

# CITY OF HELENA



HELENA'S SESQUICENTENNIAL

## **Comprehensive Annual Financial Report Fiscal Year 2014**

**July 1, 2013 – June 30, 2014  
Helena, Montana**

**City of Helena, Montana**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATIVE SERVICES

*FISCAL YEAR 2014*  
*July 1, 2013 - June 30, 2014*

## **INTRODUCTORY SECTION**

**City of Helena, Montana**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*Year ended June 30, 2014*

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City of Helena

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December 8, 2014

To the citizens of the City of Helena, Montana:

### **CAFR TRANSMITTAL**

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These financial statements must be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The comprehensive annual financial report (CAFR) of the City of Helena, Montana (the City) for the fiscal year ended June 30, 2014, is hereby submitted.

#### **Management Representation**

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

#### **Independent Auditor**

Galusha, Higgins & Galusha, P.C., a firm of licensed certified public accountants has audited the financial statements of the City. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with US GAAP. The independent auditor's report is presented as a component of the financial section of this report.

### **Federal Single Audit**

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards. Tests are also made to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2014, provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards and auditor's reports on internal control and compliance with applicable laws and regulations are included in the single audit section of this report.

### **Transmittal Letter**

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

## **PROFILE OF THE CITY OF HELENA**

### **Self Government Chartered City**

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

### **City Commission**

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

### **City Manager**

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

### **City Demographics**

Helena, the state capital, is located in southern Lewis and Clark County, and situated at the south end of a large mountain valley. The economy is stable because federal, state, county, or city government workers earn approximately 40 percent of total personal income in Lewis and Clark County according to the United States Department of Labor. Helena, with a population estimate of 29,596, serves a much larger trade area. This area, defined as a "35-mile radius" in and around the City of Helena, encompasses a population of almost 70,000. It includes many small, rural communities that rely heavily on Helena for employment, professional services, retail goods, and entertainment.

### **City Services**

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

### **Financial Entity**

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

### **Annual Budget**

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

### **Comprehensive Capital Improvement Programs (CCIP)**

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

The CCIP emphasizes:

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

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

### **Budget to Actual Comparisons**

The State municipal budget law stipulates that money, other than payments from agency funds, may not be drawn from the treasury of a municipality except pursuant to an appropriation. Therefore, a legally adopted budget is required for all funds, with the exception of agency funds. The City legally adopts a budget for the required funds. Consistent with past years, the City established the legal spending level at the fund level for the fiscal year 2014 budget. The City Manager may make transfers of appropriations within a fund. Transfers between funds, however, require approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund. For the general fund and street fund, comparisons are presented beginning on page B-8 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general and street funds, this comparison is presented in the governmental fund subsection of this report, starting on page D-10. All appropriations lapse at year-end; however, they can be re-appropriated by the City Manager as part of the following year's budget.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

Helena has maintained a stable economy during a time most of the country is struggling from the great recession. Helena is fortunate to be the State capital and home to many federal agencies including the Fort Harrison army base and veteran's administration hospital. Residential and commercial construction slowed to more historic levels after numerous record years of growth prior to the recession. Two additional office buildings, a medical facility expansion, a grocery store, a fast food restaurant, a preschool, two additional college dormitories, an assisted living facility, and an aerospace manufacturing facility expansion were recently completed. Historical information on building permits can be found in the statistical section on page J-25.

### **Population**

Montana experienced a population increase between the 2000 and 2010 census of 9.7 percent. Helena, however, experienced an increase of 9 percent, while Lewis and Clark County (which largely comprises the trade area) experienced growth equal to 13.8 percent. The current population of Helena as of July 1, 2013 is estimated to be 29,596 by the U.S. Census Bureau. This estimate indicates the State of Montana's population increased by 2.6 percent between the 2010 census and July 1, 2013 while Lewis and Clark County increased by 3.1 percent and the City by 5.0 percent.

### **Unemployment**

The unadjusted unemployment rate for the 2013 calendar year for the City of Helena was 4.5 percent. This is down .4 percent from one year ago. For the State of Montana, the current unadjusted unemployment rate is 5.6 percent and the nation is 7.4 percent. The unemployment rate for Helena fell during the first half of 2014 with a 3.9 percent rate for June 2014.

### **Per Capita Income**

According to the Montana Department of Labor, the 2013 average annual wage for Lewis & Clark County, MT is \$40,612.

### **Transportation Planning**

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

The City and MDOT are currently working on improving ADA access in the downtown area and completing non-motorized transportation projects with the last allocation of CTEP funding.

### **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 15% of total City budgeted revenues and 53% of General fund budgeted revenues. The City is only allowed to increase property taxes on existing property at one-half the CPI-U average rate of inflation for the past three years. State entitlements make up approximately 6% of total City budgeted revenues and 21% of the General Fund budgeted revenues. This revenue is set by statutory formula and has grown by approximately the rate of inflation in recent years. Circumstantial revenues such as newly taxable property and building permit fees are primarily driven by the economy or other variables beyond City control. The City has experienced a slowdown in growth since the 2008 recession. In an economic slowdown, City operations such as Fire, Police and Parks & Recreation, which are dependent upon General fund finances, can expect more budgetary constraints.

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

The most recent reappraisal cycle began on January 1, 2003 and was completed on July 1, 2008. New reappraisal values were used for property tax purposes in tax year 2009 (fiscal year 2010). By law, reappraisal values will be phased-in at the rate of one-sixth each year. Statewide, commercial and residential property values rose 34% and 55% respectively. In Lewis and Clark County, reappraisals resulted in property value increases of 46% for commercial property, and 62% for residential property. The next reappraisal is anticipated to be complete by the end of 2014 for the State legislature to review during the 2015 legislative session. Any changes made will affect the 2015 tax year.

Discretionary revenues such as special assessments and utility charges make up about 46% of budgeted City revenues and allow the City to set rates to cover costs. Such revenue is secured by the ability to attach property liens and/or do utility shut offs in case of non-payment. Special assessments make up approximately 10% of total City budgeted revenues. Service charges make up approximately 36% of total City budgeted revenues.

### **GASB Statement Effects on Net Position**

#### *Other Postemployment Benefits – Implied Rate Subsidy Liability:*

The City of Helena reports the "implied rate subsidy" liability (OPEB), required under the Governmental Accounting Standards Board (GASB) Statement No. 45, in this financial report and the related financial statements. Although the City reported this liability, and related expenses and expenditures, the City does not agree that this represents a legal liability and further believes that

### **GASB Statement Effects on Net Position (Continued)**

the presentation of this activity in the financial statements is misleading to the users of the statements. In this, the sixth year of implementation, the recorded OPEB liability is \$2,392,931. Even though retirees pay the same rates as current employees in the plan, retirees paid \$1,321,258 in premiums while their claims paid were \$588,094 from fiscal year 2005 to 2014, resulting in a net gain of \$733,164. GASB is currently reviewing the requirements of this standard. It is anticipated GASB will change from the current method of amortizing the remaining liability over 30 years to recording the entire liability. If implemented for this report, the liability would increase by, and net position would decrease by, an additional \$2,811,304.

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

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

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

#### *Pension Liability – GASB Statement 68:*

The City is required to implement GASB Statement 68, Accounting and Financial Reporting for Pensions for fiscal year 2015. This statement is anticipated to decrease net position by a material amount. The City participates in four State of Montana cost-sharing multi-employer pension plans. The State legislature determines the rates all employers and employees pay to participate. Each plan has a different level of unfunded liability. GASB Statement 68 will require the City to record its share of the unfunded liabilities even though we have made all statutorily required contributions. The amount will not be known until the State provides the proportionate share of the liability allocable to the City. See Note K for a description of the plans the City participates in.

### **Major Initiatives**

The Park's Advisory Committee prepared a plan to improve recreational opportunities within the City during recent years. The City Commission approved submitting a ballot measure to the citizens authorizing the issuance of \$7.85 million in general obligation bonds. The ballot measure was approved in November 2007 and the bonds were issued April 2008. The bonds financed: major improvements to Centennial Park including new baseball and soccer facilities, trails, bike and dog parks; an additional skateboard area; improvements to the Memorial Park swimming pool; and improvements to Kindrick Legion Field (baseball). Improvements were completed to the pool and baseball field in 2009, the skate park in 2010, and final construction projects were completed for Centennial Park in 2013.

**Major Initiatives (Continued)**

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

The City is currently exploring the annexation of a number of properties on the west side of town that are wholly surrounded. The City has split the project into four phases. The plan is to annex the first phase by the end of calendar year 2015 which would include 158 properties. The City will fund the water and wastewater infrastructure upgrades and recover the costs with rebate fees. This process meets the City's Growth Policy as it would help provide the opportunity for infill development, lessen urban sprawl, keep development costs affordable, and increase density where appropriate.

**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, 2013. This was the twenty-sixth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,

  
Ronald J. Alles,  
CITY MANAGER

  
Tim Magee,  
ADMINISTRATIVE SERVICES DIRECTOR



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

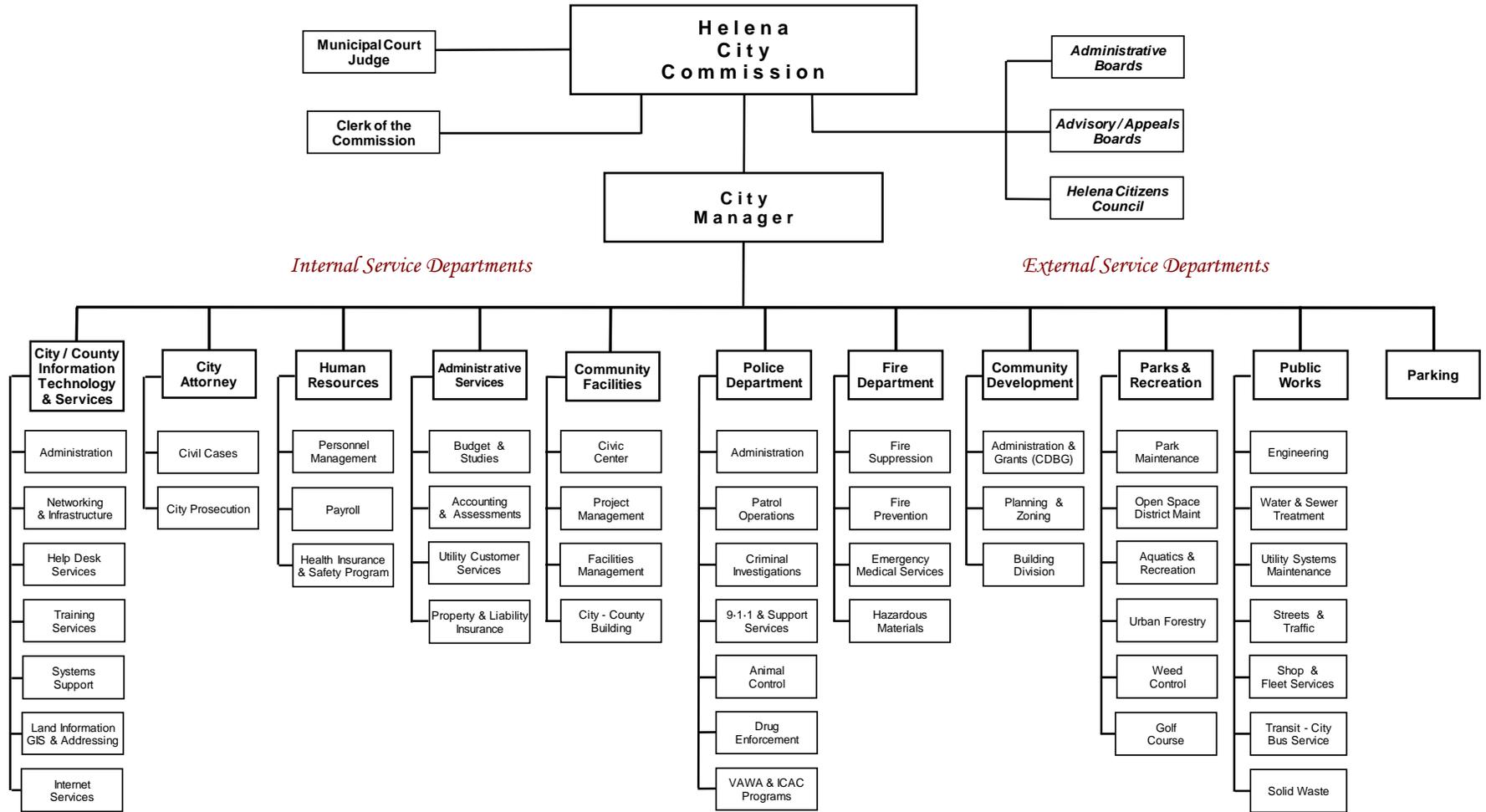
**City of Helena  
Montana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# CITY OF HELENA ORGANIZATION CHART



**City of Helena, Montana**

**LIST OF PRINCIPAL OFFICIALS**

*June 30, 2014*

**ELECTED OFFICIALS**

James E. Smith	Mayor
Andres Haladay	Commissioner
Katherine Haque-Hausrath	Commissioner
Dan Ellison	Commissioner
Matt Elsaesser	Commissioner

**CITY OFFICIALS**

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

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**Section A**

**FINANCIAL SECTION**



GALUSHA  
HIGGINS  
& GALUSHA<sup>PC</sup>  
EST. 1919

A PROFESSIONAL CORPORATION OF  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

910 N. Last Chance Gulch, Helena, MT 59601  
P.O. Box 1699, Helena, MT 59624

Phone (406) 442-5520  
Fax (406)-443-1017

www.ghg-cpa.com

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## INDEPENDENT AUDITOR'S REPORT

To the Board of City Commissioners  
City of Helena, Montana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general and street funds) of the City of Helena, Montana (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general and street funds) of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-14 and Other Postemployment Benefits (OPEB) Schedule of Funding Progress on page C-1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

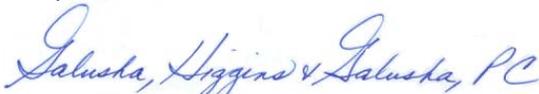
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparisons (other than the general and street funds), capital asset schedules, statistical tables and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

Helena, Montana  
December 8, 2014

**City of Helena, Montana**  
MANAGEMENT DISCUSSION AND ANALYSIS  
*June 30, 2014*

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As management of the City of Helena, Montana (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages iv - x of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities at June 30 by \$247,131,811 (*net position*). Of this amount, \$23,388,109 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position increased by \$4,154,176 over the prior fiscal year due to contributed assets of \$1,497,772 from grantors and developers, increases in utility fees, and savings in utility funds for large anticipated capital projects.
- As of June 30 the City's governmental funds reported combined ending fund balances of \$20,837,078, an increase of \$3,507,692 over the prior year. Approximately 31% of this amount, \$6,412,060 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 \$6,561,415, or 44 percent of total general fund expenditures.
- The City's total debt decreased by \$1,772,653 (5.8 percent) during the current fiscal year. Key factors in the change include:
  1. Payment of principal on revenue bonds (\$1,011,000), general obligation bonds (\$640,000), certificates of participation (\$185,000), special assessment bonds (\$60,000), and loans (\$240,798). In addition, the governmental-type beginning net assets were adjusted to expense the remaining deferred issuance costs of \$364,145 to implement Governmental Accounting Standards Board Statement No. 65.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The *Statement of Net Position* includes all assets and liabilities with the difference between the two reported as *net position*. The *Statement of Activities* presents revenue and expense information showing how the City's net position changed during the year. Over time, increases or decreases to the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating.

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

**City of Helena, Montana**  
MANAGEMENT DISCUSSION AND ANALYSIS  
*June 30, 2014*

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

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

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

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

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund and Streets special revenue fund that are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining statements beginning on page D-4.

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

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

**City of Helena, Montana**  
MANAGEMENT DISCUSSION AND ANALYSIS  
*June 30, 2014*

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

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

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

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

The City has two fiduciary funds categorized as agency funds. The City uses the State Court Trust agency fund to account for amounts collected on behalf of the State of Montana Supreme Court. The State requires the City to impose additional fees on most fines levied and remit them to the Supreme Court to fund their information technology expenditures. Until September 2013, the City contracted with an interstate bus line to perform their ticketing function. The Rimrock Stages agency fund accounted for the portion of each ticket owed to the bus line.

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

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

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

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information section. Combining and individual fund statements and schedules can be found beginning on page D-1 of this report. The Helena Tourism Business Improvement District (HTBID) consists of two governmental funds and the Helena Parking Commission (HPC) consists of one business type fund. Neither prepares separate financial statements. Therefore, combining statements are included beginning on page H-2 for the HTBID and a cash flow on H-4 for the HPC.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$247,131,811 at June 30.

**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

The largest portion of the City's net position (\$211,546,804 or 86%) reflects its investment in capital assets (e.g., land, building, machinery and equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Helena's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position is shown in the following table.

**CITY OF HELENA**  
**Net Position**

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities	Activities	Activities	Activities	2014	2013
	2014	2013	2014	2013		
Current and other assets	\$ 23,451,996	\$ 21,724,039	\$ 21,219,097	\$ 18,871,262	\$ 44,671,093	\$ 40,595,301
Capital assets	121,417,174	121,837,244	118,798,041	119,802,605	240,215,215	241,639,849
Total assets	<u>144,869,170</u>	<u>143,561,283</u>	<u>140,017,138</u>	<u>138,673,867</u>	<u>284,886,308</u>	<u>282,235,150</u>
Long-term liabilities outstanding	19,004,889	19,332,896	12,888,527	14,169,428	31,893,416	33,502,324
Other liabilities	3,083,929	2,834,184	2,777,152	2,556,862	5,861,081	5,391,046
Total liabilities	<u>22,088,818</u>	<u>22,167,080</u>	<u>15,665,679</u>	<u>16,726,290</u>	<u>37,754,497</u>	<u>38,893,370</u>
Net position:						
Net investment in capital assets	104,044,169	104,225,402	107,502,635	107,292,882	211,546,804	211,518,284
Restricted	10,259,787	9,665,803	1,937,111	1,894,240	12,196,898	11,560,043
Unrestricted	8,476,396	7,502,998	14,911,713	12,760,455	23,388,109	20,263,453
Total net position	<u>\$ 122,780,352</u>	<u>\$ 121,394,203</u>	<u>\$ 124,351,459</u>	<u>\$ 121,947,577</u>	<u>\$ 247,131,811</u>	<u>\$ 243,341,780</u>

An additional portion of the City's net position (\$12,196,898 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted (\$23,388,109 or 9%) and may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net position increased during the current fiscal year by \$4,154,176. The increase is attributed to several factors that are discussed on the following page.

**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

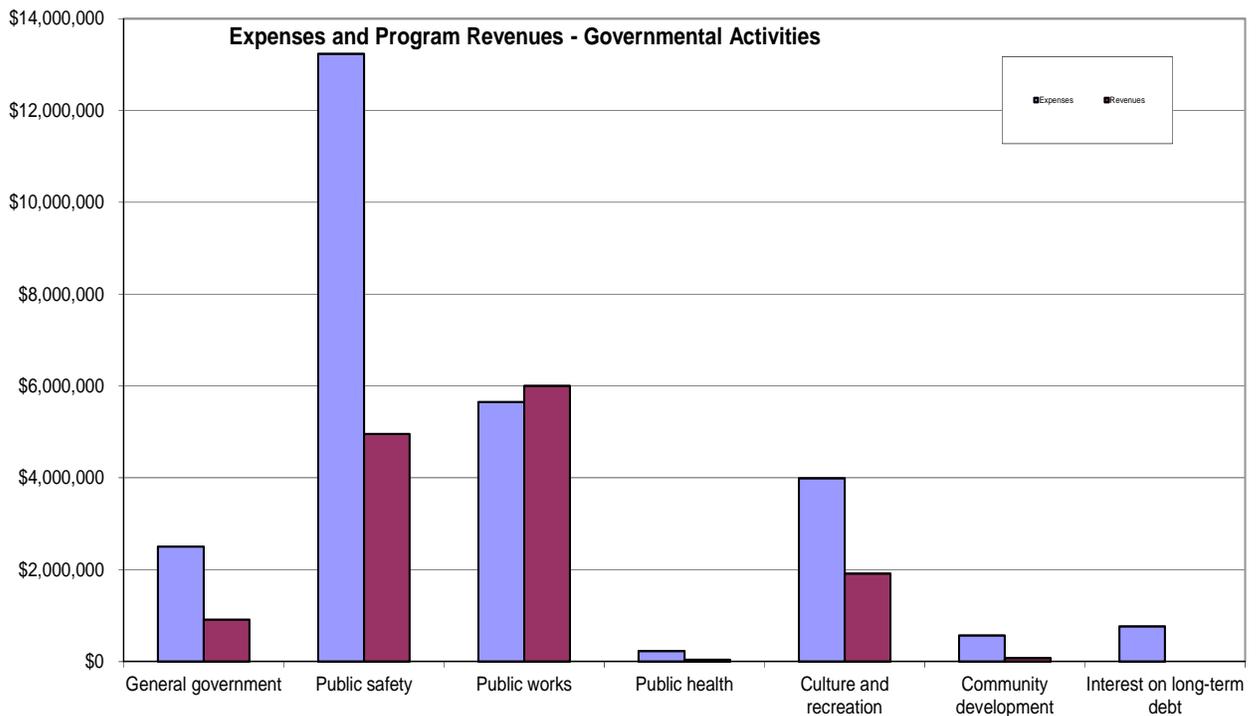
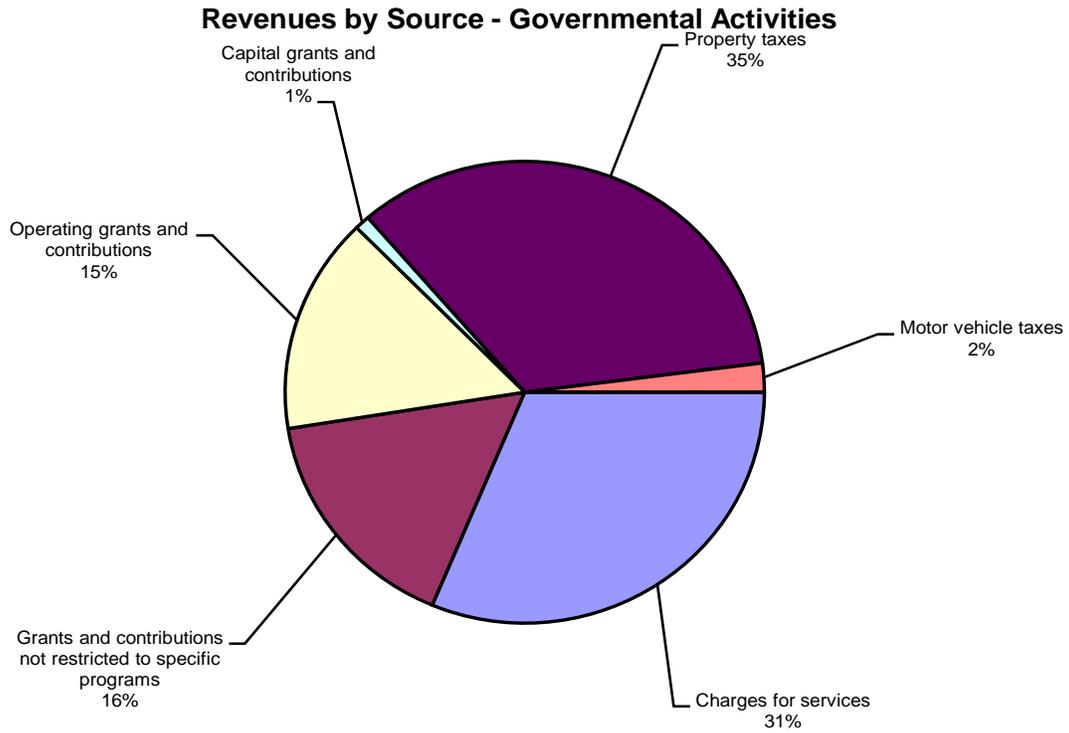
**CITY OF HELENA**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 9,154,703	\$ 9,871,906	\$ 20,654,445	\$ 20,211,066	\$ 29,809,148	\$ 30,082,972
Operating grants and contributions	4,336,569	4,044,625	961,869	895,375	5,298,438	4,940,000
Capital grants and contributions	401,840	5,972,108	1,260,497	3,038,239	1,662,337	9,010,347
<b>General revenues:</b>						
Property taxes	9,813,380	9,244,244	-	-	9,813,380	9,244,244
Motor vehicle taxes	688,338	684,194	-	-	688,338	684,194
<b>Grants and contributions not restricted to specific programs</b>						
	4,622,584	4,472,786	-	-	4,622,584	4,472,786
Other	47,842	174,254	258,257	34,011	306,099	208,265
<b>Total revenues</b>	<b>29,065,256</b>	<b>34,464,117</b>	<b>23,135,068</b>	<b>24,178,691</b>	<b>52,200,324</b>	<b>58,642,808</b>
<b>Expenses:</b>						
General government	2,499,590	2,497,674	-	-	2,499,590	2,497,674
Public safety	13,231,206	13,119,756	-	-	13,231,206	13,119,756
Public works	5,662,887	5,069,500	-	-	5,662,887	5,069,500
Public health	225,331	231,304	-	-	225,331	231,304
Culture and recreation	3,986,908	3,863,269	-	-	3,986,908	3,863,269
Community development	565,194	831,931	-	-	565,194	831,931
Intergovernmental	17,620	-	-	-	17,620	-
Interest on long-term debt	761,726	791,312	-	-	761,726	791,312
Water	-	-	5,845,585	5,493,070	5,845,585	5,493,070
Wastewater	-	-	3,677,766	3,669,373	3,677,766	3,669,373
Solid waste	-	-	3,005,956	3,010,304	3,005,956	3,010,304
Transfer station	-	-	2,795,143	2,764,029	2,795,143	2,764,029
Bus	-	-	1,541,443	1,568,545	1,541,443	1,568,545
Golf course	-	-	2,396,277	1,223,553	2,396,277	1,223,553
Building	-	-	897,675	920,713	897,675	920,713
CCAB	-	-	935,841	922,910	935,841	922,910
<b>Total expenses</b>	<b>26,950,462</b>	<b>26,404,746</b>	<b>21,095,686</b>	<b>19,572,497</b>	<b>48,046,148</b>	<b>45,977,243</b>
Change in net position before transfers	2,114,794	8,059,371	2,039,382	4,606,194	4,154,176	12,665,565
Transfers	(364,500)	(415,061)	364,500	415,061	-	-
Change in net position	1,750,294	7,644,310	2,403,882	5,021,255	4,154,176	12,665,565
Net position - beginning	121,394,203	113,749,893	121,947,577	116,926,322	243,341,780	230,676,215
Restatement	(364,145)	-	-	-	(364,145)	-
<b>Net position - ending</b>	<b>\$ 122,780,352</b>	<b>\$ 121,394,203</b>	<b>\$ 124,351,459</b>	<b>\$ 121,947,577</b>	<b>\$ 247,131,811</b>	<b>\$ 243,341,780</b>

**Governmental Activities.** Governmental activities in fiscal year 2014 increased the City's net position by \$1,750,294. The key elements of the increase and variances between years are:

- charges for services increased due to 2 and 3 percent increases in street maintenance and storm water fees, respectively, approved for fiscal year 2014,
- capital grants and contributions due to developers contributing storm water mains, streets, right-of-way, and easements of \$400,771,
- and the remaining portion represents normal variations in revenues and expenditures.

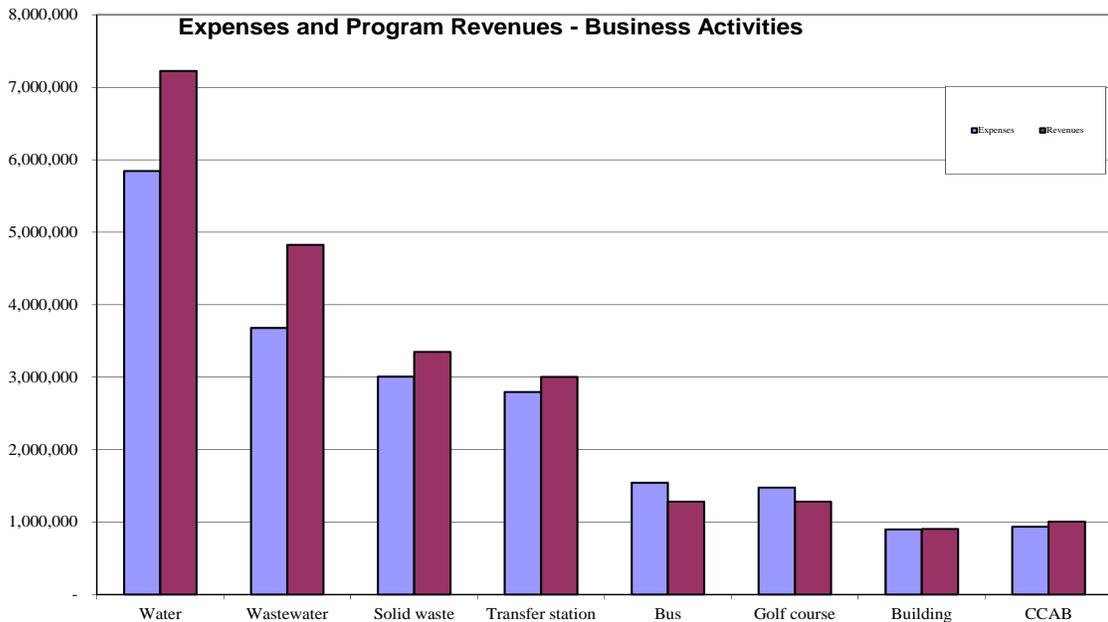
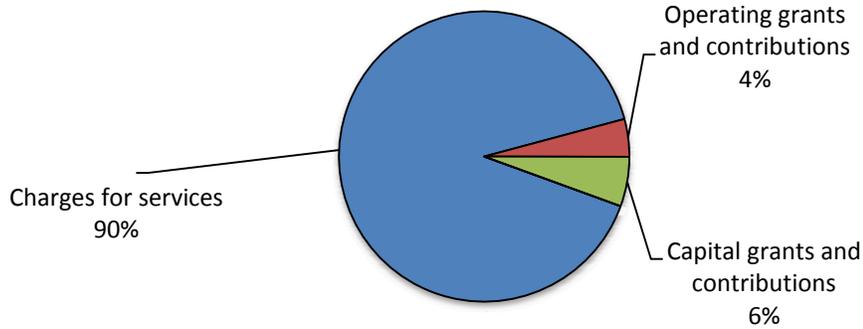
**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*



**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

**Business-Type Activities.** Business-type activities increased the City's net position by \$2,403,882. Key elements of the increase are: increasing water, wastewater, and transfer station fees 5%, 4%, and 2%, respectively, to fund future capital projects; recording donated water and wastewater mains and easements, although lower than in prior years due to the economy, for approximately \$974,000; federal capital grants of \$84,522 and \$31,911 for a bus and route software, respectively; and the remaining portion represents normal variations in revenues versus expenditures.

### Revenues by Source - Business Activities



**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

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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 balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use of particular purposes by the City Commission.

As of June 30, the City's governmental funds reported combined fund balances of \$20,837,078, an increase of \$3,507,692 in comparison with the prior year. Approximately 31% of this amount (\$6,412,060) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$314,522), 2) restricted for particular purposes (\$10,259,787), 3) committed for a particular purpose (\$1,446,792), or 4) assigned for particular purposes (\$2,403,887).

The General fund is the chief operating fund of the City. At June 30 unassigned fund balance was \$6,559,029 while total fund balance was \$6,644,723. 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 43.8 percent of total general fund expenditures, while total fund balance represents approximately 44.4 percent of that same amount.

The fund balance increased \$2,079,458 during the current fiscal year mainly due to collection of protested taxes from two large payers for \$1,906,837, unspent contingency funds, salary savings, and other unspent budget items.

The Streets fund had an ending fund balance of \$4,089,751, an increase of \$328,255 due to capital projects uncompleted at year end, salary and other budget savings, and a 2 percent increase in fee assessments.

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

**City's Proprietary Fund Net Position**

	% of			
	Unrestricted Net Position	Unrestricted Net Position	Change In Net Position	% Change In Net Position
Water	\$ 7,390,194	51%	\$ 1,359,323	58%
Wastewater	3,181,427	22%	1,138,764	49%
Solid waste	1,525,779	10%	576,499	25%
Transfer station	1,473,009	10%	200,433	9%
Other	1,082,242	7%	(948,732)	-41%
<b>Total</b>	<b>\$14,652,651</b>	<b>100%</b>	<b>\$ 2,326,287</b>	<b>100%</b>

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

- the Water fund increased rates by 5 percent, the Wastewater fund increased rates by 4 percent, and the Transfer Station fund increased rates for solid waste disposal by 2 percent during fiscal year 2014 to offset inflation and increase funding levels for capital replacement and maintenance of infrastructure,
- developers contributed \$867,348 of water and wastewater mains and manholes.

**City of Helena, Montana**  
MANAGEMENT DISCUSSION AND ANALYSIS  
*June 30, 2014*

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**General Fund Budgetary Highlights**

Property tax collections were lower than budgeted due to some large telecommunication companies protesting their property tax classification with the State as previously noted. The protested amounts were settled and paid shortly after fiscal year end. Revenue budgets were adjusted by \$161,888 as the Commission approved acceptance of federal and state grants during the fiscal year for \$75,117, \$61,300 for an additional officer at the state capitol, \$24,471 in donations, and \$1,000 for a conference speaker. Differences between the original expenditure budget and the final amended budget of \$794,595 (including changes to transfers out) were due to:

- re-appropriating unspent budget from the prior fiscal year
  - \$20,000 for Centennial Trail,
  - \$10,000 for a consultant for the non-motorized transportation plan,
  - \$4,000 for software training,
  - \$61,929 for unspent fire grants,
  - \$985 for City-County Building remodel projects,
  - \$6,198 for unspent parks grants,
- appropriating cash reserves
  - \$500,000 to fund future capital expenditures for General fund departments,
  - \$20,000 for Centennial Trail engineering,
  - \$5,635 for a temporary Municipal Court clerk,
  - \$1,500 to digitize commission minutes,
  - \$1,460 for initial payment on new sidewalk debt,
  - \$1,000 for membership in Montana Business Assistance Connection,
- appropriating unanticipated revenues
  - \$75,117 for police, fire, and other grants,
  - \$61,300 for additional police protection at the state capitol,
  - \$24,471 in donations,
  - \$1,000 for a conference speaker.

Actual expenditures and transfers out in the General fund were \$1,059,305 less than budgeted. This was due to vacancy savings in most divisions due to staff turnover, and spending less on supplies, services and materials than anticipated. In addition, 100% (\$170,000) of funds budgeted for contingencies were not needed and remained unspent. As noted in previous years, City staff was directed to keep spending to minimum due to uncertainty regarding the economy.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Helena's net investment in capital assets for its governmental and business-type activities as of June 30 was \$211,546,804. Capital assets include land, buildings, improvements other than buildings, machinery and equipment, construction in progress and infrastructure.

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

- three police vehicles, three street vehicles, one bus, one storm water vehicle, four sewer vehicles, four solid waste vehicles, and a transfer station vehicle were purchased for \$1,756,887 (including equipment & accessories),
- \$390,616 for Centennial park improvements,
- \$411,714 for upgrades to the golf course irrigation system,
- other park improvements for \$146,280,
- improvements to city facilities for \$179,714,
- equipment for \$228,659,

**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

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- office equipment, including hardware and software, for \$203,523,
- \$141,422 for street reconstruction and extension,
- water and wastewater plant improvements were made in the amounts of \$410,905 and \$42,357, respectively,
- water and wastewater mains, and manholes were replaced in the amounts of \$121,910, and \$70,674, respectively,
- developers contributed water, wastewater, and storm mains (inclusive of system development fees) related to newly developed subdivisions in the amounts of \$471,890, \$395,458, and \$11,550 respectively,
- developers also contributed streets and alleys valued at \$183,606,
- easements for wastewater and storm drains were added in the amounts of \$107,271, and \$205,615, respectively, and
- storm water system improvements for \$122,886.

**City's Capital Assets**  
(net of accumulated depreciation)

	Governmental Activities	Business-type Activities	Totals
Non-depreciable assets:			
Land	\$ 65,152,272	\$ 35,694,348	\$ 100,846,620
Construction in progress	517,666	813,205	1,330,871
	<u>65,669,938</u>	<u>36,507,553</u>	<u>102,177,491</u>
Depreciable assets:			
Buildings	13,311,748	13,321,399	26,633,147
Improvements other than buildings	10,108,520	1,249,934	11,358,454
Machinery and equipment	4,100,792	3,345,110	7,445,902
Infrastructure	28,226,176	64,374,045	92,600,221
	<u>55,747,236</u>	<u>82,290,488</u>	<u>138,037,724</u>
Total capital assets	<u>\$ 121,417,174</u>	<u>\$ 118,798,041</u>	<u>\$ 240,215,215</u>

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

**Long-Term Debt.** As of June 30, the City had total debt outstanding of \$28,776,518. Of this amount, \$8,605,000 comprises debt backed by the full faith and credit of the government; \$1,125,518 is loans payable; \$225,000 is special assessment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$8,360,000 is certificates of participation secured solely by the 15<sup>th</sup> Street Parking Garage; and \$10,461,000 is bonds secured solely by specified revenue sources of the water and wastewater funds.

The City's total debt decreased by \$1,772,653 (5.8 percent) during the current fiscal year. The City issued no new debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of the total assessed value of taxable property. The current debt limitation for the City is \$58,069,214, which is significantly in excess of the City's outstanding general obligation debt.

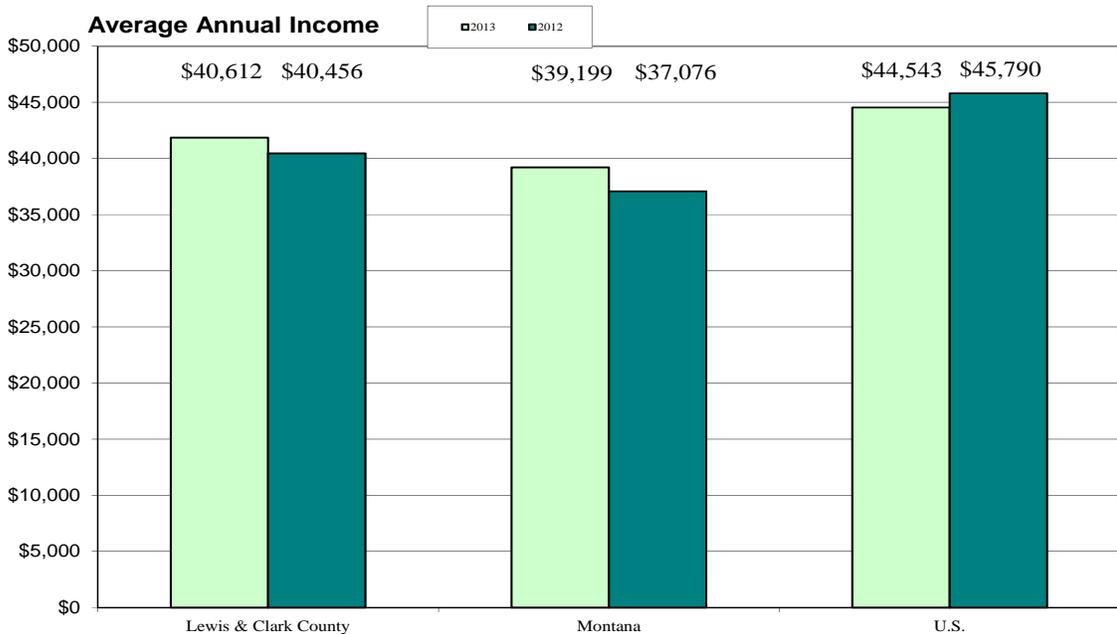
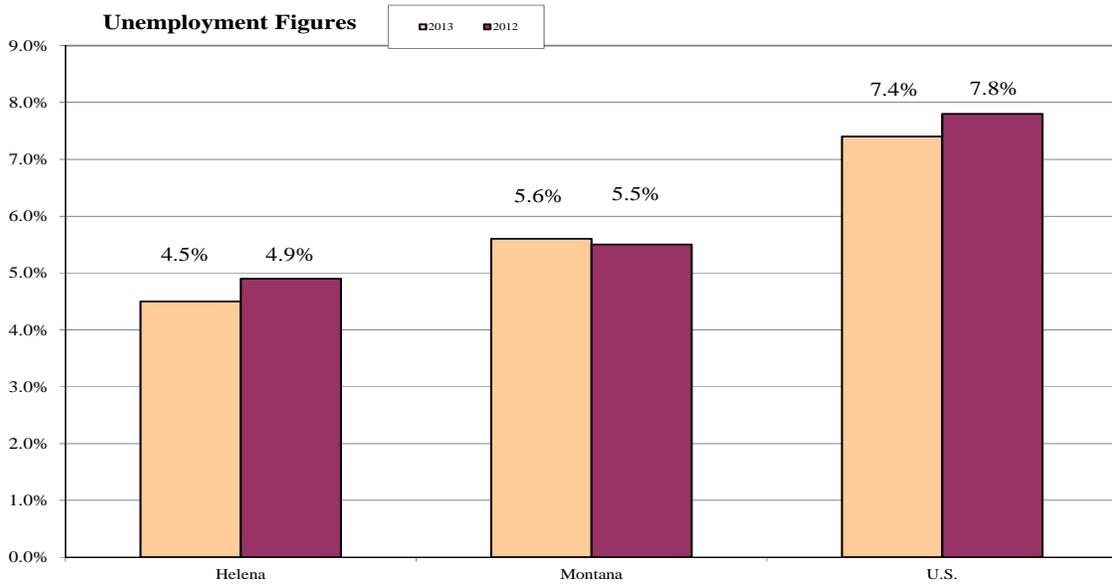
Additional information on long-term debt can be found in the notes of the basic financial statements (Note H).

**City of Helena, Montana**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
*June 30, 2014*

**City's Outstanding Debt**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 8,605,000	\$ -	\$ 8,605,000
Loans payable	183,005	942,513	1,125,518
Special assessment debt with government commitment	225,000	-	225,000
Revenue bonds	-	10,461,000	10,461,000
Certificates of participation	8,360,000	-	8,360,000
<b>Total</b>	<b>\$ 17,373,005</b>	<b>\$ 11,403,513</b>	<b>\$ 28,776,518</b>

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



**City of Helena, Montana**  
MANAGEMENT DISCUSSION AND ANALYSIS  
*June 30, 2014*

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The City Commission approved rate increases for fiscal year 2015 in several funds to maintain or increase reserves to finance their respective Comprehensive Capital Improvement Program. The approximate increase for each service is:

	<b><u>Average Rate Increase</u></b>
<b>Governmental:</b>	
Streets	1.0 %
Storm water	3.0
<b>Proprietary:</b>	
Water	2.0
Wastewater	2.5
Residential solid waste	1.5

**Requests for Information**

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

**Section B**

**BASIC FINANCIAL STATEMENTS**

**City of Helena, Montana**  
**STATEMENT OF NET POSITION**  
*June 30, 2014*

	Component Units					
	Primary Government			Business		
				Type	Governmental Type	
	Governmental Activities	Business-type Activities	Total	Helena Parking Commission	Business Improvement District	Tourism Business Improvement District
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,830,984	\$ 15,227,800	\$ 32,058,784	\$ 196,277	\$ 147,855	\$ 248,852
Certificates of deposits	743,134	756,866	1,500,000	-	-	-
Receivables (net of allowance for uncollectibles)	3,728,645	2,264,851	5,993,496	-	10,782	10,367
Notes receivable	444,843	-	444,843	22,262	-	-
Internal balances	(45,765)	45,765	-	-	-	-
Inventories	314,552	761,657	1,076,209	17,887	-	-
Temporarily restricted assets:						
Cash and cash equivalents	22,500	1,937,111	1,959,611	-	-	-
Cash with fiscal agent	1,201,343	-	1,201,343	-	-	-
Intergovernmental receivable	211,760	225,047	436,807	-	-	-
Capital assets (net of accumulated depreciation):						
Nondepreciable	65,669,938	36,507,553	102,177,491	2,602,825	-	-
Depreciable	55,747,236	82,290,488	138,037,724	4,682,544	-	15,733
Total assets	<u>144,869,170</u>	<u>140,017,138</u>	<u>284,886,308</u>	<u>7,521,795</u>	<u>158,637</u>	<u>274,952</u>
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	865,618	912,284	1,777,902	16,028	3,553	2,487
Accrued interest	370,887	116,802	487,689	-	-	-
Noncurrent liabilities:						
Due within one year:						
Compensated absences	953,322	362,017	1,315,339	17,020	643	-
Loans	34,102	197,308	231,410	-	-	-
General obligation bonds	670,000	-	670,000	-	-	-
Certificates of participation	190,000	-	190,000	-	-	-
Revenue bonds	-	1,074,000	1,074,000	-	-	-
Landfill postclosure costs	-	114,741	114,741	-	-	-
Due in more than one year:						
Compensated absences	879,989	334,169	1,214,158	15,711	594	-
Other postemployment benefits	1,645,997	746,934	2,392,931	81,883	-	-
Loans	148,903	745,205	894,108	-	-	-
General obligation bonds	7,935,000	-	7,935,000	-	-	-
Special assessment debt with government commitment	225,000	-	225,000	-	-	-
Certificates of participation	8,170,000	-	8,170,000	-	-	-
Revenue bonds	-	9,387,000	9,387,000	-	-	-
Landfill postclosure costs	-	1,675,219	1,675,219	-	-	-
Total liabilities	<u>22,088,818</u>	<u>15,665,679</u>	<u>37,754,497</u>	<u>130,642</u>	<u>4,790</u>	<u>2,487</u>
<b>NET POSITION</b>						
Net investment in capital assets	104,044,169	107,502,635	211,546,804	7,285,369	-	15,733
Restricted for:						
Public safety	305,823	-	305,823	-	-	-
Public works	5,861,824	-	5,861,824	-	-	-
Community development	444,843	-	444,843	-	-	-
Special improvement districts	1,448,041	-	1,448,041	-	-	-
Debt service	2,182,534	1,937,111	4,119,645	-	-	-
Capital projects	16,722	-	16,722	-	-	-
Unrestricted	8,476,396	14,911,713	23,388,109	105,784	153,847	256,732
Total net position	<u>\$ 122,780,352</u>	<u>\$ 124,351,459</u>	<u>\$ 247,131,811</u>	<u>\$ 7,391,153</u>	<u>\$ 153,847</u>	<u>\$ 272,465</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, 2014*

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(1 of 2)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,499,590	\$ 910,160	\$ -	\$ -
Public safety	13,231,206	1,250,499	3,706,380	-
Public works	5,662,887	4,972,860	630,189	395,890
Public health	225,331	39,092	-	-
Culture and recreation	3,986,908	1,907,827	-	5,950
Community development	565,194	74,265	-	-
Intergovernmental	17,620	-	-	-
Interest on long-term debt	761,726	-	-	-
Total governmental activities	26,950,462	9,154,703	4,336,569	401,840
Business-type activities:				
Water	5,845,585	6,583,279	101,735	539,065
Wastewater	3,677,766	4,221,124	-	604,999
Solid waste	3,005,956	3,348,161	-	-
Transfer station	2,795,143	3,002,835	-	-
Bus	1,541,443	307,593	860,134	116,433
Golf course	2,396,277	1,281,362	-	-
Building	897,675	903,162	-	-
City-County administration building	935,841	1,006,929	-	-
Total business-type activities	21,095,686	20,654,445	961,869	1,260,497
Total primary government	\$ 48,046,148	\$ 29,809,148	\$ 5,298,438	\$ 1,662,337
<b>Component units</b>				
Helena parking commission	\$ 1,925,531	\$ 1,569,106	\$ -	\$ -
Business improvement district	266,680	295,644	-	-
Tourism business improvement district	359,471	354,423	-	-
	\$ 2,551,682	\$ 2,219,173	\$ -	\$ -

**General revenues:**

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

**Transfers**

- Total general revenues and transfers
- Change in net position
- Net position - beginning
- Restatement - GASB 65 implementation

**Net position - ending**

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

(2 of 2)

Net (Expense) Revenue and Changes in Net Position			Component Units		
Primary Government			Business Type	Governmental Type	
Governmental Activities	Business-type Activities	Total	Helena Parking Commission	Business Improvement District	Tourism Business Improvement District
\$ (1,589,430)	\$ -	\$ (1,589,430)			
(8,274,327)	-	(8,274,327)			
336,052	-	336,052			
(186,239)	-	(186,239)			
(2,073,131)	-	(2,073,131)			
(490,929)	-	(490,929)			
(17,620)	-	(17,620)			
(761,726)	-	(761,726)			
<u>(13,057,350)</u>	<u>-</u>	<u>(13,057,350)</u>			
-	1,378,494	1,378,494			
-	1,148,357	1,148,357			
-	342,205	342,205			
-	207,692	207,692			
-	(257,283)	(257,283)			
-	(1,114,915)	(1,114,915)			
-	5,487	5,487			
-	71,088	71,088			
-	1,781,125	1,781,125			
<u>\$ (13,057,350)</u>	<u>\$ 1,781,125</u>	<u>\$ (11,276,225)</u>			
			\$ (356,425)		
			-	\$ 28,964	
			-	-	\$ (5,048)
			<u>\$ (356,425)</u>	<u>\$ 28,964</u>	<u>\$ (5,048)</u>
\$ 9,813,380	\$ -	\$ 9,813,380	\$ -	\$ -	\$ -
688,338	-	688,338	-	-	-
4,622,584	-	4,622,584	-	-	-
34,930	18,257	53,187	1,989	243	1,089
12,912	240,000	252,912	-	-	-
(364,500)	364,500	-	-	-	-
<u>14,807,644</u>	<u>622,757</u>	<u>15,430,401</u>	<u>1,989</u>	<u>243</u>	<u>1,089</u>
1,750,294	2,403,882	4,154,176	(354,436)	29,207	(3,959)
121,394,203	121,947,577	243,341,780	7,745,589	124,640	276,424
(364,145)	-	(364,145)	-	-	-
<u>\$ 122,780,352</u>	<u>\$ 124,351,459</u>	<u>\$ 247,131,811</u>	<u>\$ 7,391,153</u>	<u>\$ 153,847</u>	<u>\$ 272,465</u>

**City of Helena, Montana**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*June 30, 2014*

	Special Revenue			Total Governmental
	General	Streets	Other Governmental	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,330,854	\$ 3,607,258	\$ 7,718,883	\$ 15,656,995
Certificates of deposit	190,965	159,058	341,346	691,369
Receivables (net of allowance for uncollectibles):	2,621,684	114,831	992,130	3,728,645
Notes receivable	-	-	444,843	444,843
Due from other funds	122,907	-	-	122,907
Inventory	19,264	295,288	-	314,552
Advances to other funds	-	-	111,000	111,000
Warrants	-	-	217,008	217,008
Restricted assets:				
Cash with fiscal agent	-	-	1,201,343	1,201,343
Cash - bond accounts	-	-	22,500	22,500
Intergovernmental receivable	126,903	63,383	21,474	211,760
Total assets	<u>7,412,577</u>	<u>4,239,818</u>	<u>11,070,527</u>	<u>22,722,922</u>
<b>LIABILITIES</b>				
Accounts payable	429,372	132,796	230,146	792,314
Due to other funds	-	-	122,907	122,907
Total liabilities	<u>429,372</u>	<u>132,796</u>	<u>353,053</u>	<u>915,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	338,482	17,271	614,870	970,623
Total deferred inflows of resources	<u>338,482</u>	<u>17,271</u>	<u>614,870</u>	<u>970,623</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable - not in spendable form	19,264	295,288	-	314,552
Restricted	64,044	3,794,463	6,401,280	10,259,787
Committed	-	-	1,446,792	1,446,792
Assigned	2,386	-	2,401,501	2,403,887
Unassigned	6,559,029	-	(146,969)	6,412,060
Total fund balances (deficits)	<u>6,644,723</u>	<u>4,089,751</u>	<u>10,102,604</u>	<u>20,837,078</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,412,577</u>	<u>\$ 4,239,818</u>	<u>\$ 11,070,527</u>	<u>\$ 22,722,922</u>

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

**City of Helena, Montana**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
*June 30, 2014*

---

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

<b>Total ending fund balance</b>		\$ 20,837,078
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and construction in progress	65,669,938	
Buildings, improvements, and equipment (net)	27,501,063	
Infrastructure (net)	28,226,176	
		121,397,177
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		970,623
Other long-term intrafund assets are not reported in the statement of activities.		
		(217,008)
Internal service funds are used by management to charge the costs of the copier revolving and insurance funds to individual funds. The assets and liabilities of these internal service funds are included in the governmental activities in the statement of net assets.		
		1,015,682
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest	(370,887)	
Loans payable	(183,005)	
Bonds payable	(8,605,000)	
Special assessment debt with government commitment	(225,000)	
Certificates of participation	(8,360,000)	
Compensated absences	(1,833,311)	
Other postemployment benefits	(1,645,997)	
		(21,223,200)
<b>Net position of governmental activities</b>		<b>\$ 122,780,352</b>

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

**City of Helena, Montana**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
*For the year ended June 30, 2014*

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>REVENUES</b>				
Taxes:				
Property	\$10,164,326	\$ -	\$ 1,212,557	\$ 11,376,883
Motor vehicle	688,338	-	-	688,338
Special assessments	-	3,224,647	2,452,365	5,677,012
Licenses and permits	683,764	-	53,398	737,162
Intergovernmental	5,964,464	618,024	2,655,542	9,238,030
Charges for services	626,710	40,937	1,152,870	1,820,517
Fines	713,420	-	-	713,420
Investment earnings	6,838	3,751	24,341	34,930
Miscellaneous	115,437	2,383	166,160	283,980
Total revenues	<u>18,963,297</u>	<u>3,889,742</u>	<u>7,717,233</u>	<u>30,570,272</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,351,053	-	841,397	2,192,450
Public safety	10,877,967	-	1,646,914	12,524,881
Public works	146,412	3,241,207	1,358,407	4,746,026
Public health	222,301	-	-	222,301
Culture and recreation	1,851,127	-	1,480,677	3,331,804
Community development	487,450	-	68,587	556,037
Intergovernmental	-	-	17,620	17,620
Debt service:				
Principal	-	-	924,831	924,831
Interest	-	-	775,737	775,737
Capital outlay	43,049	308,426	1,213,806	1,565,281
Total expenditures	<u>14,979,359</u>	<u>3,549,633</u>	<u>8,327,976</u>	<u>26,856,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,983,938</u>	<u>340,109</u>	<u>(610,743)</u>	<u>3,713,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	145,976	145,976
Sale of capital assets	12,481	431	-	12,912
Transfers in	17,620	-	1,616,215	1,633,835
Transfers out	(1,934,581)	(12,285)	(51,469)	(1,998,335)
Total other financing sources and uses	<u>(1,904,480)</u>	<u>(11,854)</u>	<u>1,710,722</u>	<u>(205,612)</u>
Net change in fund balances	2,079,458	328,255	1,099,979	3,507,692
Fund balances - beginning	4,565,265	3,761,496	9,002,625	17,329,386
<b>Fund balances - ending</b>	<b><u>\$ 6,644,723</u></b>	<b><u>\$4,089,751</u></b>	<b><u>\$ 10,102,604</u></b>	<b><u>\$ 20,837,078</u></b>

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, 2014*

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

**Net change in fund balances - total governmental funds** **\$ 3,507,692**

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	1,565,281	
Depreciation expense	(2,397,587)	
Loss on disposal of assets	(6,559)	(838,865)

Donations of capital assets or transfers of capital assets to other funds or other governments affects net assets in the statement of activities, but these transactions do not appear in the governmental funds because they are not financial resources. 406,721

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. (1,924,652)

Long-term receivables

The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Proceeds of long-term debt	(145,976)	
Principal payments	924,831	778,855

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	(58,384)	
Other postemployment benefits	(247,033)	
Accrued interest	14,011	(291,406)

Internal service funds are used by management to charge the costs of copier revolving and insurance activities to individual funds. 111,949

**Change in net position of governmental activities** **\$ 1,750,294**

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, 2014*

(1 of 2)

	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 8,742,184	\$ 8,742,184	\$ 8,147,649	\$ (594,535)
Motor vehicle taxes	697,000	697,000	688,338	(8,662)
Licenses and permits:				
Alcoholic beverages	46,000	46,000	48,601	2,601
General business	493,100	493,100	596,826	103,726
Animal licenses	34,000	34,000	34,822	822
Other permits	5,200	5,200	3,515	(1,685)
Intergovernmental:				
Federal grants	163,550	186,500	269,082	82,582
State grants	30,000	81,167	80,478	(689)
State shared revenues	3,766,600	3,766,600	3,881,775	115,175
Other governments	74,050	75,050	75,091	41
Charges for services:				
Public safety	325,646	386,946	412,839	25,893
Public works	1,000	1,000	519	(481)
Public health	4,000	4,000	4,270	270
Culture and recreation	198,050	198,050	203,074	5,024
Community development	5,500	5,500	6,008	508
Fines - city court	595,100	595,100	713,420	118,320
Investment earnings	15,000	15,000	6,838	(8,162)
Interfund reimbursements	2,895,471	2,895,471	2,895,470	(1)
Miscellaneous	133,056	158,527	115,437	(43,090)
Total revenues	<u>18,224,507</u>	<u>18,386,395</u>	<u>18,184,052</u>	<u>(202,343)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative				
Personal services	246,736	246,736	235,640	11,096
Supplies/services/materials	186,983	192,954	140,893	52,061
Executive				
Personal services	229,740	229,740	227,781	1,959
Supplies/services/materials	265,934	270,934	85,532	185,402
Judicial				
Personal services	351,262	354,412	353,656	756
Supplies/services/materials	81,415	83,900	78,186	5,714
Administrative services				
Personal services	278,186	278,186	277,174	1,012
Supplies/services/materials	139,248	139,248	131,890	7,358
Financial services				
Personal services	542,992	542,992	525,267	17,725
Supplies/services/materials	276,925	280,925	241,599	39,326
Human resources				
Personal services	308,865	308,865	305,309	3,556
Supplies/services/materials	86,522	86,522	73,147	13,375
Legal services				
Personal services	434,902	434,902	429,224	5,678
Supplies/services/materials	126,408	126,408	116,209	10,199
Total general government	<u>\$ 3,556,118</u>	<u>\$ 3,576,724</u>	<u>\$ 3,221,507</u>	<u>\$ 355,217</u>

EXPENDITURES, continued	General			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Public safety:				
Law enforcement and judicial				
Personal services	\$ 4,635,664	\$ 4,687,370	\$ 4,665,311	\$ 22,059
Supplies/services/materials	860,655	893,739	790,248	103,491
Fire protection				
Personal services	3,318,991	3,363,158	3,233,693	129,465
Supplies/services/materials	581,108	658,487	556,596	101,891
Total public safety	<u>9,396,418</u>	<u>9,602,754</u>	<u>9,245,848</u>	<u>356,906</u>
Public works:				
Public works administration				
Personal services	916,208	916,208	857,286	58,922
Supplies/services/materials	199,462	230,447	195,409	35,038
Streets				
Supplies/services/materials	31,380	31,380	27,979	3,401
Total public works	<u>1,147,050</u>	<u>1,178,035</u>	<u>1,080,674</u>	<u>97,361</u>
Public health:				
Animal control				
Personal services	142,845	146,975	142,590	4,385
Supplies/services/materials	87,034	85,414	79,205	6,209
Total public health	<u>229,879</u>	<u>232,389</u>	<u>221,795</u>	<u>10,594</u>
Culture and recreation:				
Parks				
Personal services	1,297,203	1,297,203	1,175,381	121,822
Supplies/services/materials	820,254	832,273	746,468	85,805
Total culture and recreation	<u>2,117,457</u>	<u>2,129,476</u>	<u>1,921,849</u>	<u>207,627</u>
Community development				
Administration and planning				
Personal services	399,622	399,622	389,369	10,253
Supplies/services/materials	108,192	119,692	99,388	20,304
Total community development	<u>507,814</u>	<u>519,314</u>	<u>488,757</u>	<u>30,557</u>
Total expenditures	<u>16,954,736</u>	<u>17,238,692</u>	<u>16,180,430</u>	<u>1,058,262</u>
Revenues over (under) expenditures	<u>1,269,771</u>	<u>1,147,703</u>	<u>2,003,622</u>	<u>855,919</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	8,000	8,000	22,724	14,724
Transfers in	19,661	19,661	17,620	(2,041)
Transfers out	(1,424,985)	(1,935,624)	(1,934,581)	1,043
Total other financing sources (uses)	<u>(1,397,324)</u>	<u>(1,907,963)</u>	<u>(1,894,237)</u>	<u>13,726</u>
Net change in fund balances	<u>\$ (127,553)</u>	<u>\$ (760,260)</u>	109,385	<u>\$ 869,645</u>
Fund balances - beginning			4,437,326	
<b>Fund balances - ending</b>			<u>\$ 4,546,711</u>	

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

**City of Helena, Montana**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
For the year ended June 30, 2014

	<b>Streets</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Special assessments	\$ 3,123,000	\$ 3,123,000	\$ 3,182,469	\$ 59,469
Intergovernmental				
State grants	150,000	150,000	-	(150,000)
State shared	552,000	552,000	554,641	2,641
Other governments	75,000	75,000	-	(75,000)
Charges for services - public works	50,000	50,000	40,937	(9,063)
Investment earnings	6,500	6,500	3,751	(2,749)
Miscellaneous	5,000	5,000	2,383	(2,617)
Total revenue	<u>3,961,500</u>	<u>3,961,500</u>	<u>3,784,181</u>	<u>(177,319)</u>
<b>EXPENDITURES</b>				
Current:				
Public works				
Personal services	1,210,787	1,210,787	1,200,632	10,155
Supplies/services/materials	2,352,321	2,562,679	1,983,967	578,712
Capital outlay	459,500	1,547,792	339,950	1,207,842
Total expenditures	<u>4,022,608</u>	<u>5,321,258</u>	<u>3,524,549</u>	<u>1,796,709</u>
Revenues over (under) expenditures	<u>(61,108)</u>	<u>(1,359,758)</u>	<u>259,632</u>	<u>1,619,390</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	5,000	5,000	3,687	(1,313)
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>3,687</u>	<u>(1,313)</u>
Net change in fund balances	<u>\$ (56,108)</u>	<u>\$ (1,354,758)</u>	<u>263,319</u>	<u>\$ 1,618,077</u>
Fund balances - beginning			3,466,398	
<b>Fund balances - ending</b>			<u><b>\$ 3,729,717</b></u>	

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

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**City of Helena, Montana**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2014*

(1 of 2)

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,894,447	\$ 2,910,302	\$ 3,119,401
Certificates of deposit	294,436	179,214	137,546
Receivables (net of allowance for uncollectibles)	1,480,670	408,540	183,790
Inventories	388,108	94,083	78,797
Restricted assets:			
Cash-revenue bond accounts	783,041	1,154,070	-
Intergovernmental receivable	-	-	-
Total current assets	<u>8,840,702</u>	<u>4,746,209</u>	<u>3,519,534</u>
Noncurrent assets:			
Capital assets:			
Land	19,342,518	15,636,618	37,170
Buildings and system	6,137,395	12,538,787	518,737
Improvements other than buildings	273,526	236,723	-
Machinery and equipment	2,156,787	2,047,160	2,189,611
Infrastructure	119,879,602	55,630,171	-
Construction in progress	348,902	58,863	-
Less accumulated depreciation	(82,039,934)	(42,528,659)	(1,509,120)
Total noncurrent assets	<u>66,098,796</u>	<u>43,619,663</u>	<u>1,236,398</u>
Total assets	<u>74,939,498</u>	<u>48,365,872</u>	<u>4,755,932</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	194,523	81,608	88,265
Customer deposits	85,810	-	-
Accrued interest	57,668	53,350	-
Compensated absences	87,912	82,144	27,387
Loans	-	-	-
Revenue bonds	408,000	666,000	-
Advances from other funds	-	-	-
Landfill postclosure costs	-	-	114,741
Total current liabilities	<u>833,913</u>	<u>883,102</u>	<u>230,393</u>
Noncurrent liabilities:			
Compensated absences	81,150	75,825	25,280
Other postemployment benefits	160,404	117,785	62,863
Loans	-	-	-
Revenue bonds	4,718,000	4,669,000	-
Advances from other funds	-	-	-
Landfill postclosure costs	-	-	1,675,219
Total noncurrent liabilities	<u>4,959,554</u>	<u>4,862,610</u>	<u>1,763,362</u>
Total liabilities	<u>5,793,467</u>	<u>5,745,712</u>	<u>1,993,755</u>
<b>NET POSITION</b>			
Net investment in capital assets	60,972,796	38,284,663	1,236,398
Restricted for:			
Revenue bond accounts	783,041	1,154,070	-
Unrestricted	7,390,194	3,181,427	1,525,779
<b>Total net position</b>	<u><b>\$ 69,146,031</b></u>	<u><b>\$ 42,620,160</b></u>	<u><b>\$ 2,762,177</b></u>
Adjustment to reflect the consolidation of fleet services internal service fund activities related to enterprise funds.			
<b>Net position of business-type activities</b>			

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

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(2 of 2)

<u>Transfer Station</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 1,627,562	\$ 1,457,923	\$ 15,009,635	\$ 1,392,154
71,765	64,285	747,246	61,385
154,405	37,446	2,264,851	-
-	157,131	718,119	43,538
-	-	1,937,111	-
-	225,047	225,047	-
<u>1,853,732</u>	<u>1,941,832</u>	<u>20,902,009</u>	<u>1,497,077</u>
-	529,988	35,546,294	148,054
2,359,975	4,869,811	26,424,705	830,638
258,448	2,006,239	2,774,936	62,831
1,106,343	1,774,164	9,274,065	130,896
-	-	175,509,773	-
91,404	314,036	813,205	-
(2,034,688)	(3,657,764)	(131,770,165)	(927,194)
<u>1,781,482</u>	<u>5,836,474</u>	<u>118,572,813</u>	<u>245,225</u>
<u>3,635,214</u>	<u>7,778,306</u>	<u>139,474,822</u>	<u>1,742,302</u>
204,553	111,047	679,996	169,357
-	50,425	136,235	-
-	5,784	116,802	-
47,481	102,108	347,032	14,985
-	197,308	197,308	-
-	-	1,074,000	-
-	27,337	27,337	-
-	-	114,741	-
<u>252,034</u>	<u>494,009</u>	<u>2,693,451</u>	<u>184,342</u>
43,828	94,254	320,337	13,832
84,861	276,865	702,778	44,156
-	745,205	745,205	-
-	-	9,387,000	-
-	83,663	83,663	-
-	-	1,675,219	-
<u>128,689</u>	<u>1,199,987</u>	<u>12,914,202</u>	<u>57,988</u>
<u>380,723</u>	<u>1,693,996</u>	<u>15,607,653</u>	<u>242,330</u>
1,781,482	5,002,068	107,277,407	245,225
-	-	1,937,111	-
1,473,009	1,082,242	14,652,651	1,254,747
<u>\$ 3,254,491</u>	<u>\$ 6,084,310</u>	<u>123,867,169</u>	<u>\$ 1,499,972</u>
		484,290	
		<u>\$ 124,351,459</u>	

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

*For the year ended June 30, 2014*

(1 of 2)

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,583,279	\$ 4,221,124	\$ 3,348,161
Total operating revenues	6,583,279	4,221,124	3,348,161
<b>OPERATING EXPENSES</b>			
Cost of sales and services	3,108,172	1,901,719	2,432,715
Administration	835,634	740,215	339,938
Depreciation	1,811,027	940,164	241,410
Total operating expenses	5,754,833	3,582,098	3,014,063
Operating income (loss)	828,446	639,026	334,098
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental operating grants	101,735	-	-
Investment earnings	7,674	4,719	2,401
Interest expense	(117,597)	(109,980)	-
Sale of capital assets	-	-	240,000
Total non-operating revenue (expenses)	(8,188)	(105,261)	242,401
Income (loss) before contributions and transfers	820,258	533,765	576,499
Capital contributions - grants	-	-	-
Capital contributions - mains & other	539,065	604,999	-
Transfers in	-	-	-
Change in net position	1,359,323	1,138,764	576,499
Total net position - beginning	67,786,708	41,481,396	2,185,678
<b>Total net position - ending</b>	<b>\$ 69,146,031</b>	<b>\$ 42,620,160</b>	<b>\$ 2,762,177</b>

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

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

**Change in net position of business-type activities**

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

(2 of 2)

<u>Transfer Station</u>	<u>Other</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 3,002,835	\$ 3,499,046	\$ 20,654,445	\$ 5,953,192
<u>3,002,835</u>	<u>3,499,046</u>	<u>20,654,445</u>	<u>5,953,192</u>
2,370,535	3,709,382	13,522,523	5,671,149
293,061	516,855	2,725,703	103,589
140,049	1,550,906	4,683,556	15,607
<u>2,803,645</u>	<u>5,777,143</u>	<u>20,931,782</u>	<u>5,790,345</u>
<u>199,190</u>	<u>(2,278,097)</u>	<u>(277,337)</u>	<u>162,847</u>
-	860,134	961,869	26,139
1,243	2,220	18,257	558
-	(13,922)	(241,499)	-
-	-	240,000	-
<u>1,243</u>	<u>848,432</u>	<u>978,627</u>	<u>26,697</u>
200,433	(1,429,665)	701,290	189,544
-	116,433	116,433	-
-	-	1,144,064	-
-	364,500	364,500	-
<u>200,433</u>	<u>(948,732)</u>	<u>2,326,287</u>	<u>189,544</u>
<u>3,054,058</u>	<u>7,033,042</u>	<u>121,540,882</u>	<u>1,310,428</u>
<u>\$ 3,254,491</u>	<u>\$ 6,084,310</u>	<u>\$ 123,867,169</u>	<u>\$ 1,499,972</u>

2,326,287

77,595

\$ 2,403,882

**City of Helena, Montana**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the year ended June 30, 2014*

(1 of 4)

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 6,455,858	\$ 4,233,011	\$ 3,322,685
Payments to suppliers	(1,400,168)	(771,526)	(1,627,102)
Payments to employees	(1,521,487)	(1,073,031)	(586,419)
Payment for interfund services used	(867,609)	(786,727)	(506,720)
Net cash provided (used) by operating activities	<u>2,666,594</u>	<u>1,601,727</u>	<u>602,444</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Operating grants	101,735	-	-
Principal payments - advances	-	-	-
Net cash provided (used) by non-capital financing activities	<u>101,735</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital grants / contributions	67,175	102,270	-
Principal payments - bonds	(358,000)	(653,000)	-
Principal payments - loans	-	-	-
Interest payments	(120,195)	(116,510)	-
Purchase of capital assets	(562,299)	(458,795)	(967,328)
Proceeds from disposition of capital assets	43,466	25,728	240,000
Net cash provided (used) by capital and related financing activities	<u>(929,853)</u>	<u>(1,100,307)</u>	<u>(727,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in certificates of deposit	347,528	288,873	285,702
Interest received	7,674	4,719	2,401
Net cash provided (used) by investing activities	<u>355,202</u>	<u>293,592</u>	<u>288,103</u>
Net increase (decrease) in cash and cash equivalents	2,193,678	795,012	163,219
Cash and cash equivalents, beginning	4,483,810	3,269,360	2,956,182
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 6,677,488</u></b>	<b><u>\$ 4,064,372</u></b>	<b><u>\$ 3,119,401</u></b>
<b>Cash and cash equivalents, current</b>	<b>\$ 5,894,447</b>	<b>\$ 2,910,302</b>	<b>\$ 3,119,401</b>
<b>Cash and cash equivalents, noncurrent - restricted</b>	<b>783,041</b>	<b>1,154,070</b>	<b>-</b>
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 6,677,488</u></b>	<b><u>\$ 4,064,372</u></b>	<b><u>\$ 3,119,401</u></b>

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

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(2 of 4)

<u>Transfer Station</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
\$ 3,002,071	\$ 3,477,075	\$ 20,490,700	\$ 5,953,192
(1,473,294)	(1,307,446)	(6,579,536)	(5,226,769)
(784,473)	(2,249,689)	(6,215,099)	(390,296)
(387,246)	(679,583)	(3,227,885)	(103,807)
<u>357,058</u>	<u>(759,643)</u>	<u>4,468,180</u>	<u>232,320</u>
-	364,500	364,500	-
-	776,675	878,410	26,139
-	(75,339)	(75,339)	-
<u>-</u>	<u>1,065,836</u>	<u>1,167,571</u>	<u>26,139</u>
-	-	169,445	-
-	-	(1,011,000)	-
-	(174,599)	(174,599)	-
-	(13,024)	(249,729)	-
(145,269)	(517,247)	(2,650,938)	(18,150)
-	37,406	346,600	-
<u>(145,269)</u>	<u>(667,464)</u>	<u>(3,570,221)</u>	<u>(18,150)</u>
114,382	171,329	1,207,814	90,494
1,243	2,220	18,257	558
<u>115,625</u>	<u>173,549</u>	<u>1,226,071</u>	<u>91,052</u>
327,414	(187,722)	3,291,601	331,361
1,300,148	1,645,645	13,655,145	1,060,793
<u>\$ 1,627,562</u>	<u>\$ 1,457,923</u>	<u>\$ 16,946,746</u>	<u>\$ 1,392,154</u>
\$ 1,627,562	\$ 1,457,923	\$ 15,009,635	\$ 1,392,154
-	-	1,937,111	-
<u>\$ 1,627,562</u>	<u>\$ 1,457,923</u>	<u>\$ 16,946,746</u>	<u>\$ 1,392,154</u>

**City of Helena, Montana**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the year ended June 30, 2014*

(3 of 4)

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 828,446	\$ 639,026	\$ 334,098
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,811,027	940,164	241,410
(Increase) decrease in accounts receivable	(141,851)	11,887	(25,476)
(Increase) decrease in inventories	87,994	(19,841)	82,571
Increase (decrease) in accounts payable	42,018	9,200	43,896
Increase (decrease) in customer deposits	14,430	-	-
Increase (decrease) in compensated absences	6,335	7,446	5,347
Increase (decrease) in other postemployment benefits	18,195	13,845	7,401
Increase (decrease) in landfill postclosure costs payable	-	-	(86,803)
Total adjustments	1,838,148	962,701	268,346
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,666,594</b>	<b>\$ 1,601,727</b>	<b>\$ 602,444</b>
 <b>Supplemental disclosure of non-cash activity:</b>			
Basis of property disposed / transferred out	\$ 43,466	\$ 25,728	\$ -
Contribution of capital assets by developers/ other governments:			
Mains	471,890	395,458	-
Other equipment	-	-	-
Land and easements	-	107,271	-

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

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(4 of 4)

<u>Transfer Station</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service</u>
\$ 199,190	\$ (2,278,097)	\$ (277,337)	\$ 162,847
140,049	1,550,906	4,683,556	15,607
(765)	(24,450)	(180,655)	-
-	(5,158)	145,566	1,957
1,097	(10,359)	85,852	49,499
-	2,478	16,908	-
7,385	(28,577)	(2,064)	(2,542)
10,102	33,614	83,157	4,952
-	-	(86,803)	-
<u>157,868</u>	<u>1,518,454</u>	<u>4,745,517</u>	<u>69,473</u>
<u>\$ 357,058</u>	<u>\$ (759,643)</u>	<u>\$ 4,468,180</u>	<u>\$ 232,320</u>

\$ -	\$ 37,406	\$ 106,600	\$ -
-	-	867,348	-
-	116,433	116,433	-
-	-	107,271	-

**City of Helena, Montana**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
*June 30, 2014*

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 27,151</u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 27,151</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, 2014*

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. Description of Government-wide Financial Statements

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

2. Reporting Entity

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

2. Reporting Entity, (continued)

Discretely Presented Component Units, (continued)

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

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

3. Government-wide and Fund Financial Statements

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

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

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

*Agency.* These funds account for monies held on behalf of the State Supreme Court, and until closed in September, 2013, a nationwide bus line.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

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

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

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

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

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

5. Cash and Investments

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

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

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

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

Cash and Investment Policies

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

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

6. Receivables and Payables

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

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

Property taxes are levied and collected by Lewis and Clark County and are payable in two installments due November 30 and May 31. The county assesses penalty and interest after these dates and writes off receivables when uncollectible. Uncollectible taxes result from protested taxes. As of June 30 there were \$874,522 taxes receivable considered uncollectible.

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

7. Inventories

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

8. Restricted Assets

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

9. Capital Assets

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

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

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

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

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

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

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

10. Unavailable revenues

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

11. Compensated Absences

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

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

12. Long-Term Obligations

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

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

13. Postemployment Benefits

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

14. Net Position/Fund Balance

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

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

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

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

15. Grant Revenue

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

16. Interfund Transactions

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

1. Budgetary Data

a. General Budget Policies

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

b. Budget Process

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

For fiscal year 2014, the City levied 159.10 mills including an 87.36 all-purpose mill levy and a 16.73 debt service mill levy for the Open Space/Fire Truck and Park and Recreation debt service funds.

The City Clerk forwards a copy of the final budget to the State Department of Administration no later than October 1<sup>st</sup> 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](http://www.helenamt.gov). The tax levies and special assessments are forwarded to the County Treasurer for collection.

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

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

All appropriations lapse at the end of the year. Encumbrances are re-appropriated in the subsequent fiscal year if approved by the City Manager.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

2. Budgetary/US GAAP Basis Difference

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

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

The City had no violations of budget law for fiscal year 2014, as all expenditures in total by fund are less than the related appropriations, or are transfers of closed funds as allowed by State law.

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

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

	<u>General</u>	<u>Special Revenue Streets</u>
Fund balances budget basis	\$ 4,546,711	\$ 3,729,717
Basis differences:		
Accrual of accounts receivable	18,494	-
Accrual of tax/assessment revenue	2,283,202	97,560
Accrual of grant revenue	108,409	63,383
Accrual of expenditures	(331,357)	(96,197)
Inventory	19,264	295,288
Fund balances modified accrual	<u>\$ 6,644,723</u>	<u>\$ 4,089,751</u>

	<u>Non-major Funds</u>		
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund balances budget basis	\$ 5,281,958	\$ 1,897,053	\$ 2,296,689
Basis differences:			
Accrual of accounts receivable	8,010	-	-
Notes receivable	444,843	-	-
Accrual of tax/assessment revenue	70,507	285,481	-
Accrual of grant revenue	21,330	-	11,466
Accrual of expenditures	(166,297)	-	(48,436)
Fund balances modified accrual	<u>\$ 5,660,351</u>	<u>\$ 2,182,534</u>	<u>\$ 2,259,719</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 Projects and CTEP Projects non-major capital projects funds had negative fund balances of \$126,397 and \$20,572, respectively. These balances are due to preliminary expenditures on projects that will be reimbursed at a later date from special assessment and grant revenues.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE C - DEPOSITS AND INVESTMENTS**

1. June 30<sup>th</sup> Deposit and Investment Balances

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

	Governmental & Business		Component Units			Total
	Type	Agency	Parking	BID	TBID	
Cash	\$ 2,441,911	\$ 27,151	\$ 15,000	\$ 147,855	\$ 248,852	\$ 2,880,769
Certificates of deposit	1,500,000	-	-	-	-	1,500,000
Total carrying amount of deposits	<u>3,941,911</u>	<u>27,151</u>	<u>15,000</u>	<u>147,855</u>	<u>248,852</u>	<u>4,380,769</u>
Investments:						
State short-term investment pool	32,777,827	-	181,277	-	-	32,959,104
Total deposits and investments	<u>\$ 36,719,738</u>	<u>\$ 27,151</u>	<u>\$ 196,277</u>	<u>\$ 147,855</u>	<u>\$ 248,852</u>	<u>\$ 37,339,873</u>

2. Deposits

Reconciliation of carrying amount to deposit balances:

	Governmental & Business		Component Units			Total
	Type	Agency	Parking	BID	TBID	
Cash - carrying amount	\$ 2,441,911	\$ 27,151	\$ 15,000	\$ 147,855	\$ 248,852	\$ 2,880,769
Deposits in transit	(90,673)	(12,455)	-	-	-	(103,128)
Outstanding checks	409,375	75,870	-	-	-	485,245
Certificates of deposits	1,500,000	-	-	-	-	1,500,000
Deposit balances with financial institutions insured or collateralized with securities held in the City's name	<u>\$ 4,260,613</u>	<u>\$ 90,566</u>	<u>\$ 15,000</u>	<u>\$ 147,855</u>	<u>\$ 248,852</u>	<u>\$ 4,762,886</u>

At fiscal year end, the City's carrying amount of deposits was \$3,984,062 and the bank balance was \$4,366,179. The carrying amount of deposits for the City includes \$15,000 of the HPC component unit cash balance. The entire cash bank balance was covered by an irrevocable, unconditional and nontransferable Letter of Credit from Federal Home Loan Bank. \$1,500,000 of certificates of deposit are covered by the Federal Depository Insurance Corporation.

3. Restricted Cash and Cash Equivalents

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

Governmental Activities:

Restricted for bond reserves	\$ 22,500
Cash with fiscal agent	1,201,343

Business Type Activities:

Restricted for bond reserves	1,937,111
Total restricted cash	<u>\$ 3,160,954</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE C - DEPOSITS AND INVESTMENTS**, (continued)

4. Investments

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

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

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

Investments in the pool are reported at fair value. The fair value of pooled investments is determined annually and is based on year-end market prices. The unit value of the pool is fixed at \$1 for both participant redemptions and purchases. Investments in STIP are carried at cost. STIP is classified as a 2A-7 like pool. STIP income is automatically reinvested in additional units. The STIP is not rated by a national rating agency.

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

**NOTE D - ACCOUNTS/OTHER RECEIVABLES**

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

	Taxes	Accounts	Special Assessments	Intergovernmental - Restricted	Total
Funds:					
General	\$ 2,621,684	\$ -	\$ -	\$ 126,903	\$ 2,748,587
Streets	-	-	114,831	63,383	178,214
Water	-	1,480,670	-	-	1,480,670
Wastewater	-	408,540	-	-	408,540
Solid waste	-	108,895	74,895	-	183,790
Transfer station	-	154,405	-	-	154,405
Nonmajor and other funds	319,130	58,719	651,727	246,521	1,276,097
Total receivables	<u>\$ 2,940,814</u>	<u>\$ 2,211,229</u>	<u>\$ 841,453</u>	<u>\$ 436,807</u>	<u>\$ 6,430,303</u>

Discretely presented component unit receivables of \$10,782 and \$10,367 for the BID and TBID, respectively, represent special assessments receivable.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE D - ACCOUNTS/OTHER RECEIVABLES, (continued)**

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

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

**Unavailable Revenue Balances:**

	Unavailable
Unavailable property taxes - general fund	\$ 338,482
Unavailable property taxes - debt service funds	34,935
Unavailable special assessments - special revenue funds	38,094
Unavailable special assessments - debt service funds	559,112
Total unavailable revenue for governmental funds	\$ 970,623

**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	\$ (203,479)	\$ 203,479
Internal service funds - business-type funds	46,714	(46,714)
Interfund advance from capital improvements to golf	111,000	(111,000)
Total interfund balances receivable (payable)	\$ (45,765)	\$ 45,765

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

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

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

<b>Due from other funds</b>	<b>Due to other funds</b>	
General	Certificates of participation	\$ 200
	Special improvement districts construction	122,686
	CTEP projects	21
		\$ 122,907

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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

**Interfund Transfers:**

	Transfers In			Total Transfers In
	General	Non-major governmental	Non-major proprietary	
Transfers Out:				
General	\$ -	\$ 1,570,081	\$ 364,500	\$ 1,934,581
Streets	-	12,285	-	12,285
Non-major governmental	17,620	33,849	-	51,469
Total transfers in	\$ 17,620	\$ 1,616,215	\$ 364,500	\$ 1,998,335

The general fund transferred \$1,934,581 to: help finance the Civic Center and Facilities Management programs which are part of the Community Facilities fund (\$657,365), fund bus transit services (\$364,500), fund debt service payments for Sidewalk INTERCAP loans (\$2,077), and provide funds for governmental programs capital replacements (\$910,639).

**NOTE F - NOTE RECEIVABLES**

Notes receivable at June 30 include the following:

Non-major Governmental:

3% Note receivable from Artisan LLP; due in monthly payments beginning August 1, 2001 through April 2034; secured by real property (a) \$ 419,843

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

Total note receivables \$ 444,843

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE F - NOTE RECEIVABLES, (continued)**

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

Discretely presented component unit (HPC) notes receivable consist of a 5% unsecured note receivable from Helena Visitor and Commerce Center, Inc. due in monthly payments of \$351 beginning September 1, 1995 through August 2020, with an outstanding balance at June 30 of \$22,262.

**NOTE G - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 64,942,157	\$ 210,115	\$ -	\$ -	\$ 65,152,272
Construction in progress	397,696	315,186	-	(195,216)	517,666
Total capital assets not being depreciated	<u>65,339,853</u>	<u>525,301</u>	<u>-</u>	<u>(195,216)</u>	<u>65,669,938</u>
Capital assets being depreciated:					
Buildings	20,283,407	-	-	-	20,283,407
Improvements other than buildings	14,545,542	539,181	-	180,510	15,265,233
Machinery and equipment	13,321,696	704,214	(293,879)	(16,699)	13,715,332
Infrastructure	43,786,732	221,457	(16,219)	14,706	44,006,676
Total capital assets being depreciated	<u>91,937,377</u>	<u>1,464,852</u>	<u>(310,098)</u>	<u>178,517</u>	<u>93,270,648</u>
Less accumulated depreciation for:					
Buildings	6,635,175	336,485	-	-	6,971,660
Improvements other than buildings	4,646,550	510,164	-	-	5,156,714
Machinery and equipment	8,962,814	962,303	(293,879)	(16,699)	9,614,539
Infrastructure	15,195,447	594,710	(9,658)	-	15,780,499
Total accumulated depreciation	<u>35,439,986</u>	<u>2,403,662</u>	<u>(303,537)</u>	<u>(16,699)</u>	<u>37,523,412</u>
Total capital assets being depreciated, net	<u>56,497,391</u>	<u>(938,810)</u>	<u>(6,561)</u>	<u>195,216</u>	<u>55,747,236</u>
Governmental activities capital assets, net	<u>\$ 121,837,244</u>	<u>\$ (413,509)</u>	<u>\$ (6,561)</u>	<u>\$ -</u>	<u>\$ 121,417,174</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE G - CAPITAL ASSETS, (continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 37,452,678	\$ 111,771	\$ (16,556)	\$ (1,853,545)	\$ 35,694,348
Construction in progress	220,734	685,829	(23,438)	(69,920)	813,205
Total capital assets not being depreciated	<u>37,673,412</u>	<u>797,600</u>	<u>(39,994)</u>	<u>(1,923,465)</u>	<u>36,507,553</u>
Capital assets being depreciated:					
Buildings	27,226,387	17,855	(63,440)	74,541	27,255,343
Improvements other than buildings	1,271,799	55,252	(242,120)	1,752,836	2,837,767
Machinery and equipment	8,390,804	1,757,718	(809,946)	28,041	9,366,617
Infrastructure	174,323,342	1,166,700	(65,015)	84,746	175,509,773
Total capital assets being depreciated	<u>211,212,332</u>	<u>2,997,525</u>	<u>(1,180,521)</u>	<u>1,940,164</u>	<u>214,969,500</u>
Less accumulated depreciation for:					
Buildings	13,138,261	842,604	(63,439)	16,517	13,933,943
Improvements other than buildings	532,226	1,271,649	(205,802)	(10,241)	1,587,832
Machinery and equipment	6,113,108	699,551	(807,850)	16,699	6,021,508
Infrastructure	109,299,544	1,879,284	(36,823)	(6,276)	111,135,729
Total accumulated depreciation	<u>129,083,139</u>	<u>4,693,088</u>	<u>(1,113,914)</u>	<u>16,699</u>	<u>132,679,012</u>
Total capital assets being depreciated, net	<u>82,129,193</u>	<u>(1,695,563)</u>	<u>(66,607)</u>	<u>1,923,465</u>	<u>82,290,488</u>
Business-type activities capital assets, net	<u>\$ 119,802,605</u>	<u>\$ (897,963)</u>	<u>\$ (106,601)</u>	<u>\$ -</u>	<u>\$ 118,798,041</u>

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

**Governmental activities:**

General government	\$ 276,986
Public safety	558,074
Public works	902,426
Culture and recreation	660,101
Copier revolving - internal service fund charged to various functions based on their usage of the assets	6,075
	<u>\$ 2,403,662</u>

**Business-type activities:**

Water	\$ 1,811,027
Wastewater	940,164
Solid waste	241,410
Transfer station	140,049
Bus	186,009
Golf course	1,232,040
Building	4,531
City-County administration building	128,326
Fleet services - internal service fund charged to various functions based on their usage of the assets	9,532
	<u>\$ 4,693,088</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE H - LONG-TERM LIABILITIES**

General Obligation Debt

*General Obligation Bonds:*

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

2005 General Fund Bonds, 3.3 - 4.0%, payable in annual installments of \$25,000 to \$55,000, final scheduled payment August 15, 2025.	\$ 900,000
2008 General Obligation Parks Bonds, 3.0 - 4.05%, payable in annual installments of \$150,000 to \$590,000, final scheduled payment January 1, 2028.	6,200,000
2009 General Obligation Refunding Bonds, 3.0 - 4.0%, payable in annual installments of \$220,000 to \$345,000, final scheduled payment July 1, 2018.	<u>1,505,000</u>
Total general obligation bonds outstanding	8,605,000
Less current portion	<u>(670,000)</u>
	<u><u>\$ 7,935,000</u></u>

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

General Obligation Debt, (continued)

*General Obligation Bonds (continued):*

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

Fiscal Year Ending June 30	Principal	Interest
2015	\$ 670,000	\$ 329,795
2016	705,000	304,245
2017	750,000	277,007
2018	785,000	246,170
2019	700,000	216,520
2020-2024	2,615,000	783,152
2025-2028	2,380,000	233,887
Total	<u>\$ 8,605,000</u>	<u>\$ 2,390,776</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)	\$ 2,322,769
General limitation percentage	<u>2.50%</u>
General limit of indebtedness	<u>58,069</u>
Outstanding general obligation bonds at June 30	8,605
Outstanding loans subject to limitation *	
Commission chamber remodel	9
Sidewalk replacement	<u>183</u>
Total debt subject to limit	<u>8,797</u>
Excess limit over outstanding debt margin	<u>\$ 49,272</u>

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

Certificates of Participation

The City entered into a partnership with the State of Montana, Board of Investments (BOI), the Montana State Fund (worker's compensation) and the Helena Parking Commission to build a new 350 space parking garage in the downtown Great Northern Area. In February 2009 the City entered into a Lease Purchase Agreement with US Bank NA and the bank issued 2009 Certificates of Participation (COPs) totaling \$8,900,000 to finance construction. The BOI has guaranteed the purchase of 350 parking permits, per year, for the life of the lease purchase agreement. This garage will help provide necessary parking capacity throughout the entire downtown parking system. The Helena Parking Commission contracted with the City, separately, to give the City the semi-annual debt service payment amounts using the garage receipts and other downtown parking revenues as necessary. However, the City is the only party legally obligated to make the COPs payments to the participants. Neither the City's taxing powers nor revenues are obligated to the participants.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE H - LONG-TERM LIABILITIES**, (continued)

Certificates of Participation, (continued)

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

Fiscal Year Ending June 30	Principal	Interest
2015	\$ 190,000	\$ 403,619
2016	195,000	397,919
2017	205,000	391,094
2018	210,000	383,919
2019	220,000	375,519
2020-2024	1,240,000	1,734,942
2025-2029	1,550,000	1,418,012
2030-2034	1,995,000	982,827
2034-2039	2,555,000	412,100
Total	<u>\$ 8,360,000</u>	<u>\$ 6,499,951</u>

Special Assessment Debt

*Special Assessment Debt Bonds:*

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

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

Statutes allow for a special property tax levy as long as the balance in this fund is less than 5% of total outstanding special assessment debt with government commitment. In the current fiscal year, the City did not levy for this fund. At June 30, the cash and investment balance in the revolving fund was \$106,781 and secured outstanding bonds and warrants in the amount of \$442,008 or 24 percent.

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

Special Assessment Debt, (continued)

*Special Assessment Debt Bonds (continued):*

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

Fiscal Year Ending June 30	Governmental	
	Principal *	Interest
2015	\$ -	\$ 10,270
2016	-	10,270
2017	20,000	9,795
2018	70,000	7,735
2019	75,000	4,425
2020	60,000	1,350
Total	<u>\$ 225,000</u>	<u>\$ 43,845</u>

\* The City has called bonds early for all special improvement districts and has no principal liability for fiscal year 2015. However, the City will most likely call additional bonds using assessments collected and any prepayments of principal.

*Special Assessment Warrants:*

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

The funds are deposited in the capital projects funds and the sidewalk improvements are completed. As of June 30 the City has issued, and purchased, \$217,008 of warrants that are paid back to the City in annual installments over a period of nine to ten years by the program participants. Interest rates vary from zero to eight percent. In 2006 the City Commission approved a resolution authorizing zero percent financing for all sidewalk replacement programs created from that date forward to encourage participation.

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

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

Fiscal Year June 30	Principal	Interest
2015	\$ 29,523	\$ 486
2016	25,867	150
2017	23,470	-
2018	23,412	-
2019	23,412	-
2020-2021	91,324	-
Total	<u>\$ 217,008</u>	<u>\$ 636</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

*Business-Type Activities Revenue Bonds:*

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

Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2005 Refunding, due July 1, 2025, 2.25%, payable from the Water fund in semi-annual installments of \$69,000 to \$92,000 beginning January 1, 2013, redeemable on any date with the permission of the State.	\$ 1,862,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2007 Refunding, due January 1, 2024, 2.25%, payable from the Water fund in semi-annual installments of \$86,000 to \$109,000 beginning January 1, 2013, redeemable on any date with the permission of the State.	1,981,000
Water System Revenue Bonds, (DNRC Drinking Water Revolving Fund Program), Series 2012 Refunding, due January 1, 2027, 2.25%, payable from the Water fund in semi-annual installments of \$42,000 to \$57,000 beginning January 1, 2014, redeemable on any date with the permission of the State.	1,283,000
Wastewater System Revenue Bonds, (DNRC Revolving Loan Program) Series 1999 Refunding, due July 1, 2021; 2%, payable from the Wastewater fund in semi-annual installments of \$322,000 to \$383,000 beginning January 1, 2013.	<u>5,335,000</u>
Total revenue bonds outstanding	10,461,000
Less current portion	<u>(1,074,000)</u>
Long-term bonds outstanding	<u>\$ 9,387,000</u>

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

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

*Business-Type Activities Revenue Bonds (continued):*

Direct operating expenses exclude depreciation.

Debt Service Coverage in Thousands:

	<u>Water</u>	<u>Wastewater</u>
Gross revenues	\$ 6,658	\$ 4,328
Direct operating expenses	<u>3,944</u>	<u>2,642</u>
Net revenue	<u>\$ 2,714</u>	<u>\$ 1,686</u>
Maximum debt service	\$ 522	\$ 770
Percent coverage	519.9%	219.0%

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

	<u>Water</u>	<u>Wastewater</u>
Cash:		
Operating/suplus account	\$ 4,686,435	\$ 1,147,078
Replacement and depreciation account	1,502,448	1,942,438
Restricted cash - revenue bond account	<u>783,041</u>	<u>1,154,070</u>
Total cash and investments	<u>\$ 6,971,924</u>	<u>\$ 4,243,586</u>

*Revenue Bonds Debt Service Requirements to Maturity:*

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

Fiscal Year Ending June 30	Business-type	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,074,000	\$ 216,441
2016	1,097,000	193,815
2017	1,121,000	170,704
2018	1,143,000	147,099
2019	1,167,000	123,023
2020-2024	4,258,000	274,280
2025-2027	601,000	19,271
Total	<u>\$ 10,461,000</u>	<u>\$ 1,144,633</u>

Loans and Advances

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

*Governmental Activities Loans:*

Sidewalk Replacement, Series 2009

annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date February 6, 2009, with a loan amount of \$326,549, semi-annual payments of varying amounts with a maturity date of February 15, 2019, secured by revenues of the general fund. Current rate - 1%.

Less current portion  
Long-term loans outstanding

\$ 183,005
<u>(34,102)</u>
<u>\$ 148,903</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE H - LONG-TERM LIABILITIES**, (continued)

*Business-Type Activities Loans:*

Golf INTERCAP Loan, Series 2004 (Pond Improvements) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date December 3, 2004 with a loan amount of \$62,901, semi-annual payments of varying amounts with a maturity date of February 15, 2015. Current rate - 1%	\$ 7,072
Golf INTERCAP Loan, Series 2009 (Driving Range/Clubhouse Improvements) INTERCAP Revolving Loan from the Montana Board of Investments; agreement date September 25, 2009 with a loan amount of \$207,000, semi-annual payments of varying amounts with a maturity date of August 15, 2019. Current rate - 1%	121,212
CCAB Commission Chamber Remodel INTERCAP Loan, Series 2004 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date November 1, 2004, with a loan amount of \$175,974, semi-annual payments of varying amounts with a maturity date of August 15, 2014; secured by real property. Current rate - 1%.	9,194
CCAB Building and Elevator Improvements INTERCAP Loan, Series 2008 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date March 14, 2008, with a loan amount of \$977,748, semi-annual payments of varying amounts with a maturity date of August 15, 2018; secured by real property. Current rate - 1%.	467,175
CCAB Building Improvements INTERCAP Loan, Series 2010 annual adjustable interest rate INTERCAP Revolving Loan to the City from the Montana Board of Investments; agreement date June 25, 2010, with a loan amount of \$505,000, semi-annual payments of varying amounts with a maturity date of August 15, 2020; secured by real property. Current rate - 1%.	337,860
Total business-type loans outstanding	942,513
Less current portion	(197,308)
Long-term loans outstanding	<u>\$ 745,205</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

*Loan Annual Debt Service Requirements to Maturity:*

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

Fiscal Year June 30	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2015	\$ 34,102	\$ 2,182	\$ 197,308	\$ 13,419
2016	35,321	1,752	187,277	10,665
2017	36,583	1,306	193,741	7,949
2018	37,892	845	195,648	5,145
2019	39,107	367	76,958	2,713
2020-2021	-	-	91,581	1,629
Total	<u>\$ 183,005</u>	<u>\$ 6,452</u>	<u>\$ 942,513</u>	<u>\$ 41,520</u>

*Business-Type Activities Advances:*

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

Advance from Capital Improvement Fund - Commission approved February 25, 2013

\$138,066 advance payable in annual installments of \$28,448 beginning April 30, 2014, final scheduled payment April 30, 2018. Annual rate - 1%

\$ 111,000

*Advance Annual Debt Service Requirements to Maturity:*

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

Fiscal Year June 30	Business-type	
	Principal	Interest
2015	\$ 27,337	\$ 1,110
2016	27,611	837
2017	27,887	560
2018	28,165	282
Total	<u>\$ 111,000</u>	<u>\$ 2,789</u>

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE H - LONG-TERM LIABILITIES, (continued)**

Changes in Long-Term Liabilities

*Governmental Activities Long-Term Liabilities:*

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation	\$ 9,166,863	\$ -	\$ 561,863 *	\$ 8,605,000	\$ 670,000
Loans	215,931	-	32,926	183,005	34,102
Special assessment	270,000	-	45,000	225,000	-
Certificates of participation	8,258,992	-	(101,008) *	8,360,000	190,000
Compensated absences **	1,774,927	1,591,542	1,533,158	1,833,311	953,322
Other postemployment benefits	1,398,964	271,419	24,386	1,645,997	-
Warrants***	92,937	145,976	21,905	217,008	29,523
Total	<u>21,178,614</u>	<u>2,008,937</u>	<u>2,118,230</u>	<u>21,069,321</u>	<u>1,876,947</u>
Warrants***	(92,937)	(145,976)	(21,905)	(217,008)	(29,523)
Total	<u>\$ 21,085,677</u>	<u>\$ 1,862,961</u>	<u>\$ 2,096,325</u>	<u>\$ 20,852,313</u>	<u>\$ 1,847,424</u>

\*The City implemented GASB Statement 65, which required bond issuance costs that were previously deferred of (\$364,145) to be expensed. Actual debt reductions were \$640,000 and \$185,000 for the general obligation bonds and certificates of participation, respectively.

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

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

*Business-Type Activities Long-Term Liabilities:*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans	\$ 1,150,385	\$ -	\$ 207,872	\$ 942,513	\$ 197,308
Special assessment	15,000	-	15,000	-	-
Revenue bonds	11,472,000	-	1,011,000	10,461,000	1,074,000
Compensated absences	700,792	681,889	686,495	696,186	362,017
Other postemployment benefits	658,823	99,819	11,708	746,934	-
Landfill postclosure	1,876,763	80,830	167,633	1,789,960	114,741
Total	<u>\$ 15,873,763</u>	<u>\$ 862,538</u>	<u>\$ 2,099,708</u>	<u>\$ 14,636,593</u>	<u>\$ 1,748,066</u>

The Helena Parking Commission and BID had compensated absences payable of \$32,731 and \$1,237, respectively. The Helena Parking Commission had other postemployment benefits of \$81,883.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE I - CONDUIT DEBT**

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

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE J – FUND BALANCES**

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

	General	Major Special Revenue Fund-Streets	Other	Total
Fund balances:				
Nonspendable:				
Inventory	\$ 19,264	\$ 295,288	\$ -	\$ 314,552
Total nonspendable fund balance	<u>19,264</u>	<u>295,288</u>	<u>-</u>	<u>314,552</u>
Restricted:				
Contract commitments	64,044	-	16,722	80,766
Gas tax projects	-	1,226,197	-	1,226,197
Debt service	-	-	2,182,534	2,182,534
Special assessments	-	2,568,266	3,515,402	6,083,668
Long term receivables	-	-	444,843	444,843
9-1-1 emergency program	-	-	160,439	160,439
Fire donations	-	-	1,351	1,351
Support services division	-	-	79,989	79,989
Total restricted fund balance	<u>64,044</u>	<u>3,794,463</u>	<u>6,401,280</u>	<u>10,259,787</u>
Committed:				
Chamber of Commerce building	-	-	13,288	13,288
Neighborhood Center	-	-	46,978	46,978
Civic Center	-	-	384,492	384,492
Community facilities	-	-	875,743	875,743
Weed control	-	-	126,291	126,291
Total committed fund balance	<u>-</u>	<u>-</u>	<u>1,446,792</u>	<u>1,446,792</u>
Assigned:				
Park projects	2,386	-	226,345	228,731
Community development	-	-	4,150	4,150
Police projects	-	-	7,385	7,385
Other capital projects	-	-	2,163,621	2,163,621
Total assigned fund balance	<u>2,386</u>	<u>-</u>	<u>2,401,501</u>	<u>2,403,887</u>
Unassigned:	<u>6,559,029</u>	<u>-</u>	<u>(146,969)</u>	<u>6,412,060</u>
Total fund balances	<u>\$ 6,644,723</u>	<u>\$ 4,089,751</u>	<u>\$ 10,102,604</u>	<u>\$ 20,837,078</u>

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE J – FUND BALANCES, (continued)**

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

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

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

Special assessments	\$ 3,224,647
State shared revenue - gas tax	618,024
Charges for services	40,937
Miscellaneous	2,383
Investment earnings	3,751
Sale of capital assets	431
	<u>\$ 3,890,173</u>

**NOTE K - EMPLOYEE BENEFIT PLANS**

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

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

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE K - EMPLOYEE BENEFIT PLANS, (continued)**

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

Municipal Police Officers' Retirement System (MPORS) – MPORS, established in 1975 and governed by Title 19, chapters 2 and 9, MCA, covers all municipal police officers of cities covered by the plan. MPORS is a mandatory multiple-employer, cost-sharing defined benefit plan. It offers retirement, disability and death benefits to plan members and their beneficiaries.

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

Contribution Rates and Amounts

	<u>Employee</u>	<u>Employer</u>	<u>State</u>		
PERS	7.9%	8.07%	0.10%		
MPORS	5.8-9.0%	14.41%	29.37%		
FURS-GABA	10.7%	14.36%	32.61%		
FURS-NON-GABA	9.5%-10.7%	14.36%	32.61%		
		<u>City</u>	<u>State</u>		
		2014	2013	2012	2014
PERS		\$ 884,207	\$ 751,993	\$ 743,829	\$ 10,957
MPORS		441,642	436,994	420,144	900,140
FURS		329,813	329,282	329,232	748,971

One hundred percent of required contributions were paid.

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

*Plan Description.* In 2014, the City of Helena provided employee medical insurance through a cost-sharing, multiple-employer plan run by the Montana Municipal Interlocal Authority (MMIA).

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE K - EMPLOYEE BENEFIT PLANS, (continued)**

Postemployment Benefits Other Than Pensions (continued)

*Funding Policy.* The City of Helena provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees include former fulltime and certain other employees. At June 30, 2014, the City had 59 retired employees, spouses and dependents and no employees under COBRA insurance coverage. In 2014 retirees contributed \$409,840 towards the cost of the City's annual premium, with claims totaling \$91,232. The only way to avoid this liability according to GASB 45 is to establish an irrevocable trust fund or charge retirees an age based premium. The City chooses to charge a level premium for all participants to ensure it remains affordable. The City will not fund an irrevocable trust fund as it would be a waste of taxpayer funds as the liability will most likely continue to grow and the funds would never be used as the City pays its insurance premiums in full monthly and owes nothing further to MMIA. Also, retirees can leave the plan at any time and the City would have unwisely used funds collected from its citizens.

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

	2014	2013	2012
Annual required contribution	\$ 427,171	\$ 429,759	\$ 546,839
Interest on net OPEB obligation	87,456	70,298	53,382
Annual OPEB cost (expense) <sup>B</sup>	514,627	500,057	600,221
Contributions made <sup>A</sup>	(143,391)	(132,440)	(202,191)
Increase in net OPEB obligation	371,236	367,617	398,030
Net OPEB obligation-beginning of year	2,021,695	1,654,078	1,256,048
Net OPEB obligation-end of year	\$ 2,392,931	\$ 2,021,695	\$ 1,654,078
Percentage of annual OPEB cost contributed <sup>(A/B)</sup>	28%	26%	34%

*Funded Status and Funding Progress.* As of June 30, 2014, the actuarial accrued liability for benefits was \$5,608,581, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$16,842,966, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 33%.

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE K - EMPLOYEE BENEFIT PLANS, (continued)**

Postemployment Benefits Other Than Pensions (continued)

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

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

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

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

Additional information derived from this actuarial valuation follows:

- Actuarial date: July 1, 2012
- Actuarial cost method: Projected unit credit funding method
- Amortization Method: Level percent of pay, open
- Remaining Amortization Period: 30 years

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE L - JOINT VENTURES**

Lewis and Clark Library

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

	2014	2013
Cash and investments	\$ 4,301,697	\$3,802,950
Other assets	2,060,849	2,111,164
Total assets	6,362,546	5,914,114
Liabilities	253,645	169,161
Net position	6,108,901	5,744,953
Revenues	3,287,301	3,109,601
Expenses	(2,923,353)	(2,705,488)
Prior period adjustment	-	316,942
Change in net position	\$ 363,948	\$ 721,055

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

**NOTE M - RELATED ORGANIZATIONS**

The City Commission is responsible for the following board appointments:

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

The City has no further accountability for these organizations.

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE N - COMMITMENTS AND CONTINGENCIES**

Construction Commitments

At June 30 there were uncompleted construction contracts as follows:

Project #	Project Title	Balance
AB3904	CCAB Cooling Phase II	\$ 110,525
EN0901	Henderson/Brady Signal	231,529
MR4906	Plant-Pump/Valves/Motors	50,452
SD1904	Last Chance Detention Pond	235,197
SD4905	Front Street Storm Drain Enlargement	650,000
ST3907	West Main Improvements	1,345,000
TM4905	TMTTP Sodium Hypochlorite	361,482
TS4903	Transfer Station Improvements	1,085,813
WM4912	Missoula-Washington-Fee Wastewater Mains	96,650
WM4913	Townsend-Hanaford East Wastewater Mains	55,725
WM4914	Flowerree-Linden-Laurel Wastewater Mains	59,149
WM4915	Cannon-Monroe-Harrison Wastewater Mains	69,515
WU3915	Connect High/Low Zones-MRTP	174,713
WU4917	Front Street Water Mains	500,940
		<u>\$ 5,026,690</u>

Contingencies

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

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

**NOTE O - RISK MANAGEMENT**

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

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE O - RISK MANAGEMENT, (continued)**

In 1986, the City joined together with other Montana cities to form the Montana Municipal Interlocal Authority, which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments. The liability limits for damages in tort action are \$750,000 per individual and \$1.5 million per occurrence with an \$11,250 deductible per 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 2014 that are administered by third-party administrators (TPAs), Allegiance, Inc. of Missoula, Montana and Vision Service Plan. The City is a member of MMIA's multiple-employer health insurance plan. All three plans are included in the Health Insurance fund in the internal service funds combining financial statements elsewhere in this report. The City accrues as liabilities those claims that have been reported within ninety days of the date of the financial statements but were identified by the TPAs as being incurred prior to the date of the financial statements. A brief description of each plan is as follows.

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

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

	Fiscal 2014	Fiscal 2013
Claims payable, July 1	\$ 52,702	\$ 51,637
Claims incurred	256,158	230,292
Claims paid	(235,556)	(229,227)
Claims payable, June 30	\$ 73,304	\$ 52,702

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

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE P - LANDFILL POSTCLOSURE CARE COSTS**

In November of 1993, the City discontinued using their landfill operation. Final closure status was granted to this facility in January 2000. State and Federal laws require the City to monitor the site for thirty subsequent years. The accounting treatment for these projected costs is to recognize a portion of the postclosure care costs in each operating period even though actual payouts will occur sometime in the future. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. Consequently, since the landfill closed in a prior fiscal year all expenses associated with closure and postclosure care costs were reflected in the prior years as cost of operations based on information present at that time. During the current year, estimated closure and postclosure costs have been recalculated to include a net decrease of \$86,803. This decrease represents a change in accounting estimate and is therefore accounted for as part of the cost of operations. The City anticipates meeting the closure and postclosure care requirements over the next 15.6 years with special assessments charged to all property owners within the City limits.

The City continues to demonstrate financial viability as required under RCRA Subtitle D and is, therefore, not required to create a trust fund or secure third-party provider instruments such as letters of credit or surety bonds. Note that the \$1,789,960 presented on the balance sheet at June 30 is an estimate of the postclosure care costs liability and is subject to changes such as the effect of inflation, revision of laws and other variables.

**NOTE Q - OPERATING LEASES**

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

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

<u>Minimum Lease Payments</u>		<u>Carrying Amount of Jackson St. Garage</u>	
Fiscal Year Ending	Amount	Cost	\$
June 30			
2015	\$ 94,000	3,630,137	
2016	94,000	(414,725)	
2017	94,000	<u>3,215,412</u>	
2018	100,000		
2019	100,000		
2020-2024	500,000		
2025-2026	188,000		
Total	<u>\$ 1,170,000</u>		

Lease payments were \$76,225 for the year ended June 30, 2014.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

**NOTE Q - OPERATING LEASES, (continued)**

In August 2008, the City entered into a thirty-year operating lease for 350 parking spaces in the 15<sup>th</sup> Street parking garage with the Montana Board of Investments (MBOI). Payments are due annually from MBOI on June 1<sup>st</sup> for the next fiscal year. The future minimum lease payments, cost and accumulated depreciation are as follows:

<u>Minimum Lease Payments</u>		<u>Carrying Amount of 15th St. Garage</u>	
Fiscal Year Ending	Amount		
<u>June 30</u>			
2015	\$ 281,400	Cost	\$ 6,992,366
2016	281,400	Accumulated Depreciation	<u>(458,708)</u>
2017	281,400	Carrying Amount	<u><u>\$ 6,533,658</u></u>
2018	281,400		
2019	281,400		
2020-2024	1,407,000		
2025-2029	1,407,000		
2030-2034	1,407,000		
2035-2039	<u>1,407,000</u>		
Total	<u><u>\$ 7,035,000</u></u>		

Lease payments received were \$272,076 for the year ended June 30, 2014. 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.

**NOTE R – SUBSEQUENT EVENTS**

Property taxes are levied and collected by Lewis and Clark County. In recent years, some telecommunication companies have protested their tax classification with the State. At June 30, protested taxes totaled \$3,053,672. In July and August, two of these protests were settled. The City collected \$2,146,765 of this amount, while \$874,522 was returned to the taxpayers.

The City plans to borrow \$394,355 from the State of Montana, Board of Investments, INTERCAP loan program on December 5. The total commitment is for \$505,000, and the City will borrow any remaining amount in 2015 after the project is complete. The loan will fund improvements made to the City's golf course related to new irrigation controls, pumps, and the main irrigation pipe. The loan will be secured by the General fund's revenues, but will be accounted for in the Golf Course fund as it is expected to make the loan payments.

The City has been approved to borrow \$3,177,000 from the State of Montana, Department of Natural Resources, Drinking Water Program. The loan will fund three projects at the Ten Mile Water Treatment Plant. The loan will consist of Loan A for \$500,000 that will be forgiven upon satisfactory completion of the projects, and Loan B for \$2,677,000 for a term of 20 years at an interest rate of 3% per annum. The closing date will be set once all three projects are bid and the final cost is known. The City anticipates closing the loan in early 2015.

**NOTE S – PRIOR PERIOD ADJUSTMENT**

The City implemented GASB Statement 65 for the year ending June 30, 2014. This statement required the City to expense bond issuance costs that previously were required to be deferred and amortized over the life of the bonds. This change in accounting principal resulted in a restatement of the beginning net position of \$364,145 in the Statement of Activities, Governmental Activities.

**City of Helena, Montana**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2014*

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**NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS**

The Government Accounting Standards Board (GASB) has issued Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25, Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27; and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which are effective for the City beginning in Fiscal year 2015. The objective of these statements is to improve financial reporting by state and local government pension plans replacing the requirements of Statements No. 25, No. 27 and No. 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

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

The City does not believe the adoption of Statement 69 will have any effect on its basic financial statements. The City believes Statement 67, 68, and 71 will have a material impact on its financial statements, but will not be able to determine the amount until the State of Montana provides the estimated liability.

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**Section C**

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Helena, Montana**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POSTEMPLOYMENT BENEFITS**  
*June 30, 2014*

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio Percentage</u> (a/b)	<u>Annual Covered Payroll</u> ( c )	<u>UAAL as a Percentage of Covered Payroll</u> (b-a/c)
June 30, 2009	\$ -	\$ 7,131,232	\$ 7,131,232	0.00%	\$ 14,204,910	50.20%
June 30, 2011	\$ -	\$ 6,592,982	\$ 6,592,982	0.00%	\$ 14,885,377	44.29%
June 30, 2013	\$ -	\$ 5,204,235	\$ 5,204,235	0.00%	\$ 15,606,829	33.35%

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**Section D**

**NON-MAJOR GOVERNMENTAL FUNDS**

**City of Helena, Montana**  
*June 30, 2014*

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**SPECIAL REVENUE FUNDS**

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

**Non-Major Funds:**

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

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

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

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

Fire Programs - Used to account for the receipt and expenditure of funds related to various fire department related programs. Programs include restricted private donations, grants, and activities related to the smoke alarm program.

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

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

Weed Control - Used to account for receipts and expenditures related to the control of noxious and nuisance weeds within the City.

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

**City of Helena, Montana**

*June 30, 2014*

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**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.

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

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

2009 Certificates of Participation – Used to account for funds to pay the periodic payment of interest and principal on debt issued to finance the construction of the 15<sup>th</sup> Street parking garage.

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

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

**City of Helena, Montana**

*June 30, 2014*

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**CAPITAL PROJECTS FUNDS**

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

**Non-Major Funds:**

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

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

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

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

**City of Helena, Montana**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*June 30, 2014*

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Non-major Governmental</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,071,797	\$ 568,999	\$ 2,078,087	\$ 7,718,883
Certificate of deposits	223,634	26,081	91,631	341,346
Receivables (net of allowance for uncollectibles)	101,280	879,527	11,323	992,130
Notes receivable	444,843	-	-	444,843
Advances to other funds	-	-	111,000	111,000
Warrants	-	78,331	138,677	217,008
Restricted assets:				
Cash with fiscal agent	-	1,201,343	-	1,201,343
Cash - bond account	-	22,500	-	22,500
Intergovernmental receivable	21,330	-	144	21,474
Total assets	<u>5,862,884</u>	<u>2,776,781</u>	<u>2,430,862</u>	<u>11,070,527</u>
<b>LIABILITIES</b>				
Accounts payable	181,710	-	48,436	230,146
Due to other funds	-	200	122,707	122,907
Total liabilities	<u>181,710</u>	<u>200</u>	<u>171,143</u>	<u>353,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	20,823	594,047	-	614,870
Total deferred inflows of resources	<u>20,823</u>	<u>594,047</u>	<u>-</u>	<u>614,870</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	4,202,024	2,182,534	16,722	6,401,280
Committed	1,446,792	-	-	1,446,792
Assigned	11,535	-	2,389,966	2,401,501
Unassigned	-	-	(146,969)	(146,969)
Total fund balances (deficits)	<u>5,660,351</u>	<u>2,182,534</u>	<u>2,259,719</u>	<u>10,102,604</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b><u>\$ 5,862,884</u></b>	<b><u>\$ 2,776,781</u></b>	<b><u>\$ 2,430,862</u></b>	<b><u>\$ 11,070,527</u></b>

**City of Helena, Montana**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*For the year ended June 30, 2014*

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-major Governmental</u>
<b>REVENUES</b>				
Taxes: property taxes	\$ -	\$ 1,212,557	\$ -	\$ 1,212,557
Special assessments	2,324,906	127,459	-	2,452,365
Licenses and permits	24,365	-	29,033	53,398
Intergovernmental	1,977,659	665,718	12,165	2,655,542
Charges for services	1,143,664	-	9,206	1,152,870
Investment earnings	16,094	4,255	3,992	24,341
Miscellaneous	91,895	-	74,265	166,160
Total revenues	<u>5,578,583</u>	<u>2,009,989</u>	<u>128,661</u>	<u>7,717,233</u>
<b>EXPENDITURES</b>				
Current:				
General government	780,937	22,019	38,441	841,397
Public safety	1,631,527	-	15,387	1,646,914
Public works	1,220,725	-	137,682	1,358,407
Culture and recreation	1,461,044	-	19,633	1,480,677
Community development	68,587	-	-	68,587
Intergovernmental	17,620	-	-	17,620
Debt service:				
Principal	-	924,831	-	924,831
Interest	-	775,737	-	775,737
Capital outlay	346,839	-	866,967	1,213,806
Total expenditures	<u>5,527,279</u>	<u>1,722,587</u>	<u>1,078,110</u>	<u>8,327,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,304</u>	<u>287,402</u>	<u>(949,449)</u>	<u>(610,743)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	145,976	145,976
Transfers in	657,365	2,336	956,514	1,616,215
Transfers out	(44,820)	(259)	(6,390)	(51,469)
Total other financing sources and uses	<u>612,545</u>	<u>2,077</u>	<u>1,096,100</u>	<u>1,710,722</u>
Net change in fund balances	663,849	289,479	146,651	1,099,979
Fund balances - beginning	4,996,502	1,893,055	2,113,068	9,002,625
<b>Fund balances - ending</b>	<b><u>\$ 5,660,351</u></b>	<b><u>\$ 2,182,534</u></b>	<b><u>\$ 2,259,719</u></b>	<b><u>\$ 10,102,604</u></b>

**City of Helena, Montana**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
*June 30, 2014*

(1 of 2)

	<u>Storm Water</u>	<u>Community Development</u>	<u>Community Facilities</u>	<u>Police Programs</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,017,090	\$ 3,975	\$ 1,312,268	\$ 257,622
Certificates of deposit	88,941	175	57,863	11,360
Receivables (net of allowance for uncollectibles)	34,492	-	-	9,950
Restricted assets:				
Intergovernmental receivable	-	-	-	2,730
Notes receivable	-	444,843	-	-
Total assets	<u>2,140,523</u>	<u>448,993</u>	<u>1,370,131</u>	<u>281,662</u>
<b>LIABILITIES</b>				
Accounts payable	66,561	-	49,630	33,849
Total liabilities	<u>66,561</u>	<u>-</u>	<u>49,630</u>	<u>33,849</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	6,601	-	-	-
Total deferred inflows of resources	<u>6,601</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	2,067,361	444,843	-	240,428
Committed	-	-	1,320,501	-
Assigned	-	4,150	-	7,385
Total fund balances (deficits)	<u>2,067,361</u>	<u>448,993</u>	<u>1,320,501</u>	<u>247,813</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b><u>\$ 2,140,523</u></b>	<b><u>\$ 448,993</u></b>	<b><u>\$ 1,370,131</u></b>	<b><u>\$ 281,662</u></b>

(2 of 2)

<u>Fire Programs</u>	<u>Open Space District Maintenance</u>	<u>Urban Forestry Maintenance District</u>	<u>Weed Control</u>	<u>Light Maintenance Districts</u>	<u>Total</u>
\$ 1,294	\$ 417,867	\$ 297,649	\$ 131,821	\$ 632,211	\$ 5,071,797
57	18,425	13,124	5,812	27,877	223,634
-	13,455	10,838	-	32,545	101,280
-	18,600	-	-	-	21,330
-	-	-	-	-	444,843
<u>1,351</u>	<u>468,347</u>	<u>321,611</u>	<u>137,633</u>	<u>692,633</u>	<u>5,862,884</u>
-	11,628	8,700	11,342	-	181,710
-	11,628	8,700	11,342	-	181,710
-	3,363	3,351	-	7,508	20,823
-	3,363	3,351	-	7,508	20,823
1,351	453,356	309,560	-	685,125	4,202,024
-	-	-	126,291	-	1,446,792
-	-	-	-	-	11,535
<u>1,351</u>	<u>453,356</u>	<u>309,560</u>	<u>126,291</u>	<u>685,125</u>	<u>5,660,351</u>
<u>\$ 1,351</u>	<u>\$ 468,347</u>	<u>\$ 321,611</u>	<u>\$ 137,633</u>	<u>\$ 692,633</u>	<u>\$ 5,862,884</u>

**City of Helena, Montana**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
*For the year ended June 30, 2014*

(1 of 2)

	<u>Storm Water</u>	<u>Community Development</u>	<u>Community Facilities</u>	<u>Police Programs</u>
<b>REVENUES</b>				
Special assessments	\$ 952,791	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	24,365
Intergovernmental	-	66,265	-	1,779,260
Charges for services	-	-	1,002,852	62,230
Investment earnings	2,144	12,393	1,130	75
Miscellaneous	50	1,992	71,516	7,767
	<u>954,985</u>	<u>80,650</u>	<u>1,075,498</u>	<u>1,873,697</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	780,937	-
Public safety	-	-	-	1,630,092
Public works	402,202	-	-	-
Culture and recreation	-	-	829,306	-
Community development	-	68,587	-	-
Intergovernmental	-	-	-	17,620
Capital outlay	233,392	-	29,607	72,124
Total expenditures	<u>635,594</u>	<u>68,587</u>	<u>1,639,850</u>	<u>1,719,836</u>
Revenues over (under) expenditures	<u>319,391</u>	<u>12,063</u>	<u>(564,352)</u>	<u>153,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	657,365	-
Transfers out	-	-	(25,200)	(17,620)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>632,165</u>	<u>(17,620)</u>
Net change in fund balances	319,391	12,063	67,813	136,241
Fund balances-beginning	1,747,970	436,930	1,252,688	111,572
<b>Fund balances-ending</b>	<u><u>\$ 2,067,361</u></u>	<u><u>\$ 448,993</u></u>	<u><u>\$ 1,320,501</u></u>	<u><u>\$ 247,813</u></u>

(2 of 2)

<b>Fire Programs</b>	<b>Open Space District Maintenance</b>	<b>Urban Forestry Maintenance District</b>	<b>Weed Control</b>	<b>Light Maintenance Districts</b>	<b>Total</b>
\$ -	\$ 343,746	\$ 245,573	\$ -	\$ 782,796	\$ 2,324,906
-	-	-	-	-	24,365
-	131,894	-	240	-	1,977,659
-	1,582	-	77,000	-	1,143,664
-	352	-	-	-	16,094
845	500	9,225	-	-	91,895
<u>845</u>	<u>478,074</u>	<u>254,798</u>	<u>77,240</u>	<u>782,796</u>	<u>5,578,583</u>
-	-	-	-	-	780,937
1,435	-	-	-	-	1,631,527
-	-	-	-	818,523	1,220,725
-	360,809	184,791	86,138	-	1,461,044
-	-	-	-	-	68,587
-	-	-	-	-	17,620
-	11,716	-	-	-	346,839
<u>1,435</u>	<u>372,525</u>	<u>184,791</u>	<u>86,138</u>	<u>818,523</u>	<u>5,527,279</u>
<u>(590)</u>	<u>105,549</u>	<u>70,007</u>	<u>(8,898)</u>	<u>(35,727)</u>	<u>51,304</u>
-	-	-	-	-	657,365
-	-	(2,000)	-	-	(44,820)
-	-	(2,000)	-	-	612,545
<u>(590)</u>	<u>105,549</u>	<u>68,007</u>	<u>(8,898)</u>	<u>(35,727)</u>	<u>663,849</u>
1,941	347,807	241,553	135,189	720,852	4,996,502
<u>\$ 1,351</u>	<u>\$ 453,356</u>	<u>\$ 309,560</u>	<u>\$ 126,291</u>	<u>\$ 685,125</u>	<u>\$ 5,660,351</u>

**City of Helena, Montana**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL (Budget Basis)**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
*For the year ended June 30, 2014*

(1 of 4)

	Storm Water				Community Development			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Special assessments	\$ 913,500	\$ 913,500	\$ 943,614	\$ 30,114	\$ -	\$ -	\$ -	\$ -
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	-	-	-	-	815,048	66,265	(748,783)
State shared revenues	-	-	-	-	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Investment earnings	5,000	5,000	2,144	(2,856)	-	-	-	-
Miscellaneous	-	-	50	50	2,400	2,400	1,992	(408)
Total revenue	<u>918,500</u>	<u>918,500</u>	<u>945,808</u>	<u>27,308</u>	<u>2,400</u>	<u>817,448</u>	<u>68,257</u>	<u>(749,191)</u>
<b>EXPENDITURES</b>								
Current:								
General government								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public safety								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public works								
Personal services	174,881	174,881	166,804	8,077	-	-	-	-
Supplies/services/materials	368,936	274,726	223,073	51,653	-	-	-	-
Culture and recreation								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Community development								
Supplies/services/materials	-	-	-	-	3,275	818,323	68,587	749,736
Capital outlay	728,860	1,797,071	187,333	1,609,738	-	-	-	-
Total expenditures	<u>1,272,677</u>	<u>2,246,678</u>	<u>577,210</u>	<u>1,669,468</u>	<u>3,275</u>	<u>818,323</u>	<u>68,587</u>	<u>749,736</u>
Revenues over (under) expenditures	<u>(354,177)</u>	<u>(1,328,178)</u>	<u>368,598</u>	<u>1,696,776</u>	<u>(875)</u>	<u>(875)</u>	<u>(330)</u>	<u>545</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (354,177)</u>	<u>\$ (1,328,178)</u>	<u>368,598</u>	<u>\$1,696,776</u>	<u>\$ (875)</u>	<u>\$ (875)</u>	<u>(330)</u>	<u>\$ 545</u>
Fund balances - beginning			1,736,010				4,480	
<b>Fund balances - ending</b>			<u><b>\$2,104,608</b></u>				<u><b>\$ 4,150</b></u>	

(2 of 4)

Community Facilities				Police Programs				Fire Programs			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	10,000	10,000	24,365	14,365	-	-	-	-
-	-	-	-	37,661	53,239	49,979	(3,260)	-	-	-	-
-	-	-	-	463,200	463,200	572,308	109,108	-	-	-	-
-	-	-	-	1,157,900	1,157,900	1,157,900	-	-	-	-	-
-	-	-	-	81,100	81,100	60,664	(20,436)	-	-	-	-
838,413	1,010,129	1,002,852	(7,277)	-	-	-	-	-	-	-	-
1,740	1,740	1,130	(610)	550	550	75	(475)	-	-	-	-
71,404	71,404	71,516	112	1,350	1,350	7,767	6,417	-	-	845	845
<u>911,557</u>	<u>1,083,273</u>	<u>1,075,498</u>	<u>(7,775)</u>	<u>1,751,761</u>	<u>1,767,339</u>	<u>1,873,058</u>	<u>105,719</u>	<u>-</u>	<u>-</u>	<u>845</u>	<u>845</u>
205,592	205,592	189,979	15,613	-	-	-	-	-	-	-	-
666,764	675,064	585,343	89,721	-	-	-	-	-	-	-	-
-	-	-	-	1,227,791	1,227,791	1,175,288	52,503	-	2,400	1,434	966
-	-	-	-	516,459	587,479	497,052	90,427	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
361,779	370,600	354,985	15,615	-	-	-	-	-	-	-	-
334,441	483,632	470,205	13,427	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
38,000	47,366	8,047	39,319	7,000	40,749	40,749	-	-	-	-	-
<u>1,606,576</u>	<u>1,782,254</u>	<u>1,608,559</u>	<u>173,695</u>	<u>1,751,250</u>	<u>1,856,019</u>	<u>1,713,089</u>	<u>142,930</u>	<u>-</u>	<u>2,400</u>	<u>1,434</u>	<u>966</u>
<u>(695,019)</u>	<u>(698,981)</u>	<u>(533,061)</u>	<u>165,920</u>	<u>511</u>	<u>(88,680)</u>	<u>159,969</u>	<u>248,649</u>	<u>-</u>	<u>(2,400)</u>	<u>(589)</u>	<u>1,811</u>
657,365	657,365	657,365	-	52,286	52,286	52,286	-	-	-	-	-
(25,200)	(25,200)	(25,200)	-	(71,947)	(69,905)	(69,906)	(1)	-	-	-	-
632,165	632,165	632,165	-	(19,661)	(17,619)	(17,620)	(1)	-	-	-	-
<u>\$ (62,854)</u>	<u>\$ (66,816)</u>	99,104	<u>\$ 165,920</u>	<u>\$ (19,150)</u>	<u>\$ (106,299)</u>	142,349	<u>\$ 248,648</u>	<u>\$ -</u>	<u>\$ (2,400)</u>	(589)	<u>\$ 1,811</u>
		1,266,702				124,273				1,941	
		<u>\$1,365,806</u>				<u>\$ 266,622</u>				<u>\$ 1,352</u>	

**City of Helena, Montana**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL (Budget Basis)**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
*For the year ended June 30, 2014*

(3 of 4)

	Open Space District Maintenance				Urban Forestry Maintenance District			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Special assessments	\$ 305,500	\$ 305,500	\$ 339,729	\$ 34,229	\$ 230,000	\$ 230,000	\$ 243,055	\$ 13,055
Licenses and permits - other	-	-	-	-	-	-	-	-
Intergovernmental								
Federal grants	-	610,472	165,962	(444,510)	-	-	-	-
State shared revenues	-	-	-	-	-	-	-	-
Other governments	-	-	-	-	-	-	-	-
Charges for services								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	1,582	1,582	-	-	-	-
Investment earnings	875	875	352	(523)	-	-	-	-
Miscellaneous	5,000	5,000	500	(4,500)	-	-	9,225	9,225
Total revenue	<u>311,375</u>	<u>921,847</u>	<u>508,125</u>	<u>(413,722)</u>	<u>230,000</u>	<u>230,000</u>	<u>252,280</u>	<u>22,280</u>
<b>EXPENDITURES</b>								
Current:								
General government								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public safety								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Public works								
Personal services	-	-	-	-	-	-	-	-
Supplies/services/materials	-	-	-	-	-	-	-	-
Culture and recreation								
Personal services	113,094	113,094	105,057	8,037	142,475	142,475	111,549	30,926
Supplies/services/materials	158,054	804,796	254,560	550,236	84,174	84,174	69,253	14,921
Community development								
Supplies/services/materials	-	-	-	-	-	-	-	-
Capital outlay	12,000	12,000	11,716	284	-	-	-	-
Total expenditures	<u>283,148</u>	<u>929,890</u>	<u>371,333</u>	<u>558,557</u>	<u>226,649</u>	<u>226,649</u>	<u>180,802</u>	<u>45,847</u>
Revenues over (under) expenditures	<u>28,227</u>	<u>(8,043)</u>	<u>136,792</u>	<u>144,835</u>	<u>3,351</u>	<u>3,351</u>	<u>71,478</u>	<u>68,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,000)	(2,000)
Total other financing sources (uses)	-	-	-	-	-	-	(2,000)	(2,000)
Net change in fund balances	<u>\$ 28,227</u>	<u>\$ (8,043)</u>	<u>136,792</u>	<u>\$ 144,835</u>	<u>\$ 3,351</u>	<u>\$ 3,351</u>	<u>69,478</u>	<u>\$ 66,127</u>
Fund balances - beginning			297,041				239,208	
<b>Fund balances - ending</b>			<u>\$ 433,833</u>				<u>\$ 308,686</u>	

Weed Control				Light Maintenance Districts				Total			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 784,181	\$ 784,181	\$ 781,876	\$ (2,305)	\$ 2,233,181	\$ 2,233,181	\$ 2,308,274	\$ 75,093
-	-	-	-	-	-	-	-	10,000	10,000	24,365	14,365
-	-	-	-	-	-	-	-	37,661	1,478,759	282,206	(1,196,553)
-	-	-	-	-	-	-	-	463,200	463,200	572,308	109,108
-	-	240	240	-	-	-	-	1,157,900	1,157,900	1,158,140	240
-	-	-	-	-	-	-	-	81,100	81,100	60,664	(20,436)
77,000	77,000	77,000	-	-	-	-	-	915,413	1,087,129	1,081,434	(5,695)
-	-	-	-	-	-	-	-	8,165	8,165	3,701	(4,464)
-	-	-	-	-	-	-	-	80,154	80,154	91,895	11,741
<u>77,000</u>	<u>77,000</u>	<u>77,240</u>	<u>240</u>	<u>784,181</u>	<u>784,181</u>	<u>781,876</u>	<u>(2,305)</u>	<u>4,986,774</u>	<u>6,599,588</u>	<u>5,582,987</u>	<u>(1,016,601)</u>
-	-	-	-	-	-	-	-	205,592	205,592	189,979	15,613
-	-	-	-	-	-	-	-	666,764	675,064	585,343	89,721
-	-	-	-	-	-	-	-	1,227,791	1,230,191	1,176,722	53,469
-	-	-	-	-	-	-	-	516,459	587,479	497,052	90,427
-	-	-	-	-	-	-	-	174,881	174,881	166,804	8,077
-	-	-	-	811,517	818,817	818,523	294	1,180,453	1,093,543	1,041,596	51,947
71,747	71,747	43,154	28,593	-	-	-	-	689,095	697,916	614,745	83,171
44,414	44,414	37,389	7,025	-	-	-	-	621,083	1,417,016	831,407	585,609
-	-	-	-	-	-	-	-	3,275	818,323	68,587	749,736
-	-	-	-	-	-	-	-	785,860	1,897,186	247,845	1,649,341
<u>116,161</u>	<u>116,161</u>	<u>80,543</u>	<u>35,618</u>	<u>811,517</u>	<u>818,817</u>	<u>818,523</u>	<u>294</u>	<u>6,071,253</u>	<u>8,797,191</u>	<u>5,420,080</u>	<u>3,377,111</u>
<u>(39,161)</u>	<u>(39,161)</u>	<u>(3,303)</u>	<u>35,858</u>	<u>(27,336)</u>	<u>(34,636)</u>	<u>(36,647)</u>	<u>(2,011)</u>	<u>(1,084,479)</u>	<u>(2,197,603)</u>	<u>162,907</u>	<u>2,360,510</u>
-	-	-	-	-	-	-	-	709,651	709,651	709,651	-
-	-	-	-	-	-	-	-	(97,147)	(95,105)	(97,106)	(2,001)
-	-	-	-	-	-	-	-	612,504	614,546	612,545	(2,001)
<u>\$ (39,161)</u>	<u>\$ (39,161)</u>	<u>(3,303)</u>	<u>\$ 35,858</u>	<u>\$ (27,336)</u>	<u>\$ (34,636)</u>	<u>(36,647)</u>	<u>\$ (2,011)</u>	<u>\$ (471,975)</u>	<u>\$ (1,583,057)</u>	<u>775,452</u>	<u>\$ 2,358,509</u>
		140,115				696,736				4,506,506	
		<u>\$ 136,812</u>				<u>\$ 660,089</u>				<u>\$ 5,281,958</u>	

**City of Helena, Montana**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR DEBT SERVICE FUNDS**  
*June 30, 2014*

(1 of 2)

	<b>Special Improvement Districts</b>	<b>Special Improvement Districts Revolving</b>	<b>General Fund Bonds</b>	<b>2008 Park and Recreation General Obligation</b>	<b>2009 Certificates of Participation</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 52,882	\$ 4,749	\$ 1,930	\$ 215,742	\$ -
Certificates of deposit	2,332	1,201	85	9,513	-
Receivables (net of allowance for uncollectibles)	215,998	-	-	204,917	-
Warrants	-	78,331	-	-	-
Restricted:					
Cash with fiscal agent	-	-	-	-	1,201,343
Cash - bond accounts	-	22,500	-	-	-
Total assets	<u>271,212</u>	<u>106,781</u>	<u>2,015</u>	<u>430,172</u>	<u>1,201,343</u>
<b>LIABILITIES</b>					
Due to other funds	-	-	-	-	200
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	215,858	-	-	17,653	-
Total deferred inflows of resources	<u>215,858</u>	<u>-</u>	<u>-</u>	<u>17,653</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	55,354	106,781	2,015	412,519	1,201,143
Total fund balances (deficits)	<u>55,354</u>	<u>106,781</u>	<u>2,015</u>	<u>412,519</u>	<u>1,201,143</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b><u>\$ 271,212</u></b>	<b><u>\$ 106,781</u></b>	<b><u>\$ 2,015</u></b>	<b><u>\$ 430,172</u></b>	<b><u>\$ 1,201,343</u></b>

<b>2009</b>		
<b>Open Space and Fire Truck</b>		
<b>General</b>		
<b>Obligation</b>	<b>Sidewalk</b>	
<b>Refunding</b>	<b>Loans</b>	<b>Total</b>
\$ 253,796	\$ 39,900	\$ 568,999
11,191	1,759	26,081
114,213	344,399	879,527
-	-	78,331
-	-	1,201,343
-	-	22,500
<u>379,200</u>	<u>386,058</u>	<u>2,776,781</u>
-	-	200
-	-	200
17,282	343,254	594,047
<u>17,282</u>	<u>343,254</u>	<u>594,047</u>
361,918	42,804	2,182,534
<u>361,918</u>	<u>42,804</u>	<u>2,182,534</u>
<u>\$ 379,200</u>	<u>\$ 386,058</u>	<u>\$ 2,776,781</u>

**City of Helena, Montana**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR DEBT SERVICE FUNDS**  
*For the year ended June 30, 2014*

(1 of 2)

	<b>Special Improvement Districts</b>	<b>Special Improvement Districts Revolving</b>	<b>General Fund Bonds</b>	<b>2008 Park &amp; Recreation General Obligation</b>	<b>2009 Certificates of Participation</b>
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 792,677	\$ -
Special assessments	74,610	-	-	-	-
Intergovernmental	-	-	76,225	-	589,493
Investment earnings	27	786	3	44	3,343
Total revenues	<u>74,637</u>	<u>786</u>	<u>76,228</u>	<u>792,721</u>	<u>592,836</u>
<b>EXPENDITURES</b>					
General government	500	16,743	250	726	3,450
Debt service:					
Principal	50,791	-	35,000	320,000	185,000
Interest	12,521	-	41,225	246,270	409,169
Total expenditures	<u>63,812</u>	<u>16,743</u>	<u>76,475</u>	<u>566,996</u>	<u>597,619</u>
Revenue over (under) expenditures	<u>10,825</u>	<u>(15,957)</u>	<u>(247)</u>	<u>225,725</u>	<u>(4,783)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	259	-	-	-	-
Transfers out	-	(259)	-	-	-
Total other financing sources (uses)	<u>259</u>	<u>(259)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,084	(16,216)	(247)	225,725	(4,783)
Fund balances - beginning	44,270	122,997	2,262	186,794	1,205,926
<b>Fund balances - ending</b>	<b><u>\$ 55,354</u></b>	<b><u>\$ 106,781</u></b>	<b><u>\$ 2,015</u></b>	<b><u>\$ 412,519</u></b>	<b><u>\$ 1,201,143</u></b>

<b>2009</b>		
<b>Open Space and Fire Truck</b>		
<b>General Obligation Refunding</b>	<b>Sidewalk Loans</b>	<b>Total</b>
\$ 419,880	\$ -	\$ 1,212,557
-	52,849	127,459
-	-	665,718
22	30	4,255
<u>419,902</u>	<u>52,879</u>	<u>2,009,989</u>
350	-	22,019
285,000	49,040	924,831
64,475	2,077	775,737
<u>349,825</u>	<u>51,117</u>	<u>1,722,587</u>
<u>70,077</u>	<u>1,762</u>	<u>287,402</u>
-	2,077	2,336
-	-	(259)
<u>-</u>	<u>2,077</u>	<u>2,077</u>
70,077	3,839	289,479
291,841	38,965	1,893,055
<u><b>\$ 361,918</b></u>	<u><b>\$ 42,804</b></u>	<u><b>\$ 2,182,534</b></u>

**City of Helena, Montana**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (Budget Basis)**  
**NON-MAJOR DEBT SERVICE FUNDS**  
*For the year ended June 30, 2014*

(1 of 4)

	Special Improvement Districts				Special Improvement Districts Revolving			
	Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	66,083	66,083	76,708	10,625	-	-	-	-
Intergovernmental - other	-	-	-	-	-	-	-	-
Investment earnings	-	-	27	27	1,100	1,100	786	(314)
Total revenues	66,083	66,083	76,735	10,652	1,100	1,100	786	(314)
<b>EXPENDITURES</b>								
General government	900	900	500	400	16,443	16,793	16,743	50
Debt service:								
Principal	60,795	60,795	50,791	10,004	-	-	-	-
Interest	12,980	12,980	12,521	459	-	-	-	-
Total expenditures	74,675	74,675	63,812	10,863	16,443	16,793	16,743	50
Revenue over (under) expenditures	(8,592)	(8,592)	12,923	21,515	(15,343)	(15,693)	(15,957)	(264)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	259	259	-	-	-	-
Transfers out	-	-	-	-	-	-	(259)	(259)
Total other financing sources (uses)	-	-	259	259	-	-	(259)	(259)
Net change in fund balances	<b>\$ (8,592)</b>	<b>\$ (8,592)</b>	13,182	<b>\$ 21,774</b>	<b>\$ (15,343)</b>	<b>\$ (15,693)</b>	(16,216)	<b>\$ (523)</b>
Fund balances - beginning			42,033				122,996	
<b>Fund balances - ending</b>			<b>\$ 55,215</b>				<b>\$ 106,780</b>	

(2 of 4)

General Fund Bonds				2008 Park & Recreation General Obligation			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 671,800	\$ 671,800	\$ 628,993	\$ (42,807)
-	-	-	-	-	-	-	-
76,225	76,225	76,225	-	-	-	-	-
-	-	3	3	(200)	(200)	44	244
<u>76,225</u>	<u>76,225</u>	<u>76,228</u>	<u>3</u>	<u>671,600</u>	<u>671,600</u>	<u>629,037</u>	<u>(42,563)</u>
300	300	250	50	1,050	1,100	726	374
35,000	35,000	35,000	-	320,000	320,000	320,000	-
41,225	41,225	41,225	-	246,270	246,270	246,270	-
<u>76,525</u>	<u>76,525</u>	<u>76,475</u>	<u>50</u>	<u>567,320</u>	<u>567,370</u>	<u>566,996</u>	<u>374</u>
<u>(300)</u>	<u>(300)</u>	<u>(247)</u>	<u>53</u>	<u>104,280</u>	<u>104,230</u>	<u>62,041</u>	<u>(42,189)</u>
300	300	-	(300)	-	-	-	-
-	-	-	-	-	-	-	-
<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(247)</u>	<u>\$ (247)</u>	<u>\$104,280</u>	<u>\$104,230</u>	<u>62,041</u>	<u>\$ (42,189)</u>
		2,262				163,213	
		<u>\$ 2,015</u>				<u>\$ 225,254</u>	

**City of Helena, Montana**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (Budget Basis)**  
**NON-MAJOR DEBT SERVICE FUNDS**  
*For the year ended June 30, 2014*

(3 of 4)

	2009 Certificates of Participation				2009 Open Space and Fire Truck General Obligation Refunding			
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
				Positive (Negative)				Positive (Negative)
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 360,300	\$ 360,300	\$ 333,730	\$ (26,570)
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental - other	589,493	589,493	589,493	-	-	-	-	-
Investment earnings	4,000	4,000	3,342	(658)	100	100	22	(78)
<b>Total revenues</b>	<b>593,493</b>	<b>593,493</b>	<b>592,835</b>	<b>(658)</b>	<b>360,400</b>	<b>360,400</b>	<b>333,752</b>	<b>(26,648)</b>
<b>EXPENDITURES</b>								
General government	3,500	3,700	3,450	250	300	350	350	-
Debt service:								
Principal	185,000	185,000	185,000	-	285,000	285,000	285,000	-
Interest	409,170	409,170	409,169	1	64,475	64,475	64,475	-
<b>Total expenditures</b>	<b>597,670</b>	<b>597,870</b>	<b>597,619</b>	<b>251</b>	<b>349,775</b>	<b>349,825</b>	<b>349,825</b>	<b>-</b>
Revenue over (under) expenditures	(4,177)	(4,377)	(4,784)	(407)	10,625	10,575	(16,073)	(26,648)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	4,127	4,327	-	(4,327)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,127</b>	<b>4,327</b>	<b>-</b>	<b>(4,327)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	<b>(50)</b>	<b>(50)</b>	(4,784)	<b>(4,734)</b>	<b>10,625</b>	<b>10,575</b>	(16,073)	<b>(26,648)</b>
Fund balances - beginning			1,205,926				281,061	
<b>Fund balances - ending</b>			<b>1,201,142</b>				<b>264,988</b>	

Sidewalk Loans				Total Non-major Debt Service			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,032,100	\$ 1,032,100	\$ 962,723	\$ (69,377)
40,931	48,230	54,213	5,983	107,014	114,313	130,921	16,608
-	-	-	-	665,718	665,718	665,718	-
-	-	30	30	5,000	5,000	4,254	(746)
<u>40,931</u>	<u>48,230</u>	<u>54,243</u>	<u>6,013</u>	<u>1,809,832</u>	<u>1,817,131</u>	<u>1,763,616</u>	<u>(53,515)</u>
-	-	-	-	22,493	23,143	22,019	1,124
41,746	49,045	49,040	5	927,541	934,840	924,831	10,009
3,120	3,120	2,077	1,043	777,240	777,240	775,737	1,503
<u>44,866</u>	<u>52,165</u>	<u>51,117</u>	<u>1,048</u>	<u>1,727,274</u>	<u>1,735,223</u>	<u>1,722,587</u>	<u>12,636</u>
<u>(3,935)</u>	<u>(3,935)</u>	<u>3,126</u>	<u>7,061</u>	<u>82,558</u>	<u>81,908</u>	<u>41,029</u>	<u>(40,879)</u>
3,120	3,120	2,077	(1,043)	7,547	7,747	2,336	(5,411)
-	-	-	-	-	-	(259)	(259)
<u>3,120</u>	<u>3,120</u>	<u>2,077</u>	<u>(1,043)</u>	<u>7,547</u>	<u>7,747</u>	<u>2,077</u>	<u>(5,670)</u>
<u>\$ (815)</u>	<u>\$ (815)</u>	5,203	<u>\$ 6,018</u>	<u>\$ 90,105</u>	<u>\$ 89,655</u>	\$ 43,106	<u>\$ (46,549)</u>
		36,456				1,853,947	
		<u>\$ 41,659</u>				<u>\$ 1,897,053</u>	

**City of Helena, Montana**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
*June 30, 2014*

	<b>Capital Improvements</b>	<b>Special Improvement Districts Construction</b>	<b>CTEP Projects</b>	<b>2008 General Obligation Parks Bonds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,078,087	\$ -	\$ -	\$ -	\$ 2,078,087
Certificates of deposit	91,631	-	-	-	91,631
Receivables (net of allowance for uncollectibles):	11,323	-	-	-	11,323
Advances to other funds	111,000	-	-	-	111,000
Warrants	138,677	-	-	-	138,677
Restricted assets:					
Intergovernmental receivable	-	-	144	-	144
Total assets	<u>2,430,718</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>2,430,862</u>
<b>LIABILITIES</b>					
Accounts payable	24,030	3,711	20,695	-	48,436
Due to other funds	-	122,686	21	-	122,707
Total liabilities	<u>24,030</u>	<u>126,397</u>	<u>20,716</u>	<u>-</u>	<u>171,143</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	16,722	-	-	-	16,722
Assigned	2,389,966	-	-	-	2,389,966
Unassigned	-	(126,397)	(20,572)	-	(146,969)
Total fund balances (deficits)	<u>2,406,688</u>	<u>(126,397)</u>	<u>(20,572)</u>	<u>-</u>	<u>2,259,719</u>
<b>Total liabilities and fund balances (deficits)</b>	<b><u>\$ 2,430,718</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 144</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,430,862</u></b>

**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, 2014*

	<b>Capital Improvements</b>	<b>Special Improvement Districts Construction</b>	<b>CTEP Projects</b>	<b>2008 General Obligation Parks Bonds</b>	<b>Total</b>
<b>REVENUES</b>					
Licenses and permits	\$ 29,033	\$ -	\$ -	\$ -	\$ 29,033
Intergovernmental	-	-	12,165	-	12,165
Charges for services - culture and recreation	9,206	-	-	-	9,206
Investment earnings	3,810	-	-	182	3,992
Miscellaneous	74,265	-	-	-	74,265
Total revenues	<u>116,314</u>	<u>-</u>	<u>12,165</u>	<u>182</u>	<u>128,661</u>
<b>EXPENDITURES</b>					
Current:					
General government	38,441	-	-	-	38,441
Public safety	15,387	-	-	-	15,387
Public works	-	137,682	-	-	137,682
Culture and recreation	16,565	-	-	3,068	19,633
Capital outlay	549,174	-	20,735	297,058	866,967
Total expenditures	<u>619,567</u>	<u>137,682</u>	<u>20,735</u>	<u>300,126</u>	<u>1,078,110</u>
Revenues over (under) expenditures	<u>(503,253)</u>	<u>(137,682)</u>	<u>(8,570)</u>	<u>(299,944)</u>	<u>(949,449)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance	-	145,976	-	-	145,976
Transfers in	937,839	-	18,675	-	956,514
Transfers out	(6,390)	-	-	-	(6,390)
Total other financing sources (uses)	<u>931,449</u>	<u>145,976</u>	<u>18,675</u>	<u>-</u>	<u>1,096,100</u>
Net change in fund balances	428,196	8,294	10,105	(299,944)	146,651
Fund balances - beginning	1,978,492	(134,691)	(30,677)	299,944	2,113,068
<b>Fund balances - ending</b>	<u><b>\$ 2,406,688</b></u>	<u><b>\$ (126,397)</b></u>	<u><b>\$ (20,572)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 2,259,719</b></u>

**City of Helena, Montana**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (Budget Basis)**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
*For the year ended June 30, 2014*

(1 of 4)

	<u>Capital Improvements</u>			<b>Variance Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and permits	\$ 28,000	\$ 28,000	\$ 29,033	\$ 1,033
Intergovernmental				
Federal	-	56,800	-	(56,800)
Charges for services	6,000	6,000	9,206	3,206
Investment earnings	4,381	5,841	3,810	(2,031)
Miscellaneous	1,200	38,900	62,942	24,042
Total revenues	<u>39,581</u>	<u>135,541</u>	<u>104,991</u>	<u>(30,550)</u>
<b>EXPENDITURES</b>				
Current:				
General government	20,000	38,500	38,441	59
Public safety	14,520	29,907	15,387	14,520
Public works	-	-	-	-
Culture and recreation	17,090	17,090	16,565	525
Capital outlay	<u>585,185</u>	<u>827,492</u>	<u>531,147</u>	<u>296,345</u>
Total expenditures	<u>636,795</u>	<u>912,989</u>	<u>601,540</u>	<u>311,449</u>
Revenue over (under) expenditures	<u>(597,214)</u>	<u>(777,448)</u>	<u>(496,549)</u>	<u>280,899</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Transfers in	425,200	936,379	937,839	1,460
Transfers out	-	(6,390)	(6,390)	-
Total other financing sources (uses)	<u>425,200</u>	<u>929,989</u>	<u>931,449</u>	<u>1,460</u>
Net change in fund balances	<u><b>\$(172,014)</b></u>	<u><b>\$ 152,541</b></u>	<u>434,900</u>	<u><b>\$ 282,359</b></u>
Fund balances - beginning			<u>1,984,495</u>	
<b>Fund balances - ending</b>			<u><b>\$ 2,419,395</b></u>	

Special Improvement Districts Construction				CTEP Projects			
Original	Final	Actual	Variance Positive (Negative)	Original	Final	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	978,195	74,886	(903,309)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	165,892	-	(165,892)
-	-	-	-	-	1,144,087	74,886	(1,069,201)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
150,000	202,722	136,286	66,436	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,008,189	12,164	996,025
150,000	202,722	136,286	66,436	-	1,008,189	12,164	996,025
(150,000)	(202,722)	(136,286)	66,436	-	135,898	62,722	(73,176)
150,000	150,000	145,976	(4,024)	-	-	-	-
-	-	-	-	-	6,390	18,675	12,285
-	-	-	-	-	-	-	-
150,000	150,000	145,976	(4,024)	-	6,390	18,675	12,285
<b>\$ -</b>	<b>\$ (52,722)</b>	9,690	<b>\$ 62,412</b>	<b>\$ -</b>	<b>\$ 142,288</b>	81,397	<b>\$ (60,891)</b>
		(132,376)				(81,417)	
		<b>\$ (122,686)</b>				<b>\$ (20)</b>	

**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, 2014*

(3 of 4)

	<b>2008 General Obligation Parks Bonds</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	182	182
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>182</u>	<u>182</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	309,845	309,845	-
Total expenditures	<u>-</u>	<u>309,845</u>	<u>309,845</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>(309,845)</u>	<u>(309,663)</u>	<u>182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (309,845)</u>	<u>(309,663)</u>	<u>\$ 182</u>
Fund balances - beginning			309,663	
<b>Fund balances - ending</b>			<u>\$ -</u>	

<b>Total Non-major Capital Projects</b>			
<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$ 28,000	\$ 28,000	\$ 29,033	\$ 1,033
-	1,034,995	74,886	(960,109)
6,000	6,000	9,206	3,206
4,381	5,841	3,992	(1,849)
1,200	204,792	62,942	(141,850)
<u>39,581</u>	<u>1,279,628</u>	<u>180,059</u>	<u>(1,099,569)</u>
20,000	38,500	38,441	59
14,520	29,907	15,387	14,520
150,000	202,722	136,286	66,436
17,090	17,090	16,565	525
<u>585,185</u>	<u>2,145,526</u>	<u>853,156</u>	<u>1,292,370</u>
<u>786,795</u>	<u>2,433,745</u>	<u>1,059,835</u>	<u>1,373,910</u>
<u>(747,214)</u>	<u>(1,154,117)</u>	<u>(879,776)</u>	<u>274,341</u>
150,000	150,000	145,976	(4,024)
425,200	942,769	956,514	13,745
-	(6,390)	(6,390)	-
<u>575,200</u>	<u>1,086,379</u>	<u>1,096,100</u>	<u>9,721</u>
<u><b>\$(172,014)</b></u>	<u><b>\$ (67,738)</b></u>	<u>216,324</u>	<u><b>\$ 284,062</b></u>
		<u>2,080,365</u>	
		<u><b>\$2,296,689</b></u>	

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**Section E**

**NON-MAJOR ENTERPRISE FUNDS**

## City of Helena, Montana

June 30, 2014

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### **ENTERPRISE FUNDS**

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

#### **Non-Major Funds:**

Helena Bus - This fund is used to account for the activities of the City's bus system, which provides transportation to the citizens of Helena and East Helena through a demand response system. A rider may call the Helena Bus office and arrange for pickup and delivery within the bus service area. A fixed route system is also available.

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

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

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

**City of Helena, Montana**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
*June 30, 2014*

	<u>Bus</u>	<u>Golf Course</u>	<u>Building</u>	<u>City - County Administration Building</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 313,902	\$ 149,789	\$ 673,066	\$ 321,166	\$ 1,457,923
Certificates of deposit	13,841	6,605	29,678	14,161	64,285
Receivables (net of allowance for uncollectibles)	7,432	-	30,014	-	37,446
Inventories	-	157,131	-	-	157,131
Intergovernmental receivable-restricted	225,047	-	-	-	225,047
Total current assets	<u>560,222</u>	<u>313,525</u>	<u>732,758</u>	<u>335,327</u>	<u>1,941,832</u>
Capital assets:					
Land	446,988	83,000	-	-	529,988
Buildings and system	3,014,720	305,663	-	1,549,428	4,869,811
Improvements other than buildings	18,250	1,904,496	-	83,493	2,006,239
Machinery and equipment	1,071,031	613,293	89,840	-	1,774,164
Construction in progress	-	202,394	-	111,642	314,036
Less accumulated depreciation	(1,137,744)	(1,828,946)	(70,615)	(620,459)	(3,657,764)
Total non-current assets	<u>3,413,245</u>	<u>1,279,900</u>	<u>19,225</u>	<u>1,124,104</u>	<u>5,836,474</u>
Total assets	<u>3,973,467</u>	<u>1,593,425</u>	<u>751,983</u>	<u>1,459,431</u>	<u>7,778,306</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	25,873	39,156	21,087	24,931	111,047
Customer deposits	-	50,425	-	-	50,425
Accrued interest	-	1,746	-	4,038	5,784
Compensated absences	33,122	31,305	20,895	16,786	102,108
Loans	-	27,713	-	169,595	197,308
Advances from other funds	-	27,337	-	-	27,337
Total current liabilities	<u>58,995</u>	<u>177,682</u>	<u>41,982</u>	<u>215,350</u>	<u>494,009</u>
Noncurrent liabilities:					
Compensated absences	30,575	28,897	19,288	15,494	94,254
Other postemployment benefits	100,235	47,077	78,777	50,776	276,865
Loans	-	100,571	-	644,634	745,205
Advances from other funds	-	83,663	-	-	83,663
Total noncurrent liabilities	<u>130,810</u>	<u>260,208</u>	<u>98,065</u>	<u>710,904</u>	<u>1,199,987</u>
Total liabilities	<u>189,805</u>	<u>437,890</u>	<u>140,047</u>	<u>926,254</u>	<u>1,693,996</u>
<b>NET POSITION</b>					
Net investment in capital assets	3,413,245	1,151,616	19,225	417,982	5,002,068
Unrestricted	370,417	3,919	592,711	115,195	1,082,242
Total net position	<u>\$ 3,783,662</u>	<u>\$ 1,155,535</u>	<u>\$ 611,936</u>	<u>\$ 533,177</u>	<u>\$ 6,084,310</u>

**City of Helena, Montana**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
*For the year ended June 30, 2014*

	<u>Bus</u>	<u>Golf Course</u>	<u>Building</u>	<u>City - County Administration Building</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 307,593	\$ 1,281,362	\$ 903,162	\$ 1,006,929	\$ 3,499,046
Total operating revenues	<u>307,593</u>	<u>1,281,362</u>	<u>903,162</u>	<u>1,006,929</u>	<u>3,499,046</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	1,114,704	1,017,557	803,612	773,509	3,709,382
Administration	249,870	145,945	94,990	26,050	516,855
Depreciation	186,009	1,232,040	4,531	128,326	1,550,906
Total operating expenses	<u>1,550,583</u>	<u>2,395,542</u>	<u>903,133</u>	<u>927,885</u>	<u>5,777,143</u>
Operating income (loss)	<u>(1,242,990)</u>	<u>(1,114,180)</u>	<u>29</u>	<u>79,044</u>	<u>(2,278,097)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Intergovernmental operating grants	860,134	-	-	-	860,134
Investment earnings	353	463	918	486	2,220
Interest expense	-	(4,118)	-	(9,804)	(13,922)
Total non-operating revenue (expenses)	<u>860,487</u>	<u>(3,655)</u>	<u>918</u>	<u>(9,318)</u>	<u>848,432</u>
Income (loss) before contributions and transfers	<u>(382,503)</u>	<u>(1,117,835)</u>	<u>947</u>	<u>69,726</u>	<u>(1,429,665)</u>
Capital contributions - grants	116,433	-	-	-	116,433
Transfers in	364,500	-	-	-	364,500
Change in net assets	98,430	(1,117,835)	947	69,726	(948,732)
Total net position - beginning	3,685,232	2,273,370	610,989	463,451	7,033,042
<b>Total net position - ending</b>	<b><u>\$ 3,783,662</u></b>	<b><u>\$ 1,155,535</u></b>	<b><u>\$ 611,936</u></b>	<b><u>\$ 533,177</u></b>	<b><u>\$ 6,084,310</u></b>

**City of Helena, Montana**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
*For the year ended June 30, 2014*

	Bus	Golf Course	Building	City-County Administration Building	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 308,801	\$ 1,283,841	\$ 877,504	\$ 1,006,929	\$ 3,477,075
Payments to suppliers	(272,651)	(482,744)	(147,184)	(404,867)	(1,307,446)
Payments to employees	(673,660)	(527,798)	(680,573)	(367,658)	(2,249,689)
Payment for interfund services used	(430,099)	(137,066)	(92,009)	(20,409)	(679,583)
Net cash provided (used) by operating activities	<u>(1,067,609)</u>	<u>136,233</u>	<u>(42,262)</u>	<u>213,995</u>	<u>(759,643)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	364,500	-	-	-	364,500
Operating grants	776,675	-	-	-	776,675
Principal payments - advances	-	(75,339)	-	-	(75,339)
Net cash provided (used) by non-capital financing activities	<u>1,141,175</u>	<u>(75,339)</u>	<u>-</u>	<u>-</u>	<u>1,065,836</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments - loans	-	-	-	(174,599)	(174,599)
Interest payments	-	(3,573)	-	(9,451)	(13,024)
Purchase of capital assets	(8,473)	(411,714)	(11,418)	(85,642)	(517,247)
Proceeds from disposition of capital assets	-	36,318	1,088	-	37,406
Net cash provided (used) by capital and related financing activities	<u>(8,473)</u>	<u>(378,969)</u>	<u>(10,330)</u>	<u>(269,692)</u>	<u>(667,464)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Increase) decrease in certificates of deposit	19,010	52,761	64,807	34,751	171,329
Interest received	353	463	918	486	2,220
Net cash provided (used) by investing activities	<u>19,363</u>	<u>53,224</u>	<u>65,725</u>	<u>35,237</u>	<u>173,549</u>
Net increase (decrease) in cash and cash equivalents	<u>84,456</u>	<u>(264,851)</u>	<u>13,133</u>	<u>(20,460)</u>	<u>(187,722)</u>
Cash and cash equivalents, beginning	229,446	414,640	659,933	341,626	1,645,645
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 313,902</u></b>	<b><u>\$ 149,789</u></b>	<b><u>\$ 673,066</u></b>	<b><u>\$ 321,166</u></b>	<b><u>\$ 1,457,923</u></b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income	\$ (1,242,990)	\$ (1,114,180)	\$ 29	\$ 79,044	\$(2,278,097)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	186,009	1,232,040	4,531	128,326	1,550,906
(Increase) decrease in accounts receivable	1,208	-	(25,658)	-	(24,450)
(Increase) decrease in inventories	-	(5,158)	-	-	(5,158)
Increase (decrease) in accounts payable	(19,419)	5,423	2,300	1,337	(10,359)
Increase (decrease) in customer deposits	-	2,478	-	-	2,478
Increase (decrease) in compensated absences	(2,855)	6,560	(31,929)	(353)	(28,577)
Increase (decrease) in other postemployment benefits	10,438	9,070	8,465	5,641	33,614
Total adjustments	<u>175,381</u>	<u>1,250,413</u>	<u>(42,291)</u>	<u>134,951</u>	<u>1,518,454</u>
Net cash provided (used) by operating activities	<u>\$ (1,067,609)</u>	<u>\$ 136,233</u>	<u>\$ (42,262)</u>	<u>\$ 213,995</u>	<u>\$ (759,643)</u>
<b>Supplemental disclosure of non-cash activity:</b>					
Basis of property disposed / transferred out	\$ -	\$ 36,318	\$ 1,088	\$ -	\$ 37,406
Contribution of capital assets by other governments	116,433	-	-	-	116,433

**Section F**

**INTERNAL SERVICE FUNDS**

**City of Helena, Montana**

*June 30, 2014*

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**INTERNAL SERVICE FUNDS**

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

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

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

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

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

**City of Helena, Montana**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
*June 30, 2014*

	<b>Business-type</b>		<b>Governmental Activities</b>		
	<b>Activities</b>				
	<b>Fleet Services</b>	<b>Copier Revolving</b>	<b>Property and Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 218,165	\$ 40,794	\$ 567,529	\$ 565,666	\$ 1,392,154
Certificates of deposit	9,620	1,799	25,024	24,942	61,385
Inventories	43,538	-	-	-	43,538
Total current assets	<u>271,323</u>	<u>42,593</u>	<u>592,553</u>	<u>590,608</u>	<u>1,497,077</u>
Noncurrent assets:					
Capital assets:					
Land	148,054	-	-	-	148,054
Buildings and system	830,638	-	-	-	830,638
Improvements other than buildings	62,831	-	-	-	62,831
Machinery and equipment	92,552	38,344	-	-	130,896
Accumulated depreciation	(908,847)	(18,347)	-	-	(927,194)
Total noncurrent assets	<u>225,228</u>	<u>19,997</u>	<u>-</u>	<u>-</u>	<u>245,225</u>
Total assets	<u>496,551</u>	<u>62,590</u>	<u>592,553</u>	<u>590,608</u>	<u>1,742,302</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	96,053	-	-	73,304	169,357
Compensated absences	14,985	-	-	-	14,985
Total current liabilities	<u>111,038</u>	<u>-</u>	<u>-</u>	<u>73,304</u>	<u>184,342</u>
Noncurrent liabilities:					
Compensated absences	13,832	-	-	-	13,832
Other postemployment benefits	44,156	-	-	-	44,156
Total noncurrent liabilities	<u>57,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,988</u>
Total liabilities	<u>169,026</u>	<u>-</u>	<u>-</u>	<u>73,304</u>	<u>242,330</u>
<b>NET POSITION</b>					
Net investment in capital assets	225,228	19,997	-	-	245,225
Unrestricted	102,297	42,593	592,553	517,304	1,254,747
Total net position	<u>\$ 327,525</u>	<u>\$ 62,590</u>	<u>\$ 592,553</u>	<u>\$ 517,304</u>	<u>\$ 1,499,972</u>

**City of Helena, Montana**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
*For the year ended June 30, 2014*

	<b>Business-type</b>		<b>Governmental Activities</b>		
	<b>Activities</b>				
	<b>Fleet Services</b>	<b>Copier Revolving</b>	<b>Property and Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,655,579	\$ 17,800	\$ 928,946	\$ 3,350,867	\$ 5,953,192
Total operating revenues	<u>1,655,579</u>	<u>17,800</u>	<u>928,946</u>	<u>3,350,867</u>	<u>5,953,192</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	1,539,058	12,699	775,963	3,343,429	5,671,149
Administration	103,589	-	-	-	103,589
Depreciation	9,532	6,075	-	-	15,607
Total operating expenses	<u>1,652,179</u>	<u>18,774</u>	<u>775,963</u>	<u>3,343,429</u>	<u>5,790,345</u>
Operating income (loss)	<u>3,400</u>	<u>(974)</u>	<u>152,983</u>	<u>7,438</u>	<u>162,847</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Intergovernmental	26,139	-	-	-	26,139
Interest income	-	-	-	558	558
Total non-operating revenues (expenses)	<u>26,139</u>	<u>-</u>	<u>-</u>	<u>558</u>	<u>26,697</u>
Change in net position	29,539	(974)	152,983	7,996	189,544
Total net position - beginning	<u>297,986</u>	<u>63,564</u>	<u>439,570</u>	<u>509,308</u>	<u>1,310,428</u>
<b>Total net position - ending</b>	<b><u>\$ 327,525</u></b>	<b><u>\$ 62,590</u></b>	<b><u>\$ 592,553</u></b>	<b><u>\$ 517,304</u></b>	<b><u>\$ 1,499,972</u></b>

**City of Helena, Montana**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
*For the year ended June 30, 2014*

	Business-type				Total
	Activities	Governmental Activities			
	Fleet Services	Copier Revolving	Property and Liability Insurance	Health Insurance	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,655,579	\$ 17,800	\$ 928,946	\$ 3,350,867	\$ 5,953,192
Payments to suppliers	(1,115,280)	(12,699)	(775,963)	(3,322,827)	(5,226,769)
Payments to employees	(390,296)	-	-	-	(390,296)
Payment for interfund services used	(103,807)	-	-	-	(103,807)
Net cash provided (used) by operating activities	46,196	5,101	152,983	28,040	232,320
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Operating grants	26,139	-	-	-	26,139
Net cash provided (used) by non-capital financing activities	26,139	-	-	-	26,139
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	(18,150)	-	-	(18,150)
Net cash provided (used) by capital and related financing activities	-	(18,150)	-	-	(18,150)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Increase) decrease in certificates of deposit	9,849	5,170	30,029	45,446	90,494
Interest received	-	-	-	558	558
Net cash provided (used) by investing activities	9,849	5,170	30,029	46,004	91,052
Net increase (decrease) in cash and cash equivalents	82,184	(7,879)	183,012	74,044	331,361
Cash and cash equivalents, beginning	135,981	48,673	384,517	491,622	1,060,793
<b>Cash and cash equivalents, ending</b>	<b>\$ 218,165</b>	<b>\$ 40,794</b>	<b>\$ 567,529</b>	<b>\$ 565,666</b>	<b>\$ 1,392,154</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 3,400	\$ (974)	\$ 152,983	\$ 7,438	\$ 162,847
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	9,532	6,075	-	-	15,607
(Increase) decrease in inventories	1,957	-	-	-	1,957
Increase (decrease) in accounts payable	28,897	-	-	20,602	49,499
Increase (decrease) in compensated absences	(2,542)	-	-	-	(2,542)
Increase (decrease) in other postemployment benefits	4,952	-	-	-	4,952
Total adjustments	42,796	6,075	-	20,602	69,473
Net cash provided by operating activities	\$ 46,196	\$ 5,101	\$ 152,983	\$ 28,040	\$ 232,320

**Section G**  
**FIDUCIARY FUNDS**

**City of Helena, Montana**

*June 30, 2014*

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**FIDUCIARY FUNDS**

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

Agency Funds:

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

Rimrock Stages - The Helena Area Transit System contracted with an interstate bus service to sell their tickets. This fund accounted for the portion of ticket sales allocable to them. The bus service went out of business during fiscal year 2014 and this fund was closed.

**City of Helena, Montana**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
*June 30, 2014*

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	<b>Agency Funds</b>		
	<b>State Court Trust</b>	<b>Rimrock Stages</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 27,151	\$ -	\$ 27,151
<b>LIABILITIES</b>			
Due to other governments	\$ 27,151	\$ -	\$ 27,151

**City of Helena, Montana**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS**  
**FIDUCIARY FUNDS**  
*For the year ended June 30, 2014*

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	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b><u>STATE COURT TRUST</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 41,045	\$ 1,230,822	\$ 1,244,716	\$ 27,151
<b>Liabilities</b>				
Due to other governments	\$ 41,045	\$ 1,230,822	\$ 1,244,716	\$ 27,151
<b><u>RIMROCK STAGES</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 292	\$ 3,956	\$ 4,248	\$ -
<b>Liabilities</b>				
Due to other governments	\$ 292	\$ 3,956	\$ 4,248	\$ -
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 41,337	\$ 1,234,778	\$ 1,248,964	\$ 27,151
<b>Liabilities</b>				
Due to other governments	\$ 41,337	\$ 1,234,778	\$ 1,248,964	\$ 27,151

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**Section H**

**COMPONENT UNIT**

**City of Helena, Montana**

*June 30, 2014*

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**COMPONENT UNITS**

The Helena Tourism Business Improvement District (TBID) and Helena Parking Commission (HPC) are component units of the City. The HPC and TBID do not issue separate financial reports. Accounting principles generally accepted in the United States of America (US GAAP) require the City to present combining fund statements if the component units do not present separate financial statements.

The TBID is made up of two governmental funds. Combining statements are reported here as required by US GAAP.

The HPC is made up of one business-type fund and combining statements are therefore not necessary. The HPC financial statements can be found in the City's Statement of Net Position and Statement of Activities beginning on page B-1 of this report. A Statement of Cash Flows is reported here as required by US GAAP for business-type funds.

**City of Helena, Montana**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT**  
**COMPONENT UNIT**  
*June 30, 2014*

	<b>General</b>	<b>Special Revenue Tourism Alliance</b>	<b>Total Governmental</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 225,665	\$ 23,187	\$ 248,852
Receivables (net of allowance for uncollectibles)	10,367	-	10,367
Total assets	236,032	23,187	259,219
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	640	240	880
Payroll liabilities	-	1,607	1,607
Total current liabilities	640	1,847	2,487
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	10,367	-	10,367
Total deferred inflows of resources	10,367	-	10,367
<b>FUND BALANCE</b>			
Unrestricted	225,025	21,340	246,365
<b>Total fund balance</b>	<b>\$ 225,025</b>	<b>\$ 21,340</b>	<b>\$ 246,365</b>

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

Amounts reported for governmental activities in the statement of net assets are different because:		
Total ending fund balance		\$ 246,365
Receivables not available for financial resources and not included in funds		10,367
Capital assets, net of accumulated depreciation		15,733
Net position of governmental activities		\$ 272,465

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

**City of Helena, Montana**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**HELENA TOURISM BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT**  
*June 30, 2014*

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	<b>General</b>	<b>Special Revenue Tourism Alliance</b>	<b>Total Governmental</b>
<b>REVENUES</b>			
Special assessments	\$ 319,286	\$ -	\$ 319,286
Charges for services	-	80,000	80,000
Investment earnings	993	96	1,089
Total operating revenues	320,279	80,096	400,375
<b>EXPENDITURES</b>			
Current:			
Community development	244,151	106,822	350,973
Capital outlay	5,843	-	5,843
Total expenditures	249,994	106,822	356,816
Net change in fund balances	70,285	(26,726)	43,559
Fund balances - beginning	154,740	48,066	202,806
<b>Fund balances - ending</b>	<b>\$ 225,025</b>	<b>\$ 21,340</b>	<b>\$ 246,365</b>

**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		\$ 43,559
Prior year revenues in the statement of activities that provide current financial resources and are reported as revenues in the funds		
Assessments receivable		(44,863)
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 assets purchased	5,843	
Depreciation expense	(8,498)	
		(2,655)
Change in net position of governmental activities		\$ (3,959)

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

**City of Helena, Montana**  
**STATEMENT OF CASH FLOWS**  
**HELENA PARKING COMMISSION COMPONENT UNIT**  
*For the year ended June 30, 2014*

	<b>Helena Parking Commission</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,569,106
Payments to suppliers	(443,283)
Payments to employees	(576,053)
Payment for interfund services used	(122,915)
Operating lease payments	(665,718)
Net cash provided by operating activities	<u>(238,863)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Principal received - loans	3,046
Net cash provided by non-capital financing activities	<u>3,046</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(266,859)
Net cash used by capital and related financing activities	<u>(266,859)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	1,989
Net cash provided by investing activities	<u>1,989</u>
Net increase in cash and cash equivalents	(500,687)
Cash and cash equivalents, beginning	696,964
<b>Cash and cash equivalents, ending</b>	<b><u>\$ 196,277</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (356,425)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	113,280
(Increase) decrease in inventories	(6,640)
Increase (decrease) in accounts payable	(1,154)
Increase (decrease) in compensated absences	4,449
Increase in other postemployment benefits payable	7,627
Total adjustments	<u>117,562</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ (238,863)</u></b>

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

**Section I**

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

**City of Helena, Montana**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE <sup>1</sup>**  
*June 30, 2014 and 2013*

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	<b>2014</b>	<b>2013</b>
<b>Governmental Fund's Capital Assets:</b>		
Land	\$ 65,152,272	\$ 64,942,157
Buildings and systems	20,283,407	20,283,407
Improvements other than buildings	15,265,233	14,545,542
Machinery and equipment	13,676,989	13,254,074
Infrastructure	44,006,676	43,786,732
Construction in progress	517,666	397,696
	<b>\$ 158,902,243</b>	<b>\$ 157,209,608</b>
 <b>Investment in Governmental Fund's Capital Assets by Source:</b>		
General	\$ 53,452	\$ 44,469
Special revenue	126,627,787	125,667,580
Capital projects	32,221,004	31,497,559
	<b>\$ 158,902,243</b>	<b>\$ 157,209,608</b>

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

**City of Helena, Montana**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY <sup>1</sup>**  
*For the year ended June 30, 2014*

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
<b>General government:</b>							
Finance and administration	\$ 57,355	\$ 2,362,500	\$ 577,941	\$ -	\$ -	\$ -	\$ 2,997,796
Community facilities	70,500	12,722,503	506,289	149,214	-	29,607	13,478,113
Total general government	<u>127,855</u>	<u>15,085,003</u>	<u>1,084,230</u>	<u>149,214</u>	<u>-</u>	<u>29,607</u>	<u>16,475,909</u>
<b>Public safety:</b>							
Law enforcement and judicial	-	279,711	41,154	3,761,153	-	12,636	4,094,654
Fire protection	46,000	932,282	27,994	2,620,947	-	-	3,627,223
Total public safety	<u>46,000</u>	<u>1,211,993</u>	<u>69,148</u>	<u>6,382,100</u>	<u>-</u>	<u>12,636</u>	<u>7,721,877</u>
<b>Public works:</b>							
Public works administration	-	-	-	22,626	-	-	22,626
Undistributed engineering	-	-	-	150,967	-	-	150,967
Streets	35,375,942	104,274	-	3,092,040	36,201,884	174,800	74,948,940
Storm water	22,388,850	242,294	11,491	512,778	7,804,792	156,942	31,117,147
Total public works	<u>57,764,792</u>	<u>346,568</u>	<u>11,491</u>	<u>3,778,411</u>	<u>44,006,676</u>	<u>331,742</u>	<u>106,239,680</u>
Public health	-	-	-	6,110	-	-	6,110
Culture and recreation	7,213,625	3,639,843	14,100,364	3,346,194	-	143,681	28,443,707
Community development	-	-	-	14,960	-	-	14,960
<b>Total general capital assets</b>	<u><u>\$ 65,152,272</u></u>	<u><u>\$ 20,283,407</u></u>	<u><u>\$ 15,265,233</u></u>	<u><u>\$ 13,676,989</u></u>	<u><u>\$ 44,006,676</u></u>	<u><u>\$ 517,666</u></u>	<u><u>\$ 158,902,243</u></u>

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

**City of Helena, Montana**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY <sup>1</sup>**  
*For the year ended June 30, 2014*

FUNCTION AND ACTIVITY	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers In (Out)</u>	<u>Capital Contributions</u>	<u>Balance Ending</u>
<b>General government:</b>						
Finance and administration	\$ 2,997,796	\$ -	\$ -	\$ -	\$ -	\$ 2,997,796
Community facilities	13,105,434	29,608	-	343,071	-	13,478,113
Total general government	<u>16,103,230</u>	<u>29,608</u>	<u>-</u>	<u>343,071</u>	<u>-</u>	<u>16,475,909</u>
<b>Public safety:</b>						
Law enforcement and judicial	3,916,394	344,189	165,929	-	-	4,094,654
Fire protection	3,627,223	-	-	-	-	3,627,223
Total public safety	<u>7,543,617</u>	<u>344,189</u>	<u>165,929</u>	<u>-</u>	<u>-</u>	<u>7,721,877</u>
<b>Public works:</b>						
Public works administration	22,626	-	-	-	-	22,626
Undistributed engineering	138,939	-	-	12,028	-	150,967
Streets	74,559,008	295,106	88,780	-	183,606	74,948,940
Storm water	30,671,471	233,391	4,880	-	217,165	31,117,147
Total public works	<u>105,392,044</u>	<u>528,497</u>	<u>93,660</u>	<u>12,028</u>	<u>400,771</u>	<u>106,239,680</u>
<b>Public health</b>	6,110	-	-	-	-	6,110
<b>Culture and recreation</b>	28,149,647	662,987	15,108	(359,769)	5,950	28,443,707
<b>Community development</b>	<u>14,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,960</u>
<b>Total general capital assets</b>	<u>\$ 157,209,608</u>	<u>\$ 1,565,281</u>	<u>\$ 274,697</u>	<u>\$ (4,670)</u>	<u>\$ 406,721</u>	<u>\$ 158,902,243</u>

<sup>1</sup> 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.

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**Section J**

**STATISTICAL INFORMATION**

**STATISTICAL SECTION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## City of Helena, Montana

June 30, 2014

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### **Debt Capacity Information** (continued) –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 15,456,807	\$ 49,962,342	\$ 58,666,167	\$ 63,786,471	\$ 72,144,806	\$ 88,499,411	\$ 91,429,209	\$ 97,546,860	\$ 104,225,402	\$ 104,044,169
Restricted	1,185,076	2,727,026	2,191,666	2,658,602	2,165,593	8,263,953	9,029,049	8,684,750	9,665,803	10,259,787
Unrestricted	16,450,771	15,921,870	14,854,053	12,011,231	12,541,775	7,003,205	6,751,747	7,518,283	7,502,998	8,476,396
<b>Total governmental activities net position</b>	<b>\$ 33,092,654</b>	<b>\$ 68,611,238</b>	<b>\$ 75,711,886</b>	<b>\$ 78,456,304</b>	<b>\$ 86,852,174</b>	<b>\$ 103,766,569</b>	<b>\$ 107,210,005</b>	<b>\$ 113,749,893</b>	<b>\$ 121,394,203</b>	<b>\$ 122,780,352</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 36,559,860	\$ 36,687,613	\$ 39,509,749	\$ 46,137,396	\$ 54,561,224	\$ 83,268,903	\$ 95,768,724	\$ 105,318,904	\$ 107,292,882	\$ 107,502,635
Restricted	3,123,633	2,757,738	2,732,134	2,890,094	3,069,393	3,090,553	3,009,229	2,372,783	1,894,240	1,937,111
Unrestricted	4,367,943	7,025,801	9,362,733	9,108,860	8,554,112	7,969,397	8,751,838	9,234,635	12,760,455	14,911,713
<b>Total business-type activities net position</b>	<b>\$ 44,051,436</b>	<b>\$ 46,471,152</b>	<b>\$ 51,604,616</b>	<b>\$ 58,136,350</b>	<b>\$ 66,184,729</b>	<b>\$ 94,328,853</b>	<b>\$ 107,529,791</b>	<b>\$ 116,926,322</b>	<b>\$ 121,947,577</b>	<b>\$ 124,351,459</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 52,016,667	\$ 86,649,955	\$ 98,175,916	\$ 109,923,867	\$ 126,706,030	\$ 171,768,314	\$ 187,197,933	\$ 202,865,764	\$ 211,518,284	\$ 211,546,804
Restricted	4,308,709	5,484,764	4,923,800	5,548,696	5,234,986	11,354,506	12,038,278	11,057,533	11,560,043	12,196,898
Unrestricted	20,818,714	22,947,671	24,216,786	21,120,091	21,095,887	14,972,602	15,503,585	16,752,918	20,263,453	23,388,109
<b>Total primary government net position</b>	<b>\$ 77,144,090</b>	<b>\$ 115,082,390</b>	<b>\$ 127,316,502</b>	<b>\$ 136,592,654</b>	<b>\$ 153,036,903</b>	<b>\$ 198,095,422</b>	<b>\$ 214,739,796</b>	<b>\$ 230,676,215</b>	<b>\$ 243,341,780</b>	<b>\$ 247,131,811</b>

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

(1 of 4)

	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,276,872	\$ 1,786,075	\$ 1,748,393	\$ 2,103,615
Public safety	9,663,397	9,582,271	9,989,599	10,705,356
Public works	3,047,584	3,255,363	3,638,044	4,061,181
Public health	93,096	130,539	115,896	170,663
Culture and recreation	2,610,860	2,787,375	2,697,109	2,817,695
Community development	949,787	722,112	494,018	868,209
Intergovernmental	-	-	-	-
Interest on long-term debt	344,343	345,521	326,931	347,314
Total governmental activities	<u>17,985,939</u>	<u>18,609,256</u>	<u>19,009,990</u>	<u>21,074,033</u>
Business-type activities:				
Water	4,085,140	3,667,092	4,049,531	4,658,420
Wastewater	3,619,075	3,599,905	3,199,613	3,328,910
Solid waste	2,246,378	2,375,587	2,383,914	2,546,152
Transfer station	2,084,085	2,290,400	2,286,627	2,385,755
Bus	539,548	769,009	1,045,055	1,269,931
Golf course	732,985	929,409	982,124	994,463
Building	536,550	613,062	714,325	853,723
Municipal utility	50,000	95,000	-	-
City-County administration building	-	-	-	956,195
Total business-type activities	<u>13,893,761</u>	<u>14,339,464</u>	<u>14,661,189</u>	<u>16,993,549</u>
Total primary government	<u>\$ 31,879,700</u>	<u>\$ 32,948,720</u>	<u>\$ 33,671,179</u>	<u>\$ 38,067,582</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 440,010	\$ 472,298	\$ 724,140	\$ 616,160
Public safety	984,630	1,018,225	980,039	996,560
Public works	3,454,589	2,911,689	3,495,771	3,742,266
Public health	26,748	28,911	27,970	30,830
Culture and recreation	1,110,376	1,342,167	1,147,814	1,377,461
Community development	23,450	37,070	39,177	18,347
Operating grants and contributions	3,882,988	3,507,088	3,424,279	4,102,598
Capital grants and contributions	2,565,369	804,459	1,706,805	2,681,258
Total governmental activities	<u>12,488,160</u>	<u>10,121,907</u>	<u>11,545,995</u>	<u>13,565,480</u>
Business-type activities:				
Charges for services:				
Water	4,385,924	4,883,727	5,356,882	5,353,794
Wastewater	2,797,253	3,118,129	3,251,149	3,341,782
Solid waste	2,451,891	2,558,849	2,648,487	2,789,155
Transfer station	2,337,359	2,367,990	2,441,628	2,573,287
Bus	80,192	185,215	297,843	306,442
Other activities	1,389,117	1,934,039	2,140,316	2,889,906
Operating grants and contributions	229,110	377,733	436,887	844,432
Capital grants and contributions	1,233,221	739,770	2,301,923	4,495,413
Total business-type activities	<u>14,904,067</u>	<u>16,165,452</u>	<u>18,875,115</u>	<u>22,594,211</u>
Total primary government	<u>\$ 27,392,227</u>	<u>\$ 26,287,359</u>	<u>\$ 30,421,110</u>	<u>\$ 36,159,691</u>

(2 of 4)

2009	2010	2011	2012	2013	2014
\$ 2,403,466	\$ 2,341,247	\$ 2,122,007	\$ 2,210,331	\$ 2,497,674	\$ 2,499,590
11,798,150	12,033,150	11,647,121	12,466,013	13,119,756	13,231,206
4,539,902	4,492,223	4,702,680	5,097,267	5,069,500	5,662,887
225,261	222,719	194,381	219,228	231,304	225,331
3,084,434	3,304,719	3,499,303	3,784,245	3,863,269	3,986,908
881,310	511,469	562,266	593,250	831,931	565,194
-	-	26,499	458,718	-	17,620
649,810	894,424	859,461	825,675	791,312	761,726
<u>23,582,333</u>	<u>23,799,951</u>	<u>23,613,718</u>	<u>25,654,727</u>	<u>26,404,746</u>	<u>26,950,462</u>
4,727,870	5,023,674	5,037,410	5,445,042	5,493,070	5,845,585
3,558,351	3,703,159	3,505,533	3,766,832	3,669,373	3,677,766
2,490,284	2,767,387	2,906,025	2,795,077	3,010,304	3,005,956
2,393,957	2,562,623	2,539,746	2,861,301	2,764,029	2,795,143
1,400,629	1,440,940	1,388,995	1,474,071	1,568,545	1,541,443
1,078,623	1,064,199	1,101,612	1,112,447	1,223,553	2,396,277
965,393	1,039,813	965,311	912,228	920,713	897,675
-	-	-	-	-	-
938,323	883,909	878,052	954,077	922,910	935,841
<u>17,553,430</u>	<u>18,485,704</u>	<u>18,322,684</u>	<u>19,321,075</u>	<u>19,572,497</u>	<u>21,095,686</u>
<u>\$ 41,135,763</u>	<u>\$ 42,285,655</u>	<u>\$ 41,936,402</u>	<u>\$ 44,975,802</u>	<u>\$ 45,977,243</u>	<u>\$ 48,046,148</u>
\$ 687,888	\$ 728,815	\$ 621,880	\$ 820,821	\$ 1,039,118	\$ 910,160
940,060	865,764	915,513	933,754	1,020,115	1,250,499
4,117,969	4,318,800	4,555,591	4,722,092	4,979,302	4,972,860
37,273	36,861	38,110	41,033	38,900	39,092
1,313,472	1,697,189	1,733,457	2,079,828	2,453,413	1,907,827
9,524	12,256	8,314	38,756	341,058	74,265
4,272,848	4,202,610	4,440,645	4,146,897	4,044,625	4,336,569
8,905,991	15,492,460	2,233,281	5,637,153	5,972,108	401,840
<u>20,285,025</u>	<u>27,354,755</u>	<u>14,546,791</u>	<u>18,420,334</u>	<u>19,888,639</u>	<u>13,893,112</u>
5,485,370	5,199,612	5,434,260	6,340,503	6,430,648	6,583,279
3,404,115	3,561,086	3,789,551	3,973,033	4,167,237	4,221,124
2,832,948	2,868,498	3,066,451	3,141,575	3,261,745	3,348,161
2,487,209	2,623,029	2,919,604	2,996,545	2,931,689	3,002,835
349,182	377,842	310,174	305,902	326,669	307,593
3,125,423	2,931,918	2,859,286	3,052,027	3,093,078	3,191,453
636,140	662,373	625,476	908,295	895,375	961,869
6,525,476	27,997,172	11,759,010	8,095,586	3,038,239	1,260,497
<u>24,845,863</u>	<u>46,221,530</u>	<u>30,763,812</u>	<u>28,813,466</u>	<u>24,144,680</u>	<u>22,876,811</u>
<u>\$ 45,130,888</u>	<u>\$ 73,576,285</u>	<u>\$ 45,310,603</u>	<u>\$ 47,233,800</u>	<u>\$ 44,033,319</u>	<u>\$ 36,769,923</u>

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

	(3 of 4)			
	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (5,497,779)	\$ (8,487,349)	\$ (7,463,995)	\$ (7,508,553)
Business-type activities	1,010,306	1,825,988	4,213,926	5,600,662
Total primary government	<u>\$ (4,487,473)</u>	<u>\$ (6,661,361)</u>	<u>\$ (3,250,069)</u>	<u>\$ (1,907,891)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 6,443,934	\$ 5,912,446	\$ 6,131,182	\$ 6,319,687
Motor vehicle taxes	548,045	598,145	628,170	623,868
Unrestricted grants and contributions	2,736,954	3,013,361	3,141,160	3,185,955
Investment earnings	357,744	628,791	603,594	498,046
Gain on the sale of capital assets	-	81,657	39,847	59,387
Transfers	(234,794)	(205,953)	(330,953)	(285,953)
Special item: loan forgiveness	(161,614)	-	-	(148,019)
Total governmental activities	<u>9,690,269</u>	<u>10,028,447</u>	<u>10,213,000</u>	<u>10,252,971</u>
Business-type activities:				
Investment earnings	207,665	386,922	583,020	516,687
Gain on sale of capital assets	24,213	853	5,565	128,432
Transfers	234,794	205,953	330,953	285,953
Special item: loan forgiveness	-	-	-	-
Total business-type activities	<u>466,672</u>	<u>593,728</u>	<u>919,538</u>	<u>931,072</u>
Total primary government	<u>\$ 10,156,941</u>	<u>\$ 10,622,175</u>	<u>\$ 11,132,538</u>	<u>\$ 11,184,043</u>
<b>Change in Net Position<sup>1</sup></b>				
Governmental activities	\$ 4,192,490	\$ 1,541,098	\$ 2,749,005	\$ 2,744,418
Business-type activities	1,476,978	2,419,716	5,133,464	6,531,734
Total primary government	<u>\$ 5,669,468</u>	<u>\$ 3,960,814</u>	<u>\$ 7,882,469</u>	<u>\$ 9,276,152</u>

<sup>1</sup> Does not include restatements of net position.

(4 of 4)

2009	2010	2011	2012	2013	2014
\$ (3,297,308)	\$ 3,554,804	\$ (9,066,927)	\$ (7,234,393)	\$ (6,516,107)	\$ (13,057,350)
7,292,433	27,735,826	12,441,128	9,492,391	4,572,183	1,781,125
<u>\$ 3,995,125</u>	<u>\$ 31,290,630</u>	<u>\$ 3,374,201</u>	<u>\$ 2,257,998</u>	<u>\$ (1,943,924)</u>	<u>\$ (11,276,225)</u>
\$ 7,837,489	\$ 9,357,361	\$ 8,422,755	\$ 9,074,313	\$ 9,244,244	\$ 9,813,380
598,700	716,205	679,341	698,952	684,194	688,338
3,308,744	3,460,650	3,930,680	4,147,426	4,472,786	4,622,584
303,664	117,280	77,221	70,644	50,171	34,930
15,232	-	-	47,596	124,083	12,912
(370,651)	(291,905)	(363,634)	(264,650)	(415,061)	(364,500)
-	-	(236,000)	-	-	-
<u>11,693,178</u>	<u>13,359,591</u>	<u>12,510,363</u>	<u>13,774,281</u>	<u>14,160,417</u>	<u>14,807,644</u>
201,874	66,777	44,592	39,805	34,011	18,257
183,421	49,616	115,584	(400,315)	-	240,000
370,651	291,905	363,634	264,650	415,061	364,500
-	-	236,000	-	-	-
<u>755,946</u>	<u>408,298</u>	<u>759,810</u>	<u>(95,860)</u>	<u>449,072</u>	<u>622,757</u>
<u>\$ 12,449,124</u>	<u>\$ 13,767,889</u>	<u>\$ 13,270,173</u>	<u>\$ 13,678,421</u>	<u>\$ 14,609,489</u>	<u>\$ 15,430,401</u>
\$ 8,395,870	\$ 16,914,395	\$ 3,443,436	\$ 6,539,888	\$ 7,644,310	\$ 1,750,294
8,048,379	28,144,124	13,200,938	9,396,531	5,021,255	2,403,882
<u>\$ 16,444,249</u>	<u>\$ 45,058,519</u>	<u>\$ 16,644,374</u>	<u>\$ 15,936,419</u>	<u>\$ 12,665,565</u>	<u>\$ 4,154,176</u>

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

(1 of 2)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>				
Nonspendable	\$ 246,572	\$ 239,901	\$ 248,436	\$ 248,224
Restricted	61,481	2,059	3,500	43,913
Committed	26,043	1,563,100	1,820,955	1,237,940
Assigned	102,513	63,518	12,823	213,751
Unassigned	3,593,129	2,920,340	2,915,076	2,960,571
Total general fund	<u>\$ 4,029,738</u>	<u>\$ 4,788,918</u>	<u>\$ 5,000,790</u>	<u>\$ 4,704,399</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 778,974	\$ 769,388	\$ 789,581	\$ 657,899
Restricted	13,666,677	10,502,429	8,188,189	14,892,691
Committed	198,128	90,434	56,022	11,261
Assigned	613,448	657,611	831,571	1,247,474
Unassigned	(582,340)	(234,848)	(132,710)	(102,900)
Total all other governmental funds	<u>\$ 14,674,887</u>	<u>\$ 11,785,014</u>	<u>\$ 9,732,653</u>	<u>\$ 16,706,425</u>

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(2 of 2)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 245,402	\$ 253,654	\$ 25,634	\$ 29,738	\$ 19,983	\$ 19,264
109,360	122,358	69,812	62,452	179,182	64,044
622,647	345,841	387,051	21,829	-	-
155,192	3,977	25,600	69,024	34,985	2,386
2,745,998	2,901,422	4,150,675	3,945,453	4,331,115	6,559,029
<u>\$ 3,878,599</u>	<u>\$ 3,627,252</u>	<u>\$ 4,658,772</u>	<u>\$ 4,128,496</u>	<u>\$ 4,565,265</u>	<u>\$ 6,644,723</u>
\$ 684,291	\$ 764,210	\$ 273,911	\$ 185,956	\$ 295,458	\$ 295,288
17,140,709	12,794,658	10,906,112	8,762,619	9,486,622	10,195,743
326,570	97,653	1,446,093	1,800,616	1,387,877	1,446,792
1,154,916	859,949	107,676	1,594,153	1,759,532	2,401,501
(76,395)	(161,513)	(67,547)	(25,109)	(165,368)	(146,969)
<u>\$ 19,230,091</u>	<u>\$ 14,354,957</u>	<u>\$ 12,666,245</u>	<u>\$ 12,318,235</u>	<u>\$ 12,764,121</u>	<u>\$ 14,192,355</u>

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

(1 of 2)

	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 6,407,466	\$ 5,912,446	\$ 6,143,544	\$ 6,182,314	\$ 7,837,489
Motor vehicle taxes	670,051	598,145	628,170	623,868	598,700
Special assessments	704,906	3,559,444	3,899,780	4,329,900	4,682,422
Licenses and permits	3,924,255	361,367	511,857	460,948	509,405
Intergovernmental	412,381	6,552,133	6,597,455	7,272,051	7,636,031
Charges for services	7,703,692	1,567,451	1,304,416	1,411,566	1,277,505
Fines	1,117,853	730,005	721,722	656,388	543,163
Investment earnings	357,744	628,791	603,594	498,046	303,664
Miscellaneous	381,457	275,735	308,439	221,057	278,094
Total revenue	<u>21,679,805</u>	<u>20,185,517</u>	<u>20,718,977</u>	<u>21,656,138</u>	<u>23,666,473</u>
<b>Expenditures</b>					
General government	1,179,709	1,656,754	1,607,133	1,796,231	2,121,907
Public safety	9,277,423	9,112,711	9,737,203	10,153,619	11,150,250
Public works	2,846,793	2,949,036	3,134,083	3,423,593	3,861,772
Public health	93,096	129,107	116,416	148,211	219,001
Culture and recreation	2,072,444	2,230,351	2,241,754	2,389,064	2,655,304
Community development	956,590	706,602	488,268	847,649	854,583
Intergovernmental	-	-	-	-	-
Debt service:					
Principal	1,378,850	1,573,974	711,611	688,657	1,031,032
Interest	372,953	358,536	343,327	303,065	484,478
Debt issuance costs	-	-	-	137,600	320,247
Capital outlay	3,618,053	4,674,845	3,876,743	2,830,519	8,162,824
Total expenditures	<u>21,795,911</u>	<u>23,391,916</u>	<u>22,256,538</u>	<u>22,718,208</u>	<u>30,861,398</u>
Excess of revenues over (under) expenditures	<u>(116,106)</u>	<u>(3,206,399)</u>	<u>(1,537,561)</u>	<u>(1,062,070)</u>	<u>(7,194,925)</u>
<b>Other Financing Sources (Uses)</b>					
Debt issued	854,915	1,161,974	575	8,066,892	12,021,549
Debt issuance premium	-	-	-	47,144	153,576
Debt issuance discount	-	-	-	-	(54,868)
Payments to bond escrow agent	-	-	-	-	(2,872,047)
Sale of capital assets	42,259	119,685	27,450	59,387	15,232
Transfers in	4,915,716	1,107,328	1,416,184	1,713,509	2,019,370
Transfers out	(5,150,510)	(1,313,281)	(1,747,137)	(1,999,462)	(2,390,021)
Total other financing sources (uses)	<u>662,380</u>	<u>1,075,706</u>	<u>(302,928)</u>	<u>7,887,470</u>	<u>8,892,791</u>
<b>Special item - loan forgiveness</b>	(161,614)	-	-	(148,019)	-
<b>Net change in fund balances <sup>1</sup></b>	<u>\$ 384,660</u>	<u>\$ (2,130,693)</u>	<u>\$ (1,840,489)</u>	<u>\$ 6,677,381</u>	<u>\$ 1,697,866</u>
Debt service as a percentage of noncapital expenditures	9.64%	10.32%	5.74%	4.99%	6.68%

<sup>1</sup> Does not include prior period adjustments.

(2 of 2)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 7,853,994	\$ 8,915,516	\$ 8,529,266	\$ 8,883,694	\$ 11,376,883
716,205	679,341	698,952	684,194	688,338
4,918,167	5,139,199	5,444,818	5,605,367	5,677,012
513,500	449,979	558,201	611,813	737,162
8,040,706	8,491,242	9,119,595	9,606,039	9,238,030
1,460,571	1,618,479	1,698,420	1,995,504	1,820,517
507,054	560,042	585,612	611,103	713,420
117,280	77,221	70,644	50,171	34,930
292,111	251,615	319,341	570,002	283,980
<u>24,419,588</u>	<u>26,182,634</u>	<u>27,024,849</u>	<u>28,617,887</u>	<u>30,570,272</u>
1,957,731	1,814,742	1,799,358	1,971,882	2,192,450
11,251,927	11,193,009	11,790,650	12,336,834	12,524,881
3,714,314	3,928,499	4,315,554	4,193,099	4,746,026
215,472	194,574	214,404	226,779	222,301
2,733,957	2,974,842	3,235,172	3,313,713	3,331,804
496,937	561,150	579,757	829,295	556,037
-	26,499	458,718	-	17,620
953,848	1,140,745	1,086,133	1,058,311	924,831
819,949	872,396	842,027	806,001	775,737
-	-	-	-	-
7,119,681	3,998,412	3,391,834	2,951,998	1,565,281
<u>29,263,816</u>	<u>26,704,868</u>	<u>27,713,607</u>	<u>27,687,912</u>	<u>26,856,968</u>
<u>(4,844,228)</u>	<u>(522,234)</u>	<u>(688,758)</u>	<u>929,975</u>	<u>3,713,304</u>
-	232,281	34,776	53,371	145,976
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,652	79,435	47,596	124,083	12,912
2,451,696	2,130,980	2,498,421	1,670,630	1,633,835
(2,743,601)	(2,341,654)	(2,770,321)	(1,895,404)	(1,998,335)
<u>(282,253)</u>	<u>101,042</u>	<u>(189,528)</u>	<u>(47,320)</u>	<u>(205,612)</u>
-	(236,000)	-	-	-
<u>\$ (5,126,481)</u>	<u>\$ (657,192)</u>	<u>\$ (878,286)</u>	<u>\$ 882,655</u>	<u>\$ 3,507,692</u>
8.01%	8.87%	7.93%	7.54%	6.72%

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

Fiscal Year	Real Taxable Value <sup>1</sup>	Personal Taxable Value <sup>1</sup>	Less Tax Increment	Total Taxable Valuation	Total Direct Tax Rate	Estimated Market Value	Taxable Value as a Percentage of Market Value
2005	\$ 41,178	\$ 2,214	\$ 1,623	\$ 41,769	\$ 125.46	\$ 1,326,985	3.27%
2006	43,380	2,539	-	45,919	131.77	1,403,568	3.27%
2007	44,711	2,518	-	47,229	134.45	1,466,193	3.22%
2008	48,125	2,689	-	50,814	135.01	1,573,019	3.23%
2009	48,978	2,652	-	51,630	149.29	1,641,983	3.14%
2010	51,317	2,511	-	53,827	150.69	1,758,840	3.06%
2011	55,360	2,368	-	57,728	155.82	1,925,099	3.00%
2012	58,853	1,962	-	60,815	157.01	2,059,141	2.95%
2013	57,664	1,613	-	59,277	159.20	2,147,505	2.76%
2014	58,142	2,245	-	60,387	159.10	2,341,312	2.58%

Source: Lewis & Clark County

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

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

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

<sup>1</sup> 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.

**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 <sup>1</sup>			
	General Purpose	Medical Insurance	Planning	GO	Other Levies	Total Direct	Schools			Lewis and Clark County
				Bond Debt Service			Helena Elementary	East Helena Elementary <sup>2</sup>	Helena High	
2005	65.88	14.99	11.08	9.77	23.74	125.46	154.76	-	98.71	202.84
2006	76.99	14.08	8.84	8.89	22.97	131.77	164.47	-	100.78	206.07
2007	79.98	14.38	9.97	7.40	22.72	134.45	159.07	-	96.52	206.89
2008	78.20	15.72	9.72	7.98	23.39	135.01	157.71	-	91.14	213.80
2009	82.46	17.66	10.29	15.04	23.84	149.29	166.95	-	92.64	214.27
2010	83.43	19.32	9.71	14.61	23.62	150.69	161.09	182.41	92.11	212.68
2011	87.12	18.93	8.75	18.34	22.68	155.82	163.67	181.66	91.28	224.87
2012	85.69	20.29	8.54	18.06	24.43	157.01	161.27	183.40	88.48	216.95
2013	86.01	21.30	8.70	18.40	24.79	159.20	154.87	156.84	85.02	220.91
2014	87.36	22.34	8.58	16.73	24.09	159.10	160.16	160.80	86.19	218.64

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.

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

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

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

	2014			2005		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value
Northwestern Corporation	\$ 5,515,117	1	9.13%	\$ 3,609,153	1	8.31%
Verizon Wireless	2,990,259	2	4.95%	-	-	-
The Boeing Company	1,292,185	3	2.14%	-	-	-
Centurylink Inc.	1,245,779	4	2.06%	-	-	-
Bresnan Communications	547,407	5	0.91%	-	-	-
Helena Federal Office Complex, LLC	491,568	6	0.82%	394,463	3	0.91%
Wal Mart Stores Inc	388,458	7	0.64%	303,988	4	0.70%
Touchmark on Saddle Drive (formerly Waterford)	382,620	8	0.63%	250,951	5	0.58%
Costco Wholesale	279,722	9	0.46%	-	-	-
Skyway Regional Shopping Center LLC	274,610	10	0.46%	-	-	-
Qwest Corporation	-	-	-	496,176	2	1.14%
Federal Reserve Bank of Minneapolis	-	-	-	246,003	6	0.57%
Capital Hill Shopping Center	-	-	-	235,197	7	0.54%
Helena Montana Associates, LLC	-	-	-	229,242	8	0.53%
WHC820, LLC	-	-	-	217,324	9	0.50%
Montana Rail Link Inc	-	-	-	215,924	10	0.50%
	<u>\$ 13,407,725</u>		<u>22.20%</u>	<u>\$ 6,198,421</u>		<u>14.28%</u>
 Total City Taxable Assessed Value	 \$60,386,927			 \$43,424,183		

Source: Lewis & Clark County

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 5,208,470	\$ 5,109,640	98.10%	\$ 98,828	\$ 5,208,468	100.00%
2006	6,050,202	5,683,871	93.95%	361,631	6,045,502	99.92%
2007	6,345,452	5,903,491	93.03%	441,959	6,345,450	100.00%
2008	6,921,557	5,252,505	75.89% <sup>1</sup>	1,592,133	6,844,638	98.89%
2009	7,678,357	7,501,053	97.69%	93,814	7,594,867	98.91%
2010	8,063,927	6,066,850	75.23% <sup>2</sup>	1,911,613	7,978,463	98.94%
2011	8,867,680	8,773,371	98.94%	93,569	8,866,940	99.99%
2012	9,037,097	8,172,294	90.43%	856,071	9,028,365	99.90%
2013	9,365,124	9,033,110	96.45%	314,976	9,348,086	99.82%
2014	9,479,175	8,964,557	94.57%	-	8,964,557	94.57%

Source: Lewis & Clark County

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

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

**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 <sup>1</sup>	Total Debt Per Capita <sup>1</sup>
	General Obligation Bonds	Loans	Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Revenue Bonds	Loans	Special Assessment Bonds			
2005	\$ 3,870,000	\$ 1,072,612	\$ 895,000	\$ 2,047,843	\$ -	\$ 20,075,991	\$ 655,997	\$ 567,981	\$ 29,185,424	3.45%	\$ 1,074
2006	4,790,000	955,205	-	1,728,669	-	20,851,342	534,384	506,331	29,365,931	3.32%	1,072
2007	4,530,000	834,263	-	1,413,183	-	19,955,588	407,331	441,815	27,582,180	2.94%	989
2008	12,105,000 <sup>2</sup>	590,655	-	1,234,536	-	20,283,565	776,210	374,301	35,364,269	3.63%	1,231
2009	11,540,000 <sup>2</sup>	805,969	-	997,837	8,900,000 <sup>2</sup>	18,858,520	1,185,606	265,000	42,552,936	3.95%	1,450
2010	11,015,000 <sup>2</sup>	672,840	-	711,837	8,900,000 <sup>2</sup>	17,279,991	1,688,861	195,000	40,463,533	3.58%	1,352
2011	10,450,000 <sup>2</sup>	525,057	-	525,000	8,900,000 <sup>2</sup>	14,850,854	1,546,387	125,000	36,922,302	3.38%	1,310
2012	9,855,000 <sup>2</sup>	372,605	-	370,000	8,725,000 <sup>2</sup>	12,015,465	1,351,583	65,000	32,754,657	2.93%	1,146
2013	9,245,000 <sup>2</sup>	215,931	-	270,000	8,545,000 <sup>2</sup>	11,472,000	1,150,385	15,000	30,913,320	2.62%	1,061
2014	8,605,000 <sup>2</sup>	183,005	-	225,000	8,360,000 <sup>2</sup>	10,461,000	942,513	-	28,776,518	2.39%	972

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

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

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

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

Fiscal Year	General Obligation Bonds	General Fund Bonds <sup>1</sup>	Less Amounts Restricted to Repaying Principal	Total Primary Government	Percent of Estimated Actual Taxable Value <sup>2</sup>	Per Capita <sup>3</sup>
2005	\$ 3,870,000	\$ -	\$ (220,000)	\$ 3,650,000	8.74%	\$ 134.38
2006	3,650,000	1,140,000	(304,083)	4,485,917	9.77%	163.82
2007	3,415,000	1,115,000	(266,793)	4,263,207	9.03%	152.89
2008	11,015,000 <sup>4, 5</sup>	1,090,000	(175,149)	11,929,851	23.48%	415.30
2009	10,475,000 <sup>5</sup>	1,065,000	(234,316)	11,305,689	21.90%	385.19
2010	9,980,000 <sup>5</sup>	1,035,000	(255,699)	10,759,306	19.99%	359.37
2011	9,445,000 <sup>5</sup>	1,005,000	(419,250)	10,030,755	17.38%	355.83
2012	8,885,000 <sup>5</sup>	970,000	(330,228)	9,524,777	15.66%	333.13
2013	8,310,000 <sup>5</sup>	935,000	(289,027)	8,955,978	15.11%	307.41
2014	7,705,000 <sup>5</sup>	900,000	(717,924)	7,887,081	13.06%	266.49

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

- <sup>1</sup> The General Fund Bonds, Series 2005 are a general obligation of the City. However, they are not taken into account when calculating the City's debt limit and the City is not obligated to levy taxes for the payment of principal or interest.
- <sup>2</sup> See page J-12 for property value data.
- <sup>3</sup> See page J-21 for population data.
- <sup>4</sup> The City issued \$7.85 million of General Obligation Parks Bonds, Series 2008
- <sup>5</sup> Per GASB Statement 65, debt issuance costs other than those related to prepaid insurance costs are now expensed in the period incurred. Therefore, these balances were restated.

**City of Helena, Montana**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
*June 30, 2014*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Helena School District No. 1 High School	\$ 2,285,000	55.82%	\$ 1,275,545
Helena School District No. 1 Elementary	61,000	70.50%	43,007
East Helena School District No. 9 Elementary	1,565,000	2.41%	37,786
Lewis & Clark County Bonds	3,070,081	52.92%	1,624,641
Subtotal overlapping debt			<u>2,980,979</u>
<b>City direct debt</b>	<u>\$ 17,373,005</u>	<u>100.00%</u>	<u>17,373,005</u>
<b>Total direct and overlapping debt</b>			<u>\$ 20,353,984</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.

<sup>1</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.



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

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage
				Principal	Interest	
2005	\$ 4,472	\$ 2,663	\$ 1,809	\$ 1,205	\$ 60	143.0%
2006	5,146	2,344	2,802	1,333	309	170.7%
2007	5,712	2,667	3,045	1,431	232	183.1%
2008	5,662	3,228	2,434	1,431	232	146.4%
2009	5,648	2,943	2,705	1,431	232	162.7%
2010	5,346	3,171	2,175	1,431	232	130.8%
2011	5,533	3,168	2,365	1,431	232	142.2%
2012	6,435	3,501	2,934	306	94	733.5%
2013	6,534	3,642	2,892	468	54	554.0%
2014	6,658	3,944	2,714	468	54	519.9%

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Maximum Debt Service in Any Fiscal Year		Coverage
				Principal	Interest	
2005	\$ 2,854	\$ 1,842	\$ 1,012	\$ 721	\$ 132	118.6%
2006	3,380	1,927	1,453	721	132	170.3%
2007	3,566	2,050	1,516	721	132	177.7%
2008	3,594	2,125	1,469	721	132	172.2%
2009	3,551	2,325	1,226	721	132	143.7%
2010	3,734	2,387	1,347	721	132	157.9%
2011	4,026	2,225	1,801	721	132	211.1%
2012	4,096	2,511	1,585	721	132	185.8%
2013	4,297	2,569	1,728	736	34	224.4%
2014	4,328	2,642	1,686	736	34	219.0%

Special Improvement Districts				
	Special Assessment Collections <sup>1</sup>	Debt Service		Coverage
		Principal	Interest	
2005	\$ 487	\$ 256	\$ 123	128.5%
2006	476	403	123	90.5%
2007	554	395	106	110.6%
2008	433	373	87	94.1%
2009	522	351	64	125.8%
2010	251	296	44	73.8%
2011	205	196	32	89.9%
2012	173	160	24	94.0%
2013	94	105	16	77.7%
2014	75	51	13	117.2%

Source: City financial statements.

<sup>1</sup> Special Assessment Collections include special assessments, interest income, and bond funds in excess of construction costs used for debt service. There are no special improvement district (SID) bond requirements related to debt service coverage and the City only shows this information as it appears required by GASB Statement 44. The City is required to call bonds semi-annually using any cash available in the debt service funds. The City has consistently called bonds in advance for each separately issued series of SID bonds.

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

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Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2004	27,162	\$ 846,803	\$ 31,176	3.9%	8,084
2005	27,383	883,293	32,257	3.8%	7,919
2006	27,885	938,693	33,663	3.1%	8,013
2007	28,726	972,921	33,869	2.7%	7,910
2008	29,351	1,078,532	36,746	3.7%	8,055
2009	29,939	1,302,673	37,799	4.7%	8,154
2010	28,190	1,317,853	38,764	5.5%	8,304
2011	28,592	1,353,368	39,052	5.3%	8,331
2012	29,134	1,421,329	40,456	4.9%	8,300
2013	29,596	1,440,450	40,612	4.5%	8,290

Sources: State of Montana, Department of Commerce: Population, Personal Income,  
State of Montana, Department of Labor: Unemployment Rate  
Lewis and Clark Superintendent of Schools: School Enrollment  
US Department of Labor: Per Capita Personal Income

**City of Helena, Montana**  
**TOP TEN EMPLOYERS**  
*Current Year and Six Years Ago<sup>1</sup>*

COMPANY NAME	PRODUCT OR SERVICE	2014			2008		
		ESTIMATED NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	ESTIMATED NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
State of Montana	Government	6,565	1	19.40%	6,704	1	19.81%
US Government	Government	1,912	2	5.65%	1,908	2	5.64%
St. Peter's Hospital	Health Services	1,247	3	3.68%	1,000	3	2.95%
Helena School District No. 1	Education	943	4	2.79%	847	4	2.50%
Blue Cross/Blue Shield	Health Services	480	5	1.42%	600	5	1.77%
Wal-Mart	Retail	435	6	1.28%	430	7	1.27%
Lewis & Clark County	Government	422	7	1.25%	450	6	1.33%
Military	Military	394	8	1.16%	374	8	1.11%
Shodair Children's Hospital	Health Services	315	9	0.93%	300	9	0.89%
City of Helena	Government	291	10	0.86%	283	10	0.84%
		13,004		38.42%	12,896		38.10%
Total Employment <sup>2</sup>		33,845			33,166		

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

<sup>1</sup> Governmental Accounting Standards Board, Statement 44 requires this statistic include the top ten employers in the current year and nine years ago for comparison. The State of Montana, Department of Labor only reports the top 20 private employers in each county and does not rank them or provide the number of employees as they consider it confidential information. The City called each employer on the list as well as public employers to provide the information. Information prior to 2008 is not available.

<sup>2</sup> Total Employment figures are for Lewis and Clark County, as information for the City of Helena is not available.

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

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL GOVERNMENT</b>										
Legislative	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.50	7.50	7.50
Executive	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Judicial	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Financial	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Human resources	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal	3.54	4.54	4.54	4.54	4.50	4.50	4.50	4.50	4.75	4.75
Facilities administration	1.83	2.02	2.02	2.02	2.11	2.17	2.17	2.17	2.67	1.67
<b>PUBLIC SAFETY</b>										
Law enforcement	69.00	69.00	69.00	69.00	72.00	70.00	71.50	71.50	72.46	78.46
Fire protection	37.00	37.00	37.00	37.00	36.00	36.00	36.00	36.00	36.00	36.00
<b>PUBLIC WORKS</b>										
Public work administration	3.00	3.00	2.00	2.50	2.50	2.50	2.50	2.50	1.50	2.50
Engineering	6.25	7.25	7.25	6.75	6.90	6.90	6.90	7.90	7.90	5.90
Road and street	15.50	15.50	15.50	15.50	15.51	15.50	15.51	15.51	15.01	15.00
Storm water	1.43	1.43	2.03	2.03	2.03	2.03	2.18	2.18	2.18	2.24
<b>PUBLIC HEALTH</b>										
Animal control	1.00	1.00	1.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00
<b>CULTURE AND RECREATION</b>										
Park and recreation	13.99	15.14	16.07	16.79	19.60	20.35	19.35	19.60	21.60	16.60
Civic center	5.17	4.98	4.98	4.98	5.44	5.44	5.44	5.44	4.94	4.94
<b>COMMUNITY DEVELOPMENT</b>										
Community development	2.33	2.33	2.33	2.33	2.33	2.33	2.66	2.66	2.66	2.66
Planning	3.96	2.96	2.96	2.96	2.96	2.96	2.47	2.47	2.47	2.47
Building	6.84	7.84	8.34	11.84	10.34	10.34	10.50	8.50	8.50	9.25
<b>Water</b>	19.13	18.95	18.10	18.10	18.10	17.89	19.79	18.79	20.79	20.28
<b>Wastewater</b>	12.71	14.08	14.33	14.33	13.33	14.33	14.79	13.79	14.04	15.23
<b>Solid waste</b>	8.45	8.45	8.45	8.45	8.45	8.45	7.15	8.60	8.30	8.30
<b>Transfer station</b>	10.05	10.05	10.05	10.87	10.05	10.05	10.35	10.40	10.70	10.70
<b>Bus</b>	7.40	9.60	16.10	18.20	15.72	15.23	12.43	12.26	12.76	11.18
<b>City-County building administration</b>	-	-	-	-	6.32	6.26	6.26	6.26	6.26	6.26
<b>Fleet services</b>	5.70	5.60	5.50	5.25	5.40	5.40	5.40	5.50	5.50	5.50
<b>Total</b>	<b>261.78</b>	<b>269.22</b>	<b>275.55</b>	<b>282.94</b>	<b>290.59</b>	<b>289.63</b>	<b>288.85</b>	<b>288.03</b>	<b>292.49</b>	<b>291.39</b>

Source: City of Helena, Administrative Services Department

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

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

(1 of 2)

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
Judicial										
Trials by judge	1,963	1,827	1,699	1,673	2,201	2,232	2,137	2,141	3,120	3,311
Trials by jury	2	8	13	11	15	17	12	15	11	7
Citations filed	10,792	10,321	7,724	8,888	8,605	7,646	7,541	7,243	7,096	8,201
<b>PUBLIC SAFETY ACTIVITIES</b>										
Police <sup>1</sup>										
Total calls	N/A	26,380	23,823	26,317	27,778	27,232	26,454	26,849	27,566	30,678
Arrests	N/A	2,798	2,288	2,642	2,529	2,369	2,258	2,320	2,373	2,251
Warrants served	N/A	282	264	302	314	403	419	430	996	1,014
Traffic citations	N/A	13,216	7,756	9,105	5,647	5,739	5,458	5,271	4,718	5,271
Fire										
Alarms	2,688	2,680	2,925	3,045	3,284	3,149	3,253	3,286	3,493	3,575
Inspections	275	111	512	1,164	592	547	688	474	429	366
Medical calls	2,031	1,825	2,094	2,277	2,511	2,239	2,340	2,371	2,539	2,573
<b>PUBLIC WORKS</b>										
Streets										
Chip seal (miles)	9.5	11.0	8.5	9.0	8.6	9.0	8.9	9.5	8.6	8.6
Crack seal (miles)	9.0	11.0	6.5	6.8	7.0	8.0	9.0	9.5	8.6	8.6
Water										
Average daily consumption (millions of gallons)	5.0	5.5	5.5	5.4	5.2	4.9	4.6	5.0	6.0	5.5
Peak demand (millions of gallons)	12.2	12.6	14.5	13.6	12.7	12.1	11.6	12.5	14.0	14.2
Number of customers	9,608	9,740	9,955	10,100	10,256	10,521	10,655	10,775	10,908	10,989
Wastewater										
Average daily wastewater treated (millions of gallons)	2.9	2.8	2.8	2.7	2.9	2.7	2.7	3.0	2.9	2.7
Solid waste										
Refuse collected (tons per day)	117	121	124	133	118	114	109	105	101	102
Recyclables collected (tons per day)	13	15	16	15	16	18	18	18	17	17
Bus										
Total passengers <sup>2</sup>	51,988	59,765	93,842	122,000	120,980	131,790	107,105	95,857	75,116	76,097
<b>PUBLIC HEALTH ACTIVITIES</b>										
Animal control <sup>1</sup>										
Total incidents	N/A	1,915	1,901	1,778	2,262	2,214	2,230	2,259	2,393	2,645
Citations	N/A	314	280	217	433	479	432	348	316	310

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

(2 of 2)

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>CULTURE AND RECREATION</b>										
Swimming pool										
Swimming pool attendance	17,215	20,549	17,099	19,161	19,924	25,983	21,370	22,843	25,728	26,053
Civic Center										
Events	175	171	172	188	177	148	169	166	220	172
Tickets sold	5,905	8,682	6,994	6,790	7,342	3,205	3,514	2,081	5,543	11,532
<b>COMMUNITY DEVELOPMENT</b>										
Building										
Residential permits, new construction	110	111	122	84	58	91	114	112	112	87
Number of units	153	168	183	143	80	107	176	172	172	132
Value of permits (in thousands)	\$ 19,237	\$ 24,246	\$ 32,698	\$ 27,831	\$ 17,571	\$ 18,405	\$ 26,546	\$ 24,598	\$ 25,109	\$ 23,243
Residential permits, addition/remodel	59	66	54	95	93	102	103	72	54	116
Value of permits (in thousands)	\$ 1,327	\$ 1,178	\$ 2,070	\$ 3,338	\$ 2,866	\$ 2,260	\$ 2,390	\$ 1,836	\$ 1,719	\$ 2,579
Commercial permits, new construction	23	24	30	24	26	19	26	14	26	30
Value of permits (in thousands)	\$ 21,498	\$ 14,643	\$ 37,996	\$ 22,834	\$ 23,509	\$ 44,747	\$ 30,256	\$ 19,597	\$ 30,918	\$ 23,740
Commercial permits, addition/remodel	91	101	116	122	99	129	145	128	96	105
Value of permits (in thousands)	\$ 19,326	\$ 42,368	\$ 21,232	\$ 17,914	\$ 27,248	\$ 16,968	\$ 21,568	\$ 19,594	\$ 15,382	\$ 14,417
Planning										
Conditional use permits	18	19	17	12	8	1	1	4	5	1
Zone changes	6	9	11	8	5	6	3	3	7	5
Zoning ordinance amendments	8	2	-	-	4	1	-	-	-	-
Annexation and pre-zoning	14	14	11	10	85	3	4	4	5	8
Major subdivision	8	16	8	9	4	4	4	3	2	1
Minor subdivision	11	7	11	8	3	2	3	2	1	1
Amended plat	21	21	23	19	25	20	14	11	21	14
Board of adjustment variances	-	-	32	32	19	19	9	7	7	2

Source: City of Helena

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

<sup>2</sup> A downtown trolley route was operated during 2006-2009, and a commuter route during 2009. Both these routes have been discontinued.

N/A - Not available.

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

<b>FUNCTION/PROGRAM</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>PUBLIC SAFETY ACTIVITIES</b>										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	31	34	34	34	37	39	38	38	38	36
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire response trucks	15	17	17	18	19	19	18	19	17	17
<b>PUBLIC WORKS</b>										
Streets (miles)	178.0	203.3	207.4	233.5	245.4	253.8	264.8	266.7	267.3	268.6
Lights <sup>1</sup>	2,952	2,937	2,993	3,058	3,401	3,401	3,478	3,526	3,562	3,562
Stormwater mains (miles)	31	36.1	48.9	89.2	92.0	96.0	98.8	100.7	103.4	106.2
Water										
Water mains (miles)	204.0	206.5	210.3	212.5	219.0	222.5	223.7	227.6	227.8	230.1
Fire hydrants	1,311	1,376	1,501	1,568	1,576	1,638	1,649	1,650	1,658	1,666
Storage capacity (in millions of gallons)	N/A	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Wastewater mains (miles)	165.0	157.5	171.2	175.7	175.3	175.6	180.7	185.2	185.8	186.6
Solid waste - collection trucks	19	19	20	20	20	20	20	20	20	19
Bus - buses	9	8	17 <sup>2</sup>	17	18	20	18	17	19	19
<b>CULTURE AND RECREATION</b>										
Number of parks	56	57	57	58	58	63	63	63	89 <sup>3</sup>	89
Acreage	2,177	2,179	2,179	2,187	2,334	2,349	2,349	2,399	2,320 <sup>3</sup>	2,320

Source: City of Helena

<sup>1</sup> 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.

<sup>2</sup> The increase is due to the use of six buses that belong to Rocky Mountain Development Council for Head Start and one bus owned by the Rocky Mountain Development Council. The City took over these bus services as the State of Montana wanted to centralize bus service programs.

<sup>3</sup> The Parks Department is working on a project to identify all city owned park land. As this project progresses, numbers will fluctuate as they become more accurate.

N/A - Not available

**City of Helena, Montana**  
**THE WATER SYSTEM** <sup>1</sup>  
*June 30, 2014*

<b>Historical Water System Connections Last Five Fiscal Years</b>
---

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>	<u>Total Customers</u>
2010	7,936	2,585	10,521
2011	8,042	2,613	10,655
2012	8,139	2,636	10,775
2013	8,237	2,671	10,908
2014	8,291	2,698	10,989

<b>Water System Rate Structure</b>
------------------------------------

	<u>Residential (Single Family Residence)</u>	<u>Commerical (Commercial and Multi-Family)</u>
Base Rate	\$ 2.52	\$ 4.06
Per 100 Cubic feet Water	2.85	2.85

<b>Major Water System Users</b>
---------------------------------

<u>User</u>	<u>Water Charges</u>	<u>Percent of Total Water Revenues</u> <sup>2</sup>
State of Montana	\$365,356	5.55 %
City of Helena	262,805	3.99
Helena School District #1	89,068	1.35
St. Peter's Hospital	78,950	1.20
Helena Housing Authority	74,665	1.13
Fort Harrison Vets Center	50,542	0.77
Carroll College	43,408	0.66
Helena Colonial, LLC	27,221	0.41
Lifestyle Mobile Home Court	24,581	0.37
Crichton Properties, LLC	24,042	0.37
	<u>\$1,040,638</u>	<u>15.80 %</u>

Source: The City of Helena

<sup>1</sup> This schedule is included to comply with requirements of our water bonds.

<sup>2</sup> Water revenue equals total operating revenue of the Water fund.

**City of Helena, Montana**  
**THE WASTEWATER SYSTEM** <sup>1</sup>  
*June 30, 2014*

<b>Historical Wastewater System Connections Last Five Fiscal Years</b>
--

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>	<u>Total Customers</u>
2010	7,728	2,351	10,079
2011	7,830	2,384	10,214
2012	8,013	2,465	10,478
2013	8,110	2,512	10,622
2014	8,178	2,549	10,727

<b>Wastewater System Rate Structure</b>
---

	<u>Basic Monthly Rates</u>	<u>Surcharge Rates</u>
Base Rate	\$ 4.96	\$ 1.46
Per 100 Cubic feet Water	2.20	0.41

<b>Major Wastewater System Users</b>
--------------------------------------

<u>User</u>	<u>Wastewater Charges</u>	<u>Percent of Total Wastewater Revenues</u> <sup>2</sup>
State of Montana	\$204,128	4.84 %
St. Peter's Hospital	67,448	1.60
McHugh Mobile Home Park	53,682	1.27
Helena Housing Authority	48,907	1.16
Fort Harrison VA Medical Center	47,798	1.13
Carroll College	37,921	0.90
Helena School District #1	37,877	0.90
Lee Reynold's Mobile Home Park	25,861	0.61
Helena Colonial, LLC	25,118	0.60
Crichton Properties LLC	20,992	0.50
	<u>\$569,732</u>	<u>13.51 %</u>

Source: The City of Helena

<sup>1</sup> This schedule is included to comply with requirements of our wastewater bonds.

<sup>2</sup> Wastewater revenue equals total operating revenue of the Wastewater fund.

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

	2010	2011	2012	2013	2014
Beginning balance - July 1	\$ 1,159,133	\$ 836,948	\$ 583,916	\$ 358,734	\$ 122,997
Receipts over disbursements <sup>2</sup>	(322,185)	(253,032)	(225,182)	(235,737)	(16,216)
Ending balance - June 30	<u>\$ 836,948</u>	<u>\$ 583,916</u>	<u>\$ 358,734</u>	<u>\$ 122,997</u>	<u>\$ 106,781</u>
<b>Assets:</b>					
Cash	\$ 679,550	\$ 484,766	\$ 264,020	\$ 26,295	\$ 27,249
Certificates of deposit	102,476	74,042	43,512	3,765	1,201
Assessments receivable	1,357	1,308	-	-	-
Warrants	33,953	25,108	51,202	92,937	78,331
Land held for resale	19,854	-	-	-	-
Total assets	<u>837,190</u>	<u>585,224</u>	<u>358,734</u>	<u>122,997</u>	<u>106,781</u>
<b>Liabilities:</b>					
Deferred revenues	242	1,308	-	-	-
Total liabilities	<u>242</u>	<u>1,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>					
Nonspendable	19,854	-	-	-	-
Restricted	817,094	583,916	358,734	122,997	106,781
Total fund balance	<u>836,948</u>	<u>583,916</u>	<u>358,734</u>	<u>122,997</u>	<u>106,781</u>
Total liabilities and fund balances	<u>\$ 837,190</u>	<u>\$ 585,224</u>	<u>\$ 358,734</u>	<u>\$ 122,997</u>	<u>\$ 106,781</u>

Source: The City of Helena

<sup>1</sup> This information is provided to satisfy reporting requirements for our special improvement district bonds.

<sup>2</sup> The negative change in fund balance is due to the City using cash reserves in excess of bond requirements to provide capital replacement funds for governmental functions for many years.

**City of Helena, Montana**  
**SPECIAL IMPROVEMENT DISTRICTS REVOLVING FUND <sup>1</sup>**  
**CASH BALANCE AND OUTSTANDING BONDS SECURED THEREBY**  
*Last Ten Fiscal Years*

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Fiscal Year	Revolving Fund Ending Cash and Investment Balances	Principal Amount of Bonds and Warrants	Percentage
2005	\$ 1,774,950	\$ 2,698,801	65.77%
2006	1,634,711	2,317,557	70.54%
2007	1,388,360	1,922,949	72.20%
2008	1,190,703	1,766,607	67.40%
2009	1,095,607	1,306,509	83.86%
2010	782,026	940,790	83.12%
2011	558,808	675,108	82.77%
2012	307,532	486,202	63.25%
2013	122,997	377,937	32.54%
2014	106,781	442,008	24.16%

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

Source: City of Helena

**City of Helena, Montana**  
**BUREAU OF CENSUS SUPPLEMENTAL SCHEDULE**  
*Fiscal Year Ended June 30, 2014*

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**Intergovernmental expenditures made to governments on a cost-sharing basis**

Purpose	Amount
None	\$ -

**Gross wages paid** \$17,443,037

**Debt outstanding**  
**Long-term debt outstanding, issued and retired**

Purpose	Bonds Outstanding			Outstanding as of June 30, 2014	
	July 1, 2013	Issued	Retired	General Obligation	Revenue bonds
Water utility	\$ 5,484,000	\$ -	\$ 358,000	\$ -	\$ 5,126,000
Sewer utility	5,988,000	-	653,000	-	5,335,000
All other	9,245,000	-	640,000	8,605,000	-
	\$ 20,717,000	\$ -	\$ 1,651,000	\$ 8,605,000	\$ 10,461,000

**Other long-term debt**

Type	July 1, 2013	June 30, 2014
Special improvement district bonds	\$ 285,000	\$ 225,000
Certificates of participation	8,545,000	8,360,000
Loans payable	1,366,317	1,125,518
	\$ 10,196,317	\$ 9,710,518

**Cash balances by fund type**

Type of funds	Amount
General	\$ 4,521,819
Special revenue	9,061,747
Debt service	1,818,923
Capital project	2,169,718
Enterprise	17,693,992
Internal services	1,453,539
Trust and agency	27,151
	\$36,746,889

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**Section K**

**SINGLE AUDIT SECTION**



GALUSHA  
HIGGINS  
& GALUSHA<sup>PC</sup>  
EST. 1919

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

To the Board of City Commissioners  
City of Helena, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and budgetary comparisons (for general and street funds) of the City of Helena, Montana (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2014.

***Internal Control over Financial Reporting***

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

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

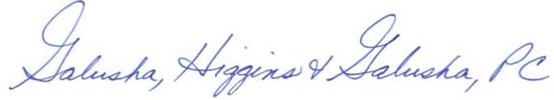
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in blue ink that reads "Galusha, Higgins & Galusha, PC". The signature is written in a cursive, flowing style.

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

Helena, Montana  
December 8, 2014



GALUSHA  
HIGGINS  
& GALUSHA<sup>PC</sup>  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of City Commissioners  
City of Helena, Montana

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Helena, Montana (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

Helena, Montana  
December 8, 2014

**City of Helena, Montana**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2014*

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

---

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	_____ x _____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ x _____ no

Federal Awards

---

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ x _____ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	_____ x _____ none reported
Are there any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133?		
	_____ yes	_____ x _____ no

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
---	-------------------

Identification of major programs:

CFDA Number:	Program Title
20.509	Formula Grants for Rural Areas
20.513 / 20.516 / 20.521	Transit Services Programs Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee?	_____ x _____ yes	_____ no
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**City of Helena, Montana**  
**SUMMARY OF AUDIT FINDINGS AND PRIOR AUDIT FINDINGS**  
*Year Ended June 30, 2014*

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings related to compliance with grant requirements that are required to be reported in accordance with *Government Auditing Standards*.

**SECTION IV - CURRENT STATUS OF PRIOR YEAR FINDINGS**

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

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**City of Helena, Montana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the fiscal year ended June 30, 2014*

(1 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through Montana Department of Commerce</b>			
<b>Community Development Block Grant - State-Administered CDBG Cluster</b>			
14.228	Community Development Block Grants/State's program	MT-CDBG-11PF-03	\$ 44,218
14.228	Community Development Block Grants/State's program	MT-CDBG-12HR-01	22,047
<b>Total Community Development Block Grant - State-Administered CDBG Cluster</b>			<u>66,265</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>66,265</u>
<b>U.S. Department of Justice</b>			
16.607	Bulletproof Vest Partnership Program	OMB# 1121-0235	5,731
<b>JAG Program Cluster:</b>			
16.738	Edward Byrne Memorial Justice Assistance Grant	2013-DX-BX-1168	35,239
<b>Passed through Gallatin County</b>			
16.738	Edward Byrne Memorial Justice Assistance Grant		36,275
<b>Total JAG Program Cluster:</b>			<u>71,514</u>
<b>Passed through City of Billings</b>			
16.543	Missing Children's Assistance	2013-MC-FX-K025	20,685
<b>Passed through Montana Board of Crime Control</b>			
16.588	Violence Against Women Formula Grant	13-W02-91428	49,627
<b>Total U.S. Department of Justice</b>			<u>147,557</u>
<b>U.S. Department of Transportation</b>			
<b>Passed through Montana Department of Transportation</b>			
<b>Highway Planning and Construction Cluster:</b>			
20.205	Highway Planning and Construction	STPE 5899(39) & STPE5899(40)	12,164
20.205	Highway Planning and Construction		63,383
<b>Total Highway Planning and Construction Cluster:</b>			<u>75,547</u>
20.509	Formula Grants for Rural Areas	107060	673,445
20.509	Formula Grants for Rural Areas	107061	27,250
20.509	Formula Grants for Rural Areas	107567	31,911
20.515	State Planning and Research	106686	1,954
<b>Total Other Montana Department of Transportation</b>			<u>734,560</u>
<b>Transit Services Program Cluster:</b>			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	107178	73,179
20.516	Job Access and Reverse Commute Program	107396	40,783
20.521	New Freedom Program	106475	12,375
20.521	New Freedom Program	107374	36,034
<b>Total Transit Services Program Cluster</b>			<u>162,371</u>
<b>Highway Safety Cluster:</b>			
20.600	State and Community Highway Safety	107276	8,141
20.600	State and Community Highway Safety	107362	173
20.600/20.601	Occupant Protection Incentive Grant	106725	5,500
<b>Total Highway Safety Cluster</b>			<u>13,814</u>
<b>Passed through Montana Department of Military Affairs, Disaster and Emergency Services</b>			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0297-12-01-00	8,027
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0336-13-01-00	5,950
<b>Total U.S. Department of Transportation</b>			<u>1,000,270</u>

See Accompanying Notes to Schedule.

**City of Helena, Montana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
*For the fiscal year ended June 30, 2014*

(2 of 2)

Federal CFDA Number	Grantor Program Title	Grant/Contract Number	Federal Expenditures
<b><u>National Endowment for the Humanities</u></b>			
45.129	Promotion of the Humanities-Federal/State Partnership	13R060	1,000
<b>Total National Endowment for the Humanities</b>			<b>1,000</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
<b>Passed through Rocky Mountain HIDTA</b>			
93.276	Drug-Free Communities Support Program	G12RM0036 & G13RM0036	6,255
<b>Passed through National Recreation and Park Association</b>			
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		6,198
<b>Total U.S. Department of Health and Human Services</b>			<b>12,453</b>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed through Montana Department of Military Affairs, Disaster and Emergency Services</b>			
97.047	Pre-Disaster Mitigation	DR-1767-P-2-R	43,160
97.047	Pre-Disaster Mitigation	PDMC-PJ-08-MT-2008-006	110,471
97.067	Homeland Security Grant Program	EMW-2012-SS-00143-S01	56,903
97.067	Homeland Security Grant Program	EMW-2013-SS-00064	35,308
97.067	Homeland Security Grant Program	EMW-2013-SS-00064	50,796
97.067	Homeland Security Grant Program	EMW-2012-SS-00143-S01	20,512
<b>Total U.S. Department of Homeland Security</b>			<b>317,150</b>
<b>Total All Grants</b>			<b>\$ 1,544,695</b>

OF THE FEDERAL EXPENDITURES PRESENTED IN THE SCHEDULE, THE CITY OF HELENA PROVIDED FEDERAL AWARDS TO SUBRECIPIENTS AS FOLLOWS:

Federal CFDA Number	Grantor Program Title	Subrecipient	Amount Provided to Subrecipients
14.228	Community Development Block Grants/State's program	Intermountain Children's Home	\$ 44,218
14.228	Community Development Block Grants/State's program	Westmont	22,047
16.738	Edward Byrne Memorial Justice Assistance Grant	Lewis and Clark County	17,620
20.521	New Freedom Program	Rocky Mountain Development Council	48,409
<b>Total</b>			<b>\$ 132,293</b>

See Accompanying Notes to Schedule.

**City of Helena, Montana**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
*June 30, 2014*

---

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying schedule is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than US GAAP and is a different basis of accounting than the general-purpose financial statements. Accordingly, expenditures are recognized when disbursed. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - RESTATEMENTS**

The prior year schedule overstated expenditures by \$14,436 for CFDA number 97.047 and understated expenditures by \$834 and \$5,502 for CFDA number 10.680 and 16.588, respectively.