



**CITY
OF
MISSOULA, MONTANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
AUDIT
FOR FISCAL YEAR ENDED JUNE 30, 2007**



Downtown Missoula turn of the Century



CITY OF MISSOULA, MONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2007



Downtown Missoula circa 1945

Prepared by the Finance Department
of the
City of Missoula, Montana
435 Ryman, Missoula, Montana 406-552-6110

CITY OF MISSOULA, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION



FINANCE DEPARTMENT

Budget and Analysis
Treasury
Finance and Debt Management
Accounting/Utility Billing
435 Ryman Street, Missoula, Montana 59802 (406) 552-6107 FAX (406) 327-2217

DATE: December 20, 2007

TO: Mayor John Engen
City Council
Citizens of Missoula

RE: Annual Financial Statements

We are pleased to submit the audited Financial Statements of the City of Missoula, the financial reporting entity, for the fiscal year ended June 30, 2007. This report presents comprehensive financial and operating information about the City's activities that is useful to taxpayers, citizens, and other interested parties. The report includes all funds and account groups of the City of Missoula, the primary government. The Finance Department staff prepares the City's financial statements and is responsible for their integrity and objectivity. These statements are considered to present the City's financial position and results of operations fairly and consistently. The report has been prepared in accordance with generally accepted accounting principles for governments. These statements necessarily include some amounts that are based on our best estimates and professional judgments. We encourage readers to refer to the Management's Discussion and Analysis section of the report for a more complete overview and analysis of the City's financial activities.

Because the City receives federal grants, it is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the single audit, including the Schedule of Federal Financial Assistance and the auditors' reports on the internal controls and compliance of the applicable laws and regulations are included in the single audit section of this report.

CITY OF MISSOULA PROFILE

The City was originally incorporated in 1883 and re-incorporated in 1889. It operates under the Mayor-Council form of government and provides a wide range of municipal services including police, fire, recreation, public works improvements and general administration services. Wastewater treatment services are accounted for in an enterprise fund. Private firms provide garbage, water, electric and gas services. The Missoula Parking Commission and Missoula Redevelopment Agency are included in this report as component units. Component units are legally separate entities for which the primary government is financially accountable. All retirement plans are handled by state agencies. Planning, Library and the Health Department are joint City/County agencies that are administered by Missoula County so they are included in the County's annual report, with only the City's contribution to these entities appearing in these statements. The Missoula Housing Authority does not meet the criteria for inclusion in this report.

The City of Missoula maintains budgetary controls, the object of which is to ensure compliance with the legal provisions embodied in the annual budget adopted by the City Council each summer. Budgets are legally required and prepared for all of the City's funds. The legal level of budgetary control is established at the fund level.

ECONOMIC CONDITION AND OUTLOOK

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's forecasts contained in the Spring 2007 issue of the Montana Business Quarterly relating to Missoula and Missoula County are restated below.

Missoula is the second largest trade and service center in the state and the dominant trade center in Western Montana. Like Billings, the Missoula retail industry is being challenged by the opening of "big box" and other specialized retailers in smaller communities. But Missoula's trade center-service industries (such as health care and

business and professional services) continue to grow and expand. Newly released Census Bureau data show the 2005 Missoula median home price was \$204,000, just behind Gallatin County. Missoula home prices increased 11.3 percent from late 2005 to late 2006, slightly less than the statewide average but greater than the nationwide figure. See graphic below. The 2001-2004 date report that the fastest-growing basic industries were in state government (mostly research at UM), the federal government, and non-resident travel.

Table 1
Median Value, Owner Occupied Homes, 2005

| | |
|--------------------|-----------|
| Montana | \$131,600 |
| Cascade County | \$112,600 |
| Flathead County | \$183,000 |
| Gallatin County | \$216,900 |
| Missoula County | \$204,000 |
| Yellowstone County | \$133,300 |

Source: U.S. Census Bureau.

Table 2
Index of Single-Family Home Prices, Annual Percent Change

| | Missoula County | Cascade County | Yellowstone County | Montana | United States |
|-----------------|-----------------|----------------|--------------------|---------|---------------|
| 2005Q3 - 2006Q3 | 11.3 | 13.2 | 6.3 | 12.9 | 7.7 |
| 2004Q3 - 2005Q3 | 10.1 | 8.1 | 10.9 | 12.7 | 12.7 |
| 2003Q3 - 2004Q3 | 13.7 | 5.0 | 9.7 | 11.3 | 12.7 |

Source: U.S. Office of Federal Housing Oversight.

The Bureau projects that Missoula County population will increase 1.2% per year between 2005 – 2010—double the percentage increase of the state as a whole. See the Bureau’s chart below.

Table 3
Population, Montana and Regions, 1990-2010

| | Thousands of Persons | | | | Average Annual Percent Change | | |
|-----------------------|----------------------|------|-----------|------|-------------------------------|-----------|-----------|
| | 1990 | 2000 | Projected | 2010 | 1990-2000 | 2000-2005 | 2005-2010 |
| Montana | 800 | 902 | 936 | 974 | 1.2% | 0.7% | 0.8% |
| West | 335 | 400 | 416 | 445 | 1.8% | 0.8% | 1.4% |
| Missoula | 79 | 95 | 100 | 106 | 1.9% | 1.0% | 1.2% |
| Flathead | 60 | 75 | 83 | 90 | 2.3% | 2.0% | 1.6% |
| Silver Bow | 34 | 35 | 33 | 37 | 0.3% | -1.2% | 2.3% |
| Lewis and Clark | 48 | 56 | 58 | 61 | 1.5% | 0.7% | 1.0% |
| Ravalli | 25 | 36 | 40 | 43 | 3.7% | 2.1% | 1.5% |
| Rest of West | 89 | 103 | 102 | 108 | 1.5% | -0.2% | 1.1% |
| North-Central | 181 | 183 | 183 | 184 | 0.1% | 0.0% | 0.1% |
| Cascade | 78 | 80 | 80 | 82 | 0.3% | 0.0% | 0.5% |
| Hill | 18 | 17 | 16 | 17 | -0.6% | -1.2% | 1.2% |
| Fergus | 12 | 12 | 12 | 13 | 0.0% | 0.0% | 1.6% |
| Rest of North-Central | 73 | 74 | 75 | 72 | 0.1% | 0.3% | -0.8% |
| Southeast | 284 | 319 | 337 | 345 | 1.2% | 1.1% | 0.5% |
| Yellowstone | 114 | 128 | 137 | 145 | 1.2% | 1.4% | 1.1% |
| Gallatin | 51 | 68 | 78 | 86 | 2.9% | 2.8% | 2.0% |
| Richland | 11 | 10 | 9 | 11 | -0.9% | -2.1% | 4.1% |
| Custer | 12 | 12 | 11 | 12 | 0.0% | -1.7% | 1.8% |
| Rest of Southeast | 96 | 101 | 102 | 91 | 0.5% | 0.2% | -2.2% |

Sources: Bureau of the Census, U.S. Department of Commerce; Bureau of Business and Economic Research, The University of Montana-Missoula.

MAJOR INITIATIVES

Over this past year a number of major projects were either initiated or completed. These included:

- An \$8,100,000 aquatics bond issue (for new pools and spray-decks) was approved by the voters in the November 2003 election and bonds were sold in the spring of 2004. Engineering design for construction was completed in early FY- 2005 and construction begun on the \$12.4 million aquatics project, utilizing multiple funding sources that included the debt proceeds from an \$8.1 million voted general obligation bond. This project was designed to replace aging pools at two different sites and splash decks in four other parks

throughout the City. All of these facilities were ready for use in use by the beginning of FY 2007 (summer of 2006).

- \$6,973,249 of street improvements was completed in FY 2007.
- A new city council chamber and new offices for the City's redevelopment agency were constructed by remodeling space located at 140 West Pine.
- The City began construction on a new Fire Station (#5) in FY06 in Southwest Missoula to accommodate the growth of the City in this area. This station was approved for construction in a voter approved General Obligation bond issue in the Fall of 2005 along with the remodel of two older fire stations. The new fire station was completed and occupied in FY 2007. An additional maintenance bay was also added to fire station #4 in FY 2007.
- The City also recently received an improved credit rating from Standard & Poors for its financial management assessment (FMA) which resulted in an FMA of "strong", the highest rating a City can receive from Standard & Poors, the city's credit rating agency. The city's credit rating is an integral component in financing infrastructure projects.
- Standard & Poors has this to say about the City's "strong" FMA assessment:"A Financial Management Assessment of 'strong' indicates that practices are strong, well embedded, and likely sustainable. The government maintains most 'best practices' deemed critical to supporting credit quality and these are well embedded in the government's daily operations and practices. Formal policies support many of these activities, adding to the likelihood that these practices will be continued into the future and transcend changes in the operating environment or personnel."
- Standard & Poor's has established an analytical methodology that evaluates established and ongoing management practices and policies in the seven areas most likely to affect credit quality. These areas are:
 - Revenue and expenditure assumptions
 - Budget amendments and updates
 - Long term financial planning
 - Long term capital planning
 - Investment management policies
 - Debt management policies
 - Reserve and liquidity policies
- The City of Missoula was evaluated as having superior policies and practices in all of the areas above.
- The City recently completed a very successful refunding (refinance) of three older voted general obligation bond issues (\$4,355,000) that will save the City's taxpayers approximately \$27,000 per year for the next ten years. This refunding coupled with an equally successful bond sale of \$1,860,000 of General Fund debt (saving \$12,000 per year for the next twenty years) will provide ongoing savings of nearly \$40,000 per year for many years into the future.
- Since fiscal year 2003, the city has made a conscious effort to rebuild the General Fund balance. At the end of the current fiscal year, the total fund balance of the General Fund was \$2,124,659 compared to \$1,011,574 at year end in FY 2003. This ending fund balance represented nearly six percent of total General Fund expenditures. The current year budget (FY 2008) anticipates an ending General Fund balance of \$2,300,000. The City's goal is to target a fund balance equal to seven percent of the General Fund expenditures, which would equal approximately \$2,700,000 based on the level of expenditures for FY 2008.

For the Future

- Over the Fall of 2007, the City is extending the sewer from North Grove Street (near River Road) south to the intersection with Third Street and then west on Third Street to the intersection of Tower with Third. This project will also assist the extension of Mountain Water west along Third Street, thus enabling many subdivision projects to get started in the western part of Missoula.
- The City's Parks and Recreation Department is working in cooperation with the competitive swim community to build a 50 meter pool at Playfair Park to replace the old 50 meter pool at McCormick Park, which was removed in the fall of 2006. This pool is under construction in the fall of 2007 and is slated to open in the spring of 2008.
- The City Police Department is preparing to request voter referendum approval to support the construction of a new 30,000 square foot public safety facility. This expansion is needed to accommodate public safety needs as the city continues to grow.

AWARDS

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 Missoula for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the tenth consecutive year that the City of Missoula has received 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 our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration.

CONCLUSION

The City of Missoula is in stable financial condition in spite of limitations placed on the growth of property tax revenues. The 1997 state legislature passed Senate Bill 195, which restricts increases in taxable valuation due to increasing property values. Only new construction or newly annexed areas can significantly increase taxable valuation. This area of property taxation was addressed again by the 1999 Legislature, which made numerous changes to the way in which property is valued and taxed in Montana. The Legislature did provide for some replacement revenue for property tax revenue sources that were reduced. In addition, local governments were given the ability to levy the additional mills necessary to generate the same revenue as in the previous year. Careful budgeting and control of expenditures by departments have continued to pay off for the City. The City has annexed contiguous areas in recent years that are of an urban nature. These annexations have expanded the tax base and to some degree expanded costs. Sewer service is being extended to cover more of the developed area with the intent of protecting our aquifer. The City has been prudent in the use of year-end cash balances, but the restriction on property tax levy increases has been challenging.

ACKNOWLEDGEMENTS

I want to express my sincere appreciation to Beckie Christiaens, Assistant Finance Director/Controller, and the Finance Office staff for their excellent work and support in preparing this report.

Respectfully submitted:



Brent Ramharter
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Missoula
Montana

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

A handwritten signature of Linda Shan.

President



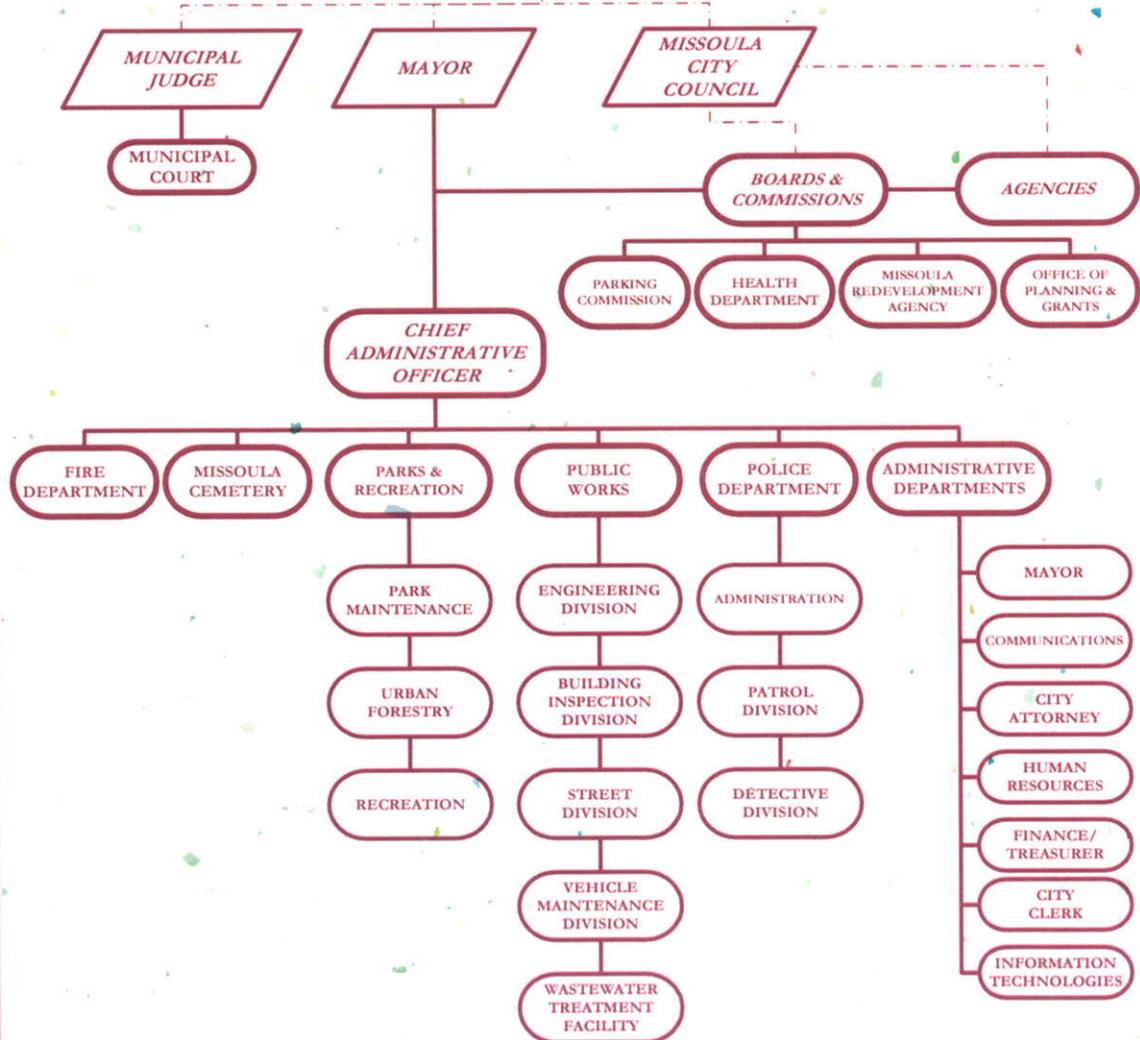
A handwritten signature of Jeffrey P. Ecker.

Executive Director

CITY OF MISSOULA



CITIZENS OF THE CITY OF MISSOULA



DENOTES ELECTED
OFFICIALS



ELECTED OFFICIALS

MAYOR, John Engen

MUNICIPAL COURT JUDGE, Donald J. Louden

ALDERPERSONS FIRST WARD

Term Expires First Monday in

| | |
|-----------------|------|
| Dave Strohmaier | 2010 |
| Heidi Kendall | 2008 |

ALDERPERSONS THIRD WARD

Term Expires First Monday in

| | |
|-----------|------|
| Bob Jaffe | 2010 |
| Stacy Rye | 2008 |

ALDERPERSONS FIFTH WARD

Term Expires First Monday in

| | |
|-------------|------|
| Dick Haines | 2010 |
| Jack Reidy | 2008 |

ALDERPERSONS SECOND WARD

Term Expires First Monday in

| | |
|------------------|------|
| John Hendrickson | 2010 |
| Don Nicholson | 2008 |

ALDERPERSONS FOURTH WARD

Term Expires First Monday in

| | |
|--------------|------|
| Jerry Ballas | 2008 |
| Jon Wilkins | 2010 |

ALDERPERSONS SIXTH WARD

Term Expires First Monday in

| | |
|----------------|------|
| Ed Childers | 2008 |
| Marilyn Marler | 2010 |

ADMINISTRATIVE OFFICIALS

BRUCE BENDER, Chief Administrative Officer

TOM STEENBERG, Fire Chief

JAMES P. NUGENT, City Attorney

RUSTY WICKMAN, Police Chief

BRENT RAMHARTER, Finance Director/Treasurer

ELLEN BUCHANAN, Director, Missoula Redevelopment Agency

MARTHA L. REHBEIN, City Clerk

GAIL VERLANIC, Human Resources Director/EEO Officer

DAVID BORING, Information Network Manager

STEVE KING, Director, Public Works

KEVIN SLOVARP, City Engineer

BRIAN HENSEL, Superintendent, Street Division

DON VERRUE, Building Official, Building Division

STARR SULLIVAN, Superintendent, Wastewater Treatment Division

JACK STUCKY, Superintendent, Vehicle Maintenance Division

DONNA GAUKLER, Director, Parks & Recreation

DOUG WATERS, Director, Missoula Cemetery

ROGER MILLAR, Director, Office of Planning & Grants

ANNE GUEST, Director, Parking Commission

ELLEN LEAHY, Director, City/County Health Department

HONORE BRAY, Director, City/County Library



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Missoula
Missoula, Montana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Missoula, Montana, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Missoula's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Missoula, Montana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our December 20, 2007, on our consideration of the City of Missoula's internal control over financial reporting and 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 compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Missoula, Montana's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Missoula, Montana. The schedule of expenditures of federal awards and the combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been audited by us and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Anderson Zurell Mueckler & Co., P.C." The signature is fluid and cursive, with "Anderson" and "Zurell Mueckler" on the first line and "& Co., P.C." on the second line.

Missoula, Montana
December 20, 2007



MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The City of Missoula (the City) offers the readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements, which begin on pages i and 11 of this report, respectively. Certain comparative information between the current year and the prior year is also presented.

Financial Highlights

- The assets of the City of Missoula exceeded its liabilities at the close of the most recent fiscal year by \$ 186,656,296 (*net assets*). Of this amount, \$ 22,615,200 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's total governmental funds reported combined ending fund balances of \$ 7,116,514. The special revenue funds had an unreserved fund balance of \$1,462,685, which is *available for spending* at the government's discretion (*unreserved fund balance*), while \$3,007,558 of fund balance for debt service funds is restricted for debt payments.
- At the end of the current fiscal year, the total fund balance of the General fund was \$2,124,659 which represented six percent of total General Fund expenditures. The unreserved portion of the fund balance was \$1,365,053.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Missoula's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information in addition to the basic financial statements is included at the end of the financial section.

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

The *Statement of Net Assets* presents information on all of the City of Missoula's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Missoula is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 expenses 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).

Both of the government-wide financial statements distinguish functions of the City of Missoula that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, streets, public health, culture and recreation, social and economic services, housing and community development and public safety. The business-type activities of the City include a sewer utility.

The government-wide financial statements include not only the City of Missoula itself (known as the *primary government*), but also a legally separate redevelopment authority (Missoula Redevelopment Authority) and a legally separate parking commission (Missoula Parking Commission) for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government.

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 of Missoula, 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 of Missoula 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 of Missoula maintains one hundred 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 the one debt service fund, all of which are considered to be major funds. Data from the other ninety seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining schedules* elsewhere in this report.

The City of Missoula adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The General Fund is the only major fund required to present budget information in this report. The City of Missoula maintains budgetary control at the fund level. Budget to actual schedules are provided under the supplemental section.

Proprietary Funds. The City of Missoula 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 sewer utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Missoula's various functions. The City of Missoula uses an internal service fund to account for the health benefit plan. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer utility and for the health benefit plan, the sewer utility is considered to be a major fund of the City of Missoula.

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 statement because the resources of those funds are *not* available to support the City of Missoula's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

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 on pages 25-58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found beginning on pages 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately after the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Missoula, assets exceeded liabilities by \$ 186,656,296 at the close of the most recent fiscal year.

By far the largest portion of the City of Missoula's net assets (87 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Missoula uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Missoula's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MISSOULA'S NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current & Other Assets | \$ 26,044,400 | \$ 24,028,545 | \$ 5,728,562 | \$ 6,384,115 | \$ 31,772,962 | \$ 30,412,660 |
| Non-Current Capital Assets | 143,215,043 | 129,449,803 | 74,245,025 | 72,156,715 | 217,460,068 | 201,606,518 |
| Total Assets | \$ 169,259,443 | \$ 153,478,348 | \$ 79,973,587 | \$ 78,540,830 | \$ 249,233,030 | \$ 232,019,178 |
| Long-term Liabilities | | | | | | |
| Current Liabilities | \$ 7,220,431 | \$ 10,167,131 | \$ 1,319,465 | \$ 2,430,535 | \$ 8,539,896 | \$ 12,597,666 |
| Non-Other Liabilities | 38,115,140 | 16,099,459 | 15,921,698 | 15,270,565 | 54,036,838 | 31,370,024 |
| Total Liabilities | 45,335,571 | 26,266,590 | 17,241,163 | 17,701,100 | 62,576,734 | 43,967,690 |
| Net Assets: | | | | | | |
| Invested in capital assets, | | | | | | |
| net of related debt | 103,905,986 | 97,908,705 | 55,807,246 | 53,483,675 | 159,713,232 | 151,392,380 |
| Restricted | 3,007,558 | 3,602,376 | 1,320,306 | 1,303,028 | 4,327,864 | 4,905,404 |
| Unrestricted | 17,010,328 | 11,552,345 | 5,604,872 | 6,053,027 | 22,615,200 | 17,605,372 |
| Total Net Assets | \$ 123,923,872 | \$ 113,063,426 | \$ 62,732,424 | \$ 60,839,730 | \$ 186,656,296 | \$ 173,903,156 |

An additional portion of the City of Missoula's net assets (one percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$22,615,200) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Missoula is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Readers are encouraged to refer to the information provided in the Notes to the Financial Statements for more detailed information on the assets and long-term debt activity for the year.

Governmental activities: Governmental activity net assets increased by \$10,860,446 during the current fiscal year, mainly due to sustained increases in property taxes, intergovernmental revenue, capital grants and charges for service. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities: The business-type activity net assets increased by \$1,588,992 due to the substantial construction occurring at the City's sewer plant as it is being enlarged and upgraded. Developer contributions continued as a major revenue source for the Sewer Fund during the current fiscal year, producing \$802,854 in revenue. This increase is the direct result of increasing the City's sewer development charge from \$350 to \$1,450 per equivalent dwelling unit five years ago. These development fees, which are set significantly in excess of actual connection costs, must be used only for capital purposes.

CITY OF MISSOULA'S CHANGES IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,165,743 | \$ 7,658,546 | \$ 6,510,110 | \$ 6,620,032 | \$ 15,675,853 | \$ 14,278,578 |
| Operating grants & contributions | 1,789,208 | 2,986,691 | | | 1,789,208 | 2,986,691 |
| Capital grants & contributions | 7,785,160 | 3,594,855 | 848 | 827 | 7,786,008 | 3,595,682 |
| General revenues: | | | | | | |
| Property taxes for general purposes | 21,003,491 | 17,869,988 | | | 21,003,491 | 17,869,988 |
| Annexations & developer contributions | - | 4,935,983 | 1,207,664 | 775,800 | 1,207,664 | 5,711,783 |
| Intergovernmental revenue | 10,078,402 | 9,789,157 | | | 10,078,402 | 9,789,157 |
| Investment earnings | 695,655 | 203,490 | 330,545 | 63,237 | 1,026,200 | 266,727 |
| Miscellaneous | 959,284 | 517,530 | 2,337 | 2,886 | 961,621 | 520,416 |
| Gain or loss on sale of capital assets | (54,070) | - | 9,860 | - | (44,210) | - |
| Interfund Transactions | 233,065 | 224,539 | (233,065) | (224,539) | - | - |
| Total revenues | 51,655,938 | 47,780,779 | 7,828,299 | 7,238,243 | 59,484,237 | 55,019,022 |
| Primary Government: | | | | | | |
| Expenses: | | | | | | |
| General Government | 7,947,585 | 7,670,901 | - | - | 7,947,585 | 7,670,901 |
| Public Safety | 20,685,934 | 18,706,533 | - | - | 20,685,934 | 18,706,533 |
| Public Works | 3,102,523 | 6,019,601 | 6,239,307 | 6,084,445 | 9,341,830 | 12,104,046 |
| Public Health | 1,275,114 | 1,178,646 | - | - | 1,275,114 | 1,178,646 |
| Social and Economic Services | 165,849 | 138,564 | - | - | 165,849 | 138,554 |
| Culture and Recreation | 4,687,707 | 3,795,635 | - | - | 4,687,707 | 3,795,635 |
| Housing & Development | 1,416,594 | 1,391,082 | - | - | 1,416,594 | 1,391,082 |
| Conservation of Natural Resources | 296,617 | 169,228 | - | - | 296,617 | 169,228 |
| Miscellaneous | - | - | - | - | - | - |
| Interest Expense | 1,675,186 | 1,429,983 | - | - | 1,675,186 | 1,429,983 |
| Total Expenses | 41,253,109 | 40,500,183 | 6,239,307 | 6,084,445 | 47,492,416 | 46,584,628 |
| Change in net assets | 10,402,829 | 7,280,586 | 1,588,992 | 1,153,798 | 11,991,821 | 8,434,394 |
| Restatements | 457,617 | - | 303,702 | - | 761,319 | - |
| Ending Net Assets | \$ 123,923,872 | \$ 113,063,426 | \$ 62,732,424 | \$ 60,839,730 | \$ 186,656,296 | \$ 173,903,156 |

Financial Analysis of the Government's Funds

As noted earlier, the City of Missoula uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Missoula'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 of Missoula's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,116,514, an increase of \$4,731,323 in comparison with the prior year. The majority of this increase was in the capital project funds, as they were reimbursed during the summer and fall of 2007 when debt was issued to reimburse the City for carrying the costs of those projects until the financing could be completed. The capital construction funds were also increased by the debt proceeds received from the issuance of \$5.74 million of voted general obligation debt to build a new fire station (in southwest Missoula) and reconstruct two older fire stations. The special revenue funds had an unreserved fund balance of \$1,462,685, which is *available for spending* at the government's discretion (*unreserved fund balance*) while \$3,007,558 of debt service fund balance is reserved for debt payments.

The General Fund is the chief operating fund of the City of Missoula. At the end of the current fiscal year, the total fund balance of the General fund was \$2,124,659 which represented six percent of total General Fund expenditures. The unreserved portion of the fund balance was \$1,365,053. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. At the end of fiscal year 2007 the unreserved fund balance represented four percent of total General Fund expenditures. The fund balance of the City's General Fund increased by \$195,144 during the current fiscal year, mainly due to increased inventory levels and expenditure savings.

The debt service funds have a total fund balance of \$3,007,558 all of which is reserved for the payment of debt service.

Proprietary funds. The City of Missoula's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$5,604,872. The total growth in net assets for the Sewer Fund was \$1,588,992. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Missoula's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to an increase in budgeted appropriations of \$521,374, mainly due to the need to amend the budget for unexpected expenses incurred in fighting forest fires in the Missoula area that were reimbursed at a later date by the federal government.

Significant revenue differences between the final amended budget and actual results were mainly due to reflections in the market regarding business licenses and charges for services. Both of these areas had lower revenue receipts than originally projected. On the expenditure side the differences between the final budget and actual results were significant in the area of general government, public works, and culture and recreation. Much of this was due to vacancy savings and unspent department budgets.

Capital Asset and Debt Administration

Capital assets. The City of Missoula's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$215,814,760 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, streets, sidewalks, utilities and storm drain systems. More detailed disclosure on the City's capital assets is available in section III-E of the Notes to the Financial Statements. Major capital asset events during the current fiscal year included the following:

- A total of \$4,795,604 of new construction was completed on additional wastewater treatment facilities that included the extension of several sewer mains in the Rattlesnake valley and elsewhere in the city; construction of additional equipment storage space at the treatment plant; and completion of the solids handling centrifuge project at the plant.
- Construction was completed on the \$12.4 million aquatics project, utilizing multiple funding sources. This project was designed to replace aging pools at two different sites and splash decks in four other parks throughout the City.
- \$6,973,249 of street and bicycle/pedestrian improvements were completed in FY 2007, mainly for streets in new subdivisions throughout the city.

CITY OF MISSOULA'S CAPITAL ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Land | \$ 19,342,529 | \$ 18,325,869 | \$ 1,333,614 | \$ 1,333,614 | \$ 20,676,143 | \$ 19,659,483 |
| Art | 240,729 | 190,500 | - | - | 240,729 | - |
| Buildings and Improvements | 39,886,553 | 20,706,194 | 94,301,620 | 89,615,723 | 134,188,173 | 110,321,917 |
| Machinery and Equipment | 18,510,792 | 17,340,355 | 5,413,478 | 5,318,710 | 23,924,270 | 22,659,065 |
| Infrastructure | 187,637,799 | 180,664,550 | - | - | 187,637,799 | 180,664,550 |
| Construction in Progress | 3,303,888 | 12,549,429 | 463,213 | 1,160,513 | 3,767,101 | 13,709,942 |
| Total Capital Assets | 268,922,290 | 249,776,897 | 101,511,925 | 97,428,560 | 370,434,215 | 347,205,457 |
| Less Accumulated Depreciation | (125,707,249) | (120,327,094) | (28,912,206) | (26,865,674) | (154,619,455) | (147,192,768) |
| Net Capital Assets | <u>\$ 143,215,041</u> | <u>\$ 129,449,803</u> | <u>\$ 72,599,719</u> | <u>\$ 70,562,886</u> | <u>\$ 215,814,760</u> | <u>\$ 200,012,689</u> |

Long-term debt. At the end of the current fiscal year, the City of Missoula had a total of \$59,501,736 of long term debt outstanding of which \$56,106,288 was bonded debt. Of this amount, \$18,720,000 comprises debt backed by the full faith and credit of the government and \$15,455,681 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment, although this debt is collateralized with liens on the properties against which the debt is assessed. The majority of the remainder of the City of Missoula's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). More detailed disclosure on the City's long-term debt is available in section III-F of the Notes to the Financial Statements.

CITY OF MISSOULA'S OUTSTANDING DEBT

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| General Obligation Bonds | \$ 18,720,000 | \$ 14,070,000 | - | \$ - | \$ 18,720,000 | \$ 14,070,000 |
| Tax Anticipation Note | - | - | - | - | - | - |
| Limited Obligation Bonds | 4,760,000 | 1,315,000 | - | - | 4,760,000 | 1,315,000 |
| Revenue Bonds | - | - | 16,797,231 | 17,079,212 | 16,797,231 | 17,079,212 |
| Spec. Assessment Bonds | 15,455,681 | 15,594,203 | - | - | 15,455,681 | 15,594,203 |
| Sidewalk & Curb Warrants | 120,923 | 120,923 | - | - | 120,923 | 120,923 |
| State Board of Investment Loans | 252,453 | 440,972 | - | - | 252,453 | 440,972 |
| Compensated Absences | 3,271,481 | 2,941,117 | 123,967 | 120,253 | 3,395,448 | 3,061,370 |
| Total Outstanding Debt | \$ 42,580,538 | \$ 34,482,215 | \$ 16,921,198 | \$ 17,199,465 | \$ 59,501,736 | \$ 51,681,681 |

The City of Missoula's total debt increased by \$ 7,820,056 (15 percent) during the 2007 fiscal year. The key factor in this increase was the increase in voted general obligation debt and the issuance of additional limited obligation debt by the city's General Fund. The city issued \$5.74 million of new voted general obligation debt to construct a new (fifth) fire station in southwest Missoula and reconstruct two older fire stations (stations # 2 & 3). The city's General Fund also issued \$3.64 million of limited obligation debt to build a new city council chamber and redevelopment offices, expand the size of fire station #4 and assist with the construction of new aquatic facilities.

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.51 percent of its total assessed valuation. The current debt limitation for the City of Missoula is \$50,878,304, which is significantly in excess of the City of Missoula's outstanding general obligation debt. Section III-F of the Notes to the City's Financial Statements provides additional disclosure of the City of Missoula's bonded indebtedness.

Economic Factors and New Year's Budgets and Rates

- The unemployment rate for the City of Missoula is currently 2.1 percent. This compares favorably to the state's average unemployment rate of 2.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- Property tax revenue is projected to grow at approximately 4.0 percent due to new construction, planned annexations and trending of our current tax base at 1.5%

All of these factors were considered in preparing the City of Missoula's budget for the 2007 fiscal year. "Fee for service" revenues were increased in fiscal year 2007 due to the completion of a cost of service analysis contracted from four years ago. The 2008 fiscal year budget was developed with the intention of adjusting future fees for services by the increased costs of delivering those services to the public.

The sewer utility rates were not increased for the 2007 or 2008 budget years. Due to superior plant performance at the recently upgraded and enlarged wastewater treatment facility, operating costs have not increased to the extent expected as the plant was enlarged. It is expected that sewer fees will be increased modestly for the FY 2009 budget year. In addition, the City's growth in sewer connections has been approximately double the rate of growth of the City's population, thus providing ample revenue for the sewer fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Missoula's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 435 Ryman, City of Missoula, Missoula, Montana, 59802.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Missoula, Montana

Statement of Net Assets

June 30, 2007

| | Primary Government | | | Component Units | | | | |
|--|-------------------------|--------------------------|-----------------------|---------------------|-----------------------|--|--|--|
| | Governmental Activities | Business Type Activities | Total | Missoula | Missoula | | | |
| | | | | Parking Commission | Redevelopment Agency | | | |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and investments | \$ 12,717,807 | \$ 307,800 | \$ 13,025,607 | \$ 3,290,865 | \$ 3,040,602 | | | |
| Taxes/Assessments receivable, net | 2,187,017 | - | 2,187,017 | - | 134,905 | | | |
| Internal balances | (4,872,598) | 4,872,598 | - | - | - | | | |
| Deferred assessments receivable | 12,826,178 | - | 12,826,178 | - | - | | | |
| Accounts receivable | 775,004 | 361,711 | 1,136,715 | - | - | | | |
| Long term loans receivable | - | - | - | - | - | | | |
| Other receivable | 32,933 | 31,300 | 64,233 | 57,468 | - | | | |
| Interest receivable | 75,687 | 72,876 | 148,563 | - | - | | | |
| Prepaid expenditures / expenses | 291,182 | 13,402 | 304,584 | - | 4,020 | | | |
| Due from other governments | 1,251,587 | 1,705 | 1,253,292 | - | 69,037 | | | |
| Inventory of supplies | 759,605 | 67,170 | 826,775 | - | - | | | |
| Total Current Assets | <u>26,044,402</u> | <u>5,728,562</u> | <u>31,772,964</u> | <u>3,348,333</u> | <u>3,248,564</u> | | | |
| Noncurrent Assets | | | | | | | | |
| Cash and investments | - | 1,630,939 | 1,630,939 | 150,000 | 250,500 | | | |
| Bond issuance costs, net | - | 9,608 | 9,608 | 12,476 | - | | | |
| Other assets | - | - | - | 7,440 | - | | | |
| Capital assets - depreciable, net | 120,327,896 | 70,807,651 | 191,135,547 | 2,597,495 | - | | | |
| Capital assets - land and construction in progress | 22,887,146 | 1,796,827 | 24,683,973 | 2,397,866 | - | | | |
| Total Noncurrent Assets | <u>143,215,042</u> | <u>74,245,026</u> | <u>217,460,068</u> | <u>5,165,277</u> | <u>250,500</u> | | | |
| Total Assets | <u>169,259,444</u> | <u>79,973,588</u> | <u>249,233,032</u> | <u>8,513,610</u> | <u>3,499,064</u> | | | |
| LIABILITIES | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable | 1,688,344 | 263,846 | 1,952,190 | 34,709 | 11,089 | | | |
| Accrued expenditures / expenses | 784,119 | 38,269 | 822,388 | 17,651 | 12,051 | | | |
| Deferred revenue | 282,570 | 17,850 | 300,420 | - | - | | | |
| Compensated absences payable | 1,612,500 | 20,500 | 1,633,000 | 30,060 | 40,007 | | | |
| Special assessment debt with government obligation | 1,402,870 | - | 1,402,870 | - | - | | | |
| Long-term liabilities - due within one year | 1,450,028 | 979,000 | 2,429,028 | 105,000 | 85,000 | | | |
| Total Current Liabilities | <u>7,220,431</u> | <u>1,319,465</u> | <u>8,539,896</u> | <u>187,420</u> | <u>148,147</u> | | | |
| Noncurrent Liabilities | | | | | | | | |
| Long-term portion of compensated absences | 1,658,981 | 103,467 | 1,762,448 | 15,201 | 12,827 | | | |
| Special assessment debt with government obligation - long-term | 14,052,811 | - | 14,052,811 | - | - | | | |
| Long-term liabilities - due in more than one year | 22,403,348 | 15,818,231 | 38,221,579 | 1,060,000 | 4,415,000 | | | |
| Total Noncurrent Liabilities | <u>38,115,140</u> | <u>15,921,698</u> | <u>54,036,838</u> | <u>1,075,201</u> | <u>4,427,827</u> | | | |
| Total Liabilities | <u>45,335,571</u> | <u>17,241,163</u> | <u>62,576,734</u> | <u>1,262,621</u> | <u>4,575,974</u> | | | |
| NET ASSETS | | | | | | | | |
| Invested in capital assets, net of related debt | 103,905,986 | 55,807,247 | 159,713,233 | 3,830,361 | - | | | |
| Restricted for debt service | 3,007,558 | 1,320,306 | 4,327,864 | 150,000 | 250,500 | | | |
| Unrestricted | 17,010,328 | 5,604,871 | 22,615,199 | 3,270,628 | (1,327,410) | | | |
| Total Net Assets | <u>\$ 123,923,872</u> | <u>\$ 62,732,424</u> | <u>\$ 186,656,296</u> | <u>\$ 7,250,989</u> | <u>\$ (1,076,910)</u> | | | |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2007

| Functions/Programs Primary Government: | Net (Expenses) Revenues and Changes in Net Assets | | | | | |
|---|---|----------------------|----------------------------------|-------------------------|--------------------------|---------------------|
| | Program Revenues | | | Primary Government | | |
| | Operating Expenses | Charges for Services | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 7,947,585 | \$ 4,099,121 | \$ 2,358,811 | \$ (1,489,653) | \$ (1,489,653) | \$ - |
| Public safety | 20,685,934 | 1,445,129 | 420,387 | (17,978,774) | (17,978,774) | - |
| Public works | 3,102,523 | 1,370,015 | 42,299 | 4,584,705 | 2,894,496 | - |
| Public health | 1,275,114 | | | (1,275,114) | (1,275,114) | - |
| Social and economic services | | | | | | |
| Culture and recreation | 165,849 | 84,758 | 46,715 | (81,091) | (81,091) | - |
| Housing and community development | 4,687,707 | 1,780,345 | 1,252,306 | (2,860,647) | (2,860,647) | - |
| Conservation of natural resources | 1,416,594 | 382,683 | 27,500 | 218,395 | 218,395 | - |
| Debt service expense - interest | 296,617 | 3,693 | | (265,424) | (265,424) | - |
| Total Governmental Activities | 1,675,186 | | | (1,675,186) | (1,675,186) | - |
| | <u>41,253,109</u> | <u>9,165,744</u> | <u>1,789,207</u> | <u>(22,512,998)</u> | <u>(22,512,998)</u> | <u>-</u> |
| Business-type activities: | | | | | | |
| Sewer | 6,239,307 | 6,510,110 | - | 1,208,512 | - | 1,479,314 |
| Total Business-Type Activities | <u>6,239,307</u> | <u>6,510,110</u> | <u>-</u> | <u>1,208,512</u> | <u>-</u> | <u>1,479,314</u> |
| Total Primary Government | <u>\$ 47,492,416</u> | <u>\$ 15,675,854</u> | <u>\$ 1,789,207</u> | <u>\$ 8,993,672</u> | <u>(22,512,998)</u> | <u>\$ 1,479,314</u> |
| Component Units: | | | | | | |
| Missoula Parking Commission | \$ 1,183,915 | \$ 1,391,368 | \$ - | \$ - | \$ - | \$ - |
| Missoula Redevelopment Agency | 5,244,930 | | | | | |
| Total Component Units | <u>\$ 6,428,845</u> | <u>\$ 1,391,368</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General Revenues | | | | | | |
| Property taxes for general purposes | | | | 21,003,491 | 21,003,491 | 1,315,227 |
| Intergovernmental revenue, unrestricted | | | | 10,078,402 | 10,078,402 | 285,191 |
| Miscellaneous | | | | 959,284 | 2,337 | 7,439 |
| Interest income | | | | 695,655 | 330,945 | 146,692 |
| Interfund transactions | | | | 233,065 | (233,065) | - |
| Gain or loss on sale of capital assets | | | | (54,070) | 9,860 | - |
| Total general revenues, special items and transfers | | | | 32,915,827 | (44,210) | 1,754,549 |
| Change in Net Assets | | | | 10,402,829 | 1,588,992 | (3,490,381) |
| Net Assets - July 1, 2006 | | | | | | |
| Restatements | | | | 113,063,426 | 60,839,730 | 6,847,725 |
| Net Assets - July 1, 2006 - Restated | | | | <u>457,617</u> | <u>303,702</u> | <u>2,413,471</u> |
| Net Assets - June 30, 2007 | | | | <u>113,521,043</u> | <u>61,143,433</u> | <u>6,847,725</u> |
| | <u>\$ 123,923,872</u> | <u>\$ 62,732,424</u> | <u>\$ 186,656,295</u> | <u>\$ 7,250,989</u> | <u>\$ 11,076,910</u> | |

See accompanying Notes to the Financial Statements



FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

GENERAL FUND

The General Fund accounts for revenues and expenditures for most of the major City functions which are not specifically earmarked for other purposes. These functions include City Council, Finance and Administration, Police, Fire, Public Works (excluding Sewer), Parks and Recreation, and the Cemetery.

SID 524 DEBT SERVICE FUND

This fund provides for debt service for liabilities incurred to pay the construction costs for special improvement district 524 (South Hills Storm Drain and other infrastructure improvements).

MAJOR PROPRIETARY FUNDS

FUND DESCRIPTIONS

SEWER FUND

This fund accounts for financial resources from service charges, allocated by law, contractual agreement, or administrative regulations for, and the payment of, sewer maintenance, sewer construction, and other sewer related costs.

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Missoula, Montana
Balance Sheet
Governmental Funds
June 30, 2007

| | General Fund | SID 524 | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|---------------------|---|---|
| ASSETS | | | | |
| <u>Current Assets</u> | | | | |
| Cash and investments | \$ 1,456,854 | \$ 411,815 | \$ 8,954,088 | \$ 10,822,757 |
| Taxes/Assessments receivable, net | 1,572,817 | 10,896 | 603,304 | 2,187,017 |
| Deferred assessments receivable | - | 3,270,938 | 9,555,240 | 12,826,178 |
| Due from other governments | 362,660 | 1,158 | 887,769 | 1,251,587 |
| Accounts receivable | 345,434 | - | 429,570 | 775,004 |
| Interest receivable | 13,533 | 4,418 | 37,405 | 55,357 |
| Prepaid expenditures | 248,400 | - | 9,380 | 257,780 |
| Interfund receivable | - | - | 465,149 | 465,149 |
| Inventory of supplies | 759,606 | - | - | 759,606 |
| Total Assets | <u>\$ 4,759,304</u> | <u>\$ 3,699,225</u> | <u>\$ 20,941,905</u> | <u>\$ 29,400,434</u> |
| LIABILITIES | | | | |
| <u>Current Liabilities</u> | | | | |
| Accounts payable | \$ 717,326 | \$ - | \$ 798,176 | \$ 1,515,502 |
| Accrued expenditures | 759,976 | - | 24,143 | 784,119 |
| Deferred revenue | 1,157,343 | 3,281,834 | 10,207,373 | 14,646,550 |
| Interfund payable | - | - | 5,337,749 | 5,337,749 |
| Total Liabilities | <u>2,634,645</u> | <u>3,281,834</u> | <u>16,367,441</u> | <u>22,283,920</u> |
| FUND BALANCES | | | | |
| Reserved for inventories | 759,606 | - | - | 759,606 |
| Reserved for debt service | - | 417,391 | 2,590,167 | 3,007,558 |
| Unreserved reported in general fund | 1,365,053 | - | - | 1,365,053 |
| Unreserved reported in special revenue funds | - | - | 1,462,685 | 1,462,685 |
| Unreserved reported in capital projects funds | - | - | 521,612 | 521,612 |
| Total Fund Balance | <u>2,124,659</u> | <u>417,391</u> | <u>4,574,464</u> | <u>7,116,514</u> |
| Total Liabilities and Fund Balance | <u>\$ 4,759,304</u> | <u>\$ 3,699,225</u> | <u>\$ 20,941,905</u> | <u>\$ 29,400,434</u> |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets
June 30, 2007

| | |
|---|-----------------------|
| Total fund balances - governmental funds | \$ 7,116,514 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | 143,215,043 |
| Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. | 14,646,550 |
| An internal service fund is used by management to charge the costs of employees medical insurance. The governmental portion of the internal service fund are included with governmental activities. | 1,526,303 |
| Long-term liabilities (current and non-current portions) are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (42,580,538) |
| Total net assets - governmental activities | \$ 123,923,872 |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

| | General | SID 524 | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes and assessments | \$ 16,412,799 | \$ 423,613 | \$ 7,291,973 | \$ 24,128,385 |
| Licenses and permits | 1,276,867 | - | 1,650,607 | 2,927,474 |
| Intergovernmental | 8,605,071 | - | 4,430,627 | 13,035,698 |
| Charges for services | 4,235,878 | - | 305,099 | 4,540,977 |
| Fines and forfeitures | 1,370,311 | - | 51,277 | 1,421,588 |
| Miscellaneous | 522,664 | - | 452,870 | 975,534 |
| Investment earnings | 409,771 | 13,940 | 114,707 | 538,418 |
| Total revenues | <u>32,833,361</u> | <u>437,553</u> | <u>14,297,160</u> | <u>47,568,074</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 5,364,086 | - | 381,270 | 5,745,356 |
| Public safety | 18,259,974 | - | 1,620,758 | 19,880,732 |
| Public works | 5,733,706 | - | 428,222 | 6,161,928 |
| Public health | 1,249,223 | - | - | 1,249,223 |
| Social and economic services | 132,897 | - | - | 132,897 |
| Culture and recreation | 3,621,833 | - | 54,646 | 3,676,479 |
| Housing and community development | 947,093 | - | 2,202,392 | 3,149,485 |
| Debt service expenditures | - | 777,645 | 7,021,164 | 7,798,809 |
| Capital outlay | <u>602,106</u> | <u>777,645</u> | <u>8,514,134</u> | <u>9,116,240</u> |
| Total expenditures | <u>35,910,918</u> | <u>777,645</u> | <u>20,222,586</u> | <u>56,911,149</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,077,557)</u> | <u>(340,092)</u> | <u>(5,925,426)</u> | <u>(9,343,075)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,347,950 | - | 2,655,925 | 7,003,875 |
| Transfers (out) | (1,075,249) | - | (5,745,810) | (6,821,059) |
| Payments to Refunded Bond Escrow Agent | - | - | (2,037,769) | (2,037,769) |
| Refunding Bond Proceeds | - | - | 4,355,000 | 4,355,000 |
| Issuance of long term debt | - | - | 11,574,351 | 11,574,351 |
| Total other financing sources (uses) | <u>3,272,701</u> | <u>-</u> | <u>10,801,697</u> | <u>14,074,398</u> |
| Net Change in Fund Balance | 195,144 | (340,092) | 4,876,271 | 4,731,323 |
| Fund Balance - July 1, 2006 | 1,929,515 | 757,483 | (505,905) | 2,181,093 |
| Restatements | - | - | 204,098 | 204,098 |
| Fund Balance - July 1, 2006 Restated | <u>1,929,515</u> | <u>757,483</u> | <u>(301,807)</u> | <u>2,385,191</u> |
| Fund Balance - June 30, 2007 | <u>\$ 2,124,659</u> | <u>\$ 417,391</u> | <u>\$ 4,574,464</u> | <u>\$ 7,116,514</u> |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2007

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

| | |
|--|---------------|
| Net change in fund balances - total governmental funds | \$ 4,731,323 |
| Governmental funds report capital outlays as expenditures | 19,450,100 |
| In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. | (5,884,309) |
| In the statement of activities, only the loss on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by cost of the assets sold. | (54,070) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (280,944) |
| Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. | (13,891,582) |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 6,123,623 |
| The change in compensated absences is shown as an addition to payroll expense on the statement of activities | (330,364) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. | 539,052 |
| Change in net assets - statement of activities | \$ 10,402,829 |

See accompanying Notes to the Financial Statements



PROPRIETARY FUND FINANCIAL STATEMENTS

City of Missoula, Montana
Balance Sheet
Proprietary Funds
June 30, 2007

| | Business-Type Activities - Enterprise Funds | Governmental Activities | | |
|---|--|--|-------------------------|--|
| | | Internal Service Self Insurance | | |
| | | Sewer | Sewer | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 307,800 | \$ 1,895,050 | - | |
| Accounts receivable | 361,711 | - | - | |
| Interest receivable | 72,876 | 20,330 | - | |
| Other receivable | 31,300 | 32,933 | - | |
| Due from other governments | 1,705 | - | - | |
| Prepaid expenses | 13,402 | 33,402 | - | |
| Interfund receivable | 4,872,598 | - | - | |
| Inventory of supplies | 67,170 | - | - | |
| Total Current Assets | <u>5,728,562</u> | <u>1,981,715</u> | | |
| Noncurrent Assets | | | | |
| Cash and investments | 1,630,939 | - | - | |
| Land | 1,333,614 | - | - | |
| Construction - work in progress | 463,213 | - | - | |
| Buildings | 7,873,330 | - | - | |
| Improvements other than buildings | 86,428,290 | - | - | |
| Machinery and equipment | 5,413,478 | - | - | |
| Allowance for depreciation | (28,907,446) | - | - | |
| Bond issuance costs, net | 9,608 | - | - | |
| Total Noncurrent Assets | <u>74,245,026</u> | <u>74,245,026</u> | - | |
| Total Assets | <u><u>79,973,588</u></u> | <u><u>79,973,588</u></u> | <u><u>1,981,715</u></u> | |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 263,846 | \$ 172,842 | - | |
| Claims payable | - | - | - | |
| Accrued expenses | 38,269 | - | - | |
| Deferred revenue | 17,850 | 282,570 | - | |
| Compensated absences payable | 20,500 | - | - | |
| Long-term liabilities - due within one year | 979,000 | - | - | |
| Total Current Liabilities | <u>1,319,465</u> | <u>455,412</u> | | |
| Noncurrent Liabilities | | | | |
| Long-Term portion of compensated absences | 103,467 | - | - | |
| Long-term liabilities - due in more than one year | 15,818,231 | - | - | |
| Total Noncurrent Liabilities | <u>15,921,698</u> | <u>15,921,698</u> | - | |
| Total Liabilities | <u><u>17,241,163</u></u> | <u><u>455,412</u></u> | | |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 55,807,247 | - | - | |
| Restricted for debt service | 1,320,306 | - | - | |
| Unrestricted | 5,604,871 | 1,526,303 | - | |
| Total Net Assets | <u>62,732,424</u> | <u>1,526,303</u> | | |
| Total Liabilities and Net Assets | <u><u>79,973,588</u></u> | <u><u>79,973,588</u></u> | <u><u>1,981,715</u></u> | |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

| | Business-Type Activities - Enterprise Funds | Governmental Activities |
|--|--|--|
| | Sewer | Internal Service Self-Insurance Funds |
| Operating Revenues: | | |
| Intergovernmental | \$ 848 | \$ - |
| Charges for services | 6,510,110 | - |
| Miscellaneous | 2,337 | - |
| Internal services | - | - |
| Total Operating Revenues | <u>6,513,295</u> | <u>3,987,568</u> |
| Operating Expenses | | |
| Personal services | 1,252,327 | - |
| Fixed charges | 687,505 | - |
| Depreciation | 2,056,714 | - |
| Insurance claims and expenses | - | 3,577,142 |
| Maintenance and operations | <u>1,558,431</u> | - |
| Total Operating Expenses | <u>5,554,977</u> | <u>3,577,142</u> |
| Operating Income | <u>958,318</u> | <u>410,426</u> |
| Non-operating revenues (expenses) | | |
| Gain on sale of capital assets | 9,860 | - |
| Contributions from property owners | 1,207,663 | - |
| Interest revenue | 330,545 | 78,377 |
| Debt service interest expense | (684,329) | - |
| Total non-operating revenues (expenses) | <u>863,739</u> | <u>78,377</u> |
| Income (loss) before transfers | <u>1,822,057</u> | <u>488,803</u> |
| Transfers in | - | 50,249 |
| Transfers (out) | <u>(233,065)</u> | - |
| Change in Net Assets | <u>1,588,992</u> | <u>539,052</u> |
| Net Assets - July 1, 2006 | 60,839,730 | 987,251 |
| Restatements | <u>303,702</u> | - |
| Net Assets - July 1, 2006 - Restated | <u>61,143,432</u> | <u>987,251</u> |
| Net Assets - June 30, 2007 | <u>\$ 62,732,424</u> | <u>\$ 1,526,303</u> |

See accompanying Notes to the Financial Statements

City of Missoula, Montana
Statement of Cash Flows
Proprietary Fund Types
For the Fiscal Year Ended June 30, 2007

| | Business - Type Activities | | Governmental Activities - Internal Service Funds |
|---|-----------------------------------|---------------------|---|
| | Sewer | | Self-Insurance |
| | \$ | \$ | \$ |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers | \$ 6,627,719 | \$ - | - |
| Payments to suppliers | (2,474,968) | - | - |
| Payments to employees | (1,243,630) | - | - |
| Receipts from operating grants | - | - | - |
| Other receipts | 1,553 | - | - |
| Receipts from internal services | - | 4,011,901 | - |
| Benefit payments | - | (3,572,065) | - |
| Net Cash Provided by Operating Activities | <u>2,910,674</u> | <u>439,836</u> | |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Proceeds from debt | 659,019 | - | - |
| Principal paid on debt | (941,000) | - | - |
| Interest paid on debt | (682,727) | - | - |
| Acquisition and construction of capital assets | (2,586,941) | - | - |
| Net Cash Used by Capital and Related Financing Activities | <u>(3,551,649)</u> | <u>-</u> | |
| Cash Flows from Investing Activities | | | |
| Interest on investments | 291,649 | 64,040 | - |
| Proceeds from sale of capital assets | 9,860 | - | - |
| Receipts from short-term loans to other funds | 4,578,600 | - | - |
| Disbursements for short-term loans to other funds | (4,872,598) | - | - |
| Net Cash Provided by Investing Activities | <u>7,511</u> | <u>64,040</u> | |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Transfers to other funds | (233,065) | - | - |
| Transfers from other funds | - | 50,249 | 50,249 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | <u>(233,065)</u> | <u>50,249</u> | |
| Net increase (decrease) in cash and cash equivalents | (866,529) | 554,125 | - |
| Cash and cash equivalents at July 1, 2006 | 2,805,268 | 1,340,925 | - |
| Cash and cash equivalents at June 30, 2007 | <u>\$ 1,938,739</u> | <u>\$ 1,895,050</u> | |
| Cash and cash equivalents consists of: | | | |
| Cash and investments | \$ 307,800 | \$ 1,895,050 | - |
| Restricted cash and investments | 1,630,939 | - | - |
| Total cash and cash equivalents | <u>\$ 1,938,739</u> | <u>\$ 1,895,050</u> | |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 958,318 | \$ 410,426 | - |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 2,056,714 | - | - |
| Changes in assets and liabilities: | | | |
| Due from other governments | (1,632) | | |
| Other receivables and notes receivable | 119,859 | (6,860) | - |
| Prepaid expense | 41 | (3,005) | - |
| Deferred revenue | (2,250) | - | - |
| Contributions paid in advance | - | 24,333 | - |
| Compensated absences payable | 3,714 | - | - |
| Inventories | (44,670) | - | - |
| Accounts and other payables | (184,362) | 14,942 | - |
| Accrued expenses | 4,942 | | - |
| Net Cash Provided by Operating Activities | <u>\$ 2,910,674</u> | <u>\$ 439,836</u> | |

Disclosure of Non-Cash Items:

The Sewer fund had several non-cash transactions including a prior period adjustment that increased capital assets and retained earnings in the amount of \$303,702, developer contributions of capital assets of \$1,207,663, and annual bond issuance cost amortization of \$1,602.

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FIDUCIARY FUND FINANCIAL STATEMENTS

City of Missoula, Montana
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2007

| | <u>Agency</u> <u>Funds</u> |
|---------------------------------|-------------------------------|
| ASSETS | |
| Cash and short-term investments | \$ 652,127 |
| Taxes receivable | 9,631 |
| Interest receivable | 1,096 |
| Due from other governments | 8,150 |
| Total assets | <u><u>\$ 671,004</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 69,457 |
| Due to private parties | 279,257 |
| Due to other governments | 322,290 |
| Total liabilities | <u><u>\$ 671,004</u></u> |

See accompanying Notes to the Financial Statements

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NOTES TO FINANCIAL STATEMENTS

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City follows generally accepted accounting principles (GAAP.) GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. For enterprise funds, GASB statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

A. Reporting Entity

The City was originally incorporated in 1883 and re-incorporated in 1889. It operates under the Mayor-Council form of government and provides a wide range of municipal services including police, fire, recreation, public works improvements, and general administration services. Sanitary sewer services are accounted for in an enterprise fund. Water, gas, electricity and garbage services are provided by the private sector. All retirement plans are handled by state agencies. (See note G). Planning, library, animal control and health services are provided jointly by the City and Missoula County. Since these joint services are administered by the County, only the City's contributions appear in these statements.

For financial reporting purposes, the City includes those separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's governing board must be appointed by the City, and either a) the City must be able to impose its will, or b) the City may potentially benefit financially or be financially responsible for the component unit.

Based on these criteria, the City has included the following as discretely presented component units:

1. The Missoula Redevelopment Agency (MRA) was established in 1978 by the City of Missoula (the City) as a separate legal entity in accordance with state urban renewal laws (Section 7-15-4201 MCA). MRA has the authority to renovate property within blighted areas legally designated as redevelopment districts, but the authority to exercise the power of eminent domain, acquire and resell property and to issue tax increment bonds remains with the City. Any bonds issued are payable solely from tax increment receipts. The City has established three urban renewal districts: District I in 1978, District II in 1991 and District III in 2000. The five member governing board is appointed by the Mayor. MRA has no authority to levy taxes. However, under the City's Urban Renewal Plans, incremental property taxes which result from increases in the taxable value of property within a redevelopment district are designated for urban renewal purposes and provide the primary funding source for MRA. State law provides that the tax increment provisions applicable to a renewal district established prior to 1980 be terminated seventeen years after enactment or when all tax increment bonds have been retired. Because the tax increment provisions for District I were enacted on December 18, 1978, MRA was scheduled to terminate on December 18, 1995. However, the City issued tax increment bonds on December 15, 1989 as permitted by state law. The issuance of these bonds extended the tax increment

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

provisions for the term of the bonds, whose final maturity was July 1, 2005 at which point District I was terminated. These bonds were payable solely from the tax increment receipts and were not a debt of the City. On August 18, 2006 the City issued \$3,600,000 of new tax increment bonds in the District II. These bonds will mature in varying amounts until 2031. Due to the control exercised by the City, MRA is considered a component unit of the City. Complete financial statements may be obtained from the City Clerk, 435 Ryman St., Missoula, MT 59802 or from Missoula Redevelopment Agency, 123 W. Spruce St., Missoula, MT 59802.

2. The Missoula Parking Commission is a public corporation formed by the City of Missoula, Montana, and, as such, is a proprietary component unit of the City. On January 25, 1971, the City Council of Missoula passed Resolution No. 2992 declaring the need for a parking commission. The creation of a commission was subsequently approved by the voters of the City in April 1971 pursuant to Part 46 of the Montana Code. Voters also authorized the Parking Commission to adopt the revenue bond method of financing parking projects provided in Title 7, Chapter 14, Part 46, Montana Code Annotated. As a component unit of the City, the Missoula Parking Commission is exempt from income tax. The Commission currently operates approximately 1,075 parking meters on various streets and in various lots throughout the downtown business area. The Commission operates approximately 801 leased parking spaces in various lots throughout downtown Missoula. The Commission also oversees a residential parking district in the University area of approximately 820 spaces. It also issues tickets for parking violations in the downtown area and the University residential parking district. The Commission operates two parking structures (Central Park and Bank Street Structure) that offer both short-term and long-term parking. It is considered a component unit because the City appoints the Board members, sets the meter rates, determines the parking district and is secondarily liable for the Parking Commission bonds. The City does not provide any operating subsidies nor does it receive any surpluses, but the Parking Commission does pay the City for services such as legal advice, payroll and bill paying. Complete financial statements may be obtained from the City Clerk, 435 Ryman St., Missoula, MT 59802 or from Missoula Parking Commission, 128 W. Main St., Missoula, MT 59802.

Related Organizations:

The City is also responsible for appointing members of the Missoula Housing Authority Board, but the City's accountability does not extend beyond making the appointments. Members may be removed only for cause and the City can suggest actions, but not impose them. The City does not have authority to set rents or policies and does not receive any surpluses nor contribute any funds to operations, except to pay city special assessments on Housing Authority property.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-wide Statements

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for good or services. Eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. The City does not charge indirect expenses to programs or functions. The types of transactions reported as program revenues include 1) charges to customers or applicants who

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purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

Fund Financial Statements

Basis of Presentation

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the fund financial statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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Governmental Funds:

Measurement Focus and Basis of Accounting

These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Real and personal property taxes (excluding motor vehicle taxes), special assessments, charges for current services, and interest earnings are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. The City recorded real and personal property taxes and assessments levied for the current year as revenue. Taxes and assessments receivable remaining unpaid at year-end and not expected to be collected soon enough thereafter to be available to pay obligations of the current year were recorded as deferred revenue, with a corresponding reduction in revenues, as required by generally accepted accounting principles. In addition, prior period delinquent taxes and assessments collected in the current period were recorded as revenue in the current period as required by generally accepted accounting principles. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Under the terms of the City's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the City applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

The City reports the following major governmental funds:

General Fund - This is the City of Missoula's primary operating fund and it accounts for all financial resources of the City except those required to be accounted for in other funds.

SID 524 Debt Service Fund – This fund accounts for assessment collections and the payment of SID debt for the South Hills Storm Drain and other infrastructure improvements.

Proprietary Funds:

Measurement Focus and Basis of Accounting

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in the proprietary funds. The receivable and revenue from such assessments are reported as

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accounts receivable and user charges, respectively.

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

The City reports the following major proprietary fund:

Sewer Fund – This fund accounts for financial resources from service charges, allocated by law, contractual agreement, or administrative regulations for, and the payment of, sewer maintenance, sewer construction, and other sewer related costs.

Fiduciary Funds:

Measurement Focus and Basis of Accounting

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

The City reports the following fiduciary funds and the related purposes:

Court Surcharge – Accommodates the court surcharge fees charged and owed to the State of Montana
County Clearing – Accounts for the dog license fees that are collected on behalf of the County.

Sewer Rebate – Accounts for the sewer rebates authorized by City Council for sewer connections.

Youth Programs – Records the transactions held for County Youth Programs.

County Park Board – Records the transactions held for the County Park Board.

Elk Hills Subdivision – Records the transactions held for the Elk Hills Subdivision.

Business Improvement District – Assessments are collected from property tax receipts and held for the use of the Business Improvement District Board.

Municipal Court Restitution – Accumulates restitution payments to victims from court proceedings.

C. Budgets and Budgetary Accounting

1. Budget Process

Operating budgets are adopted each year for the General Fund, all Special Revenue Funds, Debt Service Funds, Enterprise Fund, Internal Service Fund and Capital Project Funds. All budgets are presented on the budgetary basis appropriate for the fund type (i.e. all governmental funds were budgeted on a modified accrual basis and all proprietary funds were budgeted on the accrual basis).

A preliminary budget is presented in June, budget hearings are held, and the final budget is adopted by the second Monday in August. Budget appropriations may be transferred between line items or increased by budget amendment only upon adoption of a resolution by the governing body. The operating fund budgets cannot be increased except by a public hearing for the following reasons:

(a) a public emergency which could not have been reasonably foreseen at the time of adoption of the original budget;

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- (b) debt service funds for obligations related to debt approved by the governing body;
- (c) trust funds for obligations authorized by trust covenants;
- (d) any fund for federal, state, local, or private grants and shared revenue accepted and approved by the governing body;
- (e) any fund for special assessments approved by the governing body;
- (f) the proceeds from the sale of land;
- (g) any fund for gifts or donations; and
- (h) money borrowed during the fiscal year.

| FY07 Revenue Budget | | | |
|----------------------------|---------------------|----------------------|---------------------|
| | Original | Amended | Difference |
| General Fund | \$38,236,392 | \$38,757,766 | \$521,374 |
| Special Revenue Funds | 13,290,498 | 15,475,937 | 2,185,439 |
| Debt Service Funds | 4,335,475 | 9,522,041 | 5,186,566 |
| Capital Funds | 12,523,894 | 17,909,556 | 5,385,662 |
| Sewer Funds | 24,790,056 | 26,016,484 | 1,226,428 |
| Totals | \$93,176,315 | \$107,681,784 | \$14,505,469 |

| FY07 Expenditure Budget | | | |
|--------------------------------|----------------------|----------------------|---------------------|
| | Original | Amended | Difference |
| General Fund | \$39,925,138 | \$40,080,849 | \$155,711 |
| Special Revenue Funds | 15,463,916 | 18,064,442 | 2,600,526 |
| Debt Service Funds | 6,372,250 | 11,161,566 | 4,789,316 |
| Capital Funds | 17,498,746 | 20,760,802 | 3,262,056 |
| Sewer Funds | 30,790,051 | 35,816,075 | 5,026,024 |
| Totals | \$110,050,101 | \$125,883,734 | \$15,833,633 |

D. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and investments are under the management of the City's Treasurer and consist primarily of investments in U.S. Government Bonds and the Montana State Short-Term Investment Pool (STIP). Interest income earned as a result of pooling of City deposits is distributed to the appropriate funds utilizing a formula based on the average balance of cash and investments of each fund.

Montana State statutes authorize the City to invest in interest-bearing savings accounts, certificates of deposits, and time deposits insured up to \$100,000 by the Federal Deposit Insurance Corporation or fully collateralized, U.S. government and U.S. agency obligations, STIP and repurchase agreements where there is a master repurchase agreement and collateral held by a third party.

According to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools", STIP is considered an external investment pool. An external investment pool is defined as an arrangement that pools the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. STIP is also classified as a "2a7-like" pool. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. If certain conditions are met, 2a7-like pools

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are allowed to use amortized cost rather than fair value to report net assets to compute unit values. The Board of Investments, the regulatory agency which oversees the pool, has adopted a policy to treat STIP as a 2a7-like pool. Accordingly, the investment in STIP is valued at amortized cost as of June 30, 2007. The fair value of the position in the external investment pool is the same as the value of the pool shares as of June 30, 2007.

Investing in STIP allows the City to obtain the highest possible return, yet maintain a highly liquid position whereby funds may be invested for relatively short periods of time, one day or more, depending on the participant's anticipated use of the funds. Accordingly, the City's investment in STIP is classified as a cash equivalent. The STIP portfolio includes asset-backed and variable interest rate securities to provide diversification and competitive rate of return. These securities are described below:

Asset-backed Securities are debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases and credit cards, etc., pledged by the issuer. Asset-backed securities have one or more forms of credit enhancement to raise the quality of the security. Examples of credit enhancement include, but are not limited to, letter of credit, reserve fund, or senior/subordinate arrangements.

Variable Rate (Floating-Rate) Securities provide many advantages of short-term bonds because they are designed to minimize the investor's interest rate risk. As with variable rate loans issued by banks, the interest rate paid by the issuer of these securities is reset periodically depending on market conditions. The value of these securities will usually remain at or near par because their interest rates are reset to maintain a current market yield. STIP's variable rate securities float to either the Prime Rate or the London Interbank Offering Rate (LIBOR), which is similar to the European Federal Funds Rate.

For purposes of the statement of cash flows, the enterprise and internal services funds consider all funds (including restricted assets) held in the City's cash management pool to be cash equivalents. For the proprietary component unit, the commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Negative cash balances are required to be reported as interfund payables. The SID revolving fund or the Sewer fund usually reports the interfund receivable (i.e. they are considered the loaning funds).

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at fiscal year end, are short term loans and are reported as "due to/from other funds."

Tax and special assessment receivables are recorded in the appropriate funds. Property tax levies are set in August at the time the City budget is approved and are billed November 1 by the County. Taxes are due 50% by November 30 and 50% by May 31 of each year. After those dates, they become delinquent (and a lien is placed upon the property). After three years the County can exercise the lien and take title to the property. Properties taken on tax deeds are recorded at the lower of the taxes receivable or market value and included in the governmental activities column of the statement of net assets at the County until sold.

Special assessments are billed November 1 of each year as a component of the County property tax billing. The first part (50%) is due November 30th and the second part (50%) is due May 31st. After those dates, the bills are delinquent (and a lien is placed on the property). Lighting, park maintenance and street maintenance assessments are determined by the estimated cost of operating these districts for the next year. The other special improvement districts (SID's) are billed for a portion of the principal owed plus interest on the unpaid balance. Each SID also has deferred assessments to account for the unbilled portion of the principal.

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Sewer fees are billed in July and January. They are due the last day of the month in which they are billed. A small number of commercial accounts are billed quarterly. Accounts that are delinquent as of June 30th are turned over to the County Treasurer to be included on the property tax bills sent out November 1.

No allowance for uncollectibles is made because unpaid bills on these receivables become liens against the properties and it is assumed that the proceeds from the sale of any tax deed property will meet or exceed the lien amount.

3. Inventories

Inventories of materials and supplies are accounted for using the consumption approach for governmental and enterprise funds. That is, inventory purchases are considered an asset until the period in which they are actually consumed. Inventories are carried at the lower of cost (first-in, first-out) or market.

4. Warrants Payable

The City pays its claims by issuing a check. The only warrants appearing in the City's accounts this fiscal year are Sidewalk and Curb interest bearing warrants.

5. Capital Assets

Capital assets purchased are recorded as expenditures in the governmental funds. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets (including infrastructure acquired through developer's contributions and annexations) are recorded at their estimated fair value at the date of donation. The City capitalizes all capital assets with a value of \$5,000 or greater. Property, plant, and equipment in the proprietary funds of the government are recorded at cost. Property, plant, and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Public domain ("infrastructure") capital assets (e.g. roads, bridges, curbs and gutters, and other assets that are immovable and of value only to the government) are capitalized and depreciated on the straight-line method. Useful lives of infrastructure assets are from 20 to 75 years. Pavement has an estimated useful life of 20 years; curbs and sidewalks 50 years; storm sewers 75 years; sumps 30 years; signs 60 years; bridges and pedestrian crossings 50 years; and street lights 50 years.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets purchased or acquired by proprietary fund types are recorded in the individual fund making the purchase. Any capital assets donated specifically for an enterprise fund are also recorded in that individual fund. Depreciation on proprietary fund capital assets is provided over their estimated useful lives on the straight-line method. Buildings, major land improvements and pipelines have an estimated useful life of 50 years; pumping stations and equipment 25 years; leasehold improvements and other equipment 5 to 30 years. Useful lives of the proprietary component unit assets are from 5 to 40 years.

6. Deferred Revenues

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

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NOTES TO FINANCIAL STATEMENTS
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7. Compensated Absences

It is the City's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from City service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation. 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 associated with governmental fund-type employees is reported in the governmental activities column of the statement of net assets, while the liability associated with proprietary fund-type employees is recorded in the respective fund and the business-type activities column of the statement of net assets.

8. Long-Term Obligations

The City reports long-term debt of governmental funds at face value in the governmental activities column of the statement of net assets. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the governmental activities column in the statement of net assets. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds and the business-type activities column of the statement of net assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

9. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Transactions

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as revenue in the fund performing the services.

Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

11. Estimates Used in Financial Statement Preparation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF MISSOULA, MONTANA
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II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

Eleven special revenue funds with deficit fund balances were identified as of June 30, 2007. The Impact Fee fund (\$532,525), the Employee Health Insurance Levy fund (\$450,234), the Building Divisions fund (\$181,783), the Russell Park Maintenance fund (\$2,799), the State Gas Tax fund (\$72,520), the HOME Grant fund (\$7,841), the ADDI Grant fund (\$107), the Community Development fund (\$5,224), the Law Enforcement Grant fund (\$3,768), the Crime Victim Surcharge Fund (\$5,118), and the Willowood Park Maintenance fund (\$144) all carried deficit fund balances which will be covered by future assessments and grant revenue in fiscal year 2008.

Five general obligation bond fund balances were identified as having negative fund balances as of June 30, 2007. All of these deficits will be covered by tax revenues received shortly after the close of the fiscal year. These funds are 1996 Open Space Bond Fund (\$8,356), 2004 Aquatics Bonds Fund (\$189,675), the 2004 Refunding Bond Fund (\$48,940), the 2006 Fire Station GO Fund (\$148,003), and the 2007 Refunding Bond Fund (\$24,006).

One SID sinking fund, SID 515 (\$13,809), had a deficit fund balance at June 30, 2007. This deficit will decrease as assessments are collected. Any deficit remaining after assessments are collected will be covered by the Revolving Fund.

The following SID Construction funds have deficit fund balances.

| | | | |
|---------------|-------------|---------|-------------|
| SID 529 & 531 | \$ (41,928) | SID 536 | \$ (44,277) |
| SID 533 | (32,669) | SID 539 | (19,384) |
| SID 534 | (1,623) | SID 541 | (31,011) |
| SID 535 | (63,982) | SID 542 | (98,643) |

These deficits will be covered by SID bond proceeds as bonds are issued for these projects.

The capital projects 07 Sidewalk and Curb Fund (\$833,026) and 08 Sidewalk and Curb Fund (\$187,754) had deficit balances due to the receipt of the financing proceeds in FY 2008. The Capital Improvement fund reported a negative fund balance (\$2,024,837) due to the delayed sale of the old City shop property and upcoming general fund obligation bond proceeds.

B. Expenditures in Excess of Appropriations

The following funds had an excess of actual expenditures/expenses over budget, at the level of budgetary control (fund level), for the year ended June 30, 2007:

| | |
|-------------------------|---------|
| Cable TV Franchise Fund | \$4,369 |
| State Gas Tax | 66,954 |
| FY05 Sidewalk and Curb | 12 |
| SID 530 | 23 |
| SID 532 | 250 |
| SID 534 | 335 |

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III. DETAILED NOTES ON ALL THE PRIMARY GOVERNMENT'S FUNDS

A. Cash and Cash Equivalents

At June 30, 2007, cash and investments consisted of the following:

| | Primary Government | Component Units | Total |
|---|----------------------|---------------------|----------------------|
| Petty Cash and Cash on Hand | \$ 5,725 | \$ 1,735 | \$ 7,460 |
| Repurchase Agreements | 4,281,159 | 1,910,725 | 6,191,884 |
| Demand Deposits | 653,647 | 192,091 | 845,738 |
| Certificates of Deposit | 345,707 | 154,293 | 500,000 |
| Marketable Government Securities | 9,655,572 | 4,309,380 | 13,964,952 |
| State Short-Term Investment Pool (STIP) | 366,865 | 163,735 | 530,600 |
| Total | \$ 15,308,675 | \$ 6,731,959 | \$ 22,040,634 |

At June 30, 2007, the carrying amount of the City's deposits in local banks was \$862,097 and the bank balances were \$622,490. Of the bank balance, \$500,000 was covered by federal depository insurance and the balance of \$239,607 was covered by collateral held by the pledging bank's agent in the City's name.

The City's cash and investments are reported as follows:

| | Unrestricted | Restricted | Total |
|--------------------------|----------------------|---------------------|----------------------|
| Governmental Activities | \$ 12,717,807 | \$ - | \$ 12,717,807 |
| Business-type Activities | 307,800 | 1,630,939 | 1,938,739 |
| Fiduciary Funds | 652,127 | - | 652,127 |
| Component Units | <u>6,331,461</u> | <u>400,500</u> | <u>6,731,961</u> |
| Total | \$ 20,009,195 | \$ 2,031,439 | \$ 22,040,634 |

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits 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 minimizes custodial credit risk by restrictions set forth in City policy and state law. The City's policy requires deposits to be 102 percent secured by collateral valued at market value. The City Treasurer maintains a listing of financial institutions, which are approved for investment purposes. Types of securities that may be pledged as collateral are detailed in Section 17-6-103 of the Montana Code Annotated (MCA). City policy requires that specific safeguards against risk of loss be evidenced when the City does not physically hold the securities.

At June 30, 2007, the City had investments in the State Short-Term Investment Pool (STIP), in non-negotiable repurchase agreements, and in various United States government bonds, as allowed by State law. Recent media reports have stated that the Short Term Investment Pool (STIP), along with many other public and private money market type accounts, holds asset-backed securities called Structural Investment Vehicles (SIV). These types of investments are issued by financial institutions and/or investment managers and are backed by underlying assets of various types. The investment rating of AXON was downgraded to a CCC on November 9, 2007, which according to the Montana Board of Investments, on November 15, 2007 was approximately 3.69% of total STIP investments. Fortunately for the City, this will have no impact on its investment strength. Beginning in February 2007, the City worked in conjunction with its Financial Manager to solicit a Portfolio Manager to administer investments. The City was still at the point

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transferring investments to the Portfolio Manager at the close of the fiscal year 2007, and the transfer was completed by July 2007. As of August 15, 2007, the City only had \$5,000 invested with STIP and has carried that balance until November 29, 2007. As of June 30, 2007, the City's investment in STIP amounts to 2.4% of its total investments.

The following table provides information about the interest rate risks associated with the City's deposits and investments.

| Investment | Maturities | Credit Risk Rating | Fair Value |
|----------------------------------|-----------------|--------------------|---------------|
| State Short-Term Investment Pool | NA | Not Rated | \$ 530,600 |
| U.S. Government Bonds | 7/2005-4/2011 | AAA | 13,964,952 |
| Money Market Funds | NA | NA | - |
| Certificates of Deposits | 11/2005-11/2010 | NA | 500,000 |
| Demand deposits | NA | NA | 845,738 |
| Repurchase Agreements | NA | NA | 6,191,884 |
| Petty Cash and Cash on Hand | NA | NA | 7,460 |
| Total | | | \$ 22,040,634 |

Credit risk is defined as the risk that an issuer or other counterpart to an investments will not fulfill its obligation. The above credit risk rating indicates the probability that the issuer may default in making timely principal and interest payments. The credit ratings presented are provided by Standard and Poor's Corporation (S&P).

B. Receivables

Other Receivables

A summary of the City's accounts receivable and other receivables as of June 30, 2007, follows:

Proprietary Funds:

| | |
|---|------------|
| Sewer (major fund) – Sewer Fees | \$ 361,711 |
| Sewer (major fund) – Lease receivable and Sewer Charges | 31,300 |
| Internal Service – Retiree Contributions | 8,032 |
| Internal Service – Prescription Rebates | 24,901 |
| Total Proprietary Funds | \$ 425,944 |

Governmental Funds:

| | |
|--|------------|
| General (major fund) – Various Licenses, Services and Fees | \$ 85,133 |
| General (major fund) – Mountain Water Notes | 238,713 |
| General (major fund) – Sidewalk & Curb | 21,589 |
| Park Enterprise – Recreational Fees | 992 |
| Trail Development – Donations | 1,000 |
| Cable TV Franchise – Franchise Fees | 118,038 |
| Building Inspection – Permit Fees | 3,146 |
| Program Income – Mountain Water Notes | 4,986 |
| SID Revolving Fund – Mountain Water Notes | 212,296 |
| FY07 Sidewalk & Curb – Vendor/Contractor Reimbursement | 665 |
| Capital Improvement – Property Rental | 24,600 |
| Total Government Funds | \$ 711,157 |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Long Term Loans Receivable

A summary of the City's long-term loans receivable as of June 30, 2007, follows:

Primary Government:

| | |
|--|---------------|
| Title One - Extended Family Services | \$ 13,847 |
| \$18,000 at 0% interest to be repaid in installments of \$600 per year, with final payment due by 2021; \$9,000 at \$346.15 per year, with final payment due by 2021. \$9,000 was forgiven April 1996. | |
| Missoula Housing Corporation | |
| \$50,000 at 2% interest per year, accruing until paid within a ten year period commencing from May 21, 2001, the date of the contract. | <u>50,000</u> |
| | |
| Reporting Entity Total, Long Term Loans | \$ 63,847 |

C. Due From/To Other Funds, Due to Other Governments, and Due to Private Parties

Due From/To Other Funds:

Primary Government:

Negative cash balances are required to be reported as interfund loans. Material checks that are on the bank reconciliation but are held until after the balance sheet date should be reclassified as accounts payable. Loans are recorded as Due From in the lending fund and as a Due To in the loanee fund.

The principal purpose of the interfund transfers is to provide funds for cash deficits.

*indicates a nonmajor governmental fund in the aggregate

^indicates a major fund

| | |
|---|------------|
| ^Interfund Loans due to Sewer Fund | \$ 537,030 |
| *From Impact Fee Fund | 580,058 |
| *From Employee Health Insurance Levy Fund | 166,087 |
| *From Building Inspection | 2,769 |
| *From Russell Park Maintenance | 142 |
| *From Willowwood Park Maintenance | 32,686 |
| *From Law Enforcement Block Grant | 23,291 |
| *From CDBG Grant | 121,882 |
| *From ISTEA Grant | 411,966 |
| *From HOME Grant | 10,000 |
| *From HOME-ADDI Grant | 14,724 |
| *From General Obligation Debt Funds | 13,663 |
| *From SID Debt Funds | 1,769,594 |
| *From Capital Improvement | 880,736 |
| *From Sidewalk and Curb Construction Fund | 307,970 |
| *From SID Construction Funds | 4,872,600 |

*Interfund Loan due to Title I Fund

| | |
|--|---------------------|
| *From General Obligation Debt Funds | 465,149 |
| Primary Government Total, Due To Other Funds | <u>\$ 5,337,749</u> |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Due From Other Governments:

| | |
|---|---------------------|
| Primary Government | |
| General Fund | |
| Due from Missoula County – Taxes Receivable | \$ 134,650 |
| Due from Missoula County Public Schools – School Police Officer | 57,550 |
| Due from Montana Department of Transportation – Public Works Projects | 20,365 |
| Due from Montana Department of Transportation - Pedestrian Safety Grant | 17,740 |
| Due from City Municipal Court | <u>132,355</u> |
| Total General Fund | <u>362,660</u> |
| Special Revenue Funds: | |
| Due from Missoula County – Taxes Receivable | 1,558 |
| Due from Missoula County – Police Capital Grant | 18,219 |
| Due from City/County Health Department – Water Quality Incentive | 375 |
| Due from City Municipal Court – Drug Forfeiture | 1,409 |
| Due from City Municipal Court – Crime Victim Surcharge | 7,179 |
| Due from University of Montana – CMAQ/CTEP grant matching | 7,363 |
| Due from Montana Department of Transportation – CMAQ/CTEP grants | 232,138 |
| Due from State of Montana – HOME ADDI Grant | 10,000 |
| Due from State of Montana - Underage Drinking Grant | 7,483 |
| Due from State of Montana – Seatbelt Overtime Grant | 8,506 |
| Due from State of Montana – In-Car Video Grant | 8,950 |
| Due from Federal Government – HOME Grant | 408,545 |
| Due from Federal Government - JAG Police Grant | 30,083 |
| Due from Federal Government - Bulletproof Vest Program | 2,520 |
| Due from Federal Government – HIDTA Task Force grant | 79,309 |
| Due from Federal Government – EPA Brownfields grant | 6,191 |
| Due from Federal Government - CDBG Grant | <u>41,777</u> |
| Total Special Revenue Funds | <u>871,605</u> |
| Debt Service Funds | |
| Major fund – Due from Missoula County – Taxes Receivable | 1,158 |
| Non-major funds - Due from Missoula County – Taxes Receivable | <u>14,606</u> |
| Total Debt Service Funds | <u>15,768</u> |
| Capital Projects Funds | |
| Due from Montana Department of Transportation – CMAQ/CTEP grants | <u>1,558</u> |
| Total, Due From Other Governments, Governmental Funds | <u>\$ 1,251,587</u> |
| Proprietary Funds | |
| Due from Missoula County – Delinquent Sewer Collections | <u>\$ 1,705</u> |
| Agency Funds | |
| Due from City Municipal Court – Court Surcharge | 7,274 |
| Due from Missoula County – Taxes Receivable | 876 |
| Total Agency Funds | <u>\$ 8,150</u> |

CITY OF MISSOULA, MONTANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

Due to Other Governments:

| | |
|--------------------------------|-------------------|
| Agency Funds | \$ 16,420 |
| Supreme Court | 5,559 |
| County Park Board | 299,985 |
| Business Improvement District | 326 |
| County Clearing | <u>326</u> |
| Total Due to Other Governments | <u>\$ 322,290</u> |

Due to Private Parties:

| | |
|------------------------------|-------------------|
| Agency Funds | \$ 51,621 |
| Sewer Rebates | 478 |
| Youth Programs | 223,248 |
| Municipal Court Restitution | 3,910 |
| Elk Hills Subdivision | <u>3,910</u> |
| Total Due to Private Parties | <u>\$ 279,257</u> |

D. Bond Issuance Costs

The following bond costs are being amortized over the life of the bonds:

| | |
|---|------------------|
| Primary Government, Sewer Revenue Bond Costs (Major Fund) | \$ 9,608 |
| Component Unit, Parking Commission Revenue Bond Costs | <u>12,476</u> |
| Total Deferred Expense, Reporting Entity | <u>\$ 22,084</u> |

E. Capital Assets

The City has identified three types of street infrastructure:

1. Arterial/collector streets
2. Commercial streets
3. Residential streets

Estimating construction costs

Arterial/Collector & Commercial & Residential Streets- The City estimated costs for these streets using a bid from the 39th street project for 2002/2003 (used for all projects prior to FY 2007) and from the England Boulevard bid on 9/18/2006 for FY 2007 projects.

Estimating overhead

1. Arterial/collector - 40% of estimated construction costs
2. Commercial - 25% of estimated construction costs
3. Residential - 25% of estimated construction costs

Total estimates per square yard

The total estimated construction and overhead costs per square yard of street are shown below for fiscal year 2007:

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

| | <u>Construction</u> | <u>Overhead</u> | <u>Total</u> |
|--------------------|---------------------|-----------------|-----------------|
| Arterial/Collector | \$41/Sq Yard | \$16.40/Sq Yard | \$57.40/Sq Yard |
| Commercial | \$38/Sq Yard | \$9.50/Sq Yard | \$47.50/Sq Yard |
| Residential | \$26/Sq Yard | \$6.50/Sq Yard | \$32.50/Sq Yard |

Depreciation

Depreciation is calculated on a straight-line basis with a full month convention for all governmental assets except infrastructure.

Capital Asset activity for the fiscal year ended June 30, 2007, is summarized as follows:

| | Beginning Balance | Prior Period Adjustment | Additions | Deletions | Ending Balance |
|---|------------------------------|--|----------------------|------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital Assets not being Depreciated: | | | | | |
| Art | \$ 190,500 | \$ - | \$ 50,228 | \$ - | \$ 240,729 |
| Land | 18,325,869 | - | 1,016,660 | - | 19,342,529 |
| Construction-In-Progress | 12,549,429 | (84,738) | 5,727,694 | (14,888,495) | 3,303,889 |
| Total Capital Assets not being Depreciated | <u>\$ 31,065,798</u> | <u>\$ (84,738)</u> | <u>\$ 6,794,581</u> | <u>\$ (14,888,495)</u> | <u>\$ 22,887,146</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings | \$ 20,706,194 | - | \$ 19,180,359 | - | \$ 39,886,553 |
| Infrastructure | 180,664,550 | - | 6,973,249 | - | 187,637,799 |
| Machinery & Equipment | 17,340,354 | 315,204 | 1,390,406 | (535,171) | 18,510,792 |
| Total Capital Assets being Depreciated | <u>\$ 218,711,098</u> | <u>\$ 315,204</u> | <u>\$ 27,544,014</u> | <u>\$ (535,171)</u> | <u>\$ 246,035,145</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | \$ (9,780,659) | \$ - | \$ 616,223) | \$ - | \$ (10,396,882) |
| Infrastructure | (100,464,772) | - | (4,177,686) | - | (104,642,458) |
| Machinery & Equipment | (10,081,663) | 23,053 | (1,090,400) | 481,102 | (10,667,909) |
| Total Accumulated Depreciation | <u>(120,327,094)</u> | <u>23,053</u> | <u>(5,884,309)</u> | <u>481,102</u> | <u>(125,707,249)</u> |
| Total Capital Assets being Depreciated, Net | <u>98,384,004</u> | <u>338,257</u> | <u>21,659,705</u> | <u>(54,070)</u> | <u>120,327,896</u> |
| Capital Assets, Net | <u>\$ 129,449,802</u> | <u>\$ 253,519</u> | <u>\$ 28,454,286</u> | <u>\$ 14,942,565)</u> | <u>\$ 143,215,042</u> |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Depreciation expense was charged to functions as follows:

Governmental Activities:

| | |
|--|---------------------|
| General Government | \$ 186,410 |
| Public Safety | 700,539 |
| Public Works | 4,462,370 |
| Public Health | 17,333 |
| Culture and Recreation | 367,227 |
| Housing & Community Development | <u>150,431</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 5,884,309</u> |

The following is a summary of business-type capital assets for the year ended June 30, 2007:

Depreciation is calculated on a straight line basis.

| | Beginning Balance | Prior Period Adjustment | Additions | Deletions | Ending Balance |
|---|------------------------------|--|---------------------|----------------------|---------------------------|
| Business-type Activities: | | | | | |
| Capital Assets not being Depreciated: | | | | | |
| Land | \$ 1,333,614 | \$ - | \$ - | \$ - | \$ 1,333,614 |
| Construction-In-Progress | <u>1,160,513</u> | <u>-</u> | <u>1,789,091</u> | <u>(2,486,391)</u> | <u>463,213</u> |
| Total Capital Assets not being Depreciated | <u>\$ 2,494,127</u> | <u>\$ -</u> | <u>\$ 1,789,091</u> | <u>\$(2,486,391)</u> | <u>\$ 1,796,827</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings | \$ 6,780,221 | \$ - | \$ 1,093,109 | \$ - | \$ 7,873,330 |
| Improvements | 82,835,504 | - | 3,592,786 | - | 86,428,290 |
| Machinery & Equipment | <u>5,318,710</u> | <u>(12,240)</u> | <u>109,708</u> | <u>(2,700)</u> | <u>5,413,478</u> |
| Total Capital Assets being Depreciated | <u>\$ 94,934,435</u> | <u>\$ (12,240)</u> | <u>\$ 4,795,604</u> | <u>\$ (2,700)</u> | <u>\$ 99,715,098</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | \$ (3,212,596) | \$ 13 | \$ 156,448 | \$ - | \$ (3,369,030) |
| Improvements | (19,582,551) | - | (1,726,004) | - | (21,308,555) |
| Machinery & Equipment | <u>(4,070,527)</u> | <u>12,241</u> | <u>(174,275)</u> | <u>2,700</u> | <u>(4,229,861)</u> |
| Total Accumulated Depreciation | <u>(26,865,674)</u> | <u>7,495</u> | <u>(2,056,727)</u> | <u>2,700</u> | <u>(28,907,446)</u> |
| Total Capital Assets being Depreciated, Net | <u>\$ 68,068,761</u> | <u>(4,745)</u> | <u>2,738,876</u> | <u>-</u> | <u>70,807,652</u> |
| Capital Assets, Net | <u>\$ 70,562,888</u> | <u>\$ (4,745)</u> | <u>\$ 4,527,967</u> | <u>\$(2,486,391)</u> | <u>\$ 72,604,479</u> |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|------------------------------|----------------------------|-------------------------|----------------------------|
| Component Unit: Missoula Parking Commission | | | | |
| Capital Assets not being Depreciated | | | | |
| Parking lots | \$ 2,397,866 | \$ - | \$ - | \$ 2,397,866 |
| Capital Assets being Depreciated | | | | |
| Parking structures | 2,256,461 | - | - | 2,256,461 |
| Furniture, fixtures, and computers | 54,890 | - | - | 54,890 |
| Machinery, equipment and vehicles | 406,800 | - | - | 406,800 |
| Parking lot improvements | 1,173,437 | - | - | 1,173,437 |
| Capitalized interest | 409,007 | - | - | 409,007 |
| | <u>4,300,595</u> | <u>-</u> | <u>-</u> | <u>4,300,595</u> |
| Less accumulated depreciation | (1,618,105) | (153,113) | 16,836 | (1,754,382) |
| Total capital assets being depreciated, net | <u>2,682,490</u> | <u>(153,113)</u> | <u>16,836</u> | <u>2,546,213</u> |
| Capital assets, net | <u><u>\$ 5,080,356</u></u> | <u><u>\$ (153,113)</u></u> | <u><u>\$ 16,836</u></u> | <u><u>\$ 4,944,079</u></u> |

F. Long-Term Obligations

During the year ended June 30, 2007 the following changes occurred in long-term liabilities reported in the governmental activities, the City's proprietary funds and component units:

| | Balance July 1, 2006 | Additions | Reductions | Balance June 30, 2007 | (a) Due Within One Year |
|--------------------------------------|---------------------------------|---------------------|---------------------|----------------------------------|--|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$14,070,000 | \$10,095,000 | \$ 5,445,000 | \$18,720,000 | \$ 1,220,000 |
| Limited Obligation Bonds | 1,315,000 | 3,640,000 | 195,000 | 4,760,000 | 200,000 |
| Special Assessment Bonds | 15,594,203 | 2,194,351 | 2,332,873 | 15,455,681 | 1,402,870 |
| Sidewalk and Curb Warrants | 120,923 | - | - | 120,923 | - |
| Intercap Loans | 440,972 | - | 188,519 | 252,453 | 30,028 |
| Compensated Absences | 2,941,117 | 1,958,176 | 1,627,812 | 3,271,481 | 1,612,500 |
| Total Governmental Activities | \$34,482,215 | \$17,887,527 | \$ 9,789,204 | \$42,580,538 | \$ 4,465,398 |
| Proprietary Funds / | | | | | |
| Business-type Activities: | | | | | |
| Revenue Bonds | \$17,079,212 | \$ 659,019 | \$ 941,000 | \$16,797,231 | \$ 979,000 |
| Compensated Absences | 120,253 | 22,013 | 18,299 | 123,967 | 20,500 |
| Total Proprietary Funds | \$17,199,465 | \$ 681,032 | \$ 959,299 | \$16,921,198 | \$ 999,500 |
| Component Units: | | | | | |
| Revenue Bonds | \$ 1,265,000 | \$ 4,600,000 | \$ 200,000 | \$ 5,665,000 | \$ 190,000 |
| Compensated Absences | 85,809 | 72,822 | 60,536 | 98,095 | 60,000 |
| Total Component Units | \$ 1,350,809 | \$ 4,672,822 | \$ 260,536 | \$ 5,763,095 | \$ 250,000 |

(a) Included in Balance June 30, 2007

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Primary Government

Compensated Absences

For governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds Payable

Paid from property tax revenues deposited in Debt Service Funds:

| <u>Bonds</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Rate</u> | <u>Amount Issued</u> | <u>Balance June 30, 2007</u> |
|-------------------|--------------------|---------------------|-------------|----------------------|------------------------------|
| 1998 Fire | 1998 | 2008 | 4.4-4.875% | \$ 1,677,000 | \$ 80,000 |
| 2004 Aquatics | 2004 | 2024 | 3.0-4.5% | 8,100,000 | 7,200,000 |
| 2004 Refunding | 2004 | 2013 | 3.0-3.8% | 2,705,000 | 1,685,000 |
| 2005 Fire Station | 2006 | 2026 | 3.95-4.5% | 5,740,000 | 5,550,000 |
| 2007 Refunding | 2007 | 2018 | 3.6-4.0% | <u>4,355,000</u> | <u>4,205,000</u> |
| Total GO Bonds | | | | <u>\$ 22,577,000</u> | <u>\$ 18,720,000</u> |

Annual debt service requirements to maturity for General Obligation Bonds as of June 30, 2007, were as follows:

Fiscal Year Ending

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|----------------------|---------------------|----------------------|
| 2008 | \$ 1,220,000 | \$ 743,483 | \$ 1,963,483 |
| 2009 | 1,265,000 | 701,223 | 1,966,223 |
| 2010 | 1,170,000 | 656,883 | 1,826,883 |
| 2011 | 1,225,000 | 614,833 | 1,839,833 |
| 2012 | 1,270,000 | 569,748 | 1,839,748 |
| 2013-2017 | 5,750,000 | 2,136,547 | 7,886,547 |
| 2018-2022 | 4,145,000 | 1,138,598 | 5,283,598 |
| 2023-2026 | <u>2,675,000</u> | <u>252,907</u> | <u>2,927,907</u> |
| Total | <u>\$ 18,720,000</u> | <u>\$ 6,814,222</u> | <u>\$ 25,534,222</u> |

Limited Obligation Bonds

Paid from General Fund revenues:

| <u>Bonds</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Rate</u> | <u>Amount Issued</u> | <u>Balance June 30, 2007</u> |
|--------------------------------|--------------------|---------------------|-------------|----------------------|------------------------------|
| 2001A Maintenance | 2000 | 2020 | 4.25-5.20% | \$ 1,600,000 | \$ 1,250,000 |
| 2006 Council/MRA Remodel | 2006 | 2026 | 4.25-4.55% | 1,100,000 | 1,065,000 |
| 2006 Aquatics Support | 2006 | 2026 | 3.625-4.0% | 1,860,000 | 1,765,000 |
| 2007B Fire Subsidy | 2007 | 2026 | 3.70-4.20% | 680,000 | 680,000 |
| Total Limited Obligation Bonds | | | | <u>\$ 5,240,000</u> | <u>\$ 4,760,000</u> |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Annual debt service requirements to maturity for Limited Obligation Bonds as of June 30, 2007, were as follows:

| Fiscal Year Ending | <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------|---------------------|---------------------|---------------------|
| | 2008 | \$ 200,000 | \$ 205,098 | \$ 405,098 |
| | 2009 | 200,000 | 195,043 | 395,043 |
| | 2010 | 210,000 | 186,841 | 396,841 |
| | 2011 | 225,000 | 178,191 | 403,191 |
| | 2012 | 235,000 | 168,831 | 403,831 |
| | 2013-2017 | 1,330,000 | 685,950 | 2,015,950 |
| | 2018-2022 | 1,380,000 | 372,762 | 1,752,762 |
| | 2023-2026 | <u>980,000</u> | <u>105,828</u> | <u>1,085,828</u> |
| | Total | <u>\$ 4,760,000</u> | <u>\$ 2,098,544</u> | <u>\$ 6,858,544</u> |

Revenue Bonds

Paid from sewer utility revenues:

| Bonds | Date <u>Issued</u> | Date <u>Matures</u> | Rate <u>Rate</u> | Amount <u>Issued</u> | Balance <u>June 30, 2007</u> |
|---------------------------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------------------|
| 1992 Sewer, A | 1/23/92 | 7/1/2013 | 4.00% | \$ 1,177,000 | \$ 455,000 |
| 1992 Sewer, B | 7/15/92 | 1/1/2013 | 4.00% | 2,221,000 | 791,000 |
| 1999 Sewer Bonds | 6/24/99 | 7/1/2019 | 4.00% | 1,820,000 | 1,258,000 |
| 2000(B) Sewer Bonds | 10/03/00 | 7/1/2020 | 4.00% | 718,000 | 529,000 |
| 2001 Sewer Bonds-Bellevue & Reserve | 4/27/01 | 1/1/2021 | 4.00% | 459,162 | 345,000 |
| 2002 Sewer Bonds-39 th St. | 5/16/02 | 1/1/2022 | 4.00% | 1,395,000 | 1,025,000 |
| 2002 Missoula Treatment Plant A | 11/21/02 | 7/1/2022 | 4.00% | 5,000,000 | 4,094,000 |
| 2003 Missoula Treatment Plant B | 10/15/03 | 7/1/2023 | 3.75% | 3,800,000 | 3,247,000 |
| 2003 Missoula Treatment Plant C | 3/23/04 | 7/1/2024 | 3.75% | 3,688,000 | 3,234,000 |
| 2005 Sewer Bonds-Brdwy/Lincolnwood | 11/28/05 | 7/1/2025 | 3.75% | 1,997,000 | 1,591,833 |
| 2006 Sewer Bonds-Lincolnwood Phase II | 9/21/06 | 7/1/2026 | 3.75% | <u>241,398</u> | <u>227,398</u> |
| Total | | | | <u>\$22,516,560</u> | <u>\$16,797,231</u> |

Annual debt service requirements to maturity for revenue bonds as of June 30, 2007, were as follows:

| Fiscal Year Ending | <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------|----------------------|--------------------|---------------------|
| | 2008 | \$ 979,000 | \$ 641,677 | \$ 1,620,677 |
| | 2009 | 1,017,000 | 603,129 | 1,620,129 |
| | 2010 | 1,056,000 | 563,057 | 1,619,057 |
| | 2011 | 1,099,000 | 521,042 | 1,620,042 |
| | 2012 | 1,141,000 | 478,232 | 1,619,232 |
| | 2013-2017 | 5,250,000 | 1,766,756 | 7,016,756 |
| | 2018-2022 | 5,472,398 | 712,357 | 6,184,755 |
| | 2023-2024 | <u>782,833</u> | <u>25,959</u> | <u>808,792</u> |
| | | <u>\$ 16,797,231</u> | <u>\$5,312,209</u> | <u>\$22,109,440</u> |

Revenue Bond Covenants

The Sewer Revenue Bonds require:

1. Segregated cash accounts with restrictions on their use.

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

2. Accounting for the sewer fund in accordance with generally accepted accounting principles and issuing audited statements annually.
3. Billing quarterly, no free services and legal action to collect delinquencies.
4. Reserves in operating account and Revenue Bond accounts (maximum due in any future calendar year).
5. Net revenues at least equal to 125% of the maximum annual debt service.
6. The bonds may be redeemed early if approval is sought from the Department of Natural Resources and all payments are current.

The City of Missoula is in substantial compliance with all of the above requirements except for quarterly billing. For residential and some commercial accounts, the City bills every six months to conserve on postage costs and personnel time.

Special Assessment Debt with Government Commitment

Property owners are assessed for principal and interest to repay special assessment bonds. If sufficient funds are not received, loans are made from the SID Revolving fund. This fund is financed by fees paid by each new SID, by cash transferred from the general fund if needed and by any surplus remaining in completed SID's. The cash balance in the Revolving Fund must equal at least 5% of the principal amount of debt outstanding. If the cash balance is less than 5%, a levy is required to bring the cash balance to the required minimum. The required minimum for the City at June 30, 2007 is \$772,784. The Revolving Fund cash at June 30, 2007 is \$938,617.

The following table lists all outstanding special assessment bond issues and the outstanding balance as of June 30, 2007:

| <u>Bonds</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Rate</u> | <u>Amount Issued</u> | <u>Balance June 30, 2007</u> |
|--------------|--------------------|---------------------|--------------|----------------------|------------------------------|
| 498 | 1992 | 2012 | 4.00% | \$ 2,465,000 | \$ 456,000 |
| 501 | 1992 | 2012 | 4.00% | 943,000 | 129,000 |
| 503 | 1993 | 2013 | 4.00% | 324,000 | 64,000 |
| 505 | 1994 | 2009 | 4.00 – 6.50% | 174,000 | 20,000 |
| 506 | 1993 | 2008 | 5.695% | 90,000 | 6,000 |
| 507 | 1993 | 2008 | 5.925% | 126,000 | 8,000 |
| 511 | 1994 | 2014 | 4.00% | 304,000 | 89,000 |
| 512 | 1998 | 2018 | 4-50.250% | 1,724,000 | 959,330 |
| 513 | 1996 | 2007 | 5.90% | 41,000 | 12,743 |
| 514 | 1996 | 2012 | 5.90% | 213,000 | 66,207 |
| 515 | 1996 | 2007 | 5.90% | 9,800 | 3,050 |
| 517 | 1997 | 2012 | 4.20-5.50% | 91,000 | 29,797 |
| 518 | 1997 | 2012 | 4.20-5.50% | 39,000 | 12,743 |
| 519 | 1997 | 2012 | 4.20-5.50% | 109,000 | 35,659 |
| 520 | 1998 | 2019 | 4.00% | 2,634,000 | 1,510,000 |
| 521 | 1998 | 2018 | 4.50-5.25% | 7,900 | 4,365 |
| 522 | 1998 | 2018 | 4.50-5.25% | 11,200 | 6,305 |
| 524 | 2002 | 2023 | 4.00% | 4,577,000 | 3,597,000 |
| 525 | 2001 | 2020 | 4.00% | 658,000 | 444,000 |
| 526 | 2000 | 2021 | 4.00% | 2,671,000 | 1,930,000 |
| 527 | 2004 | 2011 | 2.70-3.80% | 22,400 | 12,800 |
| 530 | 2006 | 2016 | 3.80-4.75% | 6,706 | 6,036 |
| 532 | 2005 | 2024 | 3.50-5.00% | 556,000 | 490,000 |
| 533 | 2006 | 2025 | 3.75% | 244,000 | 210,456 |

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| | | | | | |
|--------------------------------|------|------|------------|---------------------|---------------------|
| 534 | 2006 | 2026 | 3.75% | 254,000 | 246,000 |
| 536 | 2006 | 2026 | 3.75% | 438,000 | 382,190 |
| 540 | 2006 | 2027 | 3.75-4.65% | 1,570,000 | 1,570,000 |
| FY99 S&C | 1999 | 2011 | 3.20-4.60% | 644,000 | 110,000 |
| FY00 S&C | 2000 | 2012 | 4.625-5.5% | 840,000 | 225,000 |
| FY01 S&C | 2001 | 2013 | 3.00-4.50% | 340,000 | 130,000 |
| FY02 S&C | 2002 | 2014 | 2.00-4.40% | 430,000 | 180,000 |
| FY03 S&C | 2003 | 2015 | 2.00-3.80% | 805,000 | 445,000 |
| FY04 S&C | 2004 | 2016 | 2.00-4.75% | 710,000 | 450,000 |
| FY05 S&C | 2005 | 2017 | 3.50-4.65% | 765,000 | 605,000 |
| FY06 S&C | 2006 | 2018 | 3.75-4.25% | <u>1,145,000</u> | <u>1,010,000</u> |
| Total Special Assessment Bonds | | | | <u>\$25,982,006</u> | <u>\$15,455,681</u> |

Annual debt service requirements to maturity for special assessment bonds as of June 30, 2007, were as follows:

| Fiscal Year Ending | | Principal | Interest | Total |
|--------------------|--|----------------------|---------------------|----------------------|
| June 30 | | | | |
| 2008 | | \$ 1,402,870 | \$ 629,867 | \$ 2,032,737 |
| 2009 | | 1,342,871 | 573,627 | 1,916,498 |
| 2010 | | 1,357,870 | 519,182 | 1,877,052 |
| 2011 | | 1,358,870 | 463,546 | 1,822,416 |
| 2012 | | 1,272,870 | 407,340 | 1,680,210 |
| 2013-2017 | | 4,393,686 | 1,382,994 | 5,776,680 |
| 2018-2022 | | 3,268,000 | 569,180 | 3,837,180 |
| 2023-2027 | | <u>1,058,644</u> | <u>101,283</u> | <u>1,159,927</u> |
| Total | | <u>\$ 15,455,681</u> | <u>\$ 4,647,019</u> | <u>\$ 20,102,700</u> |

Sidewalk and Curb Interest Bearing Warrants

Issued for sidewalk, curb and gutter improvements. Paid for through property assessments.

| Issue | Interest | Outstanding |
|----------------------------------|----------|-----------------------|
| Date | Rate | June 30, 2007 |
| 1998 | 6.50% | 12 yrs \$ 20,672 |
| 1999 | 6.50% | 12 yrs <u>100,251</u> |
| Total Sidewalk and Curb Warrants | | \$ <u>120,923</u> |

Annual debt service requirements to maturity for Sidewalk and Curb warrants as of June 30, 2007, were as follows:

| Fiscal Year Ending | | Principal | Interest | Total |
|--------------------|--|------------------|------------------|-------------------|
| June 30 | | | | |
| 2008 | | \$ - | \$ 7,862 | \$ 7,862 |
| 2009 | | 20,672 | 7,862 | 28,534 |
| 2010 | | <u>100,251</u> | <u>6,519</u> | <u>106,770</u> |
| | | <u>\$120,923</u> | <u>\$ 22,243</u> | <u>\$ 143,166</u> |

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Intercap Loans

Intercap loans are loans for capital equipment from the Montana Board of Investments. Payments are due in August and February. The interest rate varies annually and was 4.75% for fiscal year 2007.

| <u>Issue Date</u> | <u>Maturity Date</u> | <u>Original Loan Amount</u> | <u>Balance June 30, 2007</u> |
|-------------------|----------------------|-----------------------------|------------------------------|
| 2004 | 2014 | \$ 300,000 | \$ 252,453 |

Annual debt service requirements to maturity for Intercap loan as of June 30, 2007, were as follows:

Fiscal Year Ending

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|-------------------|------------------|-------------------|
| 2008 | \$ 30,028 | \$ 11,879 | \$ 41,907 |
| 2009 | 31,116 | 10,199 | 41,315 |
| 2010 | 32,246 | 8,708 | 40,954 |
| 2011 | 33,417 | 7,162 | 40,579 |
| 2012 | 34,631 | 5,560 | 40,191 |
| 2013-2015 | <u>91,015</u> | <u>6,507</u> | <u>97,522</u> |
| Total | <u>\$ 252,453</u> | <u>\$ 50,015</u> | <u>\$ 302,468</u> |

Component Units

Revenue Bonds

Missoula Parking Commission: Revenue bonds paid from parking revenues.

| <u>Bonds</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Rate</u> | <u>Amount Issued</u> | <u>Balance June 30, 2007</u> |
|--------------------|--------------------|---------------------|-------------|----------------------|------------------------------|
| Parking Commission | 5/1/2001 | 11/1/2016 | 4.6-5.5% | \$1,700,000 | \$1,165,000 |

Minimum annual payments on principal and interest for bonds payable are shown below.

Year Ended

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|----------------|---------------------|-------------------|---------------------|
| 2008 | \$ 105,000 | \$ 57,379 | \$ 162,379 |
| 2009 | 110,000 | 52,245 | 162,245 |
| 2010 | 115,000 | 46,788 | 161,788 |
| 2011 | 120,000 | 40,970 | 160,970 |
| 2012 | 130,000 | 34,655 | 164,655 |
| 2013-2016 | <u>585,000</u> | <u>65,690</u> | <u>650,690</u> |
| Totals | <u>\$ 1,165,000</u> | <u>\$ 297,727</u> | <u>\$ 1,462,727</u> |

Missoula Redevelopment Agency: Revenue bonds paid from tax increment revenues.

| <u>Bonds</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Rate</u> | <u>Amount Issued</u> | <u>Balance June 30, 2007</u> |
|--------------------|--------------------|---------------------|-------------|----------------------|------------------------------|
| MAEDC Note Payable | 8/10/2006 | 2031 | 1.50% | \$1,000,000 | \$1,000,000 |
| 2006 Tax Increment | 8/15/2006 | 2031 | 4.89% | 3,600,000 | 3,500,000 |
| Total | | | | \$4,600,000 | \$4,500,000 |

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The City of Missoula applied for and received a \$1 million grant from the U.S. Environmental Protection agency (EPA) to create a revolving loan fund to be used for brownfields remediation of the Old Sawmill District located within URD II. The City entered into a subrecipient agreement with the Missoula Area Economic Development Corporation (MAEDC) to manage the revolving loan fund. MAEDC provided \$200,000 in matching funds required under the EPA grant, creating a total loan fund of \$1.2 million. In August 2006, MAEDC made a loan of \$1,000,000 bearing interest at 1.5% to MRP LLC, the developer of the Old Sawmill District, with MRA and the City identified as co-borrowers. The loan will be repaid solely from tax increment revenue resulting from the increased taxable value of the property within the Old Sawmill District, and is not a general obligation of the City. For these reasons, the loan is reflected as a liability of MRA. In August 2007, the loan was increased from \$1 million to \$1.125 million.

Minimum annual payments on principal and interest for the series 2006 bonds payable are shown below:

| Year Ended | | | | |
|----------------|----------------------------|----------------------------|----------------------------|--|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> | |
| 2008 | \$ 85,000 | \$ 165,500 | \$ 250,500 | |
| 2009 | 85,000 | 161,675 | 246,675 | |
| 2010 | 90,000 | 157,850 | 247,850 | |
| 2011 | 95,000 | 153,800 | 248,800 | |
| 2012 | 100,000 | 149,525 | 249,525 | |
| 2013-2016 | 570,000 | 676,075 | 1,246,075 | |
| 2017-2021 | 1,400,000 | 361,877 | 1,761,877 | |
| 2022-2026 | 195,000 | 255,315 | 450,315 | |
| 2027-2031 | <u>880,000</u> | <u>106,876</u> | <u>986,876</u> | |
| Totals | <u>\$ 3,500,000</u> | <u>\$ 2,188,493</u> | <u>\$ 5,688,493</u> | |

Debt service requirements to maturity, based on the final MAEDC loan amount of \$1.125 million, follow:

| Year Ending | | | | |
|----------------|----------------------------|----------------------------|----------------------------|--|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2008 | \$ - | \$ 14,324 | \$ 14,324 | |
| 2009 | 20,571 | 16,875 | 37,446 | |
| 2010 | 41,605 | 16,411 | 58,016 | |
| 2011 | 95,000 | 153,800 | 248,800 | |
| 2012 | 100,000 | 149,525 | 249,525 | |
| 2013-2017 | 570,000 | 676,075 | 1,246,075 | |
| 2018-2022 | 705,000 | 536,125 | 1,241,125 | |
| 2023-2027 | 890,000 | 346,538 | 1,236,538 | |
| 2028-2031 | <u>880,000</u> | <u>106,875</u> | <u>986,875</u> | |
| Total | <u>\$ 1,125,000</u> | <u>\$ 2,453,963</u> | <u>\$ 5,953,963</u> | |

Conduit Debt Obligations

The City has participated in several issues of industrial revenue bonds issued for the purpose of constructing privately operated facilities within the City. These bonds are not direct or contingent liabilities of the City. Revenues from lease agreements and property purchased with the bond proceeds are pledged for the total payment of principal and interest on the bonds and the bondholders can look only to these sources for repayment. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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Refunding Bond

On February 1, 2007, the City issued general obligation refunding bonds in the amount of \$4,355,000, with an average interest rate of 3.78% to refund three separate general obligation bonds. The refunded bonds were the 1996 Open Space, 1997 Open Space, and 1998 Fire bonds with average interest rates of 5.16%, 5.10%, and 4.78%, respectively. The 1996 Open Space bonds were called and paid off when the refunding bonds were sold. This resulted in a reduction of total debt service payments of \$169,888 and an economic gain of \$130,647.

For the 1997 Open Space Bonds, \$989,442 of refunding bond proceeds were deposited into an irrevocable trust with an escrow agent to call the outstanding bonds on July 1, 2007. After the partial advance refunding the City paid debt service expenditures of \$66,511 on the bonds prior to the escrow taking over responsibility for future debt service payments. At June 30, 2007, the escrow agent is to provide all future payments, therefore the bonds outstanding of \$980,000 are considered defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The result of the partial advance refunding was a reduction of total debt service payments of \$71,452 and an economic gain of \$59,504. The difference between the amount placed in escrow and the outstanding bonds defeased of \$9,442 was charged to expense in the statement of activities in the year of refunding.

A partial advance refunding was also done on the 1998 Fire bonds. Proceeds from the sale of the refunding bonds in the amount of \$1,048,325 were deposited in an irrevocable escrow account to call the outstanding bonds on July 1, 2008. After the partial advance refunding the City was responsible for an additional \$161,990 in debt service expenditures. The City paid \$78,430 of those expenditures in fiscal year 2007 with the remainder due in fiscal year 2008. The outstanding obligation at June 30, 2007 consisted of \$80,000 in principal and \$3,560 in interest, the \$80,000 principal payment is reported as outstanding debt on the government-wide statement of net assets. The remainder of the bonds outstanding at June 30, 2007 of \$1,030,000 is the responsibility of the escrow agent and is therefore considered defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The result of the partial advance refunding was a reduction of total debt service payments of \$43,616 and an economic gain of \$40,814. The difference between the amount placed in escrow and the outstanding bonds defeased of \$18,325 was charged to expense in the statement of activities in the year of refunding.

G. Employee Benefits

1. Statewide Retirement Plans

Substantially all full-time City employees are eligible for one of three state-wide cost-sharing multiple-employer retirement plans. The City had a total payroll of \$20,100,989 for FY07, of which \$18,290,032 is covered by PERS, MPORS, or FURS. The financial information for all three retirement plans are reported in the Public Employees' Retirement Board's published "Comprehensive Annual Financial Report" for the fiscal year end. It is available from MPERA at 100 North Park Ave, P.O. Box 200131, Helena, MT 59620-0131, (406) 444-3154. Retirement expenditures are reported in the fund incurring the expense.

Public Employees' Retirement System (PERS)

PERS is a statewide retirement plan established in 1945 and is governed by Title 19, Chapters 2 and 3 of the Montana Code Annotated providing retirement services for substantially all public employees. The PERS is a mandatory multiple-employer, cost sharing plan administered by the Montana Public Employees' Retirement Administration (MPERA).

The PERS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit

CITY OF MISSOULA, MONTANA
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eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times the final average salary. A guaranteed annual benefit adjustment (GABA) of 1.5% is provided each January for benefit recipients if they have been receiving a benefit for at least 36 months. Members' rights become vested after five years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 6.90% of monthly compensation. State and University employers are required to contribute 6.80% of members' compensation. Local government entities are required to contribute 6.80% of members' compensation. The State of Montana contributes 0.1% of members' compensation on behalf of local government entities.

Firefighters' Unified Retirement System (FURS)

The City contributes to the Firefighters' Unified Retirement System (FURS). The FURS was established in 1981 and is governed by Title 19, Chapter 13 of the Montana Code Annotated providing retirement services for fully-paid firefighters. The FURS is a mandatory multiple-employer, cost sharing plan administered by the Montana Public Employees' Retirement Administration (MPERA).

The FURS offers retirement, disability and death benefits to plan members and their beneficiaries. A member may retire with a normal retirement benefit after completing 20 years of service, regardless of age. The monthly service retirement benefit, for members hired before July 1, 1981, who did not elect to be covered under GABA is equal to 1/2 of the last monthly compensation received. An additional amount equal to 2% of the last monthly compensation earned for each year in excess of 20 years can be received. For those hired on or after July 1, 1981, who did not elect to be covered under GABA, the retirement allowance is equal to 2% of the final average compensation for each year of service. Post retirement benefits are 50% of a current firefighter's salary. For members hired after June 30, 1997, and members hired prior to July 1, 1997 who have elected to be covered by GABA, a guaranteed annual benefit adjustment (GABA) of 1.5% is provided each January for benefit recipients if they have been receiving a benefit for at least 36 months. Rights become vested after 10 years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 9.5% of monthly compensation if hired prior to July 1, 1997 and not electing GABA coverage. The contribution for plan members hired after June 30, 1997 and members hired prior to July 1, 1997 and electing GABA coverage is 10.7% of monthly compensation. Employers are required to contribute 14.36% of members' compensation. The State is required to contribute 32.61% of members' compensation. One hundred percent of required contributions were received.

Municipal Police Officers' Retirement System (MPORS)

The City contributes to the Municipal Police Officers' Retirement System (MPORS). The MPORS was established in 1975 and is governed by Title 19, Chapter 2 and 9 of the Montana Code Annotated providing retirement services for all municipal police officers of cities covered by the plan. The MPORS is a mandatory multiple-employer, cost sharing plan administered by the Montana Public Employees' Retirement Administration (MPERA).

The MPORS offers retirement, disability and death benefits to plan members and their beneficiaries.

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Minimum years of service are 20 for benefit eligibility. The retirement benefit is calculated as follows: 2.5% – Final Average Salary – Years of Service. Any officers meeting the service year requirements shall receive ½ of the final average salary. For members hired after June 30, 1997, and members hired prior to July 1, 1997 who have elected GABA coverage a guaranteed annual benefit adjustment (GABA) of 1.5% is provided each January if the benefit recipient has been receiving a benefit for 36 months prior to January 1. Rights become vested after 20 years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 5.8% (for members hired prior to July 1, 1975 and not electing GABA), 7.0% (for members hired between July 1, 1975 and June 30, 1979 and not electing GABA), 8.5% (for members hired on and after July 1, 1979 and not electing GABA), and 9.0% (for new hires after June 30, 1997 and members electing GABA) of monthly compensation. Employers are required to contribute 14.41% of members' compensation. The State is required to contribute 29.37% of members' compensation. One hundred percent of required contributions were received. All of the on-behalf payments for fringe benefits for the City's employees were recognized as revenues and expenditures/expenses during the period.

Contribution rates for the plans are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll for the fiscal year ended June 30, 2007, were:

| | PERS | MPORS | FURS |
|----------|-------|----------------|---------------|
| Employee | 6.90% | 5.8 – 9.0% (1) | 9.5-10.7% (2) |
| Employer | 6.80% | 14.41% | 14.36 % |
| State | .10% | 29.37% | 32.61% |

(1) 5.0% for members hired prior to July 1, 1975
 7.0% for members hired between July 1, 1975 and June 30, 1979 (not covered by GABA)
 8.5% for members hired on or after July 1, 1979
 9.0% for members hired after June 30, 1997
 From July 1, 1997 to January 1, 1998 existing members could join the new plan (GABA)

(2) 10.7% for members hired after June 30, 1997
 From July 1, 1997 to January 1, 1998 existing members could join the new plan (GABA)

The City of Missoula and the State of Montana contributions (including component units) for the years ended June 30, 2005, 2006 and 2007 as listed below, were equal to the required contributions for each year.

| | PERS | | MPORS | | FURS | | PERS | |
|------|------------|----------|------------|--------------|------------|--------------|-----------|--------|
| | City | State | City | State | City | State | City | State |
| 2005 | \$ 512,248 | \$ 8,342 | \$ 584,722 | \$ 1,247,614 | \$ 502,484 | \$ 1,150,970 | \$ 40,155 | \$ 624 |
| 2006 | 574,872 | 8,454 | 631,137 | 1,342,803 | 552,782 | 1,274,868 | 41,361 | 620 |
| 2007 | 606,774 | 8,923 | 678,509 | 1,382,916 | 676,155 | 1,535,474 | 42,925 | 631 |

2. Insurance

The City has a self-insured medical, dental and life insurance plan which provides benefits for all permanent employees electing to be covered. City and employee monthly contribution rates depend on whether the employee is full or part time. City contributions were \$335 for a half time employee to \$670 for a full time employee. Employee contributions were \$10 for full time employees up to \$345 for half time employees. Retirees may also participate in the plan. The City subsidizes the retiree's premium cost at 15%. They paid \$539 per month, for medical coverage only. They are not covered by the dental and life insurance plans. City contributions to the plan for the year ended June 30, 2007 were \$3,261,681, employee contributions were

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\$399,752 and retiree contributions were \$302,246. Premium expenses are charged to the appropriate departments, than deposited into the Employee Benefit Fund, an internal service fund. This fund is used to pay claims, stop loss insurance and an administrator to process claims. An operating transfer in the amount of \$50,249 from the General Fund was made to the Employee Benefit Fund during fiscal year 2007. Following is a summary of the changes in the balances of claim liabilities during fiscal 2005, 2006 and 2007.

| | Claims Payable Beginning of Fiscal Year | Claims Incurred | Claims Paid | Claims Payable End of Fiscal Year |
|------|--|--------------------|--------------|--|
| 2005 | \$ 159,151 | \$ 2,848,995 | \$ 2,746,392 | \$ 261,754 |
| 2006 | 261,754 | 2,589,334 | 2,698,749 | 152,339 |
| 2007 | 152,339 | 3,041,420 | 3,022,700 | 171,059 |

3. Deferred Compensation Plan

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The pay out of deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As the result of a change in federal law effective January 1, 1997, all of the City's deferred compensation plans have converted to hold the assets in trust for the exclusive benefit of participants and their beneficiaries. As such, the City no longer recognizes the assets of the deferred compensation plans.

4. Post Employment Benefits

Terminated employees may remain on the City's health insurance plan for up to 18 months if they pay the monthly premiums. This benefit is required under the federal C.O.B.R.A. law. Retirees may remain on the City's health plan as long as they wish, provided they pay the monthly premiums. State law requires the City to provide this benefit. There are no other post-employment benefits provided by the City. No cost can be estimated for the above benefits, although there is the probability that there are higher medical costs for retirees who would result in additional costs to the insurance program. Out of 462 individuals covered by the insurance plan in June 2007, there were 44 retirees and 2 C.O.B.R.A. participants.

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H. Interfund Transfers - The City has the following transfers:

| Transfer To: | Transfer From: | Amount | Explanation |
|---------------------|-----------------------------|------------------|---|
| General Fund | Street Maintenance | \$ 45,772 | Reimburse General Fund for costs incurred within the flushing district |
| General Fund | Gas Tax | 564,000 | For street maintenance work by City street staff |
| General Fund | Employee Health Insurance | 3,137,743 | Reimburse General Fund from special health levy funds for health insurance premiums paid |
| General Fund | Cable TV Franchise | 132,613 | For right of way maintenance |
| General Fund | Impact Fee | 42,554 | To use Impact Fee resources to support General Fund expenditures |
| General Fund | Russell Park Maintenance | 3,977 | Reimburse General Fund for costs incurred within the Russell Park Maintenance District |
| General Fund | Title I | 8,400 | Special budget request to support Partnership Health Center |
| General Fund | Willowwood Park Maintenance | 2,275 | Reimburse General Fund for costs incurred within the Willowwood Park Maintenance District |
| | | 3,937,334 | Total Non-major Special Revenue transfers to General Fund |
| General Fund | SID Revolving | 178,655 | To reimburse General Fund for SID costs |
| | | 178,655 | Total Non-major Debt Service transfers to General Fund |
| General Fund | Sewer | 231,961 | Reimburse General Fund for proportionate share of various technology improvements |
| | | 231,961 | Total Major Proprietary fund transfers to General Fund |
| CDBG Fund | Program Income | 107,499 | To appropriate fund activity to correct fund |
| | | 107,499 | Total Non-major Special Revenue transfers to Non-major Special Revenue |
| 2007 Refunding | 1996 Open Space | 666 | Refunding bond contingency fund |
| 2007 Refunding | 1998 Safety Bonds | 2,502 | Refunding bond contingency fund |
| 1997 Open Space | 2007 Refunding | 1,767 | Refunding bond contingency fund |
| 2007 Refunding | 1996 Open Space | 194,122 | Close inactive debt funds to existing fund |
| 2004 Refunding | 1994 City Hall & Fire Bonds | 41,691 | Close inactive debt funds to existing fund |
| 2004 Refunding | 1993 Fire Bonds | 113,711 | Close inactive debt funds to existing fund |
| SID Revolving | SID 495 | 7,589 | Close inactive debt funds to existing fund |
| SID Revolving | SID 497 | 52,931 | Close inactive debt funds to existing fund |
| | | 414,979 | Total Non-major Debt Service transfers to Non-major Debt Service |
| Transfer To: | Transfer From: | Amount | Explanation |
| Capital Improvement | Impact Fee | 956,904 | Impact Fee Support for Capital Projects |
| Capital Improvement | Title I | 25,000 | Ongoing support for capital ADA improvement projects/funded within the CIP |
| | | 981,904 | Total Non-major Special Revenue transfers to Non-major Capital Projects |
| SID 538 | SID Revolving | 3 | Close inactive debt funds to existing fund |
| | | 3 | Total Non-major Debt Service transfers to Non-major Capital Projects |

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| | | | |
|------------------------|---------------------|---------------------|---|
| Public Art | Capital Improvement | 7,000 | City ordinance #3221 requires 1% of Construction costs to go to public art |
| | | 7,000 | Total Non-major Capital Projects transfers to Non-major Special Revenue |
| SID Revolving | Sidewalk & Curb | 2,683 | Close inactive capital funds to existing fund |
| FY99 Sidewalk & Curb | Sidewalk & Curb | 15,527 | Close inactive capital funds to existing fund |
| FY03 Sidewalk & Curb | Sidewalk & Curb | 6,974 | Close inactive capital funds to existing fund |
| SID 540 | SID 540 | 57,238 | Close inactive capital funds to existing fund |
| | | 82,422 | Total Non-major Capital Projects transfers to Non-major Debt Service |
| SID 538 | SID 542 | 36,014 | To appropriate fund activity to new SID fund created |
| | | 36,014 | Total Non-major Capital Projects transfers to Non-major Capital Projects |
| Capital Improvement | General Fund | 1,025,000 | Support for capital projects |
| | | 1,025,000 | Total General Fund transfers to Non-major Capital Projects |
| Capital Improvement | Sewer | 1,104 | Sewer's proportionate share of various approved CIP projects |
| | | 1,104 | Total Major Proprietary fund transfers to Non-major Capital Projects |
| Employee Benefit Plan | General Fund | 50,249 | Retiree subsidizing approved by the City council |
| | | 50,249 | Total General Fund transfers to Internal Service |
| Total Transfers | | \$ 7,054,124 | |

I. Transactions with Component Units

The City of Missoula's significant transactions with its discretely presented component units include:

| Transfer To: | Transfer From: | Amount | Explanation |
|--------------|----------------|----------|---|
| General Fund | MRA | \$ 4,855 | To support new enhancements to operating budget |

J. Restricted Cash/Investments/Assets

The following restricted cash/investments were held by the City as of June 30, 2007:

| <u>Description</u> | <u>Amount</u> |
|--|---------------|
| Primary Government Sewer Fund - Restricted for debt service | \$1,630,939 |
| Component Units Missoula Redevelopment Agency - Restricted for debt service | 250,500 |

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

| | |
|---|---------------------|
| Missoula Parking Commission - Restricted for debt service | <u>150,000</u> |
| Total Restricted Cash | <u>\$ 2,031,439</u> |

The following net assets were restricted by the City for the reasons stated below as of June 30, 2007:

| <u>Description</u> | <u>Amount</u> |
|---|--------------------|
| Primary Government | |
| Governmental Funds - Restricted for debt service | \$3,007,558 |
| Sewer - Restricted for debt service | 1,320,306 |
| Component Units | |
| Missoula Redevelopment Agency - Restricted for debt service | 250,500 |
| Missoula Parking Commission - Restricted for debt service | <u>150,000</u> |
| Total Restricted Net Assets | <u>\$4,728,364</u> |

K. Residual Equity Transfers – Certain residual equity transfers were made to close out inactive funds.

L. Joint Operations with the County

Through interlocal agreements between the City of Missoula and Missoula County services are provided jointly for Health, Planning and Grants, Library, Animal Control and Art Museum. Members of the governing boards for these operations are appointed by both the City and County with the exception of the Art Museum. In all cases, the County is responsible for handling the administration and accounting for these service areas and includes them in their financial statements. The City provides office space within City Hall for the Office of Planning and Grants. The Art Museum building is included in the City's general capital assets. Health, Animal Control and Library are located in County facilities and are recorded on the County's capital asset records. In all cases, should the interlocal agreements be dissolved, the furniture and equipment will be returned to each unit of government on an equal basis. Buildings will remain in the custody of the government currently reporting them. The City and County meet each year to determine budgetary support. All of the above services have had sufficient funding to carry out their intended purposes.

M. Risk Management

The City faces a considerable number of risks of loss, including: a) damage to and loss of property and contents, b) citizen and employee tort claims, c) professional liability, i.e., errors and omissions, d) environmental damage, e) workers' compensation, i.e. employee injuries, and f) medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage and professional liabilities. The City participates in three statewide public risk pools operated by the Montana Municipal Insurance Authority (MMIA), for property insurance, workers' compensation and for tort liability coverage. Employee medical insurance is provided through a privately administered, self-insured plan. The City of Missoula has an addendum through MMIA in its property coverage termed pollution coverage for environmental damages.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are paid from the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the last three years.

In 1986 the City joined together with other Montana cities to form the Montana Municipal Insurance Authority which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

operate as common risk management and insurance programs for the member governments. The liability limits for damages in tort action for claims brought pursuant to state law are \$750,000 per claim and \$1.5 million per occurrence with a \$15,000 deductible per occurrence. State tort law limits the City's liability to \$1.5 million. There are no liability limits for claims filed pursuant to federal law. 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. Complete financial statements can be obtained by contacting MMIA at PO Box 6669, Helena, MT 59604-6669.

The City provides medical insurance coverage for its employees via a self-insured plan administered by Allegiance Benefit Plan Management, Inc. It provides medical, dental and vision benefits and is operated as an Internal Service Fund, funded by premiums charged to each department, based on the employees in that department, premiums from employees for their spouses, dependents, premiums from retirees electing to remain under the City's plan, and pro rated premiums from part-time and seasonal eligible employees. A commercial "stop-loss" policy has been purchased to cover any claims that exceed \$100,000 per individual or in aggregate for the plan in excess of \$3,210,185.

N. Pending Litigation

The City of Missoula is party to certain litigation under which it may be required to pay certain monies upon the decision of the courts. The office of the City Attorney reports various contingent liabilities based on the amount of damages alleged in various cases. However, it is the opinion of the City Attorney that the City's liability in the cases not covered by insurance will not be material to the financial statements, except in three instances where the city is potentially exposed up to \$250,000 in total. Because the amount of the loss, if any, is not reasonably determinable no provision has been made in the financial statements for these contingent liabilities.

O. Restatements

The government-wide financial statements include a prior period adjustment to correct an error in the reporting of capital projects related to SID 533, SID 534, SID 536 and the respective revenue bonds. Certain construction costs were posted to the SID construction fund in FY 2006 instead of the appropriate revenue bond fund. Also, a prior period adjustment of \$253,519 was made to City governmental capital assets due to software conversion issues.

P. Subsequent Events

The City sold \$920,000 of curb & sidewalk special assessment bonds on August 30, 2007 to Wells Fargo Brokerage Services. These bonds were sold with a maximum maturity of 20 years and a true interest cost of 4.586%. Property owners are assessed for principal and interest to repay special assessment bonds. If sufficient funds are not received, loans are made from the SID Revolving fund. The SID Revolving Fund is financed by fees paid by each new SID, by cash transferred from the General Fund if needed and by any surplus remaining in completed SID's. The cash balance in the Revolving Fund must equal at least 5% of the principal amount of debt outstanding. If the cash balance is less than 5%, a levy is required to bring the cash balance to the required minimum.

The City sold \$840,000 of General Fund Obligation Bonds on November 14, 2007 to D.A. Davidson & Company. These bonds were sold with a maximum maturity of 20 years and a true interest cost of 4.254%. These bonds were issued for the purpose of (i) paying a portion of the costs of the design, construction and installation of (a) a 50 meter swimming pool. This project is the final phase of the City's aquatics project, approved by a voter referendum and previously financed in part with the City's \$8,100,000 General Obligation Bonds, Series 2004, \$1,860,000 of additional General Fund Obligation Bonds, Series 2006C and \$2,445,000 in cash. In addition to the above support for the aquatics projects, Swim Missoula, a competitive swim club in the

CITY OF MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

City, has agreed to provide funding for the 50 meter pool project in the amount of \$412,386. The Bonds are to be repaid solely from revenue of the City's General Fund in any fiscal year that is pledged to the payment of the Bonds. The authorizing State statute describes the Bonds as being a general obligation of the City backed by its general credit. However, the statute also states that the City is not obligated to levy taxes or pledge its taxing power to pay debt service, which distinguishes the Bonds from a traditional general obligation issue.

The City sold its old vehicle maintenance facility and its associated land on West Broadway to St. Patrick Hospital and Health Services Center on October 29, 2007 for the amount of \$845,000. This land sale was delayed for several years, pending resolution of a lawsuit challenging the Missoula City council's September 22, 2003 rezoning of the property to in part allow a new Safeway grocery store building. The litigation was finally concluded March 7, 2006 when the Montana Supreme Court unanimously upheld the City of Missoula rezoning to allow a new Safeway structure in *Citizen Advocates for a Livable Missoula, Inc. et. al. v. City Council and Mayor of the City of Missoula, Montana* 2006 MT 47, 331 Mont. 269, 130 P.3d 1259, 2006 Mont. LEXIS 59.

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BUDGET TO ACTUAL COMPARISON GENERAL FUND



**REQUIRED SUPPLEMENTARY
INFORMATION OTHER
THAN
MANAGEMENT
DISCUSSION AND ANALYSIS**

City of Missoula, Montana
Budgetary Comparison Schedule
June 30, 2007

General Fund

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|---------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes and assessments | \$ 16,463,472 | \$ 16,463,472 | \$ 16,412,799 | \$ (50,673) |
| Licenses and permits | 1,432,100 | 1,432,100 | 1,276,867 | (155,233) |
| Intergovernmental | 8,918,167 | 9,028,967 | 8,605,071 | (423,896) |
| Charges for services | 4,506,385 | 4,605,333 | 4,235,878 | (369,455) |
| Fines and forfeitures | 1,277,547 | 1,277,547 | 1,370,311 | 92,764 |
| Miscellaneous | 400,295 | 689,266 | 522,664 | (166,602) |
| Investment earnings | 450,000 | 450,000 | 409,771 | (40,229) |
| Total revenues | 33,447,966 | 33,946,685 | 32,833,361 | (1,113,324) |
| Expenditures | | | | |
| General government | 7,027,476 | 7,027,476 | 5,364,086 | 1,663,390 |
| Public safety | 18,071,295 | 18,227,006 | 18,259,974 | (32,968) |
| Public works | 6,159,554 | 6,159,554 | 5,733,706 | 425,848 |
| Public health | 1,249,223 | 1,249,223 | 1,249,223 | - |
| Social and economic services | 111,647 | 111,647 | 132,897 | (21,250) |
| Culture and recreation | 4,046,354 | 4,046,354 | 3,621,833 | 424,521 |
| Housing and community development | 1,146,009 | 1,146,009 | 947,093 | 198,916 |
| Capital outlay | 616,979 | 616,979 | 602,106 | 14,873 |
| Total Expenditures | 38,428,537 | 38,584,248 | 35,910,918 | 2,673,330 |
| Excess of revenues over expenditures | (4,980,571) | (4,637,563) | (3,077,557) | (3,786,654) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,788,426 | 4,811,081 | 4,347,950 | (463,131) |
| Transfers out | (1,496,601) | (1,496,601) | (1,075,249) | (421,352) |
| Total Other Financing Sources (Uses) | 3,291,825 | 3,314,480 | 3,272,701 | (884,483) |
| Net change in fund balance | (1,688,746) | (1,323,083) | 195,144 | (4,671,137) |
| Fund balances - beginning | 1,929,515 | 1,929,515 | 1,929,515 | 1,929,515 |
| Fund balances - ending | \$ 240,769 | \$ 606,432 | \$ 2,124,659 | \$ (2,741,622) |

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SUPPLEMENTAL INFORMATION



COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special revenue funds account for resources and expenditures which are designated by law or contractual agreement for specified functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grants and entitlements.

Park Acquisition & Development Fund – Accounts for the revenues and expenditures of money received from developers as “Payment In Lieu of” park land dedications. This money is earmarked for park acquisition and initial development. It is often used as local match money for development grants from the Heritage Conservation and Recreation Service (HCRS).

Park Enterprise Fund – Accounts for fees from adult recreation programs for purchases and improvements to benefit those programs directly. Revenue sources are “Field Use Fees” from organized recreation leagues and fees received from the School Districts for their use of park facilities.

Parks & Trails Development Fund – This fund provides a means to budget and account for donation and bequests for Caras Park Improvements. This fund also receives annual lease payments from the Carousel which must be used for parks and trails improvements and enhancements.

Cemetery Cremain Wall and Memorials Fund – This fund accounts for the sale of niche plates and miscellaneous donations that become available. Expenditures from this fund are primarily for the improvements related to niche walls.

Cemetery Care Fund – Accounts for proceeds from the sale of cemetery lots. The fund receives 25% of all moneys realized from the sale of cemetery lots, and this money as well as investment interest is used for the care and maintenance of the City Cemetery.

Title I Projects Fund – The City began receiving revenues in FY86 from projects done in the Central Business District which used the U.S. Department of Housing and Urban Development’s Urban Development Action Grants. The revenues will be loan repayments from the Central Square office building and from the Sheraton Hotel Project. All expenditures have to be for eligible projects of the Housing and Community Development Act of 1974 as amended.

Impact Fee Fund – The City enacted general impact fees effective October 1, 2004. The revenues received in this fund will be used to fund public costs and facilities that have additional demands placed on them by new development.

NONMAJOR GOVERNMENTAL FUNDS ***FUND DESCRIPTIONS (Cont.)***

SPECIAL REVENUE FUNDS (Cont.)

Public Art Fund – This fund is used to further public accessibility to the arts through educational programs, dissemination of information, development of public art projects, development of public art funding sources, and to serve an advisory /advocacy role with public art sponsors and media.

Employee Health Insurance Agency – This fund receives tax revenues from the All Purpose Levy for the costs of the City's self-insurance plan and transfers funds to the general fund to offset the cost of health insurance for City employees.

Cable Television Franchise Fund – Accounts for revenue from cable television franchise agreements, pursuant to the Cable TV Franchise Enabling Ordinance (#2617) and a Non-exclusive Cable TV Franchise Ordinance (#2618). The City receives 5% of gross revenues after 50% advertising revenue is deducted for the exclusive ordinance (#2617) and 5% of gross revenues for the non-exclusive ordinance (#2618) for franchise fees.

Drug Forfeiture Fund – This fund accounts for property, money from sales of seized property, and cash payments resulting from Justice of the Peace verdicts, and seized cash from drug related crimes. Money received in this fund has to be spent on drug related expenditures.

Building Inspection Fund – Accounts for revenues and expenditures relating to the administration and enforcement of building regulations in the City of Missoula and the jurisdictional area, which is approximately four and one-half miles beyond the City limits.

City Grants and Program Income Fund – This fund is used to aid qualified landlords for rehabilitation work, in an effort to improve the rental housing stock in Missoula, and also to assist low to moderate income individuals.

Revolving Loan Fund – This fund derives its funding from sewer assistance grants that have been repaid to the City, in addition to a water quality district appropriation. The money is used to provide sewer connection assistance to limited income persons within Missoula County.

Street Lighting Districts – The purpose of this fund is to pay 100% of the utility bills for the City's street lighting districts.

Street Maintenance – This fund pays for the costs of services associated with the maintenance and care of Street Maintenance District #1.

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS (Cont.)

SPECIAL REVENUE FUNDS (Cont.)

Russell Park West Maintenance – This fund pays for the services associated with the maintenance and care of Russell Park West.

Willowwood Park Maintenance – This fund pays for the services associated with the maintenance of Willowwood Park.

Gas Tax Fund – This fund receives and distributes gasoline tax revenues from the State of Montana. Expenditures are restricted to labor and materials for street improvements and cannot be used for equipment purchases.

Crime Victim Surcharge Fund - Accounts for revenues and expenditures related to the office of Crime Victim Advocates. Revenue comes from fees collected (\$24 per criminal citation, except traffic citations) and is disbursed to the Office of Planning and Grants to be used for the staffing of Crime Victim Advocates.

Law Enforcement Block Grant Fund – Accounts for funds received and expended from a Local Law Enforcement Block Grant authorized by the Omnibus FY 96 Appropriations Act.

HIDTA (High Intensity Drug Trafficking Area) Grant Fund – Accounts for funds received and expended by the HIDTA Task Force. Reimbursement for this multi-jurisdictional task force is provided by Office of National Drug Control Policy.

Community Development Block Grant – Accounts for transactions related to Community Development Block Grants that are awarded to the City.

HOME Grant – Accounts for transactions related to HOME Grants that are awarded to the City.

ADDI (American Dream Downpayment Initiative) - Accounts for funds received and expended to provide first-time homebuyer assistance for Missoulians with annual incomes between 50% and 80% of the area median income.

ISTEA Grants – Accounts for Federal CTEP grant funds and matching money from other City Funds that is to be expended for projects identified by the City's Capital Improvement Program (C.I.P.) and approved by the State.

Grants and Donations – This fund accounts for the receipt and expenditure of a variety of grant and donation funds.

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS (Cont.)

DEBT SERVICE FUNDS

The debt service funds account for the accumulation of resources for the payment of principal and interest in debt such as general obligation, tax increment, and special assessment.

SID Revolving Funds – These funds account for moneys designated as revolving funds for debt service for loans incurred for special improvement districts.

1998 Public Safety Bond – Provides debt service related to the issuance of the bonds to purchase Police, Fire, and Communications Equipment.

1996 Open Space Bond - This fund was created to provide debt service related to the issuance of general obligation bonds to purchase open space and conservation easements. The interest rate on this bond issue varies from 3.8% to 7.25%.

1997 Open Space Bond - This fund was created to provide debt service related to the issuance of general obligation bonds to purchase open space and conservation easements. The interest rate on this bond issue varies from 3.9% to 5.2%.

1994 City Hall & Fire Bonds – Provides debt service for bonds sold to finance improvements to City Hall and to purchase fire equipment.

1993 Fire Station Bonds – Issued to purchase land and build a new fire station on the west side of Missoula as well as replace the downtown headquarters fire station. The interest rate on the amortization bonds is 5.48%.

2004 Aquatics Bonds – Issued to construct a new aquatics facility that will be located at McCormick Park and repair the public swimming pools. The interest rate on the amortization bonds varies from 3.00% to 4.50%.

2004 GO Refunding Bonds – Issued in 2004 to provide funds for refunding on July 1, 2004 the City's outstanding General Obligation Bonds, Series 1993 and Series 1994. The interest rate varies from 3.0% to 3.8%.

2006 Fire Station GO Bonds – Issued in 2005 to provide funds for expanding, upgrading and making improvements to the City's firefighting facilities and capacity, including: designing, constructing, and acquiring equipment, including a fire pumper and a wildland fire engine for a new fire station (Fire Station Five) in the Linda Vista Miller Creek area to serve the southwest part of the city; demolishing existing Fire Station Two and designing, constructing, and equipping on the site a new Fire Station Two; remodeling, expanding and equipping Fire Station Three (the "Project") and paying costs associated with the sale and issuance of the bonds.

NONMAJOR GOVERNMENTAL FUNDS

FUND DESCRIPTIONS (Cont.)

DEBT SERVICE FUNDS (Cont.)

2007 GO Refunding Bonds - Issued in 2007 to provide for refunding the City's outstanding General Obligation Bonds, Series 1996, Series 1997 and Series 1998. The interest rate varies from 3.6% to 4.0%.

Sidewalk & Curb Funds - These funds are used to account for and provide debt service for various bond issues to make sidewalk and curb improvements.

SID Funds – These funds provide debt service for debt incurred to create, construct and maintain special improvement districts within the City.

CAPITAL PROJECTS FUNDS

The capital projects funds account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Capital Improvement Program (CIP) – This fund is a five year planning program designed to guide decisions concerning capital expenditures. The first year of the plan is the current year's capital budget. This fund accounts for the City's major capital projects except those that are funded within special funds such as Sewer R&D, the Missoula Redevelopment Agency, or Community Development Block Grants.

1997 Open Space Purchase Fund – Missoula voters approved a \$5,000,000 general obligation bond referendum in November 1997 allowing the City to purchase open space land and conservation easements.

2006 Fire Station GO Bond - Missoula voters approved a \$5,740,000 general obligation bond referendum in November 2005 for the purpose of expanding, upgrading, and making improvements to the City of Missoula's firefighting facilities and capacity. This includes designing, constructing, and acquiring equipment, including a fire pumper and a wildland fire engine for a new fire station (Fire Station Five) in the Linda Vista Miller Creek area to serve the southwest part of the city; demolishing existing Fire Station Two and designing, constructing, and equipping on the site a new Fire Station Two; remodeling, expanding, and equipping Fire Station Three; related improvements; and paying costs associated with the sale and issuance of the bonds.

NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS (Cont.)

CAPITAL PROJECTS FUNDS (Cont.)

Sidewalk and Curb – Accounts for various sidewalk and curb improvements funded through various bond issues.

SID Funds – These funds account for the creation, construction and maintenance of special improvement districts within the City.



NONMAJOR GOVERNMENTAL FUNDS



TOTALS FOR
COMBINING BALANCE SHEET
AND
COMBINING SCHEDULE OF
REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
FOR NON MAJOR
GOVERNMENTAL FUNDS

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
TOTALS FOR NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

| | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | --TOTALS-- NONMAJOR GOVERNMENTAL FUNDS |
|---|---------------------|----------------------|---------------------|---|
| ASSETS | | | | |
| Cash and Investments | \$ 2,085,168 | \$ 2,947,723 | \$ 3,921,197 | \$ 8,954,088 |
| Taxes Receivable | 304,688 | 171,252 | - | 475,940 |
| Special Assessments Receivable | 11,783 | 115,581 | - | 127,364 |
| Interest Receivable | 15,535 | 25,922 | (4,052) | 37,405 |
| Prepaid Expense | 9,380 | - | - | 9,380 |
| Other Receivables | 128,162 | 212,296 | 25,265 | 365,723 |
| Long Term Loans | 63,847 | - | - | 63,847 |
| Interfund Receivable | 465,149 | - | - | 465,149 |
| Due From Other Governments | 871,605 | 14,606 | 1,558 | 887,769 |
| Deferred Assessments Receivable | - | 9,555,240 | - | 9,555,240 |
| TOTAL ASSETS | \$ 3,955,317 | \$ 13,042,620 | \$ 3,943,968 | \$ 20,941,905 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 333,112 | \$ 1,010 | \$ 464,054 | \$ 798,176 |
| Accrued Payroll | 24,143 | - | - | 24,143 |
| Interfund Payable | 1,885,911 | 493,536 | 2,958,302 | 5,337,749 |
| Deferred Revenues | 249,466 | 9,957,907 | - | 10,207,373 |
| TOTAL LIABILITIES | 2,492,632 | 10,452,453 | 3,422,356 | 16,367,441 |
| FUND EQUITY | | | | |
| Fund Balance | | | | |
| Reserved For Debt Service | - | 2,590,167 | - | 2,590,167 |
| Undesignated | 1,462,685 | - | 521,612 | 1,984,297 |
| TOTAL EQUITY AND OTHER CREDITS | 1,462,685 | 2,590,167 | 521,612 | 4,574,464 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 3,955,317 | \$ 13,042,620 | \$ 3,943,968 | \$ 20,941,905 |

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTALS FOR NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

| | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | --TOTALS-- NONMAJOR GOVERNMENTAL |
|--|--------------------|------------------|---------------------|--|
| REVENUES | | | | |
| Taxes | \$ 3,114,677 | \$ 1,759,419 | \$ - | \$ 4,874,096 |
| Special Assessments | 421,905 | 1,995,972 | - | 2,417,877 |
| Licenses & Permits | 1,650,607 | - | - | 1,650,607 |
| Intergovernmental | 4,425,842 | - | 4,785 | 4,430,627 |
| Charges for Services | 305,099 | - | - | 305,099 |
| Fines and Forfeitures | 51,277 | - | - | 51,277 |
| Miscellaneous | 86,832 | 17,323 | 348,715 | 452,870 |
| Investment Earnings | 32,353 | 103,891 | (21,537) | 114,707 |
| TOTAL REVENUES | 10,088,592 | 3,876,605 | 331,963 | 14,297,160 |
| EXPENDITURES | | | | |
| General Government | 300,037 | 34,292 | 46,941 | 381,270 |
| Public Safety | 1,562,048 | - | 58,710 | 1,620,758 |
| Public Works | 328,842 | - | 99,380 | 428,222 |
| Culture and Recreation | 50,611 | - | 4,035 | 54,646 |
| Community Development | 2,202,392 | - | - | 2,202,392 |
| Debt Service | - | 6,464,109 | 557,055 | 7,021,164 |
| Capital Outlay | 1,209,311 | - | 7,304,823 | 8,514,134 |
| TOTAL EXPENDITURES | 5,653,241 | 6,498,401 | 8,070,944 | 20,222,586 |
| Excess (Deficiency) of Revenues Over Expenditures | 4,435,351 | (2,621,796) | (7,738,981) | (5,925,426) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 114,499 | 497,401 | 2,044,025 | 2,655,925 |
| Operating Transfers Out | (5,026,737) | (593,637) | (125,436) | (5,745,810) |
| Payments to Refunded Bond Escrow Agent | - | (2,037,769) | - | (2,037,769) |
| Refunding Bond Proceeds | - | 4,355,000 | - | 4,355,000 |
| Issuance of Long Term Debt | - | 133,411 | 11,440,940 | 11,574,351 |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,912,238) | 2,354,406 | 13,359,529 | 10,801,697 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (476,887) | (267,390) | 5,620,548 | 4,876,271 |
| Fund Balance, July 1, 2006 | 1,939,572 | 2,844,893 | (5,290,370) | (505,905) |
| Restatements | - | 12,664 | 191,434 | 204,098 |
| Fund Balance, July 1, 2006, As Restated | 1,939,572 | 2,857,557 | (5,098,936) | (301,807) |
| Fund Balance, June 30, 2007 | \$ 1,462,685 | \$ 2,590,167 | \$ 521,612 | \$ 4,574,464 |



COMBINING BALANCE SHEET

FOR NON MAJOR
SPECIAL REVENUE
GOVERNMENTAL FUNDS

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | Park Acquisition | Park Enterprise | Trail Development | Cremain Wall | Cemetery Care | Title One Projects |
|---|---------------------|--------------------|----------------------|------------------|-------------------|-----------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 167,772 | \$ 169,955 | \$ 220,536 | \$ 17,828 | \$ 152,426 | \$ 106,098 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | - | - | - | - | - | - |
| Interest Receivable | 1,800 | 1,823 | 2,366 | - | - | 6,130 |
| Prepaid Expenses | - | - | - | - | - | - |
| Other Receivables | | | | | | |
| Vendors | - | 992 | 1,000 | - | - | - |
| Mountain Water Notes | - | - | - | - | - | - |
| Interfund Receivable | | | | | | 465,149 |
| Long Term Loans | | | | | | |
| Extended Family Services | - | - | - | - | - | 13,847 |
| Missoula Housing Corporation | - | - | - | - | - | 50,000 |
| Due From Other Governments | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 169,572 | \$ 172,770 | \$ 223,902 | \$ 17,828 | \$ 152,426 | \$ 641,224 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ 876 | \$ 98 | \$ - | \$ - | \$ 5,000 |
| Accrued Payroll | - | - | - | - | - | - |
| Due to Other Funds | - | - | - | - | - | - |
| Deferred Revenues | - | - | - | - | - | 63,847 |
| TOTAL LIABILITIES | - | 876 | 98 | - | - | 68,847 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Undesignated | 169,572 | 172,770 | 223,026 | 17,730 | 152,426 | 572,377 |
| TOTAL EQUITY AND OTHER CREDITS | 169,572 | 172,770 | 223,026 | 17,730 | 152,426 | 572,377 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 169,572 | \$ 172,770 | \$ 223,902 | \$ 17,828 | \$ 152,426 | \$ 641,224 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | Impact Fee | Public Art | Employee Health Ins | Cable TV Franchise | Drug Forfeiture | Building Division |
|---|------------------|------------------|------------------------|-----------------------|--------------------|----------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ - | \$ 27,691 | \$ - | \$ 6,563 | \$ 57,651 | \$ - |
| Taxes Receivable | - | - | 304,688 | - | - | - |
| Special Assessments Receivable | - | - | - | - | - | - |
| Interest Receivable | 4,505 | 297 | (6,223) | 70 | 619 | (1,879) |
| Prepaid Expenses | - | - | - | - | - | 9,380 |
| Other Receivables | | | | | | |
| Vendors | | - | - | 118,038 | - | 3,146 |
| Mountain Water Notes | - | - | - | - | - | - |
| Interfund Receivable | | | | | | |
| Long Term Loans | | | | | | |
| Extended Family Services | - | - | - | - | - | - |
| Missoula Housing Corporation | - | - | - | - | - | - |
| Due From Other Governments | - | - | 434 | - | 2,465 | - |
| TOTAL ASSETS | \$ 4,505 | \$ 27,988 | \$ 298,899 | \$ 124,671 | \$ 60,735 | \$ 10,647 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 9,718 | \$ 9,718 | \$ 4,672 |
| Accrued Payroll | - | - | - | - | - | 21,671 |
| Due to Other Funds | 537,030 | - | 580,058 | - | - | 166,087 |
| Deferred Revenues | - | - | 169,075 | - | - | - |
| TOTAL LIABILITIES | 537,030 | - | 749,133 | - | 9,718 | 192,430 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Undesignated | (532,525) | 27,988 | (450,234) | 124,671 | 51,017 | (181,783) |
| TOTAL EQUITY AND OTHER CREDITS | (532,525) | 27,988 | (450,234) | 124,671 | 51,017 | (181,783) |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 4,505 | \$ 27,988 | \$ 298,899 | \$ 124,671 | \$ 60,735 | \$ 10,647 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | Program Income | Revolving Loan Program | Street Lighting | Street Maintenance | Russell Park Mtnc | Willowwood Maintenance |
|---|-------------------|---------------------------|--------------------|-----------------------|----------------------|---------------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 5,224 | \$ 46,324 | \$ 262,737 | \$ 6,202 | \$ - | \$ - |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | - | - | 9,027 | 2,756 | - | - |
| Interest Receivable | 56 | 497 | 2,819 | 67 | (30) | (2) |
| Prepaid Expenses | - | - | - | - | - | - |
| Other Receivables | | | | | | |
| Vendors | - | - | - | - | - | - |
| Mountain Water Notes | 4,986 | - | - | - | - | - |
| Interfund Receivable | | | | | | |
| Long Term Loans | | | | | | |
| Extended Family Services | - | - | - | - | - | - |
| Missoula Housing Corporation | - | - | - | - | - | - |
| Due From Other Governments | - | 375 | 68 | - | - | - |
| TOTAL ASSETS | \$ 10,266 | \$ 47,196 | \$ 274,651 | \$ 9,025 | \$ (30) | \$ (2) |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ 375 | \$ 24,487 | \$ - | \$ - | \$ - |
| Accrued Payroll | - | - | - | - | - | - |
| Due to Other Funds | - | - | - | - | 2,769 | 142 |
| Deferred Revenues | 4,761 | - | 9,027 | 2,756 | - | - |
| TOTAL LIABILITIES | 4,761 | 375 | 33,514 | 2,756 | 2,769 | 142 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Undesignated | 5,505 | 46,821 | 241,137 | 6,269 | (2,799) | (144) |
| TOTAL EQUITY AND OTHER CREDITS | 5,505 | 46,821 | 241,137 | 6,269 | (2,799) | (144) |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 10,266 | \$ 47,196 | \$ 274,651 | \$ 9,025 | \$ (30) | \$ (2) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | State Gas Tax | Crime Victim Surcharge | Law Enforcement Grant | HIDTA Grant | Community Development |
|---|------------------|---------------------------|--------------------------|-------------------|--------------------------|
| ASSETS AND OTHER DEBITS | | | | | |
| Cash and Investments | \$ 2,374 | \$ 25,038 | \$ - | \$ 477,928 | \$ - |
| Taxes Receivable | - | - | - | - | - |
| Special Assessments Receivable | - | - | - | - | - |
| Interest Receivable | 25 | 269 | (351) | 5,127 | (174) |
| Prepaid Expenses | - | - | - | - | - |
| Other Receivables | | | | | |
| Vendors | - | - | - | - | - |
| Mountain Water Notes | - | - | - | - | - |
| Interfund Receivable | | | | | |
| Long Term Loans | | | | | |
| Extended Family Services | - | - | - | - | - |
| Missoula Housing Corporation | - | - | - | - | - |
| Due From Other Governments | - | 7,179 | 30,083 | - | 41,777 |
| TOTAL ASSETS | \$ 2,399 | \$ 32,486 | \$ 29,732 | \$ 483,055 | \$ 41,603 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | |
| Accounts Payable | \$ 74,919 | \$ 37,604 | \$ 814 | \$ - | \$ 23,536 |
| Accrued Payroll | - | - | - | - | - |
| Due to Other Funds | - | - | 32,686 | - | 23,291 |
| Deferred Revenues | - | - | - | - | - |
| TOTAL LIABILITIES | 74,919 | 37,604 | 33,500 | - | 46,827 |
| FUND EQUITY AND OTHER CREDITS | | | | | |
| Fund Balance | | | | | |
| Undesignated | (72,520) | (5,118) | (3,768) | 483,055 | (5,224) |
| TOTAL EQUITY AND OTHER CREDITS | (72,520) | (5,118) | (3,768) | 483,055 | (5,224) |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 2,399 | \$ 32,486 | \$ 29,732 | \$ 483,055 | \$ 41,603 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | HOME Grant | ADDI Grants | ISTEA Grants | Grants & Donations | TOTALS |
|---|-------------------|-----------------|-------------------|-----------------------|---------------------|
| ASSETS AND OTHER DEBITS | | | | | |
| Cash and Investments | \$ - | \$ - | \$ - | \$ 332,821 | \$ 2,085,168 |
| Taxes Receivable | - | - | - | - | 304,688 |
| Special Assessments Receivable | - | - | - | - | 11,783 |
| Interest Receivable | (4,420) | (107) | (1,309) | 3,560 | 15,535 |
| Prepaid Expenses | - | - | - | - | 9,380 |
| Other Receivables | | | | | |
| Vendors | - | - | - | - | 123,176 |
| Mountain Water Notes | - | - | - | - | 4,986 |
| Interfund Receivable | - | | | | 465,149 |
| Long Term Loans | | | | | |
| Extended Family Services | - | - | - | - | 13,847 |
| Missoula Housing Corporation | - | - | - | - | 50,000 |
| Due From Other Governments | 408,545 | 10,000 | 235,147 | 135,532 | 871,605 |
| TOTAL ASSETS | \$ 404,125 | \$ 9,893 | \$ 233,838 | \$ 471,913 | \$ 3,955,317 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 106,842 | \$ 44,171 | \$ 333,112 |
| Accrued Payroll | - | - | - | 2,472 | 24,143 |
| Due to Other Funds | 411,966 | 10,000 | 121,882 | - | 1,885,911 |
| Deferred Revenues | - | - | - | - | 249,466 |
| TOTAL LIABILITIES | 411,966 | 10,000 | 228,724 | 46,643 | 2,492,632 |
| FUND EQUITY AND OTHER CREDITS | | | | | |
| Fund Balance | | | | | |
| Undesignated | (7,841) | (107) | 5,114 | 425,270 | 1,462,685 |
| TOTAL EQUITY AND OTHER CREDITS | (7,841) | (107) | 5,114 | 425,270 | 1,462,685 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 404,125 | \$ 9,893 | \$ 233,838 | \$ 471,913 | \$ 3,955,317 |

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COMBINING BALANCE SHEET

FOR NON MAJOR
DEBT SERVICE
GOVERNMENTAL FUNDS

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID Revolving | 1998 Safety Bond | 1996 Open Space Bonds | 1997 Open Space Bond | 1994 City Hall & Fire Bonds | 1993 Fire Bonds |
|---|---------------------|---------------------|--------------------------|-------------------------|--------------------------------|--------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 928,632 | \$ 6,454 | \$ - | \$ 19,094 | \$ - | \$ - |
| Taxes Receivable | | 13,790 | 28,858 | 10,457 | 2,558 | 4,257 |
| Special Assessments Receivable | - | - | - | - | - | - |
| Interest Receivable | 9,985 | 69 | (221) | 205 | - | - |
| Other Receivables | | | | | | |
| Mountain Water Notes | 212,296 | - | - | - | - | - |
| Due From Other Governments | - | 21 | 42 | 18 | 1 | 2 |
| Deferred Assessments | | | | | | |
| TOTAL ASSETS | \$ 1,150,913 | \$ 20,334 | \$ 28,679 | \$ 29,774 | \$ 2,559 | \$ 4,259 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | | - | 20,627 | - | - | - |
| Deferred Revenues | 196,765 | 7,728 | 16,408 | 5,667 | 2,465 | 4,081 |
| TOTAL LIABILITIES | 196,765 | 7,728 | 37,035 | 5,667 | 2,465 | 4,081 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 954,148 | 12,606 | (8,356) | 24,107 | 94 | 178 |
| TOTAL EQUITY AND OTHER CREDITS | 954,148 | 12,606 | (8,356) | 24,107 | 94 | 178 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 1,150,913 | \$ 20,334 | \$ 28,679 | \$ 29,774 | \$ 2,559 | \$ 4,259 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | 2004 Aquatics Bonds | 2004 Refunding | 2006 Fire Station GO | 2007 Refunding Bonds | Sidewalk & Curb | FY99 Sidewalk & Curb |
|---|---------------------|------------------|----------------------|----------------------|-------------------|----------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ - | \$ - | \$ - | \$ - | \$ 157,440 | \$ - |
| Taxes Receivable | 51,023 | 37,066 | 23,243 | - | - | - |
| Special Assessments Receivable | - | - | - | - | 3,208 | 21,727 |
| Interest Receivable | (623) | (2,359) | (1,690) | (255) | 1,689 | - |
| Other Receivables | | | | | | |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | 75 | 60 | 26 | - | - | - |
| Deferred Assessments | - | - | | | 45,902 | 110,179 |
| TOTAL ASSETS | \$ 50,475 | \$ 34,767 | \$ 21,579 | \$ (255) | \$ 208,239 | \$ 131,906 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | 213,473 | 64,474 | 157,548 | 23,751 | - | - |
| Deferred Revenues | 26,677 | 19,233 | 12,034 | | 49,110 | 131,906 |
| TOTAL LIABILITIES | 240,150 | 83,707 | 169,582 | 23,751 | 49,110 | 131,906 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | (189,675) | (48,940) | (148,003) | (24,006) | 159,129 | - |
| TOTAL EQUITY AND OTHER CREDITS | (189,675) | (48,940) | (148,003) | (24,006) | 159,129 | - |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 50,475 | \$ 34,767 | \$ 21,579 | \$ (255) | \$ 208,239 | \$ 131,906 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | FY00 Sidewalk & Curb | FY01 Sidewalk & Curb | FY02 Sidewalk & Curb | FY03 Sidewalk & Curb | FY04 Sidewalk & Curb | FY05 Sidewalk & Curb |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 7,943 | \$ 39,390 | \$ 30,928 | \$ - | \$ 46,718 | \$ 33,284 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | 10,289 | 2,025 | 2,906 | 7,463 | 7,023 | 4,581 |
| Interest Receivable | 85 | 424 | 333 | - | 501 | 357 |
| Other Receivables | - | - | - | - | - | - |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | - | - | 1,450 | 115 | 883 | 3,083 |
| Deferred Assessments | 217,319 | 126,408 | 164,696 | 438,520 | 445,552 | 576,319 |
| TOTAL ASSETS | \$ 235,636 | \$ 168,247 | \$ 200,313 | \$ 446,098 | \$ 500,677 | \$ 617,624 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 1,010 | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | - | - | - |
| Deferred Revenues | 227,608 | 128,434 | 167,603 | 445,983 | 452,575 | 580,900 |
| TOTAL LIABILITIES | \$ 227,608 | \$ 128,434 | \$ 168,613 | \$ 445,983 | \$ 452,575 | \$ 580,900 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | \$ 8,028 | \$ 39,813 | \$ 31,700 | \$ 115 | \$ 48,102 | \$ 36,724 |
| Reserved | - | - | - | - | - | - |
| For Debt Service | 8,028 | 39,813 | 31,700 | 115 | 48,102 | 36,724 |
| TOTAL EQUITY AND OTHER CREDITS | \$ 8,028 | \$ 39,813 | \$ 31,700 | \$ 115 | \$ 48,102 | \$ 36,724 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 235,636 | \$ 168,247 | \$ 200,313 | \$ 446,098 | \$ 500,677 | \$ 617,624 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | FY06 Sidewalk & Curb | SID 495 | SID 497 | SID 498 | SID 501 | SID 503 |
|---|-------------------------|---------------|-----------------|-------------------|-------------------|------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 40,305 | \$ 211 | \$ 2,039 | \$ 136,038 | \$ 53,652 | \$ 26,624 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | 7,559 | - | 1,312 | 2,372 | 3,551 | |
| Interest Receivable | | 2 | 22 | 1,459 | 575 | 286 |
| Other Receivables | | | | | | |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | 2,470 | - | 200 | 294 | 29 | - |
| Deferred Assessments | - | - | | 510,610 | 177,894 | 52,670 |
| TOTAL ASSETS | \$ 1,008,927 | \$ 213 | \$ 3,573 | \$ 650,773 | \$ 235,701 | \$ 79,580 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | - | - | - |
| Deferred Revenues | 966,153 | - | 991 | 512,592 | 181,444 | 52,670 |
| TOTAL LIABILITIES | \$ 966,153 | - | 991 | 512,592 | 181,444 | 52,670 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 42,774 | 213 | 2,582 | 138,181 | 54,257 | 26,910 |
| TOTAL EQUITY AND OTHER CREDITS | \$ 42,774 | \$ 213 | \$ 2,582 | \$ 138,181 | \$ 54,257 | \$ 26,910 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 1,008,927 | \$ 213 | \$ 3,573 | \$ 650,773 | \$ 235,701 | \$ 79,580 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID 505 | SID 506 | SID 507 | SID 508 | SID 510 | SID 511 |
|---|------------------|-----------------|------------------|-----------------|-------------------|-------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 8,619 | \$ 5,233 | \$ 6,767 | \$ 287 | \$ 72,047 | \$ 22,535 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | - | - | - | - | 1,058 | 1,128 |
| Interest Receivable | 93 | 56 | 73 | 3 | 773 | 241 |
| Other Receivables | | | | | | |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | 412 | - |
| Deferred Assessments | 23,200 | 2,143 | 7,931 | 1,263 | 89,387 | 88,664 |
| TOTAL ASSETS | \$ 31,912 | \$ 7,432 | \$ 14,771 | \$ 1,553 | \$ 163,677 | \$ 112,568 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | - | - | - |
| Deferred Revenues | 23,200 | 2,143 | 7,931 | 1,263 | 90,445 | 89,791 |
| TOTAL LIABILITIES | 23,200 | 2,143 | 7,931 | 1,263 | 90,445 | 89,791 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 8,712 | 5,289 | 6,840 | 290 | 73,232 | 22,777 |
| TOTAL EQUITY AND OTHER CREDITS | 8,712 | 5,289 | 6,840 | 290 | 73,232 | 22,777 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 31,912 | \$ 7,432 | \$ 14,771 | \$ 1,553 | \$ 163,677 | \$ 112,568 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID 512 | SID 513 | SID 514 | SID 515 | SID 517 | SID 518 |
|---|---------------------|------------------|-------------------|-----------------|------------------|------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 295,301 | \$ 33,205 | \$ 77,877 | \$ - | \$ 12,492 | \$ 7,680 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | 8,287 | 161 | 563 | - | 2,456 | 345 |
| Interest Receivable | 3,169 | 356 | 835 | (146) | 134 | 82 |
| Other Receivables | | | | | | |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | 796 | - | 30 | - | 88 | |
| Deferred Assessments | 795,814 | | 46,852 | | 17,874 | 7,735 |
| TOTAL ASSETS | \$ 1,103,367 | \$ 33,722 | \$ 126,157 | \$ (146) | \$ 33,044 | \$ 15,842 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | 13,663 | - | - |
| Deferred Revenues | 804,101 | 161 | 47,414 | - | 20,330 | 8,080 |
| TOTAL LIABILITIES | 804,101 | 161 | 47,414 | 13,663 | 20,330 | 8,080 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 299,266 | 33,561 | 78,743 | (13,809) | 12,714 | 7,762 |
| TOTAL EQUITY AND OTHER CREDITS | 299,266 | 33,561 | 78,743 | (13,809) | 12,714 | 7,762 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | | | |
| | \$ 1,103,367 | \$ 33,722 | \$ 126,157 | \$ (146) | \$ 33,044 | \$ 15,842 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID 519 | SID 520 | SID 521 | SID 522 | SID 525 | SID 526 |
|---|------------------|---------------------|-----------------|-----------------|-------------------|---------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 14,425 | \$ 132,001 | \$ 5,434 | \$ 5,839 | \$ 186,851 | \$ 379,280 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | 243 | 8,167 | 26 | - | 554 | 12,138 |
| Interest Receivable | 154 | 1,417 | 58 | 63 | 2,005 | 4,069 |
| Other Receivables | - | - | - | - | - | - |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | - | 1,528 | - | - | 320 | 2,242 |
| Deferred Assessments | 27,462 | 1,409,673 | 491 | 825 | 353,542 | 1,500,326 |
| TOTAL ASSETS | \$ 42,284 | \$ 1,552,786 | \$ 6,009 | \$ 6,727 | \$ 543,272 | \$ 1,898,055 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | - | - | - |
| Deferred Revenues | 27,704 | 1,416,099 | 504 | 825 | 353,488 | 1,511,609 |
| TOTAL LIABILITIES | 27,704 | 1,416,099 | 504 | 825 | 353,488 | 1,511,609 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 14,580 | 136,687 | 5,505 | 5,902 | 189,784 | 386,446 |
| TOTAL EQUITY AND OTHER CREDITS | 14,580 | 136,687 | 5,505 | 5,902 | 189,784 | 386,446 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 42,284 | \$ 1,552,786 | \$ 6,009 | \$ 6,727 | \$ 543,272 | \$ 1,898,055 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID 527 | SID 530 | SID 531 | SID 532 | SID 533 | SID 534 |
|---|------------------|-----------------|------------------|-------------------|-------------------|-------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 7,003 | \$ 4,953 | \$ 6,449 | \$ 30,770 | \$ 38,860 | \$ 13,253 |
| Taxes Receivable | - | - | - | - | - | - |
| Special Assessments Receivable | 49 | 14 | 139 | 4,836 | 207 | 510 |
| Interest Receivable | 75 | 53 | 69 | 330 | 417 | |
| Other Receivables | | | | | | |
| Mountain Water Notes | - | - | - | - | - | - |
| Due From Other Governments | 13 | - | 71 | 239 | - | - |
| Deferred Assessments | 12,074 | 4,206 | 24,400 | 462,079 | 177,350 | 230,899 |
| TOTAL ASSETS | \$ 19,214 | \$ 9,226 | \$ 31,128 | \$ 498,254 | \$ 216,834 | \$ 244,662 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | - | - | - | - | - | - |
| Deferred Revenues | 12,080 | 4,220 | 24,539 | 466,915 | 177,557 | 231,409 |
| TOTAL LIABILITIES | \$ 12,080 | \$ 4,220 | \$ 24,539 | \$ 466,915 | \$ 177,557 | \$ 231,409 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | | | | | |
| Reserved | | | | | | |
| For Debt Service | 7,134 | 5,006 | 6,589 | 31,339 | 39,277 | 13,253 |
| TOTAL EQUITY AND OTHER CREDITS | 7,134 | 5,006 | 6,589 | 31,339 | 39,277 | 13,253 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 19,214 | \$ 9,226 | \$ 31,128 | \$ 498,254 | \$ 216,834 | \$ 244,662 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
JUNE 30, 2007

| | SID 535 | SID 536 | SID 539 | SID 540 | TOTALS |
|---|------------------|-------------------|------------------|-----------------|----------------------|
| ASSETS AND OTHER DEBITS | | | | | |
| Cash and Investments | \$ 6,032 | \$ 37,837 | \$ 3,047 | \$ 4,894 | \$ 2,947,723 |
| Taxes Receivable | - | - | - | - | 171,252 |
| Special Assessments Receivable | 192 | 386 | 106 | - | 115,581 |
| Interest Receivable | 207 | 406 | 33 | 53 | 25,922 |
| Other Receivables | | | | | |
| Mountain Water Notes | - | - | - | - | 212,296 |
| Due From Other Governments | 44 | - | 54 | - | 14,606 |
| Deferred Assessments | 38,772 | 393,209 | 14,407 | - | 9,555,240 |
| TOTAL ASSETS | \$ 45,247 | \$ 431,838 | \$ 17,647 | \$ 4,947 | \$ 13,042,620 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ 1,010 |
| Interfund Payable | - | - | - | - | 493,536 |
| Deferred Revenues | 38,964 | 393,595 | 14,513 | - | 9,957,907 |
| TOTAL LIABILITIES | 38,964 | 393,595 | 14,513 | - | 10,452,453 |
| FUND EQUITY AND OTHER CREDITS | | | | | |
| Fund Balance | | | | | |
| Reserved | | | | | |
| For Debt Service | 6,283 | 38,243 | 3,134 | 4,947 | 2,590,167 |
| TOTAL EQUITY AND OTHER CREDITS | 6,283 | 38,243 | 3,134 | 4,947 | 2,590,167 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 45,247 | \$ 431,838 | \$ 17,647 | \$ 4,947 | \$ 13,042,620 |

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COMBINING BALANCE SHEET

FOR NON MAJOR
CAPITAL PROJECTS
GOVERNMENTAL FUNDS

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
JUNE 30, 2007

| | Capital Improvement | 1997 Open Space | 06 Fire Station GO Bond | 06 Sidewalk & Curb | 07 Sidewalk & Curb | 08 Sidewalk & Curb |
|---|-----------------------|-------------------|-------------------------|--------------------|---------------------|---------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ - | \$ 400,703 | \$ 3,263,852 | \$ 24,473 | \$ - | \$ - |
| Interest Receivable | | (34,422) | 4,299 | 35,013 | 263 | (8,934) |
| Other Receivables | | 24,600 | - | - | 665 | - |
| Due From Other Governments | | - | 1,558 | - | - | - |
| TOTAL ASSETS | \$ (9,822) | \$ 406,560 | \$ 3,298,865 | \$ 24,736 | \$ (8,269) | \$ (600) |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ 245,419 | \$ - | \$ 43,500 | \$ - | \$ - | \$ 131,175 |
| Interfund Payable | | 1,769,596 | - | - | 824,757 | 55,979 |
| TOTAL LIABILITIES | \$ 2,015,015 | \$ - | \$ 43,500 | \$ - | \$ 824,757 | \$ 187,154 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | | (2,024,837) | 406,560 | 3,255,365 | 24,736 | (833,026) |
| TOTAL EQUITY AND OTHER CREDITS | \$ (2,024,837) | \$ 406,560 | \$ 3,255,365 | \$ 24,736 | \$ (833,026) | \$ (187,754) |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ (9,822) | \$ 406,560 | \$ 3,298,865 | \$ 24,736 | \$ (8,269) | \$ (600) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
JUNE 30, 2007

| | SID 529 & 531 Construction | SID 532 Construction | SID 533 Construction | SID 534 Construction | SID 535 Construction | SID 536 Construction |
|---|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ - | \$ 58,938 | \$ - | \$ 1,433 | \$ - | \$ - |
| Interest Receivable | (445) | 632 | (344) | 15 | (679) | (460) |
| Other Receivables | - | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | - | - |
| TOTAL ASSETS | \$ (445) | \$ 59,570 | \$ (344) | \$ 1,448 | \$ (679) | \$ (460) |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ - | \$ 292 | \$ 3,071 | \$ - | \$ 956 | |
| Interfund Payable | 41,483 | - 32,033 | - 3,071 | 63,303 | 42,861 | |
| TOTAL LIABILITIES | \$ 41,483 | \$ - 32,325 | \$ 3,071 | \$ 63,303 | \$ 43,817 | |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | (41,928) | 59,570 | (32,669) | (1,623) | (63,982) | (44,277) |
| TOTAL EQUITY AND OTHER CREDITS | (41,928) | \$ 59,570 | \$ (32,669) | \$ (1,623) | \$ (63,982) | \$ (44,277) |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ (445) | \$ 59,570 | \$ (344) | \$ 1,448 | \$ (679) | \$ (460) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
JUNE 30, 2007

| | SID 538 Construction | SID 539 Construction | SID 540 Construction | SID 541 Construction | SID 542 Construction | Totals |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------|
| ASSETS AND OTHER DEBITS | | | | | | |
| Cash and Investments | \$ 3,505 | \$ - | \$ 168,293 | \$ - | \$ - | \$ 3,921,197 |
| Interest Receivable | 38 | (206) | 1,805 | (27) | - | (4,052) |
| Other Receivables | - | - | - | - | - | 25,265 |
| Due From Other Governments | - | - | - | - | - | 1,558 |
| TOTAL ASSETS | \$ 3,543 | \$ (206) | \$ 170,098 | \$ (27) | \$ - | \$ 3,943,968 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | |
| Accounts Payable | \$ 3,505 | \$ - | \$ 15,621 | \$ 20,515 | \$ - | \$ 464,054 |
| Interfund Payable | - | 19,178 | - | 10,469 | 98,643 | 2,958,302 |
| TOTAL LIABILITIES | 3,505 | 19,178 | 15,621 | 30,984 | 98,643 | 3,422,356 |
| FUND EQUITY AND OTHER CREDITS | | | | | | |
| Fund Balance | 38 | (19,384) | 154,477 | (31,011) | (98,643) | 521,612 |
| TOTAL EQUITY AND OTHER CREDITS | 38 | (19,384) | 154,477 | (31,011) | (98,643) | 521,612 |
| TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS | \$ 3,543 | \$ (206) | \$ 170,098 | \$ (27) | \$ - | \$ 3,943,968 |

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**COMBINING SCHEDULE OF
REVENUES, EXPENDITURES,
AND
CHANGES IN FUND BALANCE**

**FOR NON MAJOR
SPECIAL REVENUE
GOVERNMENTAL FUNDS**

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Park Acquisition | Park Enterprise | Trail Development | Cremain Wall | Cemetery Care |
|---|---------------------|--------------------|----------------------|------------------|-------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Licenses & Permits | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Charges for Services | 107,397 | 21,841 | - | 9,531 | 79,085 |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | 6,580 | - | 30,115 | 517 | - |
| Investment Earnings | 1,800 | 1,823 | 2,366 | 737 | 5,578 |
| Total Revenues | 115,777 | 23,664 | 32,481 | 10,785 | 84,663 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | 20,166 | 9,277 | 20,201 | - | - |
| Community Development | - | - | - | - | - |
| Capital Outlay | - | - | 2,336 | 963 | - |
| Total Expenditures | 20,166 | 9,277 | 22,537 | 963 | - |
| Excess (Deficiency) of Revenue Over Expenditures | 95,611 | 14,387 | 9,944 | 9,822 | 84,663 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 95,611 | 14,387 | 9,944 | 9,822 | 84,663 |
| Fund Balance, June 30, 2006 | 73,961 | 158,383 | 213,082 | 7,908 | 67,763 |
| Fund Balance, June 30, 2007 | \$ 169,572 | \$ 172,770 | \$ 223,026 | \$ 17,730 | \$ 152,426 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Title One Projects | Impact Fee | Public Art | Employee Health Insurance | Cable TV Franchise |
|---|-----------------------|---------------------|------------------|------------------------------|-----------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 3,114,677 | \$ - |
| Special Assessments | - | - | - | - | - |
| Licenses & Permits | - | - | - | - | 472,719 |
| Intergovernmental | - | 481,205 | - | - | - |
| Charges for Services | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 27,968 | 14,740 | 297 | (15,238) | 70 |
| Total Revenues | 27,968 | 495,945 | 297 | 3,099,439 | 472,789 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | 28,155 | - | - | - | 271,882 |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | 967 | - | - |
| Community Development | - | - | - | - | - |
| Capital Outlay | - | - | 28,184 | - | 43,086 |
| Total Expenditures | 28,155 | - | 29,151 | - | 314,968 |
| Excess (Deficiency) of Revenue Over Expenditures | (187) | 495,945 | (28,854) | 3,099,439 | 157,821 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | 7,000 | - | - |
| Operating Transfers Out | (33,400) | (999,458) | - | (3,137,743) | (132,613) |
| Total Other Financing Sources (Uses) | (33,400) | (999,458) | 7,000 | (3,137,743) | (132,613) |
| Excess (Deficiency) of Revenue Over Expenditures | (33,587) | (503,513) | (21,854) | (38,304) | 25,208 |
| Fund Balance, June 30, 2006 | 605,964 | (29,012) | 49,842 | (411,930) | 99,463 |
| Fund Balance, June 30, 2007 | \$ 572,377 | \$ (532,525) | \$ 27,988 | \$ (450,234) | \$ 124,671 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Drug Forfeiture | Building Division | Program Income | Revolving Loan Program | Dangerous Building Demo & Repair |
|---|--------------------|----------------------|-------------------|---------------------------|-------------------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | 2,000 |
| Licenses & Permits | - | 1,177,888 | - | - | - |
| Intergovernmental | - | 569 | - | - | - |
| Charges for Services | - | 1,465 | - | - | - |
| Fines and Forfeitures | 51,277 | - | - | - | - |
| Miscellaneous | 828 | | 225 | 32,167 | - |
| Investment Earnings | 619 | (9,619) | (3,692) | 2,233 | - |
| Total Revenues | 52,724 | 1,170,303 | (3,467) | 34,400 | 2,000 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | 24,499 | 1,222,383 | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Community Development | - | - | - | 53,604 | - |
| Capital Outlay | 9,516 | 11,238 | - | - | - |
| Total Expenditures | 34,015 | 1,233,621 | - | 53,604 | - |
| Excess (Deficiency) of Revenue Over Expenditures | 18,709 | (63,318) | (3,467) | (19,204) | 2,000 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | | - | (107,499) | - | - |
| Total Other Financing Sources (Uses) | - | - | (107,499) | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 18,709 | (63,318) | (110,966) | (19,204) | 2,000 |
| Fund Balance, June 30, 2006 | 32,308 | (118,465) | 116,471 | 66,025 | (2,000) |
| Fund Balance, June 30, 2007 | \$ 51,017 | \$ (181,783) | \$ 5,505 | \$ 46,821 | \$ - |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Street Lighting | Street Maintenance | Russell Park Mtnc | Willowwood Park Mtnc | State Gas Tax |
|---|--------------------|-----------------------|----------------------|-------------------------|--------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 363,691 | 51,199 | 2,740 | 2,275 | - |
| Licenses & Permits | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 1,070,601 |
| Charges for Services | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 2,819 | 67 | (84) | (5) | 25 |
| Total Revenues | 366,510 | 51,266 | 2,656 | 2,270 | 1,070,626 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | 296,380 | - | - | - | 32,462 |
| Culture and Recreation | - | - | - | - | - |
| Community Development | - | - | - | - | - |
| Capital Outlay | - | - | - | - | 615,848 |
| Total Expenditures | 296,380 | - | - | - | 648,310 |
| Excess (Deficiency) of Revenue Over Expenditures | 70,130 | 51,266 | 2,656 | 2,270 | 422,316 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | (45,772) | (3,977) | (2,275) | (564,000) |
| Total Other Financing Sources (Uses) | - | (45,772) | (3,977) | (2,275) | (564,000) |
| Excess (Deficiency) of Revenue Over Expenditures | 70,130 | 5,494 | (1,321) | (5) | (141,684) |
| Fund Balance, June 30, 2006 | 171,007 | 775 | (1,478) | (139) | 69,164 |
| Fund Balance, June 30, 2007 | \$ 241,137 | \$ 6,269 | \$ (2,799) | \$ (144) | \$ (72,520) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Crime Victim Surcharge | Law Enforcement Grant | HIDTA Grant | Community Development | HOME Grant |
|---|---------------------------|--------------------------|-------------------|--------------------------|-------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Licenses & Permits | - | - | - | - | - |
| Intergovernmental | - | 104,190 | - | 444,502 | 766,981 |
| Charges for Services | - | - | 84,680 | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | 5,300 | - |
| Investment Earnings | 683 | (1,611) | 3,224 | (174) | (4,420) |
| Total Revenues | 683 | 102,579 | 87,904 | 449,628 | 762,561 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | 71,152 | 33,612 | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Community Development | - | - | - | 496,742 | 770,402 |
| Capital Outlay | - | 26,149 | - | - | - |
| Total Expenditures | - | 97,301 | 33,612 | 496,742 | 770,402 |
| Excess (Deficiency) of Revenue Over Expenditures | 683 | 5,278 | 54,292 | (47,114) | (7,841) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | 107,499 | - |
| Operating Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | 107,499 | - |
| Excess (Deficiency) of Revenue Over Expenditures | 683 | 5,278 | 54,292 | 60,385 | (7,841) |
| Fund Balance, June 30, 2006 | (5,801) | (9,046) | 428,763 | (65,609) | - |
| Fund Balance, June 30, 2007 | \$ (5,118) | \$ (3,768) | \$ 483,055 | \$ (5,224) | \$ (7,841) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | ADDI Grants | ISTEA Grants | Grants & Donations | TOTALS |
|---|-----------------|-----------------|-----------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | - - | \$ 3,114,677 |
| Special Assessments | - - | - - | - - | 421,905 |
| Licenses & Permits | - - | - - | - - | 1,650,607 |
| Intergovernmental | 40,000 | 423,038 | 1,094,756 | 4,425,842 |
| Charges for Services | - - | - - | 1,100 | 305,099 |
| Fines and Forfeitures | - - | - - | - - | 51,277 |
| Miscellaneous | - - | - - | 11,100 | 86,832 |
| Investment Earnings | (107) | (1,307) | 3,561 | 32,353 |
| Total Revenues | <u>39,893</u> | <u>421,731</u> | <u>1,110,517</u> | <u>10,088,592</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | - - | - - | - - | 300,037 |
| Public Safety | - - | - - | 210,402 | 1,562,048 |
| Public Works | - - | - - | - - | 328,842 |
| Culture and Recreation | - - | - - | - - | 50,611 |
| Community Development | 40,000 | | 841,644 | 2,202,392 |
| Capital Outlay | | 418,800 | 53,191 | 1,209,311 |
| Total Expenditures | <u>40,000</u> | <u>418,800</u> | <u>1,105,237</u> | <u>5,653,241</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (107) | 2,931 | 5,280 | 4,435,351 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - - | - - | - - | 114,499 |
| Operating Transfers Out | - - | - - | - - | (5,026,737) |
| Total Other Financing Sources (Uses) | <u>- -</u> | <u>- -</u> | <u>- -</u> | <u>(4,912,238)</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (107) | 2,931 | 5,280 | (476,887) |
| Fund Balance, June 30, 2006 | - - | 2,183 | 419,990 | 1,939,572 |
| Fund Balance, June 30, 2007 | <u>\$ (107)</u> | <u>\$ 5,114</u> | <u>\$ 425,270</u> | <u>\$ 1,462,685</u> |



**COMBINING SCHEDULE OF
REVENUES, EXPENDITURES,
AND
CHANGES IN FUND BALANCE**

**FOR NON MAJOR
DEBT SERVICE
GOVERNMENTAL FUNDS**

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID Revolving | SID Rebate | 1998 Safety Bonds | 1996 Open Space | 1997 Open Space |
|---|-------------------|---------------|----------------------|--------------------|--------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | 133,206 | \$ 278,708 | \$ 98,669 |
| Special Assessments | - | - | - | - | - |
| Miscellaneous | 17,321 | 2 | - | - | - |
| Investment Earnings | 40,184 | 17 | 657 | (106) | 13,856 |
| Total Revenues | 57,505 | 19 | 133,863 | 278,602 | 112,525 |
| EXPENDITURES | | | | | |
| General Government | - | - | 11,674 | 15,000 | 5,557 |
| Debt Service | - | - | 106,494 | 2,362,175 | 92,734 |
| Total Expenditures | - | - | 118,168 | 2,377,175 | 98,291 |
| Excess (Deficiency) of Revenue Over Expenditures | 57,505 | 19 | 15,695 | (2,098,573) | 14,234 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | 63,203 | - | - | - | 1,767 |
| Operating Transfers Out | (178,658) | - | (2,502) | (194,788) | - |
| Payments to Refunded Bond Escrow Agent | - | - | (1,048,326) | - | (989,443) |
| Refunding Bond Proceeds | - | - | 1,060,000 | 2,300,000 | 995,000 |
| Issuance of Long Term Debt | 109,716 | - | - | - | - |
| Total Other Financing Sources (Uses) | (5,739) | - | 9,172 | 2,105,212 | 7,324 |
| Excess (Deficiency) of Revenue Over Expenditures | 51,766 | 19 | 24,867 | 6,639 | 21,558 |
| Fund Balance, June 30, 2006 | 889,718 | (19) | (12,261) | (14,995) | 2,549 |
| Restatement | 12,664 | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | 902,382 | (19) | (12,261) | (14,995) | 2,549 |
| Fund Balance, June 30, 2007 | \$ 954,148 | \$ - | \$ 12,606 | \$ (8,356) | \$ 24,107 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 1994 City Hall & Fire Bonds | 1993 Fire Bonds | 2004 Aquatics Bond | 2004 Refunding | 2006 Fire Station GO |
|---|--------------------------------|--------------------|-----------------------|-------------------|-------------------------|
| REVENUES | | | | | |
| Taxes | \$ 346 | \$ 640 | \$ 564,836 | \$ 395,392 | \$ 287,622 |
| Special Assessments | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | (186) | (505) | (28,023) | (5,096) | (2,462) |
| Total Revenues | 160 | 135 | 536,813 | 390,296 | 285,160 |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | - | - | 615,795 | 418,150 | 433,163 |
| Total Expenditures | - | - | 615,795 | 418,150 | 433,163 |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | 160 | 135 | (78,982) | (27,854) | (148,003) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | 155,402 | - |
| Operating Transfers Out | (41,691) | (113,711) | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (41,691) | (113,711) | - | 155,402 | - |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | (41,531) | (113,576) | (78,982) | 127,548 | (148,003) |
| Fund Balance, June 30, 2006 | 41,625 | 113,754 | (110,693) | (176,488) | - |
| Restatement | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | 41,625 | 113,754 | (110,693) | (176,488) | - |
| Fund Balance, June 30, 2007 | \$ 94 | \$ 178 | \$ (189,675) | \$ (48,940) | \$ (148,003) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 2007 Refunding Bonds | Sidewalk & Curb | FY99 Sidewalk & Curb | FY00 Sidewalk & Curb | FY01 Sidewalk & Curb |
|---|-------------------------|--------------------|-------------------------|-------------------------|-------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | 39,261 | 65,982 | 98,101 | 39,303 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 1,793 | 6,149 | 261 | 1,067 | 2,036 |
| Total Revenues | 1,793 | 45,410 | 66,243 | 99,168 | 41,339 |
| EXPENDITURES | | | | | |
| General Government | 1,482 | - | - | - | - |
| Debt Service | 219,840 | 7,863 | 72,915 | 101,840 | 41,973 |
| Total Expenditures | 221,322 | 7,863 | 72,915 | 101,840 | 41,973 |
| Excess (Deficiency) of Revenue Over Expenditures | (219,529) | 37,547 | (6,672) | (2,672) | (634) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | 197,290 | - | 15,527 | - | - |
| Operating Transfers Out | (1,767) | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 195,523 | - | 15,527 | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (24,006) | 37,547 | 8,855 | (2,672) | (634) |
| Fund Balance, June 30, 2006 | - | 121,582 | (8,855) | 10,700 | 40,447 |
| Restatement | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | - | 121,582 | (8,855) | 10,700 | 40,447 |
| Fund Balance, June 30, 2007 | \$ (24,006) | \$ 159,129 | \$ - | \$ 8,028 | \$ 39,813 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | FY02 Sidewalk & Curb | FY03 Sidewalk & Curb | FY04 Sidewalk & Curb | FY05 Sidewalk & Curb | FY06 Sidewalk & Curb |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 55,506 | 112,859 | 99,769 | 131,311 | 226,215 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 1,839 | 538 | 2,691 | 1,910 | 2,241 |
| Total Revenues | 57,345 | 113,397 | 102,460 | 133,221 | 228,456 |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | 59,215 | 105,533 | 105,555 | 108,360 | 186,085 |
| Total Expenditures | 59,215 | 105,533 | 105,555 | 108,360 | 186,085 |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | (1,870) | 7,864 | (3,095) | 24,861 | 42,371 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | 6,974 | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | 6,974 | - | - | - |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | (1,870) | 14,838 | (3,095) | 24,861 | 42,371 |
| Fund Balance, June 30, 2006 | 33,570 | (14,723) | 51,197 | 11,863 | 403 |
| Restatement | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | 33,570 | (14,723) | 51,197 | 11,863 | 403 |
| Fund Balance, June 30, 2007 | \$ 31,700 | \$ 115 | \$ 48,102 | \$ 36,724 | \$ 42,774 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 495 | SID 497 | SID 498 | SID 501 | SID 503 |
|---|----------------|-----------------|----------------|---------------|---------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 437 | 54,375 | 131,170 | 43,700 | 14,628 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 180 | 1,802 | 4,807 | 1,728 | 1,037 |
| Total Revenues | 617 | 56,177 | 135,977 | 45,428 | 15,665 |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | - | 58,713 | 197,214 | 84,824 | 11,840 |
| Total Expenditures | - | 58,713 | 197,214 | 84,824 | 11,840 |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | 617 | (2,536) | (61,237) | (39,396) | 3,825 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | (7,589) | (52,931) | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (7,589) | (52,931) | - | - | - |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | (6,972) | (55,467) | (61,237) | (39,396) | 3,825 |
| Fund Balance, June 30, 2006 | 7,185 | 58,049 | 199,418 | 93,653 | 23,085 |
| Restatement | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | 7,185 | 58,049 | 199,418 | 93,653 | 23,085 |
| Fund Balance, June 30, 2007 | \$ 213 | \$ 2,582 | \$ 138,181 | \$ 54,257 | \$ 26,910 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 505 | SID 506 | SID 507 | SID 508 | SID 510 |
|---|-----------------|-----------------|-----------------|---------------|------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 13,827 | 2,387 | 4,677 | 283 | 17,037 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 395 | 324 | 402 | 7 | 2,616 |
| Total Revenues | <u>14,222</u> | <u>2,711</u> | <u>5,079</u> | <u>290</u> | <u>19,653</u> |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | 11,950 | 6,684 | 8,948 | - | 23,000 |
| Total Expenditures | <u>11,950</u> | <u>6,684</u> | <u>8,948</u> | <u>-</u> | <u>23,000</u> |
| Excess (Deficiency) of Revenue Over Expenditures | 2,272 | (3,973) | (3,869) | 290 | (3,347) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenue Over Expenditures | 2,272 | (3,973) | (3,869) | 290 | (3,347) |
| Fund Balance, June 30, 2006 Restatement | 6,440 | 9,262 | 10,709 | - | 76,579 |
| Fund Balance, July 1, 2006, As Restated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, June 30, 2007 | <u>6,440</u> | <u>9,262</u> | <u>10,709</u> | <u>-</u> | <u>76,579</u> |
| | <u>\$ 8,712</u> | <u>\$ 5,289</u> | <u>\$ 6,840</u> | <u>\$ 290</u> | <u>\$ 73,232</u> |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 511 | SID 512 | SID 513 | SID 514 | SID 515 |
|---|------------------|-------------------|------------------|------------------|--------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 16,539 | 141,543 | 480 | 14,929 | 374 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 800 | 13,372 | 1,362 | 3,097 | (589) |
| Total Revenues | 17,339 | 154,915 | 1,842 | 18,026 | (215) |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | 35,866 | 155,852 | 752 | 3,906 | 180 |
| Total Expenditures | 35,866 | 155,852 | 752 | 3,906 | 180 |
| Excess (Deficiency) of Revenue Over Expenditures | (18,527) | (937) | 1,090 | 14,120 | (395) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (18,527) | (937) | 1,090 | 14,120 | (395) |
| Fund Balance, June 30, 2006 Restatement | 41,304 | 300,203 | 32,471 | 64,623 | (13,414) |
| Fund Balance, July 1, 2006, As Restated | - | - | - | - | - |
| Fund Balance, June 30, 2007 | 41,304 | 300,203 | 32,471 | 64,623 | (13,414) |
| | \$ 22,777 | \$ 299,266 | \$ 33,561 | \$ 78,743 | \$ (13,809) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 517 | SID 518 | SID 519 | SID 520 | SID 521 |
|---|------------------|-----------------|------------------|-------------------|-----------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 4,508 | 1,779 | 7,233 | 169,138 | 617 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 597 | 371 | 701 | 4,902 | 228 |
| Total Revenues | 5,105 | 2,150 | 7,934 | 174,040 | 845 |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | 8,067 | 3,457 | 9,660 | 329,335 | 708 |
| Total Expenditures | 8,067 | 3,457 | 9,660 | 329,335 | 708 |
| Excess (Deficiency) of Revenue Over Expenditures | (2,962) | (1,307) | (1,726) | (155,295) | 137 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (2,962) | (1,307) | (1,726) | (155,295) | 137 |
| Fund Balance, June 30, 2006 Restatement | 15,676 | 9,069 | 16,306 | 291,982 | 5,368 |
| Fund Balance, July 1, 2006, As Restated | 15,676 | 9,069 | 16,306 | 291,982 | 5,368 |
| Fund Balance, June 30, 2007 | \$ 12,714 | \$ 7,762 | \$ 14,580 | \$ 136,687 | \$ 5,505 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 522 | SID 525 | SID 526 | SID 527 | SID 530 |
|---|-----------------|-------------------|-------------------|-----------------|-----------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 984 | 44,537 | 221,653 | 4,022 | 1,150 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 246 | 7,690 | 15,060 | 203 | 187 |
| Total Revenues | 1,230 | 52,227 | 236,713 | 4,225 | 1,337 |
| EXPENDITURES | | | | | |
| General Government | - | - | - | - | - |
| Debt Service | 1,022 | 44,540 | 281,240 | 3,883 | 996 |
| Total Expenditures | 1,022 | 44,540 | 281,240 | 3,883 | 996 |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | 208 | 7,687 | (44,527) | 342 | 341 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | 208 | 7,687 | (44,527) | 342 | 341 |
| Fund Balance, June 30, 2006 | 5,694 | 182,097 | 430,973 | 6,792 | 4,665 |
| Restatement | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | 5,694 | 182,097 | 430,973 | 6,792 | 4,665 |
| Fund Balance, June 30, 2007 | \$ 5,902 | \$ 189,784 | \$ 386,446 | \$ 7,134 | \$ 5,006 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 531 | SID 532 | SID 533 | SID 534 | SID 535 |
|---|-----------------|------------------|------------------|------------------|-----------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 4,171 | 76,031 | 27,081 | 33,160 | 9,405 |
| Miscellaneous | - | - | - | - | - |
| Investment Earnings | 204 | 1,292 | 1,254 | (6) | 262 |
| Total Revenues | 4,375 | 77,323 | 28,335 | 33,154 | 9,667 |
| EXPENDITURES | | | | | |
| General Government | - | - | 579 | - | - |
| Debt Service | - | 53,288 | 16,775 | 19,835 | - |
| Total Expenditures | - | 53,288 | 17,354 | 19,835 | - |
| Excess (Deficiency) of Revenue Over Expenditures | 4,375 | 24,035 | 10,981 | 13,319 | 9,667 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | 11,596 | 12,099 | - |
| Total Other Financing Sources (Uses) | - | - | 11,596 | 12,099 | - |
| Excess (Deficiency) of Revenue Over Expenditures | 4,375 | 24,035 | 22,577 | 25,418 | 9,667 |
| Fund Balance, June 30, 2006 Restatement | 2,214 | 7,304 | 16,700 | (12,165) | (3,384) |
| Fund Balance, July 1, 2006, As Restated | - | - | - | - | - |
| Fund Balance, June 30, 2007 | 2,214 | 7,304 | 16,700 | (12,165) | (3,384) |
| | \$ 6,589 | \$ 31,339 | \$ 39,277 | \$ 13,253 | \$ 6,283 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 536 | SID 539 | SID 540 | TOTALS |
|---|------------------|-----------------|-----------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,759,419 |
| Special Assessments | 62,759 | 3,051 | - | 1,995,972 |
| Miscellaneous | - | - | - | 17,323 |
| Investment Earnings | 1,206 | 83 | (790) | 103,891 |
| Total Revenues | 63,965 | 3,134 | (790) | 3,876,605 |
| EXPENDITURES | | | | |
| General Government | - | - | - | 34,292 |
| Debt Service | 2,383 | - | 51,501 | 6,464,109 |
| Total Expenditures | 2,383 | - | 51,501 | 6,498,401 |
| Excess (Deficiency) of Revenue | | | | |
| Over Expenditures | 61,582 | 3,134 | (52,291) | (2,621,796) |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - | - | 57,238 | 497,401 |
| Operating Transfers Out | - | - | - | (593,637) |
| Payments to Refunded Bond Escrow Agent | - | - | - | (2,037,769) |
| Refunding Bond Proceeds | - | - | - | 4,355,000 |
| Issuance of Long Term Debt | - | - | - | 133,411 |
| Total Other Financing Sources (Uses) | - | - | 57,238 | 2,354,406 |
| Excess (Deficiency) of Revenue | | | | |
| Over Expenditures | 61,582 | 3,134 | 4,947 | (267,390) |
| Fund Balance, June 30, 2006 | (23,339) | - | - | 2,844,893 |
| Restatement | - | - | - | 12,664 |
| Fund Balance, July 1, 2006, As Restated | (23,339) | - | - | 2,857,557 |
| Fund Balance, June 30, 2007 | \$ 38,243 | \$ 3,134 | \$ 4,947 | \$ 2,590,167 |

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**COMBINING SCHEDULE OF
REVENUES, EXPENDITURES,
AND
CHANGES IN FUND BALANCE**

**FOR NON MAJOR
CAPITAL PROJECTS
GOVERNMENTAL FUNDS**

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Capital Improvement | 1997 Open Space | New Fire Station GO Bond | 2004 GO Aquatics | Sidewalk & Curb | 06 Sidewalk & Curb |
|--|-----------------------|-------------------|--------------------------|------------------|-----------------|--------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ 4,785 | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | | 116,658 | | | | 8,741 |
| Investment Earnings | (87,505) | 4,299 | 166,026 | (51,660) | 741 | 1,803 |
| Total Revenues | 29,153 | 9,084 | 166,026 | (51,660) | 741 | 10,544 |
| EXPENDITURES | | | | | | |
| General Government | 46,941 | - | - | - | - | - |
| Public Safety | - | - | 58,710 | - | - | - |
| Public Works | 33,992 | - | - | - | - | - |
| Culture and Recreation | 4,035 | - | - | - | - | - |
| Debt Service | 557,055 | - | - | - | - | - |
| Capital Outlay | 3,769,876 | 52,873 | 1,766,297 | - | - | - |
| Total Expenditures | 4,411,899 | 52,873 | 1,825,007 | - | - | - |
| Excess(Deficiency) of Revenue Over Expenditures | (4,382,746) | (43,789) | (1,658,981) | (51,660) | 741 | 10,544 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 2,008,008 | - | - | - | - | - |
| Operating Transfers Out | (7,000) | - | - | - | (25,184) | - |
| Issuance of Long Term Debt | 3,640,000 | - | 5,740,000 | - | - | - |
| Total Other Financing Sources(Uses) | 5,641,008 | - | 5,740,000 | - | (25,184) | - |
| Excess(Deficiency) of Revenues Over Expenditures | 1,258,262 | (43,789) | 4,081,019 | (51,660) | (24,443) | 10,544 |
| Fund Balance, June 30, 2006 | (2,502,356) | 450,349 | (825,654) | (729,083) | 24,443 | 14,192 |
| Restatement | - | - | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | (2,502,356) | 450,349 | (825,654) | (729,083) | 24,443 | 14,192 |
| Residual Equity Transfer | (780,743) | - | - | 780,743 | - | - |
| Fund Balance, June 30, 2007 | \$ (2,024,837) | \$ 406,560 | \$ 3,255,365 | \$ - | \$ - | \$ 24,736 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 07 Sidewalk & Curb | 08 Sidewalk & Curb | SID 529 & 531 Construction | SID 532 Construction | SID 533 Construction | SID 534 Construction |
|---|-----------------------|-----------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | 221,511 | | | | | |
| Investment Earnings | (37,161) | (1,026) | (1,696) | 2,097 | (7,068) | (6,395) |
| Total Revenues | 184,350 | (1,026) | (1,696) | 2,097 | (7,068) | (6,395) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 597,046 | 186,728 | - | 2,711 | - | - |
| Total Expenditures | 597,046 | 186,728 | - | 2,711 | - | - |
| Excess(Deficiency) of Revenue Over Expenditures | (412,696) | (187,754) | (1,696) | (614) | (7,068) | (6,395) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | 3 | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | 111,533 | 80,575 |
| Total Other Financing Sources(Uses) | - | - | 3 | - | 111,533 | 80,575 |
| Excess(Deficiency) of Revenues Over Expenditures | (412,696) | (187,754) | (1,693) | (614) | 104,465 | 74,180 |
| Fund Balance, June 30, 2006 | (420,330) | - | (40,235) | 60,184 | (165,783) | (212,633) |
| Restatement | - | - | - | - | 28,649 | 136,830 |
| Fund Balance, July 1, 2006, As Restated | (420,330) | - | (40,235) | 60,184 | (137,134) | (75,803) |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (833,026) | \$ (187,754) | \$ (41,928) | \$ 59,570 | \$ (32,669) | \$ (1,623) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 535 Construction | SID 536 Construction | SID 537 Construction | SID 538 Construction | SID 539 Construction | SID 540 Construction |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | | 1,805 | | - | | - |
| Investment Earnings | (2,928) | (10,286) | - | 38 | (922) | 12,132 |
| Total Revenues | (2,928) | (8,481) | - | 38 | (922) | 12,132 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | 19,913 | - | - | - | 45,475 |
| Culture and Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 24,974 | 393,210 | - | - | 18,462 | 401,032 |
| Total Expenditures | 24,974 | 413,123 | - | - | 18,462 | 446,507 |
| Excess(Deficiency) of Revenue Over Expenditures | (27,902) | (421,604) | - | 38 | (19,384) | (434,375) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | 36,014 | - | - |
| Operating Transfers Out | - | - | - | - | - | (57,238) |
| Issuance of Long Term Debt | - | 377,332 | - | - | - | 1,491,500 |
| Total Other Financing Sources(Uses) | - | 377,332 | - | 36,014 | - | 1,434,262 |
| Excess(Deficiency) of Revenues Over Expenditures | (27,902) | (44,272) | - | 36,052 | (19,384) | 999,887 |
| Fund Balance, June 30, 2006 | (36,080) | (25,960) | (182) | (36,014) | - | (845,228) |
| Restatement | - | 25,955 | - | - | - | - |
| Fund Balance, July 1, 2006, As Restated | (36,080) | (5) | (182) | (36,014) | - | (845,228) |
| Residual Equity Transfer | - | - | 182 | - | - | (182) |
| Fund Balance, June 30, 2007 | \$ (63,982) | \$ (44,277) | \$ - | \$ 38 | \$ (19,384) | \$ 154,477 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 541 Construction | SID 542 Construction | TOTALS |
|--|-------------------------|-------------------------|--------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ - | \$ 4,785 |
| Miscellaneous | | | 348,715 |
| Investment Earnings | (77) | (1,949) | (21,537) |
| Total Revenues | (77) | (1,949) | 331,963 |
| EXPENDITURES | | | |
| General Government | - - | - - | 46,941 |
| Public Safety | - - | - - | 58,710 |
| Public Works | - - | - - | 99,380 |
| Culture and Recreation | - - | - - | 4,035 |
| Debt Service | - - | - - | 557,055 |
| Capital Outlay | 30,934 | 60,680 | 7,304,823 |
| Total Expenditures | 30,934 | 60,680 | 8,070,944 |
| Excess(Deficiency) of Revenue | | | |
| Over Expenditures | (31,011) | (62,629) | (7,738,981) |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | - - | - - | 2,044,025 |
| Operating Transfers Out | - (36,014) | (36,014) | (125,436) |
| Issuance of Long Term Debt | - - | - - | 11,440,940 |
| Total Other Financing Sources(Uses) | - (36,014) | (36,014) | 13,359,529 |
| Excess(Deficiency) of Revenues | | | |
| Over Expenditures | (31,011) | (98,643) | 5,620,548 |
| Fund Balance, June 30, 2006 | - - | - - | (5,290,370) |
| Restatement | - - | - - | 191,434 |
| Fund Balance, July 1, 2006, As Restated | - - | - - | (5,098,936) |
| Residual Equity Transfer | - - | - - | - |
| Fund Balance, June 30, 2007 | \$ (31,011) | \$ (98,643) | \$ 521,612 |



AGENCY FUNDS

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
JUNE 30, 2007

| | Balance 07/01/2006 | Additions | Deletions | Balance 06/30/2007 |
|----------------------------|-----------------------|-------------------|-------------------|-----------------------|
| COURT SURCHARGE | | | | |
| ASSETS | | | | |
| Cash | \$ 32,655 | \$ 99,602 | \$ 92,482 | \$ 39,775 |
| Interest Receivable | | 427 | | 427 |
| Due From Other Governments | 8,333 | 7,274 | 8,333 | 7,274 |
| TOTAL ASSETS | \$ 40,988 | \$ 107,303 | \$ 100,815 | \$ 47,476 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 24,995 | \$ 98,543 | \$ 92,482 | \$ 31,056 |
| Due to Other Governments | 15,993 | 427 | | 16,420 |
| TOTAL LIABILITIES | \$ 40,988 | \$ 98,970 | \$ 92,482 | \$ 47,476 |
| COUNTY CLEARING | | | | |
| ASSETS | | | | |
| Cash | \$ 2,181 | \$ 11,422 | \$ 12,204 | \$ 1,399 |
| Interest Receivable | - | 15 | - | 15 |
| TOTAL ASSETS | \$ 2,181 | \$ 11,437 | \$ 12,204 | \$ 1,414 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 1,870 | \$ 11,422 | \$ 12,204 | \$ 1,088 |
| Due to Other Governments | 311 | 15 | - | 326 |
| TOTAL LIABILITIES | \$ 2,181 | \$ 11,437 | \$ 12,204 | \$ 1,414 |
| SEWER REBATE | | | | |
| ASSETS | | | | |
| Cash | \$ 29,636 | \$ 27,437 | \$ 6,000 | \$ 51,073 |
| Interest Receivable | - | 548 | - | 548 |
| TOTAL ASSETS | \$ 29,636 | \$ 27,985 | \$ 6,000 | \$ 51,621 |
| LIABILITIES | | | | |
| Due to Private Parties | \$ 29,636 | \$ 21,985 | - | \$ 51,621 |
| YOUTH PROGRAMS | | | | |
| ASSETS | | | | |
| Cash | \$ 473 | \$ - | \$ - | \$ 473 |
| Interest Receivable | - | 5 | - | 5 |
| TOTAL ASSETS | \$ 473 | \$ 5 | \$ - | \$ 478 |
| LIABILITIES | | | | |
| Due to Private Parties | \$ 473 | \$ 5 | \$ - | \$ 478 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
JUNE 30, 2007

| | Balance 07/01/2006 | Additions | Deletions | Balance 06/30/2007 |
|------------------------------------|-----------------------|-------------------|-------------------|-----------------------|
| COUNTY PARK BOARD | | | | |
| ASSETS | | | | |
| Cash | \$ 5,500 | \$ - | \$ - | \$ 5,500 |
| Interest Receivable | \$ - | \$ 59 | \$ - | \$ 59 |
| TOTAL ASSETS | \$ 5,500 | \$ 59 | \$ - | \$ 5,559 |
| LIABILITIES | | | | |
| Due to Other Governments | \$ 5,500 | \$ 59 | \$ - | \$ 5,559 |
| ELK HILLS SUBDIVISION | | | | |
| ASSETS | | | | |
| Cash | \$ 3,868 | \$ - | \$ - | \$ 3,868 |
| Interest Receivable | \$ - | \$ 42 | \$ - | \$ 42 |
| TOTAL ASSETS | \$ 3,868 | \$ 42 | \$ - | \$ 3,910 |
| LIABILITIES | | | | |
| Due to Private Parties | \$ 3,868 | \$ 42 | \$ - | \$ 3,910 |
| BUSINESS IMPROVEMENT | | | | |
| ASSETS | | | | |
| Cash | \$ 221,558 | \$ 271,457 | \$ 166,224 | \$ 326,791 |
| Interest Receivable | \$ 3,707 | \$ 3,707 | \$ 7,414 | \$ 0 |
| Taxes Receivable | \$ - | \$ 9,631 | | \$ 9,631 |
| Due From Other Governments | \$ 303 | \$ 876 | \$ 303 | \$ 876 |
| TOTAL ASSETS | \$ 225,568 | \$ 285,671 | \$ 173,941 | \$ 337,298 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 19,628 | \$ 182,494 | \$ 164,809 | \$ 37,313 |
| Due to Other Governments | \$ 205,940 | \$ 94,045 | | \$ 299,985 |
| TOTAL LIABILITIES | \$ 225,568 | \$ 276,539 | \$ 164,809 | \$ 337,298 |
| MUNICIPAL COURT RESTITUTION | | | | |
| ASSETS | | | | |
| Cash | \$ 203,681 | \$ 19,567 | \$ - | \$ 223,248 |
| LIABILITIES | | | | |
| Due to Private Parties | \$ 203,681 | \$ 19,567 | \$ - | \$ 223,248 |
| TOTALS - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash | \$ 499,552 | \$ 429,485 | \$ 276,910 | \$ 652,127 |
| Interest Receivable | \$ 3,707 | \$ 4,803 | \$ 7,414 | \$ 1,096 |
| Taxes Receivable | \$ - | \$ 9,631 | \$ - | \$ 9,631 |
| Due From Other Governments | \$ 8,636 | \$ 8,150 | \$ 8,636 | \$ 8,150 |
| TOTAL ASSETS | \$ 511,895 | \$ 452,069 | \$ 292,960 | \$ 671,004 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 46,493 | \$ 292,459 | \$ 269,495 | \$ 69,457 |
| Due to Other Governments | \$ 227,744 | \$ 94,546 | \$ - | \$ 322,290 |
| Due to Private Parties | \$ 237,658 | \$ 41,599 | \$ - | \$ 279,257 |
| TOTAL LIABILITIES | \$ 511,895 | \$ 428,604 | \$ 269,495 | \$ 671,004 |



MAJOR GOVERNMENTAL FUNDS BUDGET TO ACTUAL

CITY OF MISSOULA, MONTANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR FUND
FOR THE YEAR ENDED JUNE 30, 2007

| SID 524 | | | |
|---|---------------------------------|-------------------|-------------------------------|
| | Original and Final Budget | Actual | Variance - Over (Under) |
| REVENUES | | | |
| Special Assessments | \$ 347,260 | \$ 423,613 | \$ 76,353 |
| Investment Earnings | - | 13,940 | 13,940 |
| Total Revenues | <u>347,260</u> | <u>437,553</u> | <u>90,293</u> |
| EXPENDITURES | | | |
| Debt Service | 818,029 | 777,645 | 40,384 |
| Total Expenditures | <u>818,029</u> | <u>777,645</u> | <u>40,384</u> |
| Excess(Deficiency) of Revenues Over Expenditures | (470,769) | (340,092) | 130,677 |
| Fund Balance, June 30, 2006 | 757,483 | 757,483 | - |
| Fund Balance, June 30, 2007 | <u>\$ 286,714</u> | <u>\$ 417,391</u> | <u>\$ 130,677</u> |

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NONMAJOR GOVERNMENTAL FUNDS BUDGET TO ACTUAL



**NONMAJOR
GOVERNMENTAL FUNDS
BUDGET TO ACTUAL**

SPECIAL REVENUE

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Park Acquisition | | | Park Enterprise | | |
|---|------------------|-------------------|----------------------------|------------------|-------------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | 114,250 | 107,397 | (6,853) | 18,000 | 21,841 | 3,841 |
| Fines and Forfeitures | | - | - | - | - | - |
| Grants and Miscellaneous | 54,800 | 6,580 | (48,220) | - | - | - |
| Interest | - | 1,800 | 1,800 | - | 1,823 | 1,823 |
| Total Revenues | 169,050 | 115,777 | (53,273) | 18,000 | 23,664 | 5,664 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | 45,000 | 20,166 | 24,834 | 45,000 | 9,277 | 35,723 |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | 193,250 | - | 193,250 | 75,000 | - | 75,000 |
| Total Expenditures | 238,250 | 20,166 | 218,084 | 120,000 | 9,277 | 110,723 |
| Excess (Deficiency) of Revenue Over Expenditures | (69,200) | 95,611 | 164,811 | (102,000) | 14,387 | 116,387 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (69,200) | 95,611 | 164,811 | (102,000) | 14,387 | 116,387 |
| Fund Balance, June 30, 2006 | 73,961 | 73,961 | - | 158,383 | 158,383 | - |
| Fund Balance, June 30, 2007 | \$ 4,761 | \$ 169,572 | \$ 164,811 | \$ 56,383 | \$ 172,770 | \$ 116,387 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Trail Development | | | Cremain Wall | | |
|---|--------------------|-------------------|-------------------|-----------------|------------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | 9,531 | 9,531 |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | 385,000 | 30,115 | (354,885) | 4,500 | 517 | (3,983) |
| Interest | - | 2,366 | 2,366 | - | 737 | 737 |
| Total Revenues | 385,000 | 32,481 | (352,519) | 4,500 | 10,785 | 6,285 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | 290,000 | 20,201 | 269,799 | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | 325,000 | 2,336 | 322,664 | 4,500 | 963 | 3,537 |
| Total Expenditures | 615,000 | 22,537 | 592,463 | 4,500 | 963 | 3,537 |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (230,000) | 9,944 | 239,944 | - | 9,822 | 9,822 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (230,000) | 9,944 | 239,944 | - | 9,822 | 9,822 |
| Fund Balance, June 30, 2006 | 213,082 | 213,082 | - | 7,908 | 7,908 | - |
| Fund Balance, June 30, 2007 | \$ (16,918) | \$ 223,026 | \$ 239,944 | \$ 7,908 | \$ 17,730 | \$ 9,822 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Cemetery Care | | | Title One Projects | | |
|---|------------------|-------------------|----------------------------|--------------------|-------------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | Budget | Actual | Budget | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | 18,400 | 79,085 | 60,685 | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | 500 | - | (500) | - | - | - |
| Interest | 3,000 | 5,578 | 2,578 | 16,696 | 27,968 | 11,272 |
| Total Revenues | 21,900 | 84,663 | 62,763 | 16,696 | 27,968 | 11,272 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | 578,578 | 28,155 | 550,423 |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | 21,900 | - | 21,900 | - | - | - |
| Total Expenditures | 21,900 | - | 21,900 | 578,578 | 28,155 | 550,423 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 84,663 | 84,663 | (561,882) | (187) | 561,695 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | (33,400) | (33,400) | - |
| Total Other Financing Sources (Uses) | - | - | - | (33,400) | (33,400) | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 84,663 | 84,663 | (595,282) | (33,587) | 561,695 |
| Fund Balance, June 30, 2006 | 67,763 | 67,763 | - | 605,964 | 605,964 | - |
| Fund Balance, June 30, 2007 | \$ 67,763 | \$ 152,426 | \$ 84,663 | \$ 10,682 | \$ 572,377 | \$ 561,695 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Impact Fee | | | Public Art | | |
|---|---------------------|---------------------|--------------------|------------------|------------------|--------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | 525,000 | 481,205 | (43,795) | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | 50,000 | - | (50,000) |
| Interest | - | 14,740 | 14,740 | - | 297 | 297 |
| Total Revenues | 525,000 | 495,945 | (29,055) | 50,000 | 297 | (49,703) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | 967 | (967) |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | 50,000 | 28,184 | 21,816 |
| Total Expenditures | - | - | - | 50,000 | 29,151 | 20,849 |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 525,000 | 495,945 | (29,055) | - | (28,854) | (28,854) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | 7,000 | 7,000 | - |
| Operating Transfers Out | (999,458) | (999,458) | - | - | - | - |
| Total Other Financing Sources (Uses) | (999,458) | (999,458) | - | 7,000 | 7,000 | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (474,458) | (503,513) | (29,055) | 7,000 | (21,854) | (28,854) |
| Fund Balance, June 30, 2006 | (29,012) | (29,012) | - | 49,842 | 49,842 | - |
| Fund Balance, June 30, 2007 | \$ (503,470) | \$ (532,525) | \$ (29,055) | \$ 56,842 | \$ 27,988 | \$ (28,854) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Employee Health Insurance | | | Cable TV Franchise | | |
|---|---------------------------|---------------------|--------------------|--------------------|-------------------|------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ 3,128,922 | 3,114,677 | \$ (14,245) | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | 438,349 | 472,719 | 34,370 |
| Intergovernmental | 8,820 | - | (8,820) | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (15,238) | (15,238) | - | 70 | 70 |
| Total Revenues | 3,137,742 | 3,099,439 | (38,303) | 438,349 | 472,789 | 34,440 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | 266,388 | 271,882 | (5,494) |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | 44,211 | 43,086 | 1,125 |
| Total Expenditures | - | - | - | 310,599 | 314,968 | (4,369) |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 3,137,742 | 3,099,439 | (38,303) | 127,750 | 157,821 | 30,071 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (3,137,743) | (3,137,743) | - | (132,613) | (132,613) | - |
| Total Other Financing Sources (Uses) | (3,137,743) | (3,137,743) | - | (132,613) | (132,613) | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (1) | (38,304) | (38,303) | (4,863) | 25,208 | 30,071 |
| Fund Balance, June 30, 2006 | (411,930) | (411,930) | - | 99,463 | 99,463 | - |
| Fund Balance, June 30, 2007 | \$ (411,931) | \$ (450,234) | \$ (38,303) | \$ 94,600 | \$ 124,671 | \$ 30,071 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Drug Forfeiture | | | Building Division | | |
|---|------------------|------------------|------------------|---------------------|---------------------|--------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | 1,327,550 | 1,177,888 | (149,662) |
| Intergovernmental | - | - | - | - | 569 | 569 |
| Charges for Services | - | - | - | 2,166 | 1,465 | (701) |
| Fines and Forfeitures | 260,150 | 51,277 | (208,873) | - | - | - |
| Grants and Miscellaneous | - | 828 | 828 | - | - | - |
| Interest | - | 619 | 619 | - | (9,619) | (9,619) |
| Total Revenues | 260,150 | 52,724 | (207,426) | 1,329,716 | 1,170,303 | (159,413) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | 96,500 | 24,499 | 72,001 | 1,290,923 | 1,222,383 | 68,540 |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | 163,650 | 9,516 | 154,134 | 22,515 | 11,238 | 11,277 |
| Total Expenditures | 260,150 | 34,015 | 226,135 | 1,313,438 | 1,233,621 | 79,817 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 18,709 | 18,709 | 16,278 | (63,318) | (79,596) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 18,709 | 18,709 | 16,278 | (63,318) | (79,596) |
| Fund Balance, June 30, 2006 | 32,308 | 32,308 | - | (118,465) | (118,465) | - |
| Fund Balance, June 30, 2007 | \$ 32,308 | \$ 51,017 | \$ 18,709 | \$ (102,187) | \$ (181,783) | \$ (79,596) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Program Income | | | Revolving Loan Program | | |
|---|---------------------|------------------|----------------------------|------------------------|------------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | 39,000 | 225 | (38,775) | 9,000 | 32,167 | 23,167 |
| Interest | 1,000 | (3,692) | (4,692) | 1,000 | 2,233 | 1,233 |
| Total Revenues | 40,000 | (3,467) | (43,467) | 10,000 | 34,400 | 24,400 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | 158,000 | - | 158,000 | 77,000 | 53,604 | 23,396 |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | 158,000 | - | 158,000 | 77,000 | 53,604 | 23,396 |
| Excess (Deficiency) of Revenue Over Expenditures | (118,000) | (3,467) | 114,533 | (67,000) | (19,204) | 47,796 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (107,499) | (107,499) | - | - | - | - |
| Total Other Financing Sources (Uses) | (107,499) | (107,499) | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (225,499) | (110,966) | 114,533 | (67,000) | (19,204) | 47,796 |
| Fund Balance, June 30, 2006 | 116,471 | 116,471 | - | 66,025 | 66,025 | - |
| Fund Balance, June 30, 2007 | \$ (109,028) | \$ 5,505 | \$ 114,533 | \$ (975) | \$ 46,821 | \$ 47,796 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Dangerous Building Demolition & Repair | | | Street Lighting | | |
|---|--|--------------|-----------------|-------------------|-------------------|------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 17,000 | 2,000 | (15,000) | 364,046 | 363,691 | (355) |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | - | - | - | 2,819 | 2,819 |
| Total Revenues | 17,000 | 2,000 | (15,000) | 364,046 | 366,510 | 2,464 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | 15,000 | - | 15,000 | 364,046 | 296,380 | 67,666 |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | 15,000 | - | 15,000 | 364,046 | 296,380 | 67,666 |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 2,000 | 2,000 | - | - | 70,130 | 70,130 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 2,000 | 2,000 | - | - | 70,130 | 70,130 |
| Fund Balance, June 30, 2006 | (2,000) | (2,000) | - | 171,007 | 171,007 | - |
| Fund Balance, June 30, 2007 | \$ - | \$ - | \$ - | \$ 171,007 | \$ 241,137 | \$ 70,130 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Street Maintenance | | | Russell Park Maintenance | | |
|---|--------------------|-----------------|-----------------|--------------------------|-------------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 51,327 | 51,199 | (128) | 2,740 | 2,740 | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 67 | 67 | - | (84) | (84) |
| Total Revenues | 51,327 | 51,266 | (61) | 2,740 | 2,656 | (84) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 51,327 | 51,266 | (61) | 2,740 | 2,656 | (84) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (51,327) | (45,772) | 5,555 | (3,977) | (3,977) | - |
| Total Other Financing Sources (Uses) | (51,327) | (45,772) | 5,555 | (3,977) | (3,977) | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | - | 5,494 | 5,494 | (1,237) | (1,321) | (84) |
| Fund Balance, June 30, 2006 | 775 | 775 | - | (1,478) | (1,478) | - |
| Fund Balance, June 30, 2007 | \$ 775 | \$ 6,269 | \$ 5,494 | \$ (2,715) | \$ (2,799) | \$ (84) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Willowwood Park Maintenance | | | State Gas Tax | | |
|--------------------------------------|-----------------------------|--------------|-----------------|------------------|------------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 2,275 | 2,275 | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 1,145,356 | 1,070,601 | (74,755) |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (5) | (5) | - | 25 | 25 |
| Total Revenues | 2,275 | 2,270 | (5) | 1,145,356 | 1,070,626 | (74,730) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | 20,000 | 32,462 | (12,462) |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | 561,356 | 615,848 | (54,492) |
| Total Expenditures | - | - | - | 581,356 | 648,310 | (66,954) |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | 2,275 | 2,270 | (5) | 564,000 | 422,316 | (141,684) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (2,275) | (2,275) | - | (564,000) | (564,000) | - |
| Total Other Financing Sources (Uses) | (2,275) | (2,275) | - | (564,000) | (564,000) | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | - | (5) | (5) | - | (141,684) | (141,684) |
| Fund Balance, June 30, 2006 | (139) | (139) | - | 69,164 | 69,164 | - |
| Fund Balance, June 30, 2007 | \$ (139) | \$ (144) | \$ (5) | \$ 69,164 | \$ (72,520) | \$ (141,684) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Crime Victim Surcharge | | | Law Enforcement Grant | | |
|--------------------------------------|------------------------|------------|-----------------|-----------------------|----------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 199,256 | 104,190 | (95,066) |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 683 | 683 | - | (1,611) | (1,611) |
| Total Revenues | - | 683 | 683 | 199,256 | 102,579 | (96,677) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | 196,146 | 71,152 | 124,994 |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | 3,110 | 26,149 | (23,039) |
| Total Expenditures | - | - | - | 199,256 | 97,301 | 101,955 |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | - | 683 | 683 | 0 | 5,278 | 5,278 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | - | 683 | 683 | 0 | 5,278 | 5,278 |
| Fund Balance, June 30, 2006 | (5,801) | (5,801) | - | (9,046) | (9,046) | - |
| Fund Balance, June 30, 2007 | \$ (5,801) | \$ (5,118) | \$ 683 | \$ (9,046) | \$ (3,768) | \$ 5,278 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | HIDTA Grant | | | Community Development | | |
|---|------------------|-------------------|-------------------|-----------------------|-------------------|--------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 1,928,336 | 444,502 | (1,483,834) |
| Charges for Services | 14,000 | 84,680 | 70,680 | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | 5,300 | 5,300 |
| Interest | 1,000 | 3,224 | 2,224 | - | (174) | (174) |
| Total Revenues | 15,000 | 87,904 | 72,904 | 1,928,336 | 449,628 | (1,478,708) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | 422,000 | 33,612 | 388,388 | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | - | - | - | 1,928,336 | 496,742 | 1,431,594 |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | 422,000 | 33,612 | 388,388 | 1,928,336 | 496,742 | 1,431,594 |
| Excess (Deficiency) of Revenue Over Expenditures | (407,000) | 54,292 | 461,292 | - | (47,114) | (47,114) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | 107,499 | 107,499 | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | 107,499 | 107,499 | - |
| Excess (Deficiency) of Revenue Over Expenditures | (407,000) | 54,292 | 461,292 | 107,499 | 60,385 | (47,114) |
| Fund Balance, June 30, 2006 | 428,763 | 428,763 | - | (65,609) | (65,609) | - |
| Fund Balance, June 30, 2007 | \$ 21,763 | \$ 483,055 | \$ 461,292 | \$ 41,890 | \$ (5,224) | \$ (47,114) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Home Grant | | | ADDI Grant | | |
|---|------------------|-------------------|--------------------|---------------|-----------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | 1,849,294 | 766,981 | (1,082,313) | 40,000 | 40,000 | - |
| Charges for Services | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (4,420) | (4,420) | - | (107) | (107) |
| Total Revenues | 1,849,294 | 762,561 | (1,086,733) | 40,000 | 39,893 | (107) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - |
| Community Development | 1,849,294 | 770,402 | 1,078,892 | 40,000 | 40,000 | - |
| Conservation of Natural Resources | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | 1,849,294 | 770,402 | 1,078,892 | 40,000 | 40,000 | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | (7,841) | (7,841) | - | (107) | (107) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | | | |
| Operating Transfers Out | - | - | - | | | |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | (7,841) | (7,841) | - | (107) | (107) |
| Fund Balance, June 30, 2006 | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ - | \$ (7,841) | \$ (7,841) | \$ - | \$ (107) | \$ (107) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | ISTEA Grants | | | Grants & Donations | | |
|---|------------------|-----------------|--------------------|--------------------|-------------------|------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Licenses | - | - | - | - | - | - |
| Intergovernmental | 1,570,635 | 423,038 | (1,147,597) | 1,474,196 | 1,094,756 | (379,440) |
| Charges for Services | - | - | - | 20,367 | 1,100 | (19,267) |
| Fines and Forfeitures | - | - | - | - | - | - |
| Grants and Miscellaneous | 275,507 | - | (275,507) | 40,000 | 11,100 | (28,900) |
| Interest | - | (1,307) | (1,307) | - | 3,561 | 3,561 |
| Total Revenues | 1,846,142 | 421,731 | (1,424,411) | 1,534,563 | 1,110,517 | (424,046) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | 3,570 | - | 3,570 |
| Public Safety | - | - | - | 219,672 | 210,402 | 9,270 |
| Public Works | - | - | - | 76,198 | - | 76,198 |
| Culture and Recreation | - | - | - | 10,036 | - | 10,036 |
| Community Development | - | - | - | 1,170,330 | 841,644 | 328,686 |
| Conservation of Natural Resources | - | - | - | 20,000 | - | 20,000 |
| Capital Outlay | 1,752,534 | 418,800 | 1,333,734 | 71,752 | 53,191 | 18,561 |
| Total Expenditures | 1,752,534 | 418,800 | 1,333,734 | 1,571,558 | 1,105,237 | 466,321 |
| Excess (Deficiency) of Revenue Over Expenditures | 93,608 | 2,931 | (90,677) | (36,995) | 5,280 | 42,275 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 93,608 | 2,931 | (90,677) | (36,995) | 5,280 | 42,275 |
| Fund Balance, June 30, 2006 | 2,183 | 2,183 | - | 419,990 | 419,990 | - |
| Fund Balance, June 30, 2007 | \$ 95,791 | \$ 5,114 | \$ (90,677) | \$ 382,995 | \$ 425,270 | \$ 42,275 |



**NONMAJOR
GOVERNMENTAL FUNDS
BUDGET TO ACTUAL**

DEBT SERVICE

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID Revolving | | | SID Rebate | | |
|--|-------------------|-------------------|-------------------------|----------------|-------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - | - |
| Grants and Miscellaneous | 35,000 | 17,321 | (17,679) | - | 2 | 2 |
| Interest | - | 40,184 | 40,184 | - | 17 | 17 |
| Total Revenues | 35,000 | 57,505 | 22,505 | - | 19 | 19 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 35,000 | 57,505 | 22,505 | - | 19 | 19 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 79,169 | 63,203 | (15,966) | - | - | - |
| Operating Transfers Out | (178,658) | (178,658) | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | 170,236 | 109,716 | (60,520) | - | - | - |
| Total Other Financing Sources (Uses) | 70,747 | (5,739) | (76,486) | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 105,747 | 51,766 | (53,981) | - | 19 | 19 |
| Fund Balance, June 30, 2006 | 889,718 | 889,718 | - | (19) | (19) | - |
| Restatement | - | 12,664 | 12,664 | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 889,718 | 902,382 | 12,664 | (19) | (19) | - |
| Fund Balance, June 30, 2007 | \$ 995,465 | \$ 954,148 | \$ (41,317) | \$ (19) | \$ - | \$ 19 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 1998 Safety Bonds | | | 1996 Open Space | | |
|---|-------------------|----------------|-----------------|------------------|------------------|---------------|
| | Budget | Actual | Variance - | Budget | Actual | Variance - |
| | | | Over (Under) | | | (Under) |
| REVENUES | | | | | | |
| Taxes | \$ 131,304 | \$ 133,206 | \$ 1,902 | \$ 276,783 | \$ 278,708 | \$ 1,925 |
| Special Assessments | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 657 | 657 | - | (106) | (106) |
| Total Revenues | 131,304 | 133,863 | 2,559 | 276,783 | 278,602 | 1,819 |
| EXPENDITURES | | | | | | |
| General Government | 11,674 | 11,674 | - | 15,000 | 15,000 | - |
| Debt Service | 130,878 | 106,494 | 24,384 | 2,401,112 | 2,362,175 | 38,937 |
| Total Expenditures | 142,552 | 118,168 | 24,384 | 2,416,112 | 2,377,175 | 38,937 |
| Excess (Deficiency) of Revenue Over Expenditures | (11,248) | 15,695 | 26,943 | (2,139,329) | (2,098,573) | 40,756 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (2,502) | (2,502) | - | (194,788) | (194,788) | - |
| Payments to Refunded Bond Escrow Agent | (1,048,326) | (1,048,326) | - | - | - | - |
| Refunding Bond Proceeds | 1,060,000 | 1,060,000 | - | 2,300,000 | 2,300,000 | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 9,172 | 9,172 | - | 2,105,212 | 2,105,212 | - |
| Excess (Deficiency) of Revenue Over Expenditures | (2,076) | 24,867 | 26,943 | (34,117) | 6,639 | 40,756 |
| Fund Balance, June 30, 2006 | (12,261) | (12,261) | - | (14,995) | (14,995) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (12,261) | (12,261) | - | (14,995) | (14,995) | - |
| Fund Balance, June 30, 2007 | \$ (14,337) | \$ 12,606 | \$ 26,943 | \$ (49,112) | \$ (8,356) | \$ 40,756 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 1997 Open Space | | | 1994 City Hall & Fire Bonds | | |
|---|--------------------|------------------|------------------|-----------------------------|-----------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ 94,161 | \$ 98,669 | \$ 4,508 | \$ 4,500 | \$ 346 | \$ (4,154) |
| Special Assessments | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | 6,000 | 13,856 | 7,856 | - | (186) | (186) |
| Total Revenues | 100,161 | 112,525 | 12,364 | 4,500 | 160 | (4,340) |
| EXPENDITURES | | | | | | |
| General Government | 5,557 | 5,557 | - | - | - | - |
| Debt Service | 117,795 | 92,734 | 25,061 | - | - | - |
| Total Expenditures | 123,352 | 98,291 | 25,061 | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (23,191) | 14,234 | 37,425 | 4,500 | 160 | (4,340) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 1,767 | 1,767 | - | - | - | - |
| Operating Transfers Out | - | - | - | (41,691) | (41,691) | - |
| Payments to Refunded Bond Escrow Agent | (989,443) | (989,443) | - | - | - | - |
| Refunding Bond Proceeds | 995,000 | 995,000 | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 7,324 | 7,324 | - | (41,691) | (41,691) | - |
| Excess (Deficiency) of Revenue Over Expenditures | (15,867) | 21,558 | 37,425 | (37,191) | (41,531) | (4,340) |
| Fund Balance, June 30, 2006 | 2,549 | 2,549 | - | 41,625 | 41,625 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 2,549 | 2,549 | - | 41,625 | 41,625 | - |
| Fund Balance, June 30, 2007 | \$ (13,318) | \$ 24,107 | \$ 37,425 | \$ 4,434 | \$ 94 | \$ (4,340) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 1993 Fire Bonds | | | 2004 Aquatics Bonds | | |
|---|------------------|------------------|----------------------------|---------------------|----------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ 7,000 | \$ 640 | \$ (6,360) | \$ 567,860 | \$ 564,836 | \$ (3,024) |
| Special Assessments | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (505) | (505) | 20,000 | (28,023) | (48,023) |
| Total Revenues | 7,000 | 135 | (6,865) | 587,860 | 536,813 | (51,047) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | - | - | - | 615,895 | 615,795 | 100 |
| Total Expenditures | - | - | - | 615,895 | 615,795 | 100 |
| Excess (Deficiency) of Revenue Over Expenditures | 7,000 | 135 | (6,865) | (28,035) | (78,982) | (50,947) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (113,711) | (113,711) | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (113,711) | (113,711) | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (106,711) | (113,576) | (6,865) | (28,035) | (78,982) | (50,947) |
| Fund Balance, June 30, 2006 | 113,754 | 113,754 | - | (110,693) | (110,693) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 113,754 | 113,754 | - | (110,693) | (110,693) | - |
| Fund Balance, June 30, 2007 | \$ 7,043 | \$ 178 | \$ (6,865) | \$ (138,728) | \$ (189,675) | \$ (50,947) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 2004 Refunding Bonds | | | 2006 Fire Station GO | | |
|--|----------------------|--------------------|-------------------------|----------------------|---------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ 395,521 | \$ 395,392 | \$ (129) | \$ 300,645 | \$ 287,622 | \$ (13,023) |
| Special Assessments | - | - | - | - | - | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (5,096) | (5,096) | 140,975 | (2,462) | (143,437) |
| Total Revenues | 395,521 | 390,296 | (5,225) | 441,620 | 285,160 | (156,460) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | | | |
| Debt Service | 418,250 | 418,150 | 100 | 441,620 | 433,163 | 8,457 |
| Total Expenditures | 418,250 | 418,150 | 100 | 441,620 | 433,163 | 8,457 |
| Excess (Deficiency) of Revenue Over Expenditures | (22,729) | (27,854) | (5,125) | - | (148,003) | (148,003) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 190,923 | 155,402 | (35,521) | | | |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 190,923 | 155,402 | (35,521) | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 168,194 | 127,548 | (40,646) | - | (148,003) | (148,003) |
| Fund Balance, June 30, 2006 | (176,488) | (176,488) | - | - | - | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (176,488) | (176,488) | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (8,294) | \$ (48,940) | \$ (40,646) | \$ - | \$ (148,003) | \$ (148,003) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 2007 Refunding Bonds | | | Sidewalk & Curb | | |
|---|----------------------|--------------------|-----------------|------------------|-------------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | 39,261 | 39,261 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | | 1,793 | 1,793 | | 6,149 | 6,149 |
| Total Revenues | - | 1,793 | 1,793 | - | 45,410 | 45,410 |
| EXPENDITURES | | | | | | |
| General Government | - | 1,482 | (1,482) | - | - | - |
| Debt Service | 222,723 | 219,840 | 2,883 | 103,727 | 7,863 | 95,864 |
| Total Expenditures | 222,723 | 221,322 | 1,401 | 103,727 | 7,863 | 95,864 |
| Excess (Deficiency) of Revenue Over Expenditures | (222,723) | (219,529) | 3,194 | (103,727) | 37,547 | 141,274 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 197,290 | 197,290 | - | - | - | - |
| Operating Transfers Out | (1,767) | (1,767) | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 195,523 | 195,523 | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (27,200) | (24,006) | 3,194 | (103,727) | 37,547 | 141,274 |
| Fund Balance, June 30, 2006 | - | - | - | 121,582 | 121,582 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | - | - | - | 121,582 | 121,582 | - |
| Fund Balance, June 30, 2007 | \$ (27,200) | \$ (24,006) | \$ 3,194 | \$ 17,855 | \$ 159,129 | \$ 141,274 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | FY99 Sidewalk & Curb | | | FY00 Sidewalk & Curb | | |
|---|----------------------|---------------|-------------------|----------------------|-----------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 72,965 | 65,982 | (6,983) | 102,015 | 98,101 | (3,914) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 261 | 261 | - | 1,067 | 1,067 |
| Total Revenues | 72,965 | 66,243 | (6,722) | 102,015 | 99,168 | (2,847) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 72,965 | 72,915 | 50 | 102,015 | 101,840 | 175 |
| Total Expenditures | 72,965 | 72,915 | 50 | 102,015 | 101,840 | 175 |
| Excess (Deficiency) of Revenue Over Expenditures | - | (6,672) | (6,672) | - | (2,672) | (2,672) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 15,528 | 15,527 | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 15,528 | 15,527 | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 15,528 | 8,855 | (6,672) | - | (2,672) | (2,672) |
| Fund Balance, June 30, 2006 | (8,855) | (8,855) | - | 10,700 | 10,700 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (8,855) | (8,855) | - | 10,700 | 10,700 | - |
| Fund Balance, June 30, 2007 | \$ 6,673 | \$ - | \$ (6,672) | \$ 10,700 | \$ 8,028 | \$ (2,672) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | FY01 Sidewalk & Curb | | | FY02 Sidewalk & Curb | | |
|---|----------------------|------------------|-------------------------|----------------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 62,910 | 39,303 | (23,607) | 69,821 | 55,506 | (14,315) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 2,036 | 2,036 | - | 1,839 | 1,839 |
| Total Revenues | 62,910 | 41,339 | (21,571) | 69,821 | 57,345 | (12,476) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 72,191 | 41,973 | 30,218 | 64,676 | 59,215 | 5,461 |
| Total Expenditures | 72,191 | 41,973 | 30,218 | 64,676 | 59,215 | 5,461 |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (9,281) | (634) | 8,647 | 5,145 | (1,870) | (7,015) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue | | | | | | |
| Over Expenditures | (9,281) | (634) | 8,647 | 5,145 | (1,870) | (7,015) |
| Fund Balance, June 30, 2006 | 40,447 | 40,447 | - | 33,570 | 33,570 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 40,447 | 40,447 | - | 33,570 | 33,570 | - |
| Fund Balance, June 30, 2007 | \$ 31,166 | \$ 39,813 | \$ 8,647 | \$ 38,715 | \$ 31,700 | \$ (7,015) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | FY03 Sidewalk & Curb | | | FY04 Sidewalk & Curb | | |
|--|----------------------|----------------|-------------------------|----------------------|----------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 105,633 | 112,859 | 7,226 | 107,995 | 99,769 | (8,226) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 538 | 538 | - | 2,691 | 2,691 |
| Total Revenues | 105,633 | 113,397 | 7,764 | 107,995 | 102,460 | (5,535) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 105,633 | 105,533 | 100 | 105,655 | 105,555 | 100 |
| Total Expenditures | 105,633 | 105,533 | 100 | 105,655 | 105,555 | 100 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 7,864 | 7,864 | 2,340 | (3,095) | (5,435) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 6,974 | 6,974 | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 6,974 | 6,974 | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 6,974 | 14,838 | 7,864 | 2,340 | (3,095) | (5,435) |
| Fund Balance, June 30, 2006 | (14,723) | (14,723) | - | 51,197 | 51,197 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (14,723) | (14,723) | - | 51,197 | 51,197 | - |
| Fund Balance, June 30, 2007 | \$ (7,749) | \$ 115 | \$ 7,864 | \$ 53,537 | \$ 48,102 | \$ (5,435) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | FY05 Sidewalk & Curb | | | FY06 Sidewalk & Curb | | |
|---|----------------------|------------------|-------------------------|----------------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 108,348 | 131,311 | 22,963 | 226,215 | 226,215 | - |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 1,910 | 1,910 | - | 2,241 | 2,241 |
| Total Revenues | 108,348 | 133,221 | 24,873 | 226,215 | 228,456 | 2,241 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 108,348 | 108,360 | (12) | 186,136 | 186,085 | 51 |
| Total Expenditures | 108,348 | 108,360 | (12) | 186,136 | 186,085 | 51 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 24,861 | 24,861 | 40,079 | 42,371 | 2,292 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 24,861 | 24,861 | 40,079 | 42,371 | 2,292 |
| Fund Balance, June 30, 2006 | 11,863 | 11,863 | - | 403 | 403 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 11,863 | 11,863 | - | 403 | 403 | - |
| Fund Balance, June 30, 2007 | \$ 11,863 | \$ 36,724 | \$ 24,861 | \$ 40,482 | \$ 42,774 | \$ 2,292 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 495 | | | SID 497 | | |
|--|-------------------|----------------|-------------------------|-------------------|-----------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | | 437 | 437 | | 59,063 | 54,375 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 180 | 180 | - | 1,802 | 1,802 |
| Total Revenues | - | 617 | 617 | 59,063 | 56,177 | (2,886) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 8,732 | - | 8,732 | 59,063 | 58,713 | 350 |
| Total Expenditures | 8,732 | - | 8,732 | 59,063 | 58,713 | 350 |
| Excess (Deficiency) of Revenue Over Expenditures | (8,732) | 617 | 9,349 | - | (2,536) | (2,536) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | (7,589) | (7,589) | (62,045) | (52,931) | 9,114 |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (7,589) | (7,589) | (62,045) | (52,931) | 9,114 |
| Excess (Deficiency) of Revenue Over Expenditures | (8,732) | (6,972) | 1,760 | (62,045) | (55,467) | 6,578 |
| Fund Balance, June 30, 2006 | 7,185 | 7,185 | - | 58,049 | 58,049 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 7,185 | 7,185 | - | 58,049 | 58,049 | - |
| Fund Balance, June 30, 2007 | \$ (1,547) | \$ 213 | \$ 1,760 | \$ (3,996) | \$ 2,582 | \$ 6,578 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 498 | | | SID 501 | | |
|---|-------------------|-------------------|----------------------------|------------------|------------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 119,770 | 131,170 | 11,400 | 40,350 | 43,700 | 3,350 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 4,807 | 4,807 | - | 1,728 | 1,728 |
| Total Revenues | 119,770 | 135,977 | 16,207 | 40,350 | 45,428 | 5,078 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 214,611 | 197,214 | 17,397 | 97,138 | 84,824 | 12,314 |
| Total Expenditures | 214,611 | 197,214 | 17,397 | 97,138 | 84,824 | 12,314 |
| Excess (Deficiency) of Revenue Over Expenditures | (94,841) | (61,237) | 33,604 | (56,788) | (39,396) | 17,392 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (94,841) | (61,237) | 33,604 | (56,788) | (39,396) | 17,392 |
| Fund Balance, June 30, 2006 | 199,418 | 199,418 | - | 93,653 | 93,653 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 199,418 | 199,418 | - | 93,653 | 93,653 | - |
| Fund Balance, June 30, 2007 | \$ 104,577 | \$ 138,181 | \$ 33,604 | \$ 36,865 | \$ 54,257 | \$ 17,392 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 503 | | | SID 505 | | |
|--|------------------|------------------|-------------------------|-----------------|-----------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 12,190 | 14,628 | 2,438 | 12,300 | 13,827 | 1,527 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 1,037 | 1,037 | - | 395 | 395 |
| Total Revenues | 12,190 | 15,665 | 3,475 | 12,300 | 14,222 | 1,922 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 12,190 | 11,840 | 350 | 12,300 | 11,950 | 350 |
| Total Expenditures | 12,190 | 11,840 | 350 | 12,300 | 11,950 | 350 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 3,825 | 3,825 | - | 2,272 | 2,272 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 3,825 | 3,825 | - | 2,272 | 2,272 |
| Fund Balance, June 30, 2006 | 23,085 | 23,085 | - | 6,440 | 6,440 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 23,085 | 23,085 | - | 6,440 | 6,440 | - |
| Fund Balance, June 30, 2007 | \$ 23,085 | \$ 26,910 | \$ 3,825 | \$ 6,440 | \$ 8,712 | \$ 2,272 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 506 | | | SID 507 | | |
|---|-----------------|-----------------|----------------------------|-----------------|-----------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 7,034 | 2,387 | (4,647) | 9,298 | 4,677 | (4,621) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 324 | 324 | - | 402 | 402 |
| Total Revenues | 7,034 | 2,711 | (4,323) | 9,298 | 5,079 | (4,219) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 14,220 | 6,684 | 7,536 | 16,642 | 8,948 | 7,694 |
| Total Expenditures | 14,220 | 6,684 | 7,536 | 16,642 | 8,948 | 7,694 |
| Excess (Deficiency) of Revenue Over Expenditures | (7,186) | (3,973) | 3,213 | (7,344) | (3,869) | 3,475 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (7,186) | (3,973) | 3,213 | (7,344) | (3,869) | 3,475 |
| Fund Balance, June 30, 2006 | 9,262 | 9,262 | - | 10,709 | 10,709 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 9,262 | 9,262 | - | 10,709 | 10,709 | - |
| Fund Balance, June 30, 2007 | \$ 2,076 | \$ 5,289 | \$ 3,213 | \$ 3,365 | \$ 6,840 | \$ 3,475 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 508 | | | SID 510 | | |
|--|-----------------|---------------|-------------------------|-----------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | 283 | 283 | 3,250 | 17,037 | 13,787 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 7 | 7 | - | 2,616 | 2,616 |
| Total Revenues | - | 290 | 290 | 3,250 | 19,653 | 16,403 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | - | - | - | 72,393 | 23,000 | 49,393 |
| Total Expenditures | - | - | - | 72,393 | 23,000 | 49,393 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 290 | 290 | (69,143) | (3,347) | 65,796 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 6,942 | - | (6,942) | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 6,942 | - | (6,942) | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 6,942 | 290 | (6,652) | (69,143) | (3,347) | 65,796 |
| Fund Balance, June 30, 2006 | - | - | - | 76,579 | 76,579 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | - | - | - | 76,579 | 76,579 | - |
| Fund Balance, June 30, 2007 | \$ 6,942 | \$ 290 | \$ (6,652) | \$ 7,436 | \$ 73,232 | \$ 65,796 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 511 | | | SID 512 | | |
|--|------------------|------------------|-------------------------|------------------|-------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 17,720 | 16,539 | (1,181) | 155,902 | 141,543 | (14,359) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 800 | 800 | - | 13,372 | 13,372 |
| Total Revenues | 17,720 | 17,339 | (381) | 155,902 | 154,915 | (987) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 39,916 | 35,866 | 4,050 | 396,975 | 155,852 | 241,123 |
| Total Expenditures | 39,916 | 35,866 | 4,050 | 396,975 | 155,852 | 241,123 |
| Excess (Deficiency) of Revenue Over Expenditures | (22,196) | (18,527) | 3,669 | (241,073) | (937) | 240,136 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (22,196) | (18,527) | 3,669 | (241,073) | (937) | 240,136 |
| Fund Balance, June 30, 2006 | 41,304 | 41,304 | - | 300,203 | 300,203 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 41,304 | 41,304 | - | 300,203 | 300,203 | - |
| Fund Balance, June 30, 2007 | \$ 19,108 | \$ 22,777 | \$ 3,669 | \$ 59,130 | \$ 299,266 | \$ 240,136 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 513 | | | SID 514 | | |
|--|-----------------|------------------|-------------------------|-----------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 1,102 | 480 | (622) | 3,906 | 14,929 | 11,023 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 1,362 | 1,362 | - | 3,097 | 3,097 |
| Total Revenues | 1,102 | 1,842 | 740 | 3,906 | 18,026 | 14,120 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 31,947 | 752 | 31,195 | 62,331 | 3,906 | 58,425 |
| Total Expenditures | 31,947 | 752 | 31,195 | 62,331 | 3,906 | 58,425 |
| Excess (Deficiency) of Revenue Over Expenditures | (30,845) | 1,090 | 31,935 | (58,425) | 14,120 | 72,545 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (30,845) | 1,090 | 31,935 | (58,425) | 14,120 | 72,545 |
| Fund Balance, June 30, 2006 | 32,471 | 32,471 | - | 64,623 | 64,623 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 32,471 | 32,471 | - | 64,623 | 64,623 | - |
| Fund Balance, June 30, 2007 | \$ 1,626 | \$ 33,561 | \$ 31,935 | \$ 6,198 | \$ 78,743 | \$ 72,545 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 515 | | | SID 517 | | |
|--|---------------|--------------------|-------------------------|-----------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 13,805 | 374 | (13,431) | 8,067 | 4,508 | (3,559) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (589) | (589) | - | 597 | 597 |
| Total Revenues | 13,805 | (215) | (14,020) | 8,067 | 5,105 | (2,962) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 180 | 180 | - | 22,097 | 8,067 | 14,030 |
| Total Expenditures | 180 | 180 | - | 22,097 | 8,067 | 14,030 |
| Excess (Deficiency) of Revenue Over Expenditures | 13,625 | (395) | (14,020) | (14,030) | (2,962) | 11,068 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | 13,625 | (395) | (14,020) | (14,030) | (2,962) | 11,068 |
| Fund Balance, June 30, 2006 | (13,414) | (13,414) | - | 15,676 | 15,676 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (13,414) | (13,414) | - | 15,676 | 15,676 | - |
| Fund Balance, June 30, 2007 | \$ 211 | \$ (13,809) | \$ (14,020) | \$ 1,646 | \$ 12,714 | \$ 11,068 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 518 | | | SID 519 | | |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 10,199 | 1,779 | (8,420) | 9,659 | 7,233 | (2,426) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 371 | 371 | - | 701 | 701 |
| Total Revenues | 10,199 | 2,150 | (8,049) | 9,659 | 7,934 | (1,725) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 10,720 | 3,457 | 7,263 | 22,501 | 9,660 | 12,841 |
| Total Expenditures | 10,720 | 3,457 | 7,263 | 22,501 | 9,660 | 12,841 |
| Excess (Deficiency) of Revenue Over Expenditures | (521) | (1,307) | (786) | (12,842) | (1,726) | 11,116 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (521) | (1,307) | (786) | (12,842) | (1,726) | 11,116 |
| Fund Balance, June 30, 2006 | 9,069 | 9,069 | - | 16,306 | 16,306 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 9,069 | 9,069 | - | 16,306 | 16,306 | - |
| Fund Balance, June 30, 2007 | \$ 8,548 | \$ 7,762 | \$ (786) | \$ 3,464 | \$ 14,580 | \$ 11,116 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 520 | | | SID 521 | | |
|---|----------------|----------------|----------------------------|--------------|------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 176,980 | 169,138 | (7,842) | 709 | 617 | (92) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 4,902 | 4,902 | - | 228 | 228 |
| Total Revenues | 176,980 | 174,040 | (2,940) | 709 | 845 | 136 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 345,213 | 329,335 | 15,878 | 5,984 | 708 | 5,276 |
| Total Expenditures | 345,213 | 329,335 | 15,878 | 5,984 | 708 | 5,276 |
| Excess (Deficiency) of Revenue Over Expenditures | (168,233) | (155,295) | 12,938 | (5,275) | 137 | 5,412 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (168,233) | (155,295) | 12,938 | (5,275) | 137 | 5,412 |
| Fund Balance, June 30, 2006 | 291,982 | 291,982 | - | 5,368 | 5,368 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 291,982 | 291,982 | - | 5,368 | 5,368 | - |
| Fund Balance, June 30, 2007 | \$ 123,749 | \$ 136,687 | \$ 12,938 | \$ 93 | \$ 5,505 | \$ 5,412 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 522 | | | SID 525 | | |
|--|---------------|-----------------|-------------------------|------------------|-------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 1,023 | 984 | (39) | 44,540 | 44,537 | (3) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 246 | 246 | - | 7,690 | 7,690 |
| Total Revenues | 1,023 | 1,230 | 207 | 44,540 | 52,227 | 7,687 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 6,179 | 1,022 | 5,157 | 194,510 | 44,540 | 149,970 |
| Total Expenditures | 6,179 | 1,022 | 5,157 | 194,510 | 44,540 | 149,970 |
| Excess (Deficiency) of Revenue Over Expenditures | (5,156) | 208 | 5,364 | (149,970) | 7,687 | 157,657 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (5,156) | 208 | 5,364 | (149,970) | 7,687 | 157,657 |
| Fund Balance, June 30, 2006 | 5,694 | 5,694 | - | 182,097 | 182,097 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 5,694 | 5,694 | - | 182,097 | 182,097 | - |
| Fund Balance, June 30, 2007 | \$ 538 | \$ 5,902 | \$ 5,364 | \$ 32,127 | \$ 189,784 | \$ 157,657 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 526 | | | SID 527 | | |
|---|----------------|----------------|----------------------------|--------------|--------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 191,180 | 221,653 | 30,473 | 3,884 | 4,022 | 138 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 15,060 | 15,060 | - | 203 | 203 |
| Total Revenues | 191,180 | 236,713 | 45,533 | 3,884 | 4,225 | 341 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 491,390 | 281,240 | 210,150 | 5,708 | 3,883 | 1,825 |
| Total Expenditures | 491,390 | 281,240 | 210,150 | 5,708 | 3,883 | 1,825 |
| Excess (Deficiency) of Revenue Over Expenditures | (300,210) | (44,527) | 255,683 | (1,824) | 342 | 2,166 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | (300,210) | (44,527) | 255,683 | (1,824) | 342 | 2,166 |
| Fund Balance, June 30, 2006 | 430,973 | 430,973 | - | 6,792 | 6,792 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 430,973 | 430,973 | - | 6,792 | 6,792 | - |
| Fund Balance, June 30, 2007 | \$ 130,763 | \$ 386,446 | \$ 255,683 | \$ 4,968 | \$ 7,134 | \$ 2,166 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 530 | | | SID 531 | | |
|--|-----------------|-----------------|-------------------------|-----------------|-----------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | - | \$ - | \$ - | - |
| Special Assessments | 973 | 1,150 | 177 | 5,200 | 4,171 | (1,029) |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 187 | 187 | - | 204 | 204 |
| Total Revenues | 973 | 1,337 | 364 | 5,200 | 4,375 | (825) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | 5,200 | - | 5,200 |
| Debt Service | 973 | 996 | (23) | - | - | - |
| Total Expenditures | 973 | 996 | (23) | 5,200 | - | 5,200 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 341 | 341 | - | 4,375 | 4,375 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 341 | 341 | - | 4,375 | 4,375 |
| Fund Balance, June 30, 2006 | 4,665 | 4,665 | - | 2,214 | 2,214 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 4,665 | 4,665 | - | 2,214 | 2,214 | - |
| Fund Balance, June 30, 2007 | \$ 4,665 | \$ 5,006 | \$ 341 | \$ 2,214 | \$ 6,589 | \$ 4,375 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 532 | | | SID 533 | | |
|--|-----------------|------------------|-------------------------|------------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | | 53,038 | 76,031 | | 53,038 | 27,081 |
| Grants and Miscellaneous | | - | - | | - | - |
| Interest | | - | 1,292 | | - | 1,254 |
| Total Revenues | 53,038 | 77,323 | 24,285 | 53,038 | 28,335 | (24,703) |
| EXPENDITURES | | | | | | |
| General Government | | - | - | | - | 579 |
| Debt Service | | 53,038 | 53,288 | | 53,038 | 16,775 |
| Total Expenditures | 53,038 | 53,288 | (250) | 53,038 | 17,354 | 36,263 |
| Excess (Deficiency) of Revenue Over Expenditures | | 24,035 | 24,035 | | - | 10,981 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | | - | - | | - | - |
| Operating Transfers Out | | - | - | | - | - |
| Payments to Refunded Bond Escrow Agent | | - | - | | - | - |
| Refunding Bond Proceeds | | - | - | | - | - |
| Issuance of Long Term Debt | | - | - | | - | 11,596 |
| Total Other Financing Sources (Uses) | - | - | - | - | 11,596 | 11,596 |
| Excess (Deficiency) of Revenue Over Expenditures | | 24,035 | 24,035 | | - | 22,577 |
| Fund Balance, June 30, 2006 | | 7,304 | 7,304 | | 16,700 | 16,700 |
| Restatement | | - | - | | - | - |
| Fund Balance as of June 30, 2006, Restated | | 7,304 | 7,304 | | 16,700 | 16,700 |
| Fund Balance, June 30, 2007 | \$ 7,304 | \$ 31,339 | \$ 24,035 | \$ 16,700 | \$ 39,277 | \$ 22,577 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 534 | | | SID 535 | | |
|--|--------------------|------------------|-------------------------|-------------------|-----------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 19,500 | 33,160 | 13,660 | 3,691 | 9,405 | 5,714 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | (6) | (6) | - | 262 | 262 |
| Total Revenues | 19,500 | 33,154 | 13,654 | 3,691 | 9,667 | 5,976 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | 3,691 | - | 3,691 |
| Debt Service | 19,500 | 19,835 | (335) | - | - | - |
| Total Expenditures | 19,500 | 19,835 | (335) | 3,691 | - | 3,691 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 13,319 | 13,319 | - | 9,667 | 9,667 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | 12,099 | 12,099 | - | - | - |
| Total Other Financing Sources (Uses) | - | 12,099 | 12,099 | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 25,418 | 25,418 | - | 9,667 | 9,667 |
| Fund Balance, June 30, 2006 | (12,165) | (12,165) | - | (3,384) | (3,384) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (12,165) | (12,165) | - | (3,384) | (3,384) | - |
| Fund Balance, June 30, 2007 | \$ (12,165) | \$ 13,253 | \$ 25,418 | \$ (3,384) | \$ 6,283 | \$ 9,667 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 536 | | | SID 539 | | |
|---|--------------------|------------------|------------------|--------------|-----------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 32,193 | 62,759 | 30,566 | 1,340 | 3,051 | 1,711 |
| Grants and Miscellaneous | - | - | - | - | - | - |
| Interest | - | 1,206 | 1,206 | - | 83 | 83 |
| Total Revenues | 32,193 | 63,965 | 31,772 | 1,340 | 3,134 | 1,794 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Debt Service | 32,193 | 2,383 | 29,810 | 1,340 | - | 1,340 |
| Total Expenditures | 32,193 | 2,383 | 29,810 | 1,340 | - | 1,340 |
| Excess (Deficiency) of Revenue Over Expenditures | - | 61,582 | 61,582 | - | 3,134 | 3,134 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | - | - |
| Refunding Bond Proceeds | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Excess (Deficiency) of Revenue Over Expenditures | - | 61,582 | 61,582 | - | 3,134 | 3,134 |
| Fund Balance, June 30, 2006 | (23,339) | (23,339) | - | - | - | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (23,339) | (23,339) | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (23,339) | \$ 38,243 | \$ 61,582 | \$ - | \$ 3,134 | \$ 3,134 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 540 | | | Variance - Over (Under) | |
|---|-----------------|-----------------|-----------------|-------------------------------|--|
| | Budget | Actual | \$ | | |
| | \$ | \$ | | | |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | | |
| Special Assessments | - | - | - | | |
| Grants and Miscellaneous | - | - | - | | |
| Interest | - | (790) | (790) | | |
| Total Revenues | - | (790) | (790) | | |
| EXPENDITURES | | | | | |
| General Government | - | - | - | | |
| Debt Service | 51,501 | 51,501 | 51,501 | | |
| Total Expenditures | 51,501 | 51,501 | - | | |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | (51,501) | (52,291) | (790) | | |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | 57,238 | 57,238 | 57,238 | | |
| Operating Transfers Out | - | - | - | | |
| Payments to Refunded Bond Escrow Agent | - | - | - | | |
| Refunding Bond Proceeds | - | - | - | | |
| Issuance of Long Term Debt | - | - | - | | |
| Total Other Financing Sources (Uses) | 57,238 | 57,238 | - | | |
| Excess (Deficiency) of Revenue | | | | | |
| Over Expenditures | 5,737 | 4,947 | (790) | | |
| Fund Balance, June 30, 2006 | | | | | |
| Restatement | - | - | - | | |
| Fund Balance as of June 30, 2006, Restated | - | - | - | | |
| Fund Balance, June 30, 2007 | \$ 5,737 | \$ 4,947 | \$ (790) | | |

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**NONMAJOR
GOVERNMENTAL FUNDS
BUDGET TO ACTUAL**

CAPITAL PROJECTS

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Capital Improvements | | | 1997 Open Space | | |
|---|-----------------------|-----------------------|---------------------|-----------------|-------------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ 1,107,135 | \$ - | \$ (1,107,135) | \$ - | \$ 4,785 | \$ 4,785 |
| Miscellaneous | 350,136 | 116,658 | (233,478) | - | - | - |
| Investment Earnings | - | (87,505) | (87,505) | - | 4,299 | 4,299 |
| Total Revenues | <u>1,457,271</u> | <u>29,153</u> | <u>(1,428,118)</u> | <u>-</u> | <u>9,084</u> | <u>9,084</u> |
| EXPENDITURES | | | | | | |
| General Government | 67,200 | 46,941 | 20,259 | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | 77,128 | 33,992 | 43,136 | - | - | - |
| Culture & Recreation | - | 4,035 | (4,035) | - | - | - |
| Debt Service | 627,580 | 557,055 | 70,525 | - | - | - |
| Capital Outlay | 8,884,769 | 3,769,876 | 5,114,893 | 449,664 | 52,873 | 396,791 |
| Total Expenditures | <u>9,656,677</u> | <u>4,411,899</u> | <u>5,244,778</u> | <u>449,664</u> | <u>52,873</u> | <u>396,791</u> |
| Excess(Deficiency) of Revenue Over Expenditures | (8,199,406) | (4,382,746) | 3,816,660 | (449,664) | (43,789) | 405,875 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 1,672,245 | 2,008,008 | 335,763 | - | - | - |
| Operating Transfers Out | (7,000) | (7,000) | - | - | - | - |
| Issuance of Long Term Debt | 3,877,850 | 3,640,000 | (237,850) | - | - | - |
| Total Other Financing Sources(Uses) | <u>5,543,095</u> | <u>5,641,008</u> | <u>97,913</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess(Deficiency) of Revenues Over Expenditures | (2,656,311) | 1,258,262 | 3,914,573 | (449,664) | (43,789) | 405,875 |
| Fund Balance, June 30, 2006 | (2,502,356) | (2,502,356) | - | 450,349 | 450,349 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (2,502,356) | (2,502,356) | - | 450,349 | 450,349 | - |
| Residual Equity Transfer | - | (780,743) | (780,743) | - | - | - |
| Fund Balance, June 30, 2007 | <u>\$ (5,158,667)</u> | <u>\$ (2,024,837)</u> | <u>\$ 3,133,830</u> | <u>\$ 685</u> | <u>\$ 406,560</u> | <u>\$ 405,875</u> |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Fire Station GO Bond | | | 04 Aquatics GO Bond | | |
|---|----------------------|---------------------|----------------------------|-----------------------|-----------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | 166,026 | 166,026 | - | (51,660) | (51,660) |
| Total Revenues | - | 166,026 | 166,026 | - | (51,660) | (51,660) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | 58,710 | (58,710) | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 4,952,011 | 1,766,297 | 3,185,714 | 2,942,470 | - | 2,942,470 |
| Total Expenditures | 4,952,011 | 1,825,007 | 3,127,004 | 2,942,470 | - | 2,942,470 |
| Excess(Deficiency) of Revenue Over Expenditures | (4,952,011) | (1,658,981) | 3,293,030 | (2,942,470) | (51,660) | 2,890,810 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | 5,625,728 | 5,740,000 | 114,272 | - | - | - |
| Total Other Financing Sources(Uses) | 5,625,728 | 5,740,000 | 114,272 | - | - | - |
| Excess(Deficiency) of Revenues Over Expenditures | 673,717 | 4,081,019 | 3,407,302 | (2,942,470) | (51,660) | 2,890,810 |
| Fund Balance, June 30, 2006 | (825,654) | (825,654) | - | (729,083) | (729,083) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (825,654) | (825,654) | - | (729,083) | (729,083) | - |
| Residual Equity Transfer | - | - | - | - | 780,743 | 780,743 |
| Fund Balance, June 30, 2007 | \$ (151,937) | \$ 3,255,365 | \$ 3,407,302 | \$ (3,671,553) | \$ - | \$ 3,671,553 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Sidewalk & Curb | | | 06 Sidewalk & Curb | | |
|---|-----------------|-----------------|-----------------|--------------------|------------------|------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | 8,741 | 8,741 |
| Investment Earnings | - | 741 | 741 | - | 1,803 | 1,803 |
| Total Revenues | - | 741 | 741 | - | 10,544 | 10,544 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Excess(Deficiency) of Revenue | | | | | | |
| Over Expenditures | - | 741 | 741 | - | 10,544 | 10,544 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | (25,184) | (25,184) | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources(Uses) | (25,184) | (25,184) | - | - | - | - |
| Excess(Deficiency) of Revenues | | | | | | |
| Over Expenditures | (25,184) | (24,443) | 741 | - | 10,544 | 10,544 |
| Fund Balance, June 30, 2006 | 24,443 | 24,443 | - | 14,192 | 14,192 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | 24,443 | 24,443 | - | 14,192 | 14,192 | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (741) | \$ - | \$ 741 | \$ 14,192 | \$ 24,736 | \$ 10,544 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | 07 Sidewalk & Curb | | | 08 Sidewalk & Curb | | |
|---|---------------------|---------------------|--------------------|---------------------|---------------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | 221,511 | 221,511 | - | - | - | - |
| Investment Earnings | - | (37,161) | (37,161) | - | (1,026) | (1,026) |
| Total Revenues | 221,511 | 184,350 | (37,161) | - | (1,026) | (1,026) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 597,046 | 597,046 | - | 186,728 | 186,728 | - |
| Total Expenditures | 597,046 | 597,046 | - | 186,728 | 186,728 | - |
| Excess(Deficiency) of Revenue Over Expenditures | (375,535) | (412,696) | (37,161) | (186,728) | (187,754) | (1,026) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources(Uses) | - | - | - | - | - | - |
| Excess(Deficiency) of Revenues Over Expenditures | (375,535) | (412,696) | (37,161) | (186,728) | (187,754) | (1,026) |
| Fund Balance, June 30, 2006 | (420,330) | (420,330) | - | - | - | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (420,330) | (420,330) | - | - | - | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (795,865) | \$ (833,026) | \$ (37,161) | \$ (186,728) | \$ (187,754) | \$ (1,026) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 529 & 531 | | | SID 532 | | |
|---|--------------------|--------------------|-------------------------|------------------|------------------|-------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | (1,696) | (1,696) | - | 2,097 | 2,097 |
| Total Revenues | - | (1,696) | (1,696) | - | 2,097 | 2,097 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | - | - | - | 2,711 | 2,711 | - |
| Total Expenditures | - | - | - | 2,711 | 2,711 | - |
| Excess(Deficiency) of Revenue Over Expenditures | - | (1,696) | (1,696) | (2,711) | (614) | 2,097 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | 3 | 3 | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources(Uses) | - | 3 | 3 | - | - | - |
| Excess(Deficiency) of Revenues Over Expenditures | - | (1,693) | (1,693) | (2,711) | (614) | 2,097 |
| Fund Balance, June 30, 2006 | (40,235) | (40,235) | - | 60,184 | 60,184 | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (40,235) | (40,235) | - | 60,184 | 60,184 | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (40,235) | \$ (41,928) | \$ (1,693) | \$ 57,473 | \$ 59,570 | \$ 2,097 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 533 | | | SID 534 | | |
|---|----------------|----------------|----------------------------|---------------|----------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | (7,068) | (7,068) | - | (6,395) | (6,395) |
| Total Revenues | - | (7,068) | (7,068) | - | (6,395) | (6,395) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Excess(Deficiency) of Revenue Over Expenditures | - | (7,068) | (7,068) | - | (6,395) | (6,395) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | 111,533 | 111,533 | - | 80,575 | 80,575 | - |
| Total Other Financing Sources(Uses) | 111,533 | 111,533 | - | 80,575 | 80,575 | - |
| Excess(Deficiency) of Revenues Over Expenditures | 111,533 | 104,465 | (7,068) | 80,575 | 74,180 | (6,395) |
| Fund Balance, June 30, 2006 | (165,783) | (165,783) | - | (212,633) | (212,633) | - |
| Restatement | 28,649 | 28,649 | - | 136,830 | 136,830 | - |
| Fund Balance as of June 30, 2006, Restated | (137,134) | (137,134) | - | (75,803) | (75,803) | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (25,601) | \$ (32,669) | \$ (7,068) | \$ 4,772 | \$ (1,623) | \$ (6,395) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 535 | | | SID 536 | | |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | 1,805 | 1,805 |
| Investment Earnings | - | (2,928) | (2,928) | - | (10,286) | (10,286) |
| Total Revenues | - | (2,928) | (2,928) | - | (8,481) | (8,481) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | 19,913 | 19,913 | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 24,974 | 24,974 | - | 393,210 | 393,210 | - |
| Total Expenditures | 24,974 | 24,974 | - | 413,123 | 413,123 | - |
| Excess(Deficiency) of Revenue Over Expenditures | (24,974) | (27,902) | (2,928) | (413,123) | (421,604) | (8,481) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | 377,332 | 377,332 | - |
| Total Other Financing Sources(Uses) | - | - | - | 377,332 | 377,332 | - |
| Excess(Deficiency) of Revenues Over Expenditures | (24,974) | (27,902) | (2,928) | (35,791) | (44,272) | (8,481) |
| Fund Balance, June 30, 2006 | (36,080) | (36,080) | - | (25,960) | (25,960) | - |
| Restatement | - | - | - | 25,955 | 25,955 | - |
| Fund Balance as of June 30, 2006, Restated | (36,080) | (36,080) | - | (5) | (5) | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (61,054) | \$ (63,982) | \$ (2,928) | \$ (35,796) | \$ (44,277) | \$ (8,481) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 537 | | | SID 538 | | |
|---|-----------------|-------------|-----------------|---------------|---------------|-----------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | - | - | - | 38 | 38 |
| Total Revenues | - | - | - | - | 38 | 38 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Excess(Deficiency) of Revenue Over Expenditures | - | - | - | - | 38 | 38 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | 36,014 | 36,014 | - |
| Operating Transfers Out | - | - | - | - | - | - |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources(Uses) | - | - | - | 36,014 | 36,014 | - |
| Excess(Deficiency) of Revenues Over Expenditures | - | - | - | 36,014 | 36,052 | 38 |
| Fund Balance, June 30, 2006 | (182) | (182) | - | (36,014) | (36,014) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | (182) | (182) | - | (36,014) | (36,014) | - |
| Residual Equity Transfer | - | 182 | 182 | - | - | - |
| Fund Balance, June 30, 2007 | \$ (182) | \$ - | \$ 182 | \$ (0) | \$ 38 | \$ 38 |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 539 | | | SID 540 | | |
|---|--------------------|--------------------|----------------------------|-------------------|-------------------|----------------------------|
| | | | Variance - Over (Under) | | | Variance - Over (Under) |
| | Budget | Actual | | Budget | Actual | |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | (922) | (922) | - | 12,132 | 12,132 |
| Total Revenues | - | (922) | (922) | - | 12,132 | 12,132 |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | 45,475 | (45,475) |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 18,462 | 18,462 | - | 451,032 | 401,032 | 50,000 |
| Total Expenditures | 18,462 | 18,462 | - | 451,032 | 446,507 | 4,525 |
| Excess(Deficiency) of Revenue Over Expenditures | (18,462) | (19,384) | (922) | (451,032) | (434,375) | 16,657 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | (57,238) | (57,238) |
| Issuance of Long Term Debt | - | - | - | 1,491,500 | 1,491,500 | - |
| Total Other Financing Sources(Uses) | - | - | - | 1,491,500 | 1,434,262 | (57,238) |
| Excess(Deficiency) of Revenues Over Expenditures | (18,462) | (19,384) | (922) | 1,040,468 | 999,887 | (40,581) |
| Fund Balance, June 30, 2006 | - | - | - | (845,228) | (845,228) | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | - | - | - | (845,228) | (845,228) | - |
| Residual Equity Transfer | - | - | - | - | (182) | (182) |
| Fund Balance, June 30, 2007 | \$ (18,462) | \$ (19,384) | \$ (922) | \$ 195,240 | \$ 154,477 | \$ (40,763) |

Continued

CITY OF MISSOULA, MONTANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SID 541 | | | SID 542 | | |
|---|--------------------|--------------------|-----------------|---------------------|--------------------|------------------|
| | | | Variance - | | | Variance - |
| | Budget | Actual | Over (Under) | Budget | Actual | Over (Under) |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | - | - | - |
| Investment Earnings | - | (77) | (77) | - | (1,949) | (1,949) |
| Total Revenues | - | (77) | (77) | - | (1,949) | (1,949) |
| EXPENDITURES | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - |
| Capital Outlay | 30,934 | 30,934 | 0 | 60,680 | 60,680 | - |
| Total Expenditures | 30,934 | 30,934 | 0 | 60,680 | 60,680 | - |
| Excess(Deficiency) of Revenue Over Expenditures | (30,934) | (31,011) | (77) | (60,680) | (62,629) | (1,949) |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | (72,027) | (36,014) | 36,013 |
| Issuance of Long Term Debt | - | - | - | - | - | - |
| Total Other Financing Sources(Uses) | - | - | - | (72,027) | (36,014) | 36,013 |
| Excess(Deficiency) of Revenues Over Expenditures | (30,934) | (31,011) | (77) | (132,707) | (98,643) | 34,064 |
| Fund Balance, June 30, 2006 | - | - | - | - | - | - |
| Restatement | - | - | - | - | - | - |
| Fund Balance as of June 30, 2006, Restated | - | - | - | - | - | - |
| Residual Equity Transfer | - | - | - | - | - | - |
| Fund Balance, June 30, 2007 | \$ (30,934) | \$ (31,011) | \$ (77) | \$ (132,707) | \$ (98,643) | \$ 34,064 |



STATISTICAL SECTION

STATISTICAL SECTION

This part of the city of Missoula's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements note disclosures and required supplementary information says about the government's overall financial health.

| Contents | Page |
|--|---------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | 168-171 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | 172-177 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | 178-185 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand how the information in the government's financial report Activities take place.</i> | 186-190 |
| Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.</i> | 191-199 |

Sources: Unless otherwise noted the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

CITY OF MISSOULA, MONTANA
NET ASSETS BY COMPONENT
Last Five Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Government activities | | | | | |
| Investment in capital assets, net of related debt | \$ 262,909,501 | \$ 84,425,320 | \$ 85,219,599 | \$ 97,908,705 | \$ 103,905,986 |
| Restricted | 5,786,102 | 13,144,514 | 3,280,061 | 3,602,376 | 3,007,558 |
| Unrestricted | 7,694,919 | 6,552,715 | 18,145,146 | 11,552,345 | 17,010,325 |
| Total government activities net assets | <u><u>\$ 276,390,522</u></u> | <u><u>\$ 104,122,549</u></u> | <u><u>\$106,644,806</u></u> | <u><u>\$ 113,063,426</u></u> | <u><u>\$ 123,923,869</u></u> |
| Business-type activities | | | | | |
| Investment in capital assets, net of related debt | \$ 45,596,659 | \$ 50,437,434 | \$ 54,728,019 | \$ 53,483,675 | \$ 55,807,247 |
| Restricted | 560,772 | 1,307,315 | 2,525,370 | 1,303,028 | 1,320,306 |
| Unrestricted | 5,793,401 | 4,949,789 | 2,432,543 | 6,053,027 | 5,604,871 |
| Total business-type activities net assets | <u><u>\$ 51,950,832</u></u> | <u><u>\$ 56,694,538</u></u> | <u><u>\$ 59,685,932</u></u> | <u><u>\$ 60,839,730</u></u> | <u><u>\$ 62,732,424</u></u> |
| Primary Government | | | | | |
| Investment in capital assets, net related debt | \$ 308,506,160 | \$ 134,862,754 | \$139,947,618 | \$ 151,392,380 | \$ 159,713,233 |
| Restricted | 6,346,874 | 14,451,829 | 5,805,431 | 4,905,404 | 4,327,864 |
| Unrestricted | 13,488,320 | 11,502,504 | 20,577,689 | 17,605,372 | 22,615,196 |
| Total primary government net assets | <u><u>\$ 328,341,354</u></u> | <u><u>\$ 160,817,087</u></u> | <u><u>\$166,330,738</u></u> | <u><u>\$ 173,903,156</u></u> | <u><u>\$ 186,656,293</u></u> |

Source: City of Missoula

Typically this statistical table presents information on a ten year basis, however, the City converted to the GASB 34 reporting format in FY 03. Thus there is only information presented since that time.

CITY OF MISSOULA, MONTANA
CHANGE IN NET ASSETS
Last Five Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,237,489 | \$ 4,814,217 | \$ 5,447,966 | \$ 7,670,901 | \$ 7,947,585 |
| Public safety | 15,267,862 | 15,774,300 | 17,596,888 | 18,706,533 | 20,685,934 |
| Public works | 22,022,343 | 9,728,383 | 5,880,778 | 6,019,601 | 3,102,523 |
| Public health | 1,056,111 | 1,033,396 | 1,118,946 | 1,178,646 | 1,275,114 |
| Social and economic | 105,100 | 245,802 | 131,017 | 138,564 | 165,849 |
| Culture and recreation | 2,520,258 | 2,712,280 | 3,346,471 | 3,795,635 | 4,687,707 |
| Housing & development | 849,904 | 669,857 | 1,494,654 | 1,391,082 | 1,416,594 |
| Conservation of natural resources | - | - | 108,599 | 169,228 | 296,617 |
| Miscellaneous | 788,987 | 590,225 | 910,387 | - | - |
| Interest on long-term debt | 1,755,702 | 1,235,533 | 1,867,190 | 1,429,993 | 1,675,186 |
| Total governmental activities expenses | <u>48,603,756</u> | <u>36,803,993</u> | <u>37,902,896</u> | <u>40,500,183</u> | <u>41,253,109</u> |
| Business-type activities | | | | | |
| Wastewater treatment | 4,071,937 | 5,400,406 | 5,904,344 | 6,084,445 | \$ 6,239,307 |
| Total business-type activities expenses | <u>4,071,937</u> | <u>5,400,406</u> | <u>5,904,344</u> | <u>6,084,445</u> | <u>6,239,307</u> |
| Total primary government expenses | <u><u>\$ 52,675,693</u></u> | <u><u>\$ 42,204,399</u></u> | <u><u>\$ 43,807,240</u></u> | <u><u>\$ 46,584,628</u></u> | <u><u>\$ 47,492,416</u></u> |
| Program Revenues | | | | | |
| Government activities | | | | | |
| Program revenues: | | | | | |
| Charges for services | \$ 6,956,285 | \$ 8,558,269 | \$ 7,333,406 | \$ 7,658,546 | \$ 9,165,744 |
| Operating grants & contributions | 1,547,094 | 5,248,503 | 2,532,942 | 2,986,691 | 1,789,207 |
| Capital grants & contributions | 2,227,874 | 300,948 | 4,744,999 | 3,594,855 | 7,785,160 |
| Total governmental activities program revenues | <u>10,731,253</u> | <u>14,107,720</u> | <u>14,611,347</u> | <u>14,240,092</u> | <u>18,740,111</u> |
| Business-type activities | | | | | |
| Charges for services | 4,912,232 | 6,306,775 | 7,265,855 | 6,620,032 | 6,510,110 |
| Capital grants & contributions | 4,551,646 | 1,121,104 | 1,283,828 | 827 | 1,208,512 |
| Total business-type activities program revenues | <u>9,463,878</u> | <u>7,427,879</u> | <u>8,549,683</u> | <u>6,620,859</u> | <u>7,718,622</u> |
| Total primary governmental program revenues | <u><u>\$ 20,195,131</u></u> | <u><u>\$ 21,535,599</u></u> | <u><u>\$ 23,161,030</u></u> | <u><u>\$ 20,860,951</u></u> | <u><u>\$ 26,458,733</u></u> |
| Net (expense) revenue | | | | | |
| Governmental activities: | \$ (37,872,503) | \$ (22,696,273) | \$ (23,291,549) | \$ (26,260,091) | ##### |
| Business-type activities | 5,391,941 | 2,027,473 | 2,645,339 | 536,414 | 1,479,315 |
| Total primary government expenses | <u><u>\$ (32,480,562)</u></u> | <u><u>\$ (20,668,800)</u></u> | <u><u>\$ (20,646,210)</u></u> | <u><u>\$ (25,723,677)</u></u> | <u><u>#####</u></u> |
| General Revenues and Other Changes In Net Assets | | | | | |
| Governmental activities | | | | | |
| Property taxes for general purposes | \$ 16,688,381 | \$ 19,972,703 | \$ 17,967,026 | \$ 17,869,988 | \$ 21,003,491 |
| Annexation & developer contributions | - | 9,964,080 | 5,772,066 | 4,935,983 | - |
| State contribution for retirement | 2,304,555 | - | - | - | - |
| Intergovernmental revenue | 5,040,469 | 5,191,107 | 9,048,644 | 9,789,157 | 10,078,402 |
| Investment earnings | 232,802 | 381,380 | 209,628 | 203,490 | 695,655 |
| Gain or loss on sale of capital assets | - | - | - | - | (54,070) |
| Miscellaneous | 689,427 | 545,714 | 684,960 | 517,530 | 959,284 |
| Interfund transactions | (20,980) | 242,188 | 220,635 | 224,539 | 233,065 |
| Total governmental activities | <u>24,934,654</u> | <u>36,297,172</u> | <u>33,902,959</u> | <u>33,540,687</u> | <u>32,915,827</u> |
| Business-type activities | | | | | |
| Annexation & developer contributions | - | - | - | 775,800 | - |
| Investment earnings | 106,838 | 369,797 | 299,782 | 63,237 | 330,545 |
| Miscellaneous | - | 23,773 | 8,749 | 2,886 | 2,337 |
| Gain or loss on sale of capital assets | - | - | - | - | 9,860 |
| Interfund transactions | 20,980 | (242,188) | (220,635) | (224,539) | (233,065) |
| Total business-type activities | <u>127,818</u> | <u>151,382</u> | <u>87,896</u> | <u>617,384</u> | <u>109,677</u> |
| Total primary government | <u><u>\$ 25,062,472</u></u> | <u><u>\$ 36,448,554</u></u> | <u><u>\$ 33,990,855</u></u> | <u><u>\$ 34,158,071</u></u> | <u><u>\$ 33,025,504</u></u> |
| Change in Net Assets | | | | | |
| Governmental activities | \$ (12,937,849) | \$ 13,600,899 | \$ 10,611,410 | \$ 7,280,596 | \$ 10,402,829 |
| Business-type activities | 5,519,759 | 2,178,855 | 2,733,235 | 1,153,798 | 1,588,992 |
| Total primary government | <u><u>\$ (7,418,090)</u></u> | <u><u>\$ 15,779,754</u></u> | <u><u>\$ 13,344,645</u></u> | <u><u>\$ 8,434,394</u></u> | <u><u>\$ 11,991,820</u></u> |

CITY OF MISSOULA, MONTANA
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| | 2004 | 2005 | 2006 | 2007 | | |
| General Fund | | | | | | |
| Reserved | \$ 8,134 | \$ 353,037 | \$ 10,928 | \$ 8,202 | \$ 6,826 | \$ 396,988 |
| Unreserved | <u>3,691,444</u> | <u>2,861,811</u> | <u>2,573,821</u> | <u>2,427,933</u> | <u>1,645,837</u> | <u>1,011,574</u> |
| Total General Fund | <u><u>\$3,699,578</u></u> | <u><u>\$3,214,848</u></u> | <u><u>\$2,584,749</u></u> | <u><u>\$2,436,135</u></u> | <u><u>\$1,652,663</u></u> | <u><u>\$1,011,574</u></u> |
| All other governmental funds | | | | | | |
| Reserved | \$1,277,111 | \$1,476,999 | \$1,207,657 | \$1,980,958 | \$3,602,376 | \$2,054,790 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 1,781,795 | 2,117,617 | 2,749,470 | 3,057,184 | 1,939,572 | 2,952,039 |
| Debt service funds | 100,675 | - | - | 1,980,958 | 1,939,572 | (35,775) |
| Capital projects funds | <u>5,307,036</u> | <u>3,263,924</u> | <u>1,758,329</u> | <u>332,583</u> | <u>(5,290,370)</u> | <u>(912,811)</u> |
| Total other governmental funds | <u><u>\$8,466,617</u></u> | <u><u>\$6,858,540</u></u> | <u><u>\$5,715,456</u></u> | <u><u>\$7,351,683</u></u> | <u><u>\$2,191,150</u></u> | <u><u>\$4,058,243</u></u> |
| | | | | | | |

Source: City of Missoula

CITY OF MISSOULA, MONTANA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Five Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-----------------------|----------------------|--------------------|------------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Revenues | | | | | |
| Taxes and assessments | \$ 16,515,528 | \$ 18,956,194 | \$ 19,470,666 | \$ 22,340,804 | \$ 24,128,385 |
| Licenses and permits | 2,287,385 | 2,318,146 | 3,165,413 | 2,839,058 | 2,927,474 |
| Intergovernmental | 11,846,177 | 11,091,624 | 14,238,028 | 13,208,755 | 13,035,698 |
| Charges for services | 2,336,424 | 2,700,372 | 3,298,503 | 3,625,225 | 4,540,977 |
| Fines and forfeitures | 795,329 | 857,707 | 1,223,864 | 1,178,920 | 1,421,588 |
| Miscellaneous | 420,425 | 520,337 | 309,781 | 949,537 | 975,534 |
| Interest earnings | 231,951 | 449,387 | 226,538 | 192,758 | 538,418 |
| Total revenues | <u>34,433,219</u> | <u>36,893,767</u> | <u>41,932,793</u> | <u>44,335,057</u> | <u>47,568,074</u> |
| Expenditures | | | | | |
| General government | 4,005,055 | 4,718,579 | 4,501,423 | 6,334,244 | 5,745,356 |
| Public safety | 14,588,393 | 15,420,765 | 16,957,739 | 18,138,794 | 19,880,732 |
| Public works | 4,929,802 | 5,239,404 | 5,765,617 | 5,803,509 | 6,161,928 |
| Public health | 1,030,253 | 1,008,837 | 1,096,344 | 1,152,195 | 1,249,223 |
| Social and economic | 105,100 | 100,706 | 105,238 | 108,395 | 132,897 |
| Culture and recreation | 2,206,720 | 2,468,401 | 2,719,381 | 3,011,054 | 3,676,479 |
| Community development | 709,847 | 681,088 | 2,129,109 | 2,379,741 | 2,202,392 |
| Miscellaneous | 788,987 | 795,362 | 910,387 | - | 947,093 |
| Debt service - principal | 2,734,737 | 4,369,674 | 2,432,981 | 2,783,319 | 6,127,301 |
| Debt service - interest | 1,044,657 | 1,126,448 | 1,428,517 | 1,357,860 | 1,671,508 |
| Capital outlay | 6,800,610 | 6,514,225 | 4,980,661 | 18,496,532 | 9,116,240 |
| Total expenditures | <u>38,944,161</u> | <u>42,443,489</u> | <u>43,027,397</u> | <u>59,565,643</u> | <u>56,911,149</u> |
| Excess of revenues over (under) expenditures | <u>(4,510,942)</u> | <u>(5,549,722)</u> | <u>(1,094,604)</u> | <u>(15,230,586)</u> | <u>(9,343,075)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 4,864,269 | 5,474,240 | 4,833,042 | 5,338,325 | 7,003,875 |
| Transfers out | (4,898,223) | (5,283,345) | (4,675,148) | (5,170,043) | (6,821,059) |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | (2,037,769) |
| Refunding Bond Proceeds | - | - | - | - | 4,355,000 |
| Proceeds from sale of capital assets | 48,921 | 228,088 | 46,347 | 100 | - |
| Proceeds from long term debt | 2,461,724 | 18,759,366 | 994,921 | 2,850,881 | 11,574,351 |
| Total other financing sources (uses) | <u>2,476,691</u> | <u>19,178,349</u> | <u>1,199,162</u> | <u>3,019,263</u> | <u>14,074,398</u> |
| Net change in fund balances | <u>\$ (2,034,251)</u> | <u>\$ 13,628,627</u> | <u>\$ 104,558</u> | <u>\$ (12,211,323)</u> | <u>\$ 4,731,323</u> |
| Debt service as a percentage of non-capital expenditures | <u>13%</u> | <u>18%</u> | <u>15%</u> | <u>12%</u> | <u>23%</u> |

Source: City of Missoula

Typically this statistical table presents information on a ten year basis, however, the City converted to the GASB 34 reporting format in FY 03. Thus there is only information presented since that time.

CITY OF MISSOULA, MONTANA
OVERLAPPING PROPERTY TAX LEVIES
Last Ten Fiscal Years

| Taxing Authority | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 1999 | 2000 | 1999 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| City of Missoula | 204.73 | 196.39 | 182.57 | 176.32 | 169.48 | 165.19 | 159.15 | 146.63 | 139.84 | 137.62 |
| County of Missoula | | | | | | | | | | |
| County Wide | 133.64 | 129.11 | 127.12 | 122.79 | 123.97 | 117.80 | 100.15 | 89.24 | 83.15 | 75.59 |
| County Wide Schools | 104.26 | 102.26 | 101.59 | 108.34 | 100.75 | 96.56 | 99.86 | 93.52 | 89.72 | 90.95 |
| Total | 237.90 | 231.37 | 228.71 | 231.13 | 224.72 | 214.36 | 200.01 | 182.76 | 172.87 | 166.54 |
| District Schools | | | | | | | | | | |
| School District One | 150.26 | 150.66 | 158.29 | 159.27 | 153.24 | 149.04 | 136.72 | 138.20 | 135.31 | 129.20 |
| High Schools | 82.21 | 83.40 | 83.16 | 84.27 | 84.65 | 77.30 | 71.28 | 66.17 | 65.32 | 69.63 |
| Total | 232.47 | 234.06 | 241.45 | 243.54 | 237.89 | 226.34 | 208.00 | 204.37 | 200.63 | 198.83 |
| State Levies | | | | | | | | | | |
| University | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Welfare | - | - | - | - | - | - | 9.00 | 9.00 | 9.00 | 9.00 |
| Education Foundation | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 |
| Total | 46.00 | 46.00 | 46.00 | 46.00 | 46.00 | 46.00 | 55.00 | 55.00 | 55.00 | 55.00 |
| Urban Transportation District | 13.91 | 12.38 | 12.23 | 11.93 | 11.66 | 11.31 | 10.94 | 10.37 | 9.82 | 9.82 |
| Total Levy on City Residents | <u><u>735.01</u></u> | <u><u>720.20</u></u> | <u><u>710.96</u></u> | <u><u>708.92</u></u> | <u><u>689.75</u></u> | <u><u>663.20</u></u> | <u><u>633.10</u></u> | <u><u>599.13</u></u> | <u><u>578.16</u></u> | <u><u>567.81</u></u> |
| Other Levies of Interest | | | | | | | | | | |
| County Only | 34.50 | 31.83 | 33.97 | 25.33 | 27.32 | 24.54 | 24.48 | 21.91 | 21.13 | 21.47 |
| Missoula Rural Fire | 80.89 | 79.64 | 78.26 | 77.37 | 74.25 | 73.97 | 71.27 | 62.14 | 57.02 | 56.89 |

Source: County of Missoula Accounting Office

Note: MRA doesn't get University mills.

CITY OF MISSOULA, MONTANA
ESTIMATED MARKET VALUE, TAXABLE VALUE AND MILL LEVY
Last Ten Fiscal Years

| Fiscal Year | Estimated Market Value | Taxable Value City Without Tax Increment | Ratio of Total Assessed Value to Total Estimated Market Value | | Taxable Value Tax Increment Districts | Mill Levy |
|----------------|------------------------------|--|--|---------------------------|---|--------------|
| | | | Total | Estimated Market Value | | |
| 1998 | \$ 1,876,325,293 | \$ 73,042,997 | 3.89% | | \$ 3,365,562 | 138.20 |
| 1999 | 1,859,622,977 | 74,954,024 | 4.03% | | 3,760,638 | 137.62 |
| 2000 | 1,985,298,106 | 77,024,392 | 3.88% | | 3,737,101 | 139.84 |
| 2001 | 2,111,624,637 | 76,698,959 | 3.63% | | 1,964,011 | 159.15 |
| 2002 | 2,247,822,357 | 78,961,906 | 3.51% | | 2,317,883 | 165.19 |
| 2003 | 2,403,250,454 | 82,076,104 | 3.42% | | 2,652,385 | 169.48 |
| 2004 | 2,636,857,585 | 84,586,453 | 3.21% | | 3,603,495 | 176.30 |
| 2005 | 2,805,424,077 | 91,358,406 | 3.26% | | 3,844,866 | 182.57 |
| 2006 | 2,901,638,641 | 93,533,579 | 3.22% | | 1,446,959 | 196.39 |
| 2007 | 3,195,587,513 | 99,332,558 | 3.11% | | 1,806,159 | 204.73 |

Source: Missoula County Assessors Office

CITY OF MISSOULA, MONTANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)

| Fiscal Year | Real Property | Equipment & Fixtures | Electric, Airline & Telecomm unications | | | Railroad | Other | Tax Increment District | Total Taxable Assessed Value |
|----------------|------------------|-------------------------|---|--------|--------|----------|------------|------------------------------|---------------------------------------|
| | | | Electric, Phone Co- ops & Pollution Control | | | | | | |
| 1998 | \$ 63,893 | \$ 7,028 | \$ 6,889 | \$ 647 | \$ 227 | \$ 29 | \$ (3,876) | \$ 74,837 | |
| 1999 | 65,974 | 6,482 | 7,409 | 615 | 249 | 32 | (3,737) | 77,024 | |
| 2000 | 63,363 | 6,579 | 7,862 | 682 | 275 | 32 | (3,464) | 75,329 | |
| 2001 | 68,232 | 3,561 | 5,970 | 568 | 307 | 25 | (1,964) | 76,699 | |
| 2002 | 70,987 | 3,745 | 5,528 | 521 | 347 | 16 | (2,315) | 78,829 | |
| 2003 | 74,393 | 4,145 | 5,313 | 389 | 399 | 8 | (2,612) | 82,035 | |
| 2004 | 78,436 | 4,362 | 4,902 | 372 | 363 | (246) | (3,603) | 84,586 | |
| 2005 | 81,061 | 4,529 | 4,999 | 363 | 380 | 27 | (3,845) | 87,514 | |
| 2006 | 84,231 | 4,697 | 5,291 | 346 | 379 | 61 | (1,471) | 93,534 | |
| 2007 | 91,045 | 4,474 | 7,475 | 313 | 382 | - | (1,806) | 101,883 | |

*Property in the City is assessed at actual value; therefore, the assessed values are equal to actual value.

*This table presents taxable property assessments at values calculated after certified values were received from the Department of Revenue. These values will not articulate to certified values.

Source: Missoula County Assessors Office and Department of Revenue

CITY OF MISSOULA, MONTANA
PROPERTY VALUE AND NEW CONSTRUCTION
Last Ten Fiscal Years

| Fiscal Year | Assessed Value City Property | New Construction | | | | % Change Over Last Year |
|-------------|---------------------------------|-------------------|---------------|-------------------|---------------|----------------------------|
| | | Single Family | | Multi-Family | | |
| | Number | Value Estimate | Number | Value Estimate | Number | Value Estimate |
| 1998 | \$ 1,876,325,293 | 264 | \$ 27,342,134 | 332 | \$ 12,222,660 | 25.80% |
| 1999 | 1,859,622,977 | 274 | 30,079,840 | 422 | 16,163,492 | 8.39% |
| 2000 | 1,985,298,106 | 288 | 29,407,617 | 181 | 8,841,540 | 1.98% |
| 2001 | 2,111,624,637 | 285 | 28,288,095 | 282 | 12,361,447 | 12.94% |
| 2002 | 2,247,822,357 | 365 | 34,135,109 | 335 | 13,880,421 | -24.62% |
| 2003 | 2,403,250,454 | 419 | 38,976,115 | 1,111 | 47,410,182 | 89.63% |
| 2004 | 2,636,857,585 | 367 | 31,611,232 | 359 | 15,081,537 | -43.31% |
| 2005 | 2,805,424,077 | 457 | 38,970,878 | 194 | 8,157,757 | 113,217,490 |
| 2006 | 2,901,638,641 | 374 | 35,521,132 | 79 | 4,393,527 | 1,494 |
| 2007 | 3,195,587,513 | 333 | 31,466,438 | 153 | 7,595,391 | 1,613 |

Source: City of Missoula Building Inspection Office and Missoula County Assessor

**CITY OF MISSOULA, MONTANA
PRINCIPAL PROPERTY TAXPAYERS
Current and Nine Years Ago**

| Taxpayer | 2007 | | | 1998 | | |
|--------------------------------|-----------------------------------|-------------|--|-----------------------------------|-------------|--|
| | Taxable Assessed Value | Rank | Percentage of City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of City Taxable Assessed Value |
| NORTHWESTERN CORPORATION | \$ 3,450,847 | 1 | 3.47% | | | |
| QWEST COMMUNICATIONS | 2,708,646 | 2 | 2.73% | | | |
| MOUNTAIN WATER COMPANY | 936,523 | 3 | 0.94% | \$ 511,355 | 5 | 0.68% |
| SOUTHGATE MALL | 866,316 | 4 | 0.87% | 847,992 | 3 | 1.13% |
| ST PATRICK HOSPITAL CORP | 741,311 | 5 | 0.75% | | | |
| GATEWAY LIMITED PARTNERSHIP | 735,500 | 6 | 0.74% | 516,826 | 6 | 0.69% |
| WW HOLDING CO INC/ALLTELL CORP | 456,539 | 7 | 0.46% | | | |
| MOUNTAIN STATES LEASING | 433,899 | 8 | 0.44% | | | |
| WESTERN HOSPITALITY GROUP | 384,007 | 9 | 0.39% | | | |
| WAL-MART | 321,916 | 10 | 0.32% | 209,667 | 10 | 0.28% |
| MONTANA RAIL LINK INC | | | | 615,992 | 4 | 0.82% |
| MONTANA POWER COMPANY | | | | 2,433,090 | 1 | 3.25% |
| US WEST | | | | 1,757,548 | 2 | 2.34% |
| WC LEASING CORPORATION | | | | 235,399 | 7 | 0.31% |
| CREEKSIDER APARTMENTS | | | | 243,817 | 8 | 0.33% |
| SHOPKO PROPERTIES, INC. | | | | 211,388 | 9 | 0.28% |
| Total | <u><u>\$ 11,035,504</u></u> | | <u><u>11.11%</u></u> | <u><u>\$ 7,583,074</u></u> | | <u><u>10.11%</u></u> |

Source: Department of Revenue - Missoula County Finance Office

CITY OF MISSOULA, MONTANA
PROPERTY TAX LEVIES AND COLLECTIONS
GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

| Fiscal Year Ended June 30th | Collected within the Fiscal Year of the Levy | | | Total Collections to Date | | |
|-----------------------------------|---|-------------------------|---------|---------------------------|------------------------------------|---------|
| | Total Tax Year | Levy for Fiscal Year | Amount | Percentage of Levy | Collections in Subsequent Years | Amount |
| 1998 | \$ 10,339,640 | \$ 9,942,359 | 96.16% | \$ 1,028,973 | \$ 10,971,332 | 106.11% |
| 1999 | 10,770,977 | 9,551,945 | 88.68% | 1,048,989 | 10,600,934 | 98.42% |
| 2000 | 11,045,658 | 10,137,825 | 91.78% | 401,463 | 10,539,288 | 95.42% |
| 2001 | 12,206,430 | 12,041,824 | 98.65% | 371,989 | 12,413,813 | 101.70% |
| 2002 | 13,043,228 | 12,359,529 | 94.76% | 399,678 | 12,759,207 | 97.82% |
| 2003 | 13,897,789 | 13,233,442 | 95.22% | 387,103 | 13,620,545 | 98.01% |
| 2004 | 14,911,332 | 14,943,191 | 100.21% | 281,762 | 15,224,953 | 102.10% |
| 2005 | 15,976,238 | 15,900,407 | 99.53% | 208,969 | 16,109,376 | 100.83% |
| 2006 | 18,368,735 | 17,935,902 | 97.64% | 366,878 | 18,302,780 | 99.64% |
| 2007 | 19,967,941 | 19,806,028 | 99.19% | 220,890 | 20,026,918 | 100.30% |

Source: City of Missoula

CITY OF MISSOULA, MONTANA
GENERAL OBLIGATION DEBT RATIOS
REQUIRED CONTINUING DISCLOSURE

The following general obligation debt ratios are provided as of June 30, 2007

| | | |
|--|----|---------------|
| Market Valuation | \$ | 3,195,587,513 |
| Market Valuation (Less Tax Increment) | \$ | 3,193,781,354 |
| Taxable Valuation | \$ | 99,332,558 |
| Taxable Valuation (Less Tax Increment) | \$ | 97,526,399 |
| Population | | 65,311 |
| Direct Debt Per Capita | \$ | 286 |
| Direct and Overlapping Debt Per Capita | \$ | 626 |
| Direct Debt to Market Valuation | | 0.59% |
| Direct and Overlapping Debt to Market Valuation | | 1.28% |
| Direct Debt to Taxable Valuation | | 18.85% |
| Direct and Overlapping Debt to Taxable Valuation | | 41.21% |
| Market Valuation per Capita | \$ | 48,929 |
| Taxable Valuation per Capita | \$ | 1,493 |

Source: City of Missoula

**SUMMARY OF DIRECT DEBT, INDIRECT DEBT AND DEBT RATIOS
REQUIRED CONTINUING DISCLOSURE
AS OF JUNE 30, 2007**

| | Summary of Direct Debt | | |
|--|-------------------------------|---|-----------------------------|
| | Gross Debt | Less: Debt Service Funds (a) | Net Direct Debt |
| General Obligation Debt Supported by Taxes | \$ 18,720,000 | \$ (19,094) | \$ 18,700,906 |
| Debt Supported by General Fund | 4,760,000 | - | 4,760,000 |
| Revenue Debt (Sewer) | 16,797,231 | (b) | 16,797,231 |
| Revenue Debt (TIF and Parking) | 4,665,000 | (c) | 4,665,000 |
| Subtotal of Direct Debt | <u><u>\$ 44,942,231</u></u> | | <u><u>\$ 44,923,137</u></u> |

(a) Debt Service funds are as of June 30th. Includes money to pay both principal and interest.
 (b) Monies are transferred from the Sewer Enterprise Fund to make the principal and interest payments on these bonds.
 (c) Monies from the Missoula Parking Commission and tax increment revenues are used to make principal and interest payments on these bonds.

| Taxing Unit: | Summary of Indirect Debt | | |
|--|--|--|-----------------------------|
| | G.O. Debt as of June 30, 2007 | Debt Applicable to Tax Capacity of City | |
| | | Percentage | Amount |
| Missoula County Elementary School District | \$ 3,345,000 | 75.60% | \$ 2,528,820 |
| Missoula County High School District | 15,970,000 | 60.50% | 9,661,850 |
| Hellgate Elementary School District | 1,565,000 | 45.90% | 718,335 |
| Target Range Elementary School District | 690,000 | 19.60% | 135,240 |
| Missoula County | <u><u>18,381,000</u></u> | 49.90% | <u><u>9,172,119</u></u> |
| Subtotal of Indirect Debt | <u><u>\$ 39,951,000</u></u> | | <u><u>\$ 22,216,364</u></u> |
| Total of Direct and Indirect Debt | | | <u><u>\$ 67,139,501</u></u> |

| Current Year Estimated Value Per Capita | Debt Ratios* | |
|--|---------------------------------|--|
| | G.O. Net Direct Debt | G.O. Indirect & Net Direct Debt |
| | | Debt |
| 0.59% | \$ 286 | \$ 626 |

*Includes general obligation debt and debt supported by general fund revenues, excludes revenue supported debt.

Source: City of Missoula

Source: Missoula County Assessors Office

Source: Local Schools

CITY OF MISSOULA, MONTANA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

| | Fiscal Year | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Debt Limit | \$ 20,987 | \$ 21,567 | \$ 21,476 | \$ 33,942 | \$ 36,289 | \$ 39,817 |
| Total net debt applicable to limit | 11,322 | 11,120 | 10,455 | 9,754 | 9,279 | 8,438 |
| Legal debt Margin | \$ 9,665 | \$ 10,447 | \$ 11,021 | \$ 24,188 | \$ 27,010 | \$ 31,379 |
| Total net debt applicable to the limit as a percentage of debt limit | 53.95% | 51.56% | 48.68% | 28.74% | 25.57% | 21.19% |
| | | | | | | |
| | | | | | | |

Legal Debt Margin Calculation for Fiscal Year 2007

| | |
|--|--------------|
| Assessed Value of Taxable Property as Ascertained by the last Assessment for Taxes | \$ 3,369,424 |
| Debt Limit 2.5% of Assessed Value (1) | 2.50% |
| General Obligation Debt Limit | 84,236 |
| Less: Outstanding General Obligation Debt, June 30, 2007 | 18,972 |
| Total net debt applicable to limit | 65,264 |
| Legal Debt Margin | \$ 65,264 |

(1) Montana Statute (7-7-4201) prescribes a legal debt limit of 2.5% of the total assessed value of taxable property, which was increased in the FY 2007 legislature from 1.51%.

Source: City of Missoula
Source: Missoula County Assessors Office

CITY OF MISSOULA, MONTANA
RATIO OF OUTSTANDING DEBT BY TYPE
Last Five Fiscal Years

| Fiscal Year | Governmental Activities | | | | | | Business-Type Activities | | | | | | Debt as a Percentage of Personal Income | | | | | | Debt as a Percentage of Personal Income | | | | | |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|---|--------------------------|--------------------------|
| | General Obligation Bonds | | | Limited Obligation Bonds | | | Special Assessment Bonds | | | State Board of Investment Loans | | | Sidewalk and Curb Warrants | | | Revenue Bonds | | | Total Primary Government | | | Debt as a Percentage of Personal Income | | |
| | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | General Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds |
| 2003 | \$ 8,302,060 | \$ 1,495,000 | \$ 12,928,173 | \$ 236,290 | \$ 327,830 | \$ 8,693,367 | \$ 28,274 | \$ 63,318 | \$ 1,79% | \$ 31,982,720 | \$ 29,625 | \$ 64,945 | \$ 505 | \$ 1,33% | | | | | | | | | | |
| 2004 | 15,895,000 | 1,440,000 | 14,649,201 | 100,179 | 316,409 | 15,215,987 | 47,616,776 | | | | | | | | | | | | | | | | | |
| 2005 | 15,020,000 | 1,380,000 | 14,226,402 | 546,373 | 228,628 | 16,586,138 | 47,987,541 | | | | | | | | | | | | | | | | | |
| 2006 | 14,070,000 | 1,315,000 | 15,594,203 | 440,972 | 120,923 | 17,079,212 | 48,620,310 | | | | | | | | | | | | | | | | | |
| 2007 | 18,720,000 | 4,760,000 | 15,455,681 | 252,453 | 120,923 | 16,797,231 | 56,106,288 | | | | | | | | | | | | | | | | | |

Source: City of Missoula

Source: Missoula County Assessors Office

Source: Bureau of Economic Analysis US Department of Commerce

*2005 is the most recent data available. Succeeding years are City estimates.

CITY OF MISSOULA, MONTANA
RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR
Last Ten Fiscal Years
Amounts expressed in thousands, except population and per capita

| Fiscal Year | General Obligation Bonds | Total Taxable Assessed Valuation | Percentage of Taxable Value of Property | Estimated Population | Per Capita |
|--------------------|---|---|--|---------------------------------|-------------------|
| 1998 | \$ 10,693 | \$ 74,837 | 14% | 51,204 | \$ 208.83 |
| 1999 | 10,241 | 77,024 | 13% | 52,239 | 196.04 |
| 2000 | 9,794 | 75,329 | 13% | 57,053 | 171.66 |
| 2001 | 9,320 | 76,699 | 12% | 58,224 | 160.07 |
| 2002 | 8,822 | 78,829 | 11% | 59,396 | 148.53 |
| 2003 | 8,302 | 82,035 | 10% | 60,567 | 137.07 |
| 2004 | 15,895 | 84,586 | 19% | 61,738 | 257.46 |
| 2005 | 15,020 | 87,514 | 17% | 62,910 | 238.76 |
| 2006 | 14,070 | 93,534 | 15% | 64,081 | 219.57 |
| 2007 | 18,720 | 99,333 | 19% | 65,311 | 286.63 |

Source: City of Missoula

Source: Missoula County Assessors Office

Source: Bureau of Economic Analysis

CITY OF MISSOULA, MONTANA
PLEDGED-REVENUE COVERAGE
WASTEWATER FACILITY REVENUE BONDS
Last Ten Fiscal Years

| Fiscal Year | Gross Revenue | Direct Operating Expenses (1) | Net Revenue Available for Debt | Debt Service Requirements | | | Max Annual Debt Service Coverage (2) |
|--------------------------------------|-------------------|-------------------------------|--------------------------------|---------------------------|--------------------|------------------------|--------------------------------------|
| | | | | Principal | Interest | Total | |
| 1998 | \$ 2,567,570 | \$ 2,255,068 | \$ 312,502 | \$ 420,000 | \$ 177,998 | \$ 597,998 | 52% |
| 1999 | 2,880,073 | 2,038,323 | 841,750 | 139,000 | 97,170 | 236,170 | 356% 221% |
| 2000 | 3,663,812 | 2,356,463 | 1,307,349 | 206,000 | 175,576 | 381,576 | 343% 301% |
| 2001 | 4,383,126 | 2,554,575 | 1,828,551 | 247,000 | 206,338 | 453,338 | 403% 421% |
| 2002 | 5,137,531 | 3,266,074 | 1,871,457 | 289,000 | 188,532 | 477,532 | 392% 390% |
| City Operating* Legal Calculation | 4,955,880 2003 | 2,555,053 2,555,053 | 2,400,827 3,679,452 | 489,162 489,162 | 231,961 231,961 | 721,123 721,123 | 333% 379% 510% 580% |
| City Operating* Legal Calculation | 5,274,686 2004 | 3,036,426 3,036,426 | 2,238,260 3,272,224 | 689,000 689,000 | 503,234 503,234 | 1,192,234 1,192,234 | 188% 151% 274% 221% |
| City Operating* Legal Calculation | 5,550,626 2005 | 3,151,625 3,151,625 | 2,399,001 4,114,229 | 797,233 797,233 | 655,716 655,716 | 1,452,949 1,452,949 | 165% 162% 283% 278% |
| City Operating* Legal Calculation | 5,665,706 2006 | 3,263,652 3,263,652 | 2,402,054 3,356,380 | 894,751 894,751 | 660,341 660,341 | 1,555,092 1,555,092 | 154% 135% 216% 189% |
| City Operating* Legal Calculation | 5,975,248 2007 | 3,492,891 3,492,891 | 2,482,357 3,285,211 | 941,000 941,000 | 682,728 682,728 | 1,623,728 1,623,728 | 153% 150% 202% 199% |

*City baseline does not include sewer development fees. Legal calculation is based on revenue bond covenant details, section 2.3. Information for both calculations is only available from 2003-present.

(1) Does not include depreciation or bond interest.

(2) Net revenues divided by the maximum debt payment due in any future calendar year.

Source: City of Missoula Annual Financial Reports

CITY OF MISSOULA, MONTANA
REVOLVING FUND YEAR-END BALANCES
REQUIRED CONTINUING DISCLOSURE
Last Ten Fiscal Years

| Fiscal Year | Revolving Fund Cash Balance | Principal Amount of Bonds | Percentage |
|--------------------|------------------------------------|----------------------------------|-------------------|
| 1998 | \$ 717,331 | \$ 4,123,000 | 17.4% |
| 1999 | 792,077 | 8,550,934 | 9.3% |
| 2000 | 608,463 | 8,705,000 | 7.0% |
| 2001 | 718,011 | 8,504,698 | 8.4% |
| 2002 | 794,248 | 11,457,860 | 6.9% |
| 2003 | 778,049 | 12,928,174 | 6.0% |
| 2004 | 955,785 | 14,357,629 | 6.7% |
| 2005 | 808,460 | 14,226,402 | 5.7% |
| 2006 | 889,718 | 15,594,203 | 5.7% |
| 2007 | 954,148 | 15,455,681 | 6.2% |

Source: City of Missoula

CITY OF MISSOULA, MONTANA
REVOLVING FUND CHANGES IN FUND BALANCE
REQUIRED CONTINUING DISCLOSURE
Last Ten Years

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Fiscal Year | | | | | | | | | |
| Beginning Balance | \$ 688,428 | \$ 717,331 | \$ 792,077 | \$ 608,463 | \$ 718,011 | \$ 794,248 | \$ 778,049 | \$ 955,785 | \$ 808,460 | \$ 889,718 |
| Disbursements/Transfers | 28,903 | 74,746 | (183,614) | 109,548 | 76,237 | (16,199) | 177,736 | (147,325) | 81,258 | 64,430 |
| Ending Balance | <u>\$ 717,331</u> | <u>\$ 792,077</u> | <u>\$ 608,463</u> | <u>\$ 718,011</u> | <u>\$ 794,248</u> | <u>\$ 778,049</u> | <u>\$ 955,785</u> | <u>\$ 808,460</u> | <u>\$ 889,718</u> | <u>\$ 954,148</u> |
| Assets: | | | | | | | | | | |
| Cash | \$ 523,187 | \$ 761,206 | \$ 537,639 | \$ 687,189 | \$ 765,477 | \$ 742,524 | \$ 852,799 | \$ 808,460 | \$ 885,738 | \$ 928,632 |
| Due from SID Funds | 194,144 | 28,730 | 70,824 | 30,822 | 28,771 | 35,525 | 72,062 | - | - | - |
| Other Receivables | 399,889 | 385,078 | 365,984 | 348,414 | 330,525 | 310,660 | 320,488 | 227,828 | 218,910 | 222,281 |
| Total Assets | <u>\$ 1,117,220</u> | <u>\$ 1,175,014</u> | <u>974,447</u> | <u>1,066,425</u> | <u>1,124,773</u> | <u>1,088,709</u> | <u>1,245,349</u> | <u>1,036,288</u> | <u>1,104,648</u> | <u>1,150,913</u> |
| Liabilities: | | | | | | | | | | |
| Deferred Revenue | \$ 399,889 | \$ 382,937 | \$ 365,984 | \$ 348,414 | \$ 330,525 | \$ 310,660 | \$ 289,564 | \$ 227,828 | \$ 214,930 | \$ 196,765 |
| Total Liabilities | <u>\$ 399,889</u> | <u>\$ 382,937</u> | <u>\$ 365,984</u> | <u>\$ 348,414</u> | <u>\$ 330,525</u> | <u>\$ 310,660</u> | <u>\$ 289,564</u> | <u>\$ 227,828</u> | <u>\$ 214,930</u> | <u>\$ 196,765</u> |
| Total Fund Balance | <u>\$ 717,331</u> | <u>\$ 792,077</u> | <u>\$ 608,463</u> | <u>\$ 718,011</u> | <u>\$ 794,248</u> | <u>\$ 778,049</u> | <u>\$ 955,785</u> | <u>\$ 808,460</u> | <u>\$ 889,718</u> | <u>\$ 954,148</u> |

Source: City of Missoula

CITY OF MISSOULA, MONTANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

| Fiscal Year | Estimated City Population (1) | Population | | Income Statistics | | Employment Statistics | | |
|-------------|-------------------------------|-------------------|---------------------------|-----------------------|---------------------|-------------------------|-----------------------|--|
| | | County Population | Total Personal Income (2) | Per Capita Income (2) | Civilian Employment | State Unemployment Rate | Unemployment Rate (2) | |
| 1998 | 51,204 | 93,847 | \$ 2,053,161 | \$ 21,878 | 45,140 | 5.6% | 3.9% | |
| 1999 | 52,239 | 94,791 | 2,138,904 | 22,564 | 47,005 | 5.3% | 3.4% | |
| 2000 | 57,053 | 95,802 | 2,342,773 | 24,383 | 48,885 | 4.8% | 4.2% | |
| 2001 | 58,224 | 96,692 | 2,561,445 | 26,493 | 68,945 | 4.5% | 3.9% | |
| 2002 | 59,396 | 97,788 | 2,669,139 | 27,294 | 70,158 | 4.5% | 4.1% | |
| 2003 | 60,567 | 98,359 | 2,783,129 | 28,274 | 71,866 | 4.4% | 3.9% | |
| 2004 | 61,738 | 99,031 | 2,934,767 | 29,625 | 73,110 | 4.3% | 4.0% | |
| 2005 | 62,910 | 100,033 | 3,102,000 | 30,991 | N/A | 4.0% | 3.7% | |
| 2006 | 64,081 | 101,417 | N/A | N/A | N/A | 3.5% | 3.3% | |
| 2007 | 65,311 | 102,385 * | N/A | N/A | N/A | 2.5% | 2.3% | |

(1) 2000 population is from the US Census. 2006 City Population is from State of Montana Department of Labor and Industry. All other years are estimated.

(2) Only Missoula County information available.

* Estimate for 2007 based on average increase of prior years.

Source - Bureau of Economic Analysis and Department of Labor & Industry, Research & Analysis Bureau
N/A - Not Available

CITY OF MISSOULA, MONTANA
TOP TEN EMPLOYERS IN CITY OF MISSOULA
Current and Ten Years Ago

| Employer | Type of Product or Service | 2007 | | 1997 |
|-------------------------------------|-----------------------------------|----------------------------|---|----------------------------|
| | | Number of Employees | | Number of Employees |
| University of Montana | Higher Education | 3,208 | a | 1,479 |
| St. Patrick Hospital | Healthcare | 1,400 | | 1,113 |
| Community Medical Center | Healthcare | 1,250 | | 900 |
| Missoula County Public Schools | Public Education | 1,180 | | 1,400 |
| Montana Rail Link | Rail Transportation | 1,000 | | 391 |
| Southgate Mall | Retail | 750-1000 | b | |
| Washington Corporations | Manufacturing | 500-750 | b | |
| U.S. Forest Service | Government | 500-750 | b | 616 |
| Missoula County | County Government | 651 | c | 507 |
| Wal-Mart | Retail | 500 | | |
| Smurfit-Stone Container Corporation | Wood Products | | | 685 |
| City of Missoula | City Government | | | 378 |
| Stimson Lumber Company | Wood Products | | | 511 |

a. Does not include student employees.

b. 2006 figures.

c. Includes people who work half-time or greater.

Source: Telephone Survey of Individual Employers, September 2007

CITY OF MISSOULA, MONTANA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | |
|-------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Full Time Equivalent Employees | | | | | | | | | | |
| General Government | | | | | | | | | | | |
| City Council | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | |
| Mayor's Office | 3.65 | 3.65 | 3.65 | 3.65 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | |
| Human Resources | 2.65 | 3.03 | 3.03 | 3.78 | 3.90 | 3.90 | 3.90 | 4.15 | 4.15 | 4.15 | |
| Communications | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | - | |
| City Clerk | 2.07 | 2.03 | 2.03 | 3.25 | 3.25 | 3.25 | 3.25 | 3.50 | 4.00 | 4.50 | |
| Information Systems | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.50 | 4.50 | 5.00 | 5.50 | 6.00 | |
| Finance/Treasurer | 12.29 | 11.72 | 12.72 | 12.72 | 13.22 | 12.97 | 13.13 | 12.75 | 12.75 | 16.00 | |
| Public Safety | | | | | | | | | | | |
| Municipal Court | 7.11 | 7.11 | 7.11 | 8.11 | 8.11 | 8.50 | 9.00 | 10.50 | 13.00 | 12.50 | |
| City Attorney | 8.42 | 8.42 | 8.42 | 8.90 | 9.90 | 9.90 | 9.90 | 9.90 | 12.40 | 14.40 | |
| Police Department | 96.26 | 94.30 | 98.19 | 102.00 | 102.00 | 102.00 | 108.00 | 116.00 | 119.00 | 125.50 | |
| Fire Department | 72.50 | 72.95 | 74.02 | 76.00 | 76.00 | 76.00 | 76.00 | 78.00 | 82.00 | 85.00 | |
| Building Inspection | 12.00 | 12.00 | 14.37 | 14.37 | 14.37 | 14.37 | 13.50 | 13.86 | 14.34 | 15.00 | |
| Parking Commission | 11.75 | 11.50 | 11.50 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | |
| Public Works | | | | | | | | | | | |
| Engineering | 23.22 | 23.47 | 25.47 | 25.92 | 25.92 | 25.92 | 27.12 | 28.12 | 28.62 | 28.82 | |
| Street Division | 26.77 | 27.00 | 27.53 | 28.25 | 28.25 | 28.29 | 28.29 | 28.54 | 28.54 | 28.54 | |
| Vehicle Maintenance | 8.37 | 8.25 | 8.50 | 9.00 | 10.50 | 10.50 | 10.50 | 10.50 | 11.00 | 11.00 | |
| Public Health | | | | | | | | | | | |
| Wastewater | 20.20 | 20.20 | 20.20 | 20.20 | 20.20 | 20.20 | 20.20 | 22.20 | 22.20 | 22.20 | |
| Social Services | | | | | | | | | | | |
| City Cemetery | 8.44 | 8.50 | 9.26 | 8.93 | 8.93 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | |
| Community Development | | | | | | | | | | | |
| MRA | 5.14 | 5.14 | 7.14 | 7.14 | 6.14 | 6.14 | 6.14 | 6.14 | 6.00 | 6.00 | |
| Culture and Recreation | | | | | | | | | | | |
| Parks and Recreation | 42.80 | 43.70 | 48.15 | 48.72 | 47.89 | 48.80 | 49.94 | 52.94 | 58.77 | 55.70 | |
| Acquatics | Total | 379.64 | 379.97 | 398.29 | 408.94 | 410.62 | 411.74 | 419.87 | 438.35 | 463.52 | 498.17 |

Source: City of Missoula

CITY OF MISSOULA, MONTANA
CITY SERVICES AND EMPLOYMENT

| Bargaining Unit | Number of Members | Date of Expired Contract |
|--|--------------------------|---------------------------------|
| International Association of Firefighters, Local No. 271 | 82 | June 30, 2008 |
| Montana Public Employees Association | | |
| Maintenance Technicians in Parks and Recreation Dept | 9 | June 30, 2007 |
| Missoula Police Protective Association | 94 | June 30, 2010 |
| Wastewater (decertified as of 6-30-07) | | |
| Parking Commission | 7 | June 30, 2009 |
| Teamsters Union, Local No. 2 | 21 | June 30, 2008 |
| Operators' Union, Local No. 4000 | 9 | June 30, 2008 |
| Machinists Union, Local No. 88, District No. 86 | 8 | June 30, 2008 |
| Teamsters, Parks and Recreation Seasonal | 14 | June 30, 2007 |

Note: Basic Services provided through City government include Police and Fire protection, Municipal Sewer and Sanitation, street Maintenance and Construction, Building Inspection, Zoning Enforcement, Public Works, and Parks and Recreation. As of June 30, 2007, the City employed approximately 614 workers, including Seasonal and Intermittent. Of the total City workforce, approximately 40% were members of organized bargaining units. State law requires Montana Cities to bargain collectively with formally recognized bargaining units. The City considers relations with its bargaining groups to be satisfactory.

Source: City of Missoula

CITY OF MISSOULA, MONTANA
EMPLOYMENT BY MAJOR INDUSTRY TYPE
ANNUAL AVERAGE
Last Ten Fiscal Years

| | 2004(A) | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agriculture, Forestry, Fisheries | 1,490 | 1,485 | 1,656 | 1,451 | 299 | 244 | 269 | 262 | 278 | 245 |
| Mining | 96 | 82 | (B) | 64 | 31 | 48 | 35 | 35 | 24 | 29 |
| Construction | 4,820 | 4,695 | 4,343 | 4,373 | 2,485 | 2,340 | 2,153 | 2,033 | 2,099 | 1,811 |
| Manufacturing | 3,168 | 3,144 | 3,182 | 3,118 | 3,347 | 3,331 | 3,308 | 3,339 | 3,426 | 3,497 |
| Transportation, Commun., and Public Utilities | 4,189 | 4,341 | 4,499 | 4,561 | 2,734 | 2,830 | 2,718 | 2,644 | 2,523 | 2,672 |
| Wholesale Trade | 2,385 | 2,381 | 2,334 | 2,347 | 2,243 | 2,180 | 2,172 | 2,187 | 2,088 | 1,957 |
| Retail Trade | 10,120 | 9,707 | 9,513 | 9,371 | 11,250 | 11,028 | 10,799 | 10,697 | 10,437 | 10,141 |
| Financial, Insurance and Real Estate | 5,363 | 5,287 | 5,031 | 4,920 | 2,241 | 2,194 | 2,088 | 1,970 | 1,843 | 1,771 |
| Services | 31,225 | 30,392 | 29,886 | 28,999 | 15,538 | 14,693 | 13,880 | 12,849 | 12,170 | 11,576 |
| Government | 10,254 | 10,352 | 9,714 | 9,741 | 8,717 | 8,117 | 7,718 | 7,687 | 7,712 | 7,396 |
| | 73,110 | 71,866 | 70,158 | 68,945 | 48,885 | 47,005 | 45,140 | 43,703 | 42,600 | 41,095 |

Source: Missoula Area Economic Development Corp (1995 to 2000)
 Bureau of Economic Analysis (2001 to 2004)

(A) Most recent data available
 (B) Not shown to avoid disclosure of confidential information, but estimates are included in the totals

CITY OF MISSOULA, MONTANA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

| Function/Program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| General Government | | | | | | | | | | | | |
| Business Licenses Issued | 4,586 | 4,946 | 5,023 | 5,892 | 7,782 | 7,791 | 7,823 | 7,907 | 4,484 | 5,173 | 5,290 | |
| SID's Billed | 4,747 | 4,868 | 4,636 | 5,837 | 9,907 | 10,134 | 10,432 | 10,470 | 10,426 | 11,200 | 11,557 | |
| Amount of SID's Billed | \$ 1,097,546 | \$ 1,267,847 | \$ 1,307,541 | \$ 1,298,209 | \$ 1,676,420 | \$ 1,865,265 | \$ 1,947,490 | \$ 2,275,546 | \$ 2,241,307 | \$ 2,748,200 | \$ 2,793,604 | |
| # Sewer Bills | 27,260 | 27,890 | 28,538 | 30,094 | 30,094 | 32,642 | 35,124 | 35,448 | 36,641 | 38,728 | 41,002 | |
| Public Safety Activities | | | | | | | | | | | | |
| Citations issued | No data | 21,809 | 25,136 | 31,008 | 33,262 | 38,468 | |
| Orders of Protection issued | No data | 447 | 523 | 586 | 604 | 417 | |
| Attorney's Office - Lawsuits & Claims | No data | 21 | 51 | 53 | 51 | 47 | |
| Attorney - Opened criminal files | No data | 1,605 | 1,890 | 2,476 | 2,179 | 4,235 | |
| Officers/1,000 population | 1.45 | 1.50 | 1.45 | 1.40 | 1.41 | 1.38 | 1.40 | 1.43 | 1.53 | 1.56 | 3,181 | |
| Total sworn officers | 74 | 77 | 76 | 80 | 82 | 82 | 85 | 88 | 96 | 100 | 102 | |
| Police calls for Service | No data | No data | 34,868 | 34,328 | 36,256 | 36,221 | 37,398 | 37,494 | 43,778 | 40,515 | 5,805 | |
| Total Fire Department Incident Responses* | 3,803 | 4,603 | 4,101 | 4,244 | 4,266 | 4,451 | 4,729 | 4,701 | 5,259 | 5,497 | | |
| Public Works | | | | | | | | | | | | |
| Miles of sidewalk installed | 9.00 | 13.20 | 9.60 | 11.30 | 5.70 | 8.53 | 11.03 | 17.45 | 24.74 | 9.34 | 9.19 | |
| Building Permits issued | 1,623 | 1,900 | 2,486 | 1,895 | 1,694 | 1,930 | 2,180 | 1,663 | 1,677 | 1,494 | 1,613 | |
| Construction Value of Bldg permits issued | 86,403,397 | 108,691,598 | 117,814,791 | 120,150,936 | 135,701,353 | 102,287,782 | 193,963,792 | 109,963,100 | 113,217,490 | 99,855,627 | 89,139,379 | |
| Miles of Street - per State Gas Tax Report | 298.50 | 300.93 | 319.60 | 326.76 | 327.61 | 344.42 | 349.24 | 358.57 | 358.87 | 337.98 | | |
| Population | 51,000 | 51,204 | 52,239 | 57,053 | 58,224 | 59,396 | 60,567 | 61,738 | 62,910 | 64,081 | 65,311 | |

Source: City of Missoula

* Fire Department Incident Responses are based on Calendar Years. Current Year number through 12/13/07.

CITY OF MISSOULA, MONTANA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Two Fiscal Years

| Function | Fiscal Year | |
|--|-------------|-----------|
| | 2007 | 2006 |
| GENERAL GOVERNMENT | | |
| Vehicles | 5 | 3 |
| Buildings | 2 | 1 |
| PUBLIC SAFETY ACTIVITIES | | |
| Fire Stations | 5 | 5 |
| Fire Engines/Trucks/Vehicles/Vans | 27 | 27 |
| Police Motorcycles | 6 | 6 |
| Police Patrol Cars/Passenger Vehicles/Other Vehicles | 47 | 43 |
| PUBLIC WORKS | | |
| Streets (sq. yards) | 6,761,248 | 6,596,870 |
| Curbs (lineal feet) | 1,957,574 | 1,898,481 |
| Sidewalks (sq. feet) | 11,484,784 | 9,588,303 |
| Storm Sewer (lineal feet) | 153,275 | 153,275 |
| Sumps | 5,160 | 5,030 |
| Signs | 54,901 | 54,034 |
| Vehicles | 98 | 98 |
| Buildings | 7 | 6 |
| PUBLIC HEALTH ACTIVITIES | | |
| Cemetery & Buildings | 7 | 7 |
| Vehicles/Tractors/Trucks/Mowers | 17 | 16 |
| CULTURE AND RECREATION | | |
| Parks | 46 | 45 |
| Trails | 18.2 | 16 |
| Park Shelter/Band Shells/Pavillions | 10 | 10 |
| Buildings | 20 | 20 |
| Vehicles | 57 | 61 |
| HOUSING & COMMUNITY DEVELOPMENT | | |
| Vehicles | 10 | No data |
| Buildings | 2 | No data |

Capital Asset Statistics by Function information prior to 2006 is not readily available in this format.

Source: City of Missoula Fixed Asset Accounting Module

Source: City of Missoula Parks Dept. Website

Source: Various City of Missoula Departments

CITY OF MISSOULA, MONTANA
SPECIAL ASSESSMENTS BILLED AND COLLECTED
Last Ten Fiscal Years

| Fiscal Year | Assessments | | Percent Collected | Delinquent Assessments | | Total Assessments | | Penalty and Interest Paid |
|--------------------|--------------------|--------------|--------------------------|-------------------------------|-------------|--------------------------|-------------|----------------------------------|
| | Billed | Paid | | Paid | Paid | Paid | Paid | |
| 1998 | \$ 1,267,847 | \$ 1,125,560 | 88.78% | \$ 126,516 | | \$ 1,252,076 | | \$ 18,523 |
| 1999 | 1,307,541 | 1,166,340 | 89.20% | 324,363 | | 1,490,703 | | 26,117 |
| 2000 | 1,298,209 | 1,200,303 | 92.46% | 96,792 | | 1,297,095 | | 11,402 |
| 2001 | 1,676,420 | 1,589,981 | 94.84% | 102,967 | | 1,692,948 | | 10,190 |
| 2002 | 1,865,265 | 1,726,973 | 92.59% | 84,933 | | 1,811,906 | | 10,758 |
| 2003 | 1,947,490 | 2,424,156 | 124.48% | 75,325 | | 2,499,481 | | 17,909 |
| 2004 | 2,275,546 | 2,105,570 | 92.53% | 306,209 | | 2,411,779 | | 9,728 |
| 2005 | 2,241,307 | 2,132,336 | 95.14% | 119,277 | | 2,251,613 | | 16,761 |
| 2006 | 2,748,200 | 2,638,272 | 96.00% | 149,327 | | 2,787,599 | | 10,807 |
| 2007 | 2,793,604 | 2,695,269 | 96.48% | 106,930 | | 2,802,199 | | 11,629 |

Note: Property tax levies are set in August at the time the City budget is approved and billed November 1 by the County. Half of the taxes are due by November 30 and the other half by May 31. After those dates, the bills are delinquent (and a lien is placed on the property). The interest charged on delinquent taxes is one percent per month, with a two percent penalty.

Source: City of Missoula

CITY OF MISSOULA, MONTANA
SPECIAL IMPROVEMENT DISTRICT 512, 521 AND 522
REQUIRED CONTINUING DISCLOSURE

| Fiscal Year | Combined Market Value of All Districts | Average Ratio of Market Value to Assessments of Individual Parcels | Highest Ratio of Market Value to Assessments of Individual Parcels | Lowest Ratio of Market Value to Assessments of Individual Parcels | Median Ratio of Market Value to Assessments of Individual Parcels |
|--------------------|---|---|---|--|--|
| 1999 | \$ 82,339,029 | 47.20 | 1,103.00 | 13.40 | 33.70 |
| 2000 | 116,582,168 | 77.00 | 1,304.70 | 6.40 | 72.10 |
| 2001 | 135,469,759 | 180.80 | 1,529.10 | 6.90 | 57.10 |
| 2002 | 146,667,428 | 196.60 | 1,586.20 | 6.20 | 52.10 |
| 2003 | 136,898,208 | 127.17 | 2,887.04 | 9.01 | 39.80 |
| 2004 | 158,065,283 | 89.06 | 1,154.30 | 6.30 | 79.15 |
| 2005 | 166,871,500 | 95.60 | 2,692.30 | 2.07 | 117.52 |
| 2006 | 158,701,080 | 757.82 | 10,797.00 | 5.82 | 221.17 |
| 2007 | 191,613,295 | 1,219.98 | 13,841.43 | 6.35 | 221.37 |

Source: City of Missoula and Missoula County Assessor's Office

CITY OF MISSOULA, MONTANA
MISSOULA PARKING COMMISSION RATES AND FEES
Last Ten Fiscal Years

| Fiscal Year | On-Street Hourly Parking | Garage Hourly Parking | Parking Garage Lease Space Range | Off-Street Lease Space Range | Average Off-Street and Garage Lease Rate |
|--------------------|---|--------------------------------------|---|---|---|
| 1998 | \$ 0.20 | \$ 0.25 | \$33.00 to \$40.00 | \$12.00 TO \$50.00 | \$ 22.00 |
| 1999 | 0.20 | 0.25 | \$40.00 TO \$45.00 | \$15.00 TO \$50.00 | 28.00 |
| 2000 | 0.20 | 0.25 | \$45.00 TO \$50.00 | \$ 20.00 TO \$50.00 | 35.00 |
| 2001 | 0.50 | 0.25 | \$50.00 TO \$55.00 | \$ 25.00 TO \$ 50.00 | 38.00 |
| 2002 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$ 25.00 TO \$ 50.00 | 38.00 |
| 2003 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$ 35.00 TO \$ 50.00 | 44.00 |
| 2004 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$ 30.00 TO \$ 50.00 | 44.00 |
| 2005 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$ 30.00 TO \$ 50.00 | 44.00 |
| 2006 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$ 30.00 TO \$ 50.00 | 44.00 |
| 2007 | 0.50 | 0.25 | \$55.00 TO \$65.00 | \$30.00 TO \$50.00 | 45.00 |

Source: Missoula Parking Commission

CITY OF MISSOULA, MONTANA
MISSOULA PARKING COMMISSION OPERATIONS AND FACILITIES
Last Six Fiscal Years

| Fiscal Year | On-Street Meters | Off-Street Parking Spaces | Parking Lots Throughout Downtown Missoula | Leased Parking Garage Spaces | University District Parking Permits | Percentage of Parking Ticket Revenue | Percentage of Parking Meter Revenue | Percentage of Garage Parking Revenue | Percentage of Leased Parking Garage Revenue | Percentage of Other than Parking Garage Revenue |
|-------------|------------------|---------------------------|---|------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|---|---|
| | 1,116 | 1,295 | 16 | 168 | 1,148 | 27% | 27% | 16% | 27% | 3% |
| 2002 | 1,116 | 1,295 | 16 | 168 | 1,148 | 27% | 27% | 16% | 27% | 3% |
| 2003 | 1,122 | 1,107 | 14 | 172 | 1,381 | 27% | 33% | 16% | 27% | 3% |
| 2004 | 1,064 | 829 | 13 | 259 | 1,097 | 20% | 32% | 18% | 24% | 6% |
| 2005 | 1,161 | 816 | 13 | 257 | 1,145 | 17% | 36% | 20% | 23% | 3% |
| 2006 | 1,075 | 801 | 13 | 257 | 1,124 | 20% | 34% | 14% | 28% | 5% |
| 2007 | 1,075 | 801 | 13 | 257 | 1,124 | 20% | 34% | 14% | 27% | 4% |

Source: Missoula Parking Commission

CITY OF MISSOULA, MONTANA
COMPONENT UNIT MISSOULA REDEVELOPMENT AGENCY
HISTORICAL VALUE OF TAX INCREMENT DISTRICTS
For the Last Ten Fiscal Years

| Urban Renewal District II | | | | |
|----------------------------------|--|----------------------|---------------------------------------|----------------------|
| Fiscal Year | Real Property & Personal Attached | | Personal Property (Unattached) | Total |
| | Taxable Value | Taxable Value | Taxable Value | Taxable Value |
| 1998 | \$ 1,984,589 | | \$ 232,653 | \$ 2,217,242 |
| 1999 | 2,009,734 | | 242,206 | 2,251,940 |
| 2000 | 1,987,052 | | 203,295 | 2,190,347 |
| 2001 | 1,950,339 | | 78,955 | 2,029,294 |
| 2002 | 2,077,215 | | 100,216 | 2,177,431 |
| 2003 | 2,197,855 | | 93,163 | 2,291,018 |
| 2004 | 2,243,639 | | 128,090 | 2,371,729 |
| 2005 | 2,377,104 | | 190,777 | 2,567,881 |
| 2006 | 2,444,439 | | 197,268 | 2,641,707 |
| 2007 | 2,660,473 | | 311,261 | 2,971,734 |

| Urban Renewal District III | | | | |
|-----------------------------------|--|----------------------|---------------------------------------|----------------------|
| Fiscal Year | Real Property & Personal Attached | | Personal Property (Unattached) | Total |
| | Taxable Value | Taxable Value | Taxable Value | Taxable Value |
| 2002 * | \$ 6,701,861 | | \$ 437,851 | \$ 7,139,712 |
| 2003 | 6,665,087 | | 466,103 | 7,131,190 |
| 2004 | 6,739,549 | | 469,329 | 7,208,878 |
| 2005 | 6,809,431 | | 621,899 | 7,431,330 |
| 2006 | 6,991,926 | | 677,495 | 7,669,421 |
| 2007 | 7,111,962 | | 586,632 | 7,698,594 |

* First year data available as district was created in FY 2001.

Source: City of Missoula and Missoula County Assessor's Office

CITY OF MISSOULA, MONTANA
COMPONENT UNIT MISSOULA REDEVELOPMENT AGENCY
TAXABLE VALUE OF DISTRICTS COMPARED TO CITY
For the Last Ten Fiscal Years

Urban Renewal District II

| Fiscal Year | Total City Taxable Value | Urban Renewal District II | | Tax Increment as Percentage of City's Taxable Value |
|--------------------|---------------------------------|--|--|--|
| | | Total Taxable Value Within Tax Increment District | Incremental Taxable Value Within Tax Increment District | |
| 1998 | \$ 76,803,635 | \$ 2,217,242 | \$ 357,419 | 0.5% |
| 1999 | 78,715,216 | 2,251,940 | 392,117 | 0.5% |
| 2000 | 80,761,493 | 2,190,347 | 330,524 | 0.4% |
| 2001 | 78,662,970 | 2,029,294 | 169,471 | 0.2% |
| 2002 | 81,279,789 | 2,177,431 | 318,674 | 0.4% |
| 2003 | 84,728,489 | 2,291,018 | 440,310 | 0.5% |
| 2004 | 88,189,948 | 2,371,729 | 511,906 | 0.6% |
| 2005 | 91,358,406 | 2,567,881 | 708,058 | 0.8% |
| 2006 | 93,533,579 | 2,641,707 | 781,884 | 0.8% |
| 2007 | 99,332,558 | 2,971,734 | 1,111,911 | 1.1% |

Urban Renewal District III

| Fiscal Year | Total City Taxable Value | Urban Renewal District III | | Tax Increment as Percentage of City's Taxable Value |
|--------------------|---------------------------------|--|--|--|
| | | Total Taxable Value Within Tax Increment District | Incremental Taxable Value Within Tax Increment District | |
| 2002 * | \$ 81,279,789 | \$ 7,139,712 | \$ 137,634 | 0.2% |
| 2003 | 84,728,489 | 7,131,190 | 140,662 | 0.2% |
| 2004 | 88,189,948 | 7,208,878 | 204,532 | 0.2% |
| 2005 | 91,358,406 | 7,431,330 | 426,984 | 0.5% |
| 2006 | 93,533,579 | 7,669,421 | 665,075 | 0.7% |
| 2007 | 99,332,558 | 7,698,594 | 694,248 | 0.7% |

* First year data available as district was created in FY 2001.

Source: City of Missoula and Missoula County Assessor's Office

CITY OF MISSOULA, MONTANA
COMPONENT UNIT MISSOULA REDEVELOPMENT AGENCY
TRENDS IN PROPERTY VALUATION IN CITY
For the Last Ten Fiscal Years

| Fiscal Year | City Appraised Value | City Taxable Value (includes district) | Net Taxable Value (excluding district) | | |
|-------------|----------------------|--|--|----------------|-----------------|
| | | | of District I | of District II | of District III |
| 1998 | \$ 1,876,325,293 | \$ 76,803,635 | \$ 3,403,773 | \$ 357,419 | \$ 73,042,443 |
| 1999 | 1,859,622,977 | 78,715,216 | 3,344,984 | 392,117 | 74,978,115 |
| 2000 | 1,985,298,106 | 80,761,493 | 3,133,084 | 330,524 | 77,297,885 |
| 2001 | 2,111,624,637 | 78,662,970 | 1,794,540 | 169,471 | 76,698,959 |
| 2002 | 2,247,822,357 | 81,279,789 | 1,861,575 | 318,674 | 78,961,906 |
| 2003 | 2,403,250,454 | 84,728,489 | 2,071,413 | 440,310 | 137,634 |
| 2004 | 2,636,857,585 | 88,189,948 | 2,887,057 | 511,906 | 140,662 |
| 2005 | 2,805,424,077 | 91,358,406 | 2,709,824 | 708,058 | 204,532 |
| 2006 | 2,901,638,641 | 94,980,538 | not applicable | 781,884 | 426,984 |
| 2007 | 3,195,587,513 | 101,138,717 | not applicable | 1,111,911 | 665,075 |
| | | | | | 694,248 |
| | | | | | 99,332,558 |

Source: City of Missoula and Missoula County Assessor's Office

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SINGLE AUDIT SECTION

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

Mayor and City Council
City of Missoula
Missoula, Montana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Missoula, Montana, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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*.

This report is intended solely for the information and use of the Mayor and City Council, management, the Montana Department of Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zuremukla & Co., P.C.

Missoula, Montana
December 20, 2007



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Missoula
Missoula, Montana

Compliance

We have audited the compliance of City of Missoula, Montana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement*, and the requirements described in the compliance supplement for Montana local governmental entities, that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion of the City's compliance based on our audit.

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 OMB 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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Missoula, Montana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended for the information of the Mayor and City Council, management, others within the organization, the Montana Department of Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zincken & Co., P.C.
Missoula, Montana
December 20, 2007

City of Missoula, Missoula County, Montana
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2007

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Beginning Balance July 1, 2006 | Federal Revenue | Match/Other Revenue | Federal Expenditures | Match/Other Expenditures | Ending Balance June 30, 2007 |
|---|---------------------|-------------------------------|-------------------------|--------------------------------|-------------------|---------------------|----------------------|--------------------------|------------------------------|
| | | | | | | | | | |
| Office of National Drug Control Policy | | | | | | | | | |
| <i>Direct:</i> | | | | | | | | | |
| High Intensity Drug Trafficking Area 2005 | 07 Unknown | ISPRMP604Z | \$ 126,368 | \$ - | \$ 15,938 | \$ - | \$ 15,938 | \$ - | \$ - |
| High Intensity Drug Trafficking Area 2006 | 07 Unknown | IGPRMP604Z | 125,006 | 42,108 | - | 42,108 | - | - | - |
| High Intensity Drug Trafficking Area 2007 | 07 Unknown | ITPRMP604Z | 163,220 | 74,543 | - | 74,543 | - | - | - |
| <i>Total Office of National Drug Control Policy</i> | | | <u>414,594</u> | <u>132,589</u> | | | | | <u>132,589</u> |
| U.S. Department of Housing and Urban Development | | | | | | | | | |
| <i>Direct:</i> | | | | | | | | | |
| Community Development Block Grant | 14.218 | B-05/06-MC-30-0003 | 1,228,737 | \$ - | 444,508 | 54,041 | 498,549 | \$ - | \$ - |
| Home Investment Partnership Program | 14.239 | M-03/05/06/07-MC-30-0219 | 2,477,086 | 766,980 | - | - | 766,980 | - | - |
| <i>Passed through State of Montana Department of Commerce:</i> | | | | | | | | | |
| Home Investment Partnership Program-ADI | 14.239 | M-04-SG-30-0144 | 102,153 | \$ - | 40,000 | 54,041 | 40,000 | \$ - | \$ - |
| <i>Total U.S. Department of Housing and Urban Development</i> | | | <u>3,807,976</u> | | <u>1,251,488</u> | <u>54,041</u> | <u>1,305,529</u> | | |
| U.S. Department of the Interior | | | | | | | | | |
| <i>Passed through the Montana Historical Society:</i> | | | | | | | | | |
| Historic Preservation Fund Grant | 15.904 | 06-022 | 5,500 | \$ - | \$ - | | 5,500 | | |
| U.S. Department of Justice | | | | | | | | | |
| <i>Direct:</i> | | | | | | | | | |
| Law Enforcement Block Grant - IX | 16.592 | 2004-LB-BX-1118 | 14,289 | 3,116 | \$ - | 2,140 | 3,116 | 2,140 | \$ - |
| Bulletproof Vest Partnership Grant | 16.607 | N/A | 31,014 | \$ - | 3,465 | - | 3,465 | - | - |
| COPS Universal Hiring Award | 16.710 | 2003UMWX0253 | 225,000 | \$ - | - | 52,524 | - | 52,524 | \$ - |
| COPS in Schools Award | 16.710 | 2002SHWX0675 | 375,000 | \$ - | - | 49,901 | - | 49,901 | \$ - |
| COPS Technology | 16.710 | 2004INWX0012 | 11,072 | (10,113) | 10,113 | - | - | - | - |
| JAG Grant 2005 | 16.738 | 2005DBBX0563 | 75,879 | \$ - | 54,482 | - | 54,482 | - | - |
| JAG Grant 2007 | 16.738 | 2006DBBX0292 | 43,145 | \$ - | 43,145 | - | 43,145 | - | - |
| <i>Passed through State of Montana Board of Crime Control:</i> | | | | | | | | | |
| Underage Drinking Enforcement | 16.727 | 05-U01-82155 | 40,906 | \$ - | 34,510 | - | 34,510 | - | - |
| <i>Total U.S. Department of Justice</i> | | | <u>816,305</u> | <u>(6,997)</u> | <u>145,715</u> | <u>104,565</u> | <u>138,718</u> | <u>104,565</u> | |
| U.S. Department of Transportation | | | | | | | | | |
| <i>Passed through the Montana Department of Transportation:</i> | | | | | | | | | |
| Congestion Mitigation and Air Quality | 20.205 | CM 8199(76) | 54,000 | \$ - | 46,753 | 30,903 | 46,753 | 30,903 | \$ - |
| Congestion Mitigation and Air Quality | 20.205 | CM 8117(3) CN 4498 | 167,459 | \$ - | 105,084 | 16,019 | 105,084 | 16,019 | \$ - |
| Congestion Mitigation and Air Quality | 20.205 | CM 8103 (12) | 155,497 | (188) | - | 188 | - | - | - |
| Surface Transportation Planning, Urban Funds | 20.205 | STPU 8105(8) CN 4128 | 368,634 | \$ - | 160,281 | - | 160,281 | - | - |
| Community Transportation Enhancement Program | 20.205 | STPE 8109(61) | 119,000 | \$ - | 70,780 | - | 70,780 | - | - |
| Community Transportation Enhancement Program | 20.205 | CM STPE 8109(78) CN 6168 | 14,000 | \$ - | 11,197 | 1,735 | 11,197 | 1,735 | \$ - |
| State and Community Highway Safety | 20.600 | 2006-03-19/2006-11-03-19 | 27,500 | \$ - | 13,221 | - | 13,221 | - | - |
| State and Community Highway Safety | 20.600 | 2006-02-12-01 | 9,000 | \$ - | 9,000 | - | 9,000 | 9,000 | \$ - |
| State and Community Highway Safety | 20.601 | 2007-23-01/N/A | 4,999 | (4,802) | - | 20,138 | - | 197 | - |
| State and Community Highway Safety | 20.608 | 2007-18-01-19 | 26,250 | \$ - | 8,950 | - | 8,950 | 8,950 | \$ - |
| <i>Passed through Missoula County</i> | | | | | | | | | |
| Interoperable Mobile Data Communications | 20.607 | 2006-12-09-02 | 23,698 | \$ - | 23,698 | - | 23,698 | - | - |
| Recreational Trails Program | 20.219 | RT2004-25 | 26,000 | \$ - | 19,925 | - | 19,925 | - | - |
| <i>Total U.S. Department of Transportation</i> | | | <u>1,005,037</u> | <u>(4,990)</u> | <u>494,026</u> | <u>48,845</u> | <u>490,224</u> | <u>48,657</u> | |
| Environmental Protection Agency | | | | | | | | | |
| <i>Direct:</i> | | | | | | | | | |
| Brownfields Assessment and Cleanup | 66.818 | BF 98102-01 | 1,000,000 | \$ - | 817,061 | 200,000 | 817,061 | 200,000 | \$ - |
| Brownfields Assessment and Cleanup | 66.818 | BF 978119-01 | 182,483 | \$ - | 24,583 | - | 24,583 | - | - |
| Total Environmental Protection Agency | | | <u>1,182,483</u> | | <u>841,644</u> | <u>200,000</u> | <u>841,644</u> | <u>200,000</u> | |
| <i>Total Federal Financial Assistance</i> | | | <u>\$ 7,231,895</u> | <u>\$ (11,987)</u> | <u>\$ 407,451</u> | <u>\$ 2,870,962</u> | <u>\$ 2,913,204</u> | <u>\$ 353,222</u> | |

CITY OF MISSOULA, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2007

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Missoula, Montana, and is presented on the modified accrual basis of accounting. 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 preparation of, the basic financial statements.

CITY OF MISSOULA, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2007

Section I – Summary of Auditors' Results

Financial Statements

| | |
|--|-------------|
| Type of auditors' report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Reportable conditions identified not considered to be material weaknesses | Yes |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Reportable conditions identified not considered to be material weaknesses | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|-------------|------------------------------------|
|-------------|------------------------------------|

66.818 Brownfields Clean-Up

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

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

The audit contains no findings which constitute:

- Reportable conditions in internal control over major programs.
- Material noncompliance with laws, regulations, contracts or grant agreements related to a major program.
- Known questioned costs in excess of \$10,000 for any major program.
- Known questioned costs in excess of \$10,000 for any program which was not audited as a major program.
- Circumstances which would cause the auditor's report on major program compliance to be other than unqualified.
- Known fraud affecting any federal award.
- Circumstances which disclose that the auditor's summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

Summary Schedule of Prior Audit Findings

The audit report for the year ended June 30, 2006 contained no audit findings.



CITY OF MISSOULA, MONTANA
Comprehensive Annual Financial Report for
Fiscal Year Ended June 30, 2007
435 Ryman, Missoula, Montana 406-552-6110
Fax: 406-552-6120
E-mail: finance@ci.missoula.mt.us