,659 |
| Contributions in relation to the contractually required contribution | (536,769) | (525,448) | (505,616) | (465,935) | (477,914) | (467,659) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$3,724,980 | \$3,646,415 | \$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% | 14.41% | 14.41% |

Governmental Accounting Standards Board, Statement 68 requires this information to be provided for 10 years. Because this is the sixth 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, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| City's proportion of the net pension liability (asset) | 1.640000% | 1.610500% | 1.640400% | 1.741105% | 1.802239% | 1.768133% |
| City's proportionate share of the net pension liability (asset) | \$1,881,303 | \$1,854,894 | \$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 | 4,549,940 | 4,241,313 | 4,210,822 | 4,505,486 | 4,105,464 | 3,893,752 |
| Total | <u>\$6,431,243</u> | <u>\$6,096,207</u> | <u>\$6,065,081</u> | <u>\$6,494,062</u> | <u>\$5,948,739</u> | <u>\$5,619,743</u> |
| City's covered payroll | \$2,905,533 | \$2,536,527 | \$2,449,938 | \$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 | 65% | 73.1% | 75.7% | 81.1% | 76.1% | 75.1% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.08% | 79.03% | 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 sixth 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, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 406,576 | \$ 408,385 | \$ 364,244 | \$ 352,147 | \$ 352,077 | \$ 347,791 |
| Contributions in relation to the contractually required contribution | (406,576) | (408,385) | (364,244) | (352,147) | (352,077) | (347,791) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$2,905,533 | \$2,843,908 | \$2,536,527 | \$2,452,811 | \$2,451,788 | \$2,421,941 |
| Contributions as a percentage of covered payroll | 13.99% | 14.36% | 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 sixth year of implementation, 10 years is not available.

See independent auditor's report.

City of Helena, Montana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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 actuarial 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, 2020

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, 2020

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 benefits 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, 2020

PENSIONS, (continued)

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

2017 Legislative Changes: (continued)

Terminating Employers – Recovery of actuarial 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

City of Helena, Montana
June 30, 2020

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.

Fire Programs – Used to account for the receipt and transfer of funds related to the voter-approved fire safety levy and the federal SAFER grant for firefighter wages and department capital needs.

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.

2020 CARES ACT - Used to account for the receipt and expenditures of eligible reimbursable activities needed to address the pandemic spread. This also tracks first responder charges from March 2020 to December 2020 to receive reimbursement from this program.

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.

See independent auditor's report.

City of Helena, Montana
June 30, 2020

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.

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.

See independent auditor's report.

City of Helena, Montana
June 30, 2020

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.

TIF Downtown/Rodney 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 Downtown Helena and both sides of Rodney Street from Broadway Ave and 11th Ave cross streets.

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020

| | Special Revenue | Debt Service | Capital Projects | Total Non-major Governmental |
|---|----------------------------|--------------------------|-----------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,156,197 | \$ 560,756 | \$ 2,413,365 | \$ 7,130,318 |
| Certificate of deposits | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | 237,915 | 37,407 | 16,856 | 292,177 |
| Loans receivable | 646,968 | 14,045 | 413,752 | 1,074,764 |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | 83,932 | 83,932 |
| Land held for resale | - | - | - | - |
| Restricted assets: | | | | |
| Cash with fiscal agent | - | - | - | - |
| Cash - bond account | - | - | - | - |
| Investments | - | - | - | - |
| Intergovernmental receivable | 2,490,137 | - | - | 2,490,137 |
| Total assets | <u>7,531,217</u> | <u>612,207</u> | <u>2,927,904</u> | <u>11,071,328</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Upfront Payment for Debt Service Related to a future period | - | 59,325 | - | 59,325 |
| LIABILITIES | | | | |
| Accounts payable | 558,569 | - | 106,257 | 664,826 |
| Due to other funds | - | - | 28,525 | 28,525 |
| Due to other governments | - | - | - | - |
| Compensated absences | (1,083) | - | - | (1,083) |
| Unearned revenue | 666 | - | - | 666 |
| Total liabilities | <u>558,152</u> | <u>-</u> | <u>134,782</u> | <u>692,934</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 142,983 | 1,235 | 8,506 | 152,723 |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable - not in spendable form | 646,968 | - | 8,506 | 655,474 |
| Restricted | 3,969,577 | 670,297 | 1,112,318 | 5,752,192 |
| Committed | 1,683,183 | - | - | 1,683,183 |
| Assigned | 530,355 | - | 1,707,868 | 2,238,223 |
| Unassigned | - | - | (44,075) | (44,075) |
| Total fund balances (deficits) | <u>6,830,083</u> | <u>670,297</u> | <u>2,784,616</u> | <u>10,284,996</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 7,531,217</u> | <u>\$ 671,532</u> | <u>\$ 2,927,904</u> | <u>\$ 11,130,653</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, 2020

| | Special Revenue | Debt Service | Capital Projects | Total Non-major Governmental |
|--|----------------------------|--------------------------|-----------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 434,864 | \$ 745,681 | \$ 454,605 | \$ 1,635,150 |
| Special assessments | 3,966,555 | 30 | 158 | 3,966,743 |
| Licenses and permits | 17,780 | - | 10,080 | 27,860 |
| Intergovernmental | 5,253,487 | - | - | 5,253,487 |
| Charges for services | 1,432,549 | - | 34,082 | 1,466,631 |
| Investment earnings | 80,709 | 5,594 | 39,702 | 126,005 |
| Miscellaneous | 92,809 | - | 64,613 | 157,422 |
| Total revenues | <u>11,278,753</u> | <u>751,305</u> | <u>603,239</u> | <u>12,633,297</u> |
| EXPENDITURES | | | | |
| <u>Current:</u> | | | | |
| General government | 1,010,614 | 350 | - | 1,010,964 |
| Public safety | 3,960,011 | - | - | 3,960,011 |
| Public works | 1,539,963 | 4,707 | 39,725 | 1,584,395 |
| Culture and recreation | 1,770,852 | - | 54,690 | 1,825,542 |
| Community development | 344,528 | - | - | 344,528 |
| <u>Debt service:</u> | | | | |
| Principal | - | 415,000 | - | 415,000 |
| Interest | - | 131,100 | - | 131,100 |
| Capital outlay | 2,628,297 | - | 897,153 | 3,525,450 |
| Total expenditures | <u>11,254,265</u> | <u>551,157</u> | <u>991,568</u> | <u>12,796,990</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>24,487</u> | <u>200,149</u> | <u>(388,328)</u> | <u>(163,693)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions | - | - | 11,674 | 11,674 |
| Sale of capital assets | 2,500 | - | 2,500 | 5,000 |
| Transfers in | 738,513 | - | - | 738,513 |
| Transfers out | (933,028) | - | (8,000) | (941,028) |
| Total other financing sources and uses | <u>(192,015)</u> | <u>-</u> | <u>6,174</u> | <u>(185,842)</u> |
| Net change in fund balances | <u>(167,528)</u> | <u>200,149</u> | <u>(382,155)</u> | <u>(349,535)</u> |
| Fund balances - beginning | 6,997,611 | 470,149 | 3,166,771 | 10,634,531 |
| Fund balances - ending | <u>\$ 6,830,083</u> | <u>\$ 670,298</u> | <u>\$ 2,784,616</u> | <u>\$ 10,284,996</u> |

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2020

(1 of 2)

| | <u>Storm Water</u> | <u>Community Development</u> | <u>Community Facilities</u> |
|---|----------------------------|----------------------------------|---------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,953,191 | \$ 122,290 | \$ 1,731,519 |
| Receivables (net of allowance for uncollectibles): | | | |
| Special assessments | 130,344 | - | - |
| Restricted assets: | | | |
| Intergovernmental receivable | - | - | - |
| Loans receivable | - | 646,968 | - |
| Total assets | <u>2,083,534</u> | <u>769,258</u> | <u>1,731,519</u> |
| LIABILITIES | | | |
| Accounts payable | 141,786 | - | 48,336 |
| Compensated absences | - | - | - |
| Unearned grant revenue | - | - | - |
| Total liabilities | <u>141,786</u> | <u>-</u> | <u>48,336</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 94,018 | - | - |
| Total deferred inflows of resources | <u>94,018</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | |
| Nonspendable - not in spendable form | - | 646,968 | - |
| Restricted | 1,847,731 | - | - |
| Committed | - | - | 1,683,183 |
| Assigned | - | 122,290 | - |
| Unassigned | - | - | - |
| Total fund balances (deficits) | <u>1,847,731</u> | <u>769,258</u> | <u>1,683,183</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 2,083,534</u> | <u>\$ 769,258</u> | <u>\$ 1,731,519</u> |

See independent auditor's report

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2020

(2 of 2)

| Police Programs | Fire Programs | Open Space District Maintenance | Urban Forestry Maintenance District | 2020 CARES ACT | Light Maintenance Districts | Total |
|----------------------------|--------------------------|--|--|-------------------------------|--|---------------------|
| \$ 949,220 | \$ 146,556 | \$ 487,913 | \$ 486,555 | \$ (2,320,261) | \$ 599,214 | \$ 4,156,197 |
| - | - | - | - | - | - | - |
| - | 45,542 | 29,000 | 14,338 | - | 18,691 | 237,915 |
| - | - | - | - | - | - | - |
| 19,798 | 111,848 | 38,230 | - | 2,320,261 | - | 2,490,137 |
| - | - | - | - | - | - | 646,968 |
| <u>969,018</u> | <u>303,946</u> | <u>555,143</u> | <u>500,893</u> | <u>-</u> | <u>617,905</u> | <u>7,531,217</u> |
| 92,036 | 4,746 | 118,619 | 16,524 | - | 136,521 | 558,569 |
| - | - | - | - | - | - | - |
| (1,083) | - | - | - | - | - | (1,083) |
| - | - | 666 | - | - | - | 666 |
| <u>90,953</u> | <u>4,746</u> | <u>119,285</u> | <u>16,524</u> | <u>-</u> | <u>136,521</u> | <u>558,152</u> |
| - | 17,421 | 19,348 | 5,149 | - | 7,047 | 142,983 |
| <u>-</u> | <u>17,421</u> | <u>19,348</u> | <u>5,149</u> | <u>-</u> | <u>7,047</u> | <u>142,983</u> |
| - | - | - | - | - | - | 646,968 |
| 470,000 | 281,779 | 416,510 | 479,220 | - | 474,337 | 3,969,577 |
| - | - | - | - | - | - | 1,683,183 |
| 408,065 | - | - | - | - | - | 530,355 |
| - | - | - | - | - | - | - |
| <u>878,065</u> | <u>281,779</u> | <u>416,510</u> | <u>479,220</u> | <u>-</u> | <u>474,337</u> | <u>6,830,083</u> |
| \$ 969,018 | \$ 303,946 | \$ 555,143 | \$ 500,893 | \$ - | \$ 617,905 | \$ 7,531,217 |

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, 2020

(1 of 2)

| | Storm Water | Community Development | Community Facilities | Police Programs |
|---------------------------------------|----------------------------|----------------------------------|---------------------------------|----------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Special assessments | 2,031,604 | - | - | - |
| Licenses and permits | - | - | - | 17,780 |
| Intergovernmental | 9,455 | 344,528 | - | 1,970,525 |
| Charges for services | - | - | 1,179,373 | 83,574 |
| Investment earnings | 31,794 | 15,700 | 16,345 | 5,249 |
| Miscellaneous | - | 304 | 69,159 | 1,555 |
| | <u>2,072,854</u> | <u>360,532</u> | <u>1,264,876</u> | <u>2,078,684</u> |
| EXPENDITURES | | | | |
| <u>Current:</u> | | | | |
| General government | - | - | 1,010,614 | - |
| Public safety | - | - | - | 1,627,641 |
| Public works | 601,620 | - | - | - |
| Culture and recreation | - | 7,689 | 746,984 | - |
| Community development | - | 344,528 | - | - |
| Capital outlay | 2,063,776 | - | - | - |
| Total expenditures | <u>2,665,396</u> | <u>352,217</u> | <u>1,757,598</u> | <u>1,627,641</u> |
| Revenues over (under) expenditures | <u>(592,542)</u> | <u>8,315</u> | <u>(492,722)</u> | <u>451,043</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | 2,500 | - | - |
| Transfers in | 1,562 | 316,313 | 368,428 | 10,069 |
| Transfers out | - | (297,000) | - | (34,989) |
| Total other financing sources (uses) | <u>1,562</u> | <u>21,813</u> | <u>368,428</u> | <u>(24,920)</u> |
| Net change in fund balances | <u>(590,980)</u> | <u>30,128</u> | <u>(124,294)</u> | <u>426,123</u> |
| Fund balances - beginning | 2,438,711 | 739,130 | 1,807,477 | 451,942 |
| Fund balances - ending | <u>\$ 1,847,731</u> | <u>\$ 769,258</u> | <u>\$ 1,683,183</u> | <u>\$ 878,065</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, 2020

(2 of 2)

| Fire Programs | Open Space District Maintenance | Urban Forestry Maintenance District | 2020 CARES ACT | Light Maintenance Districts | Total |
|--------------------------|--|--|-------------------------------|--|---------------------|
| \$ 434,864 | \$ - | \$ - | \$ - | \$ - | \$ 434,864 |
| - | 551,280 | 474,697 | - | 908,974 | 3,966,555 |
| - | - | - | - | - | 17,780 |
| 393,060 | 215,028 | 630 | 2,320,261 | - | 5,253,487 |
| 167,277 | 2,325 | - | - | - | 1,432,549 |
| 2,655 | 4,524 | 4,442 | - | - | 80,709 |
| - | 11,791 | 10,000 | - | - | 92,809 |
| <u>997,855</u> | <u>784,948</u> | <u>489,768</u> | <u>2,320,261</u> | <u>908,974</u> | <u>11,278,753</u> |
| - | - | - | - | - | 1,010,614 |
| 12,110 | - | - | 2,320,261 | - | 3,960,011 |
| - | - | - | - | 938,343 | 1,539,963 |
| - | 745,849 | 270,330 | - | - | 1,770,852 |
| - | - | - | - | - | 344,528 |
| <u>453,415</u> | <u>111,106</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,628,297</u> |
| <u>465,525</u> | <u>856,955</u> | <u>270,330</u> | <u>2,320,261</u> | <u>938,343</u> | <u>11,254,266</u> |
| <u>532,330</u> | <u>(72,007)</u> | <u>219,438</u> | <u>-</u> | <u>(29,368)</u> | <u>24,487</u> |
| - | - | - | - | - | 2,500 |
| - | 40,952 | 1,189 | - | - | 738,513 |
| <u>(601,039)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(933,028)</u> |
| <u>(601,039)</u> | <u>40,952</u> | <u>1,189</u> | <u>-</u> | <u>-</u> | <u>(192,015)</u> |
| <u>(68,709)</u> | <u>(31,055)</u> | <u>220,627</u> | <u>-</u> | <u>(29,368)</u> | <u>(167,528)</u> |
| <u>350,488</u> | <u>447,565</u> | <u>258,593</u> | <u>-</u> | <u>503,705</u> | <u>6,997,611</u> |
| \$ 281,779 | \$ 416,510 | \$ 479,220 | \$ - | \$ 474,337 | \$ 6,830,083 |

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, 2020

(1 of 5)

| | Storm Water | | | | Community Development | | | |
|---------------------------------------|---------------------|-----------------------|--------------------|------------------------------------|-----------------------|---------------------|-------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | 2,055,125 | 2,055,125 | 2,016,372 | (38,753) | - | - | - | - |
| Licenses and permits - other | - | - | - | - | - | - | - | - |
| <u>Intergovernmental</u> | | | | | | | | |
| Federal grants | - | - | - | - | - | - | 344,528 | 344,528 |
| State shared revenues | - | - | - | - | - | - | - | - |
| Other governments | - | - | - | - | - | - | - | - |
| Local payments in lieu of taxes | 9,455 | 9,455 | 9,455 | 0 | - | - | - | - |
| <u>Charges for services</u> | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Investment earnings | 30,000 | 30,000 | 31,794 | 1,794 | - | - | 955 | 955 |
| Miscellaneous | - | - | - | - | - | - | 270 | 270 |
| Total revenue | 2,094,580 | 2,094,580 | 2,057,622 | (36,958) | - | - | 345,754 | 345,754 |
| EXPENDITURES | | | | | | | | |
| <u>Current:</u> | | | | | | | | |
| General government | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public safety | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Public works | | | | | | | | |
| Personal services | 302,476 | 302,476 | - | 302,476 | - | - | - | - |
| Supplies/services/materials | 615,217 | 615,217 | 342,055 | 273,162 | - | - | - | - |
| Culture and recreation | | | | | | | | |
| Personal services | - | - | - | - | - | - | - | - |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| Community development | | | | | | | | |
| Supplies/services/materials | - | - | - | - | 24,354 | 368,955 | 352,217 | 16,738 |
| <u>Capital outlay</u> | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | 3,379,450 | 5,553,778 | 2,439,905 | 3,113,873 | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Total expenditures | 4,297,143 | 6,471,471 | 2,781,960 | 3,689,511 | 24,354 | 368,955 | 352,217 | 16,738 |
| Revenues over (under) expenditures | (2,202,563) | (4,376,891) | (724,338) | 3,652,553 | (24,354) | (368,955) | (6,464) | 362,491 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Debt issuance | 1,579,850 | 1,579,850 | - | (1,579,850) | - | - | - | - |
| Transfers in | 1,562 | 1,562 | 1,562 | - | 19,313 | 19,313 | 19,313 | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 1,581,412 | 1,581,412 | 1,562 | (1,579,850) | 19,313 | 19,313 | 19,313 | - |
| Net change in fund balances | <u>\$ (621,151)</u> | <u>\$ (2,795,479)</u> | <u>(722,776)</u> | <u>\$2,072,703</u> | <u>\$ (5,041)</u> | <u>\$ (349,642)</u> | <u>12,849</u> | <u>\$ 362,491</u> |
| Fund balances - beginning | | | 2,916,518 | | | | 251,433 | |
| Fund balances - ending | | | <u>\$2,193,742</u> | | | | <u>\$ 264,282</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, 2020

(2 of 5)

| Community Facilities | | | | Police Programs | | | |
|----------------------|---------------------|--------------------|------------------------------------|--------------------|------------------|-------------------|------------------------------------|
| Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 16,000 | 16,000 | 17,780 | 1,780 |
| - | - | - | - | 33,000 | 534,914 | 44,426 | (490,488) |
| - | - | - | - | 432,000 | 432,000 | - | (432,000) |
| - | - | - | - | 1,448,160 | 1,448,160 | 1,454,160 | 6,000 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 72,430 | 72,430 | 74,626 | 2,196 |
| 1,128,022 | 1,294,852 | 1,146,530 | (148,322) | - | - | - | - |
| 10,350 | 10,350 | 16,345 | 5,995 | 500 | 500 | 5,249 | 4,749 |
| 85,550 | 85,550 | 69,159 | (16,391) | 4,360 | 4,360 | 1,555 | (2,805) |
| <u>1,223,922</u> | <u>1,390,752</u> | <u>1,232,034</u> | <u>(158,718)</u> | <u>2,006,450</u> | <u>2,508,364</u> | <u>1,597,796</u> | <u>(910,568)</u> |
| 201,744 | 201,994 | 201,541 | 453 | - | - | - | - |
| 509,500 | 667,629 | 463,298 | 204,331 | - | - | - | - |
| - | - | - | - | 1,425,770 | 1,439,463 | 1,303,475 | 135,988 |
| - | - | - | - | 546,824 | 561,749 | 440,764 | 120,985 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 426,969 | 429,768 | - | 429,768 | - | - | - | - |
| 514,846 | 650,068 | 612,486 | 37,582 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 470,000 | - | 470,000 |
| - | - | - | - | - | - | - | - |
| - | - | 173,559 | (173,559) | - | - | - | - |
| <u>1,653,059</u> | <u>1,949,459</u> | <u>1,450,884</u> | <u>498,576</u> | <u>1,972,594</u> | <u>2,471,212</u> | <u>1,744,239</u> | <u>726,973</u> |
| <u>(429,137)</u> | <u>(558,707)</u> | <u>(218,850)</u> | <u>339,857</u> | <u>33,856</u> | <u>37,152</u> | <u>(146,443)</u> | <u>(183,595)</u> |
| - | - | - | - | - | - | - | - |
| 368,428 | 368,428 | 4,362 | (364,066) | 10,069 | 10,069 | 10,069 | - |
| - | - | - | - | (15,000) | (34,989) | (34,989) | - |
| <u>368,428</u> | <u>368,428</u> | <u>4,362</u> | <u>(364,066)</u> | <u>(4,931)</u> | <u>(24,920)</u> | <u>(24,920)</u> | <u>-</u> |
| <u>\$ (60,709)</u> | <u>\$ (190,279)</u> | <u>(214,488)</u> | <u>\$ (24,209)</u> | <u>\$ 28,925</u> | <u>\$ 12,232</u> | <u>(171,363)</u> | <u>\$ (183,595)</u> |
| | | 1,850,189 | | | | 495,845 | |
| | | <u>\$1,635,701</u> | | | | <u>\$ 324,482</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, 2020

(3 of 5)

| | Fire Programs | | | | Open Space District Maintenance | | | |
|---------------------------------------|--------------------|------------------|--------------------|------------------------------------|---------------------------------|--------------------|-------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ 671,100 | \$ 671,100 | \$ 430,387 | \$(240,713) | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | 545,855 | 545,855 | 547,052 | 1,197 |
| Licenses and permits - other | - | - | - | - | - | - | - | - |
| <u>Intergovernmental</u> | | | | | | | | |
| Federal grants | 370,827 | 370,827 | 380,634 | 9,807 | - | 1,021,694 | 217,252 | (804,442) |
| State shared revenues | - | - | - | - | - | - | - | - |
| Other governments | - | - | - | - | - | - | - | - |
| Local payments in lieu of taxes | - | - | - | - | 1,900 | 1,900 | 1,916 | 16 |
| <u>Charges for services</u> | | | | | | | | |
| Public safety | - | - | 167,277 | 167,277 | - | - | - | - |
| Culture and recreation | - | - | - | - | 2,190 | 2,190 | 2,325 | 135 |
| Investment earnings | - | - | 2,655 | 2,655 | 3,000 | 3,000 | 4,524 | 1,524 |
| Miscellaneous | - | - | - | - | 20,500 | 20,500 | 11,791 | (8,709) |
| Total revenue | <u>1,041,927</u> | <u>1,041,927</u> | <u>980,952</u> | <u>(60,975)</u> | <u>573,445</u> | <u>1,595,139</u> | <u>784,860</u> | <u>(810,280)</u> |
| EXPENDITURES | | | | | | | | |
| <u>Current:</u> | | | | | | | | |
| 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 | - | - | - | - | 177,369 | 177,369 | 146,491 | 30,878 |
| Supplies/services/materials | - | - | - | - | 311,719 | 1,283,535 | 566,625 | 716,910 |
| Community development | | | | | | | | |
| Supplies/services/materials | - | - | - | - | - | - | - | - |
| <u>Capital outlay</u> | | | | | | | | |
| Public safety | 320,000 | 419,341 | 460,779 | (41,438) | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | 200,000 | 74,589 | 125,411 |
| Total expenditures | <u>320,000</u> | <u>419,341</u> | <u>460,779</u> | <u>(41,438)</u> | <u>489,088</u> | <u>1,660,904</u> | <u>787,705</u> | <u>873,199</u> |
| Revenues over (under) expenditures | <u>721,927</u> | <u>622,586</u> | <u>520,174</u> | <u>(102,412)</u> | <u>84,357</u> | <u>(65,765)</u> | <u>(2,845)</u> | <u>62,920</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Debt issuance | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 40,952 | 40,952 | 952 | (40,000) |
| Transfers out | (581,290) | (601,040) | (601,039) | 1 | - | - | - | - |
| Total other financing sources (uses) | <u>(581,290)</u> | <u>(601,040)</u> | <u>(601,039)</u> | <u>1</u> | <u>40,952</u> | <u>40,952</u> | <u>952</u> | <u>(40,000)</u> |
| Net change in fund balances | <u>\$ 140,637</u> | <u>\$ 21,546</u> | <u>\$ (80,866)</u> | <u>\$(102,412)</u> | <u>\$ 125,309</u> | <u>\$ (24,813)</u> | <u>(1,893)</u> | <u>\$ 22,920</u> |
| Fund balances - beginning | | | \$ 227,423 | | | | 446,436 | |
| Fund balances - ending | | | <u>\$ 146,557</u> | | | | <u>\$ 444,543</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, 2020

(4 of 5)

| Urban Forestry Maintenance District | | | | 2020 CARES ACT | | | |
|-------------------------------------|------------------|-------------------|------------------------------------|--------------------|-----------------|-------------|------------------------------------|
| Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 427,770 | 427,770 | 470,265 | 42,495 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 2,320,261 | - | (2,320,261) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 630 | 630 | 630 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 2,000 | 2,000 | 4,524 | 2,524 | - | - | - | - |
| - | - | 11,791 | 11,791 | - | - | - | - |
| 430,400 | 430,400 | 487,209 | 56,809 | - | 2,320,261 | - | (2,320,261) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 2,320,261 | - | 2,320,261 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 294,724 | 294,724 | 183,232 | 111,492 | - | - | - | - |
| 123,628 | 123,628 | 81,584 | 42,044 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 418,352 | 418,352 | 264,816 | 153,536 | - | 2,320,261 | - | 2,320,261 |
| 12,048 | 12,048 | 222,394 | 210,346 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,189 | 1,189 | 1,189 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,189 | 1,189 | 1,189 | - | - | - | - | - |
| \$ 13,237 | \$ 13,237 | 223,583 | \$ 210,346 | \$ - | \$ - | \$ - | \$ - |
| | | 262,011 | | | | \$ - | |
| | | \$ 485,594 | | | | \$ - | |

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, 2020

(5 of 5)

| | Light Maintenance Districts | | | | Total | | | |
|---------------------------------------|-----------------------------|--------------------|-------------------|------------------------------------|---------------------|-----------------------|---------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ 671,100 | \$ 671,100 | \$ 430,387 | \$ (240,713) |
| Special assessments | 908,972 | 908,972 | 909,474 | 502 | 3,937,722 | 3,937,722 | 3,943,163 | 5,441 |
| Licenses and permits - other | - | - | - | - | 16,000 | 16,000 | 17,780 | 1,780 |
| <u>Intergovernmental</u> | | | | | | | | |
| Federal grants | - | - | - | - | 403,827 | 4,247,696 | 986,840 | (3,260,856) |
| State shared revenues | - | - | - | - | 432,000 | 432,000 | - | (432,000) |
| Other governments | - | - | - | - | 1,448,160 | 1,448,160 | 1,454,160 | 6,000 |
| Local payments in lieu of taxes | - | - | - | - | 11,985 | 11,985 | 12,001 | 16 |
| <u>Charges for services</u> | | | | | | | | |
| Public safety | - | - | - | - | 72,430 | 72,430 | 241,902 | 169,472 |
| Culture and recreation | - | - | - | - | 1,130,212 | 1,297,042 | 1,148,856 | (148,186) |
| Investment earnings | - | - | - | - | 45,850 | 45,850 | 66,046 | 20,196 |
| Miscellaneous | - | - | - | - | 110,410 | 110,410 | 94,566 | (15,844) |
| Total revenue | 908,972 | 908,972 | 909,474 | 502 | 8,279,696 | 12,290,395 | 8,395,701 | (3,894,694) |
| EXPENDITURES | | | | | | | | |
| <u>Current:</u> | | | | | | | | |
| General government | | | | | | | | |
| Personal services | - | - | - | - | 201,744 | 201,994 | 201,541 | 453 |
| Supplies/services/materials | - | - | - | - | 509,500 | 667,629 | 463,298 | 204,331 |
| Public safety | | | | | | | | |
| Personal services | - | - | - | - | 1,425,770 | 3,759,724 | 1,303,475 | 2,456,249 |
| Supplies/services/materials | - | - | - | - | 546,824 | 561,749 | 440,764 | 120,985 |
| Public works | | | | | | | | |
| Personal services | - | - | - | - | 302,476 | 302,476 | - | 302,476 |
| Supplies/services/materials | 919,997 | 935,485 | 913,888 | 21,597 | 1,535,214 | 1,550,702 | 1,255,943 | 294,759 |
| Culture and recreation | | | | | | | | |
| Personal services | - | - | - | - | 899,062 | 901,861 | 329,723 | 572,138 |
| Supplies/services/materials | - | - | - | - | 950,193 | 2,057,231 | 1,260,695 | 796,536 |
| Community development | | | | | | | | |
| Supplies/services/materials | - | - | - | - | 24,354 | 368,955 | 352,217 | 16,738 |
| <u>Capital outlay</u> | | | | | | | | |
| Public safety | - | - | - | - | 320,000 | 889,341 | 460,779 | 428,562 |
| Public works | - | - | - | - | 3,379,450 | 5,553,778 | 2,439,905 | 3,113,873 |
| Culture and recreation | - | - | - | - | - | 200,000 | 248,148 | (48,148) |
| Total expenditures | 919,997 | 935,485 | 913,888 | 21,597 | 10,094,587 | 17,015,440 | 8,756,487 | 8,258,953 |
| Revenues over (under) expenditures | (11,025) | (26,513) | (4,414) | 22,099 | (1,814,891) | (4,725,045) | (360,786) | 4,364,259 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Debt issuance | - | - | - | - | 1,579,850 | 1,579,850 | - | (1,579,850) |
| Transfers in | - | - | - | - | 441,513 | 441,513 | 37,447 | (404,066) |
| Transfers out | - | - | - | - | (596,290) | (636,029) | (636,028) | 1 |
| Total other financing sources (uses) | - | - | - | - | 1,425,073 | 1,385,334 | (598,581) | (1,983,915) |
| Net change in fund balances | <u>\$ (11,025)</u> | <u>\$ (26,513)</u> | (4,414) | <u>\$ 22,099</u> | <u>\$ (389,818)</u> | <u>\$ (3,339,711)</u> | (959,368) | <u>\$ 2,380,343</u> |
| Fund balances - beginning | | | 603,629 | | | | 7,053,484 | |
| Fund balances - ending | | | <u>\$ 599,215</u> | | | | <u>\$ 6,094,116</u> | |

See independent auditor's report.



City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2020

(1 of 2)

| | Special Improvement Districts | Special Improvement Districts Revolving |
|---|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 9 | \$ 33,393 |
| Receivables (net of allowance for uncollectibles): | | |
| Property taxes | - | - |
| Special assessments | - | 189 |
| Loans receivable | - | 14,045 |
| Total assets | <u>9</u> | <u>47,626</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Upfront Payment for Debt Service Related to a future period | <u>-</u> | <u>-</u> |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> |
| LIABILITIES | | |
| Accounts payable | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue | <u>-</u> | 189 |
| Total deferred inflows of resources | <u>-</u> | <u>189</u> |
| FUND BALANCES (DEFICITS) | | |
| Restricted | <u>9</u> | <u>47,437</u> |
| Total fund balances (deficits) | <u>9</u> | <u>47,437</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 9</u> | <u>\$ 47,626</u> |

See independent auditor's report

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2020

(2 of 2)

| Park and Recreation General Obligation Refunding | Sidewalk Loans | Total |
|---|---------------------------|-------------------|
| \$ 524,735 | \$ 2,619 | \$ 560,756 |
| 37,218 | - | 37,218 |
| - | - | 189 |
| - | - | 14,045 |
| <u>561,953</u> | <u>2,619</u> | <u>612,207</u> |
| 59,325 | - | 59,325 |
| <u>59,325</u> | <u>-</u> | <u>59,325</u> |
| - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> |
| 1,046 | - | 1,235 |
| <u>1,046</u> | <u>-</u> | <u>1,235</u> |
| 620,232 | 2,619 | 670,297 |
| <u>620,232</u> | <u>2,619</u> | <u>670,297</u> |
| \$ 621,278 | \$ 2,619 | \$ 671,532 |

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, 2020

| | 2017 | | | | |
|-----------------------------------|--------------------|--------------------|-------------------|-----------------|-------------------|
| | Special | Special | Park and | | |
| | Improvement | Improvement | Recreation | | |
| | Districts | Districts | General | Sidewalk | |
| | Districts | Revolving | Obligation | Loans | Total |
| | | | Refunding | | |
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 745,014 | \$ - | \$ 745,014 |
| Penalties and interest | - | - | 667 | - | 667 |
| Special assessments | - | 17 | - | 14 | 30 |
| Investment earnings | - | 523 | 5,071 | - | 5,594 |
| Total revenues | - | 539 | 750,752 | 14 | 751,305 |
| EXPENDITURES | | | | | |
| General government | - | 4,707 | 350 | - | 5,057 |
| <u>Debt service:</u> | | | | | |
| Principal | - | - | 415,000 | - | 415,000 |
| Interest | - | - | 131,100 | - | 131,100 |
| Total expenditures | - | 4,707 | 546,450 | - | 551,157 |
| Revenue over (under) expenditures | - | (4,168) | 204,302 | 14 | 200,148 |
| Net change in fund balances | - | (4,168) | 204,302 | 14 | 200,148 |
| Fund balances - beginning | 9 | 51,605 | 415,930 | 2,605 | 470,149 |
| Fund balances - ending | \$ 9 | \$ 47,437 | \$ 620,232 | \$ 2,619 | \$ 670,297 |

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, 2020

(1 of 3)

| | Special Improvement Districts | | | | Special Improvement Districts Revolving | | | |
|---------------------------------------|-------------------------------|-------------|--------------|------------------------------------|---|-------------------|------------------|------------------------------------|
| | Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Penalties and interest | - | - | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | - | 17 | 17 |
| Investment earnings | - | - | - | - | - | - | 523 | 523 |
| Total revenues | - | - | - | - | - | - | 540 | 540 |
| EXPENDITURES | | | | | | | | |
| General government | - | - | - | - | 4,707 | 4,707 | 4,707 | - |
| <u>Debt service:</u> | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Total expenditures | - | - | - | - | 4,707 | 4,707 | 4,707 | - |
| Revenue over (under) expenditures | - | - | - | - | (4,707) | (4,707) | (4,167) | 540 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ (4,707)</u> | <u>\$ (4,707)</u> | <u>(4,167)</u> | <u>\$ 540</u> |
| Fund balances - beginning | | | 3,170 | | | | 48,207 | |
| Prior Period adjustment | | | (3,160) | | | | 3,160 | |
| Fund balances - ending | | | <u>\$ 10</u> | | | | <u>\$ 47,200</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, 2020

(2 of 3)

| 2017 Park and Recreation General Obligation Refunding | | | | 2009 Open Space and Fire Truck General Obligation Refunding | | | |
|---|--------------------|-------------------|------------------------------------|---|-------------|-------------|------------------------------------|
| Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| \$ 518,000 | \$ 518,000 | \$ 734,795 | \$ 216,795 | \$ - | \$ - | \$ - | \$ - |
| 750 | 750 | 667 | (83) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 4,000 | 4,000 | 5,071 | 1,071 | - | - | - | - |
| 522,750 | 522,750 | 740,533 | 217,783 | - | - | - | - |
| 1,400 | 1,400 | 350 | 1,050 | - | - | - | - |
| 415,000 | 415,000 | 415,000 | - | - | - | - | - |
| 131,100 | 131,100 | 190,425 | (59,325) | - | - | - | - |
| 547,500 | 547,500 | 605,775 | (58,275) | - | - | - | - |
| (24,750) | (24,750) | 134,758 | 159,508 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ (24,750)</u> | <u>\$ (24,750)</u> | 134,758 | <u>\$ 159,508</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| | | 363,272 | | | | 26,703 | |
| | | 26,703 | | | | (26,703) | |
| | | <u>\$ 524,733</u> | | | | <u>\$ -</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, 2020

(3 of 3)

| | Sidewalk Loans | | | | Total Non-major Debt Service | | | |
|---------------------------------------|----------------|-------------|-----------------|------------------------------------|------------------------------|--------------------|-------------------|------------------------------------|
| | Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ 518,000 | \$ 518,000 | \$ 734,795 | \$ 216,795 |
| Penalties and interest | - | - | - | - | 750 | 750 | 667 | (83) |
| Special assessments | - | - | 520 | 520 | - | - | 537 | 537 |
| Investment earnings | - | - | - | - | 4,000 | 4,000 | 5,594 | 1,594 |
| Total revenues | - | - | 520 | 520 | 522,750 | 522,750 | 741,593 | 218,843 |
| EXPENDITURES | | | | | | | | |
| General government | - | - | - | - | 6,107 | 6,107 | 5,057 | 1,050 |
| <u>Debt service:</u> | | | | | | | | |
| Principal | - | - | - | - | 415,000 | 415,000 | 415,000 | - |
| Interest | - | - | - | - | 131,100 | 131,100 | 190,425 | (59,325) |
| Total expenditures | - | - | - | - | 552,207 | 552,207 | 610,482 | (58,275) |
| Revenue over (under) expenditures | - | - | 520 | 520 | (29,457) | (29,457) | 131,111 | 160,568 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 520 | <u>\$ 520</u> | <u>\$ (29,457)</u> | <u>\$ (29,457)</u> | 131,111 | <u>\$ 160,568</u> |
| Fund balances - beginning | | | 2,098 | | | | 443,450 | |
| Prior Period adjustment | | | - | | | | - | |
| Fund balances - ending | | | <u>\$ 2,618</u> | | | | <u>\$ 574,561</u> | |

See independent auditor's report.

City of Helena, Montana
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2020

| | Capital Improvements | Special Improvement Districts Construction | TIF Railroad District | TIF Downtown District | Total |
|---|---------------------------------|---|--------------------------------------|--------------------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,890,575 | \$ - | \$ 295,043 | \$ 227,748 | \$ 2,413,365 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property taxes | - | - | 10,973 | 5,883 | 16,856 |
| Advances to other funds | 83,932 | - | - | - | 83,932 |
| Loans receivable | 413,752 | - | - | - | 413,752 |
| Total assets | <u>2,388,258</u> | <u>-</u> | <u>306,015</u> | <u>233,630</u> | <u>2,927,904</u> |
| LIABILITIES | | | | | |
| Accounts payable | 90,707 | 15,550 | - | - | 106,257 |
| Due to other funds | - | 28,525 | - | - | 28,525 |
| Total liabilities | <u>90,707</u> | <u>44,075</u> | <u>-</u> | <u>-</u> | <u>134,782</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | 6,502 | 2,004 | 8,506 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>6,502</u> | <u>2,004</u> | <u>8,506</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable - not in spendable form | - | - | 6,502 | 2,004 | 8,506 |
| Restricted | 589,683 | - | 293,012 | 229,623 | 1,112,318 |
| Assigned | 1,707,868 | - | - | - | 1,707,868 |
| Unassigned | - | (44,075) | - | - | (44,075) |
| Total fund balances (deficits) | <u>2,297,551</u> | <u>(44,075)</u> | <u>299,514</u> | <u>231,627</u> | <u>2,784,616</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 2,388,258</u> | <u>\$ -</u> | <u>\$ 306,015</u> | <u>\$ 231,627</u> | <u>\$ 2,927,904</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, 2020

| | Capital Improvements | Special Improvement Districts Construction | TIF Railroad District | TIF Downtown District | Total |
|---------------------------------------|---------------------------------|---|--------------------------------------|--------------------------------------|----------------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 222,978 | \$ 231,627 | \$ 454,605 |
| Special assessments | 158 | - | - | - | 158 |
| Licenses and permits | 10,080 | - | - | - | 10,080 |
| Charges for services | 34,082 | - | - | - | 34,082 |
| Investment earnings | 37,975 | - | 1,726 | - | 39,702 |
| Miscellaneous | 7 | 64,607 | - | - | 64,613 |
| Total revenues | <u>82,301</u> | <u>64,607</u> | <u>224,705</u> | <u>231,627</u> | <u>603,239</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public works | - | 39,725 | - | - | 39,725 |
| Culture and recreation | 54,690 | - | - | - | 54,690 |
| Capital outlay | 897,153 | - | - | - | 897,153 |
| Total expenditures | <u>951,843</u> | <u>39,725</u> | <u>-</u> | <u>-</u> | <u>991,568</u> |
| Revenues over (under) expenditures | <u>(869,541)</u> | <u>24,882</u> | <u>224,705</u> | <u>231,627</u> | <u>(388,328)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Debt issuance | - | - | - | - | - |
| Contributions | 11,674 | - | - | - | 11,674 |
| Gain/(Loss) on sale of assets | 2,500 | - | - | - | 2,500 |
| Transfers out | (8,000) | - | - | - | (8,000) |
| Total other financing sources (uses) | <u>6,174</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,174</u> |
| Net change in fund balances | <u>(863,368)</u> | <u>24,882</u> | <u>224,705</u> | <u>231,627</u> | <u>(382,155)</u> |
| Fund balances - beginning | 3,160,919 | (68,957) | - | - | 3,166,771 |
| Fund balances - ending | <u>\$ 2,297,551</u> | <u>\$ (44,075)</u> | <u>\$ 224,705</u> | <u>\$ 231,627</u> | <u>\$ 2,784,616</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, 2020

(1 of 3)

| | Capital Improvements | | | | Special Improvement Districts Construction | | | |
|---------------------------------------|----------------------|-----------------------|---------------------|------------------------------------|--|-------------|--------------------|------------------------------------|
| | Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | 158 | 158 | - | - | - | - |
| Licenses and permits | 10,300 | 10,300 | 10,080 | (220) | - | - | - | - |
| Charges for services | 15,000 | 15,000 | 34,082 | 19,082 | - | - | - | - |
| Investment earnings | 52,840 | 52,840 | 37,975 | (14,865) | - | - | - | - |
| Miscellaneous | 15,500 | 15,500 | 14,180 | (1,320) | 150,000 | 150,000 | 64,607 | (85,393) |
| Total revenues | 93,640 | 93,640 | 96,475 | 2,835 | 150,000 | 150,000 | 64,607 | (85,393) |
| EXPENDITURES | | | | | | | | |
| <u>Current:</u> | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | 150,000 | 150,000 | 24,175 | 125,825 |
| Culture and recreation | 30,760 | 132,991 | 39,246 | 93,745 | - | - | - | - |
| <u>Capital outlay:</u> | | | | | | | | |
| General government | - | 12,550 | 12,163 | 387 | - | - | - | - |
| Public safety | 442,400 | 441,065 | 337,784 | 103,281 | - | - | - | - |
| Culture and recreation | 385,690 | 970,462 | 485,316 | 485,146 | - | - | - | - |
| Total expenditures | 858,850 | 1,557,068 | 874,509 | 682,559 | 150,000 | 150,000 | 24,175 | 125,825 |
| Revenue over (under) expenditures | (765,210) | (1,463,428) | (778,034) | 685,394 | - | - | 40,432 | 40,432 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers out | (8,000) | (8,000) | (8,000) | - | - | - | - | - |
| Total other financing sources (uses) | (8,000) | (8,000) | (8,000) | - | - | - | - | - |
| Net change in fund balances | <u>\$ (773,210)</u> | <u>\$ (1,471,428)</u> | (786,034) | <u>\$ 685,394</u> | <u>\$ -</u> | <u>\$ -</u> | 40,432 | <u>\$ 40,432</u> |
| Fund balances - beginning | | | 3,174,298 | | | | (68,957) | |
| Fund balances - ending | | | <u>\$ 2,388,264</u> | | | | <u>\$ (28,525)</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, 2020

(2 of 3)

| TIF Railroad District | | | | TIF Downtown District | | | |
|-----------------------|--------------------|-------------------|------------------------------------|-----------------------|-------------|-------------------|------------------------------------|
| Original | Final | Actual | Variance Positive (Negative) | Original | Final | Actual | Variance Positive (Negative) |
| \$ 35,020 | \$ 35,020 | \$ 218,629 | \$ 183,609 | \$ - | \$ - | \$ 227,748 | \$ 227,748 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 50 | 50 | 1,726 | 1,676 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 35,070 | 35,070 | 220,355 | 185,285 | - | - | 227,748 | 227,748 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 50,568 | - | 50,568 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 50,568 | - | 50,568 | - | - | - | - |
| 35,070 | (15,498) | 220,355 | 235,853 | - | - | 227,748 | 227,748 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| \$ 35,070 | \$ (15,498) | \$ 220,355 | \$ 235,853 | \$ - | \$ - | 227,748 | \$ 227,748 |
| | | 74,687 | | | | - | |
| | | \$ 295,042 | | | | \$ 227,748 | |

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, 2020

(3 of 3)

| | Total Non-major Capital Projects | | | Variance |
|---------------------------------------|---|-----------------------|--------------------|--------------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 35,020 | \$ 35,020 | \$ 446,377 | \$ 411,357 |
| Special assessments | - | - | 158 | 158 |
| Licenses and permits | 10,300 | 10,300 | 10,080 | (220) |
| Charges for services | 15,000 | 15,000 | 34,082 | 19,082 |
| Investment earnings | 52,890 | 52,890 | 39,701 | (13,189) |
| Miscellaneous | 165,500 | 165,500 | 78,787 | (86,713) |
| Total revenues | 278,710 | 278,710 | 609,185 | 330,475 |
| EXPENDITURES | | | | |
| <u>Current:</u> | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 150,000 | 200,568 | 24,175 | 176,393 |
| Culture and recreation | 30,760 | 132,991 | 39,246 | 93,745 |
| <u>Capital outlay:</u> | | | | |
| General government | - | 12,550 | 12,163 | 387 |
| Public safety | 442,400 | 441,065 | 337,784 | 103,281 |
| Culture and recreation | 385,690 | 970,462 | 485,316 | 485,146 |
| Total expenditures | 1,008,850 | 1,757,636 | 898,684 | 858,952 |
| Revenue over (under) expenditures | (730,140) | (1,478,926) | (289,499) | 1,189,427 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (8,000) | (8,000) | (8,000) | - |
| Total other financing sources (uses) | (8,000) | (8,000) | (8,000) | - |
| Net change in fund balances | <u>\$ (738,140)</u> | <u>\$ (1,486,926)</u> | (297,499) | <u>\$ 1,189,427</u> |
| Fund balances - beginning | | | 3,180,028 | |
| Fund balances - ending | | | \$2,882,529 | |

See independent auditor's report

Section E

NON-MAJOR ENTERPRISE FUNDS

City of Helena, Montana

June 30, 2020

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 buildings that are jointly owned by the City and Lewis and Clark County. The buildings hold the main administrative offices of the City and County governments, along with numerous other City and County department offices and law enforcement agencies for both entities. 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, 2020

| | Bus | Building | City - County Administration Building | Total |
|--|---------------------|-------------------|--|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 406,899 | \$ 1,340,154 | \$ 1,201,781 | \$ 2,948,833 |
| Accounts receivable | - | 2,993 | - | 2,993 |
| Intergovernmental receivable | 218,956 | - | - | 218,956 |
| Total current assets | <u>625,855</u> | <u>1,343,146</u> | <u>1,201,781</u> | <u>3,170,782</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 446,988 | - | - | 446,988 |
| Buildings and system | 3,014,720 | - | 3,673,287 | 6,688,007 |
| Improvements other than buildings | 145,616 | - | 329,051 | 474,667 |
| Machinery and equipment | 1,570,895 | 136,716 | 34,175 | 1,741,786 |
| Construction in progress | - | - | 87,007 | 87,007 |
| Less accumulated depreciation | (1,906,938) | (79,257) | (1,387,634) | (3,373,829) |
| Total capital assets (net of accumulated depreciation) | <u>3,271,281</u> | <u>57,459</u> | <u>2,735,885</u> | <u>6,064,626</u> |
| Total non-current assets | <u>3,271,281</u> | <u>57,459</u> | <u>2,735,885</u> | <u>6,064,626</u> |
| Total assets | <u>3,897,136</u> | <u>1,400,605</u> | <u>3,937,666</u> | <u>9,235,408</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to other postemployment benefits: | | | | |
| Changes in assumptions and other inputs | 113,977 | 90,841 | 76,041 | 280,859 |
| Related to pensions: | | | | |
| Contributions subsequent to measurement date | 40,480 | 40,497 | 22,578 | 103,555 |
| Difference between expected and actual experience | 27,885 | 27,897 | 15,553 | 71,335 |
| Changes in assumptions | 24,965 | 24,976 | 13,925 | 63,866 |
| Difference between projected and actual earnings | 7,130 | 7,133 | 3,977 | 18,240 |
| Total deferred outflows of resources | <u>214,437</u> | <u>191,344</u> | <u>132,074</u> | <u>537,856</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 44,058 | 45,378 | 75,579 | 165,015 |
| Accrued interest | - | - | 153 | 153 |
| Compensated absences | 39,877 | 38,636 | 37,531 | 116,043 |
| Loans | - | - | 59,510 | 59,510 |
| Total current liabilities | <u>83,935</u> | <u>84,014</u> | <u>172,773</u> | <u>340,721</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 36,334 | 35,203 | 34,196 | 105,733 |
| Loans | - | - | 716,524 | 716,524 |
| Net pension liability | 588,072 | 588,318 | 328,006 | 1,504,396 |
| Other postemployment benefits | 368,336 | 279,209 | 200,885 | 848,429 |
| Total noncurrent liabilities | <u>992,741</u> | <u>902,730</u> | <u>1,279,612</u> | <u>3,175,083</u> |
| Total liabilities | <u>1,076,676</u> | <u>986,744</u> | <u>1,452,384</u> | <u>3,515,805</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to other postemployment benefits: | | | | |
| Difference between expected and actual experience | 10,517 | 7,426 | 4,031 | 21,974 |
| Related to pensions: | | | | |
| Difference between expected and actual experience | 27,671 | 27,683 | 15,434 | 70,788 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | <u>74,188</u> | <u>74,219</u> | <u>41,379</u> | <u>189,786</u> |
| Total deferred inflows of resources | <u>112,376</u> | <u>109,328</u> | <u>60,844</u> | <u>282,548</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 3,271,281 | 57,459 | 1,959,851 | 5,288,591 |
| Unrestricted | (348,760) | 438,419 | 596,661 | 686,320 |
| Total net position | <u>\$ 2,922,522</u> | <u>\$ 495,877</u> | <u>\$ 2,556,512</u> | <u>\$ 5,974,911</u> |

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the year ended June 30, 2020

| | Bus | Building | City - County Administration Building | Total |
|--|----------------------------|--------------------------|--|----------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 65,017 | \$ 1,196,573 | \$ 1,324,301 | \$ 2,585,890 |
| Total operating revenues | <u>65,017</u> | <u>1,196,573</u> | <u>1,324,301</u> | <u>2,585,890</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 826,975 | 820,389 | 558,834 | 2,206,198 |
| Maintenance and operations | 532,037 | 308,994 | 622,144 | 1,463,175 |
| Depreciation | 285,045 | 18,328 | 138,339 | 441,712 |
| Total operating expenses | <u>1,644,057</u> | <u>1,147,711</u> | <u>1,319,317</u> | <u>4,111,085</u> |
| Operating income (loss) | <u>(1,579,040)</u> | <u>48,862</u> | <u>4,984</u> | <u>(1,525,194)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental operating grants | 1,067,364 | 12,992 | 183,522 | 1,263,878 |
| Investment earnings | 4,406 | 20,435 | 1,445 | 26,286 |
| Interest expense | - | - | (1,348) | (1,348) |
| Sale of capital assets | 3,391 | - | - | 3,391 |
| Total non-operating revenue (expenses) | <u>1,075,161</u> | <u>33,427</u> | <u>183,619</u> | <u>1,292,207</u> |
| Income (loss) before contributions and transfers | <u>(503,879)</u> | <u>82,289</u> | <u>188,603</u> | <u>(232,987)</u> |
| Transfers in | 298,367 | 5,892 | 260,690 | 564,949 |
| Change in net position | <u>(205,512)</u> | <u>88,181</u> | <u>449,293</u> | <u>331,962</u> |
| Total net position - beginning | <u>3,128,033</u> | <u>407,696</u> | <u>2,107,219</u> | <u>5,642,948</u> |
| Total net position - ending | <u>\$ 2,922,521</u> | <u>\$ 495,877</u> | <u>\$ 2,556,512</u> | <u>\$ 5,974,910</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, 2020

| | Bus | Building | City-County Administration Building | Total |
|--|-------------------|---------------------|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 65,017 | \$ 1,269,140 | \$ 1,324,301 | \$ 2,658,458 |
| Payments to suppliers | (289,436) | (223,946) | (572,783) | (1,086,165) |
| Payments to employees | (857,378) | (787,115) | (487,323) | (2,131,817) |
| Payment for interfund services used | (242,302) | (82,638) | (35,611) | (360,551) |
| Net cash provided (used) by operating activities | (1,324,100) | 175,441 | 228,584 | (920,075) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 298,367 | 5,892 | 260,690 | 564,949 |
| Operating grants | 857,071 | - | - | 857,071 |
| Contributions from other governments | 108,487 | 12,992 | 183,521 | 305,000 |
| Net cash provided (used) by non-capital financing activities | 1,263,925 | 18,884 | 444,211 | 1,727,021 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from capital debt | - | - | 750,000 | 750,000 |
| Principal payments - loans | - | - | (54,525) | (54,525) |
| Interest payments | - | - | (2,254) | (2,254) |
| Purchase of capital assets | - | (43,174) | (525,096) | (568,270) |
| Proceeds from disposition of capital assets | 3,391 | - | - | 3,391 |
| Net cash provided (used) by capital and related financing activities | 3,391 | (43,174) | 168,126 | 128,343 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 4,406 | 20,435 | 1,445 | 26,286 |
| Net cash provided (used) by investing activities | 4,406 | 20,435 | 1,445 | 26,286 |
| Net increase (decrease) in cash and cash equivalents | (52,378) | 171,586 | 842,366 | 961,575 |
| Cash and cash equivalents, beginning | 459,277 | 1,168,567 | 359,415 | 1,987,259 |
| Cash and cash equivalents, ending | \$ 406,899 | \$ 1,340,153 | \$ 1,201,781 | \$ 2,948,834 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income | \$ (1,579,040) | \$ 48,862 | \$ 4,984 | \$ (1,525,194) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation expense | 285,045 | 18,328 | 138,339 | 441,712 |
| (Increase) decrease in accounts receivable | - | 72,567 | - | 72,567 |
| (Increase) decrease in deferred outflow s of resources | (8,181) | 160 | (12,058) | (20,080) |
| Increase (decrease) in accounts payable | (36,003) | 9,086 | 19,828 | (7,089) |
| Increase (decrease) in compensated absences | (10,392) | 8,554 | 43,062 | 41,224 |
| Increase (decrease) in net pensions | (34,295) | (25,610) | (8,898) | (68,802) |
| Increase (decrease) in other postemployment benefits | 83,468 | 66,488 | 55,569 | 205,525 |
| Increase (decrease) in deferred inflow s of resources | (24,701) | (22,995) | (12,242) | (59,938) |
| Total adjustments | 254,940 | 126,579 | 223,600 | 605,119 |
| Net cash provided (used) by operating activities | \$ (1,324,100) | \$ 175,441 | \$ 228,584 | \$ (920,075) |

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020

Section F
INTERNAL SERVICE FUNDS

City of Helena, Montana
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020

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, 2020

| | Business-type Activities | Governmental Activities | | | |
|---|-----------------------------|-------------------------|--|---------------------|--------------|
| | | | Property and Liability Insurance | Health Insurance | |
| | Fleet Services | Copier Revolving | | | Total |
| ASSETS | | | | | |
| <u>Current assets:</u> | | | | | |
| Cash and cash equivalents | \$ 728,344 | \$ 37,746 | \$ 929,505 | \$ 583,128 | \$ 2,278,722 |
| Inventories | 78,639 | - | - | - | 78,639 |
| Total current assets | 806,983 | 37,746 | 929,505 | 583,128 | 2,357,362 |
| Noncurrent assets: | | | | | |
| <u>Capital assets:</u> | | | | | |
| Land | 87,000 | - | - | - | 87,000 |
| Buildings and system | 830,638 | - | - | - | 830,638 |
| Improvements other than buildings | 74,687 | - | - | - | 74,687 |
| Machinery and equipment | 169,637 | 45,268 | - | - | 214,905 |
| Accumulated depreciation | (985,718) | (23,718) | - | - | (1,009,436) |
| Total noncurrent assets | 176,243 | 21,550 | - | - | 197,793 |
| Total assets | 983,226 | 59,295 | 929,505 | 583,128 | 2,555,155 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| <u>Related to other postemployment benefits:</u> | | | | | |
| Changes in assumptions and other inputs | 62,155 | - | - | - | 62,155 |
| <u>Related to pensions:</u> | | | | | |
| Contributions subsequent to measurement date | 24,573 | - | - | - | 24,573 |
| Difference between expected and actual experience | 16,927 | - | - | - | 16,927 |
| Difference between projected and actual earnings | 4,328 | - | - | - | 4,328 |
| Changes in assumptions | 15,155 | - | - | - | 15,155 |
| Total deferred outflows of resources | 123,139 | - | - | - | 123,139 |
| LIABILITIES | | | | | |
| <u>Current liabilities:</u> | | | | | |
| Accounts payable | 39,241 | - | 1,657 | 101,802 | 142,699 |
| Compensated absences | 18,268 | - | - | - | 18,268 |
| Total current liabilities | 57,509 | - | 1,657 | 101,802 | 160,967 |
| <u>Noncurrent liabilities:</u> | | | | | |
| Compensated absences | 16,645 | - | - | - | 16,645 |
| Net pension liability | 356,985 | - | - | - | 356,985 |
| Other postemployment benefits | 191,037 | - | - | - | 191,037 |
| Total noncurrent liabilities | 564,667 | - | - | - | 564,667 |
| Total liabilities | 622,176 | - | 1,657 | 101,802 | 725,634 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| <u>Related to other postemployment benefits:</u> | | | | | |
| Difference between expected and actual experience | 5,081 | - | - | - | 5,081 |
| <u>Related to pensions:</u> | | | | | |
| Difference between expected and actual experience | 16,798 | - | - | - | 16,798 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 45,035 | - | - | - | 45,035 |
| Total deferred inflows of resources | 66,914 | - | - | - | 66,914 |
| NET POSITION | | | | | |
| Net investment in capital assets | 176,243 | 21,550 | - | - | 197,793 |
| Unrestricted | 241,032 | 37,746 | 927,848 | 481,327 | 1,687,952 |
| Total net position | \$ 417,275 | \$ 59,295 | \$ 927,848 | \$ 481,327 | \$ 1,885,745 |

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, 2020

| | Business-type | | Governmental Activities | | Total |
|--|-----------------------|-------------------------|---|-------------------------|---------------------|
| | Activities | | Property and Liability Insurance | Health Insurance | |
| | Fleet Services | Copier Revolving | | | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 1,638,456 | \$ 24,638 | \$ 858,869 | \$ 5,255,735 | \$ 7,777,698 |
| Total operating revenues | 1,638,456 | 24,638 | 858,869 | 5,255,735 | 7,777,698 |
| OPERATING EXPENSES | | | | | |
| Personal services | 516,500 | - | - | - | 516,500 |
| Maintenance and operations | 1,065,477 | 14,513 | 795,861 | 5,180,211 | 7,056,062 |
| Depreciation | 19,259 | 4,364 | - | - | 23,622 |
| Total operating expenses | 1,601,235 | 18,877 | 795,861 | 5,180,211 | 7,596,184 |
| Operating income (loss) | 37,220 | 5,761 | 63,008 | 75,525 | 181,514 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenues | 35,998 | - | - | - | 35,998 |
| Interest income | - | - | - | 4,511 | 4,511 |
| Asset Purchases for Other Funds | - | (5,508) | - | - | (5,508) |
| Gain (loss) on disposal of assets | 235,946 | - | 14,151 | - | 250,097 |
| Total non-operating revenues (expenses) | 271,944 | (5,508) | 14,151 | 4,511 | 285,098 |
| Income (loss) before contributions and transfers | 309,164 | 253 | 77,159 | 80,036 | 466,612 |
| Transfers in | 3,431 | - | - | - | 3,431 |
| Transfers out | - | - | (200,000) | - | (200,000) |
| Change in net position | 312,595 | 253 | (122,841) | 80,036 | 270,043 |
| Total net position - beginning | 104,680 | 59,042 | 1,050,689 | 401,291 | 1,615,702 |
| Total net position - ending | \$ 417,275 | \$ 59,295 | \$ 927,848 | \$ 481,327 | \$ 1,885,745 |

See independent auditor's report.

City of Helena, Montana
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2020

| | Business-type Activities | Governmental Activities | | | |
|--|-----------------------------|-------------------------|-------------------|-------------------|---------------------|
| | | Property | | | |
| | Fleet | Copier | and Liability | Health | |
| | Services | Revolving | Insurance | Insurance | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 1,638,456 | \$ 24,638 | \$ 858,869 | \$ 5,255,735 | \$ 7,777,698 |
| Payments to suppliers | (1,014,728) | (14,513) | (798,001) | (5,155,577) | (6,982,819) |
| Payments to employees | (513,034) | - | - | - | (513,034) |
| Payment for interfund services used | (99,780) | - | - | - | (99,780) |
| Net cash provided (used) by operating activities | 10,914 | 10,125 | 60,868 | 100,158 | 182,065 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers from other funds | 3,431 | - | - | - | 3,431 |
| Transfers to other funds | - | - | (200,000) | - | (200,000) |
| Operating grants | 28,114 | - | - | - | 28,114 |
| Contributions from other governments | 7,884 | - | - | - | 7,884 |
| Net cash provided (used) by non-capital financing activities | 39,429 | - | (200,000) | - | (160,571) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchase of capital assets | (22,439) | (27,608) | - | - | (50,047) |
| Proceeds from disposition of capital assets | 297,000 | - | 14,151 | - | 311,151 |
| Net cash provided (used) by capital and related financing activities | 274,561 | (27,608) | 14,151 | - | 261,104 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | - | - | - | 4,511 | 4,511 |
| Net cash provided (used) by investing activities | - | - | - | 4,511 | 4,511 |
| Net increase (decrease) in cash and cash equivalents | 324,904 | (17,483) | (124,981) | 104,669 | 287,109 |
| Cash and cash equivalents, beginning | 403,439 | 55,229 | 1,054,486 | 478,459 | 1,991,613 |
| Cash and cash equivalents, ending | \$ 728,343 | \$ 37,746 | \$ 929,505 | \$ 583,128 | \$ 2,278,722 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ 37,220 | \$ (11,975) | \$ 63,008 | \$ 75,525 | \$ 163,778 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | | |
| Depreciation expense | 19,259 | - | - | - | 19,259 |
| (Increase) decrease in inventories | (3,459) | - | - | - | (3,459) |
| (Increase) decrease in deferred outflows of resources | (4,799) | - | - | - | (4,799) |
| Increase in customer deposits | - | 22,100 | - | - | 22,100 |
| Increase (decrease) in accounts payable | (61,549) | - | (2,140) | 24,634 | (39,055) |
| Increase (decrease) in compensated absences | (1,167) | - | - | - | (1,167) |
| Increase (decrease) in net pensions | (7,677) | - | - | - | (7,677) |
| Increase (decrease) in other postemployment benefits | 45,491 | - | - | - | 45,491 |
| Increase (decrease) in deferred inflows of resources | (12,406) | - | - | - | (12,406) |
| Total adjustments | (26,307) | 22,100 | (2,140) | 24,634 | 18,287 |
| Net cash provided by operating activities | 10,914 | 10,125 | 60,868 | 100,158 | 182,065 |
| Supplemental disclosure of non-cash activity: | | | | | |
| Basis of property disposed / transferred out | \$ 61,054 | \$ - | \$ - | \$ - | \$ 61,054 |

See independent auditor's report.

Section G

FIDUCIARY FUNDS

City of Helena, Montana

June 30, 2020

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, 2020

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------------------------------|---------------------------------------|-------------------|-------------------|--|
| <u>STATE COURT TRUST</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 18,268</u> | <u>\$ 754,994</u> | <u>\$ 755,809</u> | <u>\$ 17,453</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 18,268</u> | <u>\$ 754,994</u> | <u>\$ 755,809</u> | <u>\$ 17,453</u> |

See independent auditor's report.

Section H

COMPONENT UNIT

City of Helena, Montana

June 30, 2020

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, 2020

| | <u>General</u> | <u>Special Revenue Tourism Alliance</u> | <u>Total Governmental</u> |
|---|--------------------------|---|-------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 164,933 | \$ 42,380 | \$ 207,313 |
| Receivables (net of allowance for uncollectibles) | 76,089 | - | 76,089 |
| Total assets | <u>241,022</u> | <u>42,380</u> | <u>283,402</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 37,836 | 1,669 | 39,506 |
| Payroll liabilities | - | - | - |
| Total current liabilities | <u>37,836</u> | <u>1,669</u> | <u>39,506</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue | 40,587 | - | 40,587 |
| PPP Loan | - | 31,470 | 31,470 |
| Total deferred inflows of resources | <u>40,587</u> | <u>31,470</u> | <u>72,057</u> |
| FUND BALANCE | | | |
| Unrestricted | 162,599 | 9,241 | 171,840 |
| Total fund balance | <u>\$ 162,599</u> | <u>\$ 9,241</u> | <u>\$ 171,840</u> |

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 | \$ 171,840 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 1,786 |
| Receivables not available for financial resources are not included in the funds. | |
| Prepaid insurance | - |
| 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 | (6,968) |
| Net position of governmental activities | <u><u>\$ 166,658</u></u> |

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, 2020

| | <u>General</u> | <u>Special Revenue Tourism Alliance</u> | <u>Total Governmental</u> |
|---|--------------------------|---|-------------------------------|
| REVENUES | | | |
| Special assessments | \$ 414,375 | \$ - | \$ 414,375 |
| Contributions | 10,000 | 9,138 | 19,138 |
| Charges for services | 1,229 | - | 1,229 |
| Investment earnings | 34 | - | 34 |
| Total operating revenues | <u>425,638</u> | <u>9,138</u> | <u>434,777</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 190,900 | 174,161 | 365,062 |
| Capital outlay | - | - | - |
| Total expenditures | <u>190,900</u> | <u>174,161</u> | <u>365,062</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>234,738</u> | <u>(165,023)</u> | <u>69,715</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from Debt Financing | | | |
| Transfers in (out) | <u>(140,000)</u> | 140,000 | - |
| Total other financing sources and uses | <u>(140,000)</u> | <u>140,000</u> | <u>-</u> |
| Net change in fund balances | 94,738 | (25,023) | 69,715 |
| Fund balances - beginning | 67,861 | 34,264 | 102,125 |
| Fund balances - ending | <u>\$ 162,599</u> | <u>\$ 9,241</u> | <u>\$ 171,840</u> |

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 \$ 69,715

Prior year revenues in the statement of activities that provide current financial resources and are
Assessments receivable -

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.

Capital assets purchased 1,017
Depreciation expense (977)

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.

Compensated absences 1,624
Change in net position of governmental activities \$ 71,379

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.



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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| Governmental Fund's Capital Assets: | | |
| Land | \$ 84,844,395 | \$ 84,847,204 |
| Buildings and systems | 11,152,215 | 11,138,261 |
| Improvements other than buildings | 17,475,652 | 17,355,977 |
| Machinery and equipment | 18,337,818 | 17,062,989 |
| Infrastructure | 48,683,048 | 48,683,048 |
| Construction in progress | 6,327,207 | 1,730,901 |
| | <u>\$ 186,820,334</u> | <u>\$ 180,818,380</u> |
| Investment in Governmental Fund's Capital Assets by Source: | | |
| General | \$ 22,626 | \$ 22,626 |
| Special revenue | 147,371,168 | 142,205,216 |
| Capital projects | 39,426,540 | 38,590,538 |
| | <u>\$ 186,820,334</u> | <u>\$ 180,818,380</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 BY FUNCTION AND ACTIVITY ¹
For the year ended June 30, 2020

| FUNCTION AND ACTIVITY | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|-------------------------------------|----------------------|----------------------|--|--|-----------------------|-------------------------------------|-----------------------|
| General government: | | | | | | | |
| Finance and administration | \$ 55,878 | \$ 2,362,500 | \$ 577,942 | \$ - | \$ - | \$ - | \$ 2,996,320 |
| Community facilities | 70,500 | 2,285,432 | 506,289 | 385,863 | - | - | 3,248,084 |
| Total general government | 126,378 | 4,647,932 | 1,084,231 | 385,863 | - | - | 6,244,404 |
| Public safety: | | | | | | | |
| Law enforcement and judicial | - | - | 41,154 | 3,701,803 | - | - | 3,742,957 |
| Fire protection | 46,000 | 1,000,182 | 27,994 | 3,852,711 | - | - | 4,926,886 |
| Total public safety | 46,000 | 1,000,182 | 69,148 | 7,554,514 | - | - | 8,669,844 |
| Public works: | | | | | | | |
| Public works administration | - | - | - | 22,626 | - | - | 22,626 |
| Undistributed engineering | - | - | - | 207,946 | - | - | 207,946 |
| Streets | 39,938,934 | 104,274 | 323,735 | 4,789,283 | 38,688,656 | 3,140,039 | 86,984,922 |
| Storm water | 34,782,122 | 338,960 | 23,511 | 819,747 | 9,994,392 | 2,819,733 | 48,778,465 |
| Total public works | 74,721,056 | 443,234 | 347,246 | 5,839,602 | 48,683,048 | 5,959,772 | 135,993,958 |
| Public health | - | - | - | 42,279 | - | - | 42,279 |
| Culture and recreation | 9,951,461 | 5,060,867 | 15,975,027 | 4,500,101 | - | 367,434 | 35,854,890 |
| Community development | - | - | - | 14,960 | - | - | 14,960 |
| Total general capital assets | \$ 84,844,895 | \$ 11,152,215 | \$ 17,475,652 | \$ 18,337,318 | \$ 48,683,048 | \$ 6,327,206 | \$ 186,820,334 |

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, 2020

| FUNCTION AND ACTIVITY | Beginning Balance | Additions | Deletions | Transfers In (Out) | Capital Contributions | Ending Balance |
|-------------------------------------|------------------------------|---------------------|-------------------|-------------------------------|----------------------------------|---------------------------|
| General government: | | | | | | |
| Finance and administration | \$ 2,996,320 | \$ - | \$ - | \$ - | \$ - | \$ 2,996,320 |
| Community facilities | 3,247,249 | 1,335 | - | - | - | 3,248,584 |
| Total general government | 6,243,569 | 1,335 | - | - | - | 6,244,904 |
| Public safety: | | | | | | |
| Law enforcement and judicial | 3,629,454 | 379,947 | 266,444 | - | - | 3,742,957 |
| Fire protection | 4,817,844 | 457,478 | 348,436 | - | - | 4,926,886 |
| Total public safety | 8,447,298 | 837,425 | 614,880 | - | - | 8,669,844 |
| Public works: | | | | | | |
| Public works administration | 22,626 | - | - | - | - | 22,626 |
| Undistributed engineering | 228,731 | - | - | (20,785) | - | 207,946 |
| Streets | 83,891,715 | 3,084,425 | - | 8,783 | - | 86,984,922 |
| Storm water | 46,714,688 | 2,063,776 | - | - | - | 48,778,465 |
| Total public works | 130,857,760 | 5,148,201 | - | (12,003) | - | 135,993,958 |
| Public health | 42,279 | - | - | - | - | 42,279 |
| Culture and recreation | 35,212,514 | 629,192 | 2,809 | 15,492 | - | 35,854,390 |
| Community development | 14,960 | - | - | - | - | 14,960 |
| Total general capital assets | <u>\$ 180,818,380</u> | <u>\$ 6,616,153</u> | <u>\$ 617,689</u> | <u>\$ 3,490</u> | <u>\$ -</u> | <u>\$ 186,820,334</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.

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
June 30, 2020

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
CHANGES IN NET POSITION
Last Ten Fiscal Years

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 91,429,209 | \$ 97,546,860 | \$ 104,225,402 | \$ 104,044,169 | \$ 112,997,297 | \$ 126,448,587 | \$ 127,387,996 | \$ 129,370,594 | \$ 130,768,106 | \$ 139,254,305 |
| Restricted | 9,029,049 | 8,684,750 | 9,665,803 | 10,259,787 | 9,969,118 | 12,000,238 | 11,521,903 | 10,179,868 | 11,140,729 | 17,323,027 |
| Unrestricted | 6,751,747 | 7,518,283 | 7,502,998 | 8,476,396 | (3,648,813) | (5,301,510) | (5,071,175) | (4,888,987) | (4,849,462) | (11,977,161) |
| Total governmental activities net position | \$ 107,210,005 | \$ 113,749,893 | \$ 121,394,203 | \$ 122,780,352 | \$ 119,317,602 | \$ 133,147,315 | \$ 133,838,724 | \$ 134,661,475 | \$ 137,059,373 | \$ 144,600,171 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 95,768,724 | \$ 105,318,904 | \$ 107,292,882 | \$ 107,502,635 | \$ 117,255,708 | \$ 125,294,720 | \$ 125,406,279 | \$ 129,901,321 | \$ 138,938,912 | \$ 137,151,058 |
| Restricted | 3,009,229 | 2,372,783 | 1,894,240 | 1,937,111 | 2,782,860 | 2,773,367 | 1,828,652 | 1,718,447 | 1,719,012 | 3,274,243 |
| Unrestricted | 8,751,838 | 9,234,635 | 12,760,455 | 14,911,713 | 13,978,228 | 15,392,015 | 19,577,629 | 17,933,829 | 14,951,125 | 19,544,795 |
| Total business-type activities net position | \$ 107,529,791 | \$ 116,926,322 | \$ 121,947,577 | \$ 124,351,459 | \$ 134,016,796 | \$ 143,460,102 | \$ 146,812,560 | \$ 149,553,597 | \$ 155,609,049 | \$ 159,970,096 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 187,197,933 | \$ 202,865,764 | \$ 211,518,284 | \$ 211,546,804 | \$ 230,253,005 | \$ 251,743,307 | \$ 252,794,275 | \$ 259,271,915 | \$ 269,707,018 | \$ 276,405,363 |
| Restricted | 12,038,278 | 11,057,533 | 11,560,043 | 12,196,898 | 12,751,978 | 14,773,605 | 13,350,555 | 11,898,315 | 12,859,741 | 20,597,270 |
| Unrestricted | 15,503,585 | 16,752,918 | 20,263,453 | 23,388,109 | 10,329,415 | 10,090,505 | 14,506,454 | 13,044,842 | 10,101,663 | 7,567,634 |
| Total primary government net position | \$ 214,739,796 | \$ 230,676,215 | \$ 243,341,780 | \$ 247,131,811 | \$ 253,334,398 | \$ 276,607,417 | \$ 280,651,284 | \$ 284,215,072 | \$ 292,668,422 | \$ 304,570,267 |

See independent auditor's report.

City of Helena, Montana
CHANGES IN NET POSITION
Last Ten Fiscal Years

(1 of 4)

| | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------------|---------------|---------------|---------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,122,007 | \$ 2,210,331 | \$ 2,497,674 | \$ 2,499,590 |
| Public safety | 11,647,121 | 12,466,013 | 13,119,756 | 13,231,206 |
| Public works | 4,702,680 | 5,097,267 | 5,069,500 | 5,662,887 |
| Public health | 194,381 | 219,228 | 231,304 | 225,331 |
| Culture and recreation | 3,499,303 | 3,784,245 | 3,863,269 | 3,986,908 |
| Community development | 562,266 | 593,250 | 831,931 | 565,194 |
| Intergovernmental | 26,499 | 458,718 | - | 17,620 |
| Interest on long-term debt | 859,461 | 825,675 | 791,312 | 761,726 |
| Total governmental activities | 23,613,718 | 25,654,727 | 26,404,746 | 26,950,462 |
| Business-type activities: | | | | |
| Water | 5,037,410 | 5,445,042 | 5,493,070 | 5,845,585 |
| Wastewater | 3,505,533 | 3,766,832 | 3,669,373 | 3,677,766 |
| Solid waste | 2,906,025 | 2,795,077 | 3,010,304 | 3,005,956 |
| Transfer station | 2,539,746 | 2,861,301 | 2,764,029 | 2,795,143 |
| Parking | - | - | - | - |
| Golf course | 1,101,612 | 1,112,447 | 1,223,553 | 2,396,277 |
| Bus | 1,388,995 | 1,474,071 | 1,568,545 | 1,541,443 |
| Other activities | 1,843,363 | 1,866,305 | 1,843,623 | 1,833,516 |
| Total business-type activities | 18,322,684 | 19,321,075 | 19,572,497 | 21,095,686 |
| Total primary government | \$ 41,936,402 | \$ 44,975,802 | \$ 45,977,243 | \$ 48,046,148 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 621,880 | \$ 820,821 | \$ 1,039,118 | \$ 910,160 |
| Public safety | 915,513 | 933,754 | 1,020,115 | 1,250,499 |
| Public works | 4,555,591 | 4,722,092 | 4,979,302 | 4,972,860 |
| Public health | 38,110 | 41,033 | 38,900 | 39,092 |
| Culture and recreation | 1,733,457 | 2,079,828 | 2,453,413 | 1,907,827 |
| Community development | 8,314 | 38,756 | 341,058 | 74,265 |
| Operating grants and contributions | 4,440,645 | 4,146,897 | 4,044,625 | 4,336,569 |
| Capital grants and contributions | 2,233,281 | 5,637,153 | 5,972,108 | 401,840 |
| Total governmental activities | 14,546,791 | 18,420,334 | 19,888,639 | 13,893,112 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 5,434,260 | 6,340,503 | 6,430,648 | 6,583,279 |
| Wastewater | 3,789,551 | 3,973,033 | 4,167,237 | 4,221,124 |
| Solid waste | 3,066,451 | 3,141,575 | 3,261,745 | 3,348,161 |
| Transfer station | 2,919,604 | 2,996,545 | 2,931,689 | 3,002,835 |
| Parking | - | - | - | - |
| Golf course | 1,204,148 | 1,239,308 | 1,276,740 | 1,281,362 |
| Bus | 310,174 | 305,902 | 326,669 | 307,593 |
| Other activities | 1,655,138 | 1,812,719 | 1,816,338 | 1,910,091 |
| Operating grants and contributions | 625,476 | 908,295 | 895,375 | 961,869 |
| Capital grants and contributions | 11,759,010 | 8,095,586 | 3,038,239 | 1,260,497 |
| Total business-type activities | 30,763,812 | 28,813,466 | 24,144,680 | 22,876,811 |
| Total primary government | \$ 45,310,603 | \$ 47,233,800 | \$ 44,033,319 | \$ 36,769,923 |

See independent auditor's report.

City of Helena, Montana
CHANGES IN NET POSITION
Last Ten Fiscal Years

(2 of 4)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 2,462,445 | \$ 2,312,861 | \$ 2,784,547 | \$ 3,036,845 | \$ 2,473,932 | \$ 3,111,782 |
| 13,080,712 | 13,509,042 | 13,858,480 | 14,930,310 | 15,625,931 | 17,047,986 |
| 6,128,853 | 5,589,151 | 6,227,931 | 6,517,871 | 7,466,323 | 7,881,017 |
| 229,590 | 235,321 | 230,818 | 188,800 | 108,097 | 92,193 |
| 4,370,730 | 4,360,431 | 4,760,319 | 4,641,148 | 4,978,638 | 4,671,137 |
| 896,997 | 927,252 | 560,099 | 799,505 | 1,653,385 | 985,248 |
| - | - | 11,849 | - | 13,919 | - |
| 71,187 | 261,594 | 187,449 | 162,792 | 138,732 | 131,100 |
| 27,240,514 | 27,195,652 | 28,621,492 | 30,277,271 | 32,458,957 | 33,920,463 |
| 5,682,401 | 5,948,722 | 6,527,186 | 6,353,763 | 6,262,263 | 7,056,720 |
| 3,763,125 | 3,840,425 | 3,832,496 | 3,905,694 | 4,281,630 | 4,248,180 |
| 2,774,054 | 2,804,327 | 2,527,796 | 3,914,718 | 3,217,794 | 3,395,696 |
| 2,884,298 | 2,804,491 | 2,999,596 | 2,898,935 | 2,911,765 | 3,110,267 |
| 1,774,216 | 1,616,030 | 1,615,543 | 1,854,018 | 1,787,009 | 1,972,509 |
| 1,302,066 | 1,346,433 | 1,378,934 | 1,437,446 | 2,170,807 | 1,679,198 |
| 1,340,586 | 1,340,154 | 1,707,372 | 1,742,719 | 1,733,548 | 1,626,947 |
| 1,946,026 | 1,943,910 | 1,974,257 | 2,082,131 | 2,294,153 | 2,465,954 |
| 21,466,772 | 21,644,492 | 22,563,180 | 24,189,424 | 24,658,969 | 25,555,471 |
| \$ 48,707,286 | \$ 48,840,144 | \$ 51,184,672 | \$ 54,466,695 | \$ 57,117,926 | \$ 59,475,934 |
| \$ 1,011,040 | \$ 933,136 | \$ 930,972 | \$ 776,923 | \$ 850,363 | \$ 653,762 |
| 2,424,719 | 2,438,728 | 2,519,299 | 2,827,107 | 2,995,632 | 4,135,574 |
| 5,147,857 | 5,374,585 | 5,820,802 | 6,488,305 | 7,819,308 | 10,511,471 |
| 38,805 | 42,505 | 37,906 | 38,685 | 34,038 | 34,805 |
| 2,414,957 | 2,544,201 | 2,058,972 | 2,042,207 | 2,672,516 | 3,066,355 |
| 448,664 | 414,227 | 33,589 | 255,309 | 1,078,322 | 582,748 |
| 3,593,753 | 2,600,111 | 2,938,264 | 2,636,652 | 3,344,495 | 6,951,335 |
| 9,033,942 | 11,960,203 | 1,194,086 | 146,862 | 342,062 | - |
| 24,113,737 | 26,307,696 | 15,533,890 | 15,212,050 | 19,136,736 | 25,936,049 |
| 6,848,752 | 6,857,902 | 6,869,273 | 8,001,154 | 8,329,202 | 8,452,071 |
| 4,231,987 | 4,422,625 | 4,646,670 | 4,684,320 | 5,643,905 | 6,147,366 |
| 3,407,846 | 3,471,427 | 3,296,934 | 3,296,827 | 3,428,248 | 3,432,181 |
| 2,999,698 | 2,636,743 | 2,568,365 | 2,480,033 | 2,428,905 | 2,676,681 |
| 1,794,908 | 1,763,047 | 1,738,246 | 1,615,268 | 1,764,326 | 1,793,831 |
| 1,400,988 | 1,379,110 | 1,308,364 | 1,318,807 | 1,746,898 | 1,530,191 |
| 196,189 | 146,952 | 224,606 | 181,262 | 142,751 | 65,017 |
| 1,995,117 | 2,149,382 | 2,251,768 | 2,340,183 | 2,243,111 | 2,520,874 |
| 974,042 | 1,267,118 | 1,311,418 | 1,081,538 | 1,702,931 | 1,739,535 |
| 4,341,452 | 6,519,156 | 1,677,932 | 1,074,948 | 726,328 | 10,376 |
| 28,190,979 | 30,613,462 | 25,893,576 | 26,074,340 | 28,156,605 | 28,368,122 |
| \$ 52,304,716 | \$ 56,921,158 | \$ 41,427,466 | \$ 41,286,390 | \$ 47,293,341 | \$ 54,304,171 |

See independent auditor's report.

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

(3 of 4)

| | 2011 | 2012 | 2013 | 2014 |
|---|----------------------|----------------------|-----------------------|------------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (9,066,927) | \$ (7,234,393) | \$ (6,516,107) | \$ (13,057,350) |
| Business-type activities | 12,441,128 | 9,492,391 | 4,572,183 | 1,781,125 |
| Total primary government | <u>\$ 3,374,201</u> | <u>\$ 2,257,998</u> | <u>\$ (1,943,924)</u> | <u>\$ (11,276,225)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 8,422,755 | \$ 9,074,313 | \$ 9,244,244 | \$ 9,813,380 |
| Motor vehicle taxes | 679,341 | 698,952 | 684,194 | 688,338 |
| Unrestricted grants and contributions | 3,930,680 | 4,147,426 | 4,472,786 | 4,622,584 |
| Investment earnings | 77,221 | 70,644 | 50,171 | 34,930 |
| Gain on the sale of capital assets | - | 47,596 | 124,083 | 12,912 |
| Transfers | (363,634) | (264,650) | (415,061) | (364,500) |
| Special item | (236,000) | - | - | - |
| Total governmental activities | <u>12,510,363</u> | <u>13,774,281</u> | <u>14,160,417</u> | <u>14,807,644</u> |
| Business-type activities: | | | | |
| Investment earnings | 44,592 | 39,805 | 34,011 | 18,257 |
| Gain on sale of capital assets | 115,584 | (400,315) | - | 240,000 |
| Transfers | 363,634 | 264,650 | 415,061 | 364,500 |
| Special item | 236,000 | - | - | - |
| Total business-type activities | <u>759,810</u> | <u>(95,860)</u> | <u>449,072</u> | <u>622,757</u> |
| Total primary government | <u>\$ 13,270,173</u> | <u>\$ 13,678,421</u> | <u>\$ 14,609,489</u> | <u>\$ 15,430,401</u> |
| Change in Net Position¹ | | | | |
| Governmental activities | \$ 3,443,436 | \$ 6,539,888 | \$ 7,644,310 | \$ 1,750,294 |
| Business-type activities | 13,200,938 | 9,396,531 | 5,021,255 | 2,403,882 |
| Total primary government | <u>\$ 16,644,374</u> | <u>\$ 15,936,419</u> | <u>\$ 12,665,565</u> | <u>\$ 4,154,176</u> |

¹ Does not include restatements of net position.

See independent auditor's report

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

(4 of 4)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------|---------------|-----------------|-----------------|-----------------|----------------|
| \$ (3,126,777) | \$ (887,956) | \$ (13,087,602) | \$ (15,065,221) | \$ (13,322,221) | \$ (7,894,763) |
| 6,724,207 | 8,968,970 | 3,330,396 | 1,884,916 | 3,497,636 | 3,062,789 |
| \$ 3,597,430 | \$ 8,081,014 | \$ (9,757,206) | \$ (13,180,305) | \$ (9,824,585) | \$ (4,831,975) |
| | | | | | |
| \$ 9,627,235 | \$ 9,939,895 | \$ 10,329,375 | \$ 10,797,141 | \$ 11,620,191 | \$ 10,514,624 |
| 774,849 | 826,785 | 853,548 | 891,652 | 1,028,710 | 1,054,649 |
| 4,132,618 | 4,259,548 | 4,310,367 | 4,334,645 | 4,409,295 | 4,525,417 |
| 31,507 | 91,441 | 157,354 | 291,269 | 463,553 | 314,922 |
| 28,257 | - | 58,539 | 20,157 | 2,850 | 132,464 |
| (1,775,194) | (375,000) | (407,904) | (446,892) | (1,804,481) | (848,659) |
| - | (25,000) | - | - | - | - |
| 12,819,272 | 14,717,669 | 15,301,279 | 15,887,972 | 15,720,118 | 15,693,418 |
| | | | | | |
| 18,808 | 81,993 | 188,875 | 396,725 | 617,860 | 449,598 |
| 30,695 | 17,343 | 6,925 | 12,504 | 135,475 | - |
| 1,775,194 | 375,000 | 407,904 | 446,892 | 1,804,481 | 848,659 |
| 7,391,153 | - | - | - | - | - |
| 9,215,850 | 474,336 | 603,704 | 856,121 | 2,557,816 | 1,298,258 |
| \$ 22,035,122 | \$ 15,192,005 | \$ 15,904,983 | \$ 16,744,093 | \$ 18,277,934 | \$ 16,991,676 |
| | | | | | |
| \$ 9,692,495 | \$ 13,829,713 | \$ 2,213,677 | \$ 822,751 | \$ 2,397,897 | \$ 7,798,654 |
| 15,940,057 | 9,443,306 | 3,934,100 | 2,741,037 | 6,055,452 | 4,361,047 |
| \$ 25,632,552 | \$ 23,273,019 | \$ 6,147,777 | \$ 3,563,788 | \$ 8,453,349 | \$ 12,159,702 |

See independent auditor's report.

City of Helena, Montana
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

(1 of 2)

| | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ 25,634 | \$ 29,738 | \$ 19,983 | \$ 19,264 |
| Restricted | 69,812 | 62,452 | 179,182 | 64,044 |
| Committed | 387,051 | 21,829 | - | - |
| Assigned | 25,600 | 69,024 | 34,985 | 2,386 |
| Unassigned | 4,150,675 | 3,945,453 | 4,331,115 | 6,559,029 |
| Total general fund | <u>\$ 4,658,772</u> | <u>\$ 4,128,496</u> | <u>\$ 4,565,265</u> | <u>\$ 6,644,723</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ 273,911 | \$ 185,956 | \$ 295,458 | \$ 295,288 |
| Restricted | 10,906,112 | 8,762,619 | 9,486,622 | 10,195,743 |
| Committed | 1,446,093 | 1,800,616 | 1,387,877 | 1,446,792 |
| Assigned | 107,676 | 1,594,153 | 1,759,532 | 2,401,501 |
| Unassigned | (67,547) | (25,109) | (165,368) | (146,969) |
| Total all other governmental funds | <u>\$ 12,666,245</u> | <u>\$ 12,318,235</u> | <u>\$ 12,764,121</u> | <u>\$ 14,192,355</u> |

See independent auditor's report

City of Helena, Montana
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

(2 of 2)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| \$ 14,774 | \$ 12,663 | \$ 16,902 | \$ 7,697 | \$ 9,780 | \$ - |
| 113,730 | 62,473 | 73,800 | 67,937 | 144,235 | 6,287 |
| 117,273 | 42,273 | - | - | - | 132,814 |
| 6,000 | 5,000 | 32,596 | 824,027 | 163,852 | - |
| 6,770,453 | 5,436,164 | 5,376,401 | 4,609,737 | 6,426,782 | 47,934 |
| <u>\$ 7,022,230</u> | <u>\$ 5,558,573</u> | <u>\$ 5,499,699</u> | <u>\$ 5,509,398</u> | <u>\$ 6,744,649</u> | <u>\$ 187,035</u> |

| | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 248,965 | \$ 394,047 | \$ 387,233 | \$ 280,299 | \$ 286,611 | \$ - |
| 9,855,388 | 11,937,765 | 12,711,213 | 11,142,220 | 12,487,883 | 965,971 |
| 1,576,584 | 1,553,024 | 1,488,727 | 1,781,734 | 1,807,477 | 7,661,558 |
| 2,791,027 | 2,544,285 | 3,119,020 | 4,138,428 | 2,420,721 | 2,931,907 |
| (150,931) | (281,618) | (51,433) | (50,485) | (68,957) | 5,598,507 |
| <u>\$ 14,321,033</u> | <u>\$ 16,147,503</u> | <u>\$ 17,654,760</u> | <u>\$ 17,292,196</u> | <u>\$ 16,933,735</u> | <u>\$ 17,157,943</u> |

See independent auditor's report.

City of Helena, Montana
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

| | (1 of 2) | | | |
|---|---------------------|---------------------|-------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | |
| Taxes: | | | | |
| Property taxes | \$ 8,915,516 | \$ 8,529,266 | \$ 8,883,694 | \$ 11,376,883 |
| Motor vehicle taxes | 679,341 | 698,952 | 684,194 | 688,338 |
| Special assessments | 5,139,199 | 5,444,818 | 5,605,367 | 5,677,012 |
| Licenses and permits | 449,979 | 558,201 | 611,813 | 737,162 |
| Intergovernmental | 8,491,242 | 9,119,595 | 9,606,039 | 9,238,030 |
| Charges for services | 1,618,479 | 1,698,420 | 1,995,504 | 1,820,517 |
| Fines | 560,042 | 585,612 | 611,103 | 713,420 |
| Investment earnings | 77,221 | 70,644 | 50,171 | 34,930 |
| Miscellaneous | 251,615 | 319,341 | 570,002 | 283,980 |
| Total revenue | <u>26,182,634</u> | <u>27,024,849</u> | <u>28,617,887</u> | <u>30,570,272</u> |
| Expenditures | | | | |
| General government | 1,814,742 | 1,799,358 | 1,971,882 | 2,192,450 |
| Public safety | 11,193,009 | 11,790,650 | 12,336,834 | 12,524,881 |
| Public works | 3,928,499 | 4,315,554 | 4,193,099 | 4,746,026 |
| Public health | 194,574 | 214,404 | 226,779 | 222,301 |
| Culture and recreation | 2,974,842 | 3,235,172 | 3,313,713 | 3,331,804 |
| Community development | 561,150 | 579,757 | 829,295 | 556,037 |
| Intergovernmental | 26,499 | 458,718 | - | 17,620 |
| Miscellaneous | - | - | - | - |
| Debt service: | | | | |
| Principal | 1,140,745 | 1,086,133 | 1,058,311 | 924,831 |
| Interest | 872,396 | 842,027 | 806,001 | 775,737 |
| Debt issuance costs | - | - | - | - |
| Capital outlay | 3,998,412 | 3,391,834 | 2,951,998 | 1,565,281 |
| Total expenditures | <u>26,704,868</u> | <u>27,713,607</u> | <u>27,687,912</u> | <u>26,856,968</u> |
| Excess of revenues over (under) expenditures | <u>(522,234)</u> | <u>(688,758)</u> | <u>929,975</u> | <u>3,713,304</u> |
| Other Financing Sources (Uses) | | | | |
| Debt issued | 232,281 | 34,776 | 53,371 | 145,976 |
| Debt issuance premium | - | - | - | - |
| Debt issuance discount | - | - | - | - |
| Contributions | - | - | - | - |
| Payments to bond escrow agent | - | - | - | - |
| Sale of capital assets | 79,435 | 47,596 | 124,083 | 12,912 |
| Transfers in | 2,130,980 | 2,498,421 | 1,670,630 | 1,633,835 |
| Transfers out | (2,341,654) | (2,770,321) | (1,895,404) | (1,998,335) |
| Total other financing sources (uses) | <u>101,042</u> | <u>(189,528)</u> | <u>(47,320)</u> | <u>(205,612)</u> |
| Special item | <u>(236,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances ¹ | <u>\$ (657,192)</u> | <u>\$ (878,286)</u> | <u>\$ 882,655</u> | <u>\$ 3,507,692</u> |
| Debt service as a percentage of noncapital expenditures | 8.87% | 7.93% | 7.54% | 6.72% |

¹ Does not include prior period adjustments.

See independent auditor's report

City of Helena, Montana
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

| (2 of 2) | | | | | |
|-----------------|--------------|---------------|---------------|---------------|---------------|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| \$ 10,138,026 | \$ 9,940,730 | \$ 10,386,161 | \$ 10,799,382 | \$ 11,518,252 | \$ 12,608,166 |
| 774,849 | 826,785 | 853,548 | 891,652 | 1,028,710 | 1,054,649 |
| 5,718,233 | 5,911,386 | 6,409,137 | 7,021,904 | 8,345,193 | 11,141,122 |
| 638,327 | 638,250 | 633,332 | 545,630 | 688,404 | 665,401 |
| 8,533,328 | 7,961,957 | 7,658,087 | 7,357,020 | 9,147,355 | 11,550,618 |
| 1,922,226 | 2,063,152 | 1,632,309 | 1,779,690 | 2,091,774 | 1,952,050 |
| 650,074 | 585,401 | 535,033 | 523,678 | 540,899 | 571,191 |
| 31,507 | 91,441 | 157,354 | 291,269 | 479,082 | 314,922 |
| 551,325 | 727,425 | 415,052 | 372,789 | 305,423 | 353,426 |
| 28,957,895 | 28,746,527 | 28,680,013 | 29,583,014 | 34,145,092 | 40,211,545 |
| 2,343,318 | 2,150,391 | 2,467,576 | 2,785,665 | 2,324,298 | 2,880,223 |
| 11,487,514 | 11,722,710 | 11,786,301 | 12,631,086 | 13,381,503 | 14,108,886 |
| 5,185,550 | 4,583,452 | 5,192,118 | 5,307,073 | 5,551,877 | 5,979,935 |
| 227,565 | 236,745 | 232,168 | 173,517 | 146,113 | 83,813 |
| 3,788,237 | 3,655,584 | 3,800,002 | 3,691,666 | 4,158,847 | 3,954,455 |
| 875,627 | 934,609 | 556,388 | 773,214 | 1,653,251 | 973,675 |
| - | - | 11,849 | - | 13,919 | - |
| - | - | - | - | - | - |
| 719,102 | 735,321 | 771,583 | 832,892 | 699,107 | 415,000 |
| 301,260 | 274,926 | 248,064 | 151,233 | 149,273 | 131,100 |
| - | - | 96,440 | - | - | - |
| 2,132,609 | 3,678,117 | 2,072,624 | 3,545,993 | 3,805,289 | 7,256,776 |
| 27,060,782 | 27,971,855 | 27,235,113 | 29,892,339 | 31,883,477 | 35,783,863 |
| 1,897,113 | 774,672 | 1,444,900 | (309,325) | 2,261,615 | 4,427,682 |
| - | - | 5,180,000 | - | - | - |
| - | - | 308,748 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 11,674 |
| - | - | (5,390,156) | - | - | - |
| 112,230 | (11,859) | 58,539 | 20,157 | 2,850 | 132,464 |
| 1,558,900 | 3,889,055 | 2,473,448 | 1,868,584 | 1,574,633 | 1,498,242 |
| (3,062,058) | (4,264,055) | (2,627,096) | (1,932,281) | (2,962,308) | (2,146,903) |
| (1,390,928) | (386,859) | 3,483 | (43,540) | (1,384,825) | (504,523) |
| - | (25,000) | - | - | - | - |
| \$ 506,185 | \$ 362,813 | \$ 1,448,383 | \$ (352,865) | \$ 876,790 | \$ 3,923,159 |
| 4.09% | 4.16% | 4.05% | 3.74% | 3.02% | 1.91% |

See independent auditor's report.

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

| Fiscal Year | Real Taxable Value ¹ | Personal Taxable Value ¹ | Less Tax Increment | Net Taxable Valuation | Total Direct Tax Rate | Estimated Market Value | Taxable Value as a Percentage of Market Value |
|-------------|---------------------------------|-------------------------------------|--------------------|-----------------------|-----------------------|------------------------|---|
| 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% |
| 2019 | 63,785 | 3,390 | - | 67,176 | 169.73 | 4,362,418 | 1.54% |
| 2020 | 67,176 | 3,390 | - | 70,566 | 169.08 | 4,389,878 | 1.61% |

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)

| Fiscal Year | City of Helena | | | | | | | Overlapping Rates ¹ | | | |
|----------------|--------------------|----------------------|-----------------------------|-------------------------|-------------------------------|------------------------------|-----------------|--------------------------------|-------------------------------------|----------------|------------------------------|
| | General Purpose | Medical Insurance | Fire Safety ² | GO | | | Total Direct | Schools | | | Lewis and Clark County |
| | | | | Bond Debt Service | Tax Increment Financing | Other Levies ⁴ | | Helena Elementary | East Helena K-12 ³ | Helena High | |
| 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 | 99.47 | 27.75 | - | 11.75 | 0.30 | 24.59 | 163.86 | 201.19 | 195.45 | 82.95 | 218.22 |
| 2019 | 101.75 | 28.08 | 7.25 | 7.94 | 0.07 | 24.64 | 169.73 | 221.34 | 232.45 | 91.99 | 235.94 |
| 2020 | 121.60 | 30.17 | 9.26 | 7.14 | 0.91 | - | 169.08 | 215.75 | 375.60 | 88.75 | 239.44 |

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 The voters approved a fire safety levy in June 2018 for six additional firefighters and capital equipment needs.

³ The voters of East Helena approved becoming a K-12 district and began transitioning their high school students from the Helena High School District in fiscal year 2020.

⁴ In fiscal year 2020, the Other Levies, which included Comprehensive Insurance, PERS, Police and Firefighter retirement, were rolled up to the General Purpose Mill Levy total.

See independent auditor's report.

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

| | 2020 | | | 2011 | | |
|---|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value |
| Northwestern Corporation | \$ 8,256,696 | 1 | 11.21% | \$ 4,660,394 | 1 | 8.07% |
| The Boeing Company | 2,645,593 | 2 | 3.59% | 356,241 | 7 | - |
| Verizon Wireless | 2,403,589 | 3 | 3.26% | 4,262,050 | 2 | 7.38% |
| Centurylink Inc | 563,256 | 4 | 0.76% | - | - | - |
| Health Care Service Corporation | 476,535 | 5 | 0.65% | - | - | - |
| Helena Federal Office Complex, LLC | 465,019 | 6 | 0.63% | 458,294 | 5 | 0.79% |
| Charter Communications Inc. | 436,536 | 7 | 0.59% | - | - | - |
| Skyway Regional Shopping Center LLC | 370,362 | 8 | 0.51% | - | - | - |
| Capital Group Holdings LLC | 360,091 | 9 | 0.49% | | | |
| Touchmark Living Centers LLC (formerly Waterford) | 356,023 | 10 | 0.48% | | | 0.00% |
| Qwest Corporation | - | - | - | 1,455,806 | 3 | 2.52% |
| Bresnan Communications | - | - | - | 1,022,727 | 4 | 1.77% |
| Wal Mart Stores Inc | - | - | - | 397,297 | 6 | 0.69% |
| Waterford on Saddle Drive | - | - | - | 325,276 | 8 | 0.56% |
| Costco Wholesale | - | - | - | 314,053 | 9 | 0.54% |
| Federal Reserve Bank of Minneapolis | - | - | - | 283,169 | 10 | 0.49% |
| | <u>\$ 16,333,700</u> | | <u>22.17%</u> | <u>\$ 13,535,307</u> | | <u>22.81%</u> |
| Total City Taxable Assessed Value ¹ | 73,635,891 | | | 57,727,602 | | |

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

| 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 |
| 2011 ² | 8,867,259 | 8,773,371 | 98.94% | 93,463 | 8,866,834 | 100.00% |
| 2012 | 8,833,803 | 8,172,294 | 92.51% | 654,587 | 8,826,881 | 99.92% |
| 2013 | 9,161,968 | 9,033,110 | 98.59% | 120,755 | 9,153,865 | 99.91% |
| 2014 | 9,272,954 | 8,964,557 | 96.67% | 308,124 | 9,272,681 | 100.00% |
| 2015 | 9,968,710 | 9,400,597 | 94.30% | 567,332 | 9,967,929 | 99.99% |
| 2016 | 9,944,618 | 9,658,179 | 97.12% | 285,520 | 9,943,699 | 99.99% |
| 2017 | 10,356,020 | 9,853,992 | 95.15% | 501,309 | 10,355,301 | 99.99% |
| 2018 | 10,876,118 | 10,282,203 | 94.54% | 589,245 | 10,871,448 | 99.96% |
| 2019 | 9,369,655 | 8,685,574 | 92.70% | 669,560 | 9,355,134 | 99.85% |
| 2020 | 11,498,172 | 10,723,897 | 93.27% | - | 10,723,897 | 93.27% |

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 totaled \$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

| 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 | | | |
| 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 | 1.51% | 725 |
| 2019 | 4,370,000 | - | - | 2,615,000 | 7,465,000 | 5,455,000 | 416,442 | - | 20,321,442 | 1.28% | 629 |
| 2020 | 3,955,000 | - | - | 2,445,000 | 7,165,000 | 8,769,919 | 1,633,082 | - | 23,968,001 | 1.43% | 613 |

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

| 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 |
|-------------|--------------------------|--------------------------------------|--|---------------------------------|---|--------------------------|--|-------------------------|
| 2011 | 9,445,000 ⁴ | 1,005,000 | - | - | (419,250) | 10,030,754 | 16.49% | 355.83 |
| 2012 | 8,885,000 ⁴ | 970,000 | - | - | (330,228) | 9,524,776 | 16.07% | 333.13 |
| 2013 | 8,310,000 ⁴ | 935,000 | - | - | (323,402) | 8,921,602 | 14.77% | 306.23 |
| 2014 | 7,705,000 ⁴ | 900,000 | - | - | (639,052) | 7,965,952 | 13.48% | 269.16 |
| 2015 | 7,085,000 | 850,000 | 845,000 | - | (1,510,000) | 7,270,000 | 12.04% | 242.79 |
| 2016 | 6,435,000 | - | 835,000 | - | (743,507) | 6,526,493 | 10.51% | 213.42 |
| 2017 | 5,765,000 | - | 760,000 | - | (1,081,954) | 5,443,046 | 8.29% | 174.63 |
| 2018 | 5,010,000 | - | 680,000 | 2,100,000 | (870,177) | 6,919,823 | 10.54% | 220.17 |
| 2019 | 4,370,000 | - | 600,000 | 2,015,000 | (585,000) | 6,400,000 | 9.53% | 198.05 |
| 2020 | 3,955,000 | - | 520,000 | 1,925,000 | (595,000) | 5,805,000 | 8.23% | 175.25 |

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, 2020

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|--|---------------------|--|--|
| Debt repaid with property taxes | | | |
| Helena School District No. 1 Elementary | \$ 57,400,000 | 62.57% | \$ 35,915,180 |
| East Helena School District No. 9 K-12 | 38,395,000 | 7.73% | 2,967,934 |
| Lewis & Clark County Bonds | 11,298,377 | 47.92% | 5,414,182 |
| Total overlapping debt | | | 44,297,296 |
| City direct debt | <u>\$ 3,955,000</u> | <u>100.00%</u> | <u>3,955,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 48,252,296</u></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)

| | | | | | | | | | | |
|---|--|---------------------------|---------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Assessed value ² | | | | | | | | | \$ 4,127,828 |
| | Debt limit (2.5% of assessed value) ³ | | | | | | | | | 103,196 |
| | Debt applicable to limit: | | | | | | | | | |
| | General obligation bonds | | | | | | | | | 5,880 |
| | Legal debt margin | | | | | | | | | <u>\$ 97,316</u> |
| Fiscal year | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Debt limit | \$ 45,619 | \$ 46,787 | \$ 49,190 | \$ 58,069 | \$ 60,015 | \$ 84,952 | \$ 85,464 | \$ 91,884 | \$ 94,136 | \$ 103,196 |
| Total net debt applicable to limit | <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> | <u>6,396</u> | <u>5,880</u> |
| Legal debt margin | <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> | <u>\$ 87,740</u> | <u>\$ 97,316</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 19.41% | 17.84% | 15.91% | 12.76% | 11.61% | 7.67% | 6.90% | 7.82% | 6.79% | 5.70% |

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
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year | Water Revenue Bonds | | | | | | Wastewater Revenue Bonds | | | | | |
|----------------|---------------------|-----------|-----------|----------------------|----------|----------|--------------------------|-----------|-----------|----------------------|----------|----------|
| | Utility | Less: | Net | Maximum Debt Service | | | Utility | Less: | Net | Maximum Debt Service | | |
| | Service | Operating | Available | in Any Fiscal Year | | | Service | Operating | Available | in Any Fiscal Year | | |
| | Charges | Expenses | Revenue | Principal | Interest | Coverage | Charges | Expenses | Revenue | Principal | Interest | Coverage |
| 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% |
| 2019 | 8,329 | 4,347 | 3,982 | 485 | 79 | 706.0% | 5,644 | 3,230 | 2,414 | 736 | 34 | 313.5% |
| 2020 | 8,452 | 6,888 | 1,564 | 825 | 71 | 174.6% | 6,147 | 4,214 | 1,934 | 877 | 62 | 205.9% |

| Fiscal Year | Parking Certificates of Participation ¹ | | | | | |
|----------------|--|-----------|-----------|----------------------|----------|----------|
| | Parking | Less: | Net | Maximum Debt Service | | |
| | Service | Operating | Available | in Any Fiscal Year | | |
| | Charges | Expenses | Revenue | Principal | Interest | Coverage |
| 2011 | 1,440 | 1,348 | 92 | 187 | 415 | 15.3% |
| 2012 | 1,441 | 1,712 | (271) | 187 | 415 | -45.0% |
| 2013 | 1,686 | 1,783 | (97) | 192 | 409 | -16.1% |
| 2014 | 1,569 | 1,813 | (244) | 197 | 404 | -40.6% |
| 2015 | 1,795 | 745 | 1,050 | 290 | 401 | 152.0% |
| 2016 | 1,763 | 928 | 835 | 370 | 410 | 107.1% |
| 2017 | 1,744 | 960 | 784 | 375 | 211 | 133.8% |
| 2018 | 1,626 | 1,277 | 349 | 405 | 88 | 70.8% |
| 2019 | 1,764 | 1,201 | 563 | 415 | 170 | 96.2% |
| 2020 | 1,794 | 1,734 | 60 | 470 | 13 | 12.5% |

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.

See independent auditor's report.

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

| <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> |
|--------------------------|-------------------|---|---|------------------------------|------------------------------|
| 2010 | 28,190 | 1,092,757 | 38,764 | 5.5% | 8,154 |
| 2011 | 28,592 | 1,116,575 | 39,052 | 5.3% | 8,304 |
| 2012 | 29,134 | 1,178,645 | 40,456 | 4.9% | 8,331 |
| 2013 | 29,596 | 1,201,953 | 40,612 | 4.5% | 8,300 |
| 2014 | 29,943 | 1,241,706 | 41,469 | 3.9% | 8,290 |
| 2015 | 30,581 | 1,318,286 | 43,108 | 3.1% | 8,294 |
| 2016 | 31,169 | 1,378,137 | 44,215 | 3.0% | 8,332 |
| 2017 | 31,429 | 1,508,215 | 47,988 | 3.3% | 9,512 |
| 2018 | 32,315 | 1,584,695 ¹ | 49,039 ¹ | 3.1% | 9,601 |
| 2019 | 33,124 | 1,676,074 ¹ | 50,600 ¹ | 3.7% | 9,738 |

Sources: U. S. Census Bureau and Montana Census and Economic Information Center: Population
State of Montana, Department of Labor; US Bureau of Economic Analysis:
Unemployment Rate, Personal Income, Per Capita Personal Income
Lewis and Clark Superintendent of Schools: School Enrollment

¹ Lewis and Clark County information is reported as City of Helena information is not available.

See independent auditor's report.

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

| Company Name | Product or Service | 2020 | | | 2011 | | |
|------------------------------|--------------------|-------------------------------|------|--------------------------------|-------------------------------|------|--------------------------------|
| | | Estimated Number of Employees | Rank | Percentage of Total Employment | Estimated Number of Employees | Rank | Percentage of Total Employment |
| State of Montana | Government | 6,309 | 1 | 39.14% | 6,535 | 1 | 40.24% |
| US Government | Government | 1,946 | 2 | 12.07% | 2,025 | 2 | 12.47% |
| St. Peter's Hospital | Health Services | 1,755 | 3 | 10.89% | 1,123 | 3 | 6.92% |
| Helena School District No. 1 | Education | 1,569 | 4 | 9.73% | 839 | 4 | 5.17% |
| Blue Cross/Blue Shield | Health Services | 400 | 5 | 2.48% | 485 | 5 | 2.99% |
| Carroll College | Education | 375 | 6 | 2.33% | - | - | - |
| City of Helena | Government | 350 | 7 | 2.17% | 289 | 9 | 1.78% |
| Wal-Mart | Retail | 350 | 8 | 2.17% | 436 | 7 | 2.68% |
| Lewis & Clark County | Government | 347 | 9 | 2.15% | 482 | 6 | 2.97% |
| Shodair Children's Hospital | Health Services | 320 | 10 | 1.98% | 270 | 10 | 1.66% |
| Military | Education | - | | - | 376 | 8 | 2.32% |
| Total | | <u>13,721</u> | | <u>85.11%</u> | <u>12,860</u> | | <u>79.19%</u> |
| All Other Employers | | <u>2,400</u> | | <u>14.9%</u> | <u>3,380</u> | | <u>20.8%</u> |
| Total Employment | | <u><u>16,121</u></u> | | <u><u>100%</u></u> | <u><u>16,240</u></u> | | <u><u>100%</u></u> |

Sources: Dept of Labor and Industries; Data USA; telephone survey by City staff.

See independent auditor's report.

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

| FUNCTION/PROGRAM | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Legislative | 7.00 | 7.38 | 7.38 | 7.38 | 7.38 | 7.38 | 7.38 | 7.38 | 7.50 | 6.50 |
| Executive | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Judicial | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 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 | 2.00 | 2.00 |
| Financial | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.50 |
| Human resources | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | 3.00 |
| Legal | 4.65 | 4.65 | 4.65 | 4.75 | 4.75 | 5.00 | 6.00 | 7.16 | 7.00 | 8.00 |
| Facilities administration | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.24 | 2.29 |
| PUBLIC SAFETY | | | | | | | | | | |
| Law enforcement | 71.55 | 70.66 | 70.67 | 71.50 | 72.50 | 73.50 | 71.50 | 75.00 | 73.96 | 73.96 |
| Fire protection | 36.00 | 36.00 | 36.00 | 36.00 | 36.46 | 37.00 | 37.00 | 37.00 | 41.00 | 41.00 |
| PUBLIC WORKS | | | | | | | | | | |
| Public works administration | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Engineering | 6.90 | 7.90 | 7.90 | 7.90 | 8.65 | 8.90 | 8.50 | 8.50 | 7.50 | 7.50 |
| Road and street | 15.51 | 15.76 | 15.51 | 15.01 | 15.01 | 15.01 | 15.01 | 15.01 | 15.60 | 19.44 |
| Storm water | 2.19 | 2.19 | 2.19 | 2.27 | 2.27 | 2.33 | 2.56 | 2.56 | 3.26 | 3.18 |
| PUBLIC HEALTH | | | | | | | | | | |
| Animal control | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Park and recreation | 20.29 | 21.30 | 22.08 | 21.60 | 21.60 | 21.60 | 22.50 | 23.75 | 24.50 | 23.50 |
| Civic center | 5.44 | 5.44 | 5.44 | 5.44 | 5.44 | 5.44 | 5.44 | 5.94 | 5.93 | 4.88 |
| COMMUNITY DEVELOPMENT | | | | | | | | | | |
| Community development and planning | 5.13 | 5.13 | 5.13 | 5.13 | 5.13 | 5.13 | 5.13 | 5.13 | 4.13 | 5.13 |
| Building | 11.00 | 11.00 | 8.50 | 8.50 | 9.50 | 9.50 | 9.50 | 9.75 | 9.50 | 9.50 |
| Water | 19.36 | 19.91 | 20.54 | 21.28 | 21.28 | 22.26 | 21.95 | 21.45 | 21.54 | 22.20 |
| Wastewater | 14.79 | 14.79 | 14.79 | 15.23 | 15.23 | 15.91 | 15.99 | 15.49 | 15.10 | 15.52 |
| Solid waste | 8.45 | 8.50 | 8.60 | 8.30 | 8.30 | 8.30 | 8.30 | 8.40 | 10.40 | 10.30 |
| Transfer station | 10.85 | 10.50 | 10.40 | 10.70 | 10.70 | 10.70 | 11.70 | 11.60 | 9.60 | 8.70 |
| Bus | 14.58 | 12.50 | 13.26 | 13.08 | 10.95 | 11.27 | 13.37 | 13.37 | 11.95 | 11.15 |
| Parking | 10.10 | 10.28 | 10.28 | 10.63 | 9.80 | 7.65 | 7.65 | 7.65 | 7.90 | 6.09 |
| City-County building administration | 6.37 | 6.37 | 6.37 | 6.37 | 6.37 | 6.37 | 6.37 | 6.37 | 8.21 | 6.21 |
| Fleet services | 5.40 | 5.50 | 5.50 | 5.50 | 5.50 | 6.50 | 6.50 | 6.50 | 6.75 | 6.73 |
| Total | 304.23 | 304.43 | 303.86 | 305.24 | 306.49 | 308.42 | 311.02 | 316.68 | 317.07 | 315.78 |

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

(1 of 2)

| FUNCTION/PROGRAM | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------|--------|--------|--------|--------------|--------------|--------------|--------------|--------------|--------------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Judicial | | | | | | | | | | |
| Trials by judge | 2,137 | 2,141 | 3,120 | 3,311 | 5,685 | 4,525 | 2,832 | 3,005 | 3,147 | 3,987 |
| Trials by jury | 12 | 15 | 11 | 7 | 7 | 11 | 8 | 7 | 8 | 3 |
| Citations filed | 7,541 | 7,243 | 7,096 | 8,201 | 7,068 | 5,921 | 5,067 | 5,691 | 5,094 | 4,225 |
| PUBLIC SAFETY ACTIVITIES | | | | | | | | | | |
| Police | | | | | | | | | | |
| Total calls | 26,454 | 26,849 | 27,566 | 30,678 | 30,583 | 29,205 | 27,871 | 29,432 | 31,368 | 30,806 |
| Arrests | 2,258 | 2,320 | 2,373 | 2,251 | 2,128 | 1,976 | 1,780 | 2,050 | 2,168 | 1,897 |
| Warrants served | 419 | 430 | 996 | 1,014 | 1,192 | 1,726 | 1,276 | 1,351 | 1,034 | 1,312 |
| Traffic citations | 5,458 | 5,271 | 4,718 | 5,271 | 4,620 | 2,205 | 2,244 | 2,686 | 2,366 | 1,939 |
| Fire | | | | | | | | | | |
| Alarms | 3,253 | 3,286 | 3,493 | 3,575 | 3,807 | 4,120 | 4,385 | 4,014 | 3,743 | 4,210 |
| Inspections | 688 | 474 | 429 | 366 | 617 | 1,048 | 812 | 476 | 375 | 556 |
| Medical calls | 2,340 | 2,371 | 2,539 | 2,573 | 2,748 | 3,044 | 3,208 | 2,820 | 2,608 | 2,933 |
| PUBLIC WORKS | | | | | | | | | | |
| Streets | | | | | | | | | | |
| Chip seal (miles) | 8.9 | 9.5 | 8.6 | 8.6 | 8.9 | 8.7 | 9.2 | 13.4 | 19.0 | 19.3 |
| Crack seal (miles) | 9.0 | 9.5 | 8.6 | 8.6 | 8.9 | 8.7 | 9.2 | 13.4 | 19.0 | 19.3 |
| Re-surface | N/A | N/A | N/A | N/A | N/A | N/A | 1.2 | 2.4 | 1.5 | 1.4 |
| Water | | | | | | | | | | |
| Average daily consumption (millions of gallons) | 4.6 | 5.0 | 6.0 | 5.5 | 5.6 | 5.6 | 5.2 | 5.9 | 5.3 | 5.1 |
| Peak demand (millions of gallons) | 11.6 | 12.5 | 14.0 | 14.2 | 15.0 | 13.2 | 13.1 | 15.1 | 15.2 | 12.0 |
| Number of customers | 10,655 | 10,775 | 10,908 | 10,989 | 11,159 | 11,441 | 11,526 | 11,569 | 12,079 | 12,719 |
| Wastewater | | | | | | | | | | |
| Average daily wastewater treated (millions of gallons) | 2.7 | 3.0 | 2.9 | 2.7 | 2.8 | 2.8 | 2.5 | 2.7 | 3.2 | 3.2 |
| Solid waste | | | | | | | | | | |
| Refuse collected (tons per day) | 109 | 105 | 101 | 102 | 101 | 104 | 104 | 100 | 101 | 112 |
| Recyclables collected (tons per day) | 18 | 18 | 17 | 17 | 18 | 17 | 18 | 18 | 21 | 20 |
| Bus | | | | | | | | | | |
| Total passengers ¹ | 117,036 | 97,032 | 80,973 | 76,097 | 79,252 | 97,189 | 81,787 | 95,789 | 82,488 | 97,589 |
| Parking ² | | | | | | | | | | |
| Number of spaces in garages | N/A | N/A | N/A | N/A | 1,383 | 1,383 | 1,383 | 1,383 | 1,383 | 1,389 |
| Monthly rate | N/A | N/A | N/A | N/A | \$57-\$67 | \$59-\$69 | \$63-\$73 | \$63-\$73 | \$63-\$73 | \$65-\$75 |
| Hourly rate | N/A | N/A | N/A | N/A | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.75 |
| Garage revenues | N/A | N/A | N/A | N/A | \$ 1,127,000 | \$ 1,125,661 | \$ 1,053,540 | \$ 1,045,100 | \$ 1,093,614 | \$ 1,429,321 |
| Number of spaces in paid lots | N/A | N/A | N/A | N/A | 656 | 656 | 656 | 656 | 656 | 656 |
| Monthly rate | N/A | N/A | N/A | N/A | \$47-72 | \$49-\$74 | \$53-\$80 | \$53-\$80 | \$53-\$80 | \$55-\$60 |
| Hourly rate | N/A | N/A | N/A | N/A | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 |
| Lot revenues | N/A | N/A | N/A | N/A | \$ 319,163 | \$ 328,388 | \$ 329,890 | \$ 349,079 | \$ 350,107 | \$ 312,310 |
| On-Street monthly permit rate: | | | | | | | | | | |
| Commercial areas | N/A | N/A | N/A | N/A | \$21-\$43 | \$21-\$43 | \$21-\$43 | \$21-\$43 | \$21-\$43 | \$21-\$43 |
| Residential areas | N/A | N/A | N/A | N/A | \$5-\$10 | \$5-\$20 | \$5-\$20 | \$5-\$20 | \$5-\$20 | \$5-\$20 |
| Permit revenues | N/A | N/A | N/A | N/A | \$ 212,520 | \$ 217,650 | \$ 211,731 | \$ 185,768 | \$ 201,218 | \$ 208,013 |
| Parking Meter rate | N/A | N/A | N/A | N/A | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 |
| Meter revenues | N/A | N/A | N/A | N/A | \$ 12,549 | \$ 18,931 | \$ 22,042 | \$ 17,327 | \$ 38,444 | \$ 189,037 |

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

(2 of 2)

| FUNCTION/PROGRAM | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PUBLIC HEALTH ACTIVITIES | | | | | | | | | | |
| Animal control | | | | | | | | | | |
| Total incidents | 2,230 | 2,259 | 2,393 | 2,645 | 2,521 | 2,453 | 2,541 | 2,115 | 1,730 | 1,639 |
| Citations | 432 | 348 | 316 | 310 | 347 | 288 | 332 | 254 | 141 | 109 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Swimming pool | | | | | | | | | | |
| Swimming pool attendance | 21,370 | 22,843 | 25,728 | 26,053 | 24,386 | 24,001 | 19,950 | 24,739 | 24,090 | 21,579 |
| Civic Center | | | | | | | | | | |
| Events | 169 | 166 | 220 | 172 | 71 | 73 | 79 | 68 | 80 | 140 |
| Number of days used | N/A | N/A | N/A | N/A | N/A | N/A | 170 | 131 | 150 | 218 |
| Tickets sold | 3,514 | 2,081 | 5,543 | 11,532 | 48,586 | 53,784 | 55,055 | 48,379 | 58,603 | 85,703 |
| COMMUNITY DEVELOPMENT | | | | | | | | | | |
| Building | | | | | | | | | | |
| Residential permits, new construction | 114 | 108 | 112 | 87 | 80 | 118 | 80 | 142 | 90 | 94 |
| Number of units | 176 | 161 | 172 | 132 | 339 | 386 | 175 | 258 | 188 | 204 |
| Value of permits (in thousands) | \$ 26,546 | \$ 24,598 | \$ 25,109 | \$ 23,243 | \$ 37,670 | \$ 48,294 | \$ 46,820 | \$ 21,724 | \$ 32,922 | \$ 34,387 |
| Residential permits, addition/remodel | 103 | 72 | 54 | 116 | 122 | 169 | 184 | 126 | 119 | 99 |
| Value of permits (in thousands) | \$ 2,390 | \$ 1,836 | \$ 1,719 | \$ 2,579 | \$ 4,180 | \$ 3,386 | \$ 3,820 | \$ 2,982 | \$ 3,804 | \$ 2,831 |
| Commercial permits, new construction | 26 | 14 | 26 | 30 | 13 | 39 | 19 | 15 | 18 | 14 |
| Value of permits (in thousands) | \$ 30,256 | \$ 19,597 | \$ 30,918 | \$ 23,740 | \$ 14,623 | \$ 54,372 | \$ 26,565 | \$ 15,206 | \$ 45,014 | \$ 10,968 |
| Commercial permits, addition/remodel | 145 | 128 | 96 | 105 | 169 | 211 | 177 | 127 | 145 | 118 |
| Value of permits (in thousands) | \$ 21,568 | \$ 19,594 | \$ 15,382 | \$ 14,417 | \$ 18,675 | \$ 17,930 | \$ 32,444 | \$ 21,950 | \$ 32,324 | \$ 31,716 |
| Planning ³ | | | | | | | | | | |
| Annexations | N/A | N/A | 1 | 3 | 4 | 1 | 7 | 5 | 2 | 3 |
| Annexed properties | N/A | N/A | 2 | 26 | 4 | 10 | 31 | 145 | 2 | 2 |
| Major subdivisions | N/A | N/A | - | 1 | - | 2 | - | 2 | 2 | 2 |
| Lots created | N/A | N/A | - | 26 | - | 32 | - | 50 | 26 | - |
| Minor subdivisions | N/A | N/A | 3 | 1 | 1 | 1 | 1 | 2 | - | 1 |
| Lots created | 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.

See independent auditor's report.

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

| FUNCTION/PROGRAM | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|-----------------|-------|-------|-------|-------|-------|
| PUBLIC SAFETY ACTIVITIES | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 38 | 38 | 38 | 36 | 37 | 35 | 28 | 30 | 31 | 31 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire response trucks | 18 | 19 | 17 | 17 | 16 | 16 | 16 | 17 | 18 | 19 |
| PUBLIC WORKS | | | | | | | | | | |
| Streets (miles) | 265 | 267 | 267 | 269 | 271 | 271 | 272 | 272 | 268 | 268 |
| Lights ¹ | 3,478 | 3,592 | 3,625 | 3,674 | 3,691 | 3,689 | 3,689 | 3,697 | 3,408 | 3,406 |
| Stormwater mains (miles) | 99 | 101 | 103 | 106 | 68 ² | 71 | 71 | 71 | 72 | 71 |
| Water | | | | | | | | | | |
| Water mains (miles) | 224 | 228 | 228 | 230 | 236 | 244 | 244 | 247 | 248 | 248 |
| Fire hydrants | 1,649 | 1,650 | 1,658 | 1,666 | 1,678 | 1,785 | 1,704 | 1,733 | 1,763 | 1,787 |
| Storage capacity (in millions of gallons) | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 22 |
| Wastewater mains (miles) | 181 | 185 | 186 | 187 | 188 | 188 | 188 | 190 | 192 | 183 |
| Solid waste - collection trucks | 20 | 20 | 20 | 19 | 18 | 17 | 18 | 19 | 19 | 18 |
| Bus - buses | 18 | 17 | 19 | 19 | 19 | 18 | 19 | 15 | 13 | 12 |
| Parking ³ | | | | | | | | | | |
| Garages | N/A | N/A | N/A | N/A | 5 | 5 | 5 | 5 | 5 | 5 |
| Parking lots | N/A | N/A | N/A | N/A | 10 | 10 | 11 | 11 | 11 | 11 |
| Curbside meters | N/A | N/A | N/A | N/A | 280 | 280 | 264 | 264 | 264 | 196 |
| On-Street rental spaces ⁴ | - | - | - | - | - | - | - | - | - | 320 |
| CULTURE AND RECREATION | | | | | | | | | | |
| Number of city parks | 45 | 46 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| City park acreage | 194 | 254 | 258 | 258 | 258 | 258 | 263 | 263 | 263 | 263 |
| Open space acreage | 1,804 | 1,804 | 1,845 | 1,845 | 1,999 | 1,999 | 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.

⁴ The Parking Commission began a kiosk program in fiscal year 2020.

See independent auditor's report.

City of Helena, Montana
THE WATER SYSTEM ¹
June 30, 2020

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

| <u>Fiscal Year</u> | <u>Residential Customers</u> | <u>Commercial Customers</u> | <u>Total Customers</u> |
|------------------------|----------------------------------|---------------------------------|----------------------------|
| 2016 | 8,520 | 2,921 | 11,441 |
| 2017 | 8,543 | 2,983 | 11,526 |
| 2018 | 8,562 | 3,007 | 11,569 |
| 2019 | 8,672 | 3,407 | 12,079 |
| 2020 | 8,728 | 3,991 | 12,719 |

Water System Rate Structure

| | <u>Residential (Single Family Residence)</u> | <u>Commercial and Multi-Family</u> |
|---------------------------------|--|--|
| Base Rate (based on meter size) | \$8.56 - \$30.80 | \$8.56 - \$645.20 |
| Per 100 Cubic feet Water | \$3.14 - \$3.57 | \$3.14 - \$3.78 |

Major Water System Users

| <u>User</u> | <u>Water Charges</u> | <u>Percent of Total Water Revenues</u> ² |
|---------------------------------|--------------------------|---|
| State of Montana | \$333,239 | 3.94 % |
| City of Helena | 266,654 | 3.15 |
| Military Affairs | 177,319 | 2.10 |
| Helena School District #1 | 151,168 | 1.79 |
| St. Peter's Hospital | 150,734 | 1.78 |
| Helena Housing Authority | 99,054 | 1.17 |
| Fort Harrison VA Medical Center | 58,100 | 0.69 |
| Carroll College | 50,039 | 0.59 |
| Guardian Apartments | 40,389 | 0.48 |
| Helena Colonial, LLC | 32,053 | 0.38 |
| | <u>\$1,358,749</u> | <u>16.07 %</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, 2020

| |
|--|
| Historical Wastewater System Connections Last Five Fiscal Years |
|--|

| <u>Fiscal</u> <u>Year</u> | <u>Residential</u> <u>Customers</u> | <u>Commercial</u> <u>Customers</u> | <u>Total</u> <u>Customers</u> |
|------------------------------|--|---------------------------------------|----------------------------------|
| 2016 | 8,354 | 2,615 | 10,969 |
| 2017 | 8,359 | 2,710 | 11,069 |
| 2018 | 8,362 | 2,711 | 11,073 |
| 2019 | 8,491 | 2,762 | 11,253 |
| 2020 | 8,511 | 2,784 | 11,295 |

| |
|---|
| Wastewater System Rate Structure |
|---|

| <u>Basic Monthly Rates</u> | |
|----------------------------|--------|
| Base Rate | \$9.00 |
| Per 100 Cubic feet Water: | |
| Residential | \$3.09 |
| Commercial | \$4.15 |

| |
|--------------------------------------|
| Major Wastewater System Users |
|--------------------------------------|

| <u>User</u> | <u>Wastewater</u> <u>Charges</u> | <u>Percent of Total</u> <u>Wastewater</u> <u>Revenues</u> ² |
|---------------------------------|-------------------------------------|--|
| St. Peter's Hospital | \$94,896 | 1.54 % |
| McHugh Mobile Home Park | 82,920 | 1.35 |
| State of Montana | 64,529 | 1.05 |
| Helena Housing Authority | 59,350 | 0.97 |
| Helena School District #1 | 48,980 | 0.80 |
| Carroll College | 48,018 | 0.78 |
| Guardian Apartments | 45,521 | 0.74 |
| Fort Harrison VA Medical Center | 43,010 | 0.70 |
| Helena Colonial, LLC | 33,372 | 0.54 |
| Mobile City Home Park | 28,076 | 0.46 |
| | <u>\$548,672</u> | <u>8.47 %</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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning balance - July 1 | \$102,655 | \$59,877 | \$56,501 | \$52,576 | \$51,605 |
| Receipts over disbursements ² | (42,778) | (3,376) | (3,925) | (971) | (1,007) |
| Ending balance - June 30 | <u>\$ 59,877</u> | <u>\$56,501</u> | <u>\$52,576</u> | <u>\$51,605</u> | <u>\$50,598</u> |
| Assets: | | | | | |
| Cash | \$ 10,859 | \$15,061 | \$20,211 | \$28,962 | \$33,393 |
| Certificates of deposit | 806 | 1,693 | 1,295 | - | - |
| Assessments receivable | 1,513 | 241 | 31 | 206 | 189 |
| Warrants | 48,212 | 39,747 | 31,070 | 22,643 | 14,045 |
| Land held for resale | - | - | - | - | - |
| Total assets | <u>61,390</u> | <u>56,742</u> | <u>52,607</u> | <u>51,811</u> | <u>47,627</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 1,513 | 241 | 31 | 206 | 189 |
| Total liabilities | <u>1,513</u> | <u>241</u> | <u>31</u> | <u>206</u> | <u>189</u> |
| Fund balances: | | | | | |
| Restricted | 59,877 | 56,501 | 52,576 | 51,605 | 47,437 |
| Total fund balance | <u>59,877</u> | <u>56,501</u> | <u>52,576</u> | <u>51,605</u> | <u>47,437</u> |
| Total liabilities and fund balances | <u>\$ 61,390</u> | <u>\$56,742</u> | <u>\$52,607</u> | <u>\$51,811</u> | <u>\$47,626</u> |

Source: The City of Helena

This information is provided to satisfy reporting requirements for our special improvement
¹ 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

See independent auditor's report.

City of Helena, Montana
SPECIAL IMPROVEMENT DISTRICT BONDS
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS¹
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Revolving Fund Ending Cash and Investment Balances</u> | <u>Principal Amount of Bonds and Warrants</u> | <u>Percentage</u> |
|------------------------|---|---|-------------------|
| 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% |
| 2019 | 51,811 | - | |
| 2020 | 47,437 | - | |

¹ This schedule is included to comply with requirements of our special improvement district bonds. There are currently none outstanding.

Source: City of Helena

See independent auditor's report.

City of Helena, Montana
RAILROAD TAX INCREMENT FINANCING DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Year Ended June 30, 2020

| 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% | \$ 9,054 | \$ 9,054 | 100.00% |
| 2018 | 42,998 | 10,229 | 23.79% | 31,770 | 41,999 | 97.68% |
| 2019 | 73,947 | 23,910 | 32.33% | 49,760 | 73,670 | 99.63% |
| 2020 | 175,005 | 164,429 | 93.96% | (0) | 164,429 | 93.96% |

Source: Lewis & Clark County

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

See independent auditor's report.

City of Helena, Montana
BUREAU OF CENSUS SUPPLEMENTAL SCHEDULE
Fiscal Year Ended June 30, 2020

City of Helena, Montana
BUREAU OF CENSUS SUPPLEMENTAL SCHEDULES
Fiscal Year Ended June 30, 2020

Intergovernmental expenditures made to governments on a cost-sharing basis

| <u>Purpose</u> | <u>Amount</u> |
|---------------------------------|---------------|
| Information technology services | \$ 998,465 |

Gross wages paid \$ 20,563,911

Debt outstanding

Long-term debt outstanding, issued and retired

| <u>Purpose</u> | <u>Bonds Outstanding</u> | | | <u>Outstanding as of June 30, 2020</u> | |
|----------------|--------------------------|---------------------|---------------------|--|----------------------|
| | <u>July 1, 2019</u> | <u>Issued</u> | <u>Retired</u> | <u>General Obligation</u> | <u>Revenue bonds</u> |
| Water utility | \$ 3,586,000 | \$ 4,420,622 | \$ 596,000 | \$ - | \$ 7,410,622 |
| Sewer utility | 1,869,000 | 226,297 | 736,000 | - | 1,359,297 |
| All other | 6,985,000 | - | 585,000 | 6,400,000 | - |
| | <u>\$ 12,440,000</u> | <u>\$ 4,646,919</u> | <u>\$ 1,917,000</u> | <u>\$ 6,400,000</u> | <u>\$ 8,769,919</u> |

Other long-term debt

| <u>Type</u> | <u>June 30, 2019</u> | <u>June 30, 2020</u> |
|-------------------------------|----------------------|----------------------|
| Certificates of participation | \$ 7,465,000 | \$ 7,165,000 |
| Loans payable | 416,442 | 322,840 |
| | <u>\$ 7,881,442</u> | <u>\$ 7,487,840</u> |

Cash balances by fund type

| <u>Type of funds</u> | <u>Amount</u> |
|----------------------|----------------------|
| General | \$ 10,892,137 |
| Special revenue | 10,970,422 |
| Debt service | 560,756 |
| Capital project | 2,413,365 |
| Enterprise | 29,771,479 |
| Internal services | 2,278,722 |
| Trust and agency | 17,453 |
| | <u>\$ 56,904,333</u> |

See independent auditor's report.



Section K

SINGLE AUDIT SECTION



JCCS

ACCOUNTING
AUDIT
TAX
EMPLOYEE BENEFITS
SPECIALIZED SERVICES

**INDEPENDENT AUDITORS' 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 Honorable Mayor, Members of the City Commissioners and and City Manager
City of Helena**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Helena as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Helena's basic financial statements and have issued our report thereon dated May 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Helena'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 of Helena's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Helena'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 of Helena's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Junkermier, Clark, Campanella, Stevens, P.C.

Helena, Montana

May 7, 2021



JCCS

ACCOUNTING
AUDIT
TAX
EMPLOYEE BENEFITS
SPECIALIZED SERVICES

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**To the Honorable Mayor, Members of the City Commissioners and and City Manager
City of Helena**

Report on Compliance for Each Major Federal Program

We have audited the City of Helena's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Helena's major federal programs for the year ended June 30, 2020. The City of Helena's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Helena's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Helena's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 of the City of Helena's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Helena 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, 2020.

Report on Internal Control Over Compliance

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

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

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

Junkermier, Clark, Campanella, Stevens, P.C.

Helena, Montana
May 7, 2021

CITY OF HELENA, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Financial Statements

| | |
|---|------------|
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weakness? | No |
| Non-compliance material to financial statements noted? | No |

Federal Awards

| | |
|--|------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weakness? | No |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Audit findings that are required to be reported in accordance with the Uniform Guidance Section 200.516 in Part III are reported in this schedule. | No |
| Identification of major programs: | |
| Formula Grants for Rural Areas - CFDA 20.509 | |
| Staffing for Adequate Fire and Emergency Response - CFDA 97.083 | |
| CARES Act - CFDA 21.019 | |
| Dollar threshold used to distinguish between Type A and Type B | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

CITY OF HELENA, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

FINDINGS - NONE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

FINDINGS - NONE

City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2020

(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> | | | | |
| 10.Unknown 10.665 | Challenge Cost Share Agreement Schools and Roads - Grants to States | 17-CS-11011500-001 16-PA-11011500-039 | | \$ 7,387.00 147,172 |
| 10.664 | Cooperative Forestry Assistance | 15-DG-11010000-009 | | 58,553 213,112 |
| | Total U.S. Department of Agriculture | | | |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| 14.239 | Home Investment Partnerships Program (Guardian Apartments) | MT-HOME-16RD-SGC-3 | \$ 344,528 ¹ | 344,528 344,528 |
| | Total U.S. Department of Housing and Urban Development | | | |
| <u>U.S. Department of Justice</u> | | | | |
| 16.607 | Bulletproof Vest Partnership Program | BVP Funds | | 3,778 |
| 16.543 | Internet Crimes Against Children | 2018-MC-FX-K006 | | 157 |
| 16.575 | Crime Victim Assistance (VOCA) | 18-V01-92218 | | 54,283 |
| 16.588 | Violence Against Women Formula Grant | 19-W02-92439 | | 85,992 140,275 |
| | Total Victims of Crime Act | | | |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | 2019-DJ-BX-0257 | 29,146 ² | 29,146 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant | 18-G01-92483 | 28,210 ³ | 28,210 57,356 201,566 |
| | Total Catalog of Federal Domestic Assistance | | | |
| | Total U.S. Department of Justice | | | |
| <u>U.S. Department of Transportation</u> | | | | |
| 20.509 | Formula Grants for Rural Areas | 5311-110079 | | 868,810 868,810 |
| | Total Federal Transit Cluster | | | |
| <u>U.S. Department of Transportation</u> | | | | |
| 20.205 | Federal Transportation Alternatives Block Grant | TA 5899 | | 45,101 45,101 |
| | Total Federal Block Grant | | | |

See independent auditor's report

City of Helena, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2020

(2 of 2)

| Federal CFDA Number | Grantor Program Title | Grant/Contract Number | Passed through to Subrecipients | Federal Expenditures |
|---|---|-----------------------|---------------------------------------|-------------------------|
| U.S. Department of Transportation (continued) | | | | |
| Highway Safety Cluster: | | | | |
| 20.600/20.616 | State and Community Highway Safety/Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 110175 | | 29,326 |
| 20.600/20.616 | State and Community Highway Safety/Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 110787 | | 65,146 |
| | Total Highway Safety Cluster | | | <u>94,472</u> |
| | Total U.S. Department of Transportation | | | <u>1,008,383</u> |
| U.S. Executive Office of the President | | | | |
| Passed through Lewis and Clark County | | | | |
| 95.001 | High Intensity Drug Trafficking Areas Program | G20RM0036A | | 57,151 |
| | Total U.S. Executive Office of the President | | | <u>57,151</u> |
| U.S. Department of Homeland Security | | | | |
| Passed through Montana Department of Military Affairs, Disaster and Emergency Services | | | | |
| 97.067 | Homeland Security Grant Program | EMS-2018-SS-0021 | | 34,270 |
| 97.067 | Homeland Security Grant Program | EMS-2019-SS-0010 | | 82,407 |
| | Total Homeland Security Grant Program | | | <u>116,677</u> |
| 97.083 | Staffing For Adequate Fire And Emergency Response (SAFER) | EMW-2017-FH-00349 | | 393,060 |
| | Total U.S. Department of Homeland Security | | | <u>509,737</u> |
| U.S. Department of the Treasury | | | | |
| Local Government passed through State of Montana | | | | |
| 21.019 | COVID-19 CARES Act | n/a | | 2,320,261 |
| | Total U.S. Department of the Treasury | | | <u>2,320,261</u> |
| | Total All Grants | | <u>\$ 401,884</u> | <u>\$ 4,654,738</u> |

¹Affiliated Developers

²Lewis and Clark County

³Gallatin County

See independent auditor's report

City of Helena, Montana
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

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, 2020. 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.

See independent auditor's report.

