

ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2025

Missoula Redevelopment Agency, Missoula MT
(A Component Unit of the City of Missoula)

Introductory Section

Letter of Transmittal	1
Listing of Officials	9

Financial Section

Independent Auditor's Report	10
Management's Discussion and Analysis	13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	22
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Notes to Financial Statements	27

Required Supplementary Information

Schedule of Changes in Total OPEB Liability/(Asset) and Related Ratios	70
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions	71
Notes to the Schedules of Employer's Share of Net Pension Liability and Schedules of Employer's Contributions	73
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis	75

Other Supplementary Information

Combining Balance Sheets - URD II Funds	78
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - URD II Fund	79
Combining Balance Sheets - URD III Funds	80
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - URD III Fund	81
Combining Balance Sheets - Front Street District Funds	82
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Front Street District Funds	83
Combining Balance Sheets - River Front Triangle District Funds	84
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - River Front Triangle District Funds	85
Combining Balance Sheets - North Reserve/Scott Street District Funds	86
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - North Reserve/Scott Street District Funds	87

Internal Control and Compliance 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* 88

To the City of Missoula Council Members, the Board of Commissioners of the Missoula Redevelopment Agency, and the Citizens of the City of Missoula:

The Financial Report of the Missoula Redevelopment Agency (the Agency) for the fiscal year ended June 30, 2025 is hereby submitted. The financial statement and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State Audits Division. We believe the enclosed data, as presented, is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Agency. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, Certified Public Accountants, have issued an unmodified or "clean" opinion on the Agency's financial statements for the fiscal year ended June 30, 2025. The independent auditors report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

THE MISSOULA REDEVELOPMENT AGENCY PROFILE

The Agency is a component unit of the City of Missoula (the City). Its budget is prepared at the same time as the City Budget and undergoes review and approval by City officials as part of the City's budgeting process. Moreover, all expenditures of the Agency are reviewed and approved by the Missoula City Finance Office and the Missoula City Council.

Missoula Redevelopment Agency (the Agency) 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). The Agency has the authority to renovate property within blighted areas legally designated as urban renewal district, but the authority to exercise the power of eminent domain, acquire and resell property, and to issue tax increment bonds remains with the City. The Agency has six active urban renewal districts (URDs): URD II in 1991, URD III in 2000, Front Street Agency in 2007, Riverfront Triangle Agency in 2008, North Reserve – Scott Street Urban Renewal District in 2014 and Hellgate Urban Renewal District in 2014.

FINANCIAL POLICIES

Two of the most important questions asked about the Agency are, “How well did the Agency respond to redevelopment opportunities in the past fiscal year?” and “What ability will it have to respond to future redevelopment opportunities?” The Statement of Net Position and the Statement of Activities (Government-wide financial statements) report information about the Agency as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Changes in district fund balance are tracked from year to year. When revenues and transfers in exceed expenditures, remittances and transfers out, an increase in fund balance results. When expenditures, remittances and transfers out exceed revenues and transfers in, the opposite occurs and fund balance decreases. When a public project or a grant or loan to a public-private partnership is approved by the Board of Commissioners, the resulting expenditures may span several fiscal years (typical with public projects) or may not be paid out for several fiscal years (normal timing for a public-private partnership). Monies committed to public-private partnerships typically remain in the district fund until the project is complete, and all requirements of the agreement have been met. This is to ensure the public components of a project are completed in accordance with a developer's application, board action and state law. Committed project funds that are not expended or reimbursed during the year are carried over to the next fiscal year.

When applicable, the Agency financially contributes its proportionate share towards City of Missoula activities that affect the Agency, such as purchase of new computer servers and software. In addition, the Agency may contribute to City projects undertaken by other departments within the Urban Renewal Districts.

The Agency contracts with the City of Missoula to provide administrative support as well as assistance from the department of Community Planning Development and Innovation, Public Works and Mobility, Finance, Parks and Recreation, and the Attorney's Office on various projects. The amount paid to the City also includes the Agency's pro rata share of the City's liability insurance coverage for errors and omissions and its pro rata share of General Fund transfers to the employee health benefits fund.

Pursuant to Section 7-15-4291 of the Montana Code Annotated (M.C.A.), the city is authorized to enter into agreements to remit any portion of the annual tax increment not currently required for the payment of urban renewal costs or pledged to the payment of the principal or premiums, if any, and interest on bonds. In fiscal year 2025, the Agency remitted \$5,326,035 to the taxing jurisdictions.

Taxing policies adopted by the Montana State Legislature, for example those that decrease the valuation of personal property or business equipment, have influenced the growth of the tax increment funds. Often the Legislature will provide reimbursement or other mechanisms to offset the financial impact their policy changes have on local taxing jurisdictions. The Agency's revenues are tied to revenues collected by the local taxing jurisdictions. The Agency itself does not have any taxing authority. State reimbursements or entitlements are intended to “make whole” on the losses experienced because of tax policy changes.

An example of such revenue the Agency receives from the State of Montana is the State Entitlement Share funds authorized under 2001 Legislative House Bill 124. Looking forward, one negative aspect of this situation is that, as the current law reads, the State Entitlement funds that the Agency receives disappear upon the sunset of a district. Unlike the tax increment revenue normally captured by a district, which will revert back to the taxing jurisdictions upon sunset, the State Entitlement amount received annually by the Agency will revert back to the State of Montana. When House Bill 124 was passed into law, only URD I and II received Entitlement funds.

More recent legislative changes to the taxes assessed on personal property included reimbursement components to local tax increment financing districts through the Entitlement Share program. As of fiscal year 2025, all the Agency's urban renewal districts receive state reimbursements through the Entitlement Share program. The reimbursements are tracked discretely.

MONTANA LEGISLATIVE IMPACT

2025 Legislative Session

Senate Bill 1

Introduced during the 2025 legislative session by Senator Greg Hertz (R), this bill proposed revising the statement of policy and the definition of blighted area for municipalities exercising urban renewal powers, including tax increment financing; amending sections 7-15-4202, 7-15-4206, 7-15-4210, 7-15-4259, and 70-30-102, MCA; and providing an immediate effective date and applicability date. This bill was signed into law on April 3, 2025. https://bills.legmt.gov/#/laws/bill/2/LC0082?open_tab=sum

Agency Note: Senate Bill 1 states how blighting conditions can affect communities and reduces the examples of blighting conditions from fifteen to eight. A blighted area is now determined to exist if at least three out of the eight blighting characteristics or conditions exist.

Senate Bill 3

Introduced during the 2025 legislative session by Senator Jeremy Trebas (R), this bill proposed requiring a district that uses tax increment financing to create an advisory committee; and amending sections 7-15-2434 and 7-15-4282, MCA. This bill was signed into law on April 3, 2025. https://bills.legmt.gov/#/laws/bill/2/LC0083?open_tab=sum

Agency Note: Senate Bill 3 implements a requirement that districts using tax increment financing must have a board or advisory committee that oversees the activities of the agency. Urban renewal agency boards must include one representative from the county or consolidated city-county government and one representative from a school district with boundaries that overlap with the urban renewal area.

House Bill 19

Introduced during the 2025 legislative session by Representative Larry Brewster (R), this bill proposed revising tax increment financing laws to require a public hearing before pledging tax increment to the payment of bonds that will extend the termination of a district that uses tax increment financing; amending section 7-15-4289, MCA; and providing an applicability date. This bill was signed into law on February 27, 2025. https://bills.legmt.gov/#/laws/bill/2/LC0084?open_tab=sum

MAJOR INITIATIVES

Agency Projects

Due to ever-changing project completion schedules, it is not uncommon for projects that are budgeted in one year to be completed in another year. The Agency's tax increment funds, as they are accrued, are planned, pledged, or committed to projects or held as uncommitted or contingency funds for projects that arise during the year.

Planned Projects

Planned projects are projects that are under consideration and in the pre-development stage. During this stage, estimated budgets are created as "place holders". As project planning proceeds, the Agency's Board may pledge or commit to the projects or abandon them if costs or circumstances warrant it. Similarly, the Agency funds several redevelopment programs adopted by the Missoula City Council. These programs are made available to assist private property owners with smaller projects that fit the program objectives and criteria. Since it is impossible to determine in advance how many property owners might apply for assistance under these programs, at any given time the programs may be underutilized. Still, it is the Agency's practice to be responsive to private sector redevelopment initiatives—even small ones—so these programs are adequately funded each year.

Pledged Projects

Often the Agency Board will make a conditional pledge to a public or private project that is not fully financed or completely planned. The purpose of the pledge is to create "seed money," "matching funds," or other financing incentives for the project sponsors or investors. This period also allows for further development of the project design and time to acquire the necessary approvals.

Committed Projects

If project sponsors complete fundraising to a level that allows a project to proceed, pledged funds become committed through use of development agreements. Development agreements specify required performance by the project sponsor to obtain tax increment funding. The funds become contractually committed in the development agreement and often the commitment will bridge one or more fiscal years. When the Agency undertakes public infrastructure improvements within a district, tax increment funds become committed when the project receives approval by the Agency Board of Commissioners.

Agency Activities

The Agency administers six urban renewal districts (URDs) within the city that generate tax increment revenue. URD II and URD III were created in 1991 and 2000 and have well established revenue streams. The City has issued Tax Increment Revenue Bonds in both districts, extending their lives to 2031 and 2040, respectively. The City created the Front Street and Riverfront Triangle URDs in 2007 and 2008. Both are part of what was the original downtown district, URD I, which expired in 2005. They are areas that did not experience the level of redevelopment enjoyed by other parts of the original URD I. The City has issued bonds in both districts which extends the life of those districts beyond the initial 15 years. They will expire in 2046 and 2043, respectively. In 2014, the City created two new districts, the Hellgate Urban Renewal District and the North Reserve-Scott Street (NRSS) Urban Renewal District. Hellgate URD will expire in 2029 unless debt is issued prior to that. Several bonds have been issued in the NRSS URD and it will expire in 2049 unless additional debt is issued prior to 2029.

With the expiration of URD II looming, the Agency developed a 9-Year Strategic Exit Plan during fiscal year 2022 (FY22) which was adopted by the MRA Board. A number of important public projects were identified that will likely not be feasible without the use of TIF funding. The top priority project in that Exit Plan is the conversion of the Bitterroot Rail Trestle over the Clark Fork River to become part of the Bitterroot Trail system from downtown Missoula to Hamilton, MT. Staff began work with the owner of the trestle, Montana Rail Link (MRL), in FY22 and in FY23, the MRA entered into a professional services contract with HDR Engineering to produce a study working with Montana Rail Link, the Montana Department of Transportation and appropriate City departments to determine the feasibility of this shared use. Phase I of the feasibility study was completed in FY24 and in FY25 the MRA continued to work with MRL to bring the project to fruition. In addition to adding the MRL trestle to the trail system, the Exit Plan prioritized lighting of the Bitterroot Trail from downtown to Reserve Street. Funding for design and construction of that project occurred in FY24 with construction completed in fall 2025.

In an effort to address another priority in the Exit Plan, MRA entered into a multi-agency partnership to design and secure funding for the West Broadway River Corridor project. This partnership includes City Departments (MRA, Parks, Public Works), MT Fish Wildlife & Parks and Trout Unlimited. This project is designed to improve ecological, recreational and safety conditions along the Clark Fork River between McCormick Park and the California Street Bridge by addressing missing trail connections, maximizing the use of the West Broadway Island, multiple riverbank improvements, improved functionality of the river access in Silver Park and the feasibility of a recreational feature in the river. The MRA Board approved \$300,000 in FY24 from URD II to fund the initial study and planning required to seek funds for the desired improvements. In FY25 MRA committed an additional \$60,000 to provide for more refined and feasible design alternatives. Three alternatives were developed through a public input process and identification of a preferred alternative was completed in FY25.

The critical need for housing in Missoula has become a major priority of the City. The Exit Strategy set aside \$4M in TIF funds for opportunistic property purchases. In addition to MRA allocating funds for land purchases, the FY21 and FY23 sessions of the State Legislature added construction of workforce housing to the projects that TIF could fund. MRA spent a great deal of time in FY24 developing guidelines for a workforce housing program that would guide the use of TIF funds to build housing for Missoula's workforce. In FY25, Opportunity Place on South 3rd Street West was the first rental workforce housing project approved that is using TIF funds for vertical construction under this new program.

MRA made a commitment to build out the missing sidewalks in URD II and URD III during the Great Recession. That program was expanded to include missing water mains in an effort to leave these two urban renewal districts in a position to accommodate higher density development, both residential and commercial, once TIF funding is no longer available. We are already seeing reinvestment in those areas served by sidewalks, adequate water service and fire protection.

URD III is seeing increased activity and investment. This area, known as Midtown, was developed during the period when all design and planning centered around the automobile, which is not a welcoming environment for walking, biking or transit. Brooks Street is the spine of Midtown and creates a major barrier between neighborhoods, schools, access to trails and parks and commercial developments. In FY22, a dedicated group of people led by the Missoula Midtown Association and the MRA, committed to two ambitious plans. One was the creation of a vision for Midtown through the development of a Midtown Master Plan which was adopted in June, 2023. The other plan is the Brooks TOD/BRT Corridor Project to transform Brooks into a Transit Oriented Development (TOD) corridor with a Bus Rapid Transit (BRT) system on Brooks. MRA and Mountain Line received a \$847,000 Federal RAISE planning grant to carry this design forward to position the City to apply for federal capital grant funds. The commitment in FY23 of matching funds from MRA and Mountain Line were likely significant factors in the success of the grant application. Design work spanned all of FY24 and FY25 and the preferred design was presented to the community and City Council. At this time, Federal funding has been suspended for many public infrastructure projects. This project is on hold until such time new grant opportunities become available to assist with construction.

Investment in Midtown continues to grow, particularly with the predictability that the adoption of the Master Plan brings to the area. There is no better indication of that than the decision by First Security Bank to build their new corporate headquarters in the heart of Midtown. This \$23M project is one of the first buildings in Montana to use cross-laminated timber construction and will receive just over \$700K in TIF funding for deconstruction of the old buildings, public infrastructure and utility improvements upon final completion in FY26.

Downtown Missoula has undertaken two master planning processes. Both plans prioritized the conversion of Front and Main Streets from a one-way couplet to two-way streets with dedicated bike facilities. The current Master Plan also recommended that Higgins from Broadway to Brooks be converted to an improved two-lane street with dedicated bicycle facilities and left turn lanes. The Front and Main conversion design was funded using TIF funds from the three urban renewal districts impacted by the couplet. MRA and other City staff understood that these projects were not feasible without Federal funding; consequently, both projects were combined along with other multi-modal connections resulting in an application for a Federal RAISE Grant in mid-FY23. In June, 2023, the City received the announcement that a \$25M grant had been approved for the project now known as Downtown SAM (Safety, Access & Mobility). The MRA Board approved a commitment of \$1M of TIF funds as a match, making the application much more competitive. Much of FY24 was spent getting the grant agreement in place, selecting a design team and contractor and designing the process by which the project will be carried out. In FY25, staff from Public Works & Mobility and MRA conducted numerous engagement opportunities, project advisory and leadership team meetings. Downtown SAM is a project that will impact numerous businesses, residents and property owners; consequently, a robust public process was essential.

MRA and the City have been working for decades to facilitate the redevelopment of the Riverfront Triangle property, part of which is owned by the City with most of the balance in single ownership by a private entity. The City has watched potential redevelopment efforts fail due to downturns in the economy, softening markets and, most recently, the COVID 19 pandemic. Staff has seen renewed interest from several large investors and developers at levels that we have not seen in the past. During FY25, the City secured a new development agreement with Averill Hospitality Group based in Whitefish, MT to build a major hospitality project on the City owned portion of the triangle.

Throughout FY25, MRA continued its expanded relationship with the Missoula Economic Partnership by continuing a formal partnership for MEP to identify and vet potential private sector partners to facilitate larger redevelopment projects in multiple urban renewal districts. MRA and MEP have been pursuing opportunities primarily in URD III, the Front Street URD, and the NRSS URD. One major focus of that partnership has centered around the redevelopment of the old library block donated to the City by the Payne family several years ago. A similar partnership resulted in the relationship between the City and Ravara for the development of a 9-acre portion of the 19-acre tract purchased by the City in the NRSS URD using TIF funding in FY20. That project will result in 89 townhomes and condominium units located on property held by a community land trust. A minimum of 45 of the residences will be permanently income qualified owner-occupied workforce housing units. Much of FY24 was spent working through the components of this complex project in an unpredictable economic climate. Construction got underway in FY25 and it is anticipated that the first of these residential units will be on the market in FY26.

Late in FY24, Roseburg Forest Products announced that they would be closing their particleboard manufacturing plant in the NRSS URD. This property is currently in Missoula County. When the District was created, a study of blight was conducted on an area broader than the geography of the current NRSS URD, in the event that any of the properties in the County wanted to be annexed into the City and into the urban renewal district. The study area was bounded by I-90, N. Reserve Street, Broadway and Scott Street, with the 235-acre former Roseburg site in the middle of the study area. In FY25, approximately 47 acres of the Roseburg property were purchased by a movie production company called Story House Montana. The City, MRA, Story House and Roseburg are currently moving forward with Phase 1 of what is anticipated to be a two-phase annexation process that could bring all 235 acres into both the City and the URD. Annexation of Phase 1 property into both the City and the District encompasses 93 acres, is anticipated in FY26, and will provide access to available TIF funding to build the infrastructure necessary for redevelopment.

Summary

The City of Missoula and the Missoula Redevelopment Agency are committed to the need to assure that our investments increase equity for our residents and visitors. To that end, the Agency will continue to work with its partner organizations and private developers to implement the Downtown Master Plan and redevelop the City owned portion of the Riverfront Triangle URD. A major focus of the Agency will continue to be the implementation of the 9-Year Strategic Exit Plan for URD II. The Agency's commitment to redevelopment in Midtown that adheres to accepted urban design principals will be reflected through continued involvement in implementation of the Midtown Master Plan and the Brooks Street TOD/BRT Corridor Plan with an emphasis on providing the housing needed to retain Missoula residents in an escalating housing market. The Agency's efforts continue to be targeted on the creation of connectivity, more pedestrian friendly, sustainable development patterns, support for housing for all income levels and economic development projects. And, last but not least, MRA and the City will work with Roseburg Forest Products to create the best redevelopment possible in the North Reserve-Scott Street URD.



Ellen Buchanan, Director
Missoula Redevelopment Agency

Name	Position
Elected Officials	
Karl Englund	Commissioner
Natasha Prinzing Jones	Commissioner
Ruth Reineking	Commissioner
Melanie Brock	Commissioner
Jack Lawson	Commissioner
Mike Nugent	Ex-Officio Commissioner
Officer	
Ellen Buchanan	Director

Financial Section

Year Ended June 30, 2025

Missoula Redevelopment Agency



Independent Auditor's Report

To the Board of Commissioners
Missoula Redevelopment Agency
Missoula, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Missoula Redevelopment Agency (the Agency) a component unit of the City of Missoula, Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Agency has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the governmental activities and each major fund beginning fund balance or net position as of July 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information related to special revenue funds, the schedule of changes in other post-employment benefits liability and related ratios for the last ten fiscal years, the schedule of proportionate share of the PERS net pension liability for the last ten fiscal years, the schedule of contributions for the last ten fiscal years, and the notes to the required supplementary information be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado
December 19, 2025

The purpose of management's discussion and analysis (MD&A) is to help the readers understand what the financial statements and notes in this financial report say about the Missoula Redevelopment Agency's (the Agency) financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the staff's knowledge of the Agency's finances.

The Agency is a component unit of the City of Missoula (the City). Its budget is prepared at the same time as the City Budget and undergoes review and approval by City officials as part of the City's budgeting process. Moreover, all expenditures of the Agency are reviewed and approved by the Missoula City Finance Office and the Missoula City Council.

The financial statements of the Agency are based on information provided by the Missoula County Treasurer and the City Finance Office. The Agency records are reconciled with the information prepared and maintained by the City.

If you have questions about this report or require further information, contact the Agency at 140 W. Pine Street, Missoula, MT. 59802 or (406) 552-6160. In addition, this report is available online at <https://www.ci.missoula.mt.us/86/Missoula-Redevelopment-Agency>.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended as an introduction to the Agency's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

Government-Wide Financial Statements

The *Statement of Net Position* presents information on all the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. When reviewing the Agency's overall financial position other non-financial factors should also be considered such as changes in the property value assessment formula, which is determined by the State legislature, the total mills levied by the taxing jurisdictions, appeals by property owners and resulting adjusted taxable values in certain cases, and whether the Agency has sold bonds to assist a redevelopment project.

The *Statement of Activities* reports how the Agency's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and 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 and sick leave).

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used for the Agency's basic services and are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

Notes to the Basic Financial Statements

The next section of this financial report contains notes to financial statements, which delve deeper into the Agency's finances as reported in the financial statements. The information in the notes is as important to understanding the Agency's finances as the information in the financial statements. The Agency uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

The Agency's government-wide financial statements use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- Assets—resources the Agency controls, from short-term assets like cash to long-term assets like notes receivable.
- Liabilities—amounts the Agency owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and expenses—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as revenue bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds, as well as principal and interest payments on bonds and spending on the construction of Agency projects.

ANALYSIS OF THE AGENCY'S FINANCES

Government-wide Activities

Table A-1
Missoula Redevelopment Agency's Summary of Net Position

	2025	2024	Increase (Decrease)
Assets			
Current and other assets	\$ 23,961,166	\$ 32,550,739	\$ (8,589,573)
Noncurrent assets	503,541	536,208	(32,667)
Total assets	<u>24,464,707</u>	<u>33,086,947</u>	<u>(8,622,240)</u>
Deferred Outflows of Resources	<u>145,615</u>	<u>129,959</u>	<u>15,656</u>
Liabilities			
Current liabilities	6,863,981	1,660,460	5,203,521
Long-term liabilities	<u>46,421,747</u>	<u>50,942,883</u>	<u>(4,521,136)</u>
Total liabilities	<u>53,285,728</u>	<u>52,603,343</u>	<u>682,385</u>
Deferred Inflows of Resources	<u>23,172</u>	<u>173,070</u>	<u>(149,898)</u>
Net Position			
Unrestricted	<u>(28,698,578)</u>	<u>(19,559,507)</u>	<u>(9,139,071)</u>
Total net position	<u><u>\$ (28,698,578)</u></u>	<u><u>\$ (19,559,507)</u></u>	<u><u>\$ (9,139,071)</u></u>

Table A-1 shows that as of June 30, 2025, the Agency's total net position—assets and deferred outflows minus liabilities and deferred inflows— \$(28,698,578), decreased by \$9,139,071 compared with 2024. This decrease is primarily due to a decrease in assets and an increase in current liabilities held by the districts.

Table A-2
Missoula Redevelopment Agency's Summary of Activities

	2025	2024	Increase (Decrease)
Revenues			
Program revenues			
Operating grants and contributions	\$ 299,870	\$ 478,672	\$ (178,802)
General revenues			
Taxes	17,805,339	16,589,720	1,215,619
Intergovernmental	1,240,072	1,226,971	13,101
Miscellaneous	95,265	43,985	51,280
Total revenues	<u>19,440,546</u>	<u>18,339,348</u>	<u>1,101,198</u>
Expenses			
Housing and community development	26,290,022	14,987,274	11,302,748
Interest expense	<u>2,289,595</u>	<u>1,811,185</u>	<u>478,410</u>
Total expenses	<u>28,579,617</u>	<u>16,798,459</u>	<u>11,781,158</u>
Change in Net Position	(9,139,071)	1,540,889	(10,679,960)
Net Position, Beginning of Year	<u>(19,559,507)</u>	<u>(21,100,396)</u>	<u>1,540,889</u>
Net Position, End of Year	<u>\$ (28,698,578)</u>	<u>\$ (19,559,507)</u>	<u>\$ (9,139,071)</u>

Table A-2 shows that expenses exceeded revenues in the current year, resulting in a decrease in net position.

Governmental Fund Analysis

The fund financial statements provide detailed information about the most significant funds, not the Agency as a whole. The Agency had six urban renewal districts (URDs) active in fiscal year 2025 and each has its own development fund. Approved by the City Council following the processes set forth in State law, the table below shows a history of each district's study of blight, plan adoption, original sunset date and any debt instruments in the district that would adjust a sunset date. All of the districts derive a majority of their revenue from tax increment provisions allowed by State law. Tax increment is a portion of the property taxes normally collected by the County for each district; it is not its own "tax". The Agency does not levy a tax against the property in the urban renewal districts.

After tax payments are collected by the County, the tax increment portion for each district is transferred to the City and deposited into the respective urban renewal districts' development fund. These funds in turn provide money for the Agency's redevelopment programs: Tax Increment Financing (TIF), Commercial Rehabilitation Loan Program (CRLP), the Code Compliance Assistance Program (CCP) and the Façade Improvement Program (FIP). The TIF program is provided for by State law. The other three programs, CRLP, CCP and FIP, are redevelopment programs approved by the Agency's Board and/or Missoula City Council as allowed by State law.

District	Declaration of Blight	Resolution #	Plan Adopted	Ordinance #	Base Year	Tax Increment Base Value	Original Sunset Tax Year	Bonds and Debt Instruments	Amended Sunset Date
URD I	January 23, 1978	3737	December 18, 1978	Resolution #3866*	1978	973,988	1998	Central Park 1989; Refunding 1997	6/30/2005
URD II	September 16, 1991	5210	December 16, 1991	2803	1991	1,859,823	2006	Millsite Lease 2006, Brownfields 2006, Safeway 2007, Intermountain 2013, Silver Park, et al 2013, Series 2006 Refunding 2022, Bridge Apartments Acquisition 2022	6/30/2031
URD III	October 2, 2000	6370	December 11, 2000	3163	2000	8,172,844	2015	South Reserve Pedestrian Bridge 2015, Mary Avenue East 2016, Mary Avenue West 2017, MRL Property 2018	6/30/2040
Front Street URD	August 20, 2007	7263	October 15, 2007	3359	2007	1,413,035	2022	Park Place 2010-Refunding 2014, First Interstate Bank-Refunding 2017, ROAM 2017, Merc 2019, AC Hotel 2021	6/30/2046
Riverfront Triangle URD	May 7, 2007	7223	July 21, 2008	3380	2008	157,858	2023	Stockman Bank 2019	6/30/2043
North Reserve-Scott Street URD	April 7, 2014	7865	August 25, 2014	3534	2014	1,491,205	2029	Bretz, Consumer Direct, Scott Street Village Phase 1 2015, Scott Street Village - Phases 2 & 3 2017, Scott Street Property Acquisition 2020, Ravara Housing Project 2024	6/30/2049
Hellgate URD	April 7, 2014	7865	August 25, 2014	3533	2014	1,025,448	2029	none	6/30/2030

* A resolution was used to adopt the first plan. Subsequent plans were adopted by ordinance.

Urban Renewal District II Fund

This fund saw a 5% decrease in fund balance in fiscal year 2025. This decrease can be attributed to expenditures, remittances and debt service payments exceeding revenues. The district expended funds on nine planning and redevelopment projects during the year; eight were public improvement projects and one was a public-private partnership project. This district also made contributions to the City for public safety related support and remitted a portion of its annual tax increment back to the taxing jurisdictions.

URD III Fund

Urban Renewal District III Fund

This fund saw a 51% decrease in fund balance in fiscal year 2025. This decrease is primarily attributable to expenditures, remittances and debt service payments exceeding revenues. The district expended funds on twelve planning and redevelopment projects during the year. Due to the difficulties of developing in this economic climate, all were public improvement projects. This district also made contributions to the City for public safety related support and remitted a portion of its annual tax increment back to the taxing jurisdictions.

Front Street District Fund

This fund saw a 44% increase in fund balance in fiscal year 2025. This increase is primarily attributable to revenue exceeding expenditures, remittances and debt service payments. The district expended funds on one public planning project during the year. This district also made contributions to the City for public safety related support and remitted a portion of its annual tax increment back to the taxing jurisdictions.

Riverfront Triangle District Fund

This fund saw a 38% increase in fund balance in fiscal year 2025. This increase is attributable to revenue exceeding expenditures and debt service payments. This district expended funds on two planning and redevelopment projects during the year; all were public improvement projects. This district also made contributions to the City for public safety related support.

North Reserve – Scott Street District Fund

This fund saw a 62% decrease in fund balance in fiscal year 2025. This decrease is attributable to expenditures, remittances and debt service payments exceeding revenues. This district expended funds on nine planning and redevelopment projects during the year; eight were public projects and one was a public-private partnership project. This district also made contributions to the City for public safety related support.

Hellgate District Fund

This fund saw an 8% increase in fund balance in fiscal year 2025. This increase is primarily attributable to revenue exceeding expenditures and remittances. The district expended funds on two planning and redevelopment projects during the year; both were public improvement projects. This district also made contributions to the City for public safety related support and remitted a portion of its annual tax increment back to the taxing jurisdictions.

Budget to Actual Variances

Occasionally, there will be variations between budgeted amounts for projects and the actual amount expended. This is due to timing anomalies that are driven by project completion dates. Often times the Agency may budget funds for a project in one fiscal year but expend them in a later year if the project takes several years to complete, is put on hold or delayed for other reasons. A variety of factors, from weather and financing to the availability of supplies, material or equipment, may cause a project schedule to slip. In Montana, where the construction season straddles two fiscal years, it is not uncommon for a project to begin in one fiscal year and be completed in a subsequent fiscal year.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

Other than office furniture, equipment and computer-related assets, the only other asset associated with the Agency is a 2015 Dodge Grand Caravan. This vehicle was purchased through the City's procurement process for \$24,576 and put into service on December 24, 2014. This asset is listed under the City's general capital assets account. All other physical assets or improvements to public assets through purchases, construction or partnerships undertaken by the Agency are owned by the City. Private assets created or improved as a result of projects developed in partnerships with private entities pursuant to urban renewal activities or programs of voluntary or compulsory repairs are assets of the private entities. As reported in the Statement of Net Position, the Agency's assets include cash and investments, taxes/assessments receivable (net), other receivables, and amounts due from other governments. The Agency complies with the City's Fixed Asset Management System with respect to tracking furniture, equipment, and computer-related assets.

Long-term Financing

No additional debt was issued during fiscal year 2025. As of the end of fiscal year 2025, the Agency's bonds continued to possess the highest available rating from the municipal bond ratings services.

More information regarding the Agency's long-term financing can be found in footnote 4 of the financial statements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional financial information should be addressed to:

Missoula Redevelopment Agency
140 W. Pine Street
Missoula, MT. 59802

This report is available online at <https://www.ci.missoula.mt.us/86/Missoula-Redevelopment-Agency>.

Missoula Redevelopment Agency

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources

Current assets

Cash and investments	\$ 20,108,299
Restricted cash	1,963,410
Taxes/Assessments receivable	1,072,209
Current portion of notes receivable - unrelated	16,200
Current portion of notes receivable - primary government	16,622
Other current assets	96,740
Due from other governments	687,686

Total current assets	<u>23,961,166</u>
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Noncurrent assets

Other Post-employment benefits	14,482
Notes receivable - unrelated	40,000
Notes receivable - primary government	449,059

Total noncurrent assets	<u>503,541</u>
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Total assets	<u>24,464,707</u>
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Deferred outflows of resources

Unamortized loss on debt refunding	12,380
Pension and OPEB adjustments	133,235

Total deferred outflow of resources	<u>145,615</u>
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Total Assets and Deferred Outflows of Resources	<u><u>\$ 24,610,322</u></u>
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Missoula Redevelopment Agency

Statement of Net Position

June 30, 2025

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities

Accounts payable	\$ 3,877,978
Accrued wages	38,373
Debt due in less than one year, other than OPEB and pensions	<u>2,947,630</u>
Total current liabilities	<u>6,863,981</u>

Noncurrent liabilities

Net pension liability	642,978
Debt due in more than one year, other than OPEB and pensions	<u>45,778,769</u>
Total noncurrent liabilities	<u>46,421,747</u>

Total liabilities	<u>53,285,728</u>
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Deferred Inflows of Resources

Pension and OPEB adjustments	<u>23,172</u>
Total deferred inflow of resources	<u>23,172</u>

Net Position

Unrestricted	<u>(28,698,578)</u>
Total net position	<u>(28,698,578)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 24,610,322</u></u>
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Missoula Redevelopment Agency

Statement of Activities

June 30, 2025

Year Ended June 30, 2025	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs			
Governmental Activities			
Housing and community development	\$ 26,290,022	\$ 299,870	\$ (25,990,152)
Interest expense	<u>2,289,595</u>	<u>-</u>	<u>(2,289,595)</u>
Total Governmental Activities	<u>28,579,617</u>	<u>299,870</u>	<u>(28,279,747)</u>
Total Primary Government	<u>\$ 28,579,617</u>	<u>\$ 299,870</u>	<u>\$ (28,279,747)</u>
General Revenues			
Property taxes for general purposes			\$ 17,805,339
State entitlement funds			255,260
State contribution - PERS			623
Personal property reimbursements			984,189
Miscellaneous			<u>95,265</u>
Total General Revenues			<u>19,140,676</u>
Change in Net Position			(9,139,071)
Net Position, Beginning of Year			<u>(19,559,507)</u>
Net Position, End of Year			<u>\$ (28,698,578)</u>

Missoula Redevelopment Agency

Balance Sheet - Governmental Funds

June 30, 2025

	Consolidated Urban Renewal District II	Consolidated Urban Renewal District III	Consolidated Front Street District	Consolidated Riverfront Triangle District	Consolidated N. Reserve Scott Street District	Hellgate District	Total Governmental Funds
Assets							
Current assets							
Cash and investments	\$ 5,545,362	\$ 6,804,101	\$ 2,860,119	\$ 1,110,566	\$ 2,532,108	\$ 1,256,043	\$ 20,108,299
Restricted cash	-	-	-	-	1,963,410	-	1,963,410
Taxes/Assessments receivable	408,033	219,460	178,952	25,920	228,631	11,213	1,072,209
Current portion of notes receivable - unrelated	-	16,200	-	-	-	-	16,200
Current portion of notes receivable - primary government	12,194	2,296	-	-	2,132	-	16,622
Other current assets	-	-	96,740	-	-	-	96,740
Due from other governments	73,941	369,189	31,716	63,371	117,257	32,212	687,686
Total current assets	6,039,530	7,411,246	3,167,527	1,199,857	4,843,538	1,299,468	23,961,166
Noncurrent assets							
Notes receivable - unrelated	-	40,000	-	-	-	-	40,000
Notes receivable - primary government	327,143	60,099	-	-	61,817	-	449,059
Total noncurrent assets	327,143	100,099	-	-	61,817	-	489,059
Total Assets	\$ 6,366,673	\$ 7,511,345	\$ 3,167,527	\$ 1,199,857	\$ 4,905,355	\$ 1,299,468	\$ 24,450,225
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Current liabilities							
Accounts payable	\$ 1,191,610	\$ 1,858,829	\$ 211,071	\$ -	\$ 504,826	\$ 111,642	\$ 3,877,978
Accrued wages	-	38,373	-	-	-	-	38,373
Total current liabilities	1,191,610	1,897,202	211,071	-	504,826	111,642	3,916,351
Deferred inflows of resources							
Uncollected tax revenue	288,864	117,557	48,217	7,183	5,411	1,970	469,202
Total deferred inflows of resources	288,864	117,557	48,217	7,183	5,411	1,970	469,202
Fund balances							
Restricted	4,886,199	5,496,586	2,908,239	1,192,674	4,395,118	1,185,856	20,064,672
Total fund balances	4,886,199	5,496,586	2,908,239	1,192,674	4,395,118	1,185,856	20,064,672
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,366,673	\$ 7,511,345	\$ 3,167,527	\$ 1,199,857	\$ 4,905,355	\$ 1,299,468	\$ 24,450,225

Missoula Redevelopment Agency
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	\$ 20,064,672
Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes receivable are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds	469,202
Deferred outflows of resources related to unamortized loss on debt refunding are applicable to future periods and, therefore, are not reported in the funds	12,380
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions and other post-employment benefits	133,235
Deferred inflows of resources related to pensions and other post-employment benefits	(23,172)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(49,354,895)</u>
Net Position of Governmental Activities	<u><u>\$ (28,698,578)</u></u>

Missoula Redevelopment Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Consolidated Urban Renewal District II	Consolidated Urban Renewal District III	Consolidated Front Street District	Consolidated Riverfront Triangle District	Consolidated N. Reserve Scott Street District	Hellgate District	Total Governmental Funds
Revenues							
Tax increment property tax	\$ 5,199,403	\$ 6,443,773	\$ 2,417,987	\$ 457,279	\$ 2,369,613	\$ 448,082	\$ 17,336,137
Personal property tax reimbursements	291,040	474,994	97,901	28,940	63,347	27,967	984,189
State entitlement funds	255,260	-	-	-	-	-	255,260
State contribution - PERS	-	623	-	-	-	-	623
Grant revenue	-	299,870	-	-	-	-	299,870
Miscellaneous	36,182	26,197	11,384	3,054	14,784	3,664	95,265
Total revenues	5,781,885	7,245,457	2,527,272	489,273	2,447,744	479,713	18,971,344
Expenditures							
Housing and community development	4,429,901	5,693,090	552,318	28,800	6,031,676	389,630	17,125,415
Capital outlay	-	6,865,901	-	-	2,081,011	-	8,946,912
Debt service expense - interest	308,638	617,383	423,325	49,589	890,660	-	2,289,595
Debt service expense - principal	1,072,753	611,678	459,110	44,802	485,839	-	2,674,182
Total expenditures	5,811,292	13,788,052	1,434,753	123,191	9,489,186	389,630	31,036,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,407)	(6,542,595)	1,092,519	366,082	(7,041,442)	90,083	(12,064,760)
Other Financing Sources (Uses)							
Transfers in	-	724,392	-	-	-	-	724,392
Transfers out	(248,981)	-	(200,000)	(38,824)	(234,400)	(2,187)	(724,392)
Total other financing sources (uses)	(248,981)	724,392	(200,000)	(38,824)	(234,400)	(2,187)	-
Net Change in Fund Balances	(278,388)	(5,818,203)	892,519	327,258	(7,275,842)	87,896	(12,064,760)
Fund Balances							
Beginning of year	5,164,587	11,314,789	2,015,720	865,416	11,670,960	1,097,960	32,129,432
End of Year	<u>\$ 4,886,199</u>	<u>\$ 5,496,586</u>	<u>\$ 2,908,239</u>	<u>\$ 1,192,674</u>	<u>\$ 4,395,118</u>	<u>\$ 1,185,856</u>	<u>\$ 20,064,672</u>

The Notes to Financial Statements are an integral part of this statement

Missoula Redevelopment Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (12,064,760)
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	469,202
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	49,149
In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(166,695)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	(100,149)
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 position	<u>2,674,182</u>
Change in Net Position of Governmental Activities	<u><u>\$ (9,139,071)</u></u>

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

The Missoula Redevelopment Agency (the “Agency”) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

Missoula Redevelopment Agency (the Agency) 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). The Agency has the authority to renovate property within blighted areas legally designated as urban renewal district, but the authority to exercise the power of eminent domain, acquire and resell property, and to issue tax increment bonds remains with the City. The Agency has established six urban renewal districts (URDs): URD II in 1991, URD III in 2000, Front Street Agency in 2007, Riverfront Triangle Agency in 2008, North Reserve – Scott Street Urban Renewal District in 2014 and Hellgate Urban Renewal District in 2014. The five-member governing board is appointed by the mayor and approved by City Council. The Board also includes a non-voting ex-officio member held by a sitting City Council member. Due to the control exercised by the City and the limited powers of the Agency, the Agency is considered a component unit of the City.

The Agency has no authority to levy taxes. However, under the City’s Urban Renewal Plans, revenue derived from incremental property taxes, which result from increases in the taxable value of property within an urban renewal district, are designated for urban renewal purposes and provide the primary funding source for the Agency.

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 debt has been retired. For districts established after 1980, state law provides they be terminated fifteen years after enactment or when all tax increment debt has been retired. URD II was scheduled to terminate in 2006 but was extended to 2031 through the issuance of tax increment bonds on August 15, 2006. URD III was scheduled to terminate in 2015 but was extended to 2040 through the issuance of a tax increment bond on December 1, 2015. Front Street URD was scheduled to terminate in 2022 but was extended to 2046 through the issuance of a revenue bond on April 21, 2021. Riverfront Triangle URD was scheduled to terminate in 2023 but was extended to 2043 through the issuance of a revenue bond on June 6, 2019. On August 25, 2014, the North Reserve – Scott Street (NRSS) Urban Renewal District Plan and the Hellgate Urban Renewal District Plan were approved. Hellgate URD will sunset in 2030. NRSS URD was extended to 2049 through the issuance of a tax increment bond on June 20, 2024.

Basis of Presentation and Fund Accounting

The Agency complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the overall financial position and activities of the Agency.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the Agency are generally financed through incremental property taxes and state entitlements. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Agency's policy is to apply restricted net position first.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

Fund Financial Statements

These statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column in the governmental fund statements. The Agency reports all urban renewal districts as major funds.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under this 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 Agency considers all revenues available if they are collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term liabilities which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Real and personal property taxes and interest earnings are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Agency and are recognized as revenue at that time. The Agency recorded real and personal property taxes 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 reserved and offset against taxes/assessments receivable, with a corresponding reduction in revenues, as required by GAAP. In addition, prior period delinquent taxes collected in the current period were recorded as revenue in the current period as required by GAAP. 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.

Due to the nature of the Agency, there is no General Fund.

Major Funds

GASB Statement No. 34 requires that all governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of the total for all government funds be reported as major funds. An entity may also determine if a fund should be reported as major that does not meet the above requirement. Accordingly, the Agency has chosen to record all of its Urban Renewal District (URD) development funds as major funds. A description of these funds follows:

Special Revenue Funds:

- Urban Renewal District II – used to account for all activities of District II
- Urban Renewal District III – used to account for all activities of District III
- Front Street District– used to account for all activities of Front Street District
- Riverfront Triangle District – used to account for all activities of Riverfront Triangle District
- North Reserve/Scott Street District – used to account for all activities of North Reserve/Scott Street District
- Hellgate District– used to account for all activities of Hellgate District

Implementation of GASB Statement No. 101

As of July 1, 2024, the Agency adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the City's financial statements as a result of the implementation of this standard.

Classification of Fund Balance

In accordance with GASB Statement No. 54, the MRA can report the following classifications of fund balance describing the relative strength of the spending constraints:

- Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. No nonspendable fund balance was reported.
- Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation. The Agency reported \$20,064,672 in restricted fund balance for future projects and debt service payments.
- Committed – Constraint is imposed by City Council by resolution. The Agency Board does not have the authority to issue resolutions. No committed fund balance was reported.
- Assigned – Amounts the Agency intends to use for a specific purpose. Constraint is internally expressed intent by government body or authorized official through budget approval process or express assignment. No assigned fund balance was reported.
- Unassigned – No constraints and negative balance in non-general funds. No unassigned fund balance was reported.

When both restricted and unrestricted resources are available, it is MRA's policy to spend restricted, committed, and then assigned resources in that order.

Budgets and Budgetary Accounting

An annual appropriated operating budget is adopted each fiscal year for the governmental funds on the modified accrual basis of accounting. Revenues are budgeted in the year they are measurable and available. Expenditures are budgeted in the year they are expected to be incurred. As required by Montana law, the full amount of increment derived from property taxes levied for the fiscal year is included in the Agency's budget.

As required by State statute, the Agency follows these procedures to develop its annual budget:

- a) On or before June 10, department heads and supervisors file with the city detailed and itemized estimates, both of the probable revenue from sources other than taxation and of all expenditures required by the office or department for the next fiscal year.
- b) The city finance department prepares a tabulation showing the complete expenditure program of the Agency for the next fiscal year and the sources of revenue by which it is to be financed.
- c) On or before the fourth Monday in July, the City Council shall make any revisions it considers advisable.
- d) Public hearings are held.
- e) By the second Monday in August, the City Council adopts the final budget.

Budget appropriation transfers may be made between the general classifications of salaries and wages, maintenance and operations and capital outlay. Final reported budget amounts represent the originally adopted budget as amended by resolution of the City Council. It is management's responsibility to see that the budget is followed to the fund level.

The City Council may amend a final budget when shortfalls in budgeted revenues require reductions in approved appropriations to avert deficit spending; when savings result from unanticipated adjustments in projected expenditures; when unanticipated state or federal monies are received; for bonding; or when a public emergency occurs, which could not have been foreseen at the time of adoption. The procedure to amend the budget in total can be made only after the Agency prepares a resolution, notice is published of a public hearing, and a public hearing is held in accordance with state law.

Cash and Cash Investments

The Agency's cash is held by the City Treasurer and pooled with other City cash. Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis. Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program.

Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions. Investments held by the Agency are reported at fair value.

There is a fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets (investments valued using prices quoted in active markets); level 2 inputs are significant other observable inputs (investments valued using matrix pricing); level 3 inputs are significant unobservable inputs (investments valued using consensus pricing). The Agency had no investments that required categorization within the fair value hierarchy.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These short-term interfund loans are reported as “interfund receivables and payables” in the fund financial statements.

Tax Increment

The City’s property tax levies are set on or before the second Monday in August, in connection with the budget process. Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, the taxes become delinquent (and a lien is placed upon the property). After three years, the County of Missoula has the authority and may exercise the lien on behalf of the City. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November’s levies. Personal Property-Unattached taxes are not billed with real property taxes. Personal Property-Unattached values as of Jan 1 are self-reported to the Department of Revenue by March 1. Bills are generated usually by June 1 using the prior November’s mill levies and are due thirty days after billing, typically by June 30th. The timing of Personal Property – Unattached valuations, reporting, billing and collection all within the fiscal year, can cause variances in what is estimated during the budget process the prior fall and what is collected. Mobile home taxes are usually billed at the end of April. The first half is due thirty days after billing (usually by May 31) and the second half is due November 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

Taxable valuations for each Urban Renewal District and the corresponding tax increment amounts for the November 2024 property tax billing are as follows:

	<u>Taxable Value</u>	<u>Increment Value</u>
Urban Renewal District II	\$ 7,957,452	\$ 6,097,629
Urban Renewal District III	16,107,480	7,934,636
Front Street Urban Renewal District	4,280,504	2,867,469
Riverfront Triangle Urban Renewal District	715,735	557,877
Hellgate Urban Renewal District	1,571,285	545,837
North Reserve-Scott Street Urban Renewal District	4,511,150	2,923,787

Capital Assets

Capital assets are recorded in the City’s general capital asset accounts.

Compensated Balances

Under terms of state law, the Agency employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all accumulated vacation leave and 25% of accumulated sick leave. Expenditures for these compensated absences are recorded when paid, because the amounts expected to be liquidated from current resources do not vary materially from year to year. Compensated absences to be funded from future resources are reflected as liabilities in the government-wide financial statements to the extent they are vested.

Other Post-Employment Benefits

The Agency recognizes and reports its postemployment health care benefits in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Note 2 - Cash and Investments

The Agency's cash is invested in the City's investment pool. The Agency's portion of underlying cash and investments of the City's investment pool consists of the following:

Cash and cash equivalents	\$ 20,108,299
Restricted cash	<u>1,963,410</u>
	<u>\$ 22,071,709</u>
Deposits	\$ 21,971,913
Petty cash	6,838
Investments (Certificates of Deposits)	<u>92,958</u>
	<u>\$ 22,071,709</u>

The City's investment pool does not have a credit rating. Investment in the pool exposes the Agency to interest rate risk due to the underlying investment in government securities. This risk is managed by the city.

Information regarding insurance coverage or collateralization, interest rate risk, and investment in derivatives and similar instruments for the investment in the City's investment pool is available in the City's annual comprehensive financial report (ACFR). There is no regulatory oversight for the City's investment pool, and participants' equity in the pool approximates the fair value of the underlying investments.

Note 3 - Notes Receivable

The Agency has executed note receivables under its Façade Improvement Program for the following amounts:

\$62,000 – Glidewell Investments & Insurance Group (GiiG) - In fiscal year 2015, the Agency granted an interest-free loan to Glidewell Investments & Insurance Group (GiiG) for facade improvements to their building located at 1750 South Avenue West in URD III. The loan was executed on December 30, 2015, for \$62,000 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires GiiG to remit \$6,200 to the Agency by October 1 each year beginning in 2016. As of June 30, 2025, one payment remains on this note receivable for a balance of \$6,200.

\$100,000 – The Trail Head River Sports - In fiscal year 2020, the Agency granted an interest-free loan to the business owners, MTF, LLC and Todd Frank, for facade improvements to the building located at 2505 Garfield Street in URD III. The loan was executed on February 11, 2019, for \$100,000 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires MTF, LLC to remit \$10,000 to the Agency by August 1 each year beginning in 2020. As of June 30, 2025, five payments remain on this note receivable for a balance of \$50,000.

Mountain Water Company – Assumed by City of Missoula - In fiscal year 2012, the Agency entered into an agreement with the developer of the Bitterroot Town Homes, Collin Bangs. Whereas in exchange for tax increment financing used to extend a water main to the project, Mr. Bangs assigned to the Agency the reimbursements he would have received from Mountain Water Company for making the infrastructure improvements for \$40,000. The Mountain Water Company reimbursement program was authorized under State law and included providing reimbursements to developers for expenses to install, upgrade or extend water mains or fire hydrants. The program did not apply to service lines. Reimbursements occur over a 40-year period in the amount of \$1,000 a year leaving a balance of \$26,000 as of June 30, 2025.

From 2012 forward, when the Agency approved tax increment financing for eligible Mountain Water Company infrastructure improvements as part of a project, the developer was asked to assign any reimbursements they would receive to the Agency. The reimbursements the Agency received did not include an interest component; therefore, were recorded as cash out and as a note receivable on the fund financial statements. In 2013, 2016 and 2017, the Agency executed notes in relation to the water main extension contracts and fire hydrant installations with Mountain Water Company for \$508,261, \$40,781, and \$73,464, respectively. The City of Missoula acquired Mountain Water Company in 2017 and therefore the reimbursement program no longer exists. As part of the purchase agreement, the City is honoring all existing notes payable to developers and the Agency. At June 30, 2025, the outstanding balances of all the City of Missoula notes were \$339,337, \$62,395, and \$63,949 in URD II, URD III, and the NRSS, respectively.

Collections to maturity for the Agency's notes receivable are as follows:

<u>Years Ending June 30,</u>	
2026	\$ 32,810
2027	26,610
2028	26,610
2029	26,610
2030	26,610
2031-2035	83,049
2036-2040	83,049
2041-2045	83,049
2046-2050	83,049
2051-2055	<u>50,435</u>
	<u><u>\$ 521,881</u></u>

Note 4 - Long-Term Debt

Changes in long-term debt, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
Tax Increment Urban Renewal Revenue Bonds					
Series 2007 - URD II	\$ 755,000	\$ -	\$ 90,000	\$ 665,000	\$ 90,000
Subtotal bonds payable	755,000	-	90,000	665,000	90,000
Direct Borrowings and Direct Placements					
Tax Increment Urban Renewal Revenue					
Direct Placements					
Series 2013 - URD II	2,653,000	-	344,000	2,309,000	355,000
Series 2013 - URD II Intermountain	875,000	-	109,500	765,500	114,500
Series 2015A - URD III	3,850,000	-	170,000	3,680,000	180,000
Series 2015 - NRSS	978,173	-	70,117	908,056	73,307
Series 2016 - URD III	5,586,000	-	249,000	5,337,000	260,000
Series 2017A - Front St	965,500	-	35,000	930,500	37,000
Series 2017B - Front St	224,500	-	9,000	215,500	9,500
Series 2017C - Front St	2,687,968	-	108,641	2,579,327	113,530
Series 2017A - URD III	1,275,000	-	55,000	1,220,000	60,000
Series 2017 (Refunded in 2021) - NRSS	368,636	-	13,342	355,294	13,983
Series 2018A - URD III	1,016,393	-	41,862	974,531	44,089
Series 2018B - URD III	2,163,379	-	95,816	2,067,563	100,054
Series 2019 - Front Street	3,159,424	-	114,177	3,045,247	118,744
Series 2020A - NRSS	2,944,236	-	94,137	2,850,099	97,714
Series 2020B -NRSS	2,969,660	-	87,904	2,881,756	91,859
Series 2021 - Front Street	1,707,992	-	64,292	1,643,700	65,585
Series 2022A -URD II	1,260,013	-	161,817	1,098,196	167,531
Series 2022B - URD II	1,786,173	-	222,396	1,563,777	232,516
Series 2024 A - NRSS	2,101,000	-	49,699	2,051,301	57,710
Series 2024A BOI -NRSS	2,101,000	-	90,581	2,010,419	93,244
Series 2024 B- NRSS	5,598,000	-	80,058	5,517,942	98,020
Subtotal direct placement debt	46,271,047	-	2,266,340	44,004,707	2,383,886
Direct Borrowing					
2019 Riverfront Triangle	1,239,725	-	44,802	1,194,923	46,594
2014 Front St - MPC Note	1,886,000	-	128,000	1,758,000	130,000
URD II Brownfields	1,071,575	-	145,739	925,836	177,562
Subtotal direct borrowing debt	4,197,300	-	318,541	3,878,759	354,156
Compensated Absences	227,082	104,602	153,751	177,933	119,588
	<u>\$51,450,429</u>	<u>\$ 104,602</u>	<u>\$ 2,828,632</u>	<u>\$48,726,399</u>	<u>\$ 2,947,630</u>

Bonds Payable

Safeway Bonds - The Agency issued \$1,500,000 of Tax Increment Urban Renewal Revenue Bonds in October 2007. The bonds were issued to finance demolition, site preparation and infrastructure improvements and their associated design costs related with the Safeway, Inc. Project site. The bonds were issued at par, bear interest of 6.95%, and are secured by a first lien upon and pledge of tax increment revenues derived from the Project Site. Should tax increment revenues in any given year not be sufficient to pay the principal and interest payments, Safeway, Inc. (the Guarantor) is obligated to pay the deficiency. Tax increment in excess of debt service requirements will be (1) used to make Guarantor reimbursements for prior debt service deficiencies, (2) retained in an excess tax increment fund until the amount equals the maximum annual debt service for the bonds, and (3) used to prepay the Series 2007 bonds.

Repayment of the debt service deficiency to the Guarantor at June 30, 2025, has been estimated at \$167,846. In 2019, the previously recorded Guarantor provision was reversed as the Agency does not consider the loss probable. No provision has been made at June 30, 2025.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Gov. Bonds Years Ending June 30,	Safeway TIFII		
	Principal	Interest	Total
2026	\$ 90,000	\$ 45,467	\$ 135,467
2027	100,000	39,038	139,038
2028	105,000	32,088	137,088
2029	115,000	24,617	139,617
2030	125,000	16,451	141,451
2031	130,000	7,589	137,589
	<u>\$ 665,000</u>	<u>\$ 165,250</u>	<u>\$ 830,250</u>

Direct Placement Debt

Silver Park, Wyoming Street and Trestle Bonds – Direct Placement - The Agency issued \$5,750,000 of Tax Increment Urban Renewal Bonds in March 2013. The bonds were issued to finance public improvements in Silver Park, the construction of Wyoming Street from Hickory Street to California Street and replace the aging train trestle located within Agency II. The bonds were issued at par and bear an interest rate of 3.15%. The bonds are secured by a first lien upon and pledge of tax increment revenues from Agency II. The Agency estimates tax increment revenue to be sufficient to cover the principal and interest requirements of the Series 2013 Bonds. The bond resolution requires, among other things, that all of Agency II's tax increment revenue, except revenues generated by the excluded properties as identified in the bond covenants, be deposited in a debt service fund as required to pay principal and interest on the bonds when due, and to provide certain reserves for future bond payments.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency II, to redeem all or a portion of the Series 2013 bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency II, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 355,000	\$ 69,961	\$ 424,961
2027	367,000	58,684	425,684
2028	378,000	47,030	425,030
2029	391,000	35,028	426,028
2030	403,000	22,617	425,617
2031-2032	415,000	9,828	424,828
	<u>\$ 2,309,000</u>	<u>\$ 243,148</u>	<u>\$ 2,552,148</u>

Intermountain Lumber Site – Direct Placement - The Agency issued \$1,753,500 of Tax Increment Urban Renewal Bonds in May 2013. The bonds were issued to finance demolition, site preparation, and infrastructure improvements on the old Intermountain Lumber Site Property located within Agency II. The bonds were issued at par and bear an interest rate of 4.25%. The bonds are secured by a first lien upon and pledge of tax increment revenues derived from the Project Site. The bond resolution requires, among other things, that the Project's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due.

After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency II, including additional expenses for the Lumber Site development, to redeem all or a portion of the Series 2013 bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency II, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 114,500	\$ 31,333	\$ 145,833
2027	119,000	26,414	145,414
2028	125,000	21,293	146,293
2029	130,000	15,927	145,927
2030	135,500	10,349	145,849
2031	141,500	4,526	146,026
	<u>\$ 765,500</u>	<u>\$ 109,842</u>	<u>\$ 875,342</u>

South Reserve Street Pedestrian Bridge Bonds – Direct Placement - The Agency issued \$5,000,000 of Tax Increment Urban Renewal Revenue Bonds in December 2015. The bonds were issued to fund the design and construction of a pedestrian bridge over South Reserve Street connecting the Missoula to Lolo Trail to the Bitterroot Branch Trail. The bonds were issued at par, bear interest of 4.35%, and are secured by a first lien upon and pledge of tax increment revenues derived from Agency III. The bond resolution requires, among other things, that Agency III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency III, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 180,000	\$ 160,080	340,080
2027	185,000	152,250	337,250
2028	195,000	144,202	339,202
2029	205,000	135,720	340,720
2030	215,000	126,803	341,803
2031-2035	1,205,000	487,200	1,692,200
2036-2040	1,495,000	200,535	1,695,535
	<u>\$ 3,680,000</u>	<u>\$ 1,406,790</u>	<u>\$ 5,086,790</u>

North Reserve/Scott Street Bonds – Direct Placement - In December 2015, the City of Missoula approved the sale of \$1,364,400 of Senior Subordinate Tax Increment Urban Renewal Revenue Bonds in the NRSS Agency. The bonds were issued to fund certain public improvements related to redevelopment of Bretz RV & Marine, construction of the new Consumer Direct office building and the Scott Street Village housing project. The bonds were issued as senior subordinate debt to future public improvement bonds approved by the NRSS Agency. The bonds were issued at par, bear interest of 4.50%, and are secured by a senior subordinate lien upon and pledge of tax increment revenues derived from the NRSS Agency. The bond resolution requires, among other things, that NRSS Agency's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 73,307	\$ 39,817	\$ 113,124
2027	76,643	36,481	113,124
2028	80,131	32,993	113,124
2029	83,778	29,347	113,125
2030	87,590	25,534	113,124
2031-2035	506,607	64,129	570,736
	<u>\$ 908,056</u>	<u>\$ 228,301</u>	<u>\$ 1,136,357</u>

URD III – Mary Avenue East Bonds – Direct Placement - In January 2015, the City of Missoula approved the sale of \$7,065,000 of Tax Increment Urban Renewal Revenue Bonds in Agency III. The bonds were issued in October 2016 to fund certain infrastructure improvements in connection with the Southgate Mall Project. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.35%, and are secured by a first lien upon and pledge of tax increment revenues derived from Agency III. The bond resolution requires, among other things, that Agency III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 260,000	\$ 232,160	\$ 492,160
2027	271,000	220,849	491,849
2028	283,000	209,061	492,061
2029	295,000	196,751	491,751
2030	308,000	183,918	491,918
2031-2035	1,752,000	706,701	2,458,701
2036-2040	2,168,000	290,972	2,458,972
	<u>\$ 5,337,000</u>	<u>\$ 2,040,412</u>	<u>\$ 7,377,412</u>

Front Street Series A Bonds – Direct Placement - In December 2017, the City approved the sale of \$1,162,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Refunding Bonds in the Front Street Agency. The bonds were issued to refund the taxable portion of the Series 2010 First Interstate Bank Note. The bonds were issued at par, bear interest of 5.75%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street Agency. The bond resolution requires, among other things, that Front Street Agency's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due.

After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Front Street Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 37,000	\$ 53,504	\$ 90,504
2027	39,000	51,376	90,376
2028	41,500	49,134	90,634
2029	44,000	46,747	90,747
2030	46,500	44,217	90,717
2031-2035	274,000	177,963	451,963
2036-2040	363,000	89,556	452,556
2041	85,500	4,916	90,416
	<u>\$ 930,500</u>	<u>\$ 517,413</u>	<u>\$ 1,447,913</u>

Front Street Series B Bonds – Direct Placement - In January 2017, the City of Missoula approved the sale of \$277,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Refunding Bonds in the Front Street Agency. The bonds were issued to refund the portion of the Series 2010 First Interstate Bank Note related to financing the 2010 public improvements. The bonds were issued at par, bear interest of 4.50%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street Agency. The bond resolution requires, among other things, that Front Street Agency's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Front Street Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 9,500	\$ 9,697	\$ 19,197
2027	10,000	9,270	19,270
2028	10,500	8,820	19,320
2029	11,000	8,347	19,347
2030	11,000	7,853	18,853
2031-2035	65,000	31,162	96,162
2036-2040	80,000	15,277	95,277
2041	18,500	833	19,333
	<u>\$ 215,500</u>	<u>\$ 91,259</u>	<u>\$ 306,759</u>

Information regarding the change in cash flow and economic gain related to the refunding are noted above under Front Street Series A Bonds. The refunding was completed with the issuance of both the Front Street Series A and B Bonds.

Front Street Series C Bonds – Direct Placement - In January 2017, the City of Missoula approved the sale of \$3,260,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Bonds in the Front Street Agency. The bonds will be used to acquire a public parking unit to be owned and operated by the Missoula Parking Commission as well as fund the issuance costs. The bonds were issued as subordinate debt to the 2014 bonds and any future debt issued at parity with the 2014 bonds approved in the Front Street Agency. The bonds were issued at par, bear interest of 4.50%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street Agency. The bond resolution requires, among other things, that Front Street Agency's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Front Street Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 113,530	\$ 116,070	\$ 229,600
2027	118,639	110,961	229,600
2028	123,978	105,622	229,600
2029	129,556	100,043	229,599
2030	135,387	94,213	229,600
2031-2035	773,991	374,007	1,147,998
2036-2040	964,533	183,465	1,147,998
2041	219,713	9,887	229,600
	<u>\$ 2,579,327</u>	<u>\$ 1,094,268</u>	<u>\$ 3,673,595</u>

URD III Series A – Mary Avenue West Bonds – Direct Placement - In June 2017, the City of Missoula approved the sale of \$1,600,000 of Tax Increment Urban Renewal Revenue Bonds in Agency III. The bonds were issued to fund certain public improvements and extensions to Mary Avenue from the Bitterroot Branch Railroad Line westward to Reserve Street. The bonds were issued on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.65%, and are secured by a first lien upon and pledge of tax increment revenues derived from Agency III. The bond resolution requires, among other things, that Agency III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 60,000	\$ 56,730	\$ 116,730
2027	60,000	53,940	113,940
2028	65,000	51,150	116,150
2029	65,000	48,127	113,127
2030	70,000	45,105	115,105
2031-2035	400,000	173,445	573,445
2036-2040	500,000	72,075	572,075
	<u>\$ 1,220,000</u>	<u>\$ 500,572</u>	<u>\$ 1,720,572</u>

Scott Street Village – Phase 2 & 3 Bonds – Direct Placement - On December 11, 2017 the City of Missoula pursuant to Resolution 8229 approved the sale of \$723,514 in tax increment urban renewal revenue bonds in North Reserve-Scott Street (NRSS) URD to fund public infrastructure improvements related to the construction of phases 2 and 3 of a housing development called Scott Street Village by Edgell Building Incorporated. This bond was issued on parity with other senior subordinate debt in the Agency. The bonds were issued at par, bear interest of 4.75%, and are secured by a senior subordinate lien upon and pledge of tax increment revenues derived from the NRSS Agency. The bond resolution requires, among other things, that NRSS Agency's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

On March 1, 2021 the bond was partially redeemed for the amount of \$259,047. The amount attributed to principal and interest was \$253,761 and \$5,286, respectively. The debt service requirements to maturity schedule has been re-amortized to include the partial redemption.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 13,983	\$ 16,712	\$ 30,695
2027	14,655	16,040	30,695
2028	15,360	15,336	30,696
2029	16,098	14,598	30,696
2030	16,872	13,824	30,696
2031-2035	97,331	56,147	153,478
2036-2040	123,081	30,397	153,478
2041-2042	57,914	3,479	61,393
	<u>\$ 355,294</u>	<u>\$ 166,533</u>	<u>\$ 521,827</u>

URD III Series 2018A – MRL – Direct Placement - In August 2018, the City of Missoula approved the sale of \$1,239,404 of Tax Increment Urban Renewal Revenue Bonds in Agency III. The bonds were issued in September 2018 to finance the acquisition of the Montana Rail Link (MRL) property and the undertaking of certain improvements. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 5.25%, and are secured by a first lien upon and pledge of tax increment revenues derived from Agency III. The bond resolution requires, among other things, that Agency III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 44,089	\$ 50,592	\$ 94,681
2027	46,434	48,247	94,681
2028	48,904	45,777	94,681
2029	51,505	43,176	94,681
2030	54,244	40,436	94,680
2031-2035	317,695	155,708	473,403
2036-2040	411,660	61,741	473,401
	<u>\$ 974,531</u>	<u>\$ 445,677</u>	<u>\$ 1,420,208</u>

URD III Series 2018B – MRL – Direct Placement - In August 2018, the City of Missoula approved the sale of \$2,681,782 of Tax Increment Urban Renewal Revenue Bonds in Agency III. The bonds were issued in September 2018 to finance the acquisition of the Montana Rail Link (MRL) property and the undertaking of certain improvements. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.375%, and are secured by a first lien upon and pledge of tax increment revenues derived from Agency III. The bond resolution requires, among other things, that Agency III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Agency III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Debt service requirements to maturity on the tax increment bonds, are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 100,054	\$ 89,373	\$ 189,427
2027	104,479	84,948	189,427
2028	109,100	80,327	189,427
2029	113,925	75,502	189,427
2030	118,964	70,463	189,427
2031-2035	664,030	268,580	932,610
2036-2040	857,011	104,649	961,660
	<u>\$ 2,067,563</u>	<u>\$ 773,842</u>	<u>\$ 2,841,405</u>

Front Street Series 2019 – Direct Placement - In February 2019, the City of Missoula approved the sale of \$3,647,844 of Tax Increment Urban Renewal Subordinate Lien Revenue Bonds in the Front Street Agency. The bonds were issued on parity with other subordinate debt in the Agency in May 2019 for the Mercantile Project and related improvements. The bonds were issued at par, bear interest of 4.00%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from the Front Street Agency. The bond resolution requires, among other things, that the Front Street Agency's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Front Street Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

Gov. Bonds Years Ending June 30,	Principal	Interest	Total
2026	\$ 118,744	\$ 121,810	\$ 240,554
2027	123,494	117,060	240,554
2028	128,434	112,120	240,554
2029	133,571	106,983	240,554
2030	138,914	101,640	240,554
2031-2035	782,500	420,271	1,202,771
2036-2040	952,030	250,741	1,202,771
2041-2043	667,560	54,103	721,663
	<u>\$ 3,045,247</u>	<u>\$ 1,284,728</u>	<u>\$ 4,329,975</u>

Scott Street Series 2020A and 2020B – Direct Placement - On August 3, 2020 the City of Missoula pursuant to Resolution 8443 approved the sale of \$6,604,000 principal amount of tax increment urban renewal revenue bonds, consisting of \$3,302,000 Tax Exempt Series 2020A and \$3,302,000 Taxable Series 2020B, to finance the acquisition of the Scott Street Property described as Lot 3, Scott Street Lots, a platted subdivision in the City of Missoula, located in the north one-half of Section 16, Township 13 North, Range 19 West, Principal Meridian, Montana, Missoula County, Montana, containing 19.15 acres. This bond Series 2020A and Series 2020B was issued on August 14, 2020 and was completely drawn down at closing. The bond was issued on parity with other senior-subordinate debt in the Agency. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula Montana. The final maturity date is July 1, 2045. The interest rate on the Series 2020A Tax Exempt bond is 3.80% per annum. The interest rate on the Series 2020B taxable bond is 4.50% per annum. Interest only payments are due January 1, and principal and interest payments are due July 1, payable from tax increment generated by the North Reserve-Scott Street URD directly to the bondholder commencing January 1, 2021. The bond resolution requires, among other things, that NRSS Agency's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

Scott Street Series 2020A

Years Ending June 30,	Principal	Interest	Total
2026	\$ 97,714	\$ 108,304	\$ 206,018
2027	101,427	104,591	206,018
2028	105,282	100,736	206,018
2029	109,282	96,736	206,018
2030	113,435	92,583	206,018
2031-2035	635,205	394,886	1,030,091
2036-2040	765,422	264,669	1,030,091
2041-2045	922,332	107,759	1,030,091
	<u>\$ 2,850,099</u>	<u>\$ 1,270,264</u>	<u>\$ 4,120,363</u>

Scott Street Series 2020B

Years Ending June 30,	Principal	Interest	Total
2026	\$ 91,859	\$ 129,679	\$ 221,538
2027	95,993	125,545	221,538
2028	100,313	121,226	221,539
2029	104,827	116,712	221,539
2030	109,544	111,994	221,538
2031-2035	626,250	481,441	1,107,691
2036-2040	780,422	327,269	1,107,691
2041-2045	972,548	135,144	1,107,692
	<u>\$ 2,881,756</u>	<u>\$ 1,549,010</u>	<u>\$ 4,430,766</u>

AC Hotel Series 2021 – Direct Borrowing - In April 2021, the City of Missoula approved the sale and issuance of \$1,886,105 Subordinate Lien Tax Increment Urban Renewal Revenue Bonds in the Front Street Agency to reimburse certain costs related to the AC Hotel project. The bond was issued at par, bears interest of 2.00%, and is secured by a subordinate lien upon and pledge of tax increment revenues derived from the Front Street Agency. The bond resolution requires, among other things, that the Agency's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Agency, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the tax increment bonds, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 65,585	\$ 32,548	\$ 98,133
2027	66,903	31,229	98,132
2028	68,248	29,885	98,133
2029	69,619	28,513	98,132
2030	71,019	27,114	98,133
2031-2035	377,088	113,573	490,661
2036-2040	416,540	74,121	490,661
2041-2045	460,118	30,542	490,660
2046	48,580	486	49,066
	<u>\$ 1,643,700</u>	<u>\$ 368,011</u>	<u>\$ 2,011,711</u>

URD II Series 2022A and 2022B – Direct Placement - On October 18, 2022, the City of Missoula approved the sale of \$3,815,007 principal amount of tax increment urban renewal revenue bonds, consisting of \$1,583,471 Series Tax Exempt 2022A and \$2,231,536 Taxable Series 2022B, to refund the 2006 Bonds, to reimburse the Agency for the purchase price of the Bridge Apartments, and to pay costs of issuance. This bond Series 2022A and Series 2022B were issued on October 18, 2022, and were completely drawn down at closing. The bonds were issued on parity with other senior-subordinate debt in the Agency. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula Montana. The final maturity date is July 1, 2031. The interest rate on the Series 2022A Tax Exempt bond is 3.50% per annum.

The Agency decreased its aggregate debt service payments by \$382,784 (net fair value cash flow savings) by refunding the prior debt and there was an economic gain on the refunding of \$66,799 (net present value benefit). No deferred charge on refunding resulted from the transaction as the carrying value of refunded debt was equal to the reacquisition price.

The interest rate on the Series 2022B taxable bond is 4.50% per annum. The principal and interest payments are due January 1 and July 1 payable from tax increment generated by the Urban Renewal district II directly to the bondholder commencing January 1, 2023. The bond resolution requires, among other things, that URD II's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within URD II to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the increment bonds are as follows:

Urban Development Renewal Series 2022A

Years Ending June 30,	Principal	Interest	Total
2026	\$ 167,531	\$ 36,984	\$ 204,515
2027	173,446	31,069	204,515
2028	179,569	24,945	204,514
2029	185,909	18,605	204,514
2030	192,473	12,041	204,514
2031	199,268	5,246	204,514
	<u>\$ 1,098,196</u>	<u>\$ 128,890</u>	<u>\$ 1,227,086</u>

Urban Development Renewal Series 2022B

Years Ending June 30,	Principal	Interest	Total
2026	\$ 232,516	\$ 67,783	\$ 300,299
2027	243,097	57,202	300,299
2028	254,160	46,140	300,300
2029	265,726	34,574	300,300
2030	277,818	22,482	300,300
2031	290,460	9,839	300,299
	<u>\$ 1,563,777</u>	<u>\$ 238,020</u>	<u>\$ 1,801,797</u>

North Reserve-Scott Street URD Series 2024A, 2024A BOI, and 2024B – Direct Placement - On January 24, 2024, the City of Missoula approved the sale of \$4,202,000 principal amount of tax increment urban renewal revenue bonds series 2024A, consisting of \$2,101,000 Series Tax Exempt 2024A and \$2,101,000 Series Tax Exempt 2024A BOI. In addition, the City approved the sale of \$5,598,000 of Taxable Series 2024B for the Ravara Infrastructure and Workforce Housing Project. These bond Series 2024A, 2024A BOI, and Series 2024B were issued on June 20, 2024, and were completely drawn down at closing. The bond was issued on parity with other senior-subordinate debt in the District. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula Montana. The final maturity date is January 1, 2049. The interest rate on the Series 2024A Tax Exempt bond is 6.58% and interest rate on the Series 2024A BOA Tax Exempt bond is 1.71% per annum. The interest rate on the Series 2024B taxable bond is 4.50% per annum. The principal and interest payments are due January 1 and July 1 payable from tax increment generated by the North Reserve Scott Street Urban Renewal District directly to the bondholder commencing January 1, 2025. The bond resolution requires, among other things, that NRSS's tax increment revenue be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within Agency, as provided by state law.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the increment bonds are as follows:

North Reserve-Scott Street Urban Renewal District Series 2024A

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 57,710	\$ 139,542	\$ 197,252
2027	61,731	135,522	197,253
2028	66,032	131,221	197,253
2029	70,633	126,620	197,253
2030	75,554	121,699	197,253
2031-2035	464,460	521,803	986,263
2036-2040	650,434	335,829	986,263
2041-2044	604,747	85,638	690,385
	<u>\$ 2,051,301</u>	<u>\$ 1,597,874</u>	<u>\$ 3,649,175</u>

North Reserve-Scott Street Urban Renewal District Series 2024A BOI

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 93,244	\$ 33,981	\$ 127,225
2027	94,845	32,380	127,225
2028	96,474	30,751	127,225
2029	98,131	29,094	127,225
2030	99,816	27,409	127,225
2031-2035	525,389	110,737	636,126
2036-2040	572,078	64,048	636,126
2041-2044	430,442	14,846	445,288
	<u>\$ 2,010,419</u>	<u>\$ 343,246</u>	<u>\$ 2,353,665</u>

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

North Reserve-Scott Street Urban Renewal District Series 2024B

Years Ending June 30,	Principal	Interest	Total
2026	\$ 98,020	\$ 381,823	\$ 479,843
2027	104,951	374,892	479,843
2028	112,372	367,471	479,843
2029	120,317	359,526	479,843
2030	128,824	351,019	479,843
2031-2035	794,339	1,604,876	2,399,215
2036-2040	1,117,790	1,281,425	2,399,215
2041-2045	1,572,949	826,266	2,399,215
2046-2049	1,468,380	211,070	1,679,450
	<u>\$ 5,517,942</u>	<u>\$ 5,758,368</u>	<u>\$ 11,276,310</u>

Direct Borrowing Debt

Riverfront Triangle Note Payable - In March 2019, the City of Missoula approved the sale of \$1,529,318 of Subordinate Tax Increment Urban Renewal Revenue Note in the Riverfront Triangle District. The note was issued in June 2019 for the Stockman Bank Project and related infrastructure improvements. The note was issued at par, bear interest of 4.00%, and is secured by a subordinate lien upon and pledge of tax increment revenues derived from the Riverfront Triangle District. The note resolution requires, among other things, that the Riverfront Triangle District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the note when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Riverfront Triangle District, to redeem all or a portion of the note or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the note payable are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 46,594	\$ 47,797	\$ 94,391
2027	48,458	45,933	94,391
2028	50,396	43,995	94,391
2029	52,412	41,979	94,391
2030	54,508	39,883	94,391
2031-2035	307,044	164,910	471,954
2036-2040	373,567	98,338	471,905
2041-2043	261,944	21,229	283,173
	<u>\$ 1,194,923</u>	<u>\$ 504,064</u>	<u>\$ 1,698,987</u>

MPC Note Payable In December 2010, the Missoula Parking Commission (MPC) issued \$7,500,000 of bonds to fund the construction of a new parking structure. In April 2014, MPC refunded the 2010 bonds and issued new bonds totaling \$7,160,000. The Agency agreed to fund a portion of the bonds which will be supported by parking revenue and tax increment revenue. The bonds bear interest ranging from 2.00% to 4.35%. The Agency has committed to paying 40% of all principal and interest payments for the life of the bond. Under the terms of the agreement, the Agency will transfer \$133,425 of pledged tax increment funds to MPC twice per year (total pledged per year is \$266,850).

Debt service requirements to maturity on the note payable are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 130,000	\$ 70,770	\$ 200,770
2027	136,000	65,450	201,450
2028	142,000	59,801	201,801
2029	146,000	53,861	199,861
2030	152,000	47,810	199,810
2031-2035	860,000	136,644	996,644
2036	192,000	4,176	196,176
	<u>\$ 1,758,000</u>	<u>\$ 438,512</u>	<u>\$ 2,196,512</u>

Brownfields RLF Note Payable - In 2004, 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 (RLF) to be used for brownfields remediation. 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, at the direction of the Missoula Brownfields Cleanup RLF Committee, made a loan of \$1,000,000 bearing interest at 1.5% to Millsite Revitalization Project (MRP) LLC, the developer of the Old Sawmill District, with the Agency 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 post remediation and platting. Subsequent tax increment revenue from property development will be available to the Agency for other uses.

The note is not a general obligation of the City. For these reasons, the loan is reflected as a liability of the Agency. The City received additional funding from EPA and in December 2009. The Agency, MRP, and MAEDC elected to increase the loan by \$400,000 under the same terms. Subsequent to issuance, the servicing on the loan transferred to MoFi. In July 2012, the loan was increased to \$1.775 million.

Missoula Redevelopment Agency

Notes to Financial Statements

June 30, 2025

Debt service requirements to maturity on the note payable are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 177,562	\$ 14,788	\$ 192,350
2027	177,562	12,187	189,749
2028	177,562	9,429	186,991
2029	177,562	6,786	184,348
2030	177,562	4,137	181,699
2031	38,026	1,058	39,084
	<u>\$ 925,836</u>	<u>\$ 48,385</u>	<u>\$ 974,221</u>

Note 5 - Commitments

The Agency has entered into contracts for various projects and activities as approved by the Board of Commissioners. As of June 30, 2025, the Agency had commitments totaling \$11,606,227 that will be financed from operating funds and bond proceeds. The following commitments include the following by fund:

Urban Renewal District II

Private Projects:

Bissinger Place - 903 South 1st Street West	\$ 319,000
Giada Place Apartments - 350 Washburn St	107,223
Idaho Street Condos	88,680
Trailfront Properties - 114 South Garfield Street	257,233
Opportunity Place - 901 South 3rd Street W	1,954,606

Public Projects:

Bitterroot Trail - Lighting	204,849
Bitterroot Trail - MRL Bridge	55,446
Street Trees	71,760
Washburn - Idaho - Montana Catlin (WIMC) Water & Sidewalk	357,596
River RoadSidewalk Project	9,080
Maple-Birch-Sherwood Sidewalk	663,199

\$ 4,088,672

Urban Renewal District III

Private Projects:

Casa Loma - 900 Block of South Avenue	\$ 2,212,046
First Security Bank - 1700 Garfield & 1704 Dearborn	711,083

Public Projects:

Bitterroot Trail - Lighting	1,176,841
MRL Property	261,936
South Reserve Pedestrian Bridge	5,714
Street Trees	75,663
Water Network Program	120,168

\$ 4,563,451

Front Street Urban Renewal District

Public Projects:

Caras Park Improvements	\$ 100,000
Old Library Block Redevelopment	32,825

Federal Grant Projects:

Downtown Safety & Multimodal Connectivity RAISE Grant Match	200,000
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\$ 332,825

Riverfront Triangle Urban Renewal District

Private Projects:

Public Projects:

Federal Grant Projects:

Downtown Safety & Multimodal Connectivity RAISE Grant Match	\$ 94,350
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\$ 94,350

North Reserve/Scott Street Urban Renewal District

Private Projects:

Scott Street/ Ravara Housing Project	\$ 1,541,489
	<u>\$ 1,541,489</u>

Hellgate District

Public Projects:

Railroad Quiet Zone	\$ 183,058
Federal Grant Projects:	
Downtown Safety & Multimodal Connectivity RAISE Grant Match	<u>700,000</u>
	<u>\$ 883,058</u>

Note 6 - Pension Plan

Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepares financial statements using the accrual basis accounting. The same accrual basis is used by MPERA for the purposes of determining the net pension liability of; deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Public Employees' Retirement System (PERS)

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System and school Agencies. Benefits are established by state law and can only be amended by Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; Any age, 30 years of membership service.
Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.

Early Retirement

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service)

- 1) Retired before January 1, 2016, and accumulate less than 2 years additional service credit or retire on or after January 1, 2016, and accumulate less than 5 years additional service credit:
 - A refund or member's contributions plus return interest (currently 2.02% effective July 1, 2018);
 - No service credit for second employment;
 - Start the same benefit amount the month following termination; and
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 2) Retired before January 1, 2016, and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - GABA starts on the recalculation benefit in January after receiving the new benefit for 12 months.

- 3) Retired on or after January 1, 2016, and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service;
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

- 1) Members hired prior to July 1, 2011:
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2% of HAC per year of service credit.
- 2) Members hired on or after July 1, 2011:
 - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

Contributions

The state legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding

The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employees who received special funding are all participating employees.

Not Special Funding

Per Montana law, state agencies and universities pay their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

Overview of Contributions

Member and employer contribution rates are shown in the table below:

Fiscal Year	Member		State & University	Local Government		Local Government	
	Hired <07/01/2011	Hired >07/01/2011	Employer	Employer	State	Employer	State
2025	7.900%	7.900%	10.440%	10.070%	0.100%	8.900%	0.370%
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%	N/A	7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%	N/A	7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%	N/A	6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the System:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1, following an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and member contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer Contributions

a. Special Funding

- i. The State contributes 0.10% of members' compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members' compensation on behalf of school Agency entities.
- iii. The State contributed a Statutory Appropriation from the General Fund of \$35,329,705.

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

GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the TPL as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2024 and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the employer to the total state contributions paid.

The employer recorded a liability of \$642,978 and the employer's proportionate share was 0.026290%.

	Net Pension Liability as of		Percent of Collective NPL as of		Change in Percent of Collective NPL
	June 30, 2024 Reporting Date	June 30, 2023 Reporting Date	June 30, 2024 Reporting Date	June 30, 2023 Reporting Date	
Agency's Proportionate Share					
State of Montana Proportionate	\$ 642,978	\$ 627,294	0.026290%	0.023010%	0.003280%
Share associated with the Agency	\$ 167,757	\$ 155,614	0.024391%	0.248601%	-0.224210%
Total	\$ 810,735	\$ 782,908	0.050681%	0.271611%	-0.220930%

Changes in Actuarial Assumptions and Methods:

There have been no changes to the assumptions or other inputs that affected the measurement of the PTL since the previous measurement date.

Changes in Benefit Terms:

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share:

There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2024, the Agency recognized \$71,663 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$8,990 for the state of Montana proportionate share of the pension expense associated with the Agency.

	Pension Expense	
	June 30, 2024 Measurement Date	30-Jun-23 Measurement Date
Agency's Proportionate Share		
State of Montana Proportionate	\$ 71,663	\$ (31,564)
Share associated with the Agency	8,990	14,599
Total	<u>\$ 80,653</u>	<u>\$ (16,965)</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2025, the Agency reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs actual experience	\$ 32,493	\$ -
Project investment earnings vs. actual investment earnings	-	14,298
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,583	-
City contributions subsequent to the measurement date	61,434	-
	<u>\$ 116,510</u>	<u>\$ 14,298</u>

Deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date in the amount of \$25,875 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Reporting Year Ended June 30,	Recognition of Deferred Outflows and Deferred Inflows in Future Years as an Increase (Decrease) to Pension Expense
2025	\$ 6,926
2026	50,061
2027	(10,052)
2028	(3,408)
2029	(2,749)

Actuarial Assumptions

The TPL in the June 30, 2022, actuarial valuation was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of admin expense) 7.30%
- General Wage Growth* 3.50%
- *includes Inflation at 2.75%
- Merit Increases 0% to 4.80%
- Postretirement Benefit Increases:
 1. Guaranteed Annual Benefit Adjustment (GABA) each January
 - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) The 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%;
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

Mortality

- Mortality assumptions among active participants were based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021, for males and females. Projected generationally using MP-2021.
- Mortality assumptions among disabled members were based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors were based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021, with ages set forward one year for males and females. Projected generationally using MP-2021.
- Mortality assumptions for healthy retirees were based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the **June 30, 2024** valuation were developed in the five-year experience study for the period ending 2021.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The state contributed 0.10% of salaries paid by local governments and 0.37% paid by school Agencies.

In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocation

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of **June 30, 2024**, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be long-term assumption (30 to 50 years) and is not expected to change absent a significant change in asset allocation, a change in underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	-0.33%
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100.0%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Agency's proportionate share of the net pension liability	\$ 937,322	\$ 642,978	\$ 396,155

PERS Disclosure for the Defined Contribution Plan

The Agency contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2023, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level nonvested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled \$1,409,309.

Pension Plan Fiduciary Net Position

The standalone financial statements of the Montana Public Employees Retirement Board (PERB) ACFR and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena, MT 59620-0131, (406) 444-3154 or the MPERA website at <http://mpera.mt.gov/about/annualreports1/annualreports>.

Note 7 - Postemployment Benefits

The Agency adopted the provisions of GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions," in fiscal year 2018. GASB 75 addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) that are provided to the employees of state and local governments, establishing standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses. For defined benefit OPEB plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value to periods of employee service. Information on the City's health benefits plan for retirees is included below.

The Agency participates in the City of Missoula's defined benefit health plan. The single employer plan administered by the City is named the Health Benefits Plan for the Employees of the City of Missoula. The plan provides medical insurance for retirees with the retiree paying a premium for this benefit. Contribution rates are established by the City Council based on the recommendations received from both the Employee Benefits Committee and the City Administration. The plan's financial information, excluding retirees, is the City's self-insurance internal service fund. The plan does not issue separate audited financial statements.

Terminated employees of the Agency may remain on the City's health insurances 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 of the Agency may remain on the City's health plan as long as they wish, provided they pay the monthly premiums. State law requires the Agency to provide this benefit. There are no other postemployment benefits provided by the Agency. The Agency has seven employees participating in the plan, one retiree, and no C.O.B.R.A. participants.

The City's medical plan is a self-funded PPO plan. The table below presents a high-level summary of the medical benefits offered in the plan year beginning January 1, 2025, which was used for the June 30, 2025 valuation. Dental benefits were added January 1, 2023, for retirees.

Medical Deductible (Individual/Family)	\$750/\$2,250
Out-of-Pocket Maximum (Individual/Family)	\$3,170/\$6,350
Coinsurance (In Network/Out of Network)	30%/50%
Prescription Deductible	\$50
Prescription Copays (Tier 1/Tier 2/Tier 3)	10% (min \$5)/20% (min \$20)/50% (min \$35)
Prescription Out-of-Pocket Maximum	\$3,400/\$6,800

The retiree contributes 90% of the total active premium, excluding life insurance coverage, and the City contributes the remaining 10% to the plan. The plan is financed on a pay-as-you-go basis with City and Agency contributions ensuring that adequate reserves are maintained in the plan. Reserves maintained by the City are not considered assets of the post-employment benefits plan since they are not contributed to a trust that meets the criteria in GASB 75, paragraph 4.

The retiree and Agency contribution rates for the plan beginning January 1, 2025, were used for the June 30, 2025, valuation and are as follows:

Coverage	Retiree Contribution	MRA Contribution	Total Premium
Retiree	\$ 1,110	\$ 123	\$ 1,233
Retiree, spouse	1,278	123	1,401
Retiree, spouse, child	1,179	123	1,303
Retiree, child	1,347	123	1,471
Each additional child	69	-	69

The following table reports the changes to the OPEB liability/(asset) for fiscal year 2024, as well as deferred inflows and outflows of resources and OPEB expense recognized:

OPEB Liability/(Asset) Beginning Balance at July 1, 2024	\$ (14,338)
<i>Changes from the Prior Year:</i>	
Service cost	(651)
Interest cost	(605)
Assumption changes	283
Differences between expected and actual experience	(71)
Benefit payments	900
Net Change	<u>(144)</u>
OPEB Liability (Asset) Balance at June 30, 2025	<u><u>\$ (14,482)</u></u>
OPEB DIR Beginning Balance at July 1, 2024	\$ 21,001
Difference between expected and actual experience	-
Current year amortization	<u>(4,557)</u>
OPEB DIR Balance at June 30, 2025	<u><u>\$ 16,444</u></u>
OPEB DOR Beginning Balance at July 1, 2024	\$ (11,765)
Difference between expected and actual experience	1,464
Current year amortization	<u>1,498</u>
OPEB DOR Balance at June 30, 2025	<u><u>\$ (8,803)</u></u>
Total OPEB Expense as of June 30, 2025	339

The Agency's total OPEB asset is \$14,338 as of June 30, 2024, and was determined by an actuarial valuation as of that date. The following assumptions and other inputs were used to calculate the total OPEB liability/(asset) using the entry age normal cost method in the actuarial valuation.

Payroll Growth	3.50% Source: The City
Medical Trend	6.02%
General Inflation	2.75% per year
Participation Rate	40.00% of eligible employees are assumed to elect healthcare coverage in retirement
Admin Trend Rate	3.00%
Mortality Rate	PUB-2010 General amount weighted employee mortality table projected generationally to 2021 using MP-2021.

Cost Sharing Projections related to the sharing of benefit-related costs are based on an established pattern of practice with the City of Missoula contributing 10% of retiree premiums.

The table below shows the assumption changes and their impact on the City's liability.

<u>Assumption</u>	<u>Description of Change</u>	<u>Impact on Liability/(Asset)</u>
Discount Rate	Increased from 4.11% to 4.22%	(126,362)

The following tables disclose the sensitivity of the total OPEB liability/(asset) to changes in the discount rate and the medical trend rate, showing how the total OPEB liability/(asset) would change if the rates used were increased or decreased by 1%.

	1% Decrease in Discount Rate 3.22%	Discount Rate 4.22%	Discount Rate 5.22%
Total OPEB Liability/(Asset)	\$ (17,169)	\$ (14,482)	\$ (12,143)

	1% Decrease in Trend Rate 5.02%	Trend Rate 6.02%	1% Increase in Trend Rate 7.02%
Total OPEB Liability/(Asset)	\$ (11,852)	\$ (14,482)	\$ (17,649)

Changes in the total OPEB liability/(asset) due to: (1) changes in actuarial assumptions or (2) differences between expected actuarial experience and actual experience are deferred and recognized in the OPEB expense over a closed period equal to the average expected remaining service lives of employees and retirees, starting with the current reporting period. The average remaining service lives as of June 30, 2025, was 7.04 years.

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

Years Ended June 30,	OPEB Expense Amount
2026	\$ 1,300
2027	1,300
2028	1,300
2029	1,300
2030	1,300
Thereafter	1,141

The City of Missoula allocated the annual retired contributions and the liability to the component units based on the number of active participants in the plan as of June 30, 2025.

The schedule of changes in the total OPEB liability/(asset), presented as required supplementary information following the notes to the financial statements, presents a multi-year schedule of changes in the total OPEB.

Note 8 - Interfund Transactions

Administrative transfers between districts are done annually to reimburse the district that has paid the administrative expenses of the Agency. In fiscal year 2024, the administrative expenses were paid from URD III. The amounts transferred are based on the proportionate share of staff time spent working on projects in each district. Since tax increment was limited (due to commitments to debt service, lack of redevelopment or low tax increment receipts) in some of the districts, the outstanding amounts are tracked from year to year as those districts reimburse URD III. A summary of interfund transfers follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Consolidated Urban Renewal District II	\$ 5,562,511	\$ 5,811,492
Consolidated Urban Renewal District III	7,387,681	6,663,289
Consolidated Front Street District	2,358,210	2,558,210
Consolidated Riverfront Triangle District	-	38,824
Consolidated NRSS District	2,096,453	2,330,853
Consolidated Hellgate District	-	2,187
Total	<u>\$ 17,404,855</u>	<u>\$ 17,404,855</u>

Note 9 - Risk Management

The Agency is exposed to various risks of loss related to torts, damage or loss of assets, errors and omissions, injuries to employees, employee medical claims, and natural disasters. The Agency manages these risks through participation with the City's risk management practices. Information related to the City's risk management is available in its ACFR.

Note 10 - Related Party Transactions

The Agency paid the City of Missoula \$322,483 for Administrative Services for fiscal year 2025.

The City of Missoula provides the Agency with office space through a development agreement. The office space is currently being provided rent-free.

For fiscal year 2025, the Agency granted the City of Missoula and related component units \$3,487,000 in grants for various projects and expenditures approved by the Agency's Board of Commissioners.

In June 2017, the City of Missoula acquired Mountain Water Company and assumed all the notes between Mountain Water and the Agency. See note 3 for additional information.

Note 11 - Deficit Net Position

As of June 30, 2025, the Agency had a deficit net position of \$28,708,152. Liabilities and deferred inflows exceed assets and deferred outflows due to the inherent nature of the Agency. Debt is issued to fund urban renewal projects, which are not held as assets by the Agency. The debt held by the Agency is secured by tax increment revenues derived from related Districts.

Required Supplementary Information
June 30, 2025

Missoula Redevelopment Agency

Missoula Redevelopment Agency
Schedule of Changes in Total OPEB Liability/(Asset) and Related Ratios
June 30, 2025

**Schedule of Changes in Total OPEB Liability/(Asset) and Related Ratios
Last 10 Fiscal Years***

	2025	2024	2023	2022	2021	2020	2019
Service cost	\$ (651)	\$ (678)	\$ 3,242	\$ 3,354	\$ 8,581	\$ 8,571	\$ 8,955
Interest cost	(605)	(1,041)	2,882	6,279	3,362	3,878	5,202
Assumption changes	283	(4,415)	3,008	(28,416)	(21,640)	(33,250)	(7,572)
Differences between expected and actual experience	(71)	(79,476)	(485)	(57,272)	14,170	19,780	2,668
Benefit payments	900	987	(8,137)	(7,699)	(5,183)	(5,523)	(3,301)
Net change in total OPEB liability	(144)	(84,623)	510	(83,754)	(710)	(6,544)	5,952
Total OPEB liability, beginning of year	(14,338)	70,285	69,775	153,529	154,239	160,783	154,831
Total OPEB liability (asset), end of year	<u>\$ (14,482)</u>	<u>\$ (14,338)</u>	<u>\$ 70,285</u>	<u>\$ 69,775</u>	<u>\$ 153,529</u>	<u>\$ 154,239</u>	<u>\$ 160,783</u>
Covered payroll	60,475	\$ 592,197	\$ 539,386	\$ 523,676	\$ 503,411	\$ 489,342	\$ 406,381
Agency's total OPEB liability/(asset) as a percentage of covered payroll	-23.95%	-2.42%	13.03%	13.32%	30.50%	31.52%	39.56%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

Notes to the Schedule of Changes in Total OPEB Liability/(Asset) and Related Ratios

Assets are not accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Missoula Redevelopment Agency
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
Montana Public Employees Retirement System Pension Plan
June 30, 2025

Schedule of Employer's Share of Net Pension Liability - Last 10 Fiscal Years

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Total Proportionate Share (Amount) of the Net Pension Liability (a+b)	Employer's Covered-Payroll (c)	Employer's Proportionate Share of the Total Pension Liability as a Percentage of its Covered-Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.026290%	\$ 642,978	\$ 167,757	\$ 810,735	\$ 658,144	97.70%	74.77%
6/30/2023	0.023010%	\$ 561,567	\$ 155,614	\$ 717,181	\$ 585,893	95.85%	73.93%
6/30/2022	0.026380%	\$ 627,294	\$ 187,770	\$ 815,064	\$ 463,571	135.32%	76.96%
6/30/2021	0.019100%	\$ 346,371	\$ 102,500	\$ 448,871	\$ 336,916	102.81%	77.22%
6/30/2020	0.022450%	\$ 592,149	\$ 186,683	\$ 778,832	\$ 376,591	157.24%	76.03%
6/30/2019	0.022680%	\$ 474,115	\$ 154,456	\$ 628,571	\$ 374,241	126.69%	75.43%
6/30/2018	0.023310%	\$ 465,741	\$ 156,105	\$ 621,846	\$ 366,991	126.91%	74.90%
6/30/2017	0.025840%	\$ 503,250	\$ 6,819	\$ 510,069	\$ 320,532	157.00%	98.66%
6/30/2016	0.028050%	\$ 477,765	\$ 5,838	\$ 483,603	\$ 335,973	142.20%	98.79%
6/30/2015	0.023720%	\$ 331,558	\$ 4,073	\$ 335,631	\$ 279,336	118.70%	98.79%

Missoula Redevelopment Agency
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
Montana Public Employees Retirement System Pension Plan
June 30, 2025

Schedule of Employer's Contributions - Last 10 Fiscal Years

Reporting Date	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Payroll (c)	Contributions as a Percentage of Covered- Payroll (b/c)
6/30/2025	\$ 61,434	\$ 61,434	\$ -	\$ 658,144	9.33%
6/30/2024	\$ 51,441	\$ 51,441	\$ -	\$ 585,893	8.78%
6/30/2023	\$ 41,231	\$ 41,231	\$ -	\$ 463,571	8.89%
6/30/2022	\$ 29,902	\$ 29,902	\$ -	\$ 336,916	8.88%
6/30/2021	\$ 32,994	\$ 32,994	\$ -	\$ 376,591	8.76%
6/30/2020	\$ 32,187	\$ 32,187	\$ -	\$ 374,241	8.60%
6/30/2019	\$ 31,083	\$ 31,083	\$ -	\$ 320,532	9.70%
6/30/2018	\$ 26,829	\$ 26,829	\$ -	\$ 335,973	7.99%
6/30/2017	\$ 30,804	\$ 30,804	\$ -	\$ 279,336	11.03%
6/30/2016	\$ 24,657	\$ 24,657	\$ -	\$ 265,198	9.30%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

Change of Benefit Terms

The following changes to the PERS plan provisions were made as identified:

2017 Legislative Changes – PERS:

Working Retiree Limitations

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

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

Interest Credited To Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-Sum Payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

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

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2025, which were based on the results of the **June 30, 2023** actuarial valuation:

	<u>PERS</u>
General Wage Growth*	3.5%
Investment Rate of Return*	7.3%
*Includes inflation at	2.75%
Merit increase	0% to 4.80%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy members)	For Males & Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males & Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as a % of Payroll	0.28

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

The actuarial assumptions and methods utilized in the **June 30, 2023** valuation, were developed in the six-year experience study for the period ending 2021.

Missoula Redevelopment Agency

Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis Major Special Revenue Funds Year Ended June 30, 2025

Consolidated Urban Renewal District II

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, July 1	\$ 5,164,587	\$ 5,164,587	\$ 5,164,587	\$ -
Resources (inflows):				
Tax increment property tax	4,784,721	5,199,404	5,199,403	(1)
State reimbursements	546,300	546,300	546,300	-
Miscellaneous	-	9,916	36,182	26,266
Amounts available for appropriation	<u>10,495,608</u>	<u>10,920,207</u>	<u>10,946,472</u>	<u>26,265</u>
Charges to Appropriations (outflows):				
Housing and community development	3,978,710	8,556,937	4,429,901	4,127,036
Debt service	1,425,946	1,425,946	1,381,391	44,555
Transfers to other funds	400,000	400,000	248,981	151,019
Total charges to appropriations	<u>5,804,656</u>	<u>10,382,883</u>	<u>6,060,273</u>	<u>4,322,610</u>
Budgetary fund balance, June 30			<u>\$ 4,886,199</u>	

Consolidated Urban Renewal District III

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, July 1	\$ 11,314,789	\$ 11,314,789	\$ 11,314,789	\$ -
Resources (inflows):				
Tax increment property tax	6,785,503	6,580,737	6,443,773	(136,964)
State reimbursements	475,619	475,670	475,617	(53)
Grant revenue	334,932	299,871	299,870	(1)
Miscellaneous	-	26,197	26,197	-
Transfers from other funds	950,000	950,000	724,392	(225,608)
Amounts available for appropriation	<u>19,860,843</u>	<u>19,647,264</u>	<u>19,284,638</u>	<u>(362,626)</u>
Charges to Appropriations (outflows):				
Housing and community development	8,245,914	9,599,537	5,693,090	3,906,447
Capital outlay	760,290	8,890,073	6,865,901	2,024,172
Debt service	1,237,061	1,237,061	1,229,061	8,000
Total charges to appropriations	<u>10,243,265</u>	<u>19,726,671</u>	<u>13,788,052</u>	<u>5,938,619</u>
Budgetary fund balance, June 30			<u>\$ 5,496,586</u>	

Missoula Redevelopment Agency

Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis Major Special Revenue Funds (continued) Year Ended June 30, 2025

Consolidated Front Street District

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, July 1	\$ 2,015,720	\$ 2,015,720	\$ 2,015,720	\$ -
Resources (inflows):				
Tax increment property tax	2,325,818	2,417,988	2,417,987	(1)
State reimbursements	97,901	97,901	97,901	-
Miscellaneous	-	4,773	11,384	6,611
Amounts available for appropriation	<u>4,439,439</u>	<u>4,536,382</u>	<u>4,542,992</u>	<u>6,610</u>
Charges to Appropriations (outflows):				
Housing and community development	332,825	1,531,185	552,318	978,867
Debt service	882,535	882,535	882,435	100
Transfers to other funds	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total charges to appropriations	<u>1,415,360</u>	<u>2,613,720</u>	<u>1,634,753</u>	<u>978,967</u>
Budgetary fund balance, June 30			<u>\$ 2,908,239</u>	

Consolidated Riverfront Triangle District

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, July 1	\$ 865,416	\$ 865,416	\$ 865,416	\$ -
Resources (inflows):				
Tax increment property tax	438,011	466,108	457,279	(8,829)
State reimbursements	28,940	28,940	28,940	-
Miscellaneous	-	488	3,054	2,566
Amounts available for appropriation	<u>1,332,367</u>	<u>1,360,952</u>	<u>1,354,689</u>	<u>(6,263)</u>
Charges to Appropriations (outflows):				
Housing and community development	94,350	123,152	28,800	94,352
Debt service	94,391	94,391	94,391	-
Transfers to other funds	<u>100,000</u>	<u>100,000</u>	<u>38,824</u>	<u>61,176</u>
Total charges to appropriations	<u>288,741</u>	<u>317,543</u>	<u>162,015</u>	<u>155,528</u>
Budgetary fund balance, June 30			<u>\$ 1,192,674</u>	

Missoula Redevelopment Agency

Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis Major Special Revenue Funds (continued) Year Ended June 30, 2025

Consolidated North Reserve/Scott Street District

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Budgetary Fund Balance, July 1	\$ 11,670,960	\$ 11,670,960	\$ 11,670,960	\$ -
Resources (inflows):				
Tax increment property tax	2,097,152	2,369,613	2,369,613	-
State reimbursements	63,347	63,347	63,347	-
Miscellaneous	-	14,505	14,784	279
Amounts available for appropriation	13,831,459	14,118,425	14,118,704	279
Charges to Appropriations (outflows):				
Housing and community development	465,100	9,181,519	6,031,676	3,149,843
Capital outlay	8,839,545	472,657	2,081,011	(1,608,354)
Debt service	1,376,432	1,376,497	1,376,499	(2)
Transfers to other funds	125,000	234,400	234,400	-
Total charges to appropriations	10,806,077	11,265,073	9,723,586	1,541,487
Budgetary fund balance, June 30			<u>\$ 4,395,118</u>	

Hellgate District

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Budgetary Fund Balance, July 1	\$ 1,097,960	\$ 1,097,960	\$ 1,097,960	\$ -
Resources (inflows):				
Tax increment property tax	462,191	451,838	448,082	(3,756)
State reimbursements	27,967	27,967	27,967	-
Miscellaneous	-	-	3,664	3,664
Amounts available for appropriation	1,588,118	1,577,765	1,577,673	(92)
Charges to Appropriations (outflows):				
Housing and community development	910,504	1,272,690	389,630	883,060
Transfers to other funds	125,000	125,000	2,187	122,813
Total charges to appropriations	1,035,504	1,397,690	391,817	1,005,873
Budgetary fund balance, June 30			<u>\$ 1,185,856</u>	

Other Supplementary Information
June 30, 2025

Missoula Redevelopment Agency

Missoula Redevelopment Agency

Combining Balance Sheets

URD II Funds

Year Ended June 30, 2025

	Urban Renewal District II	URD II Bonds	Safeway St. Patrick Hospital Bonds	Brownsfield Bonds	Intermountain Bonds	Consolidated Urban Renewal District II
Assets						
Current assets						
Cash and investments	\$ 5,478,994	\$ -	\$ 66,368	\$ -	\$ -	\$ 5,545,362
Taxes/Assessments receivable	-	408,033	-	-	-	408,033
Current portion of notes receivable - primary government	12,194	-	-	-	-	12,194
Due from other governments	-	73,941	-	-	-	73,941
Total current assets	5,491,188	481,974	66,368	-	-	6,039,530
Noncurrent assets						
Notes receivable - primary government	327,143	-	-	-	-	327,143
Total noncurrent assets	327,143	-	-	-	-	327,143
Total Assets	<u>\$ 5,818,331</u>	<u>\$ 481,974</u>	<u>\$ 66,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,366,673</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Current liabilities						
Accounts payable	\$ 1,191,610	\$ -	\$ -	\$ -	\$ -	\$ 1,191,610
Total current liabilities	1,191,610	-	-	-	-	1,191,610
Deferred Inflows of Resources						
Uncollected tax revenue	-	288,864	-	-	-	288,864
Fund Balances						
Restricted	4,626,721	193,110	66,368	-	-	4,886,199
Total Fund Balances	4,626,721	193,110	66,368	-	-	4,886,199
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 5,818,331</u>	<u>\$ 481,974</u>	<u>\$ 66,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,366,673</u>

Missoula Redevelopment Agency
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
URD II Fund
Year Ended June 30, 2025

	Urban Renewal District II	URD II Bonds	Safeway St. Patrick Hospital Bonds	Brownsfield Bonds	Intermountain Bonds	Consolidated Urban Renewal District II
Revenues						
Tax increment property tax	\$ -	\$ 5,199,404	\$ -	\$ -	\$ -	\$ 5,199,404
Personal property tax reimbursement	-	291,040	-	-	-	291,040
State entitlement funds	-	255,260	-	-	-	255,260
Miscellaneous	12,667	9,917	13,598	-	-	36,182
Total revenues	12,667	5,755,621	13,598	-	-	5,781,886
Expenditures						
Housing and community development	4,429,901	-	-	-	-	4,429,901
Debt service expense - interest	-	202,177	52,759	16,962	36,740	308,638
Debt service expense - principal	-	728,213	90,000	145,040	109,500	1,072,753
Total expenditures	4,429,901	930,390	142,759	162,002	146,240	5,811,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,417,234)	4,825,231	(129,161)	(162,002)	(146,240)	(29,406)
Other Financing Sources (Uses)						
Transfers in	4,190,882	931,090	132,297	162,002	146,240	5,562,511
Transfers out	(248,981)	(5,562,511)	-	-	-	(5,811,492)
Total other financing sources (uses)	3,941,901	(4,631,421)	132,297	162,002	146,240	(248,981)
Net Change in Fund Balances	(475,333)	193,810	3,136	-	-	(278,387)
Fund Balances						
Beginning of year	5,102,054	(700)	63,232	-	-	5,164,586
End of Year	\$ 4,626,721	\$ 193,110	\$ 66,368	\$ -	\$ -	\$ 4,886,199

Missoula Redevelopment Agency

Combining Balance Sheets

URD III Funds

Year Ended June 30, 2025

	Urban Renewal District III	URD III Bonds	Consolidated Urban Renewal District III
Assets			
Current assets			
Cash and investments	\$ 6,804,101	\$ -	\$ 6,804,101
Taxes/Assessments receivable	-	219,460	219,460
Current portion of notes receivable - unrelated	16,200	-	16,200
Current portion of notes receivable - primary government	2,296	-	2,296
Due from other governments	205,147	164,042	369,189
Total current assets	7,027,744	383,502	7,411,246
Noncurrent assets			
Notes receivable - unrelated	40,000	-	40,000
Notes receivable - primary government	60,099	-	60,099
Total noncurrent assets	100,099	-	100,099
Total Assets	\$ 7,127,843	\$ 383,502	\$ 7,511,345
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Current liabilities			
Accounts payable	\$ 1,858,829	\$ -	\$ 1,858,829
Accrued wages	38,373	-	38,373
Total current liabilities	1,897,202	-	1,897,202
Deferred Inflows of Resources			
Uncollected tax revenue	-	117,557	117,557
Fund Balances			
Restricted	5,230,641	265,945	5,496,586
Total Fund Balances	5,230,641	265,945	5,496,586
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,127,843	\$ 383,502	\$ 7,511,345

Missoula Redevelopment Agency
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
URD III Funds
Year Ended June 30, 2025

	Urban Renewal District III	URD III Bonds	Consolidated Urban Renewal District III
Revenues			
Tax increment property tax	\$ -	\$ 6,443,773	\$ 6,443,773
Personal property tax reimbursement	-	474,994	474,994
State contribution - PERS	623	-	623
Grant revenue	299,870	-	299,870
Miscellaneous	15,730	10,467	26,197
Total revenues	316,223	6,929,234	7,245,457
Expenditures			
Housing and community development	5,693,090	-	5,693,090
Capital outlay	6,865,901	-	6,865,901
Debt service expense - interest	-	617,383	617,383
Debt service expense - principal	-	611,678	611,678
Total expenditures	12,558,991	1,229,061	13,788,052
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,242,768)	5,700,173	(6,542,595)
Other Financing Sources (Uses)			
Transfers in	6,158,620	1,229,061	7,387,681
Transfers out	-	(6,663,289)	(6,663,289)
Total other financing sources (uses)	6,158,620	(5,434,228)	724,392
Net Change in Fund Balances	(6,084,148)	265,945	(5,818,203)
Fund Balances			
Beginning of year	11,314,789	-	11,314,789
End of Year	\$ 5,230,641	\$ 265,945	\$ 5,496,586

Missoula Redevelopment Agency
Combining Balance Sheets
Front Street District Funds
Year Ended June 30, 2025

	Front Street District	Front Street Notes& Bonds	Consolidated Front Street District
Assets			
Current assets			
Cash and investments	\$ 2,726,385	\$ 133,734	\$ 2,860,119
Taxes/Assessments receivable	-	178,952	178,952
Other current assets	-	96,740	96,740
Due from other governments	-	31,716	31,716
Total current assets	<u>2,726,385</u>	<u>441,142</u>	<u>3,167,527</u>
Total Assets	<u><u>\$ 2,726,385</u></u>	<u><u>\$ 441,142</u></u>	<u><u>\$ 3,167,527</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Current liabilities			
Accounts payable	\$ 211,071	\$ -	\$ 211,071
Total current liabilities	<u>211,071</u>	<u>-</u>	<u>211,071</u>
Deferred Inflows of Resources			
Uncollected tax revenue	<u>-</u>	<u>48,217</u>	<u>48,217</u>
Fund Balances			
Restricted	<u>2,515,314</u>	<u>392,925</u>	<u>2,908,239</u>
Total Fund Balances	<u>2,515,314</u>	<u>392,925</u>	<u>2,908,239</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 2,726,385</u></u>	<u><u>\$ 441,142</u></u>	<u><u>\$ 3,167,527</u></u>

Missoula Redevelopment Agency
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Front Street District Funds
 Year Ended June 30, 2025

	Front Street District	Front Street Notes&Bonds	Consolidated Front Street District
Revenues			
Tax increment property tax	\$ -	\$ 2,417,987	\$ 2,417,987
Personal property tax reimbursement	-	97,901	97,901
Miscellaneous	6,303	5,081	11,384
	<u>6,303</u>	<u>5,081</u>	<u>11,384</u>
Total revenues	<u>6,303</u>	<u>2,520,969</u>	<u>2,527,272</u>
Expenditures			
Housing and community development	552,318	-	552,318
Debt service expense - interest	-	423,325	423,325
Debt service expense - principal	-	459,110	459,110
	<u>-</u>	<u>459,110</u>	<u>459,110</u>
Total expenditures	<u>552,318</u>	<u>882,435</u>	<u>1,434,753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(546,015)	1,638,534	1,092,519
Other Financing Sources (Uses)			
Transfers in	1,473,153	885,057	2,358,210
Transfers out	(200,000)	(2,358,210)	(2,558,210)
	<u>1,273,153</u>	<u>(1,473,153)</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>1,273,153</u>	<u>(1,473,153)</u>	<u>(200,000)</u>
Net Change in Fund Balances	727,138	165,381	892,519
Fund Balances			
Beginning of year	<u>1,788,176</u>	<u>227,544</u>	<u>2,015,720</u>
End of Year	<u>\$ 2,515,314</u>	<u>\$ 392,925</u>	<u>\$ 2,908,239</u>

Missoula Redevelopment Agency

Combining Balance Sheets

River Front Triangle District Funds

Year Ended June 30, 2025

	Riverfront Triangle District	Riverfront Bonds	Consolidated Riverfront Triangle District
Assets			
Current assets			
Cash and investments	\$ 1,110,566	\$ -	\$ 1,110,566
Taxes/Assessments receivable	-	25,920	25,920
Due from other governments	-	63,371	63,371
Total current assets	<u>1,110,566</u>	<u>89,291</u>	<u>1,199,857</u>
Total Assets	<u>\$ 1,110,566</u>	<u>\$ 89,291</u>	<u>\$ 1,199,857</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Current liabilities			
Total current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources			
Uncollected tax revenue	<u>-</u>	<u>7,183</u>	<u>7,183</u>
Fund Balances			
Restricted	<u>1,110,566</u>	<u>82,108</u>	<u>1,192,674</u>
Total Fund Balances	<u>1,110,566</u>	<u>82,108</u>	<u>1,192,674</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,110,566</u>	<u>\$ 89,291</u>	<u>\$ 1,199,857</u>

Missoula Redevelopment Agency
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 River Front Triangle District Funds
 Year Ended June 30, 2025

	Riverfront Triangle District	Riverfront Bonds	Consolidated Riverfront Triangle District
Revenues			
Tax increment property tax	\$ -	\$ 457,279	\$ 457,279
Personal property tax reimbursement	-	28,940	28,940
Miscellaneous	2,567	487	3,054
Total revenues	2,567	486,706	489,273
Expenditures			
Housing and community development	28,800	-	28,800
Debt service expense - interest	-	49,589	49,589
Debt service expense - principal	-	44,802	44,802
Total expenditures	28,800	94,391	123,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,233)	392,315	366,082
Other Financing Sources (Uses)			
Transfers in	310,207	94,391	404,598
Transfers out	(38,824)	-	(38,824)
Total other financing sources (uses)	271,383	94,391	365,774
Net Change in Fund Balances	245,150	486,706	731,856
Fund Balances			
Beginning of year	865,416	-	865,416
End of Year	<u>\$ 1,110,566</u>	<u>\$ 486,706</u>	<u>\$ 1,597,272</u>

Missoula Redevelopment Agency

Combining Balance Sheets

North Reserve/Scott Street District Funds

Year Ended June 30, 2025

	N. Reserve Scott Street District	N. Reserve Scott Street Bonds	Series 2024A BOI Reserve	NRSS Sinking Fund	Consolidated N. Reserve Scott Street District
Assets					
Current assets					
Cash and investments	\$ 2,404,588	\$ -	\$ 127,225	\$ 295	\$ 2,532,108
Restricted cash	1,963,410	-	-	-	1,963,410
Taxes/Assessments receivable	-	228,631	-	-	228,631
Current portion of notes receivable - primary government	2,132	-	-	-	2,132
Due from other governments	-	117,257	-	-	117,257
Total current assets	<u>4,370,130</u>	<u>345,888</u>	<u>127,225</u>	<u>295</u>	<u>4,843,538</u>
Noncurrent assets					
Notes receivable - primary government	<u>61,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,817</u>
Total noncurrent assets	<u>61,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,817</u>
Total Assets	<u>\$ 4,431,947</u>	<u>\$ 345,888</u>	<u>\$ 127,225</u>	<u>\$ 295</u>	<u>\$ 4,905,355</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Current liabilities					
Accounts payable	\$ 504,826	\$ -	\$ -	\$ -	\$ 504,826
Total current liabilities	<u>504,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,826</u>
Deferred Inflows of Resources					
Uncollected tax revenue	<u>-</u>	<u>5,411</u>	<u>-</u>	<u>-</u>	<u>5,411</u>
Fund Balances					
Restricted	<u>3,927,121</u>	<u>340,477</u>	<u>127,225</u>	<u>295</u>	<u>4,395,118</u>
Total Fund Balances	<u>3,927,121</u>	<u>340,477</u>	<u>127,225</u>	<u>295</u>	<u>4,395,118</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,431,947</u>	<u>\$ 345,888</u>	<u>\$ 127,225</u>	<u>\$ 295</u>	<u>\$ 4,905,355</u>

Missoula Redevelopment Agency
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 North Reserve/Scott Street District Funds
 Year Ended June 30, 2025

	N. Reserve Scott Street District	N. Reserve Scott Street Bonds	Series 2024A BOI Series	NRSS Sinking Fund	Consolidated N. Reserve Scott Street District
Revenues					
Tax increment property tax	\$ -	\$ 2,369,613	\$ -	\$ -	\$ 2,369,613
Personal property tax reimbursement	-	63,347	-	-	63,347
Miscellaneous	10,517	3,970	-	297	14,784
Total revenues	10,517	2,436,930	-	297	2,447,744
Expenditures					
Housing and community development	6,031,676	-	-	-	6,031,676
Capital outlay	2,081,011	-	-	-	2,081,011
Debt service expense - interest	-	-	-	890,660	890,660
Debt service expense - principal	-	-	-	485,839	485,839
Total expenditures	8,112,687	-	-	1,376,499	9,489,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,102,170)	2,436,930	-	(1,376,202)	(7,041,442)
Other Financing Sources (Uses)					
Transfers in	722,840	-	-	1,373,613	2,096,453
Transfers out	(234,400)	(2,096,453)	-	-	(2,330,853)
Total other financing sources (uses)	488,440	(2,096,453)	-	1,373,613	(234,400)
Net Change in Fund Balances	(7,613,730)	340,477	-	(2,589)	(7,275,842)
Fund Balances					
Beginning of year	11,540,851	-	127,225	2,884	11,670,960
End of Year	\$ 3,927,121	\$ 340,477	\$ 127,225	\$ 295	\$ 4,395,118

Internal Control and Compliance Section
June 30, 2025

Missoula Redevelopment Agency



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Missoula Redevelopment Agency
Missoula, MT.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Missoula Redevelopment Agency (the Agency), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Denver, Colorado
December 19, 2025