



City of

Great Falls Montana

Comprehensive Annual Financial Report

Fiscal Year 2014

July 1, 2013 - June 30, 2014

Comprehensive Annual Financial Report

City of Great Falls, Montana

Fiscal Year 2014

July 1, 2013 – June 30, 2014



**Prepared by the
City of Great Falls Fiscal Services Department**



**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

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City of

Great Falls Montana

Introductory Section



P.O. Box 5021, 59403-5021

December 5, 2014

Citizens of the City of Great Falls
Honorable Mayor and City Commission
City of Great Falls, Montana

I am pleased to submit the Comprehensive Annual Financial Report of the City of Great Falls, Montana for the fiscal year ended June 30, 2014. The Fiscal Services Department staff is responsible for preparing this report. Montana statutes state that local governments must file a financial report with the Montana Department of Administration within six months of the end of a fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014. Management is responsible for the content of the report, the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures. It is believed that the data presented is accurate in all material aspects, presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This belief is based on a comprehensive system of internal controls 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. All disclosures necessary for the readers to gain maximum understanding of the City's financial affairs have been included.

Junkermier, Clark, Campanella, Stevens, P. C., have issued an unmodified ("clean") opinion on the City of Great Falls' financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report (page 7).

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in combination with it. The City of Great Falls' MD&A can be found immediately following the report of the independent auditors (page 9).

PROFILE OF GOVERNMENT

The City of Great Falls, incorporated in 1888, operates under the Commission-Manager form of government. The Mayor and four City Commissioners are elected at large, by popular vote, on a non-partisan basis. The Mayor serves a two-year term, while Commissioners serve four-year terms. The City Manager is appointed by the City Commission and is in turn responsible for all other City employees. The City became a charter form of government in accordance with the Constitution of Montana effective July 1, 1986. This charter entitles the City to all the powers of a self-governing charter city not prohibited by the Montana Constitution, the charter, or specific provisions of Montana law. The self-governing powers of the City shall be liberally construed. Every reasonable doubt as to the existence of a power or authority of the City shall be resolved in favor of the existence of that power or authority.

Services provided by the City of Great Falls include police, fire, planning, library, street repair and maintenance, water, sanitary sewer, storm drain, sanitation, and community development. Great Falls has nine neighborhood councils comprised of five members each. Members are elected to two-year terms. The elections are held in conjunction with the City general election. Neighborhood council members must be residents of their designated districts. The councils act in an advisory capacity to the City Commission, the City Manager, and to other City advisory bodies. The Municipal Court Judge is also an elected position with a four-year term of office.

The City has had an audit committee since fiscal year 1992. Members include the Mayor, a City Commissioner, the City Manager, the City Fiscal Services Director, and one private citizen. During the annual audit, committee members are kept

apprised of the audit schedules' progression and any special events that may come to light during the audit. Committee members may make suggestions for additional information to be included in the letter of transmittal or the statistical section.

Montana statutes require the Commission to approve and adopt by resolution the budget by the later of the first Thursday after the first Tuesday in September or 30 calendar days after receiving certified taxable values from the Montana Department of Revenue. The legal spending limits of the City of Great Falls are established at the fund level. Funds with appropriated budgets are the General Fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds.

GREAT FALLS AND CASCADE COUNTY ECONOMIC OUTLOOK

The base economy of Great Falls is predominantly agricultural, medical services, and military. The job sector for Cascade County is diversified with 7.0% of the workforce in public administration, 22.7% in educational services, health care and social assistance, 14.1% in retail trade, 11.4% in arts, entertainment, recreation, accommodation and food services, 8.6% in construction, 4.7% in military and 3.5% in manufacturing. The economic downturn over the past years has created a challenging environment for cities and towns across the country. Fortunately, the City of Great Falls has not experienced the significant revenue declines requiring deep service cuts as experienced by other municipalities in the nation. The fiscal year 2014 unemployment rate of 4.0% compares favorably to the fiscal year 2013 Great Falls rate of 5.1% and to the July 2014 State of Montana rate of 4.4% and national rate of 6.2%. Three large apartment complexes are in process of being constructed in 2014. Calumet Montana Refining LLC is constructing \$400 million multiple year improvements to double capacity at the refinery. Health Care Service Corp. has opened a health customer telephone service center.

BUDGET OBJECTIVES FOR FISCAL YEAR 2015

The City Commission has set priorities for the City. The goals are 1) Long term investment in infrastructure; 2) Promote a positive image in the community; 3) Total commitment to supporting Malmstrom Air Force Base and Montana Air National Guard; 4) Commitment to Public Safety; 5) Encourage and foster citizen participation; 6) Improve the City's fiscal position; 7) Attract and retain quality employees.

ACCOMPLISHMENTS IN FISCAL YEAR 2014

In December 2013, the City Commission approved the dissolution of Electric City Power, Inc. (ECP). During the year, the City increased the fund balance of the General Fund from 5.9% to 12.2% after the dissolution of ECP. The City plans on closing the Electric Fund to the General Fund as soon as all business of ECP is completed. In March 2014, the City refinanced general obligation debt lowering interest rates and reaffirming the City's Moody's ratings of "Aa3". Quarterly budget reviews with the City Commission, staff and union representatives were implemented. A preliminary facilities maintenance plan was implemented. The City successfully applied for Big Sky Economic Development Trust Fund grants.

LONG-TERM FINANCIAL PLANNING

As permitted by Section 7-6-4034, MCA, a balance Designated for Cash Flow shall be considered adequate at 17% (2 mo./12 mo.) of annual appropriations in tax levy supported funds (General and Library) and 8 to 17% for all other operating funds of the City including its seasonal operations. Such balances designated for cash flow shall be used to meet extended revenue cycles, meet short term economic difficulties, respond to unique opportunities, provide for one-time expenditures, and respond to emergency and disaster situations. The balances shall not be available to meet recurring operating expenses. All departments and divisions supported by the resources of this City strive to function within the limits of the financial resources identified or available specifically to them.

RELEVANT FINANCIAL POLICIES

The City's long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. A separate policy issued for special improvement districts (SIDS) financing was adopted by the City Commission on November 20, 1990. The City may use debt financing for one-time capital improvement projects, unusual equipment purchases, and under the following circumstances: a) When the project is included in the City's five-year capital improvement program or is in conformance with the City's general plan; b) When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program or it is a project mandated immediately by state or federal requirements; c) When the

project's useful life or the projected service life of the equipment will be equal to or exceed the term of the financing; d) When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost sharing revenues; e) Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

AWARDS

Comprehensive Annual Financial Report Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Great Falls, Montana for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twentieth consecutive year that the government has achieved this prestigious award (fiscal years ended 1994-2013). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must fairly reflect the financial condition of the city and satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate for the year ended June 30, 2014.

Distinguished Budget Presentation Award: The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Great Falls, Montana for its annual budget for the fiscal year beginning July 1, 2014. This was the twenty-fourth consecutive year that the government has achieved this prestigious award (fiscal years beginning 1991-2014). In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

ACKNOWLEDGMENTS

Preparation of this report required the cooperative efforts of many City personnel; in particular, I would like to thank the Accounting Division of the Fiscal Services Department. Their dedication to preparing this document each year is sincerely appreciated.

Respectively submitted,



Melissa Kinzler
Fiscal Services Director



Government Finance Officers Association

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

Presented to

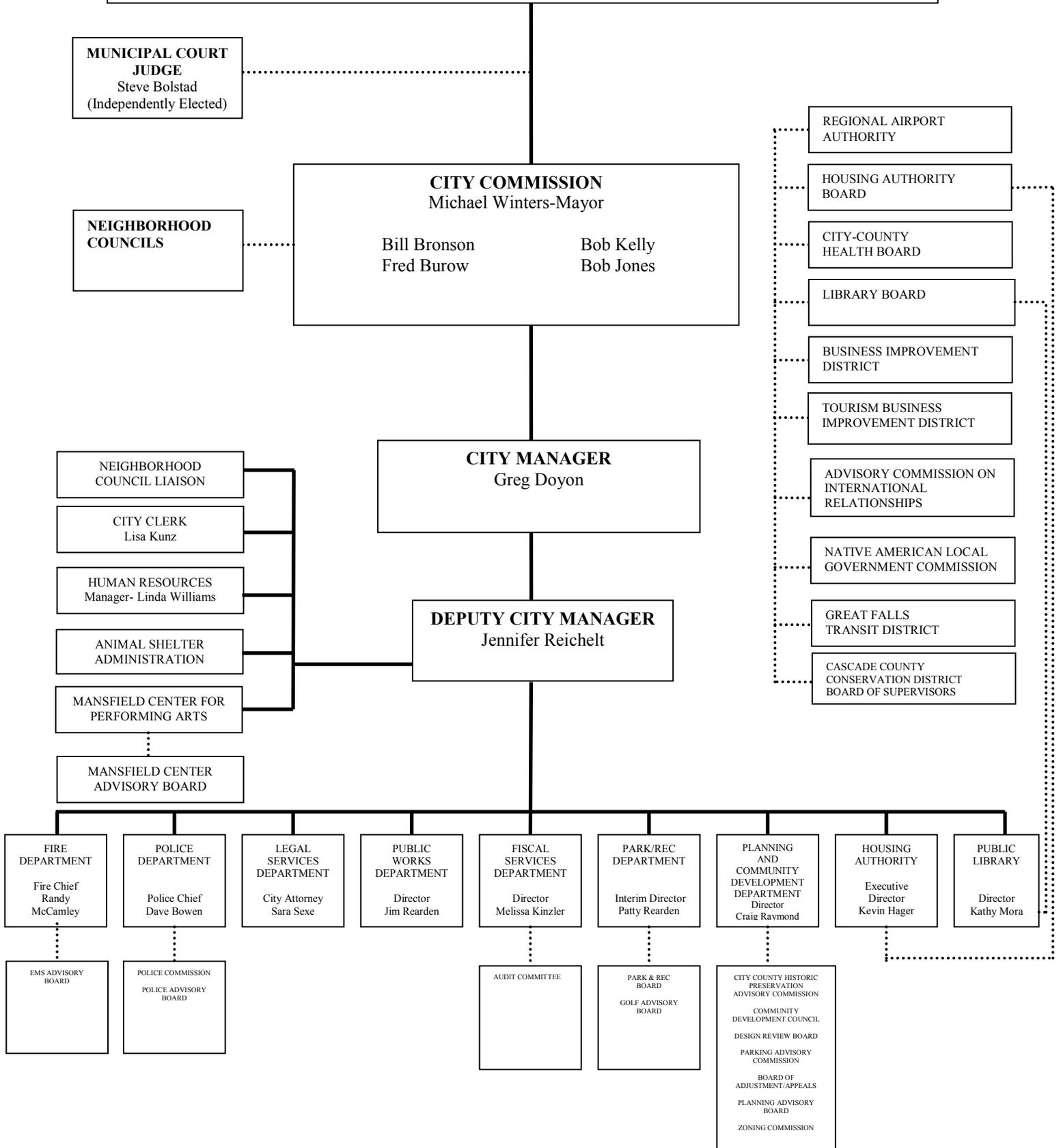
**City of Great Falls
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITIZENS OF GREAT FALLS



City of Great Falls, Montana
List of Elected and Appointed Officials
June 30, 2014

Policy Making and Administrative Officials

Name	Elected Positions	Phone Number
Michael Winters	Mayor	799-0179
Bill Bronson	Commissioner	452-5921
Fred Burow	Commissioner	727-0930
Bob Kelley	Commissioner	452-2084
Bob Jones	Commissioner	453-5005
Steve Bolstad	Municipal Judge	771-1380
Appointed Positions		
Gregory Doyon	City Manager	455-8450
Department Positions		
Jennifer Reichelt	Deputy City Manager	455-8450
Lisa Kunz	City Clerk	455-8451
Melissa Kinzler	City Controller/Fiscal Services Director	455-8476
Randy McCamley	Fire Chief	727-8070
Sara Sexe	City Attorney	455-8535
Kevin Hager	Housing Authority	453-4311
Patty Rearden	Interim Park & Recreation Director	771-1265
Craig Raymond	Planning and Community Development	455-8530
Dave Bowen	Chief of Police	455-8410
Kathy Mora	Public Library Director	453-9706
Jim Rearden	Public Works Director	727-8390

All phone numbers listed above are preceded by the area code 406.



City of

Great Falls Montana

Financial Section



**Junkermier • Clark
Campanella • Stevens • P.C.**

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FAX (406) 761-2825
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Certified Public Accountants and Business Advisors

**To the Honorable Mayor,
City Commissioners and City Manager
City of Great Falls, Montana**

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and actuarial valuation of postretirement benefits and budgetary comparison information on pages 9 through 17 and 73 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Great Falls, Montana's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of the City of Great Falls, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Great Falls, Montana's internal control over financial reporting and compliance.

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

Great Falls, Montana
December 4, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Great Falls, we offer readers of the City of Great Falls' financial statements this narrative overview and analysis of the financial activities of the City of Great Falls for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in combination with additional information that we have furnished in the accompanying letter of transmittal found on pages 1 - 3 and the City's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The assets of the City of Great Falls exceeded its liabilities at the close of the most recent fiscal year by \$210,911,136. Of this amount, \$24,068,549 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,385,300 in comparison with the prior year. The majority of this increase is attributable to an increase in net position in the water, sewer, storm drain and electric funds.
- As of the close of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$10,592,992, an increase of \$383,884 in comparison with the prior year. Approximately 52.7% of this total amount, \$5,580,836, is available for spending at the government's discretion.
- At the close of the most recent fiscal year, unassigned fund balance for the general fund was \$3,068,392, or 12.2% of total general fund expenditures and transfers.
- The City of Great Falls' bonded debt increased by \$8,448,840 (34.0%) during the most recent fiscal year. The key factor in this increase was the issuance of debt for utility revenue bonds.
- The City's legal debt margin availability is \$68,723,361. The majority of the debt capacity would require a vote of the citizens on the debt issuance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Great Falls' basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. The government-wide financial statements, presented on pages 19 – 21, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Great Falls' assets and liabilities, with the difference between the two 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 City of Great Falls is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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., delinquent taxes and earned but unused compensated absences).

The government-wide financial statements distinguish functions of the City of Great Falls that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Great Falls include general government, public safety, public works, culture and recreation, housing and development, and interest and fees. The business-type activities of the City of Great Falls include activities such as water, sanitary sewer, storm drain, sanitation, electric, and golf courses operations.

The government-wide financial statements include not only the primary government of the City of Great Falls but also three component units, the Great Falls Business Improvement District (Business Improvement District), the Great Falls Tourism Business Improvement District (Tourism Business Improvement District) and the Great Falls Library Foundation (Public Library Foundation). The exclusion of the component units would cause the City of Great Falls' financial statements to be misleading and should, therefore, be included in the City of Great Falls' financial reports. Consolidated financial information for these component units is reported separately from the financial information presented for the primary government itself. Requests for additional information for the component units should be addressed to Great Falls Business Improvement District, 13 5th Street North, Great Falls, MT 59401; Great Falls Tourism Business Improvement District, PO Box 648, Great Falls, MT 59403; and Great Falls Public Library Foundation, PO Box 742, Great Falls, MT 59403.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Great Falls maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street District fund, and the Federal Block Grant fund, all of which are considered to be major funds. Data for the basic governmental fund financial statements is presented on pages 22 – 25. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation, on pages 80 – 111.

The City of Great Falls adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the General Fund and the major special revenue funds to demonstrate compliance with this budget. In addition, the City has provided budgetary comparison schedules for non-major governmental funds.

Proprietary Funds. The City of Great Falls maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Great Falls uses enterprise funds to account for its water, sewer, storm drain, electric, sanitation, 911 dispatch center, parking, golf courses, swimming pools, recreation, multi-sports, civic center events, special state projects, and port authority operations. Internal service funds are an accounting device to accumulate and allocate costs internally among the City of Great Falls' various functions. The City of Great Falls uses internal service funds to account for human resources, city telephone, health and benefits, insurance and safety, fiscal services, information technology, central garage, engineering, public works admin, and civic center facility service. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Golf Courses, Water, Sewer, Storm Drain, Sanitation, Electric, Port Authority, and State Special Projects operations funds, all of which are considered to be major funds of the City of Great Falls. Data for these major funds is presented on pages 26 – 33. The other six proprietary funds are combined into a single, aggregated presentation, presented on pages 112 – 120. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, presented on pages 121 – 133.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Great Falls' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Combined data for the fiduciary funds is presented on pages 34 – 35 with detail data presented on pages 134 – 139.

NOTES TO THE FINANCIAL STATEMENTS. The notes, presented on pages 36 – 72, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Other Post Employment Benefits and the City of Great Falls' budgetary control, on pages 73 – 79.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the City of Great Falls exceeded its liabilities by \$210,911,136.

By far the largest portion of the City of Great Falls' net position, \$174,660,087, (82.8%) reflects its net investment in capital assets (land, buildings, machinery and equipment, etc.). The City of Great Falls uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Great Falls' investment in its capital assets is reported net, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Great Falls' Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 22,663,334	\$ 23,084,771	\$ 25,294,182	\$ 23,370,462	\$ 47,957,516	\$ 46,455,233
Capital assets	74,581,848	75,891,425	141,470,229	124,301,668	216,052,077	200,193,093
Total assets	97,245,182	98,976,196	166,764,411	147,672,130	264,009,593	246,648,326
Liabilities:						
Noncurrent liabilities	10,610,329	10,080,004	34,352,210	23,086,751	44,962,539	33,166,755
Current liabilities	3,156,371	3,918,323	4,979,547	5,037,412	8,135,918	8,955,735
Total liabilities	13,766,700	13,998,327	39,331,757	28,124,163	53,098,457	42,122,490
Net position:						
Net investment in capital assets	69,788,446	71,608,711	104,871,641	100,276,282	174,660,087	171,884,993
Restricted	7,528,842	8,702,271	4,653,658	5,803,799	12,182,500	14,506,070
Unrestricted	6,161,194	4,666,887	17,907,355	13,467,886	24,068,549	18,134,773
Total net position	\$ 83,478,482	\$ 84,977,869	\$127,432,654	\$119,547,967	\$210,911,136	\$204,525,836

An additional portion of the City of Great Falls' net position, \$12,182,500, represents resources that are subject to external restrictions on how they may be used. Restricted net position reported for the business-type activities were \$4,653,658. The majority of this restricted net position is related to the debt service reserve required for the issuance of revenue related debt. The remaining balance of unrestricted net position, \$24,068,549, may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities capital assets decreased by \$1,309,577 due to the retirement of capital assets. The governmental activities current liabilities decreased by \$761,952, due to the decrease of accounts payables. The decrease of accounts payables is due to decrease in accounts payable in the health and benefits fund because the City no longer is self insured for health insurance.

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

City of Great Falls' Changes in Net Position

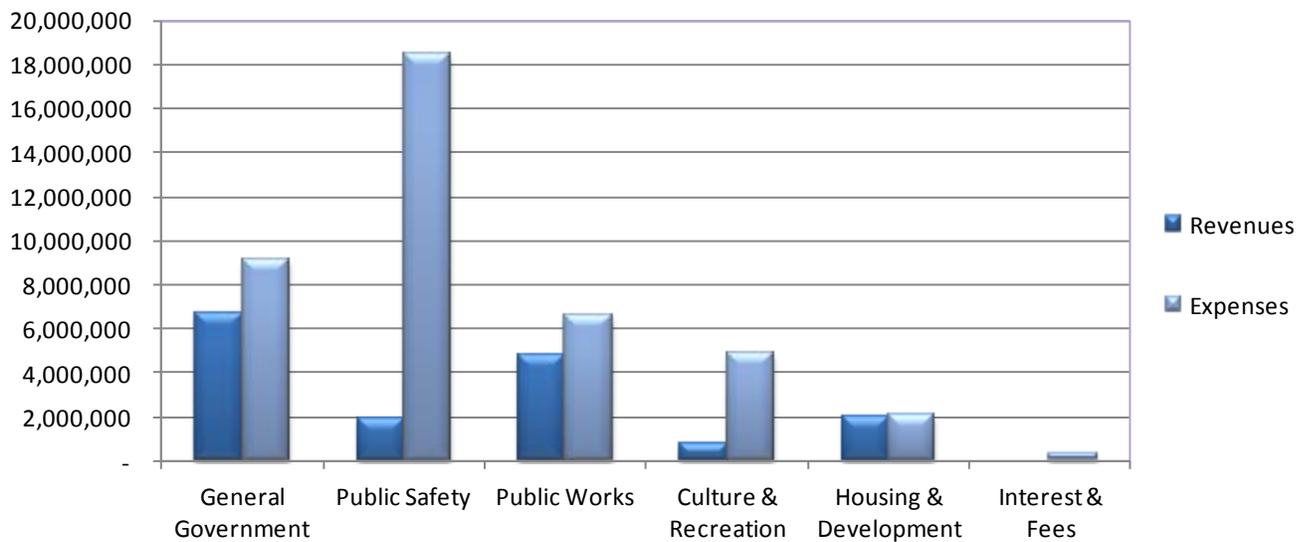
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$14,412,892	\$15,606,678	\$ 32,225,214	\$ 33,634,963	\$ 46,638,106	\$ 49,241,641
Operating grants and contributions	1,171,027	2,277,090	870,461	-	2,041,488	2,277,090
Capital grants and contributions	616,593	499,861	-	42,130	616,593	541,991
General revenues:						
Property taxes, levied for general purposes	17,124,467	16,238,131	-	-	17,124,467	16,238,131
Grants and contributions, unrestricted	8,042,009	7,612,104	89	50,488	8,042,098	7,662,592
Other	8,681	48,395	13,487	26,276	22,168	74,671
Miscellaneous	463,284	475,503	787,181	120,976	1,250,465	596,479
Total revenues	41,838,953	42,757,762	33,896,432	33,874,833	75,735,385	76,632,595
Expenses:						
General government	9,116,629	8,696,774	-	-	9,116,629	8,696,774
Public safety	18,452,067	18,473,368	-	-	18,452,067	18,473,368
Public works	6,609,221	6,823,866	-	-	6,609,221	6,823,866
Culture and recreation	4,908,524	5,280,872	-	-	4,908,524	5,280,872
Housing and development	2,100,706	2,986,916	-	-	2,100,706	2,986,916
Interest and fees	275,752	286,266	-	-	275,752	286,266
Golf Courses	-	-	1,274,279	1,393,735	1,274,279	1,393,735
Water	-	-	8,260,040	8,360,315	8,260,040	8,360,315
Sewer	-	-	7,823,272	7,676,489	7,823,272	7,676,489
Storm Drain	-	-	1,322,246	1,358,316	1,322,246	1,358,316
Sanitation	-	-	3,367,323	3,406,713	3,367,323	3,406,713
Electric	-	-	854,118	2,606,675	854,118	2,606,675
Port Authority	-	-	325,092	298,960	325,092	298,960
State Special Projects	-	-	63,680	-	63,680	-
Other	-	-	4,597,136	4,598,631	4,597,136	4,598,631
Total expenses	41,462,899	42,548,062	27,887,186	29,699,834	69,350,085	72,247,896
Increase in net position before transfers	376,054	209,700	6,009,246	4,174,999	6,385,300	4,384,699
Extraordinary Item - Recognition of Loss	-	-	-	(4,117,122)	-	(4,117,122)
Transfers	(1,875,441)	(10,017,773)	1,875,441	10,017,773	-	-
Increase in net position	(1,499,387)	(9,808,073)	7,884,687	10,075,650	6,385,300	267,577
Total Net Position - Beginning	84,977,869	94,838,452	119,547,967	109,837,729	204,525,836	204,676,181
Adjustment	-	(52,510)	-	(365,412)	-	(417,922)
Total Net Position - Beginning, as Restated	84,977,869	94,785,942	119,547,967	109,472,317	204,525,836	204,258,259
Net position - ending	\$83,478,482	\$84,977,869	\$ 127,432,654	\$119,547,967	\$ 210,911,136	\$ 204,525,836

The City of Great Falls' revenues totaled \$75,735,385. The total cost of all programs and services was \$69,350,085. The government was able to cover this year's costs in both governmental activities and business-type activities. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental activities. Revenues for the most recent year from governmental activities were \$41,838,953 while expenses were \$41,462,899. Net position thus increased by \$376,054 before transfers. Operating grants and contributions decreased \$1,106,063 due to decreases in grants and contributions received in the Federal Block Grant, and Home grant funds. Property taxes increased by \$886,336 primarily due to a protested tax settlement, newly taxable property and a 1.03% inflationary increase. Grants and contributions (such as State of Montana Entitlement House Bill 124) that are unrestricted increased by \$429,905 primarily due to the increase of intergovernmental income received for personal property reimbursement.

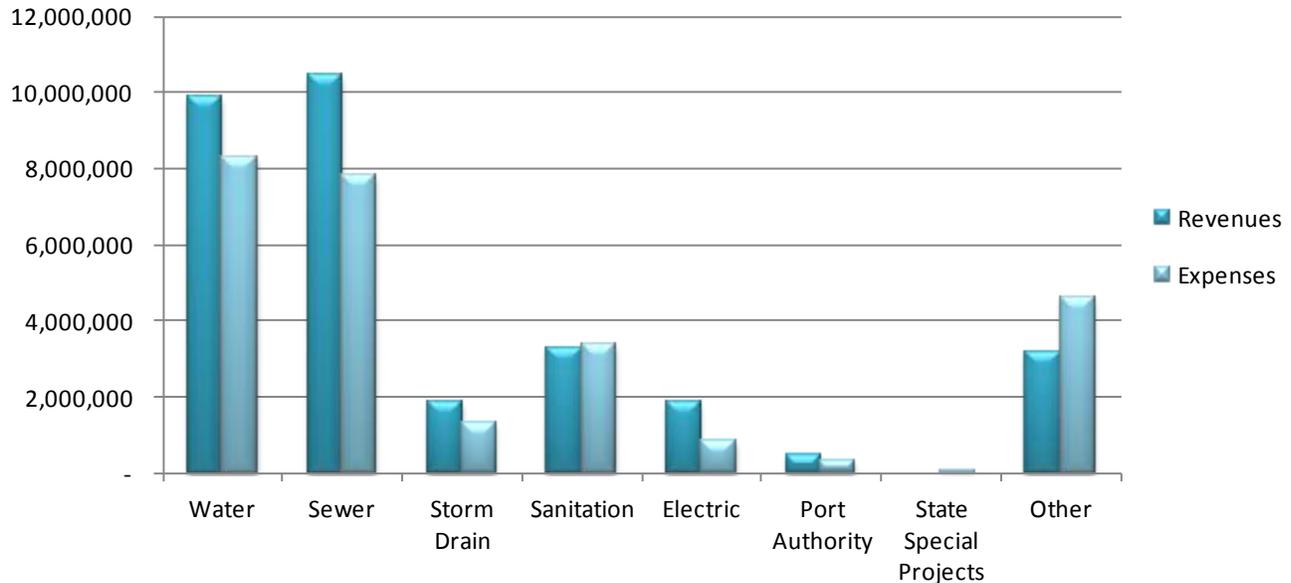
General government related expenses increased by \$419,855 primarily due to the refunding of debt in the Soccer Park GO Bond, Swimming Pool GO Bond, and the issuance of General Obligation Taxable Bonds debt service funds. Public works related expenses decreased by \$214,645 primarily due to decreased activity in Street fund. Housing and development expenses decreased by \$886,210 due to decreased activity in the grant programs. Interest and fees decreased by \$10,514 due to repayment of debt.

Program Revenues and Expenses - Governmental Activities



Business-type activities. Revenues for the most recent year from business-type activities were \$33,896,432 while expenses were \$27,887,186. Net position thus increased by \$6,009,246 before transfers. Overall revenue derived from charges for services decreased \$1,409,749 primarily due to decreased revenue in the Water and Electric funds. The business-type activities expenses decreased by \$1,812,648, primarily due to decreased activity in the Electric fund. Other business-type fund expenses were \$573,949 more than the revenues primarily due to the Swimming Pools fund, the Parking fund, and the Civic Center Events fund. The Swimming Pools fund and the Civic Center Events fund are subsidized by transfers in from the General fund in the amounts of \$214,389 and \$114,727 respectively.

Program Revenues and Expenses - Business-type Activities



CITY OF GREAT FALLS' FUND FINANCIAL ANALYSIS

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

Governmental funds. The focus of the City of Great Falls' governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Great Falls' financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$10,592,992, an increase of \$383,884 in comparison with the previous year. Approximately 52.7% of this total amount, \$5,580,836, constitutes assigned and unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to provide required security for long-term debt obligations and other restrictions.

The General fund serves as the chief operating fund of the City. The General Fund is used to account for all financial resources not accounted for in some other fund. At the end of the most recent fiscal year, unreserved fund balance in the General fund was \$3,068,392. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 12.2% of total General fund expenditures and transfers out. This is not in compliance with internally set requirements of 17%. During the prior fiscal year, the fund balance of the City of Great Falls' General fund decreased by \$5,164,937. This decrease was due to the one-time transfer of \$5,553,054 from the General fund to the Electric fund to cover the cash deficit. Efforts were made in the 2014 and 2015 budgets and are ongoing to rebuild the fund balance of the General fund to the internally set requirements of 17%.

The Street District fund reports operations of the Street Division. At the end of the most recent fiscal year, restricted fund balance in the Street District fund was \$1,237,098. Fund balance represents 19.9% of total Street fund expenditures and transfers out, in compliance with internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Street fund decreased by \$955,855. A primary element of this decrease is from capital outlay expenditures.

The Federal Block Grant fund accounts for federal funds received to assist in the development of the urban community. At the end of the most recent fiscal year, restricted fund balance in the Federal Block Grant fund was \$305,218. Fund balance represents 38.6% of total Federal Block Grant fund expenditures, in compliance with internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Federal Block Grant fund increased by \$17,157. Elements of this increase include a decrease in the amount of expenditures.

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

Restricted net position of the enterprise funds totaled \$6,622,110. Restricted net position increased by \$818,311 from the previous year. The majority of this increase is due to the issuance of utility revenue bonds which resulted in an increase of required debt service reserves. Unrestricted net position of the enterprise funds totaled \$15,938,903. The total increase in net position for the enterprise funds is \$7,884,687 primarily due to an increase in net investment in capital assets in the Water, Sewer and Storm Drain funds due to the retirement of debt and the transfers from other funds to the Electric fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a net change in fund balance of \$11,506. The major difference was due to receipt of a pass-through grant and the close of a nonmajor special revenue fund. A review of actual expenditures compared to the appropriations in the final budget yields no significant negative variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Great Falls' investment in capital assets for its governmental and business-type activities as of June 30, 2014, is \$216,052,077, net of accumulated depreciation. This investment in capital assets includes land, intangible assets, buildings and structures, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City of Great Falls' investments in capital assets for the most recent fiscal year was 8%.

City of Great Falls' Capital Assets (net of depreciation)

	Governmental Activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,825,168	\$ 9,853,958	\$ 4,115,316	\$ 4,115,316	\$ 13,940,484	\$ 13,969,274
Intangible	218,276	471,182	-	-	218,276	471,182
Buildings	7,302,176	7,700,988	19,266,267	13,144,129	26,568,443	20,845,117
Improvements	20,786,916	19,488,256	50,135,606	50,138,833	70,922,522	69,627,089
Machinery and equipment	5,785,748	5,983,090	3,277,186	3,582,857	9,062,934	9,565,947
Infrastructure	29,926,824	31,485,043	44,423,311	45,800,164	74,350,135	77,285,207
Construction in progress	736,740	908,908	20,252,543	7,520,369	20,989,283	8,429,277
Total capital assets	<u>\$ 74,581,848</u>	<u>\$ 75,891,425</u>	<u>\$141,470,229</u>	<u>\$124,301,668</u>	<u>\$216,052,077</u>	<u>\$200,193,093</u>

Major capital asset events during the most recent fiscal year included the reconstruction of streets, water mains, sewer mains, and storm drains. Further detail on capital assets is presented in Note 6 on pages 50– 51.

Long-term debt. At the end of the most recent fiscal year, the City of Great Falls had total bonded debt of \$33,246,244. Of this amount, \$2,220,000 is general obligation bonds, \$1,035,000 is general obligation taxable bonds, \$215,000 is special assessment debt for which the City is obligated to pay up to the amount available in the Special Improvement District Revolving fund; \$2,585,000 is tax increment urban renewal bonds to be repaid from the tax increments received by the City from its West Bank urban renewal area; and \$27,191,244 are bonds secured solely by specified revenue sources. Further information on long-term debt is presented in Note 8 on pages 52 – 63.

City of Great Falls' Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 27,191,244	\$ 19,117,404	\$27,191,244	\$ 19,117,404
General obligation bonds	2,220,000	2,640,000	-	-	2,220,000	2,640,000
General obligation taxable bonds	1,035,000	-	-	-	1,035,000	-
Special assessment bonds	215,000	370,000	-	-	215,000	370,000
Urban renewal tax increment bonds	2,585,000	2,670,000	-	-	2,585,000	2,670,000
Total	\$6,055,000	\$5,680,000	\$ 27,191,244	\$ 19,117,404	\$33,246,244	\$ 24,797,404

During the most recent fiscal year, the City of Great Falls' bonded debt increased by \$8,448,840 (34.0%). This is primarily due to the issuance of utility revenue bonds and general obligation taxable bonds.

The City of Great Falls maintains insured ratings from Moody's "Aa3" for general obligation bonds and "A1" for revenue debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.50% of its total assessed value of taxable property. The current legal debt capacity for the City of Great Falls is \$71,978,361, of which \$68,388,259 is unused by the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The unemployment rate in July 2014 for Cascade County, Montana, of which the City of Great Falls is the county seat, was 4.0%, which decreased 1.1% from a year ago. This compares favorably with the national unemployment rate of 6.2% and the Montana unemployment rate of 4.4%.

The majority of City of Great Falls' taxes are generated from real and personal property. Since the State of Montana and the City of Great Falls do not have sales taxes, the downturn in the national economy does not have a direct effect on tax revenue. It does have an indirect effect in such that the City of Great Falls newly taxable property will be fluctuating. If the mill value decreases with the "floating mill," the City does have the ability to increase the amount of mills to make up the difference in lost value.

Future challenges and opportunities for the City of Great Falls include:

1. The City will need to re-evaluate its needs in public safety staffing. Any substantial changes will likely require a public safety levy approved by the voters.
2. The City also needs to direct more funds toward its facilities, including the Civic Center and potentially a new fire station. Again, the voters would be asked to issue new debt in order to fund these projects.
3. The City is moving forward with exploring Public/Public Partnerships with Malmstrom Air Force Base and Montana Air National Guard to support its military installations.
4. The internal information technology needs are also being watched. There have been substantial changes to the City's software that place additional stress on the current system's hardware architecture.
5. The Montana State legislature approved a mandatory Public Employee Retirement System contribution increase effective July 1, 2013 of 1% for both the employee and employer. This will increase the cost of personal services for the City. The City's required contributions will increase an additional .1% every subsequent year through 2024.
6. The City continues with the process of finalizing Electric City Power and closing the Electric fund.

After reviewing all the financial indicators of the City of Great Falls, the City as a whole has improved as a result of the year's activities, which is reflected in the increase in the City's total net position. Investments in the City's capital assets increased in fiscal year 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Great Falls' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Melissa Kinzler, Fiscal Services Director, PO Box 5021, Great Falls, MT 59403.

Basic Financial Statements

City of Great Falls, Montana
Statement of Net Position
June 30, 2014

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Business Improvement District</u>	<u>Tourism Business Improvement District</u>	<u>Public Library Foundation</u>
Assets						
Current assets						
Cash and investments	\$11,483,424	\$ 14,395,492	\$ 25,878,916	\$ 113,537	\$ 680,269	\$ 3,250,019
Receivables						
Taxes	2,263,733	-	2,263,733	-	-	-
Special assessments	813,337	-	813,337	88,531	675,864	-
Accounts	279,552	3,846,918	4,126,470	-	-	-
Accrued interest	4,791	7,907	12,698	-	-	-
Loans	2,685,103	-	2,685,103	-	-	-
Other	50	-	50	22	-	-
Due (to) from other city funds	1,081,959	(1,081,959)	-	-	-	-
Due from other governments	665,367	915,253	1,580,620	-	-	-
Inventories	218,697	401,609	620,306	-	-	-
Prepaid items	-	84,723	84,723	2,686	-	-
Total current assets	<u>19,496,013</u>	<u>18,569,943</u>	<u>38,065,956</u>	<u>204,776</u>	<u>1,356,133</u>	<u>3,250,019</u>
Noncurrent assets						
Restricted cash and investments	3,141,972	6,724,239	9,866,211	-	-	55,733
Other assets	25,349	-	25,349	-	-	-
Capital assets						
Non-depreciable capital assets	10,780,184	24,367,859	35,148,043	-	-	-
Depreciable capital assets, net	63,801,664	117,102,370	180,904,034	404,345	-	-
Total noncurrent assets	<u>77,749,169</u>	<u>148,194,468</u>	<u>225,943,637</u>	<u>404,345</u>	<u>-</u>	<u>55,733</u>
Total assets	<u>97,245,182</u>	<u>166,764,411</u>	<u>264,009,593</u>	<u>609,121</u>	<u>1,356,133</u>	<u>3,305,752</u>
Liabilities						
Current liabilities						
Accounts payable	2,042,362	1,656,620	3,698,982	180,088	-	-
Compensated absences	198,171	59,387	257,558	-	-	-
Debt due within one year	640,210	2,815,376	3,455,586	-	-	-
Other liabilities	275,628	448,164	723,792	-	-	-
Total current liabilities	<u>3,156,371</u>	<u>4,979,547</u>	<u>8,135,918</u>	<u>180,088</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities						
Compensated absences	3,271,413	529,039	3,800,452	-	-	-
Debt due in more than one year	5,749,892	33,783,171	39,533,063	-	-	-
Other liabilities	1,589,024	40,000	1,629,024	122,500	-	-
Total noncurrent liabilities	<u>10,610,329</u>	<u>34,352,210</u>	<u>44,962,539</u>	<u>122,500</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,766,700</u>	<u>39,331,757</u>	<u>53,098,457</u>	<u>302,588</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	69,788,446	104,871,641	174,660,087	404,345	-	-
Restricted for:						
Expendable:						
Debt service	973,274	-	973,274	-	-	-
Revenue bond reserves	-	4,503,658	4,503,658	-	-	-
Repair and replacement	-	150,000	150,000	-	-	-
Contributor restrictions	59,355	-	59,355	-	-	-
Grantor restrictions	362,913	-	362,913	-	-	-
Law restrictions	3,591,265	-	3,591,265	-	-	-
General government	220,459	-	220,459	-	-	-
Public safety	739,952	-	739,952	-	-	-
Park and recreation	550,399	-	550,399	-	-	-
Housing and development	153,276	-	153,276	-	-	-
Capital outlay	385,566	-	385,566	-	-	-
Library operations	467,034	-	467,034	-	-	1,529,185
Nonexpendable:						
Programs and operations	25,349	-	25,349	-	-	55,733
Unrestricted	<u>6,161,194</u>	<u>17,907,355</u>	<u>24,068,549</u>	<u>(97,812)</u>	<u>1,356,133</u>	<u>1,720,834</u>
Total net position	<u>\$83,478,482</u>	<u>\$127,432,654</u>	<u>\$210,911,136</u>	<u>\$ 306,533</u>	<u>\$ 1,356,133</u>	<u>\$ 3,305,752</u>

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

City of Great Falls, Montana
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 9,116,629	\$ 5,864,755	\$ 765,666	\$ 60,084
Public safety	18,452,067	1,638,667	306,985	-
Public works	6,609,221	4,770,651	-	-
Culture and recreation	4,908,524	750,894	30,343	-
Housing and development	2,100,706	1,387,925	68,033	556,509
Interest and fees	275,752	-	-	-
Total governmental activities	41,462,899	14,412,892	1,171,027	616,593
Business-type activities				
Golf courses	1,274,279	1,314,324	-	-
Water	8,260,040	9,872,232	-	-
Sewer	7,823,272	10,446,285	-	-
Storm drain	1,322,246	1,867,201	-	-
Sanitation	3,367,323	3,257,465	-	-
Electric	854,118	1,849,794	-	-
Port Authority	325,092	465,187	-	-
State Special Projects	63,680	-	-	-
Other	4,597,136	3,152,726	870,461	-
Total business-type activities	27,887,186	32,225,214	870,461	-
Total primary government	\$ 69,350,085	\$ 46,638,106	\$ 2,041,488	\$ 616,593

Component Units

Great Falls Business Improvement District	\$ 277,515	\$ 211,776	\$ -	\$ -
Tourism Business Improvement District	\$ 301,326	\$ 456,334	\$ -	\$ -
Great Falls Public Library Foundation	\$ 188,807	\$ -	\$ -	\$ -

General revenues:

Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Total net position - beginning

Total net position - ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
\$ (2,426,124)	\$ -	\$ (2,426,124)	\$ -	\$ -	\$ -
(16,506,415)	-	(16,506,415)	-	-	-
(1,838,570)	-	(1,838,570)	-	-	-
(4,127,287)	-	(4,127,287)	-	-	-
(88,239)	-	(88,239)	-	-	-
(275,752)	-	(275,752)	-	-	-
<u>(25,262,387)</u>	<u>-</u>	<u>(25,262,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	40,045	40,045	-	-	-
-	1,612,192	1,612,192	-	-	-
-	2,623,013	2,623,013	-	-	-
-	544,955	544,955	-	-	-
-	(109,858)	(109,858)	-	-	-
-	995,676	995,676	-	-	-
-	140,095	140,095	-	-	-
-	(63,680)	(63,680)	-	-	-
-	(573,949)	(573,949)	-	-	-
-	5,208,489	5,208,489	-	-	-
<u>\$ (25,262,387)</u>	<u>\$ 5,208,489</u>	<u>\$ (20,053,898)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,739)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,008</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,807)</u>
17,124,467	-	17,124,467	-	-	-
8,042,009	89	8,042,098	-	-	1,541,065
8,681	13,487	22,168	153	2,926	150,016
463,284	787,181	1,250,465	21,403	50,551	-
(1,875,441)	1,875,441	-	-	-	-
<u>23,763,000</u>	<u>2,676,198</u>	<u>26,439,198</u>	<u>21,556</u>	<u>53,477</u>	<u>1,691,081</u>
(1,499,387)	7,884,687	6,385,300	(44,183)	208,485	1,502,274
<u>84,977,869</u>	<u>119,547,967</u>	<u>204,525,836</u>	<u>350,716</u>	<u>1,147,648</u>	<u>1,803,478</u>
<u>\$ 83,478,482</u>	<u>\$ 127,432,654</u>	<u>\$ 210,911,136</u>	<u>\$ 306,533</u>	<u>\$ 1,356,133</u>	<u>\$ 3,305,752</u>

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

**City of Great Falls
Balance Sheet
Governmental Funds
June 30, 2014**

	General	Street District	Federal Block Grant	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$2,528,022	\$1,244,771	\$ 178,131	\$ 5,441,877	\$ 9,392,801
Restricted cash and investments	-	-	-	605,482	605,482
Receivables					
Taxes	1,989,842	-	-	273,891	2,263,733
Special assessments	-	231,311	-	582,026	813,337
Accounts	49,349	28,723	-	3,305	81,377
Accrued interest	1,537	634	123	1,015	3,309
Loans	-	-	2,645,103	40,000	2,685,103
Other	50	-	-	-	50
Due from other city funds	463,859	-	52,539	621,627	1,138,025
Due from other governments	217,162	2,231	171,688	274,286	665,367
Other assets	-	9,734	-	15,615	25,349
Total assets	\$5,249,821	\$1,517,404	\$3,047,584	\$ 7,859,124	\$ 17,673,933
Liabilities					
Accounts payable	806,265	132,903	97,263	713,757	1,750,188
Due to other city funds	-	-	-	56,066	56,066
Interfund loans payable	31,711	-	-	14,766	46,477
Advances from other funds	224,981	-	-	45,405	270,386
Other liabilities	75,818	16,948	-	173,836	266,602
Total liabilities	1,138,775	149,851	97,263	1,003,830	2,389,719
Deferred inflows of resources					
Unavailable revenue-property taxes	1,042,654	-	-	91,085	1,133,739
Unavailable revenue-special assessments	-	119,057	-	456,159	575,216
Unavailable revenue-liens	-	11,398	-	47,105	58,503
Unavailable revenue-grants	-	-	2,645,103	58,974	2,704,077
Unavailable revenue-deferred loans	-	-	-	40,000	40,000
Unavailable revenue-security agreement	-	-	-	179,687	179,687
Total deferred inflows of resources	1,042,654	130,455	2,645,103	873,010	4,691,222
Fund balances					
Nonspendable	-	9,734	-	15,615	25,349
Restricted	-	1,227,364	305,218	3,454,225	4,986,807
Assigned	-	-	-	2,516,686	2,516,686
Unassigned	3,068,392	-	-	(4,242)	3,064,150
Total fund balances	3,068,392	1,237,098	305,218	5,982,284	10,592,992
Total liabilities, deferred inflows of resources, and fund balances	\$5,249,821	\$1,517,404	\$3,047,584	\$ 7,859,124	\$ 17,673,933

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

City of Great Falls, Montana
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

Amounts reported for governmental activities in the statement of net position (page 19) are different because:

Total fund balances - governmental funds (page 22)		\$ 10,592,992
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 146,481,074	
Less: accumulated depreciation	<u>(77,747,679)</u>	
Capital assets - net		68,733,395
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		8,686,914
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		4,691,222
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(3,094,522)	
Loans and contracts payable	(76,519)	
General obligation bonds payable	(2,220,000)	
General obligation taxable bonds payable	(1,035,000)	
Tax increment bonds payable	(2,585,000)	
Special assessment bonds payable	<u>(215,000)</u>	
Total long-term liabilities		<u>(9,226,041)</u>
Net position of governmental activities (page 19)		<u>\$ 83,478,482</u>

City of Great Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Street District	Federal Block Grant	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$15,435,926	\$ -	\$ -	\$ 1,688,541	\$ 17,124,467
Licenses and permits	887,633	7,611	-	1,160,635	2,055,879
Intergovernmental	7,361,488	1,440,813	556,509	2,028,799	11,387,609
Charges for services	1,150,010	105,125	252,309	1,403,500	2,910,944
Fines and forfeitures	833,447	-	-	105,699	939,146
Internal services	937,845	74,786	-	56,178	1,068,809
Special assessments	-	3,584,732	-	3,069,746	6,654,478
Investment income	(12,677)	(8,993)	(87)	22,078	321
Other	43,969	44,158	-	3,178,712	3,266,839
Total revenues	26,637,641	5,248,232	808,731	12,713,888	45,408,492
Expenditures					
Current					
General government	3,427,448	-	-	4,688,895	8,116,343
Public safety	17,624,724	-	-	638,351	18,263,075
Public works	-	4,694,934	-	78,562	4,773,496
Culture and recreation	2,223,898	-	-	2,009,449	4,233,347
Housing & development	-	-	639,113	1,158,362	1,797,475
Debt service					
Principal	-	-	-	3,078,887	3,078,887
Interest	3,484	-	-	269,405	272,889
Capital outlay	-	1,494,703	152,461	990,653	2,637,817
Total expenditures	23,279,554	6,189,637	791,574	12,912,564	43,173,329
Excess (deficiency) of revenues over (under) expenditures	3,358,087	(941,405)	17,157	(198,676)	2,235,163
Other financing sources (uses)					
Transfers in	152,379	-	-	691,633	844,012
Transfers out	(1,962,074)	(14,450)	-	(718,767)	(2,695,291)
Total other financing sources (uses)	(1,809,695)	(14,450)	-	(27,134)	(1,851,279)
Net change in fund balances	1,548,392	(955,855)	17,157	(225,810)	383,884
Fund balances - beginning	1,520,000	2,192,953	288,061	6,208,094	10,209,108
Fund balances - ending	\$ 3,068,392	\$1,237,098	\$ 305,218	\$ 5,982,284	\$ 10,592,992

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

City of Great Falls, Montana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities pages (pages 20-21) are different because:

Net Change in Fund Balances - total governmental funds (page 24)	\$	383,884
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Expenditures for capital assets	\$2,637,817	
Less: current year's depreciation	<u>(3,568,202)</u>	
Total capital asset related expenditures		(930,385)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets</p>		
		(28,790)
<p>Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>		
		(376,435)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(364,258)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of debt		
General obligation bonds	(2,350,000)	
General obligation taxable bonds	(1,065,000)	
Principal repayments		
Loans and contracts	38,888	
General obligation bonds	2,770,000	
General obligation taxable bonds	30,000	
Tax increment bonds	85,000	
Special improvement bonds	155,000	
Compensated absences	152,709	
Total debt related transactions		<u>(183,403)</u>
Change in net position of governmental activities (pages 20-21)	\$	<u><u>(1,499,387)</u></u>

**City of Great Falls
Statement of Net Position
Proprietary Funds
June 30, 2014**

Business Type Activities

	Golf Courses	Water	Sewer	Storm Drain	Sanitation
Assets					
Current assets					
Cash and investments	\$ -	\$ 5,638,491	\$ 4,122,785	\$ 2,771,212	\$ 288,559
Receivables					
Accounts	7,140	1,264,093	1,308,836	206,757	759,850
Accrued interest	-	3,371	3,128	1,408	-
Interfund loans receivable	-	-	-	-	-
Due from other governments	-	-	915,253	-	-
Inventories	89,728	311,881	-	-	-
Prepaid items	-	15,159	47,762	21,802	-
Total current assets	<u>96,868</u>	<u>7,232,995</u>	<u>6,397,764</u>	<u>3,001,179</u>	<u>1,048,409</u>
Noncurrent assets					
Restricted cash and investments	233,078	1,988,194	3,932,760	468,078	27,046
Advance to other funds	-	-	-	-	-
Non-depreciable capital assets	1,362,597	2,896,966	14,666,804	4,030,018	348,571
Depreciable capital assets, net	1,681,097	44,609,300	39,581,130	15,458,918	856,911
Total noncurrent assets	<u>3,276,772</u>	<u>49,494,460</u>	<u>58,180,694</u>	<u>19,957,014</u>	<u>1,232,528</u>
Total assets	<u>3,373,640</u>	<u>56,727,455</u>	<u>64,578,458</u>	<u>22,958,193</u>	<u>2,280,937</u>
Liabilities					
Current liabilities					
Accounts payable	49,228	473,949	771,178	18,598	159,287
Due to other city funds	1,081,959	-	-	-	-
Capital lease obligation	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Revenue bonds payable	215,000	369,000	1,272,753	233,000	-
Other liabilities	36,755	242,197	41,174	2,500	932
Total current liabilities	<u>1,382,942</u>	<u>1,085,146</u>	<u>2,085,105</u>	<u>254,098</u>	<u>160,219</u>
Noncurrent liabilities					
Capital lease obligations	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Compensated absences	60,569	266,591	36,416	-	92,847
Revenue bonds payable	250,000	4,092,000	18,555,491	2,204,000	-
Other liabilities	-	-	40,000	-	-
Total noncurrent liabilities	<u>310,569</u>	<u>4,358,591</u>	<u>18,631,907</u>	<u>2,204,000</u>	<u>92,847</u>
Total liabilities	<u>1,693,511</u>	<u>5,443,737</u>	<u>20,717,012</u>	<u>2,458,098</u>	<u>253,066</u>
Net position					
Net investment in capital assets	2,578,694	43,045,224	34,419,691	17,051,936	1,205,482
Restricted					
Revenue bond reserves	233,078	1,052,680	2,899,822	318,078	-
Repair and replacement	-	935,514	1,032,938	150,000	-
Unrestricted	(1,131,643)	6,250,300	5,508,995	2,980,081	822,389
Total net position	<u>1,680,129</u>	<u>51,283,718</u>	<u>43,861,446</u>	<u>20,500,095</u>	<u>2,027,871</u>
Total liabilities and net position	<u>\$ 3,373,640</u>	<u>\$ 56,727,455</u>	<u>\$ 64,578,458</u>	<u>\$ 22,958,193</u>	<u>\$ 2,280,937</u>

Continued on next page

City of Great Falls
Statement of Net Position (Concluded)
Proprietary Funds
June 30, 2014

	Business Type Activities				Governmental Activities	
	Electric	Port Authority	Special State Projects	Total		Internal Service Funds
				Nonmajor Enterprise Funds	Total	
Assets						
Current assets						
Cash and investments	\$ 170,947	\$ 124,264	\$ -	\$1,279,234	\$ 14,395,492	\$ 2,090,623
Receivables						
Accounts	188,924	25,965	-	85,353	3,846,918	198,175
Accrued interest	-	-	-	-	7,907	1,482
Interfund loans receivable	-	-	-	-	-	46,477
Due from other governments	-	-	-	-	915,253	-
Inventories	-	-	-	-	401,609	218,697
Prepaid items	-	-	-	-	84,723	-
Total current assets	359,871	150,229	-	1,364,587	19,651,902	2,555,454
Noncurrent assets						
Restricted cash and investments	-	-	-	75,083	6,724,239	2,536,490
Advance to other funds	-	-	-	-	-	270,386
Non-depreciable capital assets	-	194,057	-	868,846	24,367,859	27,108
Depreciable capital assets, net	-	5,128,220	4,953,505	4,833,289	117,102,370	5,821,345
Total noncurrent assets	-	5,322,277	4,953,505	5,777,218	148,194,468	8,655,329
Total assets	359,871	5,472,506	4,953,505	7,141,805	167,846,370	11,210,783
Liabilities						
Current liabilities						
Accounts payable	-	-	-	184,380	1,656,620	292,174
Due to other city funds	-	-	-	-	1,081,959	-
Capital lease obligation	-	-	-	147,645	147,645	-
Loans payable	-	-	-	-	-	37,694
Notes payable	-	289,944	288,034	-	577,978	-
Revenue bonds payable	-	-	-	-	2,089,753	-
Other liabilities	-	-	-	124,606	448,164	9,026
Total current liabilities	-	289,944	288,034	456,631	6,002,119	338,894
Noncurrent liabilities						
Capital lease obligations	-	-	-	157,464	157,464	-
Loans payable	-	-	-	-	-	220,889
Notes payable	-	3,864,465	4,659,751	-	8,524,216	-
Compensated absences	-	-	-	132,003	588,426	375,062
Revenue bonds payable	-	-	-	-	25,101,491	-
Other liabilities	-	-	-	-	40,000	1,589,024
Total noncurrent liabilities	-	3,864,465	4,659,751	289,467	34,411,597	2,184,975
Total liabilities	-	4,154,409	4,947,785	746,098	40,413,716	2,523,869
Net position						
Net investment in capital assets	-	1,167,868	5,720	5,397,026	104,871,641	5,589,870
Restricted						
Revenue bond reserves	-	-	-	-	4,503,658	-
Repair and replacement	-	-	-	-	2,118,452	-
Unrestricted	359,871	150,229	-	998,681	15,938,903	3,097,044
Total net position	359,871	1,318,097	5,720	6,395,707	127,432,654	8,686,914
Total liabilities and net position	\$ 359,871	\$5,472,506	\$4,953,505	\$7,141,805	\$167,846,370	\$ 11,210,783

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

City of Great Falls
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Business Type Activities

	<u>Golf Courses</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>
Operating revenues					
Charges for services	\$ 1,314,324	\$ 9,857,288	\$ 10,445,901	\$ 1,867,072	\$3,254,051
Operating expenses					
Personal services	617,559	2,321,012	827,825	45,917	1,226,430
Supplies and materials	178,390	872,711	70,796	3,609	342,691
Purchased services	119,002	799,501	3,543,057	24,122	844,928
Internal services	123,743	1,394,791	842,952	293,276	750,117
Other	-	50,551	154,369	23,171	-
Depreciation	205,765	2,759,952	2,332,859	928,061	202,892
Total operating expenses	<u>1,244,459</u>	<u>8,198,518</u>	<u>7,771,858</u>	<u>1,318,156</u>	<u>3,367,058</u>
Operating income (loss)	<u>69,865</u>	<u>1,658,770</u>	<u>2,674,043</u>	<u>548,916</u>	<u>(113,007)</u>
Nonoperating revenues (expenses)					
Investment income (loss)	5,603	21,555	8,712	(9,746)	(4,126)
Interest expense	(29,738)	(61,522)	(51,414)	(4,090)	-
Proceeds (loss) on sale of capital assets	-	12,298	-	-	401,307
Other	875	49,847	22,501	108,669	13,445
Total nonoperating revenues (expenses)	<u>(23,260)</u>	<u>22,178</u>	<u>(20,201)</u>	<u>94,833</u>	<u>410,626</u>
Income (loss) before capital contributions and transfers	46,605	1,680,948	2,653,842	643,749	297,619
Transfers in	-	-	110,973	153,325	-
Transfers out	-	-	-	-	-
Change in net position	46,605	1,680,948	2,764,815	797,074	297,619
Net position - beginning	<u>1,633,524</u>	<u>49,602,770</u>	<u>41,096,631</u>	<u>19,703,021</u>	<u>1,730,252</u>
Net position - ending	<u>\$ 1,680,129</u>	<u>\$ 51,283,718</u>	<u>\$ 43,861,446</u>	<u>\$20,500,095</u>	<u>\$2,027,871</u>

Continued on next page

City of Great Falls
Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Proprietary Funds
For the Year Ended June 30, 2014

	Business Type Activities				Governmental Activities	
	Total					
	Electric	Port Authority	Special State Projects	Nonmajor Enterprise Funds		
Operating revenues						
Charges for services	\$1,814,507	\$ 465,187	\$ -	\$3,151,724	\$ 32,170,054	\$ 15,810,952
Operating expenses						
Personal services	-	-	-	2,169,128	7,207,871	4,174,323
Supplies and materials	-	-	-	223,672	1,691,869	822,526
Purchased services	810,900	596	5,500	1,146,866	7,294,472	9,604,667
Internal services	9,225	-	-	572,726	3,986,830	823,133
Other	-	-	-	29,780	257,871	28,005
Depreciation	-	118,577	46,294	425,114	7,019,514	745,583
Total operating expenses	820,125	119,173	51,794	4,567,286	27,458,427	16,198,237
Operating income (loss)	994,382	346,014	(51,794)	(1,415,562)	4,711,627	(387,285)
Nonoperating revenues (expenses)						
Investment income (loss)	-	163	-	(8,674)	13,487	8,360
Interest expense	(33,993)	(205,919)	(11,886)	(29,496)	(428,058)	(2,863)
Proceeds (loss) on sale of capital assets	-	-	-	-	413,605	22,275
Other	135,287	-	69,400	898,561	1,298,585	7,239
Total nonoperating revenues (expenses)	101,294	(205,756)	57,514	860,391	1,297,619	35,011
Income (loss) before capital contributions and transfers	1,095,676	140,258	5,720	(555,171)	6,009,246	(352,274)
Transfers in	895,671	-	-	752,630	1,912,599	75,838
Transfers out	(37,158)	-	-	-	(37,158)	(100,000)
Change in net position	1,954,189	140,258	5,720	197,459	7,884,687	(376,436)
Net position - beginning	(1,594,318)	1,177,839	-	6,198,248	119,547,967	9,063,350
Net position - ending	<u>\$ 359,871</u>	<u>\$1,318,097</u>	<u>\$ 5,720</u>	<u>\$6,395,707</u>	<u>\$127,432,654</u>	<u>\$ 8,686,914</u>

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

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 1,318,255	\$ 10,184,814	\$ 10,898,312	\$ 1,906,413	\$ 2,872,435
Receipts from interfund services provided	-	-	-	-	-
Receipts from others	875	4	22,501	108,669	13,445
Receipts from other governments	-	49,847	(783,038)	10	9
Payments to suppliers	(318,756)	(1,502,827)	(2,976,265)	(145,599)	(1,171,219)
Payments to employees	(622,002)	(2,343,686)	(828,396)	(46,566)	(1,218,334)
Payments for interfund services used	(123,743)	(1,394,791)	(842,952)	(293,276)	(750,117)
Payments to others	-	(50,551)	(154,369)	(23,171)	-
Net cash provided by (used for) operating activities	<u>254,629</u>	<u>4,942,810</u>	<u>5,335,793</u>	<u>1,506,480</u>	<u>(253,781)</u>
Cash flows from noncapital financing activities					
Transfers in	-	-	110,973	153,325	-
Transfers out	-	-	-	-	-
Interfund cash flow loans	(24,917)	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(24,917)</u>	<u>-</u>	<u>110,973</u>	<u>153,325</u>	<u>-</u>
Cash flows from capital and related financing activities					
Proceeds from sale of assets	-	13,767	-	-	404,502
Principal payments received - advances	-	-	-	-	-
New borrowing	-	-	10,242,421	-	-
Principal payments - revenue bonds	(205,000)	(360,000)	(1,379,000)	(227,000)	-
Principal payments - notes	-	-	-	-	-
Principal payments - capital leases	-	-	-	-	-
Principal payments - loans	-	-	-	-	-
Interest paid	(29,738)	(124,955)	(412,415)	(58,669)	-
Acquisition/construction of capital assets	-	(2,827,836)	(12,010,394)	(2,731,607)	(206,901)
Net cash provided by (used for) capital and related financing activities	<u>(234,738)</u>	<u>(3,299,024)</u>	<u>(3,559,388)</u>	<u>(3,017,276)</u>	<u>197,601</u>
Cash flows from investing activities					
Interest on investments	3,966	28,875	15,646	(2,936)	(3,555)
Net cash provided by (used for) investing activities	<u>3,966</u>	<u>28,875</u>	<u>15,646</u>	<u>(2,936)</u>	<u>(3,555)</u>
Net increase (decrease) in cash	(1,060)	1,672,661	1,903,024	(1,360,407)	(59,735)
Cash, beginning of year	<u>234,138</u>	<u>5,954,024</u>	<u>6,152,521</u>	<u>4,599,697</u>	<u>375,340</u>
Cash, end of year (a)	<u>\$ 233,078</u>	<u>\$ 7,626,685</u>	<u>\$ 8,055,545</u>	<u>\$ 3,239,290</u>	<u>\$ 315,605</u>
(a) Shown on the statement of net assets as:					
Cash and investments	\$ -	\$ 5,638,491	\$ 4,122,785	\$ 2,771,212	\$ 288,559
Restricted cash and investments	233,078	1,988,194	3,932,760	468,078	27,046
	<u>\$ 233,078</u>	<u>\$ 7,626,685</u>	<u>\$ 8,055,545</u>	<u>\$ 3,239,290</u>	<u>\$ 315,605</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Total				Totals	Internal Service Funds
	Electric	Port Authority	State Special Projects	Nonmajor Enterprise Funds		
Cash flows from operating activities						
Receipts from customers and users	\$ 2,125,423	\$ 465,187	\$ -	\$ 3,137,806	\$ 32,908,645	\$ 766,303
Receipts from interfund services provided	-	-	-	848,430	848,430	15,388,086
Receipts from others	100,000	-	69,400	28,232	343,126	10,594
Receipts from other governments	-	-	-	-	(733,172)	-
Payments to suppliers	(1,754,600)	(596)	(5,500)	(1,358,171)	(9,233,533)	(10,976,110)
Payments to employees	-	-	-	(2,195,648)	(7,254,632)	(4,256,293)
Payments for interfund services used	(9,225)	-	-	(572,726)	(3,986,830)	(823,133)
Payments to others	-	-	-	(29,912)	(258,003)	(28,474)
Net cash provided by (used for) operating activities	<u>461,598</u>	<u>464,591</u>	<u>63,900</u>	<u>(141,989)</u>	<u>12,634,031</u>	<u>80,973</u>
Cash flows from noncapital financing activities						
Transfers in	895,671	-	-	752,630	1,912,599	75,838
Transfers out	(37,158)	-	-	-	(37,158)	(100,000)
Interfund cash flow loans	-	-	-	-	(24,917)	-
Net cash provided by (used for) noncapital financing activities	<u>858,513</u>	<u>-</u>	<u>-</u>	<u>752,630</u>	<u>1,850,524</u>	<u>(24,162)</u>
Cash flows from capital and related financing activities						
Proceeds from sale of assets	-	-	-	-	418,269	22,275
Principal payments received - advances	-	-	-	-	-	45,531
New borrowing	-	-	4,999,800	-	15,242,221	-
Principal payments - revenue bonds	-	-	-	-	(2,171,000)	-
Principal payments - notes	-	(277,596)	-	-	(277,596)	-
Principal payments - capital leases	-	-	-	(138,439)	(138,439)	-
Principal payments - loans	(1,106,020)	-	(52,014)	-	(1,158,034)	(36,970)
Interest paid	(33,993)	(187,591)	(11,886)	(29,496)	(888,743)	(2,863)
Acquisition/construction of capital assets	-	-	(4,999,800)	(930,210)	(23,706,748)	(395,184)
Net cash provided by (used for) capital and related financing activities	<u>(1,140,013)</u>	<u>(465,187)</u>	<u>(63,900)</u>	<u>(1,098,145)</u>	<u>(12,680,070)</u>	<u>(367,211)</u>
Cash flows from investing activities						
Interest on investments	(9,151)	163	-	(6,179)	26,829	16,795
Net cash provided by (used for) investing activities	<u>(9,151)</u>	<u>163</u>	<u>-</u>	<u>(6,179)</u>	<u>26,829</u>	<u>16,795</u>
Net increase (decrease) in cash	170,947	(433)	-	(493,683)	1,831,314	(293,605)
Cash, beginning of year	-	124,697	-	1,848,000	19,288,417	4,920,718
Cash, end of year (a)	<u>\$ 170,947</u>	<u>\$ 124,264</u>	<u>\$ -</u>	<u>\$ 1,354,317</u>	<u>\$ 21,119,731</u>	<u>\$ 4,627,113</u>
(a) Shown on the statement of net assets as:						
Cash and investments	\$ 170,947	\$ 124,264	\$ -	\$ 1,279,234	\$ 14,395,492	\$ 2,090,623
Restricted cash and investments	-	-	-	75,083	6,724,239	2,536,490
	<u>\$ 170,947</u>	<u>\$ 124,264</u>	<u>\$ -</u>	<u>\$ 1,354,317</u>	<u>\$ 21,119,731</u>	<u>\$ 4,627,113</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2014

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 69,865	\$ 1,658,770	\$ 2,674,043	\$ 548,916	\$ (113,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	205,765	2,759,952	2,332,859	928,061	202,892
Cash provided (used) by changes in operating assets and liabilities					
(Increase) decrease in accounts receivable	(80)	327,530	452,411	39,352	(381,606)
(Increase) decrease in due from other governments	-	-	(783,038)	-	-
(Increase) decrease in inventories	(9,956)	14	-	-	-
(Decrease) increase in accounts payable	(13,759)	56,976	557,821	(118,518)	23,312
(Decrease) increase in other liabilities	4,011	97,162	80,846	-	770
(Decrease) increase in compensated absences payable	(2,092)	(7,441)	(1,650)	-	413
Other nonoperating revenue	875	49,847	22,501	108,669	13,445
Total adjustments	\$ 184,764	\$ 3,284,040	\$ 2,661,750	\$ 957,564	\$ (140,774)
Net cash provided by (used for) operating activities	\$ 254,629	\$ 4,942,810	\$ 5,335,793	\$ 1,506,480	\$ (253,781)

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Total					Internal Service Funds
	Electric	Port Authority	State Special Projects	Nonmajor Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 994,382	\$ 346,014	\$ (51,794)	\$ (545,100)	\$ 5,582,089	\$ (387,284)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation expense	-	118,577	46,294	425,114	7,019,514	745,583
Cash provided (used) by changes in operating assets and liabilities						
(Increase) decrease in accounts receivable	275,629	-	-	(34,760)	678,476	345,662
(Increase) decrease in due from other governments	-	-	-	-	(783,038)	-
(Increase) decrease in inventories	-	-	-	-	(9,942)	(33,023)
(Decrease) increase in accounts payable	(943,700)	-	-	(10,685)	(448,553)	(521,687)
(Decrease) increase in other liabilities	-	-	-	1,565	184,354	-
(Decrease) increase in compensated absences payable	-	-	-	(6,223)	(16,993)	(75,517)
Other nonoperating revenue	135,287	-	69,400	28,100	428,124	7,239
Total adjustments	\$ (532,784)	\$ 118,577	\$ 115,694	\$ 403,111	\$ 7,051,942	\$ 468,257
Net cash provided by (used for) operating activities	\$ 461,598	\$ 464,591	\$ 63,900	\$ (141,989)	\$ 12,634,031	\$ 80,973

City of Great Falls
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 204,435	\$ 588,087
Special assessments receivable	-	1,011,855
Due from other governments	-	51
Total assets	204,435	1,599,993
Liabilities		
Accounts payable	-	316,940
Assets held for others	-	1,165,108
Other liabilities	-	117,945
Total liabilities	-	\$ 1,599,993
Net position		
Held in trust	204,435	
Total net position	\$ 204,435	

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

City of Great Falls
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Private-Purpose Trust Funds
Additions	
Contributions	\$ 4,371
Investment earnings	(198)
	4,173
Total additions	4,173
 Deductions	
Refunds of contributions	-
Change in net position	4,173
Net position - beginning	200,262
Net position - ending	\$ 204,435

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

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

A. Description of government-wide financial statements

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

B. Reporting Entity

The City of Great Falls (government) is a municipal corporation, organized in 1888 under the laws of the State of Montana. The City operates under the Commission/Manager form of government with a self-governing charter which became effective July 1, 1986. The City's executive, legislative, and policy-making body is the City Commission which is composed of a mayor and four commissioners. The City Manager serves as the appointed Chief Executive Officer carrying out the policies established by the City Commission and overseeing all operations. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - Electric City Power, Inc. (ECP) (Electric Fund)

On November 1, 2005, the City created and organized a nonprofit corporation under Ordinance 2925, to own, operate and take all other actions necessary or desirable in connection with the municipal electric utility of the City, including the provision of electricity supply services to customers located within the City. In 2007 the City contracted with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern) for its energy supply contracts. The City Commission comprises the ECP board. ECP is a blended component unit of the City of Great Falls. This component unit is blended as a proprietary fund presented in these financial statements as the Electric Fund. On October 2, 2007, an assignment and assumption agreement between the City and ECP was executed. The Assignment and Assumption Agreement was to assign all of the City's right, title, and interest in and to the Southern's contract to ECP. ECP agreed to assume all of the City's duties under the Southern wholesale power contracts. On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorneys reached a Settlement Agreement and Release that totally, completely and permanently severed the City's relationship with Southern Montana G&T. Electric City Power, Inc. was dissolved December 17, 2013. The City plans on closing the Electric Fund to the General Fund as soon as all business of ECP is completed.

Blended Component Unit - Great Falls Port Authority (Port Authority Fund)

On September 21, 2004, the City Commission passed Resolution 9425 authorizing the City Commission to Exercise Powers of a Port Authority and reaffirmed Resolution 8841 with City Commissioners as Port Authority Commissioners. Since the Port Authority governing body is the City Commission, the City can impose its will, the Port Authority by-laws state the City may fund its debt deficiency, and the services provided by the Port Authority benefit the City, the Port Authority is a blended component unit of the City of Great Falls. This component unit is blended as a proprietary fund presented in these financial statements.

Discretely Presented Component Unit - Great Falls Business Improvement District (Business Improvement District)

The objective of the Business Improvement District is to oversee and manage the appearance, security, and cleanliness of a designated area within Great Falls to make that area appealing to shoppers, office workers, area residents, and tourists as a viable shopping and tourist destination. The Business Improvement District's board of trustees is appointed by the City Commission. The Business Improvement District is

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

B. Reporting Entity – continued

Discretely Presented Component Unit - Great Falls Business Improvement District (continued)

required to submit an annual budget to the City Commission who may approve or modify the Business Improvement District's budget. Additionally, the City Commission is responsible for levying the Business Improvement District's assessments on the properties within the Business Improvement District. Separate financial statements of the Business Improvement District may be obtained by contacting the District at 13 5th Street North, Great Falls, Montana, 59401.

Discretely Presented Component Unit - Great Falls Tourism Business Improvement District (Tourism Business Improvement District)

The objective of the Tourism Business Improvement District is to promote tourism, conventions, trade shows, and travel to the City of Great Falls. The Tourism Business Improvement District's board of trustees is appointed by the City Commission. The Tourism Business Improvement District is required to submit an annual budget to the City Commission who may approve or modify the Tourism Business Improvement District's budget. Additionally, the City Commission is responsible for levying the Tourism Business Improvement District's assessments on the properties within the Tourism Business Improvement District. Separate financial statements of the Tourism Business Improvement District may be obtained by contacting the Tourism Business Improvement District at P. O. Box 648, Great Falls, Montana, 59403.

Discretely Presented Component Unit - Great Falls Public Library Foundation (Public Library Foundation)

The Public Library Foundation is a legally separate, tax-exempt component unit of the City. It provides the Great Falls Public Library with a supplemental source of funding in addition to the public funding the Library receives. Although the City does not control the timing or amount of receipts from the Public Library Foundation, the majority of resources, or incomes thereon, which the Public Library Foundation holds and invests, are restricted by the donors to the activities of the Library. Because these restricted resources held by the Public Library Foundation can only be used by, or for the benefit of, the City, the Public Library Foundation is considered a component unit of the City and is discretely presented in the City's financial statements.

The Public Library Foundation is a private non-profit organization. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Public Library Foundation's financial information in the City's financial reporting entity for these differences.

During the year ended March 31, 2014, the Public Library Foundation distributed \$152,936 to the City for both restricted and unrestricted purposes. Complete financial statements for the Public Library Foundation can be obtained by writing the Public Library Foundation at PO Box 742, Great Falls, Montana, 59403.

Related Organization - Housing Authority Board

The City Commission appoints all members of the Housing Authority Board, an independent authority that provides safe, decent, sanitary, and affordable housing for the community's low income residents and sets policy for the operation and management of public housing properties, HUD, Section 8 program and other affordable housing programs.

C. Basis of Presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

C. Basis of Presentation - government-wide financial statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

The General Fund serves as the chief operating fund of the City. The General Fund is used to account for all financial resources not accounted for in some other fund.

Street District Fund

The Street District Fund reports operations of the Street Division, pavement rehabilitation and restoration, street sweeping, snow and ice control, dust abatement and paving markings. This fund also reports activities related to the signs and signals function of the Support Services Division.

Federal Block Grant Fund

The Federal Block Grant Fund accounts for federal funds received by the City used to assist in the development of viable urban communities.

The City reports the following major enterprise funds:

Golf Courses Fund

The Golf Courses Fund accounts for the operation of two eighteen-hole golf courses: Eagle Falls and Anaconda Hills.

Water Fund

The Water Fund accounts for all aspects of the City water system operations; including related debt service, administrative expenses, operation and maintenance of the water treatment plant, laboratory, and water distribution.

Sewer Fund

The Sewer Fund accounts for all aspects of the City sewer system operations; including related debt service, administrative expenses, operation and maintenance of the wastewater treatment plant and sewer collection system.

Storm Drain Fund

The Storm Drain Fund accounts for all aspects of the City storm drain system including operation and maintenance and debt service.

Sanitation Fund

The Sanitation Fund accounts for all aspects of providing refuse collection and disposal services to the City.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

D. Basis of Presentation - fund financial statements – continued

Electric Fund

The Electric Fund accounts for all aspects of the City electric system operations; providing electricity for City operations, other government agencies, and retail customers as a blended component unit of the City of Great Falls. The City of Great Falls dissolved Electric City Power in December of 2013 and no longer sells electricity. This fund will be closed in the near future.

Port Authority Fund

The Port Authority Fund is used to account for operations of the Great Falls Port Authority as a blended component unit of the City.

Special State Projects Fund

The Special State Projects Fund is used to account for the Montana Board of Investments loan to finance the Infrastructure Loan Program for ADF Group USA, Inc (ADF).

Additionally, the City reports the following fund types:

Internal Service Funds

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City of Great Falls uses internal service funds for Central Garage, Information Technology, Insurance and Safety, Health and Benefits, Human Resources, City Telephone, Fiscal Services, Engineering, Public Works Admin, and Civic Center Facility Services.

Private-Purpose Trust Funds

Private-purpose trust funds are used to report all trust arrangements, other than those reported trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City of Great Falls has one private purpose trust to account for assessments collected from the buyers of Castle Pines Subdivision lots.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organization, or other governments. The City of Great Falls has four agency funds used for the Upper Lower River Road Water Sewer District, the Court, the Flex 1 Plans, and the Payroll.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the fund included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

E. Measurement Focus/Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and Investments

The City's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Generally, cash resources of the individual funds are combined to form a pool of cash and investments which is managed within the Fiscal Services Department. Investment criteria are established via Montana Code Annotated (MCA) 7-6-202 and the City's investment policy. The City investment committee reviews policies and conducts an annual review of the financial condition and registration of all qualified financial institutions and broker/dealers. Investments consist primarily of State of Montana short-term investment pool, time deposits, and U.S. government securities. Investments are carried at fair value in all funds. Investment income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average balance of cash and investments of each fund.

The City has a comprehensive investment policy addressing safety, liquidity and yield priorities. This investment policy is more restricted than State Law. The City has a policy of holding its investments to maturity. This is often referred to as 'passive investing'. The City follows this policy for a number of

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - continued

1. Cash and Investments - continued

reasons. First, the two main priorities when investing City funds are safety and liquidity. Investing in government securities and agencies (bonds) meet these priorities. A more active approach to investing requires additional staff time and more intensive continuing education and training. Also, 'active investing' exposes the City to risks related to timing the buying and selling of investments in the market.

All depositories must be either Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Deposit Insurance Corporation (FSLIC) insured. All deposits over the FDIC or FSLIC insured amount are required to be secured with a letter of credit or collateral having a market value of at least 100% of the deposit balance. City criteria for or collateral are a limited list of instruments with readily verifiable market value and established marketability. Collateral must be held by an approved third party financial institution in the name of the City.

Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income is allocated to the various funds based on the funds' respective participation and in accordance with generally accepted accounting principles.

Pooling cash assets eliminates the need to maintain uninvested contingency cash for each fund. Cash flow needs can be anticipated for the City as a whole. The fluctuations in cash needs for the individual funds tend to "net out" when combined needs are considered. The total uninvested cash balance for contingencies can be greatly reduced.

2. Receivables

Real property taxes and special assessments are attached as an enforceable lien on the underlying property. After a period of three years, Cascade County, acting as the City's collection agent, may begin foreclosure proceedings and sell the property at auction. The City receives its proportionate share of the sale proceeds from the County. An allowance for uncollectible accounts is not maintained.

3. Interfund Receivables/Payables

Interfund receivables/payables between or within fund types have not been eliminated at the fund financial level.

Due To/From Other Funds - Represent short-term amounts owed to a particular fund by another fund within the City for goods or services rendered. Since the City records its financial information for governmental funds on a modified accrual basis the timing of cash receipts can result in funds reflecting a deficit cash balance. For year-end reporting purposes cash deficits within funds are eliminated through short term borrowing between the funds resulting in amounts due to and due from other funds.

Interfund Loans Receivable/Payable - Represent short-term loans between funds within the City for working cash purposes and the current portion of advances.

Advances To/From Other Funds - Represent the noncurrent portion of long-term loans between funds within the City.

4. Inventories and Prepaid Items

Inventories in enterprise funds are stated at the lower of FIFO cost (first-in, first-out) or market. Inventories in internal service funds are stated at the lower of cost (average cost method) or market. Supplies purchased by governmental funds are recorded as expenditures at the time of purchase. The amounts on hand in governmental funds are not significant.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - continued

4. Inventories and Prepaid Items - continued

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items arise when charges are entered in the accounts for benefits not yet received. Prepaid items are spread over a short period of time and are regularly recurring costs of operation. In subsequent periods, when the benefit criteria are met, or when the City has a legal claim to the resources, the prepaid items are removed from the balance sheet and expenses are recognized.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost where historical cost records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible, or are intangible assets with indefinite useful lives. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets purchased by governmental funds (general capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, lighting systems, and similar assets) are recorded as expenditures in those funds when purchased. No depreciation is recorded on these general capital assets at the fund financial reporting level. In the government-wide statement of net position, these assets are capitalized at cost and in the government-wide statement of activities, depreciation is reported.

Capital assets purchased by proprietary funds are capitalized at cost and shown as assets of those funds. Depreciation of capital assets of proprietary funds is computed over the estimated useful lives of the assets using the straight-line method and is charged as an operating expense of those funds.

The estimated useful lives are as follows:

Buildings	40 – 50 years
Improvements	15 – 20 years
Equipment	5 – 25 years
Utility Plant	15 – 50 years
Residential streets	40 – 50 years
High traffic streets	20 – 25 years
Gravel or dirt alleys	10 – 15 years
Parking lots	20 – 25 years
Sidewalks, curbs and gutters	40 – 50 years

6. Equipment Replacement Reserves

The Information Technology and Central Garage internal service funds equipment replacement reserves are funded by a lease charge on a replacement cost basis for vehicles and equipment owned by these funds and used by other City funds. An equipment revolving schedule (ERS) has been established by vehicle or equipment item which includes department operation identification, estimated useful life, projected replacement date, reserve goal (estimated replacement cost), annual reserve increment (lease charge), and accumulated reserve balance. The ERS is reviewed and adjusted on an annual basis to assure that realistic replacement reserves are established. Whenever operational changes reduce vehicle or equipment needs, excess accumulated reserves are returned to the fund of origin through an equipment replacement reserve (transfer) when multiple fiscal years are involved, or credited against current year charges when only the current fiscal year is involved.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies - continued

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - continued

7. Compensated Absences

All full-time City employees accumulate vacation and sick leave hours for later use or for payment upon termination, retirement or death. In proprietary funds, vested vacation and sick leave benefits are recognized as expenses when earned by the employee and unpaid benefits are liabilities of those funds. Governmental fund types recognize the expenditure when benefits are paid. The remaining balance of vested governmental fund type employees' vacation and sick leave is reflected as a liability in the government-wide statements. The governmental funds typically used in prior years to liquidate the liability for compensated absences are any of the funds with payroll, which include: General, Street District, Federal Block Grant, Library, Planning & Community Development, Permits, Licenses, Natural Resources, Portage Meadows, Housing Authority, HIDTA Special Revenue, Home Grant, Housing Authority and all governmental internal service funds.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

9. Net Position Flow Assumption

Governments fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, the City of Great Falls' flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unrestricted – net position to have been depleted before restricted – net position is applied.

10. Fund Balance Flow Assumption

Governments fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, the City of Great Falls' flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unassigned fund balance to have been depleted before using any of the components of restricted fund balance. Further, when the components of restricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Assigned fund balance is applied last.

G. Encumbrances

The City does not utilize a formal encumbrance accounting system.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

2. Cash and Investments

The composition of the City's cash and investments, including restricted cash and investments, on June 30, 2014 was as follows:

	Component Units			
	Primary Government	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
Cash on hand	\$ 9,645	\$ 5,234	\$ 518,156	\$ -
Deposits in banks	5,778,561	-	-	9,386
Time deposits	15,001,260	-	-	-
Savings deposits	-	-	-	96,403
Certificates of deposit	43,547	-	162,113	100,000
U.S. government securities	10,699,010	-	-	-
Short term investment pool (STIP)	4,999,353	-	-	-
Money market funds	6,273	108,303	-	-
Mutual funds	-	-	-	3,051,330
Equity securities	-	-	-	48,633
Totals	\$ 36,537,649	\$ 113,537	\$ 680,269	\$ 3,305,752

The City's cash and investments for the primary government at June 30, 2014 are reported as:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 11,483,424	\$ 14,395,492	\$ 792,522	\$ 26,671,438
Restricted cash and investments	3,141,972	6,724,239	-	9,866,211
Totals	\$ 14,625,396	\$ 21,119,731	\$ 792,522	\$ 36,537,649

At June 30, 2014 the carrying amount of the City's bank deposits was \$5,778,561 and the bank balance was \$6,613,316. Of the bank balance, \$410,610 was covered by federal depository insurance and \$6,202,706 was covered by letter of credit from a federal home bank in the City's name. The time deposits of \$15,001,260 were covered by federal depository insurance.

At June 30, 2014, the carrying amount of deposits for the Great Falls Business Improvement District, a discretely presented component unit, was \$113,537 and the bank balance was \$113,537. Of the bank balance, \$113,537 was covered by federal depository insurance.

At June 30, 2014, the carrying amount of deposits for the Great Falls Tourism Business Improvement District, a discretely presented component unit, was \$518,156 and the bank balance was \$518,156. Of the bank balance, \$250,000 was covered by federal depository insurance and \$268,156 was covered by collateral held by an approved third party financial institution in the name of the District.

At March 31, 2014 the carrying amount of deposits for the Great Falls Public Library Foundation, a discretely presented component unit, was \$105,789 and the bank balance was \$105,439. Of the carrying amount of deposits, \$9,386 was covered by federal depository insurance and \$96,403 was covered by Securities Investors Protection Corporation.

Montana statutes require that the City have securities for deposits equal to 50% of its total deposits that are not insured or guaranteed, held in the City's name by the pledging bank's trustee. The City was in compliance with this statute at June 30, 2014. The City's policy is to have securities for deposits equal to 100% of its insured or guaranteed yield in the City's name. Types of securities that may be pledged as collateral are detailed in MCA 17-6-103.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

2. Cash and Investments – continued

Montana statutes authorize the City to invest in direct obligations of the United States government in savings or time deposits in a state or national bank, building or loan association, or credit union located in Montana; in investments of the Montana short-term investment pool (STIP) managed by the Montana Board of Investments; or in repurchase agreements.

Investments are in an internal investment pool. It is a common practice for governments to pool the cash and investments of funds to improve investment performance. Unless restricted by bonds, grants, etc., the City pools cash and investments of all funds. At June 30, 2014, the City had the following investments.

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Cash on hand, deposits in banks, savings deposits	\$ 5,788,206	\$ 5,788,206	\$ -
Certificates of deposit	43,547	43,547	-
Insured cash sweeps	15,001,260	15,001,260	-
U.S. treasuries	4,271,072	507,150	3,763,922
U.S. agencies	6,427,938	-	6,427,938
Short term investment pool (STIP)	4,999,353	4,999,353	-
Money market funds	6,273	6,273	-
Totals	\$ 36,537,649	\$ 26,345,789	\$ 10,191,860

Custodial credit risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized. The City’s investment policy limits its custodial risk by requiring all deposits under the FDIC or FSLIC insured amount to be insured by the FDIC or FSLIC and all deposits over the FDIC or FSLIC insured amount are required to be secured with collateral.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy minimizes the risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in short-term securities or similar investment pools.

Credit risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City’s investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. Although the STIP investments have been rated by investments security type, STIP, as an external investment pool, has not been rated by the Nationally Recognized Statistical Rating Organizations. More information on STIP is available at the Montana Department of Commerce Board of Investments website at <http://www.investmentmt.com/STIP/default.mcp>.

The U.S. Government Treasury Securities are not considered to have credit risk and do not require disclosure of credit quality. The U.S. Government Agencies Securities are 62.21% in Federal Home Loan Mortgage Corporation which had a credit rating of “AAA” at June 30, 2014; 22.24% in Federal Home Loan Bank which had a credit rating of “AAA” at June 30, 2014 and 15.55% in Federal Farm Credit Bureau which had a credit rating of “AAA” at June 30, 2014.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in external investment pools are excluded from this requirement.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

2. Cash and Investments – continued

Restricted Cash and Investments

Cash and investments of \$9,866,211 are restricted by bond covenants, state statute, or for specific purposes as follows:

Governmental Activities

Nonmajor governmental funds

Library - improvements		\$ 115,580
West Bank TID Bonds - current debt service	\$ 17,752	
West Bank TID Bonds - bond reserves	216,165	
Subtotal West Bank TID Bonds		233,917
SID Bonds - security reserves		179,687
General Capital Projects - suit related retainage		76,298

Internal Service funds

Central Garage - vehicle and equipment replacement		2,157,899
Information Technology - information systems	207,629	
Information Technology - vehicle and equipment replacement	6,324	
Subtotal Information Technology		213,953
Engineering - vehicle and equipment replacement		62,251
Public Works Admin - vehicle and equipment replacement		5,271
Civic Center Facility Service - improvements		97,116

Total Governmental Activities 3,141,972

Business Activities

Golf Courses

Bond reserves		233,078
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Water

Current debt service	40,421	
Bond reserves	485,055	
Operating reserves	450,900	
Vehicle and equipment replacement	1,011,818	
Subtotal Water		1,988,194

Sewer

Current debt service	189,650	
Bond reserves	2,281,282	
Operating reserves	428,890	
Vehicle and equipment replacement	1,032,938	
Subtotal Sewer		3,932,760

Storm Drain

Current debt service	23,878	
Bond reserves	277,600	
Repair and replacement reserves	166,600	
Subtotal Storm Drain		468,078

Sanitation

Vehicle and equipment replacement		27,046
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Nonmajor enterprise funds

Parking - vehicle and equipment replacement		49,026
Recreation - vehicle and equipment replacement		11,561
Civic Center Events - improvements		14,496

Total Business Activities 6,724,239

Total \$ 9,866,211

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

3. Receivables

Taxes and Special Assessments

The City's real estate property tax is levied as of November 1 on the assessed value listed as of January 1 of the same year, for all property located in the City. Assessed values are established by the State of Montana Department of Revenue (State) based on a market value. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by State statute as a fixed percentage of assessed value.

The City is permitted, by state statutes, to levy taxes up to certain fixed limits for various purposes. The taxes levied by the City for the year ended June 30, 2014 were within legal limits.

Taxes are due in semi-annual installments on November 30 and May 31 of each fiscal year. Property tax lien dates are December 1 and June 1.

The City levies assessments for lighting districts, street maintenance, boulevard maintenance, various special improvement districts (SID) and various special improvement lighting districts (SILD). The assessments are due in semi-annual installments on November 30 and May 31. All assessments are considered delinquent if not paid by May 31.

Loans Receivable

Loans receivable at June 30, 2014, consists of the following:

Federal Block Grant:	
Deferred payment loan program (a) (b)	\$ 2,645,103
Nonmajor governmental funds:	
Home Grant - deferred payment loan program (a)	<u>40,000</u>
Total	<u>\$ 2,685,103</u>

- (a) The deferred payment loan program for both Federal Block Grant and Home Grant was established to provide opportunities for lower income homeowners to rehabilitate, weatherize, maintain, or improve the quality of existing housing. No interest is charged on these loans. Repayment of the loan is required only if the property is sold, or upon satisfaction of the original mortgage, at which time the property owner begins making monthly payments equal to the principal and interest payment on the original mortgage.
- (b) The water and sewer loan program was established to stabilize and improve water and sewer service lines by providing financial assistance to landlords and homeowners who own their rental and residential property. Monthly payments are due the first of every month. The interest rates on these loans range from zero percent to three percent and terms range from ten to eighteen years. The loans are secured by the property and/or equipment. Deferred inflows of resources equal to the balance of the deferred payment loans receivable has been recorded.

4. Interfund Receivables, Payables, and Transfers

Due to/from Other City Funds

The due to other City funds balances reported in the fund financial statements represent credit cash balances in the individual funds at year-end with an offsetting due from other City funds in the corresponding funds.

Due to/from other City funds at June 30, 2014, consists of the following:

Receivable Fund	Payable Fund	
Nonmajor governmental fund - Natural Resources	Nonmajor governmental fund - Portage Meadows	\$ 3,527
Federal Block Grant	Nonmajor governmental fund - Home Grant	52,539
Nonmajor governmental fund - Park & Recreation	Golf Courses	618,100
General	Golf Courses	<u>463,859</u>
Total		<u>\$1,138,025</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

4. Interfund Receivables, Payables, and Transfers – continued

Interfund Loans

The interfund loans represent the current portion due from the advances from other funds which represent the long term portion. The advance from the central garage fund reported in the general and nonmajor governmental fund - park & recreation resulted from a loan made for Centene Stadium improvements. The advances paid from the general and nonmajor governmental fund - park & recreation for the Centene Stadium improvements are being repaid in annual installments including interest.

Interfund loans receivable/payable at June 30, 2014 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund - Central Garage	General	\$ 31,711
	Nonmajor governmental fund Park & Recreation	14,766
Total		<u>46,477</u>

Advances to/from other funds at June 30, 2014, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Internal service fund - Central Garage	General	\$ 224,981
	Nonmajor governmental fund Park & Recreation	45,405
Total		<u>\$ 270,386</u>

Transfers

Transfers represent the movement of cash assets between City funds and operations. Transfers are transactions which must be recorded, but should not be confused with operating revenues and expenditures. Recurring transfers are authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Transfers to/from other funds for the year ended June 30, 2014, consists of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 152,379	Transfer from internal service fund - insurance and safety to general fund for operation support [\$100,000]. Transfer from nonmajor governmental fund - tax increment to general fund for close of fund [\$52,379].
Nonmajor governmental funds		
Library	350,000	Transfers from general fund to library for operation support.
Planning & Community Development	100,000	Transfer from general fund to planning & community development for operation support.
Natural Resources	164,918	Transfer from general fund to natural resources for operation support.
CTEP Projects	14,450	Transfer from street district to CTEP projects for university district sidewalks.
General Obligation Taxable Bonds	37,158	Transfer from electric fund to general obligation taxable bonds for debt service.
SID Bonds	25,107	Transfer from nonmajor governmental fund - SID Bonds sub-fund for close of fund.
	<u>691,633</u>	Subtotal of nonmajor governmental funds
Sewer	110,973	Transfer from nonmajor governmental fund - economic revolving fund to sewer for reimbursement of infrastructure.
Storm Drain	153,325	Transfer from nonmajor governmental fund - economic revolving fund to storm drain for reimbursement of infrastructure.
Electric	895,671	Transfer from general fund to electric for debt service [\$145,671]. Transfer from general fund to electric for settlement [\$750,000].

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

4. Interfund Receivables, Payables, and Transfers – continued

Transfers - continued

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor enterprise funds		
Swimming Pools	214,389	Transfer from general fund to swimming pools for operations support.
911 Dispatch Center	364,288	Transfer from nonmajor governmental fund - 911 special revenue to 911 dispatch center for dispatch services.
Recreation	59,226	Transfer from general fund to recreation for operation support.
Civic Center Events	<u>114,727</u>	Transfer from general fund to civic center events for operation support.
	<u>752,630</u>	Subtotal of nonmajor enterprise funds
Internal service funds		
Information Technology	12,695	Transfer from nonmajor governmental fund - 911 special revenue to information technology for mapping tech position.
Engineering	<u>63,143</u>	Transfer from general fund to engineering for operation support.
	<u>75,838</u>	Subtotal of internal service funds
Total	<u>\$ 2,832,449</u>	

5. Due From Other Governments

Amounts due from other governments at June 30, 2014, were as follows:

<u>Fund</u>	<u>Federal</u>	<u>County</u>	<u>Other</u>	<u>Total</u>
General	\$ 2,496	\$ 214,666	\$ -	\$ 217,162
Street District	-	2,231	-	2,231
Federal Block Grant	171,688	-	-	171,688
Nonmajor governmental funds				
Library	-	307	-	307
Planning & Community Development	75,355	-	-	75,355
Downtown TID *	-	(1)	-	(1)
Natural Resources	-	246	-	246
Portage Meadows	-	13	-	13
Support & Innovation	-	154	-	154
HIDTA Special Revenue	89,586	-	-	89,586
Home Grant	54,790	-	-	54,790
Housing Authority	-	-	52,342	52,342
Street Lighting Districts	-	1,251	-	1,251
Soccer Park GO Bond	-	100	-	100
Swimming Pool GO Bond	-	154	-	154
West Bank TID Bonds *	-	(15)	-	(15)
Master Debt SILD	-	4	-	4
Subtotal nonmajor governmental funds	<u>219,731</u>	<u>2,213</u>	<u>52,342</u>	<u>274,286</u>
Sewer	-	915,253	-	915,253
Totals	<u>\$ 393,915</u>	<u>\$ 1,134,363</u>	<u>\$ 52,342</u>	<u>\$ 1,580,620</u>

* Tax increment districts (TID) have a base taxable value from when the district is established. The base taxable value is the taxable value of all property within the district boundary at the time the district is established. The incremental taxable value for a TID is the amount by which the taxable value is different from the base taxable value. Some TIDs have negative incremental value in following years. These negative incremental values may result in negative due from other governments - county balances.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 9,853,958	\$ -	\$ (28,790)	\$ 9,825,168
Intangible	471,182	-	(252,906)	218,276
Construction in Progress	908,908	1,505,086	(1,677,254)	736,740
	<u>11,234,048</u>	<u>1,505,086</u>	<u>(1,958,950)</u>	<u>10,780,184</u>
Capital assets, being depreciated:				
Buildings	15,218,466	-	-	15,218,466
Improvements	36,459,409	2,710,033	(37,573)	39,131,869
Machinery and equipment	20,321,446	518,954	(629,382)	20,211,018
Infrastructure	75,045,454	-	-	75,045,454
	<u>147,044,775</u>	<u>3,228,987</u>	<u>(666,955)</u>	<u>149,606,807</u>
Less accumulated depreciation for:				
Buildings	(7,517,478)	(398,812)	-	(7,916,290)
Improvements	(16,971,153)	(1,390,762)	16,962	(18,344,953)
Machinery and equipment	(14,338,356)	(965,992)	879,078	(14,425,270)
Infrastructure	(43,560,411)	(1,558,219)	-	(45,118,630)
	<u>(82,387,398)</u>	<u>(4,313,785)</u>	<u>896,040</u>	<u>(85,805,143)</u>
Total capital assets, being depreciated, net	<u>64,657,377</u>	<u>(1,084,798)</u>	<u>229,085</u>	<u>63,801,664</u>
Governmental activities capital assets, net	<u>\$ 75,891,425</u>	<u>\$ 420,288</u>	<u>\$ (1,729,865)</u>	<u>\$ 74,581,848</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 4,115,316	\$ -	\$ -	\$ 4,115,316
Construction in Progress	7,520,369	18,216,815	(5,484,641)	20,252,543
	<u>11,635,685</u>	<u>18,216,815</u>	<u>(5,484,641)</u>	<u>24,367,859</u>
Capital assets, being depreciated:				
Buildings	32,358,861	6,868,294	-	39,227,155
Improvements	86,045,890	3,832,360	-	89,878,250
Machinery and equipment	13,903,318	284,958	(243,917)	13,944,359
Infrastructure	86,409,603	478,675	-	86,888,278
	<u>218,717,672</u>	<u>11,464,287</u>	<u>(243,917)</u>	<u>229,938,042</u>
Less accumulated depreciation for:				
Buildings	(19,214,732)	(746,156)	-	(19,960,888)
Improvements	(35,907,057)	(3,835,587)	-	(39,742,644)
Machinery and equipment	(10,320,461)	(582,243)	235,531	(10,667,173)
Infrastructure	(40,609,439)	(1,855,528)	-	(42,464,967)
	<u>(106,051,689)</u>	<u>(7,019,514)</u>	<u>235,531</u>	<u>(112,835,672)</u>
Total capital assets, being depreciated, net	<u>112,665,983</u>	<u>4,444,773</u>	<u>(8,386)</u>	<u>117,102,370</u>
Business-type activities capital assets, net	<u>\$ 124,301,668</u>	<u>\$ 22,661,588</u>	<u>\$ (5,493,027)</u>	<u>\$ 141,470,229</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

6. Capital Assets - continued

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

<u>Governmental activities</u>	
General government	\$ 469,144
Public safety	207,858
Public works	2,561,384
Culture and recreation	710,520
Housing and development	364,879
Total governmental activities	<u>\$ 4,313,785</u>
<u>Business-type activities</u>	
Golf Courses	\$ 205,765
Water	2,759,952
Sewer	2,332,859
Storm Drain	928,061
Sanitation	202,892
Port Authority	118,577
Special State Projects	46,294
Other	425,114
Total business-type activities	<u>\$ 7,019,514</u>

Discretely Presented Component Unit

Capital assets activity for the Business Improvement District for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 562,919	\$ -	\$ -	\$ 562,919
Equipment	45,330	-	(20,167)	25,163
	608,249	-	(20,167)	588,082
Less accumulated depreciation for	(188,192)	(15,712)	20,167	(183,737)
Total capital assets, being depreciated, net Business Improvement District	420,057	(15,712)	-	404,345
capital assets, net	<u>\$ 420,057</u>	<u>\$ (15,712)</u>	<u>\$ -</u>	<u>\$ 404,345</u>

7. Capital Lease Obligations

Nonmajor Enterprise – Swimming Pools Fund

In September 2000, the City entered into a capital lease with Wells Fargo Brokerage Services, LLC, to finance the construction of the Electric City Water Park and Lazy River. The lease term is for fifteen years and calls for annual payments of \$167,935 beginning on September 15, 2001. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The cost and related capital lease obligation have been recorded in the Swimming Pools nonmajor enterprise fund.

The following is an analysis of the property under capital lease as of June 30, 2014:

	Nonmajor Enterprise
Improvements	\$ 1,503,195
Less accumulated depreciation	<u>(864,622)</u>
Net leased property	<u>\$ 638,573</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

7. Capital Lease Obligations – continued

Nonmajor Enterprise – Swimming Pools Fund – continued

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of net minimum lease payments at June 30, 2014:

Year Ending June 30	Nonmajor Enterprise
2015	\$ 167,935
2016	167,935
Total lease payments	335,870
Less amount representing interest	(30,761)
Present value of future minimum lease payments	\$ 305,109

8. Long-Term Debt

Compensated Absences Payable

Compensated absences payable, representing vested vacation and sick leave benefits earned by employees and payable upon termination, as well as additional salary-related charges payable by the City as the employer, as of June 30, 2014, were as follows:

Governmental activities	\$ 3,469,584
Business-type activities	588,426
Total	\$ 4,058,010

Loans and Contracts Payable

Nonmajor Governmental – Master Debt SILD Fund

The City Commission, on September 6, 2005, authorized the borrowing of \$20,000 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 3. The term of the loan was ten (10) years with an initial interest rate of 3.80%. On January 15, 2008 an extension of five (5) years to the term was granted.

The City Commission, on November 1, 2005, authorized the borrowing of \$56,000 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Eagles Crossing Phase 1. The term of the loan was ten (10) years with an initial interest rate of 3.80%. On January 15, 2008 an extension of five (5) years to the term was granted.

The City Commission, on August 1, 2006, authorized the borrowing of \$23,000 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 4. The term of the loan was ten (10) years with an initial interest rate of 4.75%. On January 15, 2008 an extension of five (5) years to the term was granted.

The City Commission, on November 20, 2007, authorized the borrowing of \$46,600 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Eagles Crossing Phase 2 & 3. The term of the loan was fifteen (15) years with an initial interest rate of 4.25%.

The City Commission, on December 18, 2007, authorized the borrowing of \$29,900 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 5. The term of the loan was fifteen (15) years with an initial interest rate of 4.85%.

The City Commission, on March 17, 2009, authorized the borrowing of \$36,346 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Bootlegger Addition Phase 1. The term of the loan was fifteen (15) years with an initial interest rate of 3.25%.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Loans and Contracts Payable – continued

Nonmajor Governmental – Master Debt SILD Fund – continued

The City Commission, on September 15, 2009, authorized the borrowing of \$20,516 in InterCap funds by the General Fund for the purpose of designing and installing city street lights in Water Tower Park Addition. The term of the loan was fifteen (15) years with an initial interest rate of 1.95%.

The rates for these InterCap loans are adjusted annually on February 16th. The interest rate varies based on the underlying bond rate of the Montana Board of Investments Municipal Finance Consolidation Act Bonds. The loan will be repaid from assessments of the property owners of the Street Light districts in the Master Debt SILD Fund. The interest calculations are projected based on the current interest rate charged of 1.00%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 7,516	\$ 746	\$ 8,262
2016	7,842	671	8,513
2017	8,181	592	8,773
2018	8,537	509	9,046
2019	8,908	422	9,330
2020-2024	34,606	834	35,440
2025	930	7	937
Totals	<u>\$ 76,519</u>	<u>\$ 3,781</u>	<u>\$ 80,300</u>

Internal Service Fund – Engineering

The City Commission, on June 15, 2010, authorized the borrowing of \$600,000 in InterCap funds for the purpose of financing costs associated with the Public Works Engineering and Operations building addition and remodel. The amount borrowed was only \$366,650 due to the use of Montana State House Bill 645 funds for a portion of the construction. The term of the loan was ten (10) years with an initial interest rate of 1.95%.

The rates for these InterCap loans are adjusted annually on February 16th. The interest rate varies based on the underlying bond rate of the Montana Board of Investments Municipal Finance Consolidation Act Bonds. The loan will be repaid from the Engineering internal service fund. The interest calculations are projected based on the current interest rate charged of 1.00%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 37,694	\$ 2,492	\$ 40,186
2016	38,432	2,112	40,545
2017	39,185	1,727	40,912
2018	39,953	1,333	41,286
2019	40,736	1,333	42,069
2020-2021	62,582	628	63,210
Totals	<u>\$ 258,583</u>	<u>\$ 9,625</u>	<u>\$ 268,208</u>

Notes Payable

Port Authority Fund

The Great Falls Port Authority on May 25, 2005, authorized the borrowing of \$1,075,000 from the Great Falls Development Authority, Inc. for the purpose of constructing a building for the Centene project. The term of the loan is twenty (20) years with an annual rate of 4.00%. The loan will be repaid from operating funds of the Great Falls Port Authority.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Notes Payable – continued

Port Authority Fund – continued

The Great Falls Port Authority on November 30, 2007, authorized the borrowing of \$4,763,794 from the Montana Board of Investments (MBOI) Infrastructure Loan Program for the purpose of financing infrastructure improvements for the Centene project to enhance economic development and create jobs in the basic sector of the economy. The term of the loan is eighteen (18) years with an annual rate of 4.43%. The loan will be repaid from operating funds of the Great Falls Port Authority.

Special State Projects Fund

The City Commission, on April 15, 2014, authorized the borrowing of \$4,999,800 from the MBOI Infrastructure Loan Program for the purpose of funding an infrastructure project that provides facilities/services to basic sector businesses. The project was the construction of a new structural steel fabrication complex. This complex is leased to ADF Group USA, INC. (ADF) at the monthly rental fee of \$31,955 for fifteen years, which is equal to the infrastructure loan payments. ADF has an option reserved for the purchase of the lease upon full satisfaction of the City's obligation under the note at any time without penalty. The term of the note is fifteen (15) years with an interest rate of 1.98%.

Notes payable outstanding at June 30, 2014, are as follows:

	Business-Type Activities					
	Start Date	Interest Rate	Term (Years)	Maturity Date	Loan Issued	Balance June 30, 2014
Port Authority Improvements	03-02-2005	4.00%	20	10-01-2025	\$ 1,075,000	\$ 711,606
Port Authority Improvements	11-30-2007	4.43%	18 ¼	09-30-2025	4,763,794	3,442,803
Special State Projects Improvements	04-18-2014	1.98%	25	04-15-2029	4,999,800	4,947,785
Total						\$ 9,102,194

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

	Business-Type Activities		
Year Ending June 30	Principal	Interest	Total
2015	\$ 577,978	\$ 270,612	\$ 848,590
2016	596,000	252,590	848,590
2017	615,920	232,670	848,590
2018	635,960	212,629	848,589
2019	656,746	191,844	848,590
2020-2024	3,623,126	619,821	4,242,947
2025-2029	2,396,464	109,060	2,505,524
Totals	\$ 9,102,194	\$ 1,889,226	\$ 10,991,420

General Obligation Bonds

Nonmajor Governmental – Soccer Park GO Bond

In November 2003, a general obligation bond of \$2.5 million was approved by the taxpayers for the acquisition of land and construction of a soccer park. General obligation bonds were issued June 15, 2004, and are payable over a twenty (20) year period. The Great Falls Soccer Foundation partnered with the City to construct the Seibel Soccer Park. In March 2014, these bonds were refunded by Series 2014A Soccer for a term of ten (10) years with variable interest rates between 2.00% and 2.55%.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

General Obligation Bonds - continued

Nonmajor Governmental – Swimming Pool GO Bond

In November 2006, a general obligation bond of \$2.27 million was approved by the taxpayers for the improving and upgrading of certain swimming pools in the City. General obligation bonds were issued May 15, 2007, and are payable over a ten (10) year period. In March 2014, these bonds were refunded by 2014A Swim Pools for a term of four (4) years with an interest rate of 2.00%.

General obligation bonds outstanding at June 30, 2014, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2014
Series 2014A Soccer	04-03-2014	2.00 - 2.55%	10	07-01-2024	\$ 1,480,000	\$ 1,460,000
Series 2014A Swimming Pools	04-03-2014	2.00%	4	07-01-2017	\$ 870,000	760,000
Total						<u>\$ 2,220,000</u>

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

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 385,000	\$ 46,749	\$ 431,749
2016	390,000	39,049	429,049
2017	395,000	31,249	426,249
2018	140,000	23,349	163,349
2019	145,000	20,549	165,549
2020-2024	<u>765,000</u>	<u>55,488</u>	<u>820,488</u>
Totals	<u>\$ 2,220,000</u>	<u>\$ 216,433</u>	<u>\$ 2,436,433</u>

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes of the annual report regarding property values, city indebtedness and city tax rates, levies, and collections.

General Obligation Taxable Bonds

Nonmajor Governmental - General Obligation Taxable Bonds

The City Commission, on December 6, 2005, authorized the borrowing of \$1,500,000 from First Interstate Bank in the form of a taxable non-voted general obligation note by the electric fund for the purpose of preliminary design, engineering, feasibility and environmental review costs related to the construction of a 250 MW coal fired generation plant. In March 2014, this note was refunded by the issuance of limited tax general obligation refund bonds Series 2014B for a term of eight (8) years with variable interest rates between 1.00% and 3.60%. These bonds are not unlimited tax general obligation bonds of the City and the full faith, credit and taxing power of the City will not be pledged to the payment thereof.

Limited tax general obligation bonds (taxable) outstanding at June 30, 2014, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2014
Series 2014B Limited Tax General Obligation Bonds (Taxable)	04-03-2014	1.00 - 3.60%	8	07-01-2022	\$ 1,065,000	\$ 1,035,000

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

General Obligation Taxable Bonds - continued

Nonmajor Governmental - General Obligation Taxable Bonds - continued

Annual debt service requirements to maturity for limited tax general obligation bonds (taxable) are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 120,000	\$ 24,188	\$ 144,188
2016	125,000	22,987	147,987
2017	125,000	21,550	146,550
2018	125,000	19,550	144,550
2019	130,000	16,925	146,925
2020-2022	410,000	28,080	438,080
Totals	<u>\$ 1,035,000</u>	<u>\$ 133,280</u>	<u>\$ 1,168,280</u>

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes of the annual report regarding property values, city indebtedness and city tax rates, levies, and collections.

Urban Renewal Tax Increment Bonds Payable

Nonmajor Governmental – West Bank Tax Increment District Bonds

The City Commission, on March 3, 2009, authorized the issuance of West Bank Urban Renewal District Tax Increment Revenue Bonds, Series 2009A to pay costs of public improvements associated with the Federal Courthouse/4th Avenue NW Urban Renewal Project. The bonds are being repaid from the tax increments received by the City from its West Bank urban renewal area.

The City Commission, on February 21 2012, authorized the issuance of West Bank Urban Renewal Refunding Revenue Bonds, Series 2012 to refund the City's outstanding Tax Increment Urban Renewal Subordinate Lien Revenue Note, Series 2009A. The bonds are being repaid from the tax increments received by the City from its West Bank urban renewal area.

Tax increment bonds outstanding at June 30, 2014, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2014
Series 2009A	07-30-2009	3.00 - 5.80%	25	07-01-2034	\$ 2,000,000	\$ 1,800,000
Series 2012	03-01-2012	2.00 - 4.00%	20	07-01-2032	855,000	785,000
Total						<u>\$ 2,585,000</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Urban Renewal Tax Increment Bonds Payable – continued

Nonmajor Governmental – West Bank Tax Increment District Bonds – continued

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 90,000	\$ 123,028	\$ 213,028
2016	90,000	120,128	210,128
2017	95,000	117,118	212,118
2018	95,000	113,718	208,718
2019	100,000	110,175	210,175
2020-2024	585,000	481,405	1,066,405
2025-2029	715,000	332,629	1,047,629
2030-2034	815,000	130,670	945,670
Totals	<u>\$ 2,585,000</u>	<u>\$ 1,528,871</u>	<u>\$ 4,113,871</u>

The City issued the West Bank Urban Renewal Tax Increment bonds pursuant to Resolution No. 9815 which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operating/development and debt service. The resolution also requires that the tax increment tax collected and available for debt service is at least 1.25 times coverage on total tax increment parity debt above the amount of tax increment taxes received. At June 30, 2013, the City was in compliance with all significant provisions and covenants.

Shown below are the parity note reserves of the West Bank Tax Increment Fund and the calculation of the coverage covenant.

	<u>Parity</u>
<u>Bond reserves</u>	
Debt service account	\$ 17,752
<u>Coverage covenant calculation</u>	
Increment taxes collected and available	\$ 394,485
Maximum annual debt service	\$ 216,165
Debt service coverage	1.82x
Debt Service coverage required	1.25x

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes figures for the appraised value, total taxable value, the incremental taxable value of property, and the ten major taxpayers within the West Bank Urban Renewal Area.

Special Assessment Debt

Nonmajor Governmental – Improvement District Revolving

The City has a secondary responsibility on the special assessment bonds issued for the various special improvement districts (SID). The City has a limited obligation to pay the debt service on these bonds even if the assessments on the property owners are in default. State law provides for and the City utilizes a "Special Improvement District Revolving Fund" to accumulate resources for such debt service payment. If this fund does not have adequate resources to pay the special assessment debt service in any year, it is legally unclear what additional responsibility the City has to pay the debt service in the year it is due. The bonded debt of these improvement districts is reflected in the government-wide statements as "Special assessment debt." The Special Improvement District Revolving Fund is included as a debt service fund.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Special Assessment Debt - continued

Nonmajor Governmental – Improvement District Revolving - continued

Special assessment bonds outstanding at June 30, 2014, are as follows:

<u>Sid No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Term (Years)</u>	<u>Maturity Date</u>	<u>Bonds Issued</u>	<u>Balance June 30, 2014</u>
1301	05-15-2005	3.50 - 5.00%	15	08-01-2020	\$ 630,000	\$ 215,000

All special assessment bonds are redeemable at the option of the City at any time cash is available in the respective funds for each issue. The City follows the policy of early redemption on these bonds. Accordingly, a schedule of special assessment bond debt service requirements to maturity is deemed not to be meaningful and has been excluded.

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes the special improvement districts outstanding, statement of changes in fund balance of the revolving fund, special improvement district revolving fund, individual special improvement districts – continuing disclosure, market and taxable valuations, and tax collection information.

Revenue Bonds Payable

The City also issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The revenue bonds are accounted for in the appropriate proprietary fund.

Revenue bonds issued to make capital improvements outstanding at June 30, 2014, are as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Term (Years)</u>	<u>Maturity Date</u>	<u>Bonds Issued</u>	<u>Balance June 30, 2014</u>
Water 2000, Amended & Restated	01-16-2013	2.00%	8	01-01-2021	\$ 1,487,000	\$ 1,225,000
Water 2008, Amended & Restated	01-16-2013	3.00%	16	07-01-2028	3,225,000	2,974,000
Water 2009	07-16-2009	1.75%	20	07-01-2029	333,700	262,000
Sewer 2002, Amended & Restated	01-16-2013	2.00%	9	01-01-2022	5,590,000	4,726,000
Sewer 2005	02-01-2005	3.00 - 4.15%	20	08-01-2024	5,005,000	3,386,203
Sewer 2009	10-01-2009	1.75%	20	07-01-2029	309,816	239,000
Sewer 2012	08-03-2012	3.00%	20	07-01-2032	3,800,000	2,288,887
Sewer 2013A	06-26-2013	3.00%	20	07-01-2033	7,084,000	6,820,000
Sewer 2013B	06-26-2013	3.00%	20	07-01-2034	7,084,000	2,368,154
Storm Drain 2004, Amended & Restated	01-16-2013	2.25%	11	01-01-2024	2,776,000	2,437,000
Golf Courses 1998	03-01-1998	4.20 - 5.38%	18	09-01-2015	1,950,000	225,000
Golf Courses 1999	04-01-1999	4.15 - 5.50%	20	09-01-2019	590,000	240,000
Total						<u>\$27,191,244</u>

The Sewer revenue bonds issued August 3, 2012 and June 26, 2013 are on reimbursement basis. As of June 30, 2014 the bonds had not been reimbursed in full and the balance is based on the amount that has been reimbursed.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2015	\$ 2,089,753	\$ 924,505	\$ 3,014,258
2016	2,050,364	860,398	2,910,762
2017	2,060,029	799,125	2,859,154
2018	2,110,701	737,164	2,847,865
2019	2,171,703	673,413	2,845,116
2020-2024	8,895,244	2,405,442	11,300,686
2025-2029	4,859,496	1,169,822	6,029,318
2030-2034	2,953,954	311,460	3,265,414
Totals	<u>\$ 27,191,244</u>	<u>\$ 7,881,329</u>	<u>\$ 35,072,573</u>

Water Bond Covenants

The City issued the water system bonds pursuant to resolutions authorizing each debt issue, which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2014, the City was in compliance with all significant provisions and covenants.

Shown below are the bond reserves of the Water Fund and the calculation of the coverage covenant as of June 30, 2014.

Bond Reserves

Operating account	\$ 527,204
Debt service account	40,421
Reserve account	485,055
Total revenue bond reserves	<u>\$ 1,052,680</u>
Repair and replacement account	935,514
Total reserves	<u>\$ 1,988,194</u>

Coverage Covenant Calculation

Gross revenues	\$ 9,891,141
Operating expenses	(5,438,566)
Net revenues	<u>\$ 4,452,575</u>
Maximum annual debt service requirement	<u>\$ 485,055</u>
Percent coverage	<u>917.95%</u>
Percent coverage required	<u>125.00%</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Water Bond Covenants – continued

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes updated figures for the number of system connections, user rates, and major system users.

Sewer Bond Covenants

The City issued the sewer system bonds pursuant to resolutions authorizing each debt issue, which includes the various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2014, the City was in compliance with all significant provisions and covenants.

Shown below are the bond reserves of the Sewer Fund and the calculation of the coverage covenant as of June 30, 2014.

Bond Reserves

Operating account	\$ 428,890
Debt service account	189,650
Reserve account	2,281,282
Total revenue bond reserves	\$ 2,899,822
Repair and replacement account	1,032,938
Total reserves	\$ 3,932,760

Coverage Covenant Calculation

Gross revenues	\$ 10,454,613
Operating expenses	(5,438,999)
Net revenues	\$ 5,015,614
Maximum annual debt service requirement	\$ 2,050,230
Percent coverage	244.64%
Percent coverage required	125.00%

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes updated figures for the number of system connections, user rates, and major system users.

Storm Drain Bond Covenants

The City issued the storm drain system bonds pursuant to resolutions authorizing each debt issue, which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account, Repair and Replacement Account and Surplus Account.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Storm Drain Bond Covenants - continued

Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2014, the City was in compliance with all significant provisions and covenants.

Shown below are the bond reserves of the Storm Drain Fund and the calculation of the coverage covenant as of June 30, 2014.

Bond Reserves

Reserve account	\$ 318,078
Total revenue bond reserves	\$ 318,078
Repair and replacement account	150,000
Total reserves	\$ 468,078

Coverage Covenant Calculation

Gross revenues	\$ 1,857,326
Operating expenses	(390,095)
Net revenues	\$ 1,467,231
Maximum annual debt service requirement	\$ 286,920
Percent coverage	511.37%
Percent coverage required	125.00%

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes updated figures for the number of system connections, user rates, and major system users.

Golf Course Bond Covenants

The City issued the golf course bonds pursuant to resolutions authorizing each debt issue, which includes various restrictive provisions and covenants. At June 30, 2014, the City was not in compliance with the Rates and Charges Covenant set forth in these resolutions. This covenant requires net revenues (gross revenues less operating expenses, exclusive of depreciation expense, and interest expense) to be at least equal to 140% of the principal of and interest on the Series 1998 Bonds and the Series 1999 Bonds.

Shown below are the bond reserves of the Golf Course Fund and the calculation of the coverage covenant as of June 30, 2014.

Bond Reserves

Reserve account	\$ 233,078
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Coverage Covenant Calculation

Gross revenues	\$ 1,319,927
Operating expenses	(1,038,694)
Net revenues	\$ 281,233
Maximum annual debt service requirement	\$ 233,078
Percent coverage	120.66%
Percent coverage required	140.00%

Additional Covenant Requirements: Debt covenants require information in addition to the operating results already provided within the Financial Section to be presented annually, but does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes golf courses pass holder rounds played,

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Golf Course Bond Covenants - continued

counts and fees, golf courses non-pass holder rounds played and green fees, and golf courses historical operating results.

Capitalized Interest Expense

During the year ended June 30, 2014, the City incurred interest expense during the construction of assets financed by revenue bonds. This interest expense, less earnings on invested balances of the bond proceeds, was capitalized into the capital asset cost. The water fund incurred a net of \$66,531, the sewer fund incurred a net of \$375,269, and the storm drain fund incurred a net of \$58,647 in such capitalized interest expenses during the year ended June 30, 2014.

Other Post Employment Benefits (OPEB) Payable

Internal Service – Health & Benefits

OPEB payable, representing benefits earned by employees but payable after retirement, as of June 30, 2014 were as follows:

Governmental activities – internal service – health & benefits fund	\$1,589,024
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No governmental fund has been used to liquidate the net pension obligation or net other post employment benefit obligations.

Conduit Debt

The City has participated in several issues of revenue bonds issued for the purposes of constructing privately operated facilities within the City. These bonds are not direct or contingent liabilities of the City. Revenues from lease agreements and property purchased with the bond proceeds are pledged for the total payment of principal and interest on the bonds and the bondholders can look only to these sources for repayment. As of June 30, 2014, there was one series of Bonds outstanding, with an aggregate principal amount payable of \$4,725,000. The total of the original issue amount of the outstanding bonds was \$5,500,000. The conduit debt was refunded as of September 2, 2014.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

8. Long-Term Debt – continued

Changes in Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 3,697,810	\$ 135,380	\$ (363,606)	\$ 3,469,584	\$ 198,171
Loans and contracts payable					
Master Debt SILD	115,407	-	(38,888)	76,519	7,516
Engineering	295,552	-	(36,969)	258,583	37,694
General obligation bonds payable					
Soccer Park Bond	1,615,000	1,480,000	(1,635,000)	1,460,000	135,000
Swim Pools Bond	1,025,000	870,000	(1,135,000)	760,000	250,000
General obligation taxable bonds payable	-	1,065,000	(30,000)	1,035,000	120,000
Urban renewal tax increment bonds payable					
West Bank TID Series 2009A	1,850,000	-	(50,000)	1,800,000	55,000
West Bank TID Series 2012	820,000	-	(35,000)	785,000	35,000
Special assessment debt					
SID No. 1275	45,000	-	(45,000)	-	-
SID No. 1301	325,000	-	(110,000)	215,000	-
OPEB claims payable	1,010,026	578,998	-	1,589,024	-
Totals	<u>\$ 10,798,795</u>	<u>\$ 4,129,378</u>	<u>\$ (3,479,463)</u>	<u>\$ 11,448,710</u>	<u>\$ 838,381</u>
<u>Business-type activities</u>					
Compensated absences	\$ 605,418	\$ 48,508	\$ (65,500)	\$ 588,426	\$ 59,387
Capital leases - Swim Pools	443,548	-	(138,439)	305,109	147,645
Notes payable					
Port Authority Improvements 2005	760,246	-	(48,640)	711,606	50,638
Port Authority Improvements 2007	3,671,758	-	(228,955)	3,442,803	239,306
Electric Improvements	1,106,020	-	(1,106,020)	-	-
State Special Projects Improvements	-	4,999,800	(52,014)	4,947,786	288,034
Revenue bonds payable					
Water 2000, Amended & Restated	1,400,000	-	(175,000)	1,225,000	179,000
Water 2008, Amended & Restated	3,143,000	-	(169,000)	2,974,000	174,000
Water 2009	278,000	-	(16,000)	262,000	16,000
Sewer 2002, Amended & Restated	5,305,000	-	(579,000)	4,726,000	591,000
Sewer 2005	3,628,785	-	(242,582)	3,386,203	241,203
Sewer 2009	253,000	-	(14,000)	239,000	14,000
Sewer 2012	1,555,278	878,608	(144,999)	2,288,887	149,000
Sewer 2013A	220,341	6,863,659	(264,000)	6,820,000	271,000
Sewer 2013B	-	2,500,154	(132,000)	2,368,154	6,550
Storm Drain 2004, Amended & Restated	2,664,000	-	(227,000)	2,437,000	233,000
Golf Courses 1998	395,000	-	(170,000)	225,000	180,000
Golf Courses 1999	275,000	-	(35,000)	240,000	35,000
Totals	<u>\$ 25,704,394</u>	<u>\$ 15,290,729</u>	<u>\$ (3,808,149)</u>	<u>\$ 37,186,974</u>	<u>\$ 2,874,763</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

9. Employee Benefit Plans

Plan Description and Provisions

All City of Great Falls full-time employees participate in one of three statewide cost-sharing multiple-employer retirement benefit plans administered by the State of Montana Public Employees Retirement Division (PERD). Contributions to the three plans are as required by State statute. Fiscal year 2014, 2013 and 2012 required employer contributions received by the plans were \$2,826,025, \$2,675,324, and \$2,595,598, respectively. Financial information for all three plans is reported in the Public Employees' Retirement Board's published *Comprehensive Annual Financial Report* for the fiscal year end. It is available from the PERD at 100 North Park Avenue, Suite 220, PO Box 200131, Helena, MT 59620-0131. The authority to establish, amend and provide cost of living adjustments to all three plans is assigned to the Montana State legislature. The authority to establish and amend contribution rates to all three plans is also assigned to the State legislature.

Public Employees' Retirement System (PERS)

All City employees, except firefighters and police officers, are provided pension benefits by this multi-employer plan. Funding is provided by participating units of government and their covered employees. The City's contributions to this plan for the years ending June 30, 2014, 2013, and 2012 were \$1,360,481, \$1,214,534, and \$1,168,412, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 7.9% of monthly compensation for members. The City is also required to contribute 8.07% of members' compensation. The State is required to contribute 0.10% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

Participants become eligible for benefits after age 60 and 5 years of service, after age 65 regardless of service, or 30 years of service regardless of age for members hired before July 1, 2011; and after age 65 and 5 years of service, after age 70 regardless of service for members hired on or after July 1, 2011. The normal retirement benefit, payable monthly for life, is the greater of the following formulas:

- a. $1/56 \times \text{Years of Service} \times \text{Final Average Salary (FAS)}$, or
- b. The actuarial equivalent of double the member's accumulating regular contributions, annuitized over the expected life of the member (FAS is the member's highest average gross pay during any 36 consecutive months of membership service).

A participant is eligible for early retirement benefits after age 50 and 5 years of service or after 25 years of service regardless of age. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2014, was 373.

Firefighters' Unified System (FURS)

Funding is provided by units of local government, their covered employees and the State of Montana. The City's contributions to this plan for the years ended June 30, 2014, 2013, and 2012, were \$625,554, \$627,933, and \$613,792, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 10.7% of monthly compensation for members who have elected to be covered under the guaranteed annual benefit adjustment (GABA), and 9.5% of monthly compensation for members who have not elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.36% of members' compensation. The State is required to contribute 32.61% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

Participants are eligible for benefits after 20 years of service and age 50. The benefit for participants hired prior to July 1, 1981, who have attained 50 years of age and 20 years of service is 50% of the monthly salary last received by the participant. Also, an additional 1% for each year of service in excess of 20 years, not to exceed a maximum of 60% of the recipient's latest monthly salary. A participant hired on or after July 1, 1981, or who retires prior to completion of 20 years of service, receives a benefit equal to 2% of average salary for each year of service, not to exceed 60%. Salary is averaged over the last 36 months for those hired on or after July 1, 1981. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2014, was 65.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

9. Employee Benefit Plans – continued

Municipal Police Officers’ Retirement System (MPORS)

Funding is provided by local units of government, their covered employees, and the State of Montana. The City’s contributions to this plan for the years ended June 30, 2014, 2013, and 2012, were \$839,990, \$832,857, and \$813,394, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 7.0% of monthly compensation for members hired after June 30, 1975, and prior to July 1, 1979; 8.5% of monthly compensation for members hired after June 30, 1979, and prior to July 1, 1997; and 9.0% of monthly compensation for members hired on or after July 1, 1997, and members who have elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.41% of members’ compensation. The State is required to contribute 29.37% of members’ compensation. The State’s contribution is paid directly to the plan and does not flow through City accounts.

Participants are eligible for retirement benefits after 20 years of service and age 50. The minimum age requirement does not apply to participants first employed prior to July 1, 1975. The benefit is ½ of average monthly salary during the highest 36 consecutive months of earnings plus 1% of average monthly salary for each additional year of service in excess of 20 years, to a maximum of 60%. Benefits are paid as a modified cash refund annuity. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2014, was 83.

Funding Policy

	PERS	FURS	MPORS
Authority to establish and amend contribution rates to the plan:	State Legislature	State Legislature	State Legislature
Required plan member contributions:	7.9% of monthly compensation	9.5% ² and 10.7% ³ of monthly compensation	7.0% ¹ , 8.5% ² , 9.0% ³ of monthly compensation
		¹ for members hired after June 30, 1975, and prior to July 1, 1979	
		² for members hired after June 30, 1979 and prior to July 1, 1997	
		³ for members electing GABA; and those hired on or after July 1, 1997	
Required employer contributions:	8.07% of monthly compensation	14.36% of monthly compensation	14.41% of monthly compensation
Required state contributions:	0.10% of monthly compensation	32.61% of monthly compensation	29.37% of monthly compensation
Required employer contributions received and % of required amount:			
June 30, 2014	\$ 1,360,481 100%	\$ 625,554 100%	\$ 839,990 100%
June 30, 2013	\$ 1,214,534 100%	\$ 627,933 100%	\$ 832,857 100%
June 30, 2012	\$ 1,168,412 100%	\$ 613,792 100%	\$ 813,394 100%

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

10. Other Postemployment Benefits

Plan Description

The City provided medical insurance coverage for its employees via the Montana Municipal Interlocal Authority's (MMIA) employee health benefits program effective July 1, 2013. In accordance with MCA 2-18-702 optional postemployment benefits are provided to employees and dependents who retire under applicable retirement provisions and who elect to continue coverage and pay administratively established premiums. The City allows its retired employees to continue their health care insurance coverage through the City's group health plan until death.

Funding Policy

The City pays for postemployment health care benefits on a pay-as-you-go basis. Authority establishing the funding policy is given with MCA 2-18-702. The City does not make any contributions towards the cost of retiree health care premiums. The administratively established retiree medical premiums vary between \$418.50 and \$1,350.05 per month depending on the medical plan selected, family coverage, and Medicare eligibility. As of June 30, 2014, 118 retirees (policyholders) were enrolled in the plan. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for health insurance is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Shown below is the City's annual OPEB cost as of June 30, 2014 and the related information:

Annual Required Contribution	\$	625,424
Interest on net OPEB obligation		40,401
Adjustment to annual required contribution		(58,410)
Annual OPEB cost		607,415
Contributions made		(28,417)
Increase (Decrease) in net OPEB obligation		578,998
Net OPEB obligation beginning of year		1,010,026
Net OPEB obligation end of year	\$	1,589,024

Shown below is the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years (4% discount rate, and level percent of pay amortization):

Year Ending June 30	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2012	\$ 554,958	53.60%	\$ 745,179
2013	612,137	56.73%	1,010,026
2014	607,415	4.68%	1,589,024

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$	7,209,742
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	7,209,742
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employees covered by the plan)	\$	21,144,873
UAAL as a percentage of covered payroll		34%

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

10. Other Postemployment Benefits – continued

Funded Status and Funding Progress – continued

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented following these notes as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets discloses about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projections in this report are estimates and, as such, the City's actual liability will vary from these estimates being subject to continual revisions. The actual liability will not be known until such time that all eligibility is exhausted and all benefits are paid.

In the June 30, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate; the Sex Distinct 1994 Uninsured Pensioner Mortality Tables were used; an annual healthcare costs trend rate of 9.00% initially reduced to an ultimate rate of 4.20% in the year 2086; a participation rate of 20% of future retirees; a marriage assumption that wives are three years younger than husbands for active employees and 50% are assumed to have an eligible spouse who will elect coverage upon retirement; the effect of aging has been assumed to be 3.5% per year leveling off at age 75; the inflation rate is assumed to be 5%; and administrative cost is included in the claims. The amortization of the City's unfunded actuarial accrued liability is being amortized over thirty (30) level open years. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

11. Construction Commitments

The City has entered into contracts for the design, construction or renovation of various facilities at June 30, 2014, some of which are as follows:

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
Community Recreation Center ADA Improvements	\$12,536	\$47,464	December 2014
3rd Ave N Improvements	1,013	109,787	December 2014
Water Storage Tank Improvements	876	2,385,285	October 2015
South Great Falls Storm Drain Improvements	15,488	529,512	May 2016
Central Montana Ag Tech Phases 1, 2, & 3	694,351	110,441	December 2015
22nd Ave S Detention Pond Storm Drain Extension	658,546	141,454	October 2014
Sewer Lift Stations Improvements	64,820	185,180	June 2016
Crescent Dr & Henderson Heights Water Main	870,647	31,353	October 2014
Lower South Side Water Main Replacement	4,895	1,200,105	December 2014
18th Street S Storm Drain Improvements	971,547	133,353	October 2014
Lower West Hill Storm Drain	74,148	3,772	October 2014
Sanitary Sewer Lining Project	50,073	50,307	October 2014
18th Street S Storm Drain Improvements Phase 1B	945,802	1,022,344	December 2014
Water Treatment Plant Administration Building & Shop	1,480,000	350,000	December 2015
Wastewater Treatment Plant Permit Required Upgrades	13,202,196	13,455,660	June 2017
Hill 57 Pump Upgrades	2,503	184,683	June 2015

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

12. Operating Leases

The City leases some of its property to others under operating leases expiring in future years. The current year rental costs and minimum future rentals on noncancellable operating leases as of June 30, 2014, were not significant.

Bulk Water Service

The City issued Cascade County a license to operate bulk water service dispensing stations for Cascade County residents. The term of this agreement is for the period of fifteen (15) years from July 1, 2010, through June 30, 2025. The City does not receive any revenue from the license however the County is required to pay for utility services at the same rate as other commercial customers.

The City also leases certain office equipment from others under operating leases expiring in future years. The current year rental costs and minimum future rentals on noncancellable operating leases as of June 30, 2014, were not significant.

13. Contracted Services

The City has entered into intergovernmental agreements with Cascade County for the following services:

Fire Districts

The City provides fire protection for 16 rural fire districts. The term of this agreement is for the period of three (3) years from October 1, 2009 to September 30, 2012. This agreement was renewed for the period of three (3) years from October 1, 2012 to September 30, 2015.

Dispatch and Communication Services

The City provides dispatching and communication services for the sheriff and rural fire departments. The agreement is dated May 21, 1996, and continues in effect until canceled by either party.

Library

The County contributes to the operations of the Library Board. The financial accounting and reporting for the library operations is performed by the City. The County assesses a rural mill levy for the purpose of making contributions to the City library operating costs.

Health Department

On November 22, 1999, the County and the City entered into an interlocal agreement establishing management authority, maintenance responsibilities, and ownership of record for the new City-County Health Department building. The City contributes to the operations of the City-County Health Department. The financial accounting and reporting for the health department is performed by the County and the County assess a rural levy for department operating costs. The City remits to the County a contribution for operating costs on a periodic basis.

The City has entered into agreements with the following entities for operation of certain facilities:

Housing Authority

The City provides management and payroll services for the Great Falls Housing Authority. The authority reimburses the City for the costs related to providing these services.

Parking Facilities

The City has a management agreement with Standard Parking for operation of all the City's parking facilities and for enforcement of parking violations. The contract ran through December 31, 2013, and was renewed through December 31, 2016.

Solid Waste

The City has contracted with Montana Waste Systems, currently operating a private landfill for landfill privileges. The contract was initially approved March 19, 2002 with a five-year term with two five-year renewal options.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

13. Contracted Services – continued

Soccer Park

“The Seibel Soccer Park” was built and is owned by the City, but is operated and maintained through a lease by the Great Falls Soccer Foundation. The lease was approved June 2, 2009 with a twenty-five year term. As a condition of the lease agreement the Great Falls Soccer Foundation will be responsible for maintenance and upkeep of all property and buildings, and be responsible for all associated costs.

Wastewater Treatment Plant

The City’s wastewater treatment plant is operated by Veolia Water North America Operating Services. The contract was renewed in fiscal year 2004 and expires in March 2015.

14. Contingencies

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City’s legal counsel that resolution of some of these matters may have a material adverse effect on the financial condition of the City. The effect on the financial statements cannot be determined at this time due to litigation. Accordingly, no provision has been made in the financial statements for these contingent liabilities.

In 2005, an action against the City was filed concerning the construction of Seibel Soccer Park. Damages are undetermined at this time, but a suit related retainage of \$76,298 was placed in the General Capital Projects fund.

15. Risk Management

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omissions), environmental damage, workers’ compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. The City participates in three state-wide public risk pools operated by the Montana Municipal Insurance Authority (MMIA), for workers’ compensation, tort liability coverage, property coverage, and employment practices liability coverage. In 2006/2007 the MMIA added pollution coverage at no additional cost to the members.

Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City’s funds based on prior years’ loss experiences. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

In 1986, the City joined together with other Montana cities to form the MMIA which established a workers’ compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments. The City’s liability limits for damages in tort action are \$750,000 per claim and \$1.5 million per occurrence with a \$7,500 deductible per claim. The City pays a quarterly premium for its workers’ compensation insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums. The tort liability plan and workers’ compensation program originally issued \$4.41 million and \$7.61 million in bonds, respectively, to immediately finance the necessary insurance reserves. The tort liability plan has no debt outstanding at this time. In June of 1994, the workers’ compensation bonds were refunded and reissued in the amount of \$7.62 million. All members signed a contingent note for a pro rata share of this liability in case operating revenues were insufficient to cover the debt service. The City’s share is \$1,010,832 for workers’ compensation. Based on the current financial position of the plan, the City does not expect to make any payment on this note.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

15. Risk Management - continued

In 1998, the MMIA developed a property insurance program. The City joined this program. This is an all risk policy, essentially all property owned by the City being insured for 100% of replacement cost, or stated amount, subject to a \$25,000 deductible for property and \$10,000 deductible for vehicles per occurrence. MMIA reinsures their property insurance with a national municipal pool, Public Entities' Property Insurance. The Property Program funding differs from the Liability and Workers' Compensation Programs in that it has not utilized bond proceeds as a form of funding for losses. The program provides \$25 million of coverage for unreported exposure, eliminating the risk of a member not having coverage because a property was not on their "property list".

Liabilities of the Health and Benefits Fund are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These claims are estimated, based on past claim experience, to represent 1.8 to 2 times the average monthly claims paid during the previous six months. At June 30, 2014, the City had no claims. Going forward, as a purchaser of health insurance coverage, the City will have no "incurred but not reported" liabilities.

Changes in the claims payable amount during fiscal years 2014 and 2013 are as follows:

	Claims Payable Beginning of Fiscal Year	Claims Incurred	Claims Paid	Claims Payable End of Fiscal Year
2013/2014	\$ 613,015	\$ -	\$ (613,015)	\$ -
2012/2013	851,504	5,963,600	(6,202,089)	613,015

16. Net Positions and Fund Balances

In the government-wide financial statements, net positions are classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure in future years, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Position

This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through Constitutional provision enabling legislation. Additionally, this category represents restrictions placed on the categories of Capital Projects, Debt Service, and specific projects and programs established by the City Commission.

Unrestricted Net Position

This category represents the net position of the City which are not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Commission and Management and can be increased, reduced, or eliminated by similar actions.

As of June 30, 2014, reservations of fund balance are described below:

Fiduciary Funds	
Designated for Castle Pines	\$ 204,435

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2014

16. Net Positions and Fund Balances – continued

The City has implemented Governmental Accounting Standards Board (GASB) Statement 54, “Fund Balance Reporting and Fund Type Definitions”. This standard changes the presentation of fund balance in the governmental fund financial statements. The new categories are as follows:

1. Nonspendable fund balance – The net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted fund balance – Are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Fund balance committed by a City Commission adopted ordinance.
4. Assigned fund balance – Fund balance that has been appropriated by the City Commission through budget resolution for the upcoming fiscal year.
5. Unassigned fund balance – The remaining of fund balance not classified into other categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City has a policy for minimum fund balance of 17% of annual appropriations for the tax levy supported funds (General and Library) and fund balances of 8 to 17% of annual appropriations for all other operating funds. Such balances shall be used to meet extended revenue cycles, meet short term economic difficulties, respond to unique opportunities, provide for one-time expenditures, and respond to emergency and disaster situations.

The City has elected to show the different fund balance categories in aggregate on the face of the financial statements for the governmental funds. The detail of the composition of the different categories is shown below:

	<u>Major Special Revenue Funds</u>				<u>Total</u>
	<u>General</u>	<u>Street District</u>	<u>Federal Block Grant</u>	<u>Other Governmental Funds</u>	
Fund balances:					
Nonspendable:					
Land held for resale	\$ -	\$ 9,734	\$ -	\$ 15,615	\$ 25,349
Restricted for:					
Contributor restrictions	-	-	-	59,355	59,355
Grantor restrictions	-	-	305,218	57,695	362,913
Law restrictions	-	1,227,364	-	2,363,901	3,591,265
Bond restrictions	-	-	-	973,274	973,274
Assigned for:					
General government	-	-	-	220,459	220,459
Public safety	-	-	-	739,952	739,952
Park and recreation	-	-	-	550,399	550,399
Housing and development	-	-	-	153,276	153,276
Capital outlay	-	-	-	385,566	385,566
Library operations	-	-	-	467,034	467,034
Unassigned:	3,068,392	-	-	(4,242)	3,064,150
	<u>\$ 3,068,392</u>	<u>\$ 1,237,098</u>	<u>\$ 305,218</u>	<u>\$ 5,982,284</u>	<u>\$ 10,592,992</u>

The unassigned in the Other Governmental Funds category is the deficit fund balances of the Portage Meadows special revenue fund.

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2014

17. Deficit Fund Balances and Net Positions

The Portage Meadows special revenue fund has a fund balance deficit of \$4,242. This fund is used to account for the maintenance of the green belt park of Portage Meadows Addition. The City assesses the property owners in this addition for the costs of the maintenance. The deficit is due to over spending of operating expenses.

The Health and Benefit internal service fund has a net position deficit of \$832,424. This is due to the GASB 45 required recording of the unfunded liability OPEB obligation.

The Fiscal Services internal service fund has a net position deficit of \$3,879. This is due to the fund's transfer of \$325,000 to the Electric fund to cover the settlement agreement in Fiscal Year 2013. The fund is in the process of rebuilding fund balance.

18. Subsequent Events

During the spring 2013 Montana Legislative session, the Montana legislature voted to make changes effective July 1, 2013 to the Public Employee Retirement System (PERS). The City's required contributions were increased 1% for all members and will increase an additional .1% every subsequent year through 2024.

On September 2, 2014, the Conduit Debt was refunded and the City has no remaining Conduit Debt.

On November 5, 2014 the City Commission authorized the issuance of water system debt of \$2,700,893 through Montana Department of Natural Resources Drinking Water State Revolving Loan Program. The issuance of this debt amends the debt covenants of outstanding water system debt to reserves of half the previous requirements be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 110% of the maximum principal and interest to become due in any year.

Management has evaluated subsequent events through December 5, 2014, the date on which the financial statements were available to be issued.

City of Great Falls, Montana
Actuarial Valuation of Postretirement Benefits
For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Asset	Actuarial Liabilities (AAL) ¹	Unfunded Actuarial Liabilities (UAAL) ²	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	-	\$ 5,614,345	\$ 5,614,345	0%	\$ 18,433,003	30%
July 1, 2012	-	7,209,742	7,209,742	0%	19,175,072	38%
July 1, 2013	-	7,209,742	7,209,742	0%	21,144,873	34%

¹ Actuarial liability determined under the projected unit credit cost method.

² Actuarial liability less actuarial value of assets if any.

City of Great Falls, Montana
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	General			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 15,292,813	\$ 15,292,813	\$ 15,435,926	\$ 143,113
Licenses and permits	939,114	939,114	887,633	(51,481)
Intergovernmental	7,021,433	7,112,355	7,361,488	249,133
Charges for services	1,178,277	1,178,277	1,150,010	(28,267)
Fines and forfeitures	1,052,500	1,052,500	833,447	(219,053)
Internal services	942,628	937,618	937,845	227
Investment income	15,000	15,000	(12,677)	(27,677)
Other	22,680	22,680	43,969	21,289
	<u>26,464,445</u>	<u>26,550,357</u>	<u>26,637,641</u>	<u>87,284</u>
EXPENDITURES				
Current				
General government				
Personal services	1,810,024	1,810,024	1,754,598	55,426
Operations and maintenance	1,649,298	1,739,902	1,672,850	67,052
Public safety				
Personal service	14,700,407	14,700,407	14,458,351	242,056
Operation and maintenance	3,241,499	3,274,196	3,166,373	107,823
Culture and recreation				
Personal services	1,457,392	1,457,392	1,452,536	4,856
Operations and maintenance	772,520	772,520	771,362	1,158
Debt service				
Principal	31,237	31,237	-	31,237
Interest	-	3,484	3,484	-
	<u>23,662,377</u>	<u>23,789,162</u>	<u>23,279,554</u>	<u>509,608</u>
Revenues over (under) expenditures	<u>2,802,068</u>	<u>2,761,195</u>	<u>3,358,087</u>	<u>596,892</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	152,379	152,379	-
Transfers out	(1,962,074)	(1,962,074)	(1,962,074)	-
	<u>(1,862,074)</u>	<u>(1,809,695)</u>	<u>(1,809,695)</u>	<u>-</u>
Net changes in fund balance	<u>\$ 939,994</u>	<u>\$ 951,500</u>	1,548,392	<u>\$ 596,892</u>
Fund balance - beginning			<u>1,520,000</u>	
Fund balance - ending			<u>\$ 3,068,392</u>	

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

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds
For the Year Ended June 30, 2014

Street District

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 7,100	\$ 7,100	\$ 7,611	\$ 511
Intergovernmental	1,431,596	1,431,596	1,440,813	9,217
Charges for services	123,500	123,500	105,125	(18,375)
Internal services	107,267	107,267	74,786	(32,481)
Special assessments	3,630,779	3,630,779	3,584,732	(46,047)
Investment income	10,000	10,000	(8,993)	(18,993)
Other	-	-	44,158	44,158
Total revenues	5,310,242	5,310,242	5,248,232	(62,010)
EXPENDITURES				
Current				
Public works				
Personal services	2,165,499	2,165,499	2,102,301	63,198
Operations and maintenance	2,982,562	2,932,796	2,592,633	340,163
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Capital outlay	2,147,442	2,182,758	1,494,703	688,055
Total expenditures	7,295,503	7,281,053	6,189,637	1,091,416
Revenues over (under) expenditures	(1,985,261)	(1,970,811)	(941,405)	1,029,406
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(14,450)	(14,450)	-
Total other financing sources	-	(14,450)	(14,450)	-
Net changes in fund balance	<u>\$ (1,985,261)</u>	<u>\$ (1,985,261)</u>	(955,855)	<u>\$ 1,029,406</u>
Fund balance - beginning			<u>2,192,953</u>	
Fund balance - ending			<u>\$ 1,237,098</u>	

Continued on next page

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds (Concluded)
For the Year Ended June 30, 2014

	Federal Block Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	660,056	744,287	556,509	(187,778)
Charges for services	265,000	318,840	252,309	(66,531)
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	(87)	(87)
Other	-	-	-	-
Total revenues	925,056	1,063,127	808,731	(254,396)
EXPENDITURES				
Current				
Public works				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	62,101	62,101	56,604	5,497
Operations and maintenance	681,495	1,089,130	582,509	506,621
Capital outlay	277,500	368,410	152,461	215,949
Total expenditures	1,021,096	1,519,641	791,574	728,067
Revenues over (under) expenditures	(96,040)	(456,514)	17,157	473,671
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balance	\$ (96,040)	\$ (456,514)	17,157	\$ 473,671
Fund balance - beginning			288,061	
Fund balance - ending			\$ 305,218	

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

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2014

1. Summary of Significant Accounting Policies

a. Budgets and Budgetary Accounting

Annual budgets are legally required and are prepared for all funds except trust and agency funds. The budgets are prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds except capital outlay and debt principal is budgeted in the proprietary funds. Depreciation is not budgeted.

The City is required to prepare its accounting records and financial reports in accordance with generally accepted accounting principles established by the governmental accounting standards board according to Title 7, Chapter 6, Part 6, MCA. For budgeting purposes, the budget must show the complete expenditure program for the local government entity for the coming fiscal year and the sources by which it will be funded. The legal level of budgetary control is at the fund level. The final budget is enacted by the City Commission after holding public hearings as required by state statutes.

The City is organized under the provisions of the commission-manager form of government. The City Commission retains authority to set budget parameters through approval and adoption of annual budgets. The authority to make transfers of appropriations between funds is retained by the City Commission. The City Manager is delegated the authority to make transfers or revisions within appropriations of any fund. The Annual Budget Resolution allows the City Manager the flexibility to incorporate the appropriated reserves and contingency accounts into the adopted budget. The City Manager may delegate, to Department Directors, the authority to make transfers or revisions within appropriations of specific operations, limited to the fund level of accountability.

All appropriations lapse at the end of the fiscal year, but the Annual Budget Resolution allows for the "carryover" of the appropriation in specific circumstances. Major changes without "carryovers" in the legally adopted budgets consisted of:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues</u>		
General Fund	\$37,500	Big Sky Economic Development Trust Fund Pass-through Grant for EMTEQ, Inc
General Fund	\$52,379	Close of Special Revenue Tax Increment Fund
Park & Recreation Special Revenue Fund	\$30,681	Donation for replacement of the Russell Park walking path
Central Montana Ag Tech Park TID	\$102,772	Contribution for Sewer installation at Great Bear Park
Economic Revolving Fund	\$151,200	Big Sky Economic Development Trust Fund Pass-through Grant for EMTEQ, Inc
Economic Revolving Fund	\$1,432,500	Big Sky Economic Development Trust Fund Pass-through Grant for ADF
Police Special Revenue Fund	\$31,013	Federal JAG received
Fire Special Revenue Fund	\$44,167	Federal Hazmat grant received
Soccer Park GO Bond Fund	\$1,511,934	Refinancing of soccer park debt
Swimming Pool GO Bond Fund	\$874,058	Refinancing of swimming pool debt
General Obligation Taxable Bonds Fund	\$37,158	Transfer in for general obligation taxable bonds debt payment
General Obligation Taxable Bonds Fund	\$24,396	Proceeds from general obligation taxable bonds debt refinancing
General Capital Projects Fund	\$49,277	Grant received for the repair of the Historic 10th Street Bridge
Sewer Fund	\$110,973	Reimbursement for Improvements of City-Owned Land

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Continued)
June 30, 2014

1. Summary of Significant Accounting Policies – continued

a. Budgets and Budgetary Accounting – continued

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues (Continued)</u>		
Storm Drain Fund	\$153,325	Reimbursement for Improvements of City-Owned Land
Electric Fund	\$1,031,500	Refinancing of electric debt
911 Dispatch Center Fund	\$870,465	Grant received for dispatch equipment
Special State Projects Fund	\$5,101,151	MBOI loan for ADF
<u>Expenses/ Expenditures</u>		
General Fund	\$37,500	Big Sky Economic Development Trust Fund Pass-through Grant for EMTEO. Inc
Park & Recreation Special Revenue Fund	\$30,681	Donation for replacement of the Russell Park walking path
Central Montana Ag Tech Park TID	\$102,772	Contribution for Sewer installation at Great Bear
Economic Revolving Fund	\$264,298	Reimbursement for Improvements of City-Owned Land
Economic Revolving Fund	\$151,200	Big Sky Economic Development Trust Fund Pass-through Grant for EMTEO. Inc
Economic Revolving Fund	\$1,432,500	Big Sky Economic Development Trust Fund Pass-through Grant for ADF
Police Special Revenue Fund	\$31,013	Federal JAG received
Fire Special Revenue Fund	\$44,167	Federal HAZMAT grant received
Soccer Park GO Bond Fund	\$1,553,009	Refinancing of soccer park debt
Swimming Pool GO Bond Fund	\$890,000	Refinancing of swimming pool debt
General Obligation Taxable Bonds Fund	\$57,989	Debt Service payment for General Obligation Taxable Bonds
General Capital Projects Fund	\$49,277	Grant received for the repair of the Historic 10th Street Bridge
Electric Fund	\$1,001,186	Refinancing of electric debt
Electric Fund	\$37,158	Transfer of debt service payment to General Obligation Taxable Bond Fund
911 Dispatch Center Fund	\$870,465	Grant received for dispatch equipment
Special State Projects Fund	\$5,101,151	MBOI loan for ADF
City Telephone	\$60,185	Activation of reserves for purchase of new telephone system

b. Excess of Expenditures Over Appropriations

The special revenue and debt services funds that have excess expenditures over appropriations are: Library Foundation, Planning & Community Development, Licenses, Portage Meadows, Support and Innovation, 911 Special Revenue, Police Special Revenue, HIDTA Special Revenue, Street Light Districts, SID Bonds, Hazard Removal. The Library Foundation special revenue fund was over budget due to needed book purchases. The Planning & Community Development special revenue fund was over budget due to the completion of professional service projects from the prior year. The Licenses special revenue fund was over budget due to additional expenses for internal service charges. The Portage Meadows special revenue fund was over budget due to additional expenses for watering. The Support and Innovation special revenue fund was over budget due to additional assessment revenue being passed through to the Business Improvement District. The 911 Special Revenue special revenue fund was over budget due to the purchase

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2014

1. Summary of Significant Accounting Policies

a. Budgets and Budgetary Accounting

Annual budgets are legally required and are prepared for all funds except trust and agency funds. The budgets are prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds except capital outlay and debt principal is budgeted in the proprietary funds. Depreciation is not budgeted.

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The City is organized under the provisions of the commission-manager form of government. The City Commission retains authority to set budget parameters through approval and adoption of annual budgets. The authority to make transfers of appropriations between funds is retained by the City Commission. The City Manager is delegated the authority to make transfers or revisions within appropriations of any fund. The Annual Budget Resolution allows the City Manager the flexibility to incorporate the appropriated reserves and contingency accounts into the adopted budget. The City Manager may delegate, to Department Directors, the authority to make transfers or revisions within appropriations of specific operations, limited to the fund level of accountability.

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<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues</u>		
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General Capital Projects Fund	\$49,277	Grant received for the repair of the Historic 10th Street Bridge
Sewer Fund	\$110,973	Reimbursement for Improvements of City-Owned Land

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2014

1. Summary of Significant Accounting Policies – continued

a. Budgets and Budgetary Accounting – continued

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues (Continued)</u>		
Storm Drain Fund	\$153,325	Reimbursement for Improvements of City-Owned Land
Electric Fund	\$1,031,500	Refinancing of electric debt
911 Dispatch Center Fund	\$870,465	Grant received for dispatch equipment
Special State Projects Fund	\$5,101,151	MBOI loan for ADF
<u>Expenses/ Expenditures</u>		
General Fund	\$37,500	Big Sky Economic Development Trust Fund Pass-through Grant for EMTEO. Inc
Park & Recreation Special Revenue Fund	\$30,681	Donation for replacement of the Russell Park walking path
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City Telephone	\$60,185	Activation of reserves for purchase of new telephone system

b. Excess of Expenditures Over Appropriations

The special revenue and debt services funds that have excess expenditures over appropriations are: Library Foundation, Planning & Community Development, Licenses, Portage Meadows, Support and Innovation, 911 Special Revenue, Police Special Revenue, HIDTA Special Revenue, Street Light Districts, SID Bonds, Hazard Removal. The Library Foundation special revenue fund was over budget due to needed book purchases. The Planning & Community Development special revenue fund was over budget due to the completion of professional service projects from the prior year. The Licenses special revenue fund was over budget due to additional expenses for internal service charges. The Portage Meadows special revenue fund was over budget due to additional expenses for watering. The Support and Innovation special revenue fund was over budget due to additional assessment revenue being passed through to the Business Improvement District. The 911 Special Revenue special revenue fund was over budget due to the purchase

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2014

1. Summary of Significant Accounting Policies – continued

b. Excess of Expenditures over Appropriations – continued

of needed capital improvements and telephone system upgrades. The Police Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for.

The HIDTA Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for. The Street Light Districts special revenue fund was over budget due to additional costs of electricity. The SID Bonds debt service fund was over budget due to a small amount of operations and maintenance not budgeted. The Hazard Removal capital projects fund was over budget due to a small amount of additional expenses not budgeted.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds account for resources and expenditures which are designated by law or contractual agreement for specified functions or activities and are legally required to be accounted for in separate funds.

Park & Recreation Fund – This fund is used to account for donations and contributions related to Parks and Recreation, including Park Land “Trust”, and special events operated by Park and Recreation.

Library Fund – This fund is used to account for fund operations for the Great Falls Public Library.

Library Foundation Fund – This fund is used to account for restricted and unrestricted donations for the Great Falls Public Library.

Planning & Community Development Fund – This fund is used to account for fund operations for the City’s Planning and Community Development (PCD) Department. The Department accounts for subdivision reviews, annexations, re-zoning, transportation planning, historic preservation, and other related planning services within the City of Great Falls incorporated limits.

Tax Increment Fund – This fund is used to account for special revenue derived from the Downtown Tax Increment district. This fund was closed in Fiscal Year 2014.

Central Montana Ag Tech Park TID Fund – This fund is used to account for fund operations of the Central Montana Ag Tech Park TID to encourage industrial growth by providing tax increment financing.

Airport TID Fund – This fund is used to account for special revenue derived from the Airport Tax Increment District.

Downtown TID Fund – This fund is used to account for revenue derived from the Downtown Urban Renewal District.

Economic Revolving Fund – This fund is used to account for economic development activities.

Permits Fund – This fund is used to account for the revenues and expenses associated with the building permit process of the City.

Licenses Fund – This fund is used to account for the revenues and expenses associated with the license process of the City.

Natural Resources Fund – This fund is used to account for fund operations to provide arboriculture, horticultural, and natural resource services in all public property and right-of-ways within the City of Great Falls.

Portage Meadows Fund – The purpose of this fund is to maintain the grass, trees, and irrigation system, and to provide snow removal in the green belt park of Portage Meadows Addition. The City created a special improvement maintenance district and assesses the property owners for the maintenance costs.

Support & Innovation Fund – This fund is used to account for general government support provided to governmental and quasi-governmental entities which operate under their own policy making boards.

911 Special Revenue Fund – This fund is used to account for the shares of telephone charges received to support 911 emergency telephone services. The City operates a regional 911 emergency telephone center.

Police Special Revenue Fund – This fund is used to account for drug forfeitures, court judgments, crime prevention education, and other contributions or donations to the Police Department.

HIDTA Special Revenue Fund – This fund is used to account for High Intensity Drug Trafficking Area task force. HIDTA is funded through a Grant by the Office of National Drug Control Policy (ONDCP)

Fire Special Revenue Fund – This fund is used to account for donations and miscellaneous grants to the Fire Department for fire prevention and education.

Special Revenue Funds (Continued)

Home Grant Fund – This fund is used to account for the federal grant funds received through the HOME Investment Partnership Program to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing for very low to low income people.

CTEP Projects Fund – This fund is used to account for the Community Transportation Enhancement Program (CTEP) federal grant funds received by the City from the Montana Department of Transportation.

Housing Authority Fund – This fund is used to account for staff to manage the Housing Authority. The City of Great Falls provides staff and management to the Great Falls Housing Authority Board of Commissioners, through a contractual agreement, to manage and operate public housing in Great Falls and Section 8 vouchers and certificates.

Street Lighting Districts Fund – This fund is used to account for the collection of assessments and subsequent payment of special lighting district costs.

Debt Service Funds

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

Soccer Park GO Bond Fund – This fund is used to account for General Obligation Bonds Series 2004 payable for construction of the Electric City Soccer Park. This fund is administered by the Fiscal Services Department.

Swimming Pool GO Bond Fund – This fund is used to account for 10-year General Obligation Bonds Series 2007 payable for the rehabilitation of the Mitchell, Water Tower, and Jaycee Pools. This fund is administered by the Fiscal Services Department.

West Bank TID Bonds Fund – This fund is used to account for the debt of the West Bank Park Urban Renewal District.

General Obligation Taxable Bonds Fund - This fund is used to account for the debt of the refinancing of the general obligation taxable bonds that were used to finance the Highwood Generating Station Feasibility Study.

SID Bonds Fund – This fund is used to account for bonded indebtedness on Special Improvement Districts (SIDs). This fund is administered by the Fiscal Services Department.

Master Debt SILD Fund – This fund is used to account for City owned and operated new lighting districts debt. This fund is administered by the Fiscal Services Department.

Capital Projects Funds

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

General Capital Projects Fund – This fund is used to account for general purpose funds dedicated to capital projects.

Improvement District Projects Fund – This fund is used to account for general improvement capital projects financed by special assessments.

Hazard Removal Fund – This fund is used to account for fund operations for accomplishing the removal of dangerous buildings and the cleanup of problem properties when the property owner is financially unable or unwilling to correct the problem.

City of Great Falls
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds

	Park & Recreation	Library	Library Foundation	Planning & Community Development
Assets				
Cash and investments	\$ 155	\$ 361,861	\$ 62,897	\$ 214,935
Restricted cash and investments	-	115,580	-	-
Receivables				
Taxes	-	53,367	-	-
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	315	-	-	-
Loans	-	-	-	-
Due from other city funds	618,100	-	-	-
Due from other governments	-	307	-	75,355
Other assets	-	-	-	-
Total assets	\$ 618,570	\$ 531,115	\$ 62,897	\$ 290,290
Liabilities				
Accounts payable	-	52,148	3,542	67,889
Due to other city funds	-	-	-	-
Interfund loans payable	14,766	-	-	-
Advances from other funds	45,405	-	-	-
Other liabilities	-	-	-	62,011
Total liabilities	60,171	52,148	3,542	129,900
Deferred inflows of resources				
Unavailable revenue-property taxes	-	11,933	-	-
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	8,000	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	8,000	11,933	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	59,355	-
Assigned	550,399	467,034	-	160,390
Unassigned	-	-	-	-
Total fund balances	550,399	467,034	59,355	160,390
Total liabilities, deferred inflows of resources, and fund balances	\$ 618,570	\$ 531,115	\$ 62,897	\$ 290,290

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Tax Increment	Central Montana Ag Tech Park TID	Airport TID	Downtown TID
Assets				
Cash and investments	\$ -	\$ 186,437	\$ 17,015	\$ 14,246
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	44,174	(75)	2,912
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	-	-	-	(1)
Other assets	-	-	-	-
Total assets	\$ -	\$ 230,611	\$ 16,940	\$ 17,157
Liabilities				
Accounts payable	-	33,771	-	-
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	33,771	-	-
Deferred inflows of resources				
Unavailable revenue-property taxes	-	794	(89)	2,912
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	794	(89)	2,912
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	196,046	17,029	14,245
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	196,046	17,029	14,245
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 230,611	\$ 16,940	\$ 17,157

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City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds

	Economic Revolving	Permits	Licenses	Natural Resources
Assets				
Cash and investments	\$ 1,655	\$ 144,170	\$ 37,413	\$ 173,295
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	-	-	-	26,293
Accounts	-	-	-	3,305
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	3,527
Due from other governments	-	-	-	246
Other assets	15,615	-	-	-
Total assets	\$ 17,270	\$ 144,170	\$ 37,413	\$ 206,666
Liabilities				
Accounts payable	-	25,313	2,994	19,522
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	25,313	2,994	19,522
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	-	-	-	16,173
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	-	-	16,173
Fund balances				
Nonspendable	15,615	-	-	-
Restricted	-	-	-	170,971
Assigned	1,655	118,857	34,419	-
Unassigned	-	-	-	-
Total fund balances	17,270	118,857	34,419	170,971
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,270	\$ 144,170	\$ 37,413	\$ 206,666

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City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds

	Portage Meadows	Support & Innovation	911 Special Revenue	Police Special Revenue
Assets				
Cash and investments	\$ -	\$ 316,098	\$ 342,296	\$ 287,508
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	1,427	41,633	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	13	154	-	-
Other assets	-	-	-	-
Total assets	\$ 1,440	\$ 357,885	\$ 342,296	\$ 287,508
Liabilities				
Accounts payable	1,377	273,499	315	1,763
Due to other city funds	3,527	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	20,384
Total liabilities	4,904	273,499	315	22,147
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	778	25,972	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	32,520
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	778	25,972	-	32,520
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	58,414	341,981	232,841
Unassigned	(4,242)	-	-	-
Total fund balances	(4,242)	58,414	341,981	232,841
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,440	\$ 357,885	\$ 342,296	\$ 287,508

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City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds

	HIDTA Special Revenue	Fire Special Revenue	Home Grant	CTEP Projects
Assets				
Cash and investments	\$ 10,168	\$ 157,967	\$ -	\$ 74,599
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	40,000	-
Due from other city funds	-	-	-	-
Due from other governments	89,586	-	54,790	-
Other assets	-	-	-	-
Total assets	\$ 99,754	\$ 157,967	\$ 94,790	\$ 74,599
Liabilities				
Accounts payable	1,038	112	701	-
Due to other city funds	-	-	52,539	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	91,441	-	-	-
Total liabilities	92,479	112	53,240	-
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	18,454
Unavailable revenue-deferred loans	-	-	40,000	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	-	40,000	18,454
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	1,550	56,145
Assigned	7,275	157,855	-	-
Unassigned	-	-	-	-
Total fund balances	7,275	157,855	1,550	56,145
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,754	\$ 157,967	\$ 94,790	\$ 74,599

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	
	<u>Housing Authority</u>	<u>Street Lighting Districts</u>	<u>Soccer Park GO Bond</u>	<u>Swimming Pool GO Bond</u>
Assets				
Cash and investments	\$ -	\$ 2,081,783	\$ 35,234	\$ 6,968
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	28,116	44,480
Special assessments	-	127,971	-	-
Accounts	-	-	-	-
Accrued interest	-	700	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	52,342	1,251	100	154
Other assets	-	-	-	-
Total assets	<u>\$ 52,342</u>	<u>\$ 2,211,705</u>	<u>\$ 63,450</u>	<u>\$ 51,602</u>
Liabilities				
Accounts payable	52,342	170,310	-	-
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>52,342</u>	<u>170,310</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	14,627	24,113
Unavailable revenue-special assessments	-	75,785	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>75,785</u>	<u>14,627</u>	<u>24,113</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	1,965,610	48,823	27,489
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>1,965,610</u>	<u>48,823</u>	<u>27,489</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,342</u>	<u>\$ 2,211,705</u>	<u>\$ 63,450</u>	<u>\$ 51,602</u>

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2014

	Debt Service Funds			
	General			Master Debt
	West Bank	Obligation	SID Bonds	
TID Bonds	Taxable	Bonds		SILD
Assets				
Cash and investments	\$ 495,989	\$ 3,585	\$ 84,352	\$ 14,862
Restricted cash and investments	233,917	-	179,687	-
Receivables				
Taxes	100,917	-	-	-
Special assessments	-	-	243,164	94,433
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	(15)	-	-	4
Other assets	-	-	-	-
Total assets	\$ 830,808	\$ 3,585	\$ 507,203	\$ 109,299
Liabilities				
Accounts payable	-	-	-	-
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue-property taxes	36,795	-	-	-
Unavailable revenue-special assessments	-	-	243,164	94,287
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	179,687	-
Total deferred inflows of resources	36,795	-	422,851	94,287
Fund balances				
Nonspendable	-	-	-	-
Restricted	794,013	3,585	84,352	15,012
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	794,013	3,585	84,352	15,012
Total liabilities, deferred inflows of resources, and fund balances	\$ 830,808	\$ 3,585	\$ 507,203	\$ 109,299

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City of Great Falls
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Improvement District Projects	Hazard Removal	
Assets				
Cash and investments	\$ 309,834	\$ 5,450	\$ 1,105	\$ 5,441,877
Restricted cash and investments	76,298	-	-	605,482
Receivables				
Taxes	-	-	-	273,891
Special assessments	-	-	47,105	582,026
Accounts	-	-	-	3,305
Accrued interest	-	-	-	1,015
Loans	-	-	-	40,000
Due from other city funds	-	-	-	621,627
Due from other governments	-	-	-	274,286
Other assets	-	-	-	15,615
Total assets	\$ 386,132	\$ 5,450	\$ 48,210	\$ 7,859,124
Liabilities				
Accounts payable	7,121	-	-	713,757
Due to other city funds	-	-	-	56,066
Interfund loans payable	-	-	-	14,766
Advances from other funds	-	-	-	45,405
Other liabilities	-	-	-	173,836
Total liabilities	7,121	-	-	1,003,830
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	91,085
Unavailable revenue-special assessments	-	-	-	456,159
Unavailable revenue-liens	-	-	47,105	47,105
Unavailable revenue-grants	-	-	-	58,974
Unavailable revenue-deferred loans	-	-	-	40,000
Unavailable revenue-security agreement	-	-	-	179,687
Total deferred inflows of resources	-	-	47,105	873,010
Fund balances				
Nonspendable	-	-	-	15,615
Restricted	-	-	-	3,454,225
Assigned	379,011	5,450	1,105	2,516,686
Unassigned	-	-	-	(4,242)
Total fund balances	379,011	5,450	1,105	5,982,284
Total liabilities, deferred inflows of resources, and fund balances	\$ 386,132	\$ 5,450	\$ 48,210	\$ 7,859,124

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

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Special Revenue Funds

	Park & Recreation	Library	Library Foundation	Planning & Community Development	Tax Increment
Revenues					
Taxes	\$ -	\$ 624,864	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	41,096	-
Intergovernmental	-	207,847	2,500	687,171	-
Charges for services	24,163	36,605	-	37,542	-
Fines and forfeitures	-	23,644	-	-	-
Internal services	-	-	-	31,000	-
Special assessments	-	-	-	-	-
Investment income	2,171	778	(380)	942	15
Other	68,722	1,906	162,219	3,592	-
Total revenues	95,056	895,644	164,339	801,343	15
Expenditures					
Current					
General government	-	-	-	901,331	83,854
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	24,873	1,306,727	50,120	-	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	2,208	-	-	-	-
Capital outlay	40,324	62,224	90,385	-	-
Total expenditures	67,405	1,368,951	140,505	901,331	83,854
Excess (deficiency) of revenues over (under) expenditures	27,651	(473,307)	23,834	(99,988)	(83,839)
Other financing sources (uses)					
Transfers in	-	350,000	-	100,000	-
Transfers out	-	-	-	-	(52,379)
Total other financing sources (uses)	-	350,000	-	100,000	(52,379)
Net change in fund balances	27,651	(123,307)	23,834	12	(136,218)
Fund balances - beginning	522,748	590,341	35,521	160,378	136,218
Fund balances - ending	<u>\$ 550,399</u>	<u>\$ 467,034</u>	<u>\$ 59,355</u>	<u>\$ 160,390</u>	<u>\$ -</u>

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City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Special Revenue Funds

	Central Montana Ag Tech Park TID	Airport TID	Downtown TID	Economic Revolving	Permits
Revenues					
Taxes	\$ 143,119	\$ 7,576	\$ 14,231	\$ -	\$ -
Licenses and permits	-	-	-	-	889,013
Intergovernmental	-	23	-	142,500	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	13,678
Special assessments	-	-	-	-	-
Investment income	(277)	24	14	1,431	(3,332)
Other	102,772	-	-	264,299	1,952
Total revenues	245,614	7,623	14,245	408,230	901,311
Expenditures					
Current					
General government	65,690	-	-	142,500	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	852,025
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	694,351	-	-	-	-
Total expenditures	760,041	-	-	142,500	852,025
Excess (deficiency) of revenues over (under) expenditures	(514,427)	7,623	14,245	265,730	49,286
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(264,298)	-
Total other financing sources (uses)	-	-	-	(264,298)	-
Net change in fund balances	(514,427)	7,623	14,245	1,432	49,286
Fund balances - beginning	710,473	9,406	-	15,838	69,571
Fund balances - ending	\$ 196,046	\$ 17,029	\$ 14,245	\$ 17,270	\$ 118,857

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City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Special Revenue Funds

	Licenses	Natural Resources	Portage Meadows	Support & Innovation	911 Special Revenue
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	230,526	-	-	-	-
Intergovernmental	-	-	-	-	592,786
Charges for services	-	5,000	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	11,500	-	-	-
Special assessments	-	326,494	47,250	632,088	-
Investment income	(82)	(255)	(9)	2,645	(16)
Other	45	7,098	-	7,854	191
Total revenues	230,489	349,837	47,241	642,587	592,961
Expenditures					
Current					
General government	-	-	-	630,567	-
Public safety	-	-	-	-	280,299
Public works	-	-	-	-	-
Culture and recreation	-	579,614	48,115	-	-
Housing & development	230,605	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	230,605	579,614	48,115	630,567	280,299
Excess (deficiency) of revenues over (under) expenditures	(116)	(229,777)	(874)	12,020	312,662
Other financing sources (uses)					
Transfers in	-	164,918	-	-	-
Transfers out	-	-	-	-	(376,983)
Total other financing sources (uses)	-	164,918	-	-	(376,983)
Net change in fund balances	(116)	(64,859)	(874)	12,020	(64,321)
Fund balances - beginning	34,535	235,830	(3,368)	46,394	406,302
Fund balances - ending	<u>\$ 34,419</u>	<u>\$ 170,971</u>	<u>\$ (4,242)</u>	<u>\$ 58,414</u>	<u>\$ 341,981</u>

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City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Special Revenue Funds

	Police Special Revenue	HIDTA Special Revenue	Fire Special Revenue	Home Grant	CTEP Projects
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	49,539	183,601	33,845	68,033	60,084
Charges for services	5,849	-	11,755	2,399	-
Fines and forfeitures	77,161	4,894	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	(1,167)	14	787	-	72
Other	21,675	46,393	-	-	22,748
Total revenues	153,057	234,902	46,387	70,432	82,904
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	100,605	217,832	39,615	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	75,449	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	61,647
Total expenditures	100,605	217,832	39,615	75,449	61,647
Excess (deficiency) of revenues over (under) expenditures	52,452	17,070	6,772	(5,017)	21,257
Other financing sources (uses)					
Transfers in	-	-	-	-	14,450
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	14,450
Net change in fund balances	52,452	17,070	6,772	(5,017)	35,707
Fund balances - beginning	180,389	(9,795)	151,083	6,567	20,438
Fund balances - ending	<u>\$ 232,841</u>	<u>\$ 7,275</u>	<u>\$ 157,855</u>	<u>\$ 1,550</u>	<u>\$ 56,145</u>

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City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		Debt Service Funds			General Obligation Taxable Bonds
	Housing Authority	Street Lighting Districts	Soccer Park GO Bond	Swimming Pool GO Bond	West Bank TID Bonds	
Revenues						
Taxes	\$ -	\$ -	\$ 199,862	\$ 304,404	\$ 394,485	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	339	518	13	-
Charges for services	1,280,187	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Internal services	-	-	-	-	-	-
Special assessments	-	1,984,782	-	-	-	-
Investment income	-	4,001	(1,555)	(439)	1,173	21
Other	-	4,110	1,511,935	874,058	-	24,395
Total revenues	1,280,187	1,992,893	1,710,581	1,178,541	395,671	24,416
Expenditures						
Current						
General government	1,280,187	1,453,782	34,144	5,943	18,759	22,003
Public safety	-	-	-	-	-	-
Public works	-	29,285	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing & development	-	-	-	-	-	-
Debt service						
Principal	-	-	1,635,000	1,135,000	85,000	30,000
Interest	-	-	77,322	39,331	126,228	5,986
Capital outlay	-	-	-	-	-	-
Total expenditures	1,280,187	1,483,067	1,746,466	1,180,274	229,987	57,989
Excess (deficiency) of revenues over (under) expenditures	-	509,826	(35,885)	(1,733)	165,684	(33,573)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	37,158
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	37,158
Net change in fund balances	-	509,826	(35,885)	(1,733)	165,684	3,585
Fund balances - beginning	-	1,455,784	84,708	29,222	628,329	-
Fund balances - ending	\$ -	\$ 1,965,610	\$ 48,823	\$ 27,489	\$ 794,013	\$ 3,585

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City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Debt Service Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	SID Bonds	Master Debt SILD	General Capital Projects	Improvement District Projects	Hazard Removal	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,688,541
Licenses and permits	-	-	-	-	-	1,160,635
Intergovernmental	-	-	-	-	-	2,028,799
Charges for services	-	-	-	-	-	1,403,500
Fines and forfeitures	-	-	-	-	-	105,699
Internal services	-	-	-	-	-	56,178
Special assessments	55,579	23,553	-	-	-	3,069,746
Investment income	7,997	(3)	6,394	1,700	(586)	22,078
Other	-	-	52,748	-	-	3,178,712
Total revenues	<u>63,576</u>	<u>23,550</u>	<u>59,142</u>	<u>1,700</u>	<u>(586)</u>	<u>12,713,888</u>
Expenditures						
Current						
General government	31,444	-	18,691	-	-	4,688,895
Public safety	-	-	-	-	-	638,351
Public works	-	-	49,277	-	-	78,562
Culture and recreation	-	-	-	-	-	2,009,449
Housing & development	-	-	-	-	283	1,158,362
Debt service						
Principal	155,000	38,887	-	-	-	3,078,887
Interest	17,201	1,129	-	-	-	269,405
Capital outlay	-	-	41,722	-	-	990,653
Total expenditures	<u>203,645</u>	<u>40,016</u>	<u>109,690</u>	<u>-</u>	<u>283</u>	<u>12,912,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(140,069)</u>	<u>(16,466)</u>	<u>(50,548)</u>	<u>1,700</u>	<u>(869)</u>	<u>(198,676)</u>
Other financing sources (uses)						
Transfers in	25,107	-	-	-	-	691,633
Transfers out	(25,107)	-	-	-	-	(718,767)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,134)</u>
Net change in fund balances	<u>(140,069)</u>	<u>(16,466)</u>	<u>(50,548)</u>	<u>1,700</u>	<u>(869)</u>	<u>(225,810)</u>
Fund balances - beginning	<u>224,421</u>	<u>31,478</u>	<u>429,559</u>	<u>3,750</u>	<u>1,974</u>	<u>6,208,094</u>
Fund balances - ending	<u>\$ 84,352</u>	<u>\$ 15,012</u>	<u>\$ 379,011</u>	<u>\$ 5,450</u>	<u>\$ 1,105</u>	<u>\$ 5,982,284</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Special Revenue Funds

	<u>Park & Recreation</u>		<u>Library</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues				
Taxes	\$ -	\$ -	\$ 659,922	\$ 624,864
Licenses and permits	-	-	-	-
Intergovernmental	8,000	-	210,029	207,847
Charges for services	1,000	24,163	36,300	36,605
Fines and forfeitures	-	-	23,000	23,644
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	2,171	800	778
Other	54,781	68,722	200	1,906
	<u>63,781</u>	<u>95,056</u>	<u>930,251</u>	<u>895,644</u>
Total revenues				
	<u>63,781</u>	<u>95,056</u>	<u>930,251</u>	<u>895,644</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	1,059,304	1,055,314
Operations and maintenance	66,970	24,873	263,549	251,413
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	14,294	-	-	-
Interest	2,209	2,208	-	-
Capital outlay	95,781	40,324	60,000	62,224
	<u>179,254</u>	<u>67,405</u>	<u>1,382,853</u>	<u>1,368,951</u>
Total expenditures				
	<u>179,254</u>	<u>67,405</u>	<u>1,382,853</u>	<u>1,368,951</u>
Revenues over (under) expenditures	<u>(115,473)</u>	<u>27,651</u>	<u>(452,602)</u>	<u>(473,307)</u>
Other financing sources (uses)				
Transfers in	-	-	350,000	350,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>
Net changes in fund balance	<u>\$ (115,473)</u>	<u>27,651</u>	<u>\$ (102,602)</u>	<u>(123,307)</u>
Fund balance - beginning		<u>522,748</u>		<u>590,341</u>
Fund balance - ending		<u>\$ 550,399</u>		<u>\$ 467,034</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Library Foundation		Planning & Community Development	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	46,155	41,096
Intergovernmental	2,500	2,500	605,404	687,171
Charges for services	-	-	24,400	37,542
Fines and forfeitures	-	-	-	-
Internal services	-	-	31,000	31,000
Special assessments	-	-	-	-
Investment income	200	(380)	-	942
Other	108,700	162,219	5,550	3,592
Total revenues	111,400	164,339	712,509	801,343
Expenditures				
Current				
General government				
Personal services	-	-	408,820	387,011
Operations and maintenance	-	-	459,971	514,320
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	8,500	50,120	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	60,000	90,385	-	-
Total expenditures	68,500	140,505	868,791	901,331
Revenues over (under) expenditures	42,900	23,834	(156,282)	(99,988)
Other financing sources (uses)				
Transfers in	-	-	100,000	100,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	100,000	100,000
Net changes in fund balance	\$ 42,900	23,834	\$ (56,282)	12
Fund balance - beginning		35,521		160,378
Fund balance - ending		\$ 59,355		\$ 160,390

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Tax Increment		Central Montana Ag Tech Park TID	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ 110,000	\$ 143,119
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	15	-	(277)
Other	-	-	102,772	102,772
	<u>-</u>	<u>15</u>	<u>212,772</u>	<u>245,614</u>
Total revenues	<u>-</u>	<u>15</u>	<u>212,772</u>	<u>245,614</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	83,854	83,854	65,690	65,690
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	42,273	-	711,792	694,351
	<u>126,127</u>	<u>83,854</u>	<u>777,482</u>	<u>760,041</u>
Total expenditures	<u>126,127</u>	<u>83,854</u>	<u>777,482</u>	<u>760,041</u>
Revenues over (under) expenditures	<u>(126,127)</u>	<u>(83,839)</u>	<u>(564,710)</u>	<u>(514,427)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(52,379)	(52,379)	-	-
	<u>(52,379)</u>	<u>(52,379)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(52,379)</u>	<u>(52,379)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (178,506)</u>	<u>(136,218)</u>	<u>\$ (564,710)</u>	<u>(514,427)</u>
Fund balance - beginning		<u>136,218</u>		<u>710,473</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ 196,046</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Airport TID		Downtown TID	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ 7,576	\$ -	\$ 14,231
Licenses and permits	-	-	-	-
Intergovernmental	-	23	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	24	-	14
Other	-	-	-	-
	-	7,623	-	14,245
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	7,623	-	14,245
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ -	7,623	\$ -	14,245
Fund balance - beginning		9,406		-
Fund balance - ending		\$ 17,029		\$ 14,245

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Economic Revolving		Permits	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	950,850	889,013
Intergovernmental	1,583,700	142,500	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	13,678	13,678
Special assessments	-	-	-	-
Investment income	-	1,431	450	(3,332)
Other	-	264,299	-	1,952
	<u>1,583,700</u>	<u>408,230</u>	<u>964,978</u>	<u>901,311</u>
Total revenues				
	<u>1,583,700</u>	<u>408,230</u>	<u>964,978</u>	<u>901,311</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	1,583,700	142,500	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	651,410	553,509
Operations and maintenance	-	-	307,556	298,516
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>1,583,700</u>	<u>142,500</u>	<u>958,966</u>	<u>852,025</u>
Total expenditures				
	<u>1,583,700</u>	<u>142,500</u>	<u>958,966</u>	<u>852,025</u>
Revenues over (under) expenditures	<u>-</u>	<u>265,730</u>	<u>6,012</u>	<u>49,286</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(264,298)	(264,298)	-	-
Total other financing sources (uses)	<u>(264,298)</u>	<u>(264,298)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (264,298)</u>	<u>1,432</u>	<u>\$ 6,012</u>	<u>49,286</u>
Fund balance - beginning		<u>15,838</u>		<u>69,571</u>
Fund balance - ending		<u>\$ 17,270</u>		<u>\$ 118,857</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Licenses		Natural Resources	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	223,400	230,526	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	5,000	5,000
Fines and forfeitures	-	-	-	-
Internal services	-	-	28,000	11,500
Special assessments	-	-	344,581	326,494
Investment income	200	(82)	-	(255)
Other	100	45	3,518	7,098
	<u>223,700</u>	<u>230,489</u>	<u>381,099</u>	<u>349,837</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	460,786	442,869
Operations and maintenance	-	-	210,412	136,745
Housing and development				
Personal services	63,438	67,494	-	-
Operations and maintenance	161,961	163,111	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>225,399</u>	<u>230,605</u>	<u>671,198</u>	<u>579,614</u>
Revenues over (under) expenditures	<u>(1,699)</u>	<u>(116)</u>	<u>(290,099)</u>	<u>(229,777)</u>
Other financing sources (uses)				
Transfers in	-	-	164,918	164,918
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>164,918</u>	<u>164,918</u>
Net changes in fund balance	<u>\$ (1,699)</u>	<u>(116)</u>	<u>\$ (125,181)</u>	<u>(64,859)</u>
Fund balance - beginning		<u>34,535</u>		<u>235,830</u>
Fund balance - ending		<u>\$ 34,419</u>		<u>\$ 170,971</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Portage Meadows		Support & Innovation	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	48,079	47,250	611,065	632,088
Investment income	-	(9)	-	2,645
Other	-	-	-	7,854
	48,079	47,241	611,065	642,587
Total revenues	48,079	47,241	611,065	642,587
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	612,124	630,567
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	13,417	13,109	-	-
Operations and maintenance	34,666	35,006	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	48,083	48,115	612,124	630,567
Total expenditures	48,083	48,115	612,124	630,567
Revenues over (under) expenditures	(4)	(874)	(1,059)	12,020
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ (4)	(874)	\$ (1,059)	12,020
Fund balance - beginning		(3,368)		46,394
Fund balance - ending		\$ (4,242)		\$ 58,414

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	911 Special Revenue		Police Special Revenue	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	553,940	592,786	30,898	49,539
Charges for services	-	-	-	5,849
Fines and forfeitures	-	-	-	77,161
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	(16)	-	(1,167)
Other	-	191	-	21,675
	<u>553,940</u>	<u>592,961</u>	<u>30,898</u>	<u>153,057</u>
Total revenues	553,940	592,961	30,898	153,057
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	280,299	31,698	100,605
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>280,299</u>	<u>31,698</u>	<u>100,605</u>
Total expenditures	-	280,299	31,698	100,605
Revenues over (under) expenditures	553,940	312,662	(800)	52,452
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(376,983)	(376,983)	-	-
Total other financing sources (uses)	<u>(376,983)</u>	<u>(376,983)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ 176,957</u>	<u>(64,321)</u>	<u>\$ (800)</u>	<u>52,452</u>
Fund balance - beginning		<u>406,302</u>		<u>180,389</u>
Fund balance - ending		<u>\$ 341,981</u>		<u>\$ 232,841</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	HIDTA Special Revenue		Fire Special Revenue	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	43,565	183,601	44,167	33,845
Charges for services	-	-	-	11,755
Fines and forfeitures	-	4,894	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	14	-	787
Other	-	46,393	-	-
	43,565	234,902	44,167	46,387
Total revenues	43,565	234,902	44,167	46,387
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	43,565	79,883	-	-
Operation and maintenance	-	137,949	44,167	39,615
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	43,565	217,832	44,167	39,615
Total expenditures	43,565	217,832	44,167	39,615
Revenues over (under) expenditures	-	17,070	-	6,772
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ -	17,070	\$ -	6,772
Fund balance - beginning		(9,795)		151,083
Fund balance - ending		\$ 7,275		\$ 157,855

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Home Grant		CTEP Projects	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	629,109	68,033	1,802,037	60,084
Charges for services	4,800	2,399	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	72
Other	-	-	151,481	22,748
	<u>633,909</u>	<u>70,432</u>	<u>1,953,518</u>	<u>82,904</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	16,375	16,034	-	-
Operations and maintenance	617,534	59,415	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	1,947,302	61,647
	<u>633,909</u>	<u>75,449</u>	<u>1,947,302</u>	<u>61,647</u>
Revenues over (under) expenditures	<u>-</u>	<u>(5,017)</u>	<u>6,216</u>	<u>21,257</u>
Other financing sources (uses)				
Transfers in	-	-	14,450	14,450
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,450</u>	<u>14,450</u>
Net changes in fund balance	<u>\$ -</u>	<u>(5,017)</u>	<u>\$ 20,666</u>	<u>35,707</u>
Fund balance - beginning		<u>6,567</u>		<u>20,438</u>
Fund balance - ending		<u>\$ 1,550</u>		<u>\$ 56,145</u>

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City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Housing Authority		Street Lighting Districts	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,304,239	1,280,187	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	1,988,874	1,984,782
Investment income	-	-	-	4,001
Other	-	-	-	4,110
Total revenues	1,304,239	1,280,187	1,988,874	1,992,893
Expenditures				
Current				
General government				
Personal services	1,286,676	1,262,624	-	-
Operations and maintenance	17,563	17,563	1,383,488	1,453,782
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	34,549	29,285
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,304,239	1,280,187	1,418,037	1,483,067
Revenues over (under) expenditures	-	-	570,837	509,826
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ -	-	\$ 570,837	509,826
Fund balance - beginning		-		1,455,784
Fund balance - ending		\$ -		\$ 1,965,610

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Debt Service Funds			
	Soccer Park GO Bond		Swimming Pool GO Bond	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ 198,900	\$ 199,862	\$ 303,500	\$ 304,404
Licenses and permits	-	-	-	-
Intergovernmental	-	339	-	518
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	(1,555)	-	(439)
Other	1,511,934	1,511,935	874,058	874,058
	<u>1,710,834</u>	<u>1,710,581</u>	<u>1,177,558</u>	<u>1,178,541</u>
Total revenues				
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	34,143	34,144	5,943	5,943
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	1,635,000	1,635,000	1,135,000	1,135,000
Interest	77,373	77,322	41,300	39,331
Capital outlay	-	-	-	-
	<u>1,746,516</u>	<u>1,746,466</u>	<u>1,182,243</u>	<u>1,180,274</u>
Total expenditures				
Revenues over (under) expenditures	<u>(35,682)</u>	<u>(35,885)</u>	<u>(4,685)</u>	<u>(1,733)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (35,682)</u>	<u>(35,885)</u>	<u>\$ (4,685)</u>	<u>(1,733)</u>
Fund balance - beginning		<u>84,708</u>		<u>29,222</u>
Fund balance - ending		<u>\$ 48,823</u>		<u>\$ 27,489</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Debt Service Funds			
	West Bank TID Bonds		General Obligation Taxable Bonds	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ 365,000	\$ 394,485	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	13	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,173	-	21
Other	-	-	24,396	24,395
	<u>365,000</u>	<u>395,671</u>	<u>24,396</u>	<u>24,416</u>
Total revenues				
	365,000	395,671	24,396	24,416
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	18,759	18,759	22,003	22,003
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	85,000	85,000	30,000	30,000
Interest	126,228	126,228	5,986	5,986
Capital outlay	-	-	-	-
	<u>229,987</u>	<u>229,987</u>	<u>57,989</u>	<u>57,989</u>
Total expenditures				
	229,987	229,987	57,989	57,989
Revenues over (under) expenditures	135,013	165,684	(33,593)	(33,573)
Other financing sources (uses)				
Transfers in	-	-	37,158	37,158
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	37,158	37,158
Net changes in fund balance	<u>\$ 135,013</u>	165,684	<u>\$ 3,565</u>	3,585
Fund balance - beginning		628,329		-
Fund balance - ending		<u>\$ 794,013</u>		<u>\$ 3,585</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Debt Service Funds			
	SID Bonds		Master Debt SILD	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	55,276	55,579	17,751	23,553
Investment income	-	7,997	-	(3)
Other	-	-	-	-
	55,276	63,576	17,751	23,550
Total revenues				
	55,276	63,576	17,751	23,550
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	29,694	31,444	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	155,000	155,000	38,891	38,887
Interest	17,352	17,201	1,133	1,129
Capital outlay	-	-	-	-
	202,046	203,645	40,024	40,016
Total expenditures				
	202,046	203,645	40,024	40,016
Revenues over (under) expenditures	(146,770)	(140,069)	(22,273)	(16,466)
Other financing sources (uses)				
Transfers in	25,107	25,107	-	-
Transfers out	(25,107)	(25,107)	-	-
	-	-	-	-
Total other financing sources (uses)				
	-	-	-	-
Net changes in fund balance	\$ (146,770)	(140,069)	\$ (22,273)	(16,466)
Fund balance - beginning		224,421		31,478
Fund balance - ending		\$ 84,352		\$ 15,012

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Capital Projects Funds			
	General Capital Projects		Improvement District Projects	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	6,394	-	1,700
Other	49,277	52,748	-	-
Total revenues	49,277	59,142	-	1,700
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	9,692	18,691	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	49,277	49,277	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	450,137	41,722	-	-
Total expenditures	509,106	109,690	-	-
Revenues over (under) expenditures	(459,829)	(50,548)	-	1,700
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ (459,829)	(50,548)	\$ -	1,700
Fund balance - beginning		429,559		3,750
Fund balance - ending		\$ 379,011		\$ 5,450

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Concluded)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Capital Projects Funds</u>			
	<u>Hazard Removal</u>		<u>Total</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues				
Taxes	\$ -	\$ -	\$ 1,637,322	\$1,688,541
Licenses and permits	-	-	1,220,405	1,160,635
Intergovernmental	-	-	5,513,349	2,028,799
Charges for services	-	-	1,375,739	1,403,500
Fines and forfeitures	-	-	23,000	105,699
Internal services	-	-	72,678	56,178
Special assessments	-	-	3,065,626	3,069,746
Investment income	-	(586)	1,650	22,078
Other	-	-	2,886,767	3,178,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	(586)	15,796,536	12,713,888
Expenditures				
Current				
General government				
Personal services	-	-	1,695,496	1,649,635
Operations and maintenance	-	-	4,326,624	3,039,260
Public safety				
Personal services	-	-	43,565	79,883
Operation and maintenance	-	-	75,865	558,468
Public works				
Operations and maintenance	-	-	83,826	78,562
Culture and recreation				
Personal services	-	-	1,533,507	1,511,292
Operations and maintenance	-	-	584,097	498,157
Housing and development				
Personal services	-	-	731,223	637,037
Operations and maintenance	173	283	1,087,224	521,325
Debt service				
Principal	-	-	3,093,185	3,078,887
Interest	-	-	271,581	269,405
Capital outlay	-	-	3,367,285	990,653
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	173	283	16,893,478	12,912,564
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(173)	(869)	(1,096,942)	(198,676)
Other financing sources (uses)				
Transfers in	-	-	691,633	691,633
Transfers out	-	-	(718,767)	(718,767)
Total other financing sources (uses)	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(27,134)	(27,134)
Net changes in fund balance	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (173)	(869)	\$ (1,124,076)	(225,810)
Fund balance - beginning		<hr/>		<hr/>
		1,974		6,208,094
Fund balance - ending		<hr/>		<hr/>
		\$ 1,105		\$5,982,284

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

Nonmajor Enterprise Funds

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, or for operations where periodic determination of revenues, expenses and net income is considered desirable. These funds account for services rendered to the general public on a user charge basis.

Swimming Pools Fund – This fund is used to account for fund operations for operating four swimming pools, one of which is an indoor pool operating twelve months a year.

911 Dispatch Center Fund – This fund is used to account for fund operations including the answering and dispatching of calls for County-wide law enforcements, fire and ambulance services.

Parking Fund – This fund is used to account for fund operations for public parking. The Planning & Community Development Department administers a management contract with Standard Parking for the day-to-day operation of parking facilities and parking enforcement. The fund receipts and processes all citation based revenue.

Recreation Fund – This fund is used to account for revenues and expenses related to the recreation center, recreation programs, the annual Ice-Breaker road race, and other miscellaneous fee-based recreation programs administered by the Parks and Recreation Department.

Multi-Sports Fund – This fund is used to account for revenues and expenses related to a multi-sports complex.

Civic Center Events Fund – This fund is used to account for fund operations for the promotion and coordination of the use of the Civic Center arena, auditorium, ballroom, and Gibson Room.

City of Great Falls
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
Assets				
Current assets:				
Cash and investments	\$ 248,854	\$ 102,412	\$ 399,432	\$ 223,822
Receivables				
Accounts	3,008	-	14,186	53,209
Total current assets	<u>251,862</u>	<u>102,412</u>	<u>413,618</u>	<u>277,031</u>
Noncurrent assets				
Restricted cash and investments	-	-	49,026	11,561
Non-depreciable capital assets	-	-	863,397	5,449
Depreciable capital assets, net	638,700	1,158,887	2,506,612	333,667
Total noncurrent assets	<u>638,700</u>	<u>1,158,887</u>	<u>3,419,035</u>	<u>350,677</u>
Total assets	<u>890,562</u>	<u>1,261,299</u>	<u>3,832,653</u>	<u>627,708</u>
Liabilities				
Current liabilities				
Accounts payable	37,301	47,849	60,201	17,837
Capital lease obligation	147,645	-	-	-
Other liabilities	6,200	-	35	-
Total current liabilities	<u>191,146</u>	<u>47,849</u>	<u>60,236</u>	<u>17,837</u>
Noncurrent liabilities				
Capital lease obligations	157,464	-	-	-
Compensated absences	28,035	51,690	-	10,878
Total noncurrent liabilities	<u>185,499</u>	<u>51,690</u>	<u>-</u>	<u>10,878</u>
Total liabilities	<u>376,645</u>	<u>99,539</u>	<u>60,236</u>	<u>28,715</u>
Net position				
Net investment in capital assets	333,591	1,158,887	3,370,009	339,116
Unrestricted	180,326	2,873	402,408	259,877
Total net position	<u>513,917</u>	<u>1,161,760</u>	<u>3,772,417</u>	<u>598,993</u>
Total liabilities and net position	<u>\$ 890,562</u>	<u>\$ 1,261,299</u>	<u>\$ 3,832,653</u>	<u>\$ 627,708</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Concluded)
Nonmajor Enterprise Funds
June 30, 2014

	Multi-Sports	Civic Center Events	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ 70,482	\$ 234,232	\$ 1,279,234
Receivables			
Accounts	14,950	-	85,353
Total current assets	<u>85,432</u>	<u>234,232</u>	<u>1,364,587</u>
Noncurrent assets			
Restricted cash and investments	-	14,496	75,083
Non-depreciable capital assets	-	-	868,846
Depreciable capital assets, net	-	195,423	4,833,289
Total noncurrent assets	<u>-</u>	<u>209,919</u>	<u>5,777,218</u>
Total assets	<u>85,432</u>	<u>444,151</u>	<u>7,141,805</u>
Liabilities			
Current liabilities			
Accounts payable	11,545	9,647	184,380
Capital lease obligation	-	-	147,645
Other liabilities	-	118,371	124,606
Total current liabilities	<u>11,545</u>	<u>128,018</u>	<u>456,631</u>
Noncurrent liabilities			
Capital lease obligations	-	-	157,464
Compensated absences	1,948	39,452	132,003
Total noncurrent liabilities	<u>1,948</u>	<u>39,452</u>	<u>289,467</u>
Total liabilities	<u>13,493</u>	<u>167,470</u>	<u>746,098</u>
Net position			
Net investment in capital assets	-	195,423	5,397,026
Unrestricted	71,939	81,258	998,681
Total net position	<u>71,939</u>	<u>276,681</u>	<u>6,395,707</u>
Total liabilities and net position	<u>\$ 85,432</u>	<u>\$ 444,151</u>	<u>\$ 7,141,805</u>

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

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
Operating revenues				
Charges for services	\$ 501,160	\$ 1,077,358	\$ 737,016	\$ 389,787
Operating expenses				
Personal services	405,298	1,158,918	56,792	213,783
Supplies and materials	113,549	17,828	4,675	25,429
Purchased services	129,570	170,374	646,947	129,005
Internal services	58,640	226,532	55,448	36,052
Other	-	-	-	24,595
Depreciation	69,254	53,096	250,745	18,417
Total operating expenses	<u>776,311</u>	<u>1,626,748</u>	<u>1,014,607</u>	<u>447,281</u>
Operating income (loss)	<u>(275,151)</u>	<u>(549,390)</u>	<u>(277,591)</u>	<u>(57,494)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	(1,629)	(996)	(4,028)	(975)
Interest expense	(29,496)	-	-	-
Other	-	870,461	1,047	(132)
Total nonoperating revenues (expenses)	<u>(31,125)</u>	<u>869,465</u>	<u>(2,981)</u>	<u>(1,107)</u>
Income (loss) before contributions and transfers	<u>(306,276)</u>	<u>320,075</u>	<u>(280,572)</u>	<u>(58,601)</u>
Transfers in	<u>214,389</u>	<u>364,288</u>	<u>-</u>	<u>59,226</u>
Change in net position	(91,887)	684,363	(280,572)	625
Total net position - beginning	<u>605,804</u>	<u>477,397</u>	<u>4,052,989</u>	<u>598,368</u>
Total net position - ending	<u>\$ 513,917</u>	<u>\$ 1,161,760</u>	<u>\$ 3,772,417</u>	<u>\$ 598,993</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 142,681	\$ 303,722	\$ 3,151,724
Operating expenses			
Personal services	55,282	279,055	2,169,128
Supplies and materials	45,212	16,979	223,672
Purchased services	30,569	40,401	1,146,866
Internal services	5,155	190,899	572,726
Other	-	5,185	29,780
Depreciation	-	33,602	425,114
Total operating expenses	<u>136,218</u>	<u>566,121</u>	<u>4,567,286</u>
Operating income (loss)	<u>6,463</u>	<u>(262,399)</u>	<u>(1,415,562)</u>
Nonoperating revenues (expenses)			
Investment income (loss)	(9)	(1,037)	(8,674)
Interest expense	-	-	(29,496)
Other	-	27,185	898,561
Total nonoperating revenues (expenses)	<u>(9)</u>	<u>26,148</u>	<u>860,391</u>
Income (loss) before contributions and transfers	<u>6,454</u>	<u>(236,251)</u>	<u>(555,171)</u>
Transfers in	<u>-</u>	<u>114,727</u>	<u>752,630</u>
Change in net position	6,454	(121,524)	197,459
Total net position - beginning	<u>65,485</u>	<u>398,205</u>	<u>6,198,248</u>
Total net position - ending	<u>\$ 71,939</u>	<u>\$ 276,681</u>	<u>\$ 6,395,707</u>

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

City of Great Falls, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 500,115	\$ 1,099,389	\$ 723,795	\$ 383,733
Receipts from interfund services provided	-	848,430	-	-
Receipts from others	-	-	1,047	-
Payments to suppliers	(244,992)	(187,509)	(599,148)	(163,843)
Payments to employees	(414,236)	(1,167,509)	(55,384)	(215,360)
Payments for interfund services used	(58,640)	(226,532)	(55,448)	(36,052)
Payments to others	-	-	-	(24,727)
Net cash provided by (used for) operating activities	<u>(217,753)</u>	<u>366,269</u>	<u>14,862</u>	<u>(56,249)</u>
Cash flows from noncapital financing activities				
Transfers in	214,389	364,288	-	59,226
Net cash provided by (used for) noncapital financing activities	<u>214,389</u>	<u>364,288</u>	<u>-</u>	<u>59,226</u>
Cash flows from capital and related financing activities				
Principal payments - capital leases	(138,439)	-	-	-
Interest paid	(29,496)	-	-	-
Acquisition/construction of capital assets	-	(924,787)	-	(5,423)
Net cash provided by (used for) capital and related financing activities	<u>(167,935)</u>	<u>(924,787)</u>	<u>-</u>	<u>(5,423)</u>
Cash flows from investing activities				
Interest and dividends on investments	(1,053)	(624)	(3,419)	(677)
Net cash provided by (used for) investing activities	<u>(1,053)</u>	<u>(624)</u>	<u>(3,419)</u>	<u>(677)</u>
Net increase (decrease) in cash	(172,352)	(194,854)	11,443	(3,123)
Cash, beginning of year	<u>421,206</u>	<u>297,266</u>	<u>437,015</u>	<u>238,506</u>
Cash, end of year (a)	<u><u>\$ 248,854</u></u>	<u><u>\$ 102,412</u></u>	<u><u>\$ 448,458</u></u>	<u><u>\$ 235,383</u></u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 248,854	\$ 102,412	\$ 399,432	\$ 223,822
Restricted cash and investments	-	-	49,026	11,561
	<u><u>\$ 248,854</u></u>	<u><u>\$ 102,412</u></u>	<u><u>\$ 448,458</u></u>	<u><u>\$ 235,383</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 128,111	\$ 302,663	\$ 3,137,806
Receipts from interfund services provided	-	-	848,430
Receipts from others	-	27,185	28,232
Payments to suppliers	(84,428)	(78,251)	(1,358,171)
Payments to employees	(57,163)	(285,996)	(2,195,648)
Payments for interfund services used	(5,155)	(190,899)	(572,726)
Payments to others	-	(5,185)	(29,912)
Net cash provided by (used for) operating activities	<u>(18,635)</u>	<u>(230,483)</u>	<u>(141,989)</u>
Cash flows from noncapital financing activities			
Transfers in	-	114,727	752,630
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>114,727</u>	<u>752,630</u>
Cash flows from capital and related financing activities			
Principal payments - capital leases	-	-	(138,439)
Interest paid	-	-	(29,496)
Acquisition/construction of capital assets	-	-	(930,210)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,098,145)</u>
Cash flows from investing activities			
Interest and dividends on investments	90	(496)	(6,179)
Net cash provided by (used for) investing activities	<u>90</u>	<u>(496)</u>	<u>(6,179)</u>
Net increase (decrease) in cash	(18,545)	(116,252)	(493,683)
Cash, beginning of year	<u>89,027</u>	<u>364,980</u>	<u>1,848,000</u>
Cash, end of year (a)	<u><u>\$ 70,482</u></u>	<u><u>\$ 248,728</u></u>	<u><u>\$ 1,354,317</u></u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 70,482	\$ 234,232	\$ 1,279,234
Restricted cash and investments	-	14,496	75,083
	<u><u>\$ 70,482</u></u>	<u><u>\$ 248,728</u></u>	<u><u>\$ 1,354,317</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (275,151)	\$ 321,071	\$ (277,591)	\$ (57,494)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	69,254	53,096	250,745	18,417
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	(1,045)	-	(13,256)	(6,054)
(Decrease) increase in accounts payable	(11,780)	(4,920)	53,882	(11,790)
(Decrease) increase in other liabilities	1,530	-	35	-
(Decrease) increase in compensated absences payable	(561)	(2,978)	-	804
Other nonoperating revenue	-	-	1,047	(132)
Total adjustments	<u>\$ 57,398</u>	<u>\$ 45,198</u>	<u>\$ 292,453</u>	<u>\$ 1,245</u>
Net cash provided by (used for) operating activities	<u>\$ (217,753)</u>	<u>\$ 366,269</u>	<u>\$ 14,862</u>	<u>\$ (56,249)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 6,463	\$ (262,398)	\$ (545,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation expense	-	33,602	425,114
Cash provided (used) by changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(14,570)	165	(34,760)
(Decrease) increase in accounts payable	(10,509)	(25,568)	(10,685)
(Decrease) increase in other liabilities	-	-	1,565
(Decrease) increase in compensated absences payable	(19)	(3,469)	(6,223)
Other nonoperating revenue	-	27,185	28,100
Total adjustments	<u>\$ (25,098)</u>	<u>\$ 31,915</u>	<u>\$ 403,111</u>
Net cash provided by (used for) operating activities	<u>\$ (18,635)</u>	<u>\$ (230,483)</u>	<u>\$ (141,989)</u>

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

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Central Garage Fund – This fund is used to account for fleet operations for the City. Functions include maintenance, fuel dispensing, and replacement services for all major vehicles and motor equipment owned by the City and the Great Falls Housing Authority.

Information Technology Fund – This fund is used to account for providing centralized and personal computer operations, equipment services, and support.

Insurance & Safety Fund – This fund is used to account for central insurance and safety program costs of the City, which includes centralized handling of premium payments, claims processing, and general insurance administration.

Health & Benefits Fund – This fund is used to account for payroll deductions made to the group health insurance plan and processes payments of health insurance premiums. In Fiscal Year 2014 the City changed from a self funded plan to a member of Montana Municipal Interlocal Authority's (MMIA) Health Benefit Program.

Human Resources Fund – This fund is used to account for providing professional services to the management of the City, its employees and the public through the administration of a comprehensive Human Resources Program.

City Telephone Fund – This fund is used to account for overseeing operations related to all City telephones, telephone leases, and long-distance carriers for the Civic Center and Police Department buildings.

Fiscal Services Fund – This fund is used to account for providing centralized services for accounting, cash investments, utility billing and customer service, debt issuance, payroll and capital asset tracking.

Engineering Fund – This fund is used to account for providing technical support for the Utilities and Operation branches of Public Works and other departments within the City.

Public Works Admin Fund – This fund is used to account for the overall planning, organizing, and coordination of the three branches of Public Works: utilities, operations, and engineering.

Civic Center Facility Services Fund – This fund is used to account for the costs of maintaining and operating the Civic Center and the City departments located there.

City of Great Falls
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Central Garage	Information Technology	Insurance & Safety	Health & Benefits
Assets				
Current assets				
Cash and investments	\$ 245,886	\$ 1,040	\$ 197,271	\$ 754,779
Receivables				
Accounts	2,363	-	-	1,437
Accrued interest	1,098	-	-	384
Interfund loans receivable	46,477	-	-	-
Inventories	218,697	-	-	-
Total current assets	<u>514,521</u>	<u>1,040</u>	<u>197,271</u>	<u>756,600</u>
Noncurrent assets				
Restricted cash and investments	2,157,899	213,953	-	-
Advance to other funds	270,386	-	-	-
Non-depreciable capital assets	27,108	-	-	-
Depreciable capital assets, net	4,499,892	72,991	-	-
Total noncurrent assets	<u>6,955,285</u>	<u>286,944</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,469,806</u>	<u>287,984</u>	<u>197,271</u>	<u>756,600</u>
Liabilities				
Current liabilities				
Accounts payable	103,439	40,269	12,486	-
Loans payable	-	-	-	-
Other liabilities	-	-	-	-
Total current liabilities	<u>103,439</u>	<u>40,269</u>	<u>12,486</u>	<u>-</u>
Noncurrent liabilities				
Loans payable	-	-	-	-
Compensated absences	56,409	46,854	-	-
Other liabilities	-	-	-	1,589,024
Total noncurrent liabilities:	<u>56,409</u>	<u>46,854</u>	<u>-</u>	<u>1,589,024</u>
Total liabilities	<u>159,848</u>	<u>87,123</u>	<u>12,486</u>	<u>1,589,024</u>
Net position				
Net investment in capital assets	4,526,999	72,991	-	-
Unrestricted	2,782,959	127,870	184,785	(832,424)
Total net position	<u>7,309,958</u>	<u>200,861</u>	<u>184,785</u>	<u>(832,424)</u>
Total liabilities and net position	<u>\$ 7,469,806</u>	<u>\$ 287,984</u>	<u>\$ 197,271</u>	<u>\$ 756,600</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2014

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Assets				
Current assets				
Cash and investments	\$ 122,145	\$ 81,865	\$ 104,313	\$ 140,972
Receivables				
Accounts	-	-	-	194,375
Accrued interest	-	-	-	-
Interfund loans receivable	-	-	-	-
Inventories	-	-	-	-
Total current assets	<u>122,145</u>	<u>81,865</u>	<u>104,313</u>	<u>335,347</u>
Noncurrent assets				
Restricted cash and investments	-	-	-	62,251
Advance to other funds	-	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	1,601	2,602	-	708,026
Total noncurrent assets	<u>1,601</u>	<u>2,602</u>	<u>-</u>	<u>770,277</u>
Total assets	<u>123,746</u>	<u>84,467</u>	<u>104,313</u>	<u>1,105,624</u>
Liabilities				
Current liabilities				
Accounts payable	12,651	1,063	46,651	43,958
Loans payable	-	-	-	37,694
Other liabilities	-	-	-	9,026
Total current liabilities	<u>12,651</u>	<u>1,063</u>	<u>46,651</u>	<u>90,678</u>
Noncurrent liabilities				
Loans payable	-	-	-	220,889
Compensated absences	40,351	-	61,541	115,261
Other liabilities	-	-	-	-
Total noncurrent liabilities:	<u>40,351</u>	<u>-</u>	<u>61,541</u>	<u>336,150</u>
Total liabilities	<u>53,002</u>	<u>1,063</u>	<u>108,192</u>	<u>426,828</u>
Net position				
Net investment in capital assets	1,601	2,602	-	449,444
Unrestricted	69,143	80,802	(3,879)	229,352
Total net position	<u>70,744</u>	<u>83,404</u>	<u>(3,879)</u>	<u>678,796</u>
Total liabilities and net position	<u>\$ 123,746</u>	<u>\$ 84,467</u>	<u>\$ 104,313</u>	<u>\$ 1,105,624</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Concluded)
Internal Service Funds
June 30, 2014

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Assets			
Current assets			
Cash and investments	\$ 281,221	\$ 161,131	\$ 2,090,623
Receivables			
Accounts	-	-	198,175
Accrued interest	-	-	1,482
Interfund loans receivable	-	-	46,477
Inventories	-	-	218,697
Total current assets	<u>281,221</u>	<u>161,131</u>	<u>2,555,454</u>
Noncurrent assets			
Restricted cash and investments	5,271	97,116	2,536,490
Advance to other funds	-	-	270,386
Non-depreciable capital assets	-	-	27,108
Depreciable capital assets, net	52,854	483,379	5,821,345
Total noncurrent assets	<u>58,125</u>	<u>580,495</u>	<u>8,655,329</u>
Total assets	<u>339,346</u>	<u>741,626</u>	<u>11,210,783</u>
Liabilities			
Current liabilities			
Accounts payable	12,458	19,199	292,174
Loans payable	-	-	37,694
Other liabilities	-	-	9,026
Total current liabilities	<u>12,458</u>	<u>19,199</u>	<u>338,894</u>
Noncurrent liabilities			
Loans payable	-	-	220,889
Compensated absences	37,508	17,138	375,062
Other liabilities	-	-	1,589,024
Total noncurrent liabilities:	<u>37,508</u>	<u>17,138</u>	<u>2,184,975</u>
Total liabilities	<u>49,966</u>	<u>36,337</u>	<u>2,523,869</u>
Net position			
Net investment in capital assets	52,854	483,379	5,589,870
Unrestricted	236,526	221,910	3,097,044
Total net position	<u>289,380</u>	<u>705,289</u>	<u>8,686,914</u>
Total liabilities and net position	<u>\$ 339,346</u>	<u>\$ 741,626</u>	<u>\$ 11,210,783</u>

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

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Operating revenues				
Charges for services	\$ 2,192,214	\$ 1,264,433	\$ 1,442,378	\$ 6,564,212
Operating Expenses				
Personal services	672,563	606,775	59,656	-
Supplies and materials	586,530	137,322	3,067	-
Purchased services	88,043	509,406	1,330,334	7,046,453
Internal services	120,336	63,343	3,617	-
Other	27,344	-	-	-
Depreciation	622,975	10,799	-	-
Total operating expenses	<u>2,117,791</u>	<u>1,327,645</u>	<u>1,396,674</u>	<u>7,046,453</u>
Operating income (loss)	<u>74,423</u>	<u>(63,212)</u>	<u>45,704</u>	<u>(482,241)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	13,960	585	(179)	(1,244)
Interest expense	-	-	-	-
Proceeds (loss) on sale of capital assets	22,275	-	-	-
Other	1,862	5,143	-	70
Total nonoperating revenues (expenses)	<u>38,097</u>	<u>5,728</u>	<u>(179)</u>	<u>(1,174)</u>
Income (loss) before contributions and transfers	<u>112,520</u>	<u>(57,484)</u>	<u>45,525</u>	<u>(483,415)</u>
Transfers in	-	12,695	-	-
Transfers out	-	-	(100,000)	-
Change in net position	112,520	(44,789)	(54,475)	(483,415)
Total net position - beginning	<u>7,197,438</u>	<u>245,650</u>	<u>239,260</u>	<u>(349,009)</u>
Total net position - ending	<u>\$ 7,309,958</u>	<u>\$ 200,861</u>	<u>\$ 184,785</u>	<u>\$ (832,424)</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Operating revenues				
Charges for services	\$ 346,666	\$ 91,382	\$ 1,716,442	\$ 1,224,279
Operating Expenses				
Personal services	281,578	54,640	960,183	1,039,994
Supplies and materials	2,090	-	27,748	24,680
Purchased services	2,475	14,587	296,545	37,667
Internal services	36,788	3,289	387,659	161,562
Other	661	-	-	-
Depreciation	214	5,203	-	43,472
Total operating expenses	<u>323,806</u>	<u>77,719</u>	<u>1,672,135</u>	<u>1,307,375</u>
Operating income (loss)	<u>22,860</u>	<u>13,663</u>	<u>44,307</u>	<u>(83,096)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	429	260	(80)	(4,256)
Interest expense	-	-	-	(2,863)
Proceeds (loss) on sale of capital assets	-	-	-	-
Other	-	-	1,087	-
Total nonoperating revenues (expenses)	<u>429</u>	<u>260</u>	<u>1,007</u>	<u>(7,119)</u>
Income (loss) before contributions and transfers	<u>23,289</u>	<u>13,923</u>	<u>45,314</u>	<u>(90,215)</u>
Transfers in	-	-	-	63,143
Transfers out	-	-	-	-
Change in net position	23,289	13,923	45,314	(27,072)
Total net position - beginning	<u>47,455</u>	<u>69,481</u>	<u>(49,193)</u>	<u>705,868</u>
Total net position - ending	<u>\$ 70,744</u>	<u>\$ 83,404</u>	<u>\$ (3,879)</u>	<u>\$ 678,796</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Internal Service Funds
For the Year Ended June 30, 2014

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 467,099	\$ 501,847	\$ 15,810,952
Operating Expenses			
Personal services	233,877	265,057	4,174,323
Supplies and materials	11,332	29,757	822,526
Purchased services	125,509	153,648	9,604,667
Internal services	28,499	18,040	823,133
Other	-	-	28,005
Depreciation	10,081	52,839	745,583
Total operating expenses	409,298	519,341	16,198,237
Operating income (loss)	57,801	(17,494)	(387,285)
Nonoperating revenues (expenses)			
Investment income (loss)	(16)	(1,099)	8,360
Interest expense	-	-	(2,863)
Proceeds (loss) on sale of capital assets	-	-	22,275
Other	(1,037)	114	7,239
Total nonoperating revenues (expenses)	(1,053)	(985)	35,011
Income (loss) before contributions and transfers	56,748	(18,479)	(352,274)
Transfers in	-	-	75,838
Transfers out	-	-	(100,000)
Change in net position	56,748	(18,479)	(376,436)
Total net position - beginning	232,632	723,768	9,063,350
Total net position - ending	\$ 289,380	\$ 705,289	\$ 8,686,914

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

City of Great Falls, Montana
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 1,071	\$ 97,140	\$ -	\$ 500,816
Receipts from interfund services provided	2,188,780	1,237,692	1,442,378	6,338,914
Receipts from others	1,862	5,143	-	70
Payments to suppliers	(636,342)	(632,765)	(1,332,061)	(7,639,343)
Payments to employees	(697,706)	(658,264)	(59,554)	-
Payments for interfund services used	(120,336)	(63,343)	(3,617)	-
Payments to others	(27,344)	-	-	-
Net cash provided by (used for) operating activities	<u>709,985</u>	<u>(14,397)</u>	<u>47,146</u>	<u>(799,543)</u>
Cash flows from noncapital financing activities				
Transfers in	-	12,695	-	-
Transfers out	-	-	(100,000)	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>12,695</u>	<u>(100,000)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	22,275	-	-	-
Principal payments received - advances	45,531	-	-	-
Principal payments - loans	-	-	-	-
Interest paid	-	-	-	-
Acquisition/construction of capital assets	(335,091)	(49,998)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(267,285)</u>	<u>(49,998)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest and dividends on investments	17,227	1,139	(74)	912
Net cash provided by (used for) investing activities	<u>17,227</u>	<u>1,139</u>	<u>(74)</u>	<u>912</u>
Net increase (decrease) in cash	459,927	(50,561)	(52,928)	(798,631)
Cash, beginning of year	<u>1,943,858</u>	<u>265,554</u>	<u>250,199</u>	<u>1,553,410</u>
Cash, end of year (a)	<u>\$ 2,403,785</u>	<u>\$ 214,993</u>	<u>\$ 197,271</u>	<u>\$ 754,779</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 245,886	\$ 1,040	\$ 197,271	\$ 754,779
Restricted cash and investments	<u>2,157,899</u>	<u>213,953</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,403,785</u>	<u>\$ 214,993</u>	<u>\$ 197,271</u>	<u>\$ 754,779</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Cash flows from operating activities				
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 167,276
Receipts from interfund services provided	346,666	91,382	1,715,792	1,057,982
Receipts from others	-	-	1,737	-
Payments to suppliers	(5,241)	(14,586)	(325,138)	(62,566)
Payments to employees	(284,069)	(58,598)	(964,566)	(1,041,868)
Payments for interfund services used	(36,788)	(3,289)	(387,659)	(161,562)
Payments to others	-	-	-	-
Net cash provided by (used for) operating activities	<u>20,568</u>	<u>14,909</u>	<u>40,166</u>	<u>(40,738)</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	-	63,143
Transfers out	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,143</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	-	-	-	-
Principal payments received - advances	-	-	-	-
Principal payments - loans	-	-	-	(36,970)
Interest paid	-	-	-	(2,863)
Acquisition/construction of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,833)</u>
Cash flows from investing activities				
Interest and dividends on investments	562	359	490	(3,535)
Net cash provided by (used for) investing activities	<u>562</u>	<u>359</u>	<u>490</u>	<u>(3,535)</u>
Net increase (decrease) in cash	21,130	15,268	40,656	(20,963)
Cash, beginning of year	<u>101,015</u>	<u>66,597</u>	<u>63,657</u>	<u>224,186</u>
Cash, end of year (a)	<u>\$ 122,145</u>	<u>\$ 81,865</u>	<u>\$ 104,313</u>	<u>\$ 203,223</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 122,145	\$ 81,865	\$ 104,313	\$ 140,972
Restricted cash and investments	-	-	-	62,251
	<u>\$ 122,145</u>	<u>\$ 81,865</u>	<u>\$ 104,313</u>	<u>\$ 203,223</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Public Works Admin</u>	<u>Civic Center Facility Service</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities			
Receipts from customers and users	\$ -	\$ -	\$ 766,303
Receipts from interfund services provided	467,099	501,401	15,388,086
Receipts from others	1,222	560	10,594
Payments to suppliers	(146,264)	(181,804)	(10,976,110)
Payments to employees	(231,275)	(260,393)	(4,256,293)
Payments for interfund services used	(28,499)	(18,040)	(823,133)
Payments to others	(1,130)	-	(28,474)
Net cash provided by (used for) operating activities	<u>61,153</u>	<u>41,724</u>	<u>80,973</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	75,838
Transfers out	-	-	(100,000)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(24,162)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of assets	-	-	22,275
Principal payments received - advances	-	-	45,531
Principal payments - loans	-	-	(36,970)
Interest paid	-	-	(2,863)
Acquisition/construction of capital assets	(10,095)	-	(395,184)
Net cash provided by (used for) capital and related financing activities	<u>(10,095)</u>	<u>-</u>	<u>(367,211)</u>
Cash flows from investing activities			
Interest and dividends on investments	502	(787)	16,795
Net cash provided by (used for) investing activities	<u>502</u>	<u>(787)</u>	<u>16,795</u>
Net increase (decrease) in cash	51,560	40,937	(293,605)
Cash, beginning of year	<u>234,932</u>	<u>217,310</u>	<u>4,920,718</u>
Cash, end of year (a)	<u>\$ 286,492</u>	<u>\$ 258,247</u>	<u>\$ 4,627,113</u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 281,221	\$ 161,131	\$ 2,090,623
Restricted cash and investments	5,271	97,116	2,536,490
	<u>\$ 286,492</u>	<u>\$ 258,247</u>	<u>\$ 4,627,113</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 74,423	\$ (63,212)	\$ 45,704	\$ (482,241)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	622,975	10,799	-	-
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	(2,363)	70,400	-	275,518
(Increase) decrease in inventories	(33,023)	-	-	-
(Decrease) increase in accounts payable	72,669	10,840	1,442	(592,890)
(Decrease) increase in compensated absences payable	(26,558)	(48,367)	-	-
Other nonoperating revenue	1,862	5,143	-	70
Total adjustments	<u>\$ 635,562</u>	<u>\$ 48,815</u>	<u>\$ 1,442</u>	<u>\$ (317,302)</u>
Net cash provided by (used for) operating activities	<u>\$ 709,985</u>	<u>\$ (14,397)</u>	<u>\$ 47,146</u>	<u>\$ (799,543)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 22,860	\$ 13,663	\$ 44,307	\$ (83,095)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	214	5,203	-	43,472
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	-	-	-	978
(Increase) decrease in inventories	-	-	-	-
(Decrease) increase in accounts payable	359	(1,965)	(2,828)	(3,184)
(Decrease) increase in compensated absences payable	(2,865)	(1,992)	(2,400)	1,091
Other nonoperating revenue	-	-	1,087	-
Total adjustments	<u>\$ (2,292)</u>	<u>\$ 1,246</u>	<u>\$ (4,141)</u>	<u>\$ 42,357</u>
Net cash provided by (used for) operating activities	<u>\$ 20,568</u>	<u>\$ 14,909</u>	<u>\$ 40,166</u>	<u>\$ (40,738)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
For the Year Ended June 30, 2014

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 57,801	\$ (17,494)	\$ (387,284)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation expense	10,081	52,839	745,583
Cash provided (used) by changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	1,129	-	345,662
(Increase) decrease in inventories	-	-	(33,023)
(Decrease) increase in accounts payable	(9,165)	3,035	(521,687)
(Decrease) increase in compensated absences payable	2,344	3,230	(75,517)
Other nonoperating revenue	(1,037)	114	7,239
Total adjustments	\$ 3,352	\$ 59,218	\$ 468,257
Net cash provided by (used for) operating activities	\$ 61,153	\$ 41,724	\$ 80,973

Private Purpose Trust Funds

Private-purpose trust funds are used to report all trust arrangements, other than those reported trust funds or investments trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Castle Pines Trust Fund – This fund is used to account for assessments collected from the buyers of Castle Pines Subdivision lots as closing costs to be used for future construction of off-site public improvements related to the subdivision.

City of Great Falls
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2014

	<u>Castle Pines Trust</u>
Assets	
Cash and investments	\$ 204,435
Liabilities	<u>-</u>
Net assets	
Held in trust	<u>\$ 204,435</u>

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

City of Great Falls
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2014

	Castle Pines Trust
Additions	
Private contributions	\$ 4,371
Investment income	(198)
	4,173
Total additions	4,173
Deductions	
Refunds of contributions	-
	-
Change in net position	4,173
Net position - beginning	200,262
	204,435
Net position - ending	\$ 204,435

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

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

ULRRWSD (Upper Lower River Road Water Sewer District) Agency Fund – This fund is used to account for assessments and expenses for the District for the addition of the District to the City’s water and sanitary sewer systems in all phases.

Court Agency Fund – This fund is used to account for appearance bond and restitution money.

Flex 1 Plans Fund – This fund is used to account for employee Flex 1 unreimbursed medical and daycare plan deductions.

Payroll Fund – This fund is used to account for federal, state, and other payroll deductions.

City of Great Falls
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014

	ULRRWSD				Total Agency
	Agency	Court Agency	Flex 1 Plans	Payroll	Funds
Assets					
Cash and investments	\$ 153,202	\$ 77,613	\$ 40,332	\$ 316,940	\$ 588,087
Special assessments receivable	1,011,855	-	-	-	1,011,855
Due from other governments	51	-	-	-	51
Total assets	1,165,108	77,613	40,332	316,940	1,599,993
Liabilities					
Accounts payable	-	-	-	316,940	316,940
Assets held for others	1,165,108	-	-	-	1,165,108
Other liabilities	-	77,613	40,332	-	117,945
Total liabilities	\$ 1,165,108	\$ 77,613	\$ 40,332	\$ 316,940	\$ 1,599,993

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

City of Great Falls, Montana
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ULRRWSD Agency				
ASSETS				
Cash and investments	\$ 142,427	\$ 94,544	\$ (83,769)	\$ 153,202
Special assessments receivable	1,067,718	113,940	(169,803)	1,011,855
Due from other governments	21	50	(20)	51
Accrued interest receivable	195	14	(209)	-
Total assets	<u>1,210,361</u>	<u>208,548</u>	<u>(253,801)</u>	<u>1,165,108</u>
LIABILITIES				
Assets held for others	<u>1,210,361</u>	<u>(254,585)</u>	<u>209,332</u>	<u>1,165,108</u>
Total liabilities	<u>\$ 1,210,361</u>	<u>\$ (254,585)</u>	<u>\$ 209,332</u>	<u>\$ 1,165,108</u>
Court Agency				
ASSETS				
Cash and investments	\$ 25,491	\$ 53,003	\$ (881)	\$ 77,613
Total assets	<u>25,491</u>	<u>53,003</u>	<u>(881)</u>	<u>77,613</u>
LIABILITIES				
Other liabilities	<u>25,491</u>	<u>(95)</u>	<u>52,217</u>	<u>77,613</u>
Total liabilities	<u>\$ 25,491</u>	<u>\$ (95)</u>	<u>\$ 52,217</u>	<u>\$ 77,613</u>
Flex 1 Plans				
ASSETS				
Cash and investments	\$ 38,784	\$ 21,634	\$ (20,086)	\$ 40,332
Total assets	<u>38,784</u>	<u>21,634</u>	<u>(20,086)</u>	<u>40,332</u>
LIABILITIES				
Other liabilities	<u>38,784</u>	<u>(109,423)</u>	<u>110,971</u>	<u>40,332</u>
Total liabilities	<u>\$ 38,784</u>	<u>\$ (109,423)</u>	<u>\$ 110,971</u>	<u>\$ 40,332</u>
Payroll				
ASSETS				
Cash and investments	\$ 249,910	\$ 35,460,911	\$ (35,393,881)	\$ 316,940
Total assets	<u>249,910</u>	<u>35,460,911</u>	<u>(35,393,881)</u>	<u>316,940</u>
LIABILITIES				
Accounts payable	<u>249,910</u>	<u>(41,736,866)</u>	<u>41,803,896</u>	<u>316,940</u>
Total liabilities	<u>\$ 249,910</u>	<u>\$ (41,736,866)</u>	<u>\$ 41,803,896</u>	<u>\$ 316,940</u>
Total - All Agency Funds				
ASSETS				
Cash and investments	\$ 456,612	\$ 35,630,092	\$ (35,498,617)	\$ 588,087
Special assessments receivable	1,067,718	113,940	(169,803)	1,011,855
Accrued interest receivable	195	14	(209)	-
Due from other governments	21	50	(20)	51
Total assets	<u>1,524,546</u>	<u>35,744,096</u>	<u>(35,668,649)</u>	<u>1,599,993</u>
LIABILITIES				
Accounts payable	249,910	(41,736,866)	41,803,896	316,940
Assets held for others	1,210,361	(254,585)	209,332	1,165,108
Other liabilities	<u>64,275</u>	<u>(109,518)</u>	<u>163,188</u>	<u>117,945</u>
Total liabilities	<u>\$ 1,524,546</u>	<u>\$ (42,100,969)</u>	<u>\$ 42,176,416</u>	<u>\$ 1,599,993</u>

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





City of

Great Falls Montana

Statistical Section

Statistical Section

This part of the City of Great Falls' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	142
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	147
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	152
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	175
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	177

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Great Falls, Montana
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 8,651,809	\$ 7,219,070	\$ 7,551,204	\$ 6,113,949	\$ 6,280,562	\$ 6,896,504	\$ 8,333,483	\$ 9,528,095	\$ 8,696,774	\$ 9,116,629
Public safety	12,658,498	13,011,552	13,707,939	15,703,112	16,053,948	16,826,227	17,238,592	17,821,137	18,473,368	18,452,067
Public works	3,820,802	3,928,438	4,032,194	4,395,673	4,794,550	4,966,357	3,986,960	5,643,757	6,823,866	6,609,221
Culture and recreation	4,043,817	4,021,127	4,190,877	4,568,967	5,607,567	4,866,669	4,695,547	5,211,517	5,280,872	4,908,524
Housing and development	3,327,328	3,059,338	2,788,802	3,141,049	2,958,565	4,725,478	3,088,617	2,599,225	2,986,916	2,100,706
Interest and Fees	464,260	408,151	311,447	405,626	332,216	329,874	360,667	312,101	286,266	275,752
Total governmental activities expenses	<u>32,966,514</u>	<u>31,647,676</u>	<u>32,582,463</u>	<u>34,328,376</u>	<u>36,027,408</u>	<u>38,611,109</u>	<u>37,703,866</u>	<u>41,115,832</u>	<u>42,548,062</u>	<u>41,462,899</u>
Business-type activities										
Golf courses	1,457,117	1,467,156	1,421,903	1,384,226	1,460,828	1,414,297	1,393,793	1,371,666	1,393,735	1,274,279
Water	5,362,998	6,469,092	6,791,109	7,223,313	7,313,512	7,336,143	7,279,507	8,066,706	8,360,315	8,260,040
Sewer	5,484,053	6,120,164	6,620,414	7,215,076	7,281,065	7,340,178	7,395,670	7,265,547	7,676,489	7,823,272
Storm drain	622,512	1,164,236	1,215,422	1,227,116	1,245,318	1,252,472	1,262,923	1,243,172	1,358,316	1,322,246
Sanitation	2,773,495	2,992,216	3,072,465	3,330,166	3,231,635	3,165,548	3,222,473	3,464,588	3,406,713	3,367,323
Electric	1,674,686	4,471,710	6,711,809	9,441,675	10,724,225	11,050,768	11,777,771	3,648,328	2,606,675	854,118
Port authority	-	-	-	87,046	340,881	332,034	321,387	310,766	298,960	325,092
State Special Projects	-	-	-	-	-	-	-	-	-	63,680
Other	3,359,635	3,677,162	4,045,283	4,273,470	4,271,610	4,253,145	4,381,134	4,523,324	4,598,631	4,597,136
Total business-type activities expenses	<u>20,734,496</u>	<u>26,361,736</u>	<u>29,878,405</u>	<u>34,182,088</u>	<u>35,869,074</u>	<u>36,144,585</u>	<u>37,034,658</u>	<u>29,894,097</u>	<u>29,699,834</u>	<u>27,887,186</u>
Total primary government expenses	<u>\$ 53,701,010</u>	<u>\$ 58,009,412</u>	<u>\$ 62,460,868</u>	<u>\$ 68,510,464</u>	<u>\$ 71,896,482</u>	<u>\$ 74,755,694</u>	<u>\$ 74,738,524</u>	<u>\$ 71,009,929</u>	<u>\$ 72,247,896</u>	<u>\$ 69,350,085</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 2,358,059	\$ 2,770,849	\$ 2,584,146	\$ 2,773,279	\$ 2,895,553	\$ 3,024,023	\$ 5,648,041	\$ 5,856,691	\$ 7,176,911	\$ 5,864,755
Public safety	1,848,504	2,082,032	2,096,607	2,280,255	2,486,246	2,458,773	2,556,209	1,594,501	1,488,048	1,638,667
Public works	2,318,073	2,481,096	2,801,439	3,075,156	3,451,404	3,686,549	3,769,809	5,503,781	4,884,645	4,770,651
Culture and recreation	728,754	558,479	496,740	517,337	510,812	504,279	1,103,631	1,267,802	745,946	750,894
Housing and development	2,968,094	2,916,787	3,235,059	3,594,034	3,105,833	3,082,734	1,084,434	1,347,775	1,311,128	1,387,925
Operating grants and contributions	1,594,762	813,017	867,359	922,426	825,758	609,709	1,469,801	1,081,039	2,277,090	1,171,027
Capital grants and contributions	3,857,853	2,457,109	1,945,499	2,190,536	2,174,440	5,098,770	674,013	458,821	499,861	616,593
Total governmental activities program revenues	<u>15,674,099</u>	<u>14,079,369</u>	<u>14,026,849</u>	<u>15,353,023</u>	<u>15,450,046</u>	<u>18,464,837</u>	<u>16,305,938</u>	<u>17,110,410</u>	<u>18,383,629</u>	<u>16,200,512</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for services										
Golf Courses	\$ 1,049,535	\$ 1,090,309	\$ 1,168,802	\$ 1,254,453	\$ 1,309,590	\$ 1,421,216	\$ 1,347,695	\$ 1,404,894	\$ 1,379,693	\$ 1,314,324
Water	8,018,153	7,427,648	7,578,259	8,301,295	8,116,362	8,020,720	7,697,120	9,586,179	10,585,717	9,872,232
Sewer	5,661,367	6,516,115	7,089,612	7,656,887	7,788,927	7,762,817	8,110,507	8,972,566	10,230,776	10,446,285
Storm Drain	1,764,261	2,086,414	1,929,820	1,824,052	1,863,553	1,980,588	1,851,161	1,864,490	1,930,203	1,867,201
Sanitation	2,602,383	2,762,201	2,881,638	3,224,927	3,173,768	3,193,631	3,196,563	3,263,001	3,149,008	3,257,465
Electric	1,288,133	4,051,244	6,440,336	8,867,623	9,500,725	9,778,199	10,095,151	3,292,906	2,472,625	1,849,794
Port Authority	-	-	-	440,364	465,187	465,187	465,187	465,188	465,187	465,187
State Special Projects	-	-	-	-	-	-	-	-	-	-
Other	1,071,775	2,587,631	2,800,943	2,841,539	3,027,285	2,962,335	2,898,573	3,288,579	3,421,754	3,152,726
Operating grants and contributions	6,335	3,500	-	3,570	3,082	500	-	-	-	870,461
Capital grants and contributions	98,012	137,992	1,258,171	28,409	433,792	1,040,067	5,612	-	42,130	-
Total business-type activities program revenues	<u>21,559,954</u>	<u>26,663,054</u>	<u>31,147,581</u>	<u>34,443,119</u>	<u>35,682,271</u>	<u>36,625,260</u>	<u>35,667,569</u>	<u>32,137,803</u>	<u>33,677,093</u>	<u>33,095,675</u>
Total primary government program revenues	<u>\$ 37,234,053</u>	<u>\$ 40,742,423</u>	<u>\$ 45,174,430</u>	<u>\$ 49,796,142</u>	<u>\$ 51,132,317</u>	<u>\$ 55,090,097</u>	<u>\$ 51,973,507</u>	<u>\$ 49,248,213</u>	<u>\$ 52,060,722</u>	<u>\$ 49,296,187</u>
Net (Expense)/Revenue										
Governmental activities	\$(17,292,415)	\$(17,568,307)	\$(18,555,614)	\$(18,975,353)	\$(20,577,362)	\$(20,146,272)	\$(21,397,928)	\$(24,005,422)	\$(24,164,433)	\$(25,262,387)
Business-type activities	825,458	301,318	1,269,176	261,031	(186,803)	480,675	(1,367,089)	2,243,706	3,977,259	5,208,489
Total primary government net expense	<u>\$(16,466,957)</u>	<u>\$(17,266,989)</u>	<u>\$(17,286,438)</u>	<u>\$(18,714,322)</u>	<u>\$(20,764,165)</u>	<u>\$(19,665,597)</u>	<u>\$(22,765,017)</u>	<u>\$(21,761,716)</u>	<u>\$(20,187,174)</u>	<u>\$(20,053,898)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property taxes	\$ 11,778,547	\$ 12,041,935	\$ 12,601,752	\$ 14,634,494	\$ 16,004,331	\$ 14,313,622	\$ 15,196,868	\$ 15,520,772	\$ 16,238,131	\$ 17,124,467
Grants and contributions not restricted to specific programs	7,801,713	7,755,847	7,809,913	8,190,388	8,532,724	8,559,609	10,223,824	6,727,541	7,612,104	8,042,009
Unrestricted investment earnings	336,545	383,907	697,066	666,468	294,352	250,613	131,130	96,731	48,395	8,681
Miscellaneous	233,695	311,702	683,004	887,591	728,078	1,066,106	344,436	1,132,493	475,503	463,284
Transfers	(1,676,415)	(1,065,222)	(1,327,408)	(2,520,767)	(2,292,865)	(1,527,849)	(1,280,271)	(1,209,727)	(10,017,773)	(1,875,441)
Total governmental activities general revenues	<u>18,474,085</u>	<u>19,428,169</u>	<u>20,464,327</u>	<u>21,858,174</u>	<u>23,266,620</u>	<u>22,662,101</u>	<u>24,615,987</u>	<u>22,267,810</u>	<u>14,356,360</u>	<u>23,763,000</u>
Business Type Activities:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	50,488	89
Unrestricted investment earnings	481,461	660,977	997,854	664,264	308,639	255,765	165,930	64,538	26,276	13,487
Miscellaneous	68,690	106,501	224,678	571,884	19,240	172	273,282	537,209	120,976	787,181
Transfers	1,676,415	1,065,222	1,327,408	2,520,767	2,292,865	1,527,849	1,280,271	1,209,727	10,017,773	1,875,441
Extraordinary item	-	-	-	-	-	-	-	(1,400,000)	(4,117,122)	-
Total business-type activities general revenues	<u>2,226,566</u>	<u>1,832,700</u>	<u>2,549,940</u>	<u>3,756,915</u>	<u>2,620,744</u>	<u>1,783,786</u>	<u>1,719,483</u>	<u>411,474</u>	<u>6,098,391</u>	<u>2,676,198</u>
Total primary government general revenues	<u>\$ 20,700,651</u>	<u>\$ 21,260,869</u>	<u>\$ 23,014,267</u>	<u>\$ 25,615,089</u>	<u>\$ 25,887,364</u>	<u>\$ 24,445,887</u>	<u>\$ 26,335,470</u>	<u>\$ 22,679,284</u>	<u>\$ 20,454,751</u>	<u>\$ 26,439,198</u>
Change in Net Assets										
Governmental activities	\$ 1,181,670	\$ 1,859,862	\$ 1,908,713	\$ 2,882,821	\$ 2,689,258	\$ 2,515,829	\$ 3,218,059	\$ (1,737,612)	\$ (9,808,073)	\$ (1,499,387)
Business-type activities	3,052,024	2,134,018	3,819,116	4,017,946	2,433,941	2,264,461	352,394	2,655,180	10,075,650	7,884,687
Total primary government	<u>\$ 4,233,694</u>	<u>\$ 3,993,880</u>	<u>\$ 5,727,829</u>	<u>\$ 6,900,767</u>	<u>\$ 5,123,199</u>	<u>\$ 4,780,290</u>	<u>\$ 3,570,453</u>	<u>\$ 917,568</u>	<u>\$ 267,577</u>	<u>\$ 6,385,300</u>

General government encompasses the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Internal Service Funds.

Port Authority became a major business-type activity fund in fiscal year 2008. Previous years activity is in the Other category.

City of Great Falls, Montana
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 40,668,483	\$ 42,200,941	\$ 63,427,216	\$ 67,957,014	\$ 69,299,156	\$ 72,695,192	\$ 74,391,543	\$ 72,430,194	\$ 71,608,711	\$ 69,788,446
Restricted	7,078,177	7,568,295	8,111,215	5,329,260	2,217,136	825,860	7,671,970	10,536,256	8,702,271	7,528,842
Unrestricted	11,245,840	11,074,181	13,732,946	14,867,924	19,327,164	19,838,233	14,512,551	11,872,002	4,666,887	6,161,194
Total governmental activities net assets	<u>\$ 58,992,500</u>	<u>\$ 60,843,417</u>	<u>\$ 85,271,377</u>	<u>\$ 88,154,198</u>	<u>\$ 90,843,456</u>	<u>\$ 93,359,285</u>	<u>\$ 96,576,064</u>	<u>\$ 94,838,452</u>	<u>\$ 84,977,869</u>	<u>\$ 83,478,482</u>
Business-Type activities										
Net investment in capital assets	\$ 72,337,960	\$ 73,539,134	\$ 79,077,768	\$ 84,029,556	\$ 86,137,271	\$ 87,603,446	\$ 89,541,681	\$ 93,789,614	\$100,276,282	\$104,871,641
Restricted	12,266,972	12,556,046	9,100,250	9,668,238	10,182,501	10,717,102	12,402,105	10,824,265	5,803,799	4,653,658
Unrestricted	7,630,741	8,199,511	9,935,789	8,433,959	8,245,922	8,509,607	5,238,763	5,223,850	13,467,886	17,907,355
Total business-type activities net assets	<u>\$ 92,235,673</u>	<u>\$ 94,294,691</u>	<u>\$ 98,113,807</u>	<u>\$ 102,131,753</u>	<u>\$ 104,565,694</u>	<u>\$ 106,830,155</u>	<u>\$ 107,182,549</u>	<u>\$ 109,837,729</u>	<u>\$ 119,547,967</u>	<u>\$ 127,432,654</u>
Primary government										
Net investment in capital assets	\$ 113,006,443	\$ 115,740,075	\$ 142,504,984	\$ 151,986,570	\$ 155,436,427	\$ 160,298,638	\$ 163,933,224	\$ 166,219,808	\$ 171,884,993	\$ 174,660,087
Restricted	19,345,149	20,124,341	17,211,465	14,997,498	12,399,637	11,542,962	20,074,075	21,360,521	14,506,070	12,182,500
Unrestricted	18,876,581	19,273,692	23,668,735	23,301,883	27,573,086	28,347,840	19,751,314	17,095,852	18,134,773	24,068,549
Total primary government net assets	<u>\$ 151,228,173</u>	<u>\$ 155,138,108</u>	<u>\$ 183,385,184</u>	<u>\$ 190,285,951</u>	<u>\$ 195,409,150</u>	<u>\$ 200,189,440</u>	<u>\$ 203,758,613</u>	<u>\$ 204,676,181</u>	<u>\$ 204,525,836</u>	<u>\$ 210,911,136</u>

City of Great Falls, Montana
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ 100,000	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 59,696	\$ -	\$ -
Unassigned	3,280,357	2,822,542	2,948,716	2,500,265	3,352,228	4,564,282	5,755,325	6,636,339	1,520,000	3,068,392
Total general fund	<u>\$ 3,280,357</u>	<u>\$ 2,922,542</u>	<u>\$ 3,108,412</u>	<u>\$ 2,659,961</u>	<u>\$ 3,511,924</u>	<u>\$ 4,723,978</u>	<u>\$ 5,915,021</u>	<u>\$ 6,696,035</u>	<u>\$ 1,520,000</u>	<u>\$ 3,068,392</u>
All Other Governmental Funds										
Nonspendable	\$ 90,615	\$ 90,615	\$ 687,666	\$ 687,666	\$ 687,666	\$ 687,666	\$ 713,907	\$ 713,907	\$ 25,349	\$ 25,349
Restricted	5,076,780	5,307,816	7,413,359	4,240,743	2,201,949	2,811,236	6,798,367	6,829,759	6,079,675	4,986,807
Assigned	2,943,662	2,155,838	2,026,754	2,555,551	2,527,591	2,488,739	2,877,564	2,932,894	2,597,247	2,516,686
Unassigned	(288,528)	(28,937)	(125,651)	(114,411)	(5,892)	(3,887)	(18,680)	(38,601)	(13,163)	(4,242)
Total all other governmental funds	<u>\$ 7,822,529</u>	<u>\$ 7,525,332</u>	<u>\$10,002,128</u>	<u>\$ 7,369,549</u>	<u>\$ 5,411,314</u>	<u>\$ 5,983,754</u>	<u>\$10,371,158</u>	<u>\$10,437,959</u>	<u>\$ 8,689,108</u>	<u>\$ 7,524,600</u>

The decrease in General Fund unassigned fund balance in 2005 was due to an intentional drawdown of fund balance to fund priority projects such as Medical Master Plan, Med Tech Park and the Lewis and Clark Signature Event.

The decrease in General Fund unassigned fund balance in 2006 was due to funding the remaining deficit of the Lewis and Clark Signature Event.

The decrease in General Fund unassigned fund balance in 2008 was due to the timing of the personal property tax collection.

The increase in General Fund unassigned fund balance in 2010 was due to an increase in taxes revenue collected due to timing in personal property collection and under spending in expenditure budget.

The increase in General Fund unassigned fund balance in 2011 was due to an increase in intergovernmental revenue and a decrease in transfers out.

The increase in General Fund unassigned fund balance in 2012 was due to an increase in taxes revenue collected due to newly taxable property and under spending in expenditure budget.

The decrease in General Fund unassigned fund balance in 2013 was due to the one time transfer of \$5,553,054 to the Electric fund to cover the cash deficit in the Electric fund.

The fluctuations in All Other Governmental Funds Restricted balances were due to the changing needs for debt service reserves and capital projects restrictions in the funds.

Fiscal Years before 2011 have been restated to present fund balances to comply with GASB Statement No. 45 reporting requirements.

City of Great Falls, Montana
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$11,537,954	\$11,949,430	\$12,932,609	\$14,197,988	\$15,280,089	\$14,665,459 ⁴	\$15,196,868	\$15,575,895	\$16,238,131	\$17,124,467
Licenses & Permits	1,589,688	1,556,336	1,797,639	2,060,296	1,815,363	1,680,221	1,761,023	2,122,096	2,045,169	2,055,879
Intergovernmental	12,321,287	10,677,996 ³	10,250,929	10,946,651	11,179,465	13,931,704 ⁶	12,535,101	11,195,580	11,864,173	11,387,609
Charges for Services	2,280,358	2,377,124	2,699,858	2,674,751	3,081,602	2,889,083	2,893,084	2,934,191	2,904,088	2,910,944
Fines & Forfeitures	1,301,902	1,531,578	1,465,106	1,477,982	1,502,122	1,452,672	1,440,067	1,264,402	1,147,959	939,146
Internal Service	888,307	928,582	1,133,596	1,180,411	1,166,834	1,266,559	1,106,690	1,014,815	1,058,730	1,068,809
Special Assessments	4,117,111	4,205,112	4,456,879	4,762,317	5,079,030	5,616,689 ⁵	6,138,832 ⁵	6,358,146	6,665,671	6,654,478
Other	1,137,632	540,017	492,258	441,304	381,030	756,110	1,133,152	1,714,371	716,288	3,266,839 ¹¹
Investment Income	244,172 ¹	242,674	560,508	448,583	156,404	129,967	74,683	55,573	25,862	321 ¹⁰
Total revenues	35,418,411	34,008,849	35,789,382	38,190,283	39,641,939	42,388,464	42,279,500	42,235,069	42,666,071	45,408,492
Expenditures										
General Government	7,385,712	6,920,346	6,813,067	6,884,548	7,254,140	6,995,847	6,752,078	7,518,860	7,779,966	8,116,341
Public Safety	12,378,962	12,713,281	13,391,537	15,336,682	15,792,570	16,565,115	17,208,800	17,360,185	18,271,958	18,263,076
Public Works	3,225,539	3,190,200	3,192,983	3,516,983	3,843,043	4,000,607	4,106,622	4,475,802	4,731,856	4,773,496
Culture & Recreation	3,630,589	3,329,144	3,562,237	3,820,102	3,816,577	4,196,819	4,190,657	4,521,930	4,397,868	4,233,348
Housing & Development	2,978,451	2,688,276	2,395,756	2,714,537	2,548,111	4,361,695 ⁶	2,584,976	2,181,794	2,605,288	1,797,475
Debt Service										
Principal	1,250,073	1,336,433	1,302,531	1,434,620	1,603,535	1,625,954	463,998	1,269,759	444,479	3,078,887
Interest & fees	434,638	383,585	327,021	388,524	320,830	356,530	360,294	312,101	282,232	272,889
Capital Outlay	6,065,725 ²	2,619,789	2,175,938	4,696,802	2,666,399	3,941,814 ⁷	3,413,384	2,417,859	2,899,085	2,637,817
Total Expenditures	37,349,689	33,181,054	33,161,070	38,792,798	37,845,205	42,044,381	39,080,809	40,058,290	41,412,732	43,173,329
Excess of revenues over (under) expenditures	(1,931,278)	827,795	2,628,312	(602,515)	1,796,734	344,083	3,198,691	2,176,779	1,253,339	2,235,163
Other Financing Sources (Uses)										
Transfers In	3,271,637	2,983,184	2,362,396	2,858,289	2,199,261	2,442,925	1,559,931	990,377	924,746	844,012
Transfers Out	(5,432,223)	(4,478,400)	(4,089,753)	(5,864,248)	(4,680,775)	(4,157,016)	(2,912,592)	(2,319,341)	(9,072,667) ⁹	(2,695,291)
Issuance of debt	833,354	73,093	2,311,675	41,562	47,560	2,802,021 ⁸	-	-	-	-
Sale of capital assets	11,884	52,038	195,886	560,650	635,451	678,690	2,184	-	-	-
Total other financing sources (uses)	(1,315,348)	(1,370,085)	780,204	(2,403,747)	(1,798,503)	1,766,620	(1,350,477)	(1,328,964)	(8,147,921)	(1,851,279)
Net change in fund balance	\$ (3,246,626)	\$ (542,290)	\$ 3,408,516	\$ (3,006,262)	\$ (1,769)	\$ 2,110,703	\$ 1,848,214	\$ 847,815	\$ (6,894,582)	\$ 383,884
Debt service as a percentage of noncapital expenditures	5.39%	5.63%	5.26%	5.35%	5.47%	5.20%	2.31%	4.20%	1.89%	8.27%

¹ This year's drop in investment income is due to adjustments which 'mark investments to market'.

² This year's increase in capital outlay is due primarily to construction of a \$2,500,000 soccer park.

³ This year's decrease in intergovernmental revenue is due primarily to decrease in grants received.

⁴ This year's decrease in taxes is due primarily to the completion of debt payments in the Tax Increment Bond Fund.

⁵ This year's increase in special assessment is due primarily to an increase in Street District fund and Lighting Districts fund assessments.

⁶ This year's increase in grants is due primarily to ARRA stimulus grants and additional pass-through grants due to State HB645 MT Recovery Act grants.

⁷ This year's increase in capital outlay is due primarily to receipt of ARRA stimulus grants and additional pass-through grants due to State HB645 MT Recovery Act grants.

⁸ This year's increase in issuance of debt is due primarily to West Bank Tax Increment District debt.

⁹ This year's increase in transfers out is due to one-time transfers to the Electric Fund cash deficit and settlement payment.

¹⁰ This year's decrease in investment income is due to adjustments which 'mark investments to market' and interest receivable.

¹¹ This year's increase in other revenues is due primarily to debt issuances in debt service funds.

City of Great Falls, Montana
Taxable Assessed and Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Real & Personal Property		Ratio of Taxable Assessed Value to Total Market Value	Direct Mills Applied
	Market Value	Taxable Assessed Value	Market Value	Taxable Assessed Value	Market Value	Taxable Assessed Value		
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL								
2005	\$ 1,864,909,252	\$ 53,781,399	\$ 141,784,188	\$ 4,086,270	\$ 2,006,693,440	\$ 66,377,650	3.31%	131.64
2006	1,957,030,185	55,391,383	138,013,207	4,028,424	2,095,043,392	68,026,995	3.25%	138.27
2007	2,022,021,187	66,155,226	148,813,371	4,394,817	2,170,834,558	70,550,043	3.25%	140.94
2008	2,136,035,079	68,941,143	162,329,143	4,835,189	2,298,364,222	73,776,332	3.21%	158.21
2009	2,235,699,855	70,959,944	183,294,177	5,445,746	2,418,994,032	76,405,690	3.16%	162.76
2010	2,300,579,974	71,021,098	197,087,531	5,841,602	2,497,667,505	76,862,700	3.08%	169.04
2011	2,286,266,340	63,422,541	335,049,320	14,853,161	2,621,315,660	78,275,702	2.99%	173.10
2012	2,353,657,366	62,915,536	343,605,243	15,793,499	2,697,262,609	78,709,035	2.92%	183.24
2013	2,562,754,623	71,724,719	217,648,518	6,128,272	2,780,403,141	77,852,991	2.80%	193.57
2014	2,645,842,533	71,466,672	233,291,897	6,587,918	2,879,134,430	78,054,590	2.71%	198.74
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - NET OF TAX INCREMENT DISTRICTS (TID)								
2005	\$ 1,633,891,050	\$ 53,580,593	\$ 135,156,959	\$ 3,889,463	\$ 1,769,048,009	\$ 57,470,056	3.25%	131.64
2006	1,733,415,472	55,186,069	131,270,000	3,827,618	1,864,685,472	59,013,687	3.16%	138.27
2007	1,758,314,047	56,758,308	141,894,158	4,189,503	1,900,208,205	60,947,811	3.21%	140.94
2008	1,878,082,643	59,238,458	155,612,446	4,636,065	2,033,695,089	63,874,523	3.14%	158.21
2009	1,942,828,004	60,841,989	174,548,420	5,185,463	2,117,376,424	66,027,452	3.12%	162.76
2010	2,257,663,616	69,759,972	187,864,866	5,567,746	2,445,528,482	75,327,718	3.08%	169.04
2011	2,232,576,531	61,903,579	333,352,184	14,800,836	2,565,928,715	76,704,415	2.99%	173.10
2012	2,299,416,422	61,430,953	341,552,897	15,728,446	2,640,969,319	77,159,399	2.92%	183.24
2013	2,510,700,401	70,256,694	216,731,371	6,108,978	2,727,431,772	76,365,672	2.80%	193.57
2014	2,467,468,606	66,426,926	219,257,539	5,723,394	2,686,726,145	72,150,320	2.69%	198.74
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL TAX INCREMENT DISTRICTS (TID) ¹								
2005	\$ 231,018,202	\$ 8,768,633	\$ 6,627,229	\$ 196,807	\$ 237,645,431	\$ 8,965,440	3.77%	125.64
2006	223,614,713	8,446,109	6,743,207	200,806	230,357,920	8,646,915	3.75%	132.27
2007	247,948,856	9,396,918	6,919,213	205,314	254,868,069	9,602,232	3.77%	134.94
2008	276,137,655	9,702,685	6,716,697	199,124	282,854,352	9,901,809	3.50%	152.21
2009	292,871,851	10,117,955	8,745,757	260,283	301,617,608	10,378,238	3.44%	156.76
2010	42,916,358	1,261,126	9,222,665	273,856	52,139,023	1,534,982	2.94%	163.04
2011	53,689,809	1,518,962	1,697,136	52,325	55,386,945	1,571,287	2.84%	167.10
2012	54,240,944	1,484,583	2,052,346	65,053	56,293,290	1,549,636	2.75%	177.24
2013	52,054,222	1,468,025	917,147	19,294	52,971,369	1,487,319	2.81%	187.57
2014	178,373,927	5,039,746	14,034,358	864,524	192,408,285	5,904,270	3.07%	192.74

Source: Montana State Department of Revenue.

¹ University mill levies of 6 mills are excluded from tax increment districts.

Note: The City's real estate property tax is levied as of November 1 on the assessed value listed as of January 1 of the same year, for all property located in the City. Assessed values are established by the Montana Department of Revenue based on a market value. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by State statute as a fixed percentage of assessed value.

City of Great Falls, Montana
Taxable Assessed Value and Market Value of Taxable Property All Tax Increment Districts
Last Ten Fiscal Years

Real Property

	Downtown Urban Renewal TID Market Value	Downtown Urban Renewal TID TAV	Industrial International Malting Co. TID Market Value	Industrial International Malting Co. TID TAV	Urban Renewal West Bank TID Market Value	Urban Renewal West Bank TID TAV	International Airport TID Market Value	International Airport TID TAV Value
Base Value	N/A	\$ -	N/A	\$ 347,683	N/A	\$292,250	N/A	\$ 107,149
2005	\$ 231,018,202	8,768,633	N/A	N/A	N/A	N/A	N/A	N/A
2006	223,614,713	8,446,109	N/A	N/A	N/A	N/A	N/A	N/A
2007	247,948,856	8,902,107	N/A	494,811	N/A	N/A	N/A	N/A
2008	257,952,436	9,144,399	\$ 18,185,219	558,286	N/A	N/A	N/A	N/A
2009	261,528,098	9,167,952	20,839,374	627,020	\$ 10,504,379	322,983	N/A	N/A
2010	-	-	22,359,576	656,851	16,933,172	498,107	\$ 3,623,610	106,168
2011	-	-	19,259,823	543,160	30,601,803 ¹	867,844	3,828,183	107,958
2012	-	-	19,258,904	523,995	30,791,048	846,591	4,190,992	113,997
2013	-	-	19,198,044	504,908	28,541,803	849,635	4,314,375	113,482
2014	123,431,697	3,646,875	19,953,345	502,683	30,330,227	771,868	4,658,658	118,320

Personal Property

	Downtown Urban Renewal TID Market Value	Downtown Urban Renewal TID TAV	Industrial International Malting Co. TID Market Value	Industrial International Malting Co. TID TAV	Urban Renewal West Bank TID Market Value	Urban Renewal West Bank TID TAV	International Airport TID Market Value	International Airport TID TAV Value
2005	\$ 6,627,229	\$ 196,807	N/A	N/A	N/A	N/A	N/A	N/A
2006	6,743,207	200,806	N/A	N/A	N/A	N/A	N/A	N/A
2007	6,919,213	205,314	N/A	N/A	N/A	N/A	N/A	N/A
2008	6,716,697	199,124	N/A	N/A	N/A	N/A	N/A	N/A
2009	6,288,391	186,562	\$ 2,457,366	\$ 73,721	N/A	N/A	N/A	N/A
2010	6,593,520	194,982	2,450,667	73,520	\$ 178,478	\$ 5,354	N/A	N/A
2011	-	-	18,106 ²	543	1,679,030 ¹	51,782	N/A	N/A
2012	-	-	13,757	527	2,038,589	64,526	N/A	N/A
2013	-	-	-	-	917,147 ²	19,294	N/A	N/A
2014	12,583,883	834,448	765,763	15,310	684,712 ²	14,766	2,556	51

Source: Montana State Department of Revenue.

Note: Incremental Value equals Base Value less Tax Increment District (TID) Taxable Assessed Value (TAV)

¹ The increase in value this year is due to the completion of the first structures and improvements in the district.

² The decrease in personal property for this year is due to the method of valuation which had the property as personal while under construction. Once placed in production the property became real property.

City of Great Falls, Montana
Property Tax Mills Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Overlapping Governments						Direct					
	State University	State School Equalization	Cascade County	County-Wide School	Great Falls School Districts	Transit District	City of Great Falls	Permissive Medical Levy	Soccer Park Debt Service	Swimming Pool Debt Service	Total Direct	Total
2005	6.00	40.00	107.70	103.41	209.51	14.76	122.72	4.92	4.00	-	131.64	613.02
2006	6.00	40.00	107.96	102.09	199.47	15.06	125.77	8.63	3.87	-	138.27	608.85
2007	6.00	40.00	121.55	102.18	188.23	15.80	128.86	8.34	3.74	-	140.94	614.70
2008	6.00	40.00	122.02	103.87	184.34	16.40	138.87	12.61	2.70	4.03	158.21	630.84
2009	6.00	40.00	122.54	94.32	178.89	16.35	140.85	15.07	2.25	4.59	162.76	620.86
2010	6.00	40.00	120.99	100.82	174.68	17.22	147.70	14.21	2.12	5.01	169.04	628.75
2011	6.00	40.00	122.83	101.31	179.93	17.84	151.28	15.54	2.45	3.83	173.10	641.01
2012	6.00	40.00	126.23	95.72	180.11	19.09	161.52	15.44	2.56	3.72	183.24	650.39
2013	6.00	40.00	131.02	102.63	186.38	20.00	169.13	17.93	2.58	3.93	193.57	679.60
2014	6.00	40.00	131.36	103.48	186.59	20.24	172.19	20.06	2.57	3.92	198.74	686.41

Source: Treasurer, Cascade County, Montana.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Great Falls. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**City of Great Falls, Montana
Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Northwestern Energy, LLC	\$ 4,453,407	1	5.71%	\$ 2,058,741	1	3.10%
Calumet Montana Refining, LLC	2,426,032	2	3.11%	696,799	4	1.05%
Bresnan Communications (Charter)	840,911	4	1.08%	-		-
Qwest Corporation	1,146,315	3	1.47%	1,151,223	2	1.73%
Great Falls Gas Co. (Energy West)	835,493	5	1.07%	705,108	3	1.06%
GK Development Inc	701,176	6	0.90%	-		-
Burlington Northern Santa Fe Railroad	635,316	7	0.81%	367,422	8	0.55%
Pasta Montana	602,900	8	0.77%	539,139	6	0.81%
Benefis Health System, Inc	544,470	9	0.70%	-		-
Federal Express Corp	514,508	10	0.66%	-		-
General Mills, Inc	-		-	359,701	9	0.54%
Macerich Partnership, LP	-		-	606,450	5	0.91%
Macerich Great Falls Limited Partnership	-		-	474,939	7	0.72%
Wal-Mart Real Estate Business Trust	-		-	311,588	10	0.47%
	<u>\$12,700,528</u>		<u>16.27%</u>	<u>\$ 7,271,110</u>		<u>10.95%</u>
Total Assessed Value	<u>\$78,054,590</u>			<u>\$66,377,650</u>		

Source: Treasurer's Office, Cascade County, Montana

¹ In Fiscal Year 2007, Holiday Village Partners LLC and Orix Great Falls LLC Etal were disbanded from Macerich Partnership, LP

² In Fiscal Year 2014, Holiday Village Partners LLC changed to GK Development Inc

**City of Great Falls, Montana
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	% Levy Collected	Collection in Subsequent Years	Total Tax Collections	% Total Tax Collections to Total Tax Levy
PROPERTY TAX LEVIES AND COLLECTIONS - TOTAL						
2005	\$ 10,747,814	\$ 9,500,571	88.40%	\$ 1,247,076	\$ 10,747,647	100.00%
2006	11,168,847	10,171,657	91.07%	996,903	11,168,560	100.00%
2007	11,951,767	10,940,702	91.54%	1,003,957	11,944,659	99.94%
2008	13,431,139	12,002,811	89.37%	1,419,720	13,422,531	99.94%
2009	14,199,478	13,089,535	92.18%	1,101,011	14,190,546	99.94%
2010	12,939,188	12,232,966	94.54%	699,285	12,932,251	99.95%
2011	13,996,931	12,809,614	91.52%	1,170,357	13,979,971	99.88%
2012	14,722,663	13,104,833	89.01%	1,594,141	14,698,974	99.84%
2013	15,921,285	13,820,468	86.80%	2,056,246	15,876,714	99.72%
2014	15,877,678	14,442,695	90.96%	-	14,442,695	90.96%
PROPERTY TAX LEVIES AND COLLECTIONS - NET OF TAX INCREMENT DISTRICTS ¹						
2005	\$ 8,731,041	\$ 7,720,601	88.43%	\$ 1,010,273	\$ 8,730,874	100.00%
2006	9,119,393	8,327,389	91.32%	791,717	9,119,106	100.00%
2007	9,624,311	8,862,777	92.09%	754,426	9,617,203	99.93%
2008	10,891,406	9,799,479	89.97%	1,084,547	10,884,026	99.93%
2009	11,481,132	10,749,613	93.63%	723,062	11,472,675	99.93%
2010	12,623,877	11,924,011	94.46%	692,929	12,616,940	99.95%
2011	13,510,828	12,423,862	91.95%	1,070,006	13,493,868	99.87%
2012	14,257,354	12,659,663	88.79%	1,574,002	14,233,665	99.83%
2013	15,450,077	13,351,783	86.42%	2,053,723	15,405,506	99.71%
2014	15,324,979	13,928,320	90.89%	-	13,928,320	90.89%
PROPERTY TAX LEVIES AND COLLECTIONS - TAX INCREMENT DISTRICTS ¹						
2005	\$ 2,016,773	\$ 1,779,970	88.26%	\$ 236,803	\$ 2,016,773	100.00%
2006	2,049,454	1,844,268	89.99%	205,186	2,049,454	100.00%
2007	2,327,456	2,077,925	89.28%	249,531	2,327,456	100.00%
2008	2,539,733	2,203,332	86.75%	335,173	2,538,505	99.95%
2009	2,718,346	2,339,922	86.08%	377,949	2,717,871	99.98%
2010	315,311	308,955	97.98%	6,356	315,311	100.00%
2011	486,103	385,752	79.36%	100,351	486,103	100.00%
2012	465,309	445,170	95.67%	20,139	465,309	100.00%
2013	471,208	468,685	99.46%	2,523	471,208	100.00%
2014	552,699	514,375	93.07%	-	514,375	93.07%

Source: City of Great Falls, Montana

¹ Downtown Urban Renewal Tax Increment District; Industrial International Malting Co. Tax Increment District; Urban Renewal West Bank Tax Increment District

**City of Great Falls, Montana
Special Improvement Districts Outstanding
June 30, 2014**

	SID Number	Issue Date	Original Issue	Accumulated Cash Balance	Maturity Date	Outstanding Balance	C/Y Principal and Interest Assessments Outstanding	Delinquent Principal and Interest Assessments
Special Improvement District (SID)								
Medical Tech Park	1301	05/15/2005	\$ 630,000	\$ 33,373	06/30/2021	\$ 215,000	\$ 243,164	\$ -
Total Bonds Outstanding			<u>\$ 630,000</u>	<u>\$ 33,373</u>		<u>\$ 215,000</u>	<u>\$ 243,164</u>	<u>\$ -</u>

Source: City of Great Falls

City of Great Falls, Montana
Statement of Changes in Fund Balances of the Special Improvement District Revolving Fund
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Beginning fund balance, July 1	\$ 434,664	\$ 289,528	\$ 315,688	\$ 178,756	\$ 143,817	\$ 98,851	\$ 176,388	\$ 152,712	\$ 125,176	\$ 95,923
Receipts over (under) disbursements	(145,136)	26,160	(136,932)	(34,939)	(44,966)	77,537	(23,676)	(27,536)	(29,253)	(44,943)
Ending fund balance, June 30	<u>\$ 289,528</u>	<u>\$ 315,688</u>	<u>\$ 178,756</u>	<u>\$ 143,817</u>	<u>\$ 98,851</u>	<u>\$ 176,388</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>
Assets										
Cash	\$ 287,401	\$ 291,718	\$ 177,516	\$ 142,540	\$ 98,419	\$ 175,881	\$ 152,468	\$ 124,950	\$ 95,731	\$ 50,980
Assessments receivable	24,402	18,519	10,385	5,805	1,333	1,770	-	-	-	-
Accrued interest	1,440	1,709	1,240	1,277	432	507	244	226	192	-
Due from Other City Funds	-	21,006	-	-	-	-	-	-	-	-
Total assets	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>
Liabilities										
Deferred revenue	23,715	17,264	10,385	5,805	1,333	1,770	-	-	-	-
Total Fund Balance	289,528	315,688	178,756	143,817	98,851	176,388	152,712	125,176	95,923	50,980
Total Liabilities/Fund Balances	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>

Source: City of Great Falls, Montana

**City of Great Falls, Montana
Special Improvement District Revolving Fund
Last Ten Fiscal Years**

Fiscal Year	Revolving Fund Cash Balance	Principal Amount of Bonds	Percentage
2005	\$ 287,401	\$ 1,305,000	22.02%
2006	291,718	1,055,000	27.65%
2007	177,516	875,000	20.29%
2008	142,540	765,000	18.63%
2009	98,419	555,000	17.73%
2010	175,881	490,000	35.89%
2011	152,468	420,000	36.30%
2012	124,950	370,000	33.77%
2013	95,731	370,000	25.87%
2014	50,980	215,000	23.71%

Individual Special Improvement Districts - Continuing Disclosure

	SID 1301
Properties with assessments outstanding	
Number	1
Amount	\$ 243,164
Market Value	306,517

Source: City of Great Falls, Montana

City of Great Falls, Montana
Special Improvement District Assessment Billings and Collections
Last Ten Fiscal Years

Fiscal Year	Assessment Billing	Collections in Year Assessed		Total Annual Collections ¹	
		Amount	Percent	Amount	Percent
2005 ²	\$ 269,538	\$ 298,808	110.9%	\$ 385,126	142.9%
2006 ²	242,501	306,408	126.4%	357,355	147.4%
2007 ²	202,864	213,286	105.1%	226,922	111.9%
2008	188,397	187,304	99.4%	194,251	103.1%
2009	180,620	160,166	88.7%	168,616	93.4%
2010 ²	109,811	137,848	125.5%	139,665	127.2%
2011 ²	78,994	80,672	102.1%	80,729	102.2%
2012	74,280	73,378	98.8%	73,708	99.2%
2013 ²	71,469	71,183	99.6%	71,946	100.7%
2014 ²	55,276	55,276	100.0%	55,579	100.5%

¹ Includes principal and interest assessed and delinquent assessment collections.

² These years have collections higher than billing because of SID payoffs made when properties were sold or refinanced.

Source: City of Great Falls

**City of Great Falls, Montana
Special Assessment Billings and Collections
Last Ten Fiscal Years**

Fiscal Year	Assessment Billing	Collections in Year Assessed		Total Outstanding Assessment
		Amount	Percent	Amount
2005	\$ 3,847,285	\$ 3,597,062	93.5%	\$ 1,054,487
2006	4,155,885	3,859,436	92.9%	1,417,515 ¹
2007	4,372,241	4,071,459	93.1%	1,848,516
2008	4,654,945	4,342,412	93.3%	1,615,882
2009	5,134,365	4,756,416	92.6%	1,628,591
2010	5,628,452	5,145,297	91.4%	1,890,561
2011	6,151,041	5,844,531	95.0%	2,167,736
2012	6,384,737	5,788,307	90.7%	2,014,226
2013	6,621,680	6,246,345	94.3%	1,913,383
2014	6,638,541	6,604,245	99.5%	1,342,209

Assessments are Street Maintenance, Boulevard Districts, Lighting Districts, Business Improvement District, Tourism Business Improvement District and Special Improvement Districts.

¹ Special Improvement District 1301 was assessed in this fiscal year.

Source: City of Great Falls

City of Great Falls, Montana
West Bank Urban Renewal District Principal Taxpayers
Fiscal Year 2014

Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Mitchell Development & Investments LLC	Courthouse	\$ 289,447	1	34.07%
West Bank Properties LLC	Hotel	200,172	2	23.56%
Talcott Properties LLC	Retail	60,204	3	7.09%
Stockman Bank of Montana	Bank	53,611	4	6.31%
Daza Properties LLC	Retail	42,155	5	4.96%
Henderson, Michael S & William L	Retail	30,334	6	3.57%
Cascade County	Government	26,070	7	3.07%
Burlington Northern Santa Fe	Railroad	20,517	8	2.41%
Montana Electric Cooperatives	Montana Electric Coop	19,190	9	2.26%
Prairie Mountain Bank	Retail	19,116	10	2.25%
		<u>\$ 760,816</u>		<u>89.55%</u>
Total Assessed Value		<u>\$ 849,635</u>		

Source: Treasurer's Office, Cascade County, Montana

City of Great Falls, Montana
West Bank Renewal Tax Increment District Debt Service Fund- Statement of Revenues, Expenditures and Changes in Fund Balances
All Years

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 108,124	\$ 350,619	\$ 364,984	\$ 371,310	\$ 394,485
Investment Income	1,911	1,534	1,117	1,093	1,173
Other	-	-	812,776	-	13
Total revenues	<u>110,035</u>	<u>352,153</u>	<u>1,178,877</u>	<u>372,403</u>	<u>395,671</u>
Expenditures					
General Government	42,500	440	1,795	18,536	18,759
Debt Service					
Principal	-	50,000	855,659	85,000	85,000
Interest & fees	130,778	174,951	140,368	128,528	126,228
Capital Outlay	-	-	-	2,440	-
Total Expenditures	<u>173,278</u>	<u>225,391</u>	<u>997,822</u>	<u>234,504</u>	<u>229,987</u>
Revenues over (under) expenditures	(63,243)	126,762	181,055	137,899	165,684
Other Financing Sources (Uses)	<u>234,030</u>	-	-	-	-
Revenues and other financing uses over (under) expenditures	170,787	126,762	181,055	137,899	165,684
Fund balances, beginning of year	-	170,787	297,549	490,338	628,329
Transfers in (out)	-	-	11,734	92	-
Fund balances, end of year	<u>\$ 170,787</u>	<u>\$ 297,549</u>	<u>\$ 490,338</u>	<u>\$ 628,329</u>	<u>\$ 794,013</u>
	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>
<u>Bond reserves</u>					
Debt service account	\$ 13,729	\$ 21,785	\$ 115,065	\$ 17,548	\$ 17,752
<u>Coverage covenant calculation</u>					
Increment taxes collected and available	\$ 108,124	\$ 350,285	\$ 364,984	\$ 371,310	\$ 394,485
Maximum annual debt service	156,530	156,530	216,165	216,165	216,165
Debt service coverage	.69x	2.24x	1.69x	1.72x	1.82x
Debt service coverage required	1.25x	1.25x	1.25x	1.25x	1.25x

West Bank Urban Renewal Tax Increment District taxes were first billed Fiscal Year 2010

Source: City of Great Falls, Montana

City of Great Falls, Montana
Major Water, Sanitary Sewerage, and Storm Drain System Users
June 30, 2014

Customer	Water Charges	Rank	Percent of Total Water Revenues	Sewer Charges	Rank	Percent of Total Sewer Revenues	Storm Drain Charges	Rank	Percent of Total Storm Drain Revenues
Malmstrom Air Force Base	\$ 483,566	1	4.89%	\$ 423,476	2	4.05%			
City of Great Falls	222,315	2	2.25%				\$ 16,715	4	0.90%
Calumet Montana Refining, LLC	208,481	3	2.11%	134,634	4	1.29%	7,737	10	0.42%
Benefis Healthcare	152,981	4	1.55%	228,429	3	2.18%	34,545	2	1.86%
Great Falls Public Schools	146,676	5	1.48%	79,524	7	0.76%	88,548	1	4.77%
Cascade County	111,172	6	1.12%	86,184	6	0.82%			
Black Eagle Cascade County Water District	109,403	7	1.11%	65,747	8				
Great Falls Housing Authority	73,412	8	0.74%	118,878	5	1.14%	10,474	7	0.56%
University of Great Falls	62,633	9	0.63%						
Malt Europ North America, Inc	42,743	10	0.43%	1,475,978	1	14.12%			
GCP Countryside Montana, LLC				43,728	9	0.42%			
Missouri River Manor				41,204	10	0.39%			
BN Santa Fe Railway Co.							23,279	3	1.25%
Orix Real Estate Capital							15,323	5	0.83%
Holiday Village Partners							14,662	6	0.79%
Highwood Trailer Park							10,168	8	0.55%
Wal-Mart							9,091	9	0.49%
	<u>\$ 1,613,382</u>		<u>16.31%</u>	<u>\$ 2,697,782</u>		<u>25.18%</u>	<u>\$ 230,542</u>		<u>12.41%</u>

In 2013, customers individual accounts were combined to calculated charges and rankings.
In 2014, City Park bills were added to City of Great Falls water charges.

Source: Utility Division, City of Great Falls, Montana.

City of Great Falls, Montana
Current Water Rate Structure
June 30, 2014

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>
Monthly service charge					
Meter size (in inches)					
3/4	\$ 5.84	\$ 5.26	\$ 5.84	\$ -	\$ -
1	6.23	5.60	6.23	-	-
1 1/4	11.29	10.15	11.29	-	-
1 1/2	11.29	10.15	11.29	-	-
2	14.30	12.86	14.30	-	-
3	38.13	34.31	38.13	-	-
4	55.18	49.67	55.18	-	55.18
6	111.21	100.09	111.21	-	-
8	167.40	150.66	167.40	167.40	-
10	236.71	213.05	236.71	-	236.71
12	349.31	314.38	349.31	-	-
Monthly consumption charge					
First 300 cf	\$ 1.13	\$ 1.03	\$ 1.41	\$ 1.46	\$ 1.62
Over 300 cf	1.90	1.71	1.41	1.46	1.62
Monthly fire hydrant charge					
Meter size (in inches)					
3/4	\$ 2.08	\$ 2.08	\$ 2.08		
1	2.38	2.38	2.38		
1 1/4	6.61	6.61	6.61		
1 1/2	6.61	6.61	6.61		
2	9.14	9.14	9.14		
3	28.97	28.97	28.97		
4	43.27	43.27	43.27		
6	90.00	90.00	90.00		
Annual fire line charge					
Line size (in inches)					
2			\$ 26.71		
3			40.57		
4			62.75		
6			111.60		
8			151.20		
12			389.16		

Source: Utility Division, City of Great Falls, Montana.

**City of Great Falls, Montana
Historical Water System Connections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial /Industrial Customers</u>	<u>Total Customers</u>	<u>% of Residential Customers</u>	<u>Debt per connection</u>
2005	18,460	2,231	20,691	89.2%	\$ 402
2006	18,560	2,274	20,834	89.1%	368
2007	18,706	2,235	20,941	89.3%	333
2008	18,767	2,187	20,954	89.6%	299
2009	18,798	2,387	21,185	88.7%	316
2010	18,882	2,142	21,024	89.8%	406
2011	18,123	2,371	20,494	88.4%	379
2012	18,325	2,362	20,687	88.6%	325
2013	18,604	2,832	21,436	86.8%	225
2014	18,307	2,406	20,713	88.4%	215

Source: Utility Division, City of Great Falls, Montana.

City of Great Falls, Montana
Water System Historical Operating Results and Revenue Bond Covenant Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues:										
Water charges for services ¹	\$6,789,945	\$7,428,136	\$7,748,991	\$8,649,041	\$8,116,362	\$8,020,720	\$7,697,120	\$9,586,179	\$ 10,551,476	\$ 9,857,288
Investment income	194,618	242,145	343,622	222,131	92,126	76,365	39,264	27,400	15,089	21,555
Gain on disposal of assets	-	-	-	3,874	4,635	-	-	1,681	8,124	12,298
Total operating revenues	<u>6,984,563</u>	<u>7,670,281</u>	<u>8,092,613</u>	<u>8,875,046</u>	<u>8,213,123</u>	<u>8,097,085</u>	<u>7,736,384</u>	<u>9,615,260</u>	<u>10,574,689</u>	<u>9,891,141</u>
Operating Expenses:²										
Personal services	1,586,949	1,673,142	1,783,197	1,910,008	1,951,263	2,091,070	2,041,140	2,196,201	2,264,051	2,321,012
Supplies and materials	422,377	481,424	492,161	567,907	660,000	541,209	545,963	985,185	824,822	872,711
Purchased services	555,964	622,985	822,079	725,945	814,849	764,256	658,518	848,400	943,415	799,501
Internal services	1,058,511	930,470	1,164,990	1,229,012	1,243,040	1,292,350	1,270,871	1,239,423	1,332,709	1,394,791
Other	-	-	-	-	-	-	47,423	45,594	45,806	50,551
Total operating expenses	<u>3,623,801</u>	<u>3,708,021</u>	<u>4,262,427</u>	<u>4,432,872</u>	<u>4,669,152</u>	<u>4,688,885</u>	<u>4,563,915</u>	<u>5,314,803</u>	<u>5,410,803</u>	<u>5,438,566</u>
Net revenue available for debt service	<u>\$3,360,762</u>	<u>\$3,962,260</u>	<u>\$3,830,186</u>	<u>\$4,442,174</u>	<u>\$3,543,971</u>	<u>\$3,408,200</u>	<u>\$3,172,469</u>	<u>\$4,300,457</u>	<u>\$ 5,163,886</u>	<u>\$ 4,452,575</u>
Net revenue	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,543,971	\$3,408,200	\$3,172,469	\$4,300,457	\$ 5,163,886	\$ 4,452,575
Depreciation expense	(1,625,040)	(2,379,231)	(2,338,936)	(2,559,465)	(2,387,934)	(2,426,177)	(2,470,702)	(2,532,581)	(2,755,971)	(2,759,952)
Total non-operating income	16,423	36,406	512,291	27,284	419,702	353,690	67,815	286,084	50,307	49,847
Total non-operating expenses	(57,727)	(347,364)	(188,386)	(230,974)	(256,426)	(221,081)	(244,890)	(219,322)	(193,541)	(61,522)
Transfers in (out)	(55,980)	(90,320)	(20,939)	350,870	109,265	-	-	-	(300,477)	-
Net income (loss)	<u>\$1,638,438</u>	<u>\$1,181,751</u>	<u>\$1,794,216</u>	<u>\$2,029,889</u>	<u>\$1,428,578</u>	<u>\$1,114,632</u>	<u>\$ 524,692</u>	<u>\$1,834,638</u>	<u>\$ 1,964,204</u>	<u>\$ 1,680,948</u>
Reserve cash account balances:										
Reserve account	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,340,595	\$1,337,490	\$1,337,490	\$ 485,055	\$ 485,055
Current debt service reserve account	744,577	751,431	760,805	779,335	934,078	956,220	981,922	1,001,297	40,413	40,421
Operating reserve account	424,713	437,403	437,403	437,403	584,856	584,856	592,922	773,434	521,109	527,204
Repair/replacement reserve account	795,233	695,477	673,260	722,801	972,857	916,484	1,092,514	975,582	975,582	935,514
Total reserves	<u>\$3,712,980</u>	<u>\$3,632,768</u>	<u>\$2,877,136</u>	<u>\$2,945,207</u>	<u>\$3,810,857</u>	<u>\$3,798,155</u>	<u>\$4,004,848</u>	<u>\$4,087,803</u>	<u>\$ 2,022,159</u>	<u>\$ 1,988,194</u>
Maximum future principal and interest	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,319,066	\$1,340,595	\$1,340,595	\$1,329,511	\$ 485,055	\$ 485,055
Debt service coverage	192.21%	393.99%	380.86%	336.77%	268.67%	254.23%	236.65%	323.46%	1064.60%	917.95%

Source: City of Great Falls, Montana

Note: Water Revenue Bonds issued in Fiscal Year 2001; Water Revenue Bonds issued in Fiscal Year 2002; Water Revenue Bonds issued in Fiscal Year 2009; Water Revenue Bonds amended and restated Fiscal Year 2013. Water Revenue Bonds 2002A were redeemed in Fiscal Year 2013.

¹ Includes all operating revenues and interest income other than bonded construction funds and repair and replacement reserve funds interest earnings.

² Total operating expense exclusive of depreciation.

**City of Great Falls, Montana
Current Sanitary Sewerage Rate Structure
June 30, 2014**

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>	<u>MaltEurop</u>
Standard Sewer						
Monthly service charge	\$ 7.93	\$ 7.13	\$ 7.93	\$ 7.93	\$ 7.93	\$ 7.20
First 300 cf	1.70	1.54	2.42	2.42	2.10	1.68
Over 300 cf	2.82	2.54	2.42	2.42	2.10	1.68

Residential, low income and qualifying commercial customers are billed at a flat rate based on the winter quarter average for the usage in December, January, February and March.

Sewer Extra-Strength:

BOD>200 mg/L	0.498 /lb
TSS>250mg/L	0.341 /lb

Pre-Treatment:

Monthly service charge	\$ 7.93
Volume charge/ccf	1.18
BOD>200 mg/L	0.498 /lb
TSS>250mg/L	0.341 /lb

Source: Utility Division, City of Great Falls, Montana.

**City of Great Falls, Montana
Historical Sewerage System Connections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial /Industrial Customers</u>	<u>Total Customers</u>	<u>% of Residential Customers</u>	<u>Debt per connection</u>
2005	18,308	2,164	20,472	89.4%	\$ 976
2006	18,413	2,201	20,614	89.3%	912
2007	18,549	2,177	20,726	89.5%	851
2008	17,945	2,325	20,270	88.5%	809
2009	18,646	2,088	20,734	89.9%	730
2010	18,744	2,094	20,838	90.0%	669
2011	17,945	2,325	20,270	88.5%	627
2012	18,083	2,316	20,399	88.6%	552
2013	18,634	2,774	21,408	87.0%	486
2014	18,165	2,343	20,508	88.6%	967

Connection count was restated for year 2008 to better reflect number of connections.

Source: Utility Division, City of Great Falls, Montana.

City of Great Falls, Montana
Sanitary Sewerage System Historical Operating Results and Revenue Bond Covenant Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues: ¹										
Sanitary sewer charges for services	\$5,661,367	\$6,516,115	\$7,089,612	\$7,656,887	\$7,788,927	\$7,762,817	\$8,110,507	\$8,972,566	\$ 10,264,207	\$ 10,445,901
Investment income	153,231	281,611	317,819	263,675	116,421	99,044	47,896	31,724	13,662	8,712
Gain on disposal of assets	-	-	15,300	3,500	-	-	-	2,505	147	-
Total operating revenues	<u>5,814,598</u>	<u>6,797,726</u>	<u>7,422,731</u>	<u>7,924,062</u>	<u>7,905,348</u>	<u>7,861,861</u>	<u>8,158,403</u>	<u>9,006,795</u>	<u>10,278,016</u>	<u>10,454,613</u>
Operating Expenses: ²										
Personal services	570,725	634,562	684,626	720,032	739,643	767,490	798,163	832,920	838,822	827,825
Supplies and materials	53,478	62,143	71,241	76,143	67,212	51,251	70,782	83,847	77,330	70,796
Purchased services	2,127,854	2,278,659	2,682,808	3,072,287	3,090,253	3,122,179	3,137,508	2,979,993	3,352,392	3,543,057
Internal services	647,967	693,128	756,072	811,469	825,744	875,184	872,795	844,275	843,699	842,952
Other	-	-	-	-	-	-	29,373	42,214	34,432	154,369
Total operating expenses	<u>3,400,024</u>	<u>3,668,492</u>	<u>4,194,747</u>	<u>4,679,931</u>	<u>4,722,853</u>	<u>4,816,104</u>	<u>4,908,621</u>	<u>4,783,249</u>	<u>5,146,675</u>	<u>5,438,999</u>
Net revenue available for debt service	<u>\$2,414,574</u>	<u>\$3,129,234</u>	<u>\$3,227,984</u>	<u>\$3,244,131</u>	<u>\$3,182,496</u>	<u>\$3,045,757</u>	<u>\$3,249,782</u>	<u>\$4,223,546</u>	<u>\$ 5,131,341</u>	<u>\$ 5,015,614</u>
Net revenue	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$3,182,496	\$3,045,757	\$3,249,782	\$4,223,546	\$ 5,131,341	\$ 5,015,614
Depreciation expense	(1,477,084)	(1,727,250)	(1,764,017)	(1,830,452)	(1,877,884)	(1,912,143)	(1,964,477)	(2,043,243)	(2,209,363)	(2,332,859)
Total non-operating income	44,553	102	805,134	18,917	3,992	702,395	9,766	2,091	14,266	22,501
Total non-operating expenses	(606,945)	(724,442)	(661,746)	(703,538)	(680,329)	(611,931)	(522,572)	(439,055)	(320,451)	(51,414)
Transfers in (out)	(9,017)	(16,789)	2,819	59,319	72,849	-	-	-	(278,802)	110,973
Net income (loss)	<u>\$ 366,081</u>	<u>\$ 660,855</u>	<u>\$1,610,174</u>	<u>\$ 788,377</u>	<u>\$ 701,124</u>	<u>\$1,224,078</u>	<u>\$ 772,499</u>	<u>\$1,743,339</u>	<u>\$ 2,336,991</u>	<u>\$ 2,764,815</u>
Reserve cash account balances:										
Reserve account	\$1,929,835	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,956,105	\$ 1,766,857	\$ 2,281,282
Current debt service reserve account	1,247,340	1,253,454	1,266,142	1,282,053	1,296,623	1,326,604	1,339,518	1,365,971	147,238	189,650
Operating reserve account	396,481	406,426	406,426	406,426	542,532	542,532	560,687	572,758	398,604	428,890
Repair/replacement reserve account	768,028	534,077	648,286	781,670	750,369	900,052	1,005,695	765,777	765,777	1,032,938
Total reserves	<u>\$4,341,684</u>	<u>\$4,123,792</u>	<u>\$4,246,819</u>	<u>\$4,396,114</u>	<u>\$4,515,489</u>	<u>\$4,695,153</u>	<u>\$4,853,951</u>	<u>\$4,660,611</u>	<u>\$ 3,078,476</u>	<u>\$ 3,932,760</u>
Maximum future principal and interest	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,943,004	\$ 1,766,857	\$ 2,050,230
Debt service coverage	125.12%	162.48%	167.60%	168.44%	165.24%	158.14%	166.82%	217.37%	290.42%	244.64%

Source: City of Great Falls, Montana

Note: Sewer Revenue Bonds issued in Fiscal Year 2002; Sewer Revenue Bonds issued in Fiscal Year 2005; Sewer Revenue Bonds amended and restated in Fiscal Year 2013. Sewer Revenue bonds 2002A were redeemed in Fiscal Year 2013.

¹ Includes all operating revenues and interest income other than bonded construction funds and repair and replacement reserve funds interest earnings.

² Total operating expense exclusive of depreciation.

City of Great Falls, Montana
Current Storm Drain Land Use Classifications and Standard Monthly Service Charges
June 30, 2014

Classification	Rate
<p>Group A</p> <p>Accounts in this group include Single Family; Mobile Home Single Family; Residence Predominant with Business; & Bed & Breakfast Residential. Additional area above 15,000 sq. feet shall be defined as agricultural or undeveloped.</p>	\$0.3959604 (per 1,000 sq. ft.) + \$1.319868
<p>Group B</p> <p>Accounts in this group include Two Family Residential; Townhouse Residential; Three/Four Family Residential; Condominium Residential; & Mobile Homes and Trailer Courts.</p>	\$0.4949505 (per 1,000 sq. ft.) + \$1.319868
<p>Group C</p> <p>Accounts in this group include Multiple Dwellings; Boarding and Rooming Houses; Retirement and Nursing; Condominium General Business/Office; Financial Institution Bank; Hotel/Motel (1-10 units); Light Industry; Day Care (owner not living on premises); Railroad/Public Utilities; Schools Public/Private; Churches; & Semi-Public.</p>	\$0.6434357 (per 1,000 sq. ft.) + \$1.319868
<p>Group D</p> <p>Accounts in this group include Hotel/Motel (over 10 units); Heavy Industry; General Business; Shopping Centers; Office Buildings/Banks/Financial Cos.; Public Buildings (Governmental Services); Parking Lots; Parks; & Vacant Land (residential and commercial).</p>	\$0.8909109 (per 1,000 sq. ft.) + \$1.319868
<p>Group E</p> <p>Accounts in this group consist of developed property that does not discharge storm water runoff into an underground storm drainage system.</p>	\$0.0989901 (per 1,000 sq. ft.) + \$1.319868

Source: Utility Division, City of Great Falls, Montana.

**City of Great Falls, Montana
Historical Storm Drainage System Accounts
Last Ten Fiscal Years**

Fiscal Year	Group A		Group B		Group C		Group D		Group E		Total		Debt per Connection
	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues							
2005	16,342	\$ 825,811	1,746	\$ 107,430	807	\$ 327,220	1,088	\$ 382,532	991	\$ 61,043	20,974	\$1,704,037	\$ 278
2006	16,505	844,909	1,729	109,664	804	349,839	1,092	390,739	975	63,672	21,105	1,758,822	261
2007	16,750	857,775	1,675	110,014	804	361,996	1,089	392,990	972	63,818	21,290	1,786,593	243
2008	16,195	868,741	1,604	108,042	904	371,851	1,121	390,343	941	66,943	20,765	1,805,921	233
2009	16,936	881,156	1,547	105,756	785	368,042	1,070	401,543	1,064	69,451	21,402	1,825,948	209
2010	17,088	891,025	1,466	107,442	778	369,093	1,066	413,898	993	69,429	21,391	1,850,887	192
2011	16,195	895,632	1,604	104,641	904	370,134	1,121	412,229	941	69,689	20,765	1,852,325	179
2012	16,283	897,674	1,603	104,687	907	369,932	1,134	421,749	969	71,705	20,896	1,865,747	159
2013	16,246	881,899	1,561	101,145	911	377,750	1,156	422,334	1,000	67,882	20,874	1,851,010	128
2014	16,280	904,190	1,565	102,333	913	384,942	1,180	434,586	1,002	76,875	20,940	1,902,926	116

Connection count was restated for year 2008 to better reflect number of connections.

Source: Utility Division, City of Great Falls, Montana.

City of Great Falls, Montana
Storm Drain System Historical Operating Results and Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues ¹	\$1,768,780	\$2,086,414	\$1,942,207	\$1,834,834	\$1,863,553	\$2,048,274	\$1,891,363	\$1,893,445	\$1,938,535	\$1,857,326
Operating Expenses:										
Personal services	9,911	10,264	14,045	10,960	41,947	42,478	43,990	44,393	46,357	45,917
Supplies	7,680	3,668	3,533	855	5,732	3,926	5,183	7,037	3,609	3,609
Other services	27,984	38,638	27,674	32,421	18,416	32,806	31,222	42,016	100,305	47,293
Internal support	222,534	234,873	248,268	262,009	267,405	270,524	272,348	270,109	281,801	293,276
Total operating expenses	268,109	287,443	293,520	306,245	333,500	349,734	352,743	363,555	432,072	390,095
Net operating income	\$1,500,671	\$1,798,971	\$1,648,687	\$1,528,589	\$1,530,053	\$1,698,540	\$1,538,620	\$1,529,890	\$1,506,463	\$1,467,231
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 319,000	\$ 329,491	\$ 335,000	\$ 352,000	\$ 358,000	\$ 370,000	\$ 382,000	\$ 410,472	\$ 279,000	\$ 279,000
Interest	173,689	199,127	183,381	187,908	179,534	172,444	157,818	117,735	7,920	7,920
Total	\$ 492,689	\$ 528,618	\$ 518,381	\$ 539,908	\$ 537,534	\$ 542,444	\$ 539,818	\$ 528,207	\$ 286,920	\$ 286,920
Operating year coverage	304.59%	340.32%	318.05%	283.12%	284.64%	313.13%	285.03%	289.64%	525.05%	511.37%
Maximum future principal and interest	\$ 530,161	\$ 476,910	\$ 476,910	\$ 475,710	\$ 475,710	\$ 475,710	\$ 531,824	\$ 528,207	\$ 286,920	\$ 286,920
Bond covenant coverage	283.06%	377.21%	345.70%	321.33%	321.64%	357.05%	289.31%	289.64%	525.05%	511.37%

Source: City of Great Falls

Note: Storm Drain System revenue bonds issued in Fiscal Year 2005. Storm Drain System revenue bonds 2003 were redeemed in Fiscal Year 2013.

¹ Includes all operating revenues and interest income excluding interest earnings on the construction account, repair and replacement account, and surplus account.

City of Great Falls, Montana
Golf Courses Pass Holder Rounds Played, Counts and Fees
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Rounds Played									
Pass holders	47,869	47,157	39,733	38,411	37,912	36,967	33,208	36,056	31,809	26,790
	Number of Pass Holders									
Adult full	693	583	612	562	560	585	491	457	436	401
Adult restricted	283	265	232	208	207	204	189	176	174	167
Junior full	41	51	51	41	45	49	45	42	36	44
Junior restricted	11	8	14	4	5	9	11	10	7	7
Total passes	<u>1,028</u>	<u>907</u>	<u>909</u>	<u>815</u>	<u>817</u>	<u>847</u>	<u>736</u>	<u>685</u>	<u>653</u>	<u>619</u>
	Pass Fees									
Joint Both Courses Adult full	\$ 450	\$ 525	\$ 525	\$ 575	\$ 575	\$ 575	\$ 610	\$ 610	\$ 610	\$ 650
Joint Both Courses Adult restricted	340	400	400	450	450	450	480	480	480	510
Joint Both Courses Junior full	215	225	225	225	225	225	240	240	240	255
Joint Both Courses Junior restricted	165	170	170	170	170	170	180	180	180	190
Joint Both Courses Couple full	850	950	950	1,050	1,050	1,050	1,115	1,115	1,115	1,185
Joint Both Courses Couple restricted	630	700	700	800	800	800	850	850	850	900
Anaconda Hills Golf Course Adult full	450	400	400	450	450	450	480	480	480	510
Anaconda Hills Golf Course Adult restricted	340	300	300	350	350	350	370	370	370	395
Anaconda Hills Golf Course Junior full	215	190	190	190	190	190	200	200	200	210
Anaconda Hills Golf Course Junior restricted	165	150	150	150	150	150	160	160	160	170
Anaconda Hills Golf Course Couple full	850	750	750	850	850	850	900	900	900	955
Anaconda Hills Golf Course Couple restricted	630	550	550	650	650	650	690	690	690	730
Eagle Falls Golf Club Adult full	450	450	450	500	500	500	530	530	530	565
Eagle Falls Golf Club Adult restricted	340	350	350	400	400	400	425	425	425	450
Eagle Falls Golf Club Junior full	215	200	200	200	200	200	215	215	215	230
Eagle Falls Golf Club Junior restricted	165	160	160	160	160	160	170	170	170	180
Eagle Falls Golf Club Couple full	850	825	825	925	925	925	980	980	980	1,040
Eagle Falls Golf Club Couple restricted	630	625	625	725	725	725	770	770	770	815

Source: City of Great Falls, Montana

General Note: Restricted passes are for play on weekdays only. The Rounds Played and Number of Pass Holders are from July 1 to June 30 of each fiscal year. The Couple Full and Couple Restricted pass count is included in the Adult Full and Adult Restricted Number of Pass Holders. The schedule of rounds played and greens fees is on the next page.

City of Great Falls, Montana
Golf Courses Non- Pass Holder Rounds Played and Greens Fees
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Rounds Played									
Green fees - non-pass holders										
9-hole	9,098	9,872	12,103	11,483	12,157	15,052	14,269	15,104	12,852	5,786
18-hole	6,856	8,574	12,194	11,256	12,350	13,951	13,280	13,282	13,639	16,240
Junior	998	1,083	547	607	1,111	885	925	1,002	775	719
Total Green fees - non-pass holders	16,952	19,529	24,844	23,346	25,618	29,888	28,474	29,388	27,266	22,745
	Greens Fees									
Anaconda Hills Golf Course 9-hole Weekday	\$ 15	\$ 13	\$ 13	\$ 14	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15	\$ 16
Anaconda Hills Golf Course 18-hole Weekday	25	21	21	23	23	23	24	24	24	26
Anaconda Hills Golf Course Junior Weekday	11	13	13	13	13	13	14	14	14	15
Anaconda Hills Golf Course Swingtime Weekday	15	16	16	16	16	16	17	17	17	18
Anaconda Hills Golf Course 9-hole Weekend	15	15	15	16	16	16	17	17	17	18
Anaconda Hills Golf Course 18-hole Weekend	25	24	24	26	26	26	28	28	28	30
Anaconda Hills Golf Course Junior Weekend	11	15	15	15	15	15	16	16	16	17
Anaconda Hills Golf Course Swingtime Weekend	15	19	19	19	19	19	20	20	20	21
Eagle Falls Golf Club 9-hole Weekday	15	15	15	16	16	16	17	17	17	18
Eagle Falls Golf Club 18-hole Weekday	25	24	24	26	26	26	28	28	28	30
Eagle Falls Golf Club Junior Weekday	11	15	15	15	15	15	16	16	16	17
Eagle Falls Golf Club Swingtime Weekday	15	18	18	18	18	18	19	19	19	20
Eagle Falls Golf Club 9-hole Weekend	15	16	16	17	17	17	18	18	18	19
Eagle Falls Golf Club 18-hole Weekend	25	27	27	29	29	29	31	31	31	33
Eagle Falls Golf Club Junior Weekend	11	16	16	16	16	16	17	17	17	18
Eagle Falls Golf Club Swingtime Weekend	15	22	22	22	22	22	23	23	23	24

Source: City of Great Falls, Montana

City of Great Falls, Montana
Golf Courses Historical Operating Results and Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues ¹	\$1,049,533	\$ 1,090,309	\$ 1,168,802	\$ 1,256,900	\$ 1,309,590	\$ 1,421,216	\$ 1,347,695	\$ 1,404,894	\$ 1,379,484	\$ 1,319,927
Operating Expenses:										
Personal services	598,332	604,479	540,444	543,976	569,879	596,703	623,407	605,367	626,062	617,559
Supplies	118,313	143,979	133,236	159,398	189,004	187,866	177,915	193,148	209,343	178,390
Other services	146,986	165,500	166,228	125,811	149,886	124,574	121,393	130,172	147,308	119,002
Internal support	158,005	119,379	154,015	143,746	151,384	143,867	146,230	136,941	137,034	123,743
Total operating expenses	<u>1,021,636</u>	<u>1,033,337</u>	<u>993,923</u>	<u>972,931</u>	<u>1,060,153</u>	<u>1,053,010</u>	<u>1,068,945</u>	<u>1,065,628</u>	<u>1,119,747</u>	<u>1,038,694</u>
Net operating income	<u>\$ 27,897</u>	<u>\$ 56,972</u>	<u>\$ 174,879</u>	<u>\$ 283,969</u>	<u>\$ 249,437</u>	<u>\$ 368,206</u>	<u>\$ 278,750</u>	<u>\$ 339,266</u>	<u>\$ 259,737</u>	<u>\$ 281,233</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 130,000	\$ 140,000	\$ 145,000	\$ 150,000	\$ 155,000	\$ 170,000	\$ 175,000	\$ 185,000	\$ 195,000	\$ 205,000
Interest	103,068	96,629	89,795	82,801	79,701	71,438	59,016	49,618	39,653	29,138
Discount and issuance expense ²	5,393	5,057	4,777	4,511	3,528	3,120	3,288	2,834	600	600
Total	<u>\$ 238,461</u>	<u>\$ 241,686</u>	<u>\$ 239,572</u>	<u>\$ 237,312</u>	<u>\$ 238,229</u>	<u>\$ 244,558</u>	<u>\$ 237,304</u>	<u>\$ 237,452</u>	<u>\$ 235,253</u>	<u>\$ 234,738</u>
Operating year coverage	11.70%	23.57%	73.00%	119.66%	104.70%	150.56%	117.47%	142.88%	110.41%	119.81%
Maximum future principal and interest	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 234,653	\$ 234,653	\$ 234,653	\$ 234,138	\$ 233,078
Bond covenant coverage	11.74%	23.97%	73.57%	119.46%	104.93%	156.92%	118.79%	144.58%	110.93%	120.66%

Source: City of Great Falls

Note: Series 1998 Golf Course Revenue Bonds issued in Fiscal Year 1998, refunded Series 1988 and issued \$1,000,000 in new debt.
Series 1999 Golf Course Revenue Bonds issued in Fiscal Year 1999.

¹ Includes all revenues from rates, fees, charges, and rentals imposed, sales of property and all income received from investments.

² Includes amortization, discount premium, and fiscal agent fees for bond issues.

City of Great Falls, Montana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	General Obligation Taxable Bonds	Special Improvement Districts Bonds	Tax Increment Bonds	Notes Payable	Loans and Contracts Payable	Capital Leases	Loans and Contracts Payable	Revenue Bonds Payable				
2005	\$ 2,420,000	\$ -	\$ 1,305,000	\$5,153,978	\$ -	\$ 218,537	\$1,339,256	\$ 3,813,366	\$36,104,048	\$ 50,354,184	22.93%	\$ 1,830	
2006	2,330,000	-	1,055,000	4,191,420	-	265,197	1,246,390	5,659,724	33,804,521	48,552,253	20.78%	1,661	
2007	4,526,927	-	875,000	3,197,288	-	257,415 ^b	1,147,372	6,862,180	31,469,157	48,335,339	19.84%	1,577	
2008	4,259,037	-	765,000	2,166,538	-	274,357 ^b	1,041,795	7,129,885	29,035,071	44,671,682	17.19%	1,407	
2009	3,961,366	-	555,000	1,104,126	-	288,380 ^b	929,222	6,860,149	27,697,993	41,396,236	14.71%	1,203	
2010	3,653,944	-	490,000	2,000,000	-	177,984 ^b	809,192	6,573,648	27,796,528	41,501,296	13.85%	1,136	
2011	3,331,785	-	420,000	1,950,000	761,463	524,003 ^b	695,067	6,257,235	25,245,095	39,184,648	12.74%	1,047	
2012	2,994,899	-	370,000	2,755,000	-	456,696 ^b	573,355	5,904,784	22,169,649	35,224,383	11.14%	908	
2013	2,640,000	-	370,000	2,670,000	-	410,959 ^b	443,548	5,538,024	19,117,404	31,189,935	9.66%	791	
2014	2,220,000	1,035,000	215,000	2,585,000	-	335,102 ^b	305,109	9,102,195	27,191,243	42,988,649	12.89%	1,053	

^a See Demographic Statistics Schedule for personal income and population data. These ratios are calculated using personal income and population for two prior calendar years.

^b According to MCA, 7-7-4201, funds borrowed from Montana Board of Investments are to be included in the total amount of general obligation debt. These funds are included in the loans and contracts payable column of the Ratios of Outstanding Debt by Type statistical information.

City of Great Falls, Montana
Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Net General Bonded Debt ^c	Real and Personal Taxable Assessed Value	Percentage of General Obligation Bonds to Taxable Assessed Value	Per Capita ^a	Debt Limit ^b	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2005	\$4,138,537	66,377,650	6.23%	\$ 150	\$30,301,071	\$ 4,138,537	\$ 26,162,534	13.66%
2006	4,095,197	68,026,995	6.02%	140	31,635,155	4,095,197	27,539,958	12.95%
2007	6,284,342	70,550,043	8.91%	205	54,270,864	6,284,342	47,986,522	11.58%
2008	6,011,212	73,776,332	8.15%	189	57,459,106	6,011,212	51,447,894	10.46%
2009	5,681,236	76,405,690	7.44%	165	60,474,851	5,681,236	54,793,615	9.39%
2010	5,210,247	76,862,700	6.78%	143	62,441,688	5,210,247	57,231,441	8.34%
2011	5,161,387	78,275,702	6.59%	138	65,532,892	5,161,387	60,371,505	7.88%
2012	4,658,775	78,709,035	5.92%	120	67,431,565	4,658,775	62,772,790	6.91%
2013	4,156,979	77,852,991	5.34%	105	69,510,079	4,156,979	65,353,100	5.98%
2014	3,590,102	78,054,590	4.60%	88	71,978,361	3,590,102	68,388,259	4.99%

^a See Demographic Statistics Schedule for personal income and population data. These ratios are calculated using personal income and population for two prior calendar years.

^b Effective July 1, 2007 the legal debt limit increases from 1.51% to 2.5% of the assessed value of taxable property according to MCA 7-7-4201.

^c According to MCA 7-7-4201, funds borrowed from Montana Board of Investments are to be included in the total amount of general obligation debt. These funds are included in the loans and contracts payable column of the Ratios of Outstanding Debt by Type statistical information. The Business-type activities Electric Fund notes payable is a taxable non-voted general obligation note. This note has been added to the net general bonded debt amount. In fiscal year 2013, all net general bonded debt amounts were restated to include this additional debt. In fiscal year 2014, the Business-type activities Electric Fund notes payable was refinanced and is a Governmental-type activities general obligation taxable bond.

The debt limitation may not exceed 2.50% of the total assessed value of taxable property within the city as ascertained by the last assessment for state and county taxes.

The general obligation debt does not require any reserves.

City of Great Falls, Montana
Computation of Direct And Overlapping Long Term Debt
June 30, 2014

Jurisdiction	General Obligation Debt Outstanding¹	Percent Allocable to City¹	Amount Allocable to City
Elementary School District No. 1	\$ 5,341,206	68.61%	\$ 3,664,349
High School District No. 1	1,521,957	66.69%	1,015,024
Cascade County	3,439,588	57.40%	1,974,326
Total overlapping debt			6,653,700
Total direct debt ²			3,590,102
Total direct and overlapping debt			<u>\$ 10,243,802</u>

¹ Accounting Office of Clerk and Recorder Cascade County, Montana

² City of Great Falls, Montana

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Great Falls. This process recognizes that the entire debt burden borne by the residents and businesses should be taken into account when considering the city's ability to issue and repay long-term debt. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**City of Great Falls, Montana
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income ²	Per Capita Income ²	School Enrollment ³	Unemployment Rate ⁴
2005	56,503	\$ 2,195,749	\$ 27,523	10,727	3.9%
2006	56,338	2,336,656	29,231	10,625	3.4%
2007	58,536 ⁵	2,436,097	30,647	10,474	2.5%
2008	58,827	2,599,000	31,740	10,410	3.4%
2009	59,251	2,814,771	34,417	10,336	4.4%
2010	59,366	2,996,541	36,533	10,159	5.8%
2011	58,505	3,076,502	37,437	10,127	6.4%
2012	58,950	3,161,768	38,790	10,109	5.4%
2013	58,893	3,228,329	39,448	10,198	5.1%
2014	59,351	3,336,106	40,822	10,347	4.0%

¹ U.S. Census Bureau, Population Estimates, for one calendar year prior.

² U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System for Cascade County, Montana www.bea.doc.gov/bea/regional/bearfacts. The personal income and per capita income information is for two calendar years prior. Personal income estimates are in thousands of dollars.

³ Great Falls School District No. 1. Great Falls, Montana.

⁴ Montana Department of Labor & Industry Research & Analysis Bureau for Cascade County.

⁵ Based on challenge by City of Great Falls accepted by U.S. Census Bureau on November 9, 2007.

**City of Great Falls, Montana
Major Employers
Current Year and Nine Years Ago**

Employer	2014			2005		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Malmstrom Air Force Base	4,693 ²	1	13%	4,307 ²	1	12%
Benefis Health Care Center	2,695	2	7%	2,406	2	7%
Great Falls Public Schools	2,035	3	6%	1,655	3	5%
Montana Air National Guard	1,229 ²	4	3%	1,000 ²	4	3%
Asurion (formerly N.E.W. Customer Services Cos.)	552	5	2%	650	6	2%
City of Great Falls	541	6	1%	472	8	1%
Cascade County	500	7	1%	450	9	-
Wal-Mart	475	8	1%	600	7	2%
Great Falls Clinic	447	9	1%	750	5	2%
Easter Seals - Goodwill	416	10	1%	-	-	-
Albertsons	-	-	-	280	10	1%

Source: Great Falls Tribune, Great Falls Montana Outlook 2014 printed February 23, 2014
www.greatfallstribune.com.

List completed February 2014. Ranking based on total employees.

¹ Full-time equivalents in full and part time positions.

² Includes military and civilian personnel.

Full-time equivalent is a term used, whereby the number of scheduled hours is divided by the hours in a full work week. The hours of several part time agents may add up to one FTE.

City of Great Falls, Montana
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Mayor/City Commission	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Housing Authority	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
City Manager	4.40	4.25	4.25	4.29	3.29	3.29	3.17	4.17	4.17	4.17
City Clerk	2.25	1.25	1.25	1.29	1.29	1.29	1.51	1.51	1.51	1.51
Cable 7	-	-	1.00	1.00	0.50	0.50	0.50	0.50	-	-
Human Resources	3.66	3.66	3.66	3.66	3.66	3.66	3.60	3.60	3.60	3.60
Insurance & Safety	-	-	-	-	-	-	-	-	1.00	1.00
Animal Shelter Operations	-	-	-	-	-	-	-	8.50	5.00	5.00
City Planning	8.60	7.60	7.60	7.60	7.60	7.60	-	-	-	-
Community Development	22.44	23.43	20.94	20.94	21.94	20.94	-	-	-	-
Planning & Community Development	-	-	-	-	-	-	27.10	25.60	25.60	24.70
Fire	67.00	67.00	67.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00
Fiscal Services	38.12	38.05	37.90	38.40	38.40	36.90	36.90	36.00	35.00	33.56
Legal	4.60	5.80	5.80	6.30	6.30	6.25	6.45	7.75	7.75	7.25
Library	22.52	21.76	21.05	21.30	21.30	20.78	20.54	21.54	21.54	21.54
Park & Recreation	40.98	78.17	77.50	76.77	86.22	89.72	85.98	85.98	85.98	84.31
Police	115.00	117.00	119.00	133.50	129.50	129.00	134.00	126.00	126.00	128.00
Public Works	119.15	130.93	132.33	132.75	133.95	132.57	134.15	135.95	133.95	133.95
Total	472.22	522.40	522.78	539.30	545.45	544.00	545.40	548.60	542.60	540.09

Source: City of Great Falls Budget Office

Full-time equivalent is a term used, whereby the number of scheduled hours is divided by the hours in a full work week.

The hours of several part time employees may add up to one FTE.

In 2006 seasonal employees were included in the totals.

In 2008 the City took over operations at the Animal Shelter and the employees were added to the Police Department.

In 2011 the City Planning and Community Development departments were combined.

In 2012 the Animal Shelter Operations employees were separated from the Police Department and listed on their own.

In 2013 the Animal Shelter Operations 4.5 employees were moved from City employees to contracted services.

City of Great Falls, Montana
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fire Department										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Number of Training Centers	1	1	1	1	1	1	1	1	1	1
Number of Fire Vehicles	18	18	18	18	18	19	19	21	21	23
Police Department										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	59	63	63	64	64	64	64	68	69	71
Sanitation										
Number of Collection Trucks	21	18	21	21	21	21	21	22	22	23
Streets										
Miles of Streets/Alleys	365	361	361	366	366	366	366	377	377	383
Miles of Street Striping	50	50	50	65	65	71	71	100	100	100
Street Signs	12,000	11,000	11,000	11,400	11,770	11,770	11,985	12,237	12,764	12,913
City/State Street Signals	87	89	89	89	89	89	89	89	89	89
Housing Authority										
Affordable Housing Units	16	16	16	16	16	16	24	24	32	32
Public Housing Units	490	490	490	490	490	490	490	490	490	490
Water										
Water mains (miles)	283.45	291.96	296.75	303.38	305.38	307.38	307.88	309.51	311.40	312.82
Fire hydrants	2,837	2,925	2,986	3,054	3,085	3,108	3,110	3,125	3,139	3,154
¹ Storage capacity (million gallons)	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	10.75
Sanitary Sewer										
Sanitary sewers (miles)	220.76	229.34	233.99	238.82	240.32	241.64	241.81	242.78	244.07	246.59
Storm sewers (miles)	106.77	109.23	111.10	114.00	114.65	115.27	116.01	117.70	118.50	119.09
² Treatment capacity (million gallons)	21	21	21	21	21	21	21	21	21	13
Parks and recreation										
Number of parks	74	74	74	64	64	64	64	64	64	66
Acreage of parks	1,138	1,138	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,155
Trees (approximately)	41,817	46,139	46,139	47,083	47,083	47,083	45,000	45,000	42,500	42,500
Pools	4	4	4	4	4	4	4	4	4	4
Golf Courses	2	2	2	2	2	2	2	2	2	2
Skate Park	1	1	1	1	1	1	1	1	1	1
	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Parking										
Parking lots	6	6	6	6	6	6	6	6	6	6
Parking garages	2	2	2	2	2	2	2	2	2	2
Off street parking spaces	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Metered parking spaces	1,050	1,050	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Library										
Number of Books Purchased	10,625	9,342	9,415	7,639	11,014	9,033	9,425	8,924	9,367	9,793

¹ This storage capacity does not include 3.45 million gallons of clearwells at the Wastewater Treatment Plant.

² This treatment capacity is a daily number.

Source: City of Great Falls





City of

Great Falls Montana

Single Audit Section



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Certified Public Accountants and Business Advisors

**To the Honorable Mayor,
City Commissioners, and City Manager
City of Great Falls, Montana**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Great Falls, Montana's basic financial statements and have issued our report thereon dated December 4, 2014. We did not audit the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report on compliance and on internal control over financial reporting, insofar as it relates to the Great Falls Business Improvement District and the Great Falls Tourism Business Improvement District, is based upon the reports of the other auditors. The financial statements of the Great Falls Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Great Falls, Montana
December 4, 2014



**Junkermier • Clark
Campanella • Stevens • P.C.**

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Certified Public Accountants and Business Advisors

**To the Honorable Mayor,
City Commissioners and City Manager
City of Great Falls, Montana**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

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

Management Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the City of Great Falls, Montana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Great Falls, Montana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Great Falls, Montana's internal control over compliance.

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

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

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

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

Great Falls, Montana
December 4, 2014

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2013	Grant Revenues	Expenditures	Balance June 30, 2014
Department of Housing and Urban Development							
Direct Program							
Community Development Block Grant Entitlement Program	14.218	B12-MC-30-0002	\$ 718,203	\$ -	\$ 81,543	\$ 81,543	\$ -
Community Development Block Grant Entitlement Program	14.218	B13-MC-30-0002	744,287	-	474,966	474,966	-
HOME Investment Partnership Program	14.239	M11-MC-30-0218	385,454	-	-	-	-
HOME Investment Partnership Program	14.239	M12-MC-30-0218	232,508	-	57,736	57,736	-
HOME Investment Partnership Program	14.239	M13-MC-30-0218	230,146	-	10,297	10,297	-
Total Department of Housing & Urban Development				-	624,542	624,542	-
Department of Transportation							
Direct Programs							
Highway Planning and Construction	20.205	N/A	\$ 125,252	\$ -	\$ 101,895	\$ 101,895	\$ -
Community Transportation Enhancement Program	20.205	N/A	332,478	-	60,084	60,084	-
Federal Transit Metropolitan Planning Funds	20.505	N/A	807,000	-	569,047	569,047	-
Pass Through Montana Department of Transportation							
HMEP Cargo Tank Training	20.703	N/A	707	-	707	707	-
HMEP	20.703	HM-HMP-0297-12-01-00	12,450	-	11,747	11,747	-
Total Department of Transportation				-	743,480	743,480	-
Department of Health and Human Services							
Direct Programs							
HIDTA 2014	95.001	G-RM0045A	\$ 188,268	\$ -	\$ 89,586	\$ 89,586	\$ -
Pass Through Cascade County Sheriff's Office							
HIDTA 2013	95.001	G13RM0039A	132,632	-	94,561	94,561	-
Total Department of Health and Human Services				-	184,147	184,147	-
Department of Justice							
Direct Programs							
Bulletproof Vest Program	16.607	2013BUBX13065606	\$ 6,640	\$ -	\$ 3,738	\$ 3,738	\$ -
COPS Hiring Grant	16.804	2009RKWX0521	837,148	-	31,779	31,779	-
Pass Through Montana Board of Crime Control							
Justice Assistance Grant	16.738	2010-DJ-BX-1021	63,047	-	20,201	20,201	-
Justice Assistance Grant	16.738	2011-DJ-BX-2856	50,959	-	2,582	2,582	-
Justice Assistance Grant	16.738	2012-DJ-BX-1076	30,036	-	26,705	26,705	-
Justice Assistance Grant	16.738	2013-DJ-BX-0780	30,898	-	50	50	-
Total Department of Justice				-	85,055	85,055	-

Continued on next page

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2014

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2013	Grant Revenues	Expenditures	Balance June 30, 2014
National Park Service							
Pass Through State of Montana Historic Preservation Office							
	15.904	MT-13-017	\$ 5,225	\$ -	\$ 3,919	\$ 3,919	\$ -
	15.904	MT-14-017	5,225	-	1,306	1,306	-
Total National Park Service				-	5,225	5,225	-
Department of Homeland Security							
Pass Through State of Montana							
	97.067	2013-GE-T6-0062	\$ 44,167	\$ -	\$ 5,170	\$ 5,170	\$ -
	97.067	2014-GE-T6-0062	44,167		44,167	44,167	-
	97.043	EMW-2012-SS-00143-S01	78,684	-	6,858	6,858	-
	97.042	EMW-2013-EP-00044-S01	80,378		12,629	12,629	-
	97.044	FEMA-1996-DR-MT	225,742		21,127	21,127	-
	97.067	EMW-2011-SS-00052	870,465		870,461	870,461	-
Total Department of Homeland Security				-	960,412	960,412	-
National Endowment for the Arts							
Pass Through Montana Committee for Humanities							
	45.129	14R016	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
	45.129	13R020	500	-	500	500	-
	45.129	N/A	1,000	-	1,000	1,000	-
Total National Endowment for the Arts				-	2,500	2,500	-
Total Expenditures of Federal Awards				\$ -	\$ 2,605,361	\$ 2,605,361	\$ -

City of Great Falls, Montana
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

1. Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance of the City of Great Falls, Montana. The City of Great Falls, Montana's reporting entity is defined in Note 1 to the City's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

City of Great Falls, Montana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

A. Summary of Auditors Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Great Falls, Montana.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the City of Great Falls, Montana, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Great Falls, Montana expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as major was:
 - a. Department of Homeland Security (CFDA #97.067) which includes HAZMAT Trailer Equipment and DES 911 Center.
8. The threshold used for distinguishing Type A program was \$300,000.
9. The City of Great Falls, Montana was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

None.

C. Findings and Questioned Costs – Major Federal Program Award Audit

None.

**City of Great Falls, Montana
Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Status of Prior Year Comments
June 30, 2014**

There were no prior year audit findings relative to major federal award programs.

