



City Commission Agenda

for

December 16, 2008

Please Note: The City Commission agenda format allows citizens to speak on each issue prior to Commission action. We encourage your participation. Please keep your remarks concise and to the topic under consideration.

CALL TO ORDER: 7:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL

NEIGHBORHOOD COUNCILS

1. Miscellaneous reports and announcements.

PUBLIC HEARINGS

2. CDBG and HOME Grant/Consolidated Plan Community Needs. Action: Conduct public hearing. **(Presented by: Chris Imhoff)**
3. Res. 9805, Revise Land Development Application Fees. Action: Conduct public hearing and adopt or deny Res. 9805. **(Presented by: Ben Rangel)**
4. Void Res. 9784 and public hearing Creating Special Improvement Lighting District - City-Owned Residential Lighting District 1305, Water Tower Park Addition. Action: Void Res. 9784 and public hearing. **(Presented by: Coleen Balzarini)**

OLD BUSINESS

NEW BUSINESS

5. Blended Energy Rate Offer from Southern Montana Electric Generation and Transmission. Action: Approve or deny offer. **(Presented by: Coleen Balzarini)**
6. Fiscal Year 2007-2008 Comprehensive Annual Financial Report and Independent Auditor's Report. Action: Accept or reject report. **(Presented by: Coleen Balzarini)**

ORDINANCES/RESOLUTIONS

7. Ord. 3027, Approve a development project proposed by West Bank Properties, LLC and associated public improvements as an urban renewal project, authorize financing the public improvements with tax increment revenues in a principle amount not to exceed \$900,000; and authorize City staff to develop and negotiate a development agreement. Action: Adopt or deny Ord. 3027. **(Presented by Ben Rangel)**
8. Ord. 3028, Approve the Federal Courthouse/4th Avenue NW project as an urban renewal project and authorize the tax increment

financing of certain public projects. Action: Adopt or deny Ord. 3028.
(Presented by: Coleen Balzarini)

9. Res. 9806, A Resolution Creating a Board of Trustees for the Great Falls Tourism Business Improvement District No. 1307, Appointing the Initial Trustees, and Specifying the Powers and Duties of the Board. Action: Adopt or deny Res. 9806. **(Presented by: Cheryl Patton)**

CONSENT AGENDA *The Consent Agenda is made up of routine day-to-day items that require Commission action. Items may be pulled from the Consent Agenda for separate discussion/vote by any Commissioner.*

10. Minutes, December 2, 2008, Commission meeting.
11. Total Expenditures of \$2,050,629 for the period of November 26-December 10, 2008, to include claims over \$5000, in the amount of \$1,880,416.
12. Set public hearing for January 6, 2009, on Ord. 3026, adopting 40 CFR, Part 403, to update the legal authority required by EPA.
13. Set public hearing for January 6, 2009, on Res. 9803, for Conditional Use Permit to allow a Contractor Yard, Type I on Lot 3, Block 754, Great Falls Tenth Addition (1308 6th Avenue South).
14. Award bid for one new 2009 wheel loader to Western Plains Machinery of Great Falls in the amount of \$104,351.45, including trade-in.
15. Award bid for five new 2009 single axle dump trucks to I State Truck Center of Great Falls in the amount of \$352,890.

Action: Approve Consent Agenda or remove items for further discussion and approve remaining items.

BOARDS & COMMISSIONS

16. Appointments, Board of Adjustment. Reappoint Anthony Houtz and one new member to three-year terms through September 30, 2011.
17. Appointments, Park and Recreation Board. Reappoint Bryan Thies and appoint two new members to three-year terms through December 31, 2011.
18. Reappointment, Mansfield Center for the Performing Arts Advisory Board. Reappoint Carl Donovan to a three-year term through December 31, 2011.
19. Reappointments, Great Falls Planning Advisory Board. Reappoint Arthur Bundtrock and Wyman Taylor to three-year terms through December 31, 2011.
20. Appointments, Parking Advisory Commission. Reappoint Fred Thiel to a term ending April 30, 2010, and appoint three new members to staggered terms.
21. Miscellaneous reports and announcements.

CITY MANAGER

22. Miscellaneous reports and announcements.

PETITIONS AND COMMUNICATIONS *(Public comment on any matter that is not on the agenda of the meeting and that is within the jurisdiction of the City Commission. Please keep your remarks to a maximum of 5 minutes)*

23. Miscellaneous reports and announcements.

CITY COMMISSION

24. Miscellaneous reports and announcements.

MOTION TO ADJOURN



Item: CDBG & HOME Grant/Consolidated Plan Community Needs Public Hearing

From: Community Development Department

Initiated By: Chris Imhoff, CDBG/HOME Administrator

Presented By: Chris Imhoff, CDBG/HOME Administrator

Action Requested: Conduct public hearing

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing.

Suggested Motion: No action required.

Staff Recommendation:

Staff recommends the City Commission conduct the Consolidated Plan community needs public hearing required for the Community Development Block Grant and HOME Grant programs.

Background:

Significant Impacts

A forum to obtain public input regarding the needs of the community is required by the U.S. Department of Housing & Urban Development in order for the City to secure federal grant dollars.

Citizen Participation

The Citizen Participation Plan, adopted by the City Commission on January 8, 2008, stipulates a public hearing to allow citizens, especially lower income citizens, the opportunity to speak of the needs of the community, and to make recommendations to the City Commission of the use of the Community Development Block Grant and the HOME Grant funds to help address issues and eliminate needs.

Workload Impacts

Not applicable

Purpose

The purpose of this Consolidated Plan community needs public hearing is to allow the citizens, especially lower income citizens of Great Falls, an opportunity to advise the City Commission of the community's issues. Ideas are encouraged regarding how federal grant funds can be used to address these issues and help eliminate needs.

This hearing is not meant to be a format for agencies to lobby for their respective Community Development Block Grant or HOME Grant funding applications. Instead, individuals are encouraged to speak to housing and non-housing community development issues in the City, and especially the effect of these issues on low and moderate income persons.

Project Work Scope

Not applicable

Evaluation and Selection Process

The Commission will be asked to give consideration to citizen comments received during this public hearing when determining funding priorities for the Community Development Block Grant Program and the HOME Grant Program and in allocating the 2009/2010 Community Development Block Grant and HOME Grant funds.

Conclusion

The public hearing provides citizens an important opportunity to identify before the City Commission, community development needs particularly those impacting low to moderate income households in Great Falls.

Concurrences: Not applicable

Fiscal Impact: Conducting the public hearing is a pre-condition for the city receiving its annual allocation of HUD CDBG and HOME grant funds.

Alternatives: The hearing is a required for the city to be awarded 2009-2010 CDBG and HOME funding.

Attachments/Exhibits: Not applicable



Item: Public Hearing-Resolution 9805 to Revise Land Development Application Fees

From: Benjamin Rangel, Planning Director

Initiated By: Great Falls Planning Board

Presented By: Benjamin Rangel, Planning Director

Action Requested: City Commission adopt Resolution 9805

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 9805.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.
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Planning Board Recommendation: During a meeting on November 12, 2008, the Planning Board unanimously passed a motion recommending that the City Commission revise the current land development application fees and establish new fees.

Background: During development of the FY 2008-09 Planning Department Budget, it became apparent that costs have continued to increase, but that some revenue sources have remained the same for the past several years. As such, a review was made of all department revenue sources, including fees the Planning Department charges to process land development activities through the Planning Board, Zoning Commission and City Commission. These activities include annexations, subdivisions and zone changes. The review included comparing Great Falls fees with those charged by Cascade County and several other Montana communities. See the attached Fee Schedule Comparison. The current Great Falls fees were established in November, 1995.

Based primarily on the comparison, the Planning staff recommended in an agenda report to the Planning Board on July 22, 2008, that the fees be increased to what would have amounted to a doubling of the current fees. The proposed fees would have been directly in line with those charged by Cascade County and, in most cases, below those charged in several other Montana communities.

Following discussion at the July 22nd meeting, the Board chose to instead ask the Planning Board's Finance Committee to review the fees with the Planning staff and to bring a recommendation back to the full Board for consideration.

During a meeting on October 23rd, the Planning Board Finance Committee concurred that the fees should be increased, citing the current fees have been in place for nearly 13 years. The Committee also generally agreed in principle that local tax revenues provided in the Planning Department budget should help fund the Department's various core programs, but that user fees should also be applied toward specific services, including land development activities. The Committee then wrestled with how much of the total estimated cost for each land development service should be borne by the local taxpayer and how much should be borne by the service user. The members felt a 50/50 cost share would be reasonable. Based on this principle, the Committee recommended the fees be adjusted as noted on the attached cost estimate sheets labeled as Exhibits 1-5 and as listed on the attached Fee Schedule Comparison matrix, dated 2008. The Committee also felt this approach would help to establish a process by which future fee adjustments could be more reasonably justified because the fees would be more directly related to actual Planning staff costs to provide each type of service.

On November 12, 2008, the Planning Board considered its Finance Committee's recommendation and concurred with making a similar recommendation to the City Commission.

Concurrences: The Planning Board concurs with the proposed fee revisions.

Fiscal Impact: If the proposed fees are applied to a similar level of land development activity experienced during the past few years, it is estimated an additional \$15,000 could possibly be generated to augment the Planning Department budget. If fees are not increased, then additional general revenue funds would be needed to address the Planning Department budget shortfall with its resulting impact on the overall City budget.

Alternatives: The City Commission could deny adoption of Resolution 9805 and thus forego any fee increases with a resulting fiscal impact on the Planning Department budget, as well as to general revenue funds in the overall City budget, as presented above.

Attachments/Exhibits:

1. Resolution 9805
2. Fee Schedule Comparison Matrix, dated 2008
3. Cost Estimate Sheets (5)

RESOLUTION 9805

A RESOLUTION TO REVISE
LAND DEVELOPMENT APPLICATION FEES

Effective Date: January 1, 2009

WHEREAS, the City Land Development Code, as adopted by the Great Falls City Commission on September 6, 2005, and as amended on March 6, 2007, includes provisions and procedures for the processing of land development applications pertaining to annexations, subdivisions, zoning and related activities; and,

WHEREAS, the City of Great Falls processes numerous land development applications pertaining to annexations, subdivisions, zoning and related activities; and,

WHEREAS, the City Land Development Code includes a provision that the City Commission may, at its discretion, set and revise application fees by resolution; and,

WHEREAS, several of the current application fees have not been revised by the City Commission since 1995 and are significantly below similar fees charged by other Montana communities for similar activities; and,

WHEREAS, the costs of reviewing plans, advertising, mailing notices, preparing ordinances, resolutions, reports and recommendations, preparing or reviewing agreements, holding public hearings, or other expenses incidental to processing applications for subdivisions, annexations, changes in zoning district boundaries and conditional uses have increased considerably over the past several years and far exceed the currently assessed fees.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA AS FOLLOWS:

That the City Commission does hereby approve the following defined fee schedule and as depicted on the attached Exhibit "A", by this reference made a part hereof:

- A. Zoning Fees
The fee to accompany each application for a change in zoning district boundaries, zoning designation or conditional use shall be a non-refundable seven hundred dollars (\$700).

- B. Subdivision Fees
The subdivider shall pay a non-refundable fee at the time of application for approval of a subdivision plat, based on the following rates:
 - 1. Six hundred dollars (\$600) per minor plat;
 - 2. Eight hundred dollars (\$800) per preliminary plat;
 - 3. Three hundred dollars (\$300) per final plat:

The above cited fees shall also apply to corresponding amended plats, which involve public review and governing body approval.

- C. Annexation Fees
 - 1. Petition processing fee shall be a non-refundable one hundred dollars (\$100) to accompany the annexation application;
 - 2. Agreement preparation/review fee shall be two hundred dollars (\$200) per annexation agreement or similar agreement addressing conditions associated with development application;
 - 3. Resolution of annexation shall be one hundred dollars (\$100) per annexation.

- D. Zoning Determination Fees
The fee to accompany each application for a zoning determination shall be a non-refundable seventy-five dollars (\$75).
- E. Zoning Permit Fees
The fee to accompany each application for a zoning permit shall be a non-refundable twenty-five dollars (\$25).

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana on this 16th day of December, 2008.

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(CITY SEAL)

APPROVED FOR LEGAL CONTENT:

David V. Gliko, City Attorney

State of Montana)
County of Cascade : ss
City of Great Falls)

I, Lisa Kunz, City Clerk of the City of Great Falls, Montana, do hereby certify that the foregoing Resolution 9805 was placed on its final passage and passed by the City Commission of the City of Great Falls, Montana, at a meeting thereof held on the 16th day of December, 2008, and approved by the Mayor of said City, on the 16th day of December, 2008.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City, this 16th day of December, 2008.

Lisa Kunz, City Clerk

(CITY SEAL)

EXHIBIT “A”

LAND DEVELOPMENT FEE SCHEDULE

City of Great Falls, Montana

EFFECTIVE: January 1, 2009

Zone Change or Conditional Use Permit	\$700
Minor Subdivision	\$600
Major Subdivision (Preliminary Plat)	\$800
Major Subdivision (Final Plat)	\$300
Annexation (Petition)	\$100
Annexation (Agreement)	\$200
Annexation (Resolution)	\$100
Zoning Determination	\$75
Zoning Permit	\$25

2008

FEE SCHEDULE COMPARISON

CITY	REZONING	MINOR SUBDIVISION	MAJOR SUBDIVISION	ANNEXATION	ZONING PERMIT
Great Falls (Since 1995)	\$400	\$300	<u>Prel</u> \$500 <u>Final</u> \$200	<u>Petition</u> \$100 <u>Agreement</u> \$200 <u>Resolution</u> \$100	<u>Zoning Permit or Determination</u> \$25 (Since July 2006)
Great Falls (As proposed by Planning Board)	\$700	\$600	<u>Prel</u> \$800 <u>Final</u> \$300	<u>Petition</u> \$100 <u>Agreement</u> \$200 <u>Resolution</u> \$100	<u>Zoning Permit</u> \$25 <u>Zoning Determination</u> \$75
Cascade County	\$750	\$600	<u>Prel</u> \$1,000 + \$50/lot <u>Final</u> \$400	--	<u>Location/Conformance Permit</u> \$50
Billings	<u>Residential</u> \$650 <u>Commercial</u> \$900	<u>Prel</u> \$550 <u>Final</u> \$250	<u>Prel</u> \$1,500 (6-40 lots) \$3,500 (41-200 lots) \$4,500 (over 200 lots) <u>Final</u> \$400 (6-40 lots) \$600 (41-200 lots) \$900 (over 200 lots)	<u>Residential</u> \$200 <u>Commercial</u> \$600	<u>Zoning Clarification</u> \$25
Bozeman	\$1,000 + 25/acre (\$10/acre 80+) Plus \$400 for advertising	<u>Preapp</u> \$500 + \$25/lot <u>Prel</u> \$500 + \$50/lot +\$5 per adjainer Plus \$400 for advertising <u>Final</u> \$500 + \$25/lot	<u>Preapp</u> \$500 + \$25/lot <u>Prel</u> \$1,000 + \$50/lot (\$25/lot 100+) +\$5 per adjainer Plus \$400 for advertising <u>Final</u> \$1,000 + \$25/lot	\$250 for 1st 10 acres +10/acre after 10 acres Plus \$400 for each required advertising	<u>Zoning Compliance Permit</u> Single Family/Duplex \$75 Multi-Dwelling, Commercial & Industrial \$150
Helena	\$410	<u>Prel</u> \$400 <u>Final</u> \$100	<u>Prel</u> \$400 + \$15/lot <u>Final</u> \$375/phase	\$300	--
Kalispell	\$550 + \$20/acre (\$10/acre 81+)	<u>Prel</u> \$400 + \$125/lot <u>Final</u> \$400 + \$125/lot	<u>Prel</u> \$1000 + \$125/lot <u>Final</u> \$800 + 125/lot	\$250 + \$20/acre	--
Missoula	<1 acre \$2,000 >1 acre \$4,000	<u>Prel</u> \$1,500 + \$1000/lot <u>Final</u> \$312	<u>Prel</u> \$6,000 + \$100/lot (6-50 lots) \$5,000 + \$50/lot (51+lots) <u>Final</u> \$364	--	--
Whitefish	\$2,310 + \$66/acre (\$40/acre 81+)	<u>Prel</u> \$990 + \$200/lot <u>Final</u> \$1,056 + \$200/lot	<u>Prel</u> \$2,970 + \$200/lot <u>Final</u> \$2,574 + \$200/lot	--	<u>Zoning Conformance Permit</u> New Res. & Comm. \$330 Additions \$200 Garages, Barns, etc. \$200 Zone Determination \$165

**REZONING COST ESTIMATE
(Same process used for Conditional Use Permits)**

Tasks	Director	Senior Planner	Planner I	Admin. Assistant
Preliminary contact/discussion with Applicant		1	1	
Pre-application Conference	1	1	1	
Prepare Public Hearing Notice		1		
Prepare Vicinity Map			2	
Prepare list of adjacent owners, affidavits, envelopes			1	
Prepare & transmit communication to review officials		1	1	
Field inspection of site & post Public Hearing Notice			1	
Prepare Staff Report & Recommendation	1	1	3	
Planning Board Public Hearing	1	1	1	1
Prepare Minutes of Public Hearing				2
Prepare & submit Report to City Comm. (1 st Reading)	1	2	1	
Prepare & submit Report to City Comm. (Final Reading)		1	1	
Attend City Commission Hearings (2)	2			
Total Hours	6	9	13	3

Total Labor Costs	Total hours x Hourly Rates	\$ 742.50
Fringe Benefit Costs	49% x Total Labor Costs	\$ 363.83
Indirect Costs*	36% x Total Labor Costs	<u>\$ 267.30</u>

Total Estimated Cost: \$1373.63 ~ \$1400

<u>Current Rezoning Fee:</u>	<u>\$400</u>
Proposed Rezoning Fee: (Based on 50% of Total Estimated Cost)	(\$700)

* Includes paper, postage, copying, legal publication, etc. costs.

MINOR SUBDIVISION PLAT COST ESTIMATE

Tasks	Director	Senior Planner	Planner I	Admin. Assistant
Preliminary contact/discussion with Developer		1	1	
Pre-application Conference	1	1	1	
Prepare Vicinity Map			2	
Prepare & transmit communication to review officials		1	2	
Field inspection of site			1	
Prepare Staff Report & Recommendation/Findings of Fact	1	3	2	
Planning Board Meeting	1	1	1	1
Critique final draft of Minor Plat			1	
Prepare minutes of Planning Board meeting				1
Prepare & submit Report to City Commission	1	1	2	
Attend City Commission meeting	1			
Total Hours	5	8	13	2

Total Labor Costs	Total Hours x Hourly Rates	\$ 664.68
Fringe Benefit Costs	49% x Total Labor Costs	\$ 325.69
Indirect Costs*	36% x Total Labor Costs	<u>\$ 239.28</u>

Total Estimated Cost: \$1229.65 ~ \$1200

Current Minor Plat Fee: \$300
Proposed Minor Plat Fee: (Based on 50% of Total Estimated Cost) **(\$600)**

* Includes paper, postage, copying, legal publication, etc. costs.

MAJOR SUBDIVISION PLAT COST ESTIMATE

Tasks	Director	Senior Planner	Planner I	Admin. Assistant
Preliminary contact/discussion with Developer		2	2	
Pre-application Conference	1	1	1	
Prepare Public Hearing notice		1		
Prepare Vicinity Map			2	
Prepare list of adjacent owners, affidavits, envelopes			1	
Prepare & transmit communication to review officials		2		
Development Review Committee meeting	1	1	1	
Field inspection of site/post Public Hearing Notice		1	1	
Prepare Staff Report & Recommendation/Findings of Fact	1	5	3	
Planning Board Public Hearing	1	1	1	1
Prepare minutes of Planning Board Public Hearing				2
Prepare & submit Report to City Comm on Prel Plat	1	2		
Prepare Public Improve. Agreement & related documents		4	1	
Critique Final Plat & related documents			1	
Prepare & submit Report to Planning Board (Final)	1	1		
Prepare & submit Report on Final Plat to City Comm	1	1		
Attend City Commission meeting (1)	1			
Total Hours	8	22	14	3

Total Labor Costs	Total Hours x Hourly Rates	\$1169.52
Fringe Benefit Costs	49% x Total Labor Costs	\$ 573.06
Indirect Costs*	36% x Total Labor Costs	<u>\$ 421.03</u>

Total Estimated Cost: \$2163.61 ~ \$2200

Current Major Plat Fees: Prel: \$500/ Final \$200
Proposed Major Plat Fee: (Based on 50% of Total Estimated Cost) (Prel: \$800/Final \$300)

* Includes paper, postage, copying, legal publication, etc. costs.

ANNEXATION COST ESTIMATE
 (Additional functions and costs beyond zoning process costs)

Tasks	Director	Senior Planner	Planner I	Admin. Assistant
Prepare Staff Report & Recommendation	1	2	1	
Prepare Annexation Agreement	1	4	2	
Prepare & submit Report to City Comm. (1 st Reading)		2	2	
Prepare & submit Report to City Comm. (Final Reading)		2	1	
Total Hours	2	10	6	

Total Labor Costs	Total Hours x Hourly Rates	\$ 443.34
Fringe Benefit Costs	49% x Total Labor Costs	\$ 217.24
Indirect Costs*	36% x Total Labor Costs	<u>\$ 159.60</u>

Total Estimated Cost: \$ 820.18 ~ \$800

<u>Current Annexation Fee:</u>	Annexation Petition	\$100
	Agreement	\$200
	Resolution	<u>\$100</u>
	Total	<u>\$400</u>

Proposed Annexation Fee: (Based on 50% of Total Estimated Cost)	
Annexation Petition	(\$100)
Agreement	(\$200)
Resolution	<u>(\$100)</u>
Total	<u>(\$400)</u>

* Includes paper, postage, copying, legal publication, etc. costs.

ZONING DETERMINATION COST ESTIMATE

Tasks	Director	Senior Planner	Planner I	Admin. Assistant
Research property records and related files/sources			2	
Prepare Zoning determination documentation	.5	.5	.5	
Total Hours	.5	.5	2.5	

Total Labor Costs	Total Hours x Hourly Rates	\$ 78.26	
Fringe Benefit Costs	49% x Total Labor Costs	\$ 38.35	
Indirect Costs*	36% x Total Labor Costs	<u>\$ 28.17</u>	
Total Estimated Cost:		\$ 144.78 ~	\$145

Current Zoning Determination Fee: \$25

Proposed Zoning Determination Fee: (Based on 50% of Total Estimated Cost) (\$75)

* Includes paper, postage, copying, legal publication, etc. costs.



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Void Resolution 9784, Intention of Creation of Special Improvement Lighting District #1305, and void the scheduled public hearing

From: Martha Capps, Operations Supervisor

Initiated By: Changes in structural design of district and as advised by the City Attorney

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: City Commission void Resolution 9784, and the scheduled public hearing

Suggested Motion:

1. Commissioner moves:

“I move the City Commission void Resolution 9784 creating Special Improvement Lighting District – City-Owned Residential Lighting District 1305, and void the scheduled public hearing.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls for the vote.

Staff Recommendation: Staff recommends the City Commission void Resolution 9784 Creating Special Improvement Lighting District – City-Owned Residential Lighting District 1305, and void the scheduled public hearing.

Background: On March 26, 2008, staff received a signed petition from TD Development, the owner and developer of Water Tower Park Addition, requesting the installation of street lights in the newly annexed subdivision. The petition requested the installation of 4 - 100 watt HPS semi-cut off street light units mounted on 20-foot steel poles with underground wiring in accordance with the City’s Street Lighting Policy. Resolution 9784, Intent to Create Special Improvement Lighting District – City Owned Residential Lighting District No. 1305 was adopted by the City Commission on November 18, 2008 and a public hearing was set for December 16, 2008. After review from GPD Engineering Firm, the design of the street lights was recommended to be 5 – 100 watt lights mounted on 16 foot poles. The change in design is necessary to provide adequate lighting coverage to the properties within the district, while maintaining compliance with standard lighting practices.

This change is anticipated to add approximately \$1,000 to the estimated construction costs of the project and the additional light will also increase the on-going electrical supply costs. A new resolution of intent and creation will be brought to the City Commission for approval in

the near future.

Concurrences: Staff was advised by the City Attorney to void the Resolution of Intent and the scheduled public hearing

Fiscal Impact: There is no direct fiscal impact to City operations. The costs associated with republication of the legal notice will be charged to the district and paid with the lighting district assessments.

Alternatives: The City Commission could choose to not void Resolution 9784 and conduct the public hearing as scheduled. The Resolution of Intent would be inconsistent with the required engineering and design of street lighting within the district.

Attachments/Exhibits: Resolution 9784, Intent to Create available @
www.greatfallsmt.net/records/resolutions/res9784.pdf

Cc: David Dobbs, City Engineering
Jason Handl, City Engineering
TD Development, Developer
Brad Kauffman, GPD Engineering

RESOLUTION NO. 9784 * VOIDED *****

A RESOLUTION DECLARING IT TO BE THE INTENTION OF THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA TO CREATE SPECIAL IMPROVEMENT LIGHTING DISTRICT-CITY-OWNED RESIDENTIAL LIGHTING DISTRICT NO. 1305 IN THE CITY OF GREAT FALLS, MONTANA FOR THE PURPOSE OF FINANCING THE INSTALLATION OF FOUR 100 WATT HPS SEMI-CUT OFF STREET LIGHTS ON 20-FOOT STEEL POLES WITH UNDERGROUND WIRING ON PROPERTIES LOCATED WITHIN WATERTOWER PARK ADDITION

WHEREAS, the City Commission of the City of Great Falls, is authorized to create special improvement districts embracing any street or streets or public highway therein or portion thereof and property adjacent thereto or property which may be declared by said City Commission to be benefited by the improvements to be made for the purpose of lighting such street or streets or public highway.

WHEREAS, the City Commission of the City of Great Falls, is authorized to require that all or any portion of the cost of installing and maintaining such lighting system be paid by the owners of the property embraced within the boundaries of such special improvement district.

WHEREAS, the City Commission of the City of Great Falls, is authorized to assess and collect the costs for installation and maintenance by special improvement assessment against the property within the district.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:

Section 1. That public interest and convenience requires and it is deemed necessary to create, and the City Commission of the City of Great Falls, Montana, intends to order and

create a Special Improvement Lighting District – City-Owned Residential Lighting District No.1305 to finance the installation of the improvements hereinafter described as authorized by 7-12-4301 MCA.

Section 2. The City Commission has received petitions, attached as Exhibit A, signed by more than the minimum requirement of 60 percent of the owners of the property proposed to be included in the district. The City Commission also intends to conduct a public hearing to consider establishing the District as provided for in State Statute.

Section 3. That the general character of the improvements to be made within or for the benefit of the District is the installation of four 100 Watt HPS semi-cut off street lighting units mounted on 20-foot steel poles with underground wiring.

Section 4. That the number of said Special Improvement Lighting District is hereby designated as Special Improvement Lighting District – City-Owned Residential Lighting District No. 1305 of the City of Great Falls, Montana.

Section 5. That the boundaries of said Special Improvement Lighting District are hereby declared to be as follows:

The land being described lies in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 36, T. 21 N., R. 3 E., P.M.M Cascade County, Montana.

Watertower Park Addition: Beginning at NE corner of Certificate of Survey #3762, and the True Point of Beginning; Thence S 89° 25'45" E, 406.68'; Thence S 00° 47'01" W, 683.32 ft.; Thence N 89° 14'00" W, 406.48 ft.; Thence N 0° 46'00" E, 681.93' to the True Point of Beginning. Herein described Subdivision contains 6.369 acres.

The lands included in the District are shown on the map attached as Exhibit B, and that the legal descriptions of the lots, parcels and tracts of land within the District are shown on Exhibit C attached hereto.

Section 6. The City Commission hereby finds and determines that all real estate situated in said district will be especially benefited and affected by such improvement and the property included within the boundaries of said district is hereby declared to be the property assessed for the cost and expense of making said improvements. The installation, utility and administrative costs will be assessed against benefited properties within the District on the following basis, pursuant to Section 7-12-4323 MCA:

Each lot or parcel of land within such district to be assessed for that part of the whole cost which its area bears to the area of the entire district, exclusive of streets, avenues, alleys and public places.

The special assessment for the installation cost of the improvements shall be payable over a term not to exceed 15 years and estimated at \$25,000. The total

area for the district to be assessed, or subject to assessment is 216,649 square feet. The estimated annual cost of the improvements per square foot, exclusive of annual interest of 5%, is \$0.007693. The property owners have the right to prepay the assessment as provided by law.

The ongoing annual assessment, for the utility and administrative costs, is estimated to be \$0.004978 per square foot assessable area.

The assessable area and related costs of construction for each lot or parcel of land is shown on Exhibit C and, the assessable area and estimated costs of maintenance for each lot or parcel of land is shown on Exhibit D attached hereto.

Section 7. That on Tuesday, the 16th day of December 2008, in the City Commission Chambers, in the Civic Center, Great Falls, Montana, at 7:00 o'clock p.m., the Commission will conduct a public hearing on the creation of the Special Improvement Lighting District and pass upon any written protests timely filed against creation of the Special Improvement Lighting District. Within 15 days after the date of the first publication of the notice of passage of this resolution of intention, any property owner liable to be assessed for the cost of the improvements may make written protest against the proposed work or against the extent or creation of the Improvement District.

Section 8. The City Clerk is hereby authorized and directed to publish notice of the adoption of this Resolution twice in the *Great Falls Tribune*, a daily newspaper published in the City of Great Falls, Montana, with at least six days separating each publication.

The Clerk of said City is hereby further directed to mail a copy of said notice to every person, firm or corporation or the agent of such person, firm or corporation having property within the proposed district, at their last known address, upon the date of the first publication of said notice. The notice for publication is attached as Exhibit E and the letter to the property owners is attached as Exhibit F.

PASSED AND ADOPTED by the Commission of the City of Great Falls, Montana, on this 18th day of November 2008.

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(SEAL OF CITY)

Approved for Legal Content: City Attorney

State of Montana)
County of Cascade : ss
City of Great Falls)

I, Lisa Kunz, City Clerk of the City of Great Falls, Montana, do hereby certify that the foregoing Resolution 9784 was passed by the Commission of the City of Great Falls, Montana, at a meeting thereof held on the 18th day of November, and approved by the Mayor of said City on the 18th day of November.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City this 18th day of November.

Lisa Kunz, City Clerk

(SEAL OF CITY)

STREET LIGHT PETITION

DATE: March 26, 2008

TO: The City Commissioners
City of Great Falls
Great Falls, Montana

We, the undersigned property owners of Great Falls, respectfully request that a Special Improvement Lighting District be created in the area: **TD Development**

This is for the anticipated installation of: **four (4) 100 Watt HPS Semi-cut off Street Light units mounted on 20 foot steel/fiberglass poles with underground wiring, wherein the actual amount of lights, types and sizes will be determined upon final design.**

The cost of the Special Improvement Lighting District is to be paid for by the property owners within the district being assessed one hundred percent (100%) of the annual costs.

Using current dollars, this will result in an **estimated** annual assessment during the first fifteen (15) years in the newly created area of **\$163.920** for an average lot of 14,875 square feet for the installation and maintenance of the lights. The second fifteen (15) years the costs will be approximately **\$67.40** for a average lot of 14,875 square feet for the maintenance of the lights.

The street lighting system is to be installed, owned and maintained by the City of Great Falls.

We are the respective owners of the following described city lots abutting upon and which will be benefited by said proposed improvements, and we hereby agree to pay the assessments levied by the City of Great Falls upon the respective properties, to defray the costs of said improvements.

NAME	ADDRESS	LOT	BLOCK
1	<i>Dan Jensen</i>	<i>524 4th Ave. No. #1</i>	
2	<i>Tim Spencer</i>	<i>618 Central</i>	<i>59401</i>
3			
4			
5			
6			
7			
8			
9			
10			



Resolution 9784

SLD - #1305 - Water Tower Park Addition

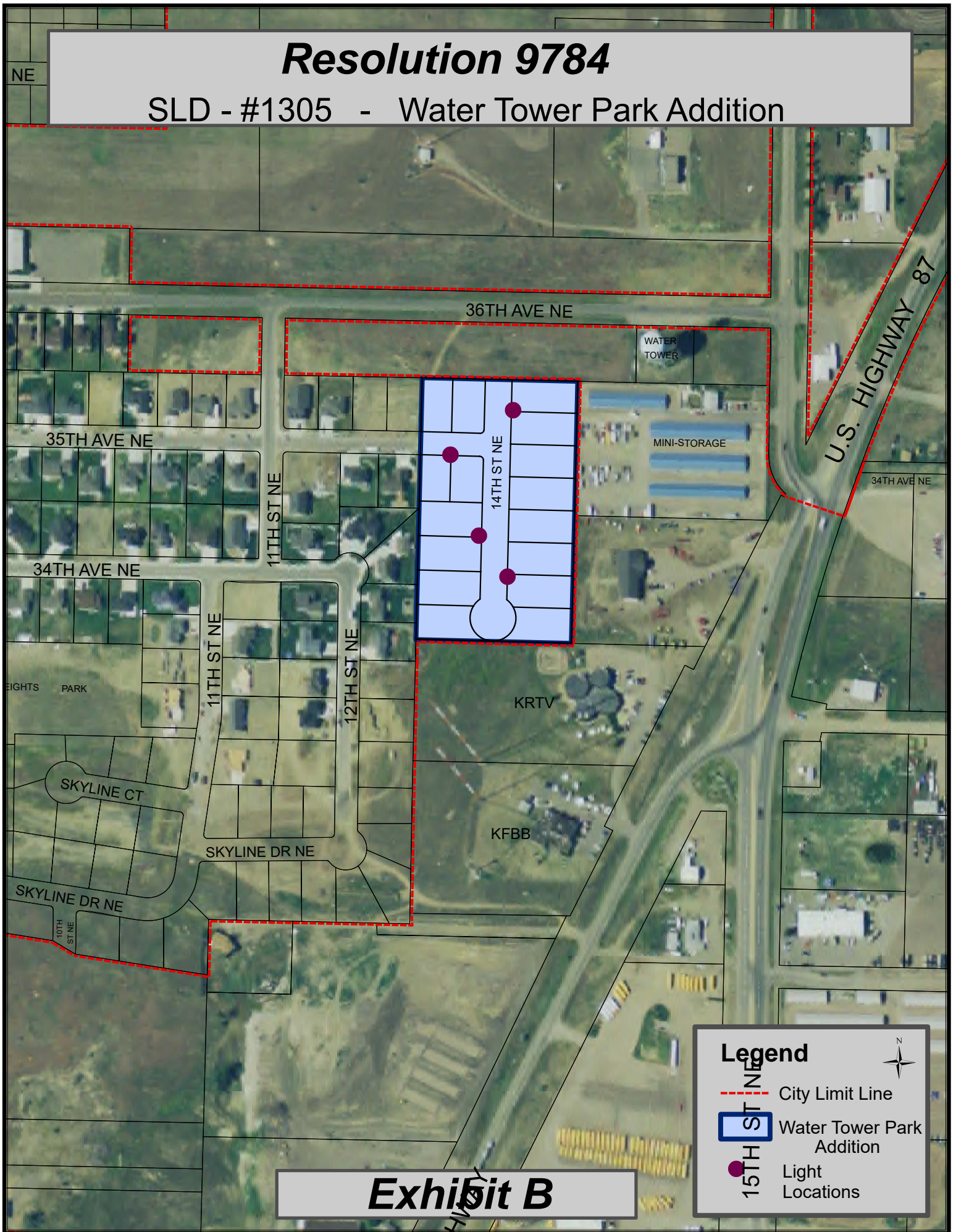





Exhibit B

Legend

-  City Limit Line
-  Water Tower Park Addition
-  Light Locations

RESOLUTION 9784 EXHIBIT C

**SPECIAL IMPROVEMENT LIGHTING DISTRICT 1305
INSTALLATION COSTS**

Total Construction Costs: \$ 25,000.00
 Improvements: Street Lighting
 Term in Years 15
 1st draw date 7/1/2009
 bill thru date 7/1/2010
 365

Annual Interest Rate 5.00% Daily 0.0137%
 Total Cost per Square Foot: 0.007693 (principal only) (address columns F & G)

Average Lot Size 13,541
 TOTAL AVE ASSESSMENT \$104.17
 TOTAL AVE ANNUAL PRIN \$6.94
 TOTAL AVE 1ST YR INT \$5.21
 TOTAL 1ST YR PAYMENT \$12.15

2608760	PARCEL	BLOCK	LOT	SUB-DIVISION	NAME	SET UP AREA (SQUARE FEET)	TOTAL ASSESSMENT	PRINCIPAL PER YEAR	ANNUAL INTEREST	1st Year TOTAL ANNUAL PYMT
1		1	1	Water Tower Addition	TD LAND DEVELOPMENT	11,271	86.71	5.78	4.34	10.12
2		1	2	Water Tower Addition	TD LAND DEVELOPMENT	11,982	92.18	6.15	4.61	10.75
3		2	1	Water Tower Addition	TD LAND DEVELOPMENT	9,690	74.54	4.97	3.73	8.70
4		2	2	Water Tower Addition	TD LAND DEVELOPMENT	10,275	79.04	5.27	3.95	9.22
5		2	3	Water Tower Addition	TD LAND DEVELOPMENT	14,850	114.24	7.62	5.71	13.33
6		2	4	Water Tower Addition	TD LAND DEVELOPMENT	14,850	114.24	7.62	5.71	13.33
7		2	5	Water Tower Addition	TD LAND DEVELOPMENT	14,668	112.84	7.52	5.64	13.16
8		2	6	Water Tower Addition	TD LAND DEVELOPMENT	13,451	103.48	6.90	5.17	12.07
9		2	7	Water Tower Addition	TD LAND DEVELOPMENT	14,035	107.97	7.20	5.40	12.60
10		2	8	Water Tower Addition	TD LAND DEVELOPMENT	14,398	110.76	7.38	5.54	12.92
11		2	9	Water Tower Addition	TD LAND DEVELOPMENT	14,581	112.17	7.48	5.61	13.09
12		2	10	Water Tower Addition	TD LAND DEVELOPMENT	14,583	112.19	7.48	5.61	13.09
13		2	11	Water Tower Addition	TD LAND DEVELOPMENT	14,585	112.20	7.48	5.61	13.09
14		2	12	Water Tower Addition	TD LAND DEVELOPMENT	14,587	112.22	7.48	5.61	13.09
15		2	13	Water Tower Addition	TD LAND DEVELOPMENT	14,590	112.24	7.48	5.61	13.09
16		2	14	Water Tower Addition	TD LAND DEVELOPMENT	14,253	109.65	7.31	5.48	12.79
						216,649	\$1,666.67	\$111.11	\$83.33	\$194.44

RESOLUTION 9784 EXHIBIT D

SPECIAL IMPROVEMENT LIGHTING DISTRICT 1305
ANNUAL MAINTENANCE ASSESSMENT

Estimated Cost of Operation
 and Routine Maintenance \$ 1,078.41

Annual Cost per Square Foot: 0.004978

Average Lot Size 13,541
 Average Annual Maintenance \$67.40

(address columns F & G)

	2608760				SET UP AREA (SQUARE FEET)	Estimated ANNUAL MAINTENANCE
	PARCEL	BLOCK	LOT	SUB-DIVISION	NAME	
1		1	1	Water Tower Addition	TD LAND DEVELOPMENT	56.10
2		1	2	Water Tower Addition	TD LAND DEVELOPMENT	59.64
3		2	1	Water Tower Addition	TD LAND DEVELOPMENT	48.23
4		2	2	Water Tower Addition	TD LAND DEVELOPMENT	51.15
5		2	3	Water Tower Addition	TD LAND DEVELOPMENT	73.92
6		2	4	Water Tower Addition	TD LAND DEVELOPMENT	73.92
7		2	5	Water Tower Addition	TD LAND DEVELOPMENT	73.01
8		2	6	Water Tower Addition	TD LAND DEVELOPMENT	66.95
9		2	7	Water Tower Addition	TD LAND DEVELOPMENT	69.86
10		2	8	Water Tower Addition	TD LAND DEVELOPMENT	71.67
11		2	9	Water Tower Addition	TD LAND DEVELOPMENT	72.58
12		2	10	Water Tower Addition	TD LAND DEVELOPMENT	72.59
13		2	11	Water Tower Addition	TD LAND DEVELOPMENT	72.60
14		2	12	Water Tower Addition	TD LAND DEVELOPMENT	72.61
15		2	13	Water Tower Addition	TD LAND DEVELOPMENT	72.62
16		2	14	Water Tower Addition	TD LAND DEVELOPMENT	70.95
					216,649	\$1,078.41

Exhibit E

LEGAL NOTICE

NOTICE IS HEREBY GIVEN that on the 18th day of November, the City Commission of the City of Great Falls, Montana, adopted Resolution 9784, entitled:

A RESOLUTION DECLARING IT TO BE THE INTENTION OF THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA TO CREATE SPECIAL IMPROVEMENT LIGHTING DISTRICT CITY-OWNED RESIDENTIAL LIGHTING DISTRICT NO. 1305 IN THE CITY OF GREAT FALLS, MONTANA FOR THE PURPOSE OF FINANCING THE INSTALLATION OF FOUR 100 WATT HPS SEMI-CUT OFF STREET LIGHTS ON 20-FOOT STEEL POLES WITH UNDERGROUND WIRING ON PROPERTIES LOCATED WITHIN WATERTOWER PARK ADDITION.

Resolution No. 9784 is on file in the office of the City Clerk, Lisa Kunz, (406) 455-8541, Civic Center, 2 Park Drive, Great Falls, Montana, to which reference is hereby made for a full description of the boundaries of said district.

The City Commission of the City of Great Falls, Montana, recognizes a need for a special improvement lighting district for the installation of street lighting. The special assessment for the installation costs of the improvements shall be payable over a term not to exceed fifteen years. The estimated assessment for construction, exclusive of annual interest of 5% will be \$104.17 for an average sized lot of 13,541 square feet; and ongoing maintenance of \$67.40 for an average sized lot of 13,541 square feet.

The City Commission of the City of Great Falls, Montana, will be in session on the 16th day of December, 2008 at 7:00 o'clock p.m., in the Commission Chambers, Civic Center, 2 Park Drive, Great Falls, MT, at which time and place the City Commission will hear objections to the intent to create said Special Improvement Lighting District – City-Owned Residential Lighting No. 1305. Any person or persons, who are owners of any lot or parcel of land within said Special Improvement Lighting District No. 1305, who shall, within 15 days after the first publication of this notice have delivered to the City Clerk of the City of Great Falls, a protest in writing against the proposed creation of said special improvement lighting district, shall have the right to appear at said meeting in person or by counsel, and show cause, if any there be, why such special lighting district should not be created.

Publication Dates: November 21, 2008 and November 28, 2008

Exhibit F

November 19, 2008

Property Owner
123 Anywhere Street
Great Falls, MT 59404

Parcel No.: XXXXXX

INTENT TO CREATE RESOLUTION NO. 9784

Dear Property Owner:

The creation of Special Improvement Lighting District – City-Owned Residential Lighting District No. 1305 is being considered as petitioned by the developer Watertower Park Addition. This petition has started the process to install four 100 Watt HPS semi cut-off street lighting units on 20 foot steel poles with underground wiring within the boundaries of said addition.

If the City Commission adopts the proposed resolution, it would result in an **estimated** annual lighting installation assessment of \$1,666.67, exclusive of annual interest of 5% for a period of 15 years, and an estimated ongoing annual maintenance assessment of \$1,078.41 for your property. The total costs will be split proportionately per square foot to the 16 planned parcels contained within Watertower Park Addition and will appear on the property tax bill beginning with the 2009/2010 assessment year.

Montana State Law requires sending individual notices of intent to each affected property owner in addition to the publication of the legal notice relating to the creation and assessment of the district. The enclosed notice is scheduled to be published in the *Great Falls Tribune* on Friday, November 21, 2008 and again Friday, November 28, 2008.

At any time within 15 days after the date of the first publication of the notice of the resolution of intent, any owner of property liable to be assessed for said work may make written protest against the creation of the district. Such notice must be in writing, must list the property address and parcel number if known, must include signatures of all owners of the property, must indicate the resolution number being protested and may be mailed to City Clerk, PO Box 5021, Great Falls, MT 59403 or hand-delivered to the City Clerk, Civic Center, 2 Park Drive, Great Falls, MT, who shall endorse thereon the date of its receipt.

Each protest shall be weighted in proportion to the amount of the assessment to be placed upon the lot or parcel of property. If the City Commission finds that such protests constitute a majority of the total assessments, the resolution will be denied. The City Commission shall proceed to hear and pass upon all protests so made, and its decision shall be final and conclusive.

Re: Intent to Create Resolution No. 9784
Page 2

You are invited to attend the public hearing for the creation of Special Improvement Lighting District – City-Owned Residential Lighting No. 1305 on December 16, 2008 at 7:00 o'clock p.m. in the Commission Chambers, Civic Center, 2 Park Drive, Great Falls, MT.

If you have any questions regarding the creation of this district, please call me at 455-8484 or by email at mcappis@greatfallsmt.net.

Sincerely,

Martha Capps
Operations Supervisor
City of Great Falls

Enc: Legal Notice



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Blended Energy Rate Offer From Southern Montana Electric G&T

From: Electric City Power Board of Directors

Initiated By: Southern Montana Board Approval to Offer Blended Energy Rate, Dated August 21, 2008

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: Approve Blended Energy Rate Offer From Southern Montana Electric

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission approve the blended energy rate offer from Southern Montana Electric G&T and authorize the City Manager and ECP Executive Director to execute Addendum #1 to the Wholesale Power Contract Between Southern Montana Electric and the City of Great Falls”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

INTRODUCTION

The process of transitioning to a “blended rate” for wholesale power sales to the City of Great Falls/ECP was approved at the August 21, 2008 meeting of the Southern Montana Board of Trustees. It was anticipated that the rate would have been effective on October 1, 2008 subject to acceptance by the City. As of yet the City has not accepted the revised rate which would be a departure from a “pass through” of actual costs adjusted for net imbalance sales and purchases on the open market. Until the City “accepts” the new rate and associated terms as proposed by the Southern Board the “pass through” billing will continue in its current form.

The Electric City Power Board discussed the blended energy rate offer at the November and December 2008 meetings. The ECP Board recommended the City Commission approve the blended energy rate offer. It is highly likely that the blended rate will be more favorable to ECP than the current pass through rate.

A Southern bylaw issue will also be resolved as one outcome of the City’s acceptance of the blended rate (the same rate as used by other SME members). Currently all Southern members receiving the blended rate are required to maintain a cash deposit to cover Southern’s cash flow

needs (this is so Southern can make their electric supply payments while awaiting receipt of payments from the Southern members). During a transition period, cash differences between the cost of the “pass through” rate and the more favorable “blended” rate, will be retained by Southern to accumulate the required cash deposit. The transition period will remain in effect until the cash deposit required to be consistent with other Southern members is met by ECP. (Paraphrased communication from City Manager to City Commission and ECP Board).

BACKGROUND

The following is a detailed version of what will happen in regards to the July 17, 2007 security deposit agreement and the transition from a pass through rate to a blended rate.

Rate Structure

An explanation of the proposed rate structure change and its impact can be illustrated using June kwh's of consumption and June \$'s as provided on the attached chart.

The difference is not just a function of imbalance sales. It is also a function of the impact of substituting a take or pay contract, in this case 15,200,000 kwh's, for a rate charged for actual energy consumed, in this case 14,115,759 kwh's.

Pass Through Rates

The pass through rate, and the associated take or pay contract comprised of 15,200,000 kwh's was originally acquired to accommodate the anticipated growth in the ECP customer base beginning in October of 2004 running through September 30, 2011. During certain periods since October 2004, ECP had excessive surplus energy to be sold on the open market. This occurred when ECP entered into contracts in anticipation of customer growth. The growth did not occur in the anticipated timeframes due to legislative or other actions occurring outside the control of ECP and the City. At this time the contracts serve ECP customers' standard demands and a portion of ECP customers' peak energy demands. Any surplus kwh's associated with ECP customers are bought or sold in the imbalance market. Net imbalance sales and purchases “pass through” to ECP.

Blended Rates

The blended (levelized) rate will be charged for actual kwh's consumed by ECP customers. Southern has adequate energy contracts through September 30, 2011 to serve all of Southern's members. The contract rates are comparable in cost per kwh to ECP's pass through contracted cost per kwh. Surplus kwh's from all of Southern's wholesale energy contracts will first be pooled and made available to all six cooperative members. Any remaining surplus kwh's associated with all Southern members needs will be bought or sold in the imbalance market.

Water Credit

Upon acceptance of the blended rate, or as of January 1, 2009, whichever comes first, the Water Credit deferred payment will no longer be in effect. The Block 1 Contract, the block related to the Water Credit agreement, expires December 31, 2008. The blended rate concept contemplates the blending of all power contracts, and all related payments to be made in the form of cash. If approved prior to January 1, 2009, there would no longer be a deferral of a portion of the payment in the form of a Water Credit. There will be no financial impact from early termination of the interest free loan related to the Water Credit as all funds held on deposit by Southern will

earn a rate of return comparable to earnings of any cash that would not have been paid if the Water Credit had been in effect. As of September 30, 2008, the amount payable related to the Water Credit is \$1,135,683.

One month cash deposit held by Southern

Currently all Southern's blended rate members are required to place cash on deposit with Southern to cover cash flow needs (this allows Southern to make their electric payments while waiting for payments from the members). This requirement is the result of a Southern Board policy adopted in December 2007 and amended on June 19, 2008. By transitioning ECP to the blended rate, Southern will begin to accrue the cash deposit required to be consistent with other Southern members. This \$732, 573 (one month ECP average expense) deposit requirement has no expiration date and will remain in effect as long as ECP is a member of Southern, or until such time as Southern Board action removes the requirement via a policy amendment.

The blended rate will require ECP to pay Southern for all gross power consumed by ECP customers at a flat rate. Amounts ECP previously paid or received for ECP customers' imbalance transactions will now remain with Southern. Amounts in excess of that previously paid via the pass through contract when compared to amounts paid via the pass through rate will be held on deposit by Southern until a cash balance equal to one month ECP expenses is built up.

Sample Flow of Funds

Here is the flow of funds under a blended rate scenario during the transition period when 14,115,759 kwh's are consumed by ECP customers (June 2008 actual consumption):

Step 1:

Calculate amounts that would be due if under the pass through rate. This amount is a component of

Wholesale pass through contract (consumed kwh's of 14,115,759)	\$655,535.85
Wholesale pass through contract (take or pay kwh's of 15,200,000)	<u>\$ 50,320.15</u>
Total Wholesale pass through contract	\$705,856.00
Transmission	\$121,395.53
Admin (kwh's consumed 14,115,759 X energy + Trans X 2%)	\$ 15,538.63
Net Imbalances	<u>\$ (2,378.03)*</u>
Total amount due under pass through rate:	<u>\$840,412.13</u>

*Note, upon acceptance of the blended rate, Net Imbalances would be carried by Southern and no longer passed directly through to ECP.

Step 2:

Calculate dollar amounts due for energy consumed under current estimated blended rate inclusive of energy, transmission, and admin. (14,115,759 kwh's X \$.0522342)

\$737,325.38

Step 3:
Determine the difference: Step1 minus Step2. \$102,642.30

Step 4:

Record transition period transaction on ECP books as follows:

Debit: Energy Expense (blended rate)	\$737,325.38
Debit: Cash on Deposit with Utility Provider (difference between pass through & blended)	\$102,642.30
Credit: Cash (wire transfer to Southern) \$839,967.68	

Step 5:

During transition period, monthly Interest Earnings attributable to Cash on Deposit with Utility Provider are recorded on City Books as follows:

Debit: Cash on Deposit with Utility Provider ($\$102,642.30 \times 3\%/12\text{month}$)	\$257.00
Credit: Interest Earnings Revenue	\$257.00

Step 6:

Once Cash on Deposit with Utility Provider equals one month of ECP Energy expense, the transition period is satisfied and transactions on City Books are as follows:

Debit: Energy Expense (blended rate)	\$737,325.38
Credit: Cash (wire transfer to Southern) \$737,325.38	

Step 7:

Once transition period is complete, monthly interest earnings attributable to Cash with Utility Provider are recorded on City Books as follows:

Debit: Cash (wire transfer from Southern) ($\$737,325.38 \times 3\%/12\text{month}$)	\$1,843.00
Credit: Interest Earnings Revenue	\$1,843.00

\$1.4 Million Certificate of Deposit(CD)

At some point in the future, there will be a release of the City's agreement to designate funds held by the City in the amount of \$1.4 million in the form of certificates of deposit as security for a Southern letter of credit. As Southern Montana's surplus cash balances increase, the City's designated funds will no longer be necessary. You may recall the letter of credit was required of Southern by the wholesale energy supplier in relation to ECP energy needs to serve its customers.

A review of the underlying terms of the July 17, 2007 security agreement have resulted in a change in accounting and related note disclosures for the CD's beginning with the FY 2008 audited financial reports. The June 30, 2008 audited financials as well as all future financials will no longer reflect a utility deposit from other city funds to ECP equal to the \$1.4 million CD. Instead, the arrangement is disclosed in a contingent liability footnote. The disclosure discusses the amount of the CD and how it might be accessed in the event of a payment default. The sequence of events that must occur is ECP customers would be delinquent in payments to ECP, which would prevent ECP from making its payment to Southern, which would prevent Southern from making its payment to the wholesale energy supplier. It also states that there has never been a delinquent event by ECP customers, ECP, or Southern.

Concurrences: Southern Montana Electric G&T Board, and Electric City Power Board concur with the terms of the blended energy rate offer. The City Attorney and Southern's legal counsel will have approved the final addendum as presented at the Commission Meeting.

Fiscal Impact: Although past performance cannot guarantee future results, it is highly likely that the acceptance of the blended energy rate will result in a positive fiscal impact to the Electric Utility Fund.

Alternatives: Do not accept the blended energy rate, and continue with the pass through rate as it currently exists.

Attachments/Exhibits:

1. Addendum #1 To Wholesale Power Contract Between Southern Montana Electric and the City of Great Falls.
2. Wholesale Power Contract Between Southern Montana Electric and the City of Great Falls dated October 2, 2007
3. Blended Rate Comparison to Historic Pass Through Rates



Item: Audit Report, FY 2007-2008

From: Fiscal Services Department

Initiated By: Judy D Gusick, Staff Accountant

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: Accept Comprehensive Annual Financial Report with Independent Auditor's Report

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission accept/reject the FY 2007-2008 Comprehensive Annual Financial Report and Independent Auditor's report as presented as well as approve the responses to the Audit Management Letter recommendations as presented, the Special Emphasis audit as presented, and authorize staff to submit the responses to the State of Montana, Department of Administration and other government agencies as necessary.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the City Commission accept the FY 2007-2008 Comprehensive Annual Financial Report (CAFR) and approve responses to the auditor's recommendations contained in the FY 2007-2008 Audit Management Letter as well as the recommendations made in the Special Emphasis audit.

Background: The City's Audit Committee received a copy of the FY 2007-2008 CAFR, the Independent Auditor's report, responses to the GFOA's (Government Finance Officers Association) comments on the FY 2006-2007 CAFR and a brief summary of the FY 2007-2008 audit and FY 2007-2008 Special Emphasis audit on December 10, 2008. The Audit Committee recommends the City Commission accept the CAFR and annual Independent Auditor's report.

Along with the FY 2007-2008 Audit Report, the City's auditors (Junkermier, Clark, Campanella, Stevens, P.C., Certified Public Accountants) issued a separate Audit Management Letter. The letter comments on internal control recommendations related to the operations of the City that **could** adversely affect the City's ability to record, process, summarize, and report financial data.

The attached document notes that the auditors' have one recommendation for FY 2007-2008 and prior year recommendations and their current status.

The FY 2007-2008 CAFR will be submitted to the Government Finance Officers Association's (GFOA) Certificate of Achievement Program for review. The prior year's CAFR was submitted and subsequently awarded the Certificate of Achievement for Excellence in Financial Reporting. The City has received this certification every year since FY 1993-1994. It is anticipated the FY 2007-2008 CAFR will meet requirements to receive the certification as well, since all comments and recommendations made by GFOA for improvement of presentation were implemented in the FY 2007-2008 CAFR.

Special Emphasis Review: Each Fiscal Year the City of Great Falls Audit Committee selects an area of the City's operations for a Special Emphasis Review. The focus is more in depth and detail than the annual City wide audit and designed to provide a more detailed analysis of the selected area. FY 2007-2008 reviewed the Electric Utility Fund. Previous Special Emphasis Reviews are as follows:

FY 2007	None
FY 2006	Cash procedures for all departments
FY 2005	Electric Utility Fund
FY 2004	Electric Utility Fund
FY 2003	GASB 34 Reporting Model
FY 2002	Swimming Pool operations follow-up
FY 2001	Swimming Pool operations

Other areas that have been reviewed in the years prior to 2001 are Parking, Golf Courses, Sanitation, and Fairgrounds operations while under City management.

Concurrences: The City's Audit Committee is made up of one City Commissioner, Commissioner Beecher, and the Mayor, Dona Stebbins, one citizen, JoAnne Fisher, the City Manager, Greg T. Doyon, and the Fiscal Services Director, Coleen Balzarini. The Committee members that were present recommend approval of the FY 2007-2008 CAFR, responses to the Audit Management letter recommendations as presented, the Special Emphasis audit as presented, and authorize staff to submit the responses to the State of Montana, Department of Administration and other government agencies as necessary.

Fiscal Impact: The City's Bond ratings, the ability of the City to issue new debt, City eligibility for Federal Grants as well as not being in compliance with State of Montana Statutes are all affected by the CAFR and related reports.

Alternatives: Deny acceptance of City CAFR.

Attachments/Exhibits:

City of Great Falls 2007-2008 CAFR

Audit Management Letter with Recommendations and Management Responses

Independent Accountant's Report on Applying Agreed-Upon Procedures for Electric Utility Fund (Special Emphasis Review)

Electric Fund as Extracted from the Comprehensive Annual Financial Report.

City of Great Falls, Montana



Fiscal Year 2008

Comprehensive Annual Financial Report

July 1, 2007 - June 30, 2008

Comprehensive Annual Financial Report
City of Great Falls, Montana
For the Fiscal Year Ended June 30, 2008



Prepared by the
City of Great Falls Fiscal Services Department
Coleen Balzarini, Fiscal Services Director



**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

Table of Contents

	Page
Introductory Section	
Letter of Transmittal	1
GFOA Certificate of Achievement	4
Organizational Chart.....	5
List of Elected and Appointed Officials	6
Financial Section	
Independent Auditors’ Report	7
Management’s Discussion and Analysis.....	9
Basic Financial Statements	18
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Assets – Fiduciary Funds	34
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	35
Notes to Financial Statements	36
Required Supplementary Information.....	72
Budgetary Comparison Schedule – General Fund	73
Budgetary Comparison Schedule – Special Revenue Funds.....	74
Notes to Budgetary Comparison Schedule.....	75
Nonmajor Governmental Funds	78
Combining Balance Sheet – Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	89
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual – Nonmajor Governmental Funds	97
Nonmajor Enterprise Funds	115
Combining Statement of Net Assets – Nonmajor Enterprise Funds	116

**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

Table of Contents

Financial Section (continued)	Page
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	118
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	120
Internal Service Funds.....	124
Combining Statement of Net Assets – Internal Service Funds	125
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	128
Combining Statement of Cash Flows – Internal Service Funds.....	131
Private Purpose Trust Funds	137
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds.....	138
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	139
Agency Funds.....	140
Combining Statement of Fiduciary Net Assets – Agency Funds.....	141
Combining Statement of Changes in Assets and Liabilities – Agency Funds	142
Statistical Section	
Statistical Section Table of Contents	143
Changes in Net Assets – Last Three Fiscal Years.....	144
Net Assets by Component – Last Three Fiscal Years.....	146
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	147
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	148
Taxable Assessed and Market Value of Taxable Property – Last Ten Fiscal Years.....	149
Property Tax Mills Direct and Overlapping Governments – Last Ten Fiscal Years	150
Principal Taxpayers – Current Year and Nine Years Ago.....	151
Property Tax Levies and Collections – Last Ten Fiscal Years	152
Special Improvement Districts Outstanding	153
Statement of Changes in Fund Balances of the Revolving Fund – Last Ten Fiscal Years	154
Special Improvement District Revolving Fund – Last Ten Fiscal Years.....	155
Special Improvement District Assessment Billings and Collections – Last Ten Fiscal Years	156
Special Assessment Billings and Collections – Last Ten Fiscal Years.....	157
Urban Renewal Tax Increment – Historical Statement of Revenues, Expenditures and Changes in Fund Balances – Last Ten Fiscal Years.....	158
Major Water, Sanitary Sewerage and Storm Drain System Users	159
Current Water Rate Structure	160
Historic Water System Connections – Last Nine Fiscal Years.....	161
Water System Historical Operating Results and Revenue Bond Covenant Coverage – Last Ten Fiscal Years with Following Fiscal Year Projection.....	162
Current Sanitary Sewerage Rate Structure.....	163

**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

Table of Contents

Statistical Section (continued)	Page
Historical Sewerage System Connections – Last Ten Fiscal Years.....	164
Sanitary Sewerage System Historical Operating Results and Revenue Bond Covenant Coverage – Last Ten Fiscal Years with Following Fiscal Year Projection.....	165
Current Storm Drain Land Use Classifications and Standard Monthly Service Charges	166
Historical Storm Drainage System Accounts – Last Nine Fiscal Years	167
Storm Drain System Historical Operating Results and Revenue Bond Coverage – Last Ten Fiscal Years	168
Green Fees and Memberships – Golf Courses – Last Ten Fiscal Years with Following Fiscal Year Projection	169
Current Golf Courses Rates	170
Golf Courses Historical Operating Results and Revenue Bond Coverage – Last Ten Fiscal Years with Following Fiscal Year Projection.....	171
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	172
Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin Information – Last Ten Fiscal Years	173
Computation of Direct and Overlapping General Obligation Debt	174
Demographic Statistics – Last Ten Fiscal Years	175
Major Employers – Current Year and Nine Years Ago.....	176
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	177
Operating Indicators by Function/Program – Last Ten Years	178
Capital Asset Statistics by Function/Program – Last Ten Years	179
 Single Audit Section	
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.....	181
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	183
Schedule of Expenditures of Federal Awards.....	185
Notes to Schedule of Expenditures of Federal Awards	187
Schedule of Findings and Questioned Costs.....	188
Independent Auditors’ Report on Compliance and on Internal Control Over Financial Reporting – Status of Prior Year Comments	189



Introductory Section







P.O. Box 5021, 59403-5021

December 12, 2008

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, 2008. 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, 2008. 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 unqualified ("clean") opinion on the City of Great Falls' financial statements for the fiscal year ended June 30, 2008. The independent auditors' 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, electricity, and community and economic 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 second Monday in August or 45 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 Great Falls is diversified with 5% of the workforce in wholesale trade, 18% in health services, 17% in government, 13% in accommodations, 17% in retail trade and 7% in financial activities. The City is experiencing growth in tourism, telecommunications, manufacturing, and medical services. The fiscal year 2008 unemployment rate of 3.4% compares favorably to the fiscal year 2000 rate of 5.1%. The Great Falls area has had a new industrial park rezoned from agricultural to industrial. It is hoped that the industrial park will attract energy-related businesses. A new tax increment district, West Bank Tax Increment District, was created for the rehabilitation and redevelopment of the West Bank Urban Renewal Area. According to the Great Falls Development Authority activity in this district include the new Federal Courthouse on track for completion in early 2009 and a development that will include a 113 room Staybridge Suites, a division of InterContinental Hotels Group. The hotel is intended to be the anchor tenant for a mixed-used development that could eventually include a restaurant, retail and office space.

MAJOR INITIATIVES FOR FISCAL YEAR 2009

The City Commission has set ten goals for the City of Great Falls. They are 1) Develop a visually appealing and culturally rich community; 2) Manage growth to preserve our resources, environment, and sense of community; 3) Provide excellent public services desired by the community within its financial means; 4) Strengthen and diversify our economy to provide job opportunities; 5) Anticipate future service needs, costs, and resources and plan ahead to address them; 6) Form partnerships with other governments and organizations to make better use of public resources in providing services; 7) Ensure open and accessible government; 8) Build a stronger team of staff, elected officials, and citizens by transforming our organization to meet the changing needs of the community; 9) Remain financially strong; 10) Provide leisure and recreational opportunities, which add to our quality of life.

ACCOMPLISHMENTS IN FISCAL YEAR 2008

The City saw the retirement of its City Manager of 18 years and transition to a new City Manager; promoted a new Park and Recreation Director; completed the improvements approved in the swimming pool bond issue; and wrestled with issues surrounding the community's energy future. The City reorganized the way animal enforcement services are provided in Great Falls. The police department has assumed enforcement and operation of the animal shelter and we look forward to long term improvements that will include a new animal shelter through a public/private partnership. The City is continuing a program to annex properties that are either wholly surrounded by city property, or who are receiving city utility services in order to accurately reflect our service area and as a "fairness" issue. The City had a year that was strong in growth and development with many new subdivisions and annexations coming online. The new construction valuation was at an all time high primarily due to the medical sector. Yet the City struggled with the rapid increases in the cost of fuel that affects operating costs in critical areas such as policing, sanitation and streets.

LONG-TERM FINANCIAL PLANNING

As permitted by Section 7-6-4034, MCA, a balance Designated for Cash Flow shall be considered adequate at 17% (2mo./12 mo.) of annual appropriations in tax levy supported funds (General, Library, and Planning); for other operating funds of the City for seasonal operations; and for all other operating funds. 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. The City should live within its means. All agencies supported by the resources of this City must 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 and unusual equipment purchases, and under the following circumstances: a.) When the project is included in the City's five-year capital improvement program and 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, 2007. This was the fourteenth consecutive year that the government has achieved this prestigious award (fiscal years ended 1994-2007). 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.

Popular Annual Financial Report Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City of Great Falls for its Popular Annual Financial Report for the fiscal year ended June 30, 2007. This was the second consecutive year that the government has achieved this prestigious award (fiscal years ended 2006-2007). The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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.

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, 2007. This was the seventeenth consecutive year that the government has achieved this prestigious award (fiscal years beginning 1992-2007). 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 Melissa Kinzler, Assistant Fiscal Services Director, and the Accounting Division of the Fiscal Services Department. Their dedication to preparing this document each year is sincerely appreciated.

Respectively submitted,



Coleen Balzarini
Fiscal Services Director

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, 2007

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



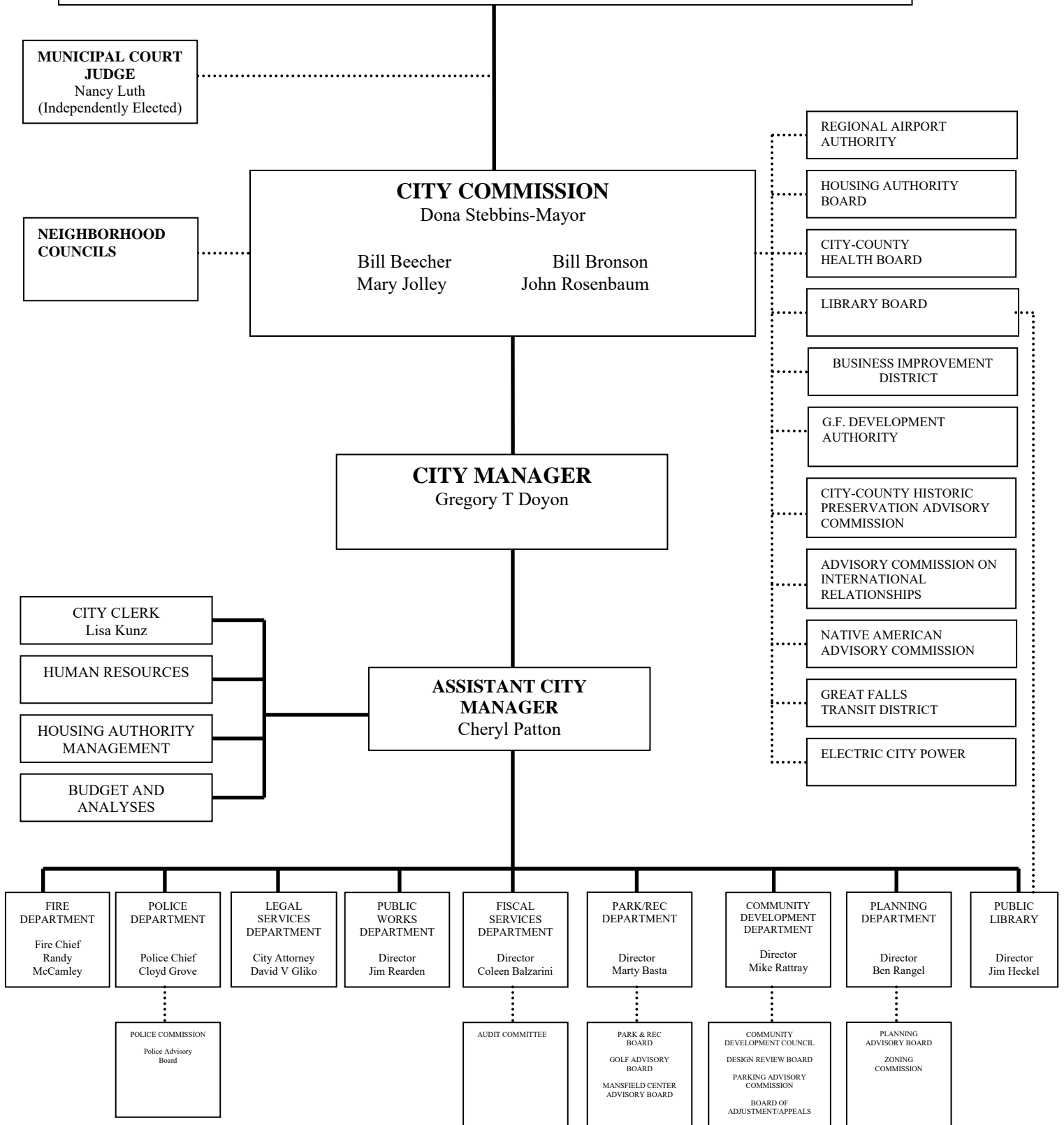
Charles S. Cox

President

Jeffrey R. Egan

Executive Director

CITIZENS OF GREAT FALLS



City of Great Falls, Montana
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2008

Policy Making and Administrative Officials

Name	Elected Positions	Phone Number
Dona Stebbins	Mayor	761-4108
Bill Beecher	Commissioner	453-8741
Bill Bronson	Commissioner	761-4800
Mary Jolley	Commissioner	727-2829
John Rosenbaum	Commissioner	452-7467
Nancy Luth	Municipal Judge	771-1380
Appointed Positions		
Gregory Doyon	City Manager	455-8450
Department Positions		
Cheryl Patton	Assistant City Manager	455-8417
Lisa Kunz	City Clerk	455-8451
Mike Rattray	Community Development Director	455-8415
Coleen Balzarini	City Controller/Fiscal Services Director	455-8423
Randy McCamley	Fire Chief	727-8070
David Gliko	City Attorney	455-8441
Marty Basta	Park & Recreation Director	771-1265
Ben Rangel	Planning Director	455-8431
Cloyd Grove	Chief of Police	455-8410
Jim Heckel	Public Library Director	453-9706
Jim Rearden	Public Works Director	727-8390

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

Financial Section







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

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Great Falls, MT 59403
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www.jccsca.com

Certified Public Accountants and Business Advisors

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

INDEPENDENT AUDITORS' REPORT

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Great Falls, Montana's management. 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 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 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 the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our 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, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008, 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* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 9 through 17 and 72 through 77, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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 schedules, capital assets schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 of the City of Great Falls, Montana. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Great Falls, Montana
December 11, 2008

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, 2008. 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 \$190,285,951. Of this amount, \$23,301,883 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$6,900,767 in comparison with the prior year. The majority of this increase is attributable to an increase in capital assets, net of related debt.
- As of the close of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$12,329,031, a decrease of \$3,006,262 in comparison with the prior year. Approximately seventy – four percent of this total amount, \$9,078,124, is available for spending at the government's discretion.
- At the close of the most recent fiscal year, unreserved fund balance for the general fund was \$2,659,961, or 14 percent of total general fund expenditures.
- The City of Great Falls's bonded debt decreased by \$3,784,892 (10 percent) during the most recent fiscal year. The key factor in this decrease was the retirement of debt.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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 two component units, the Great Falls Business Improvement District and the Great Falls Library Foundation. The exclusion of the component units would cause the City of Great Falls' financial statements to be misleading or incomplete 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, 417

Central Avenue, Suite 320, Great Falls, MT 59401 for Great Falls Business Improvement District information and DeeAnn Andre, Executive Director, Great Falls Public Library Foundation, PO Box 742, Great Falls, MT 59403 for Great Falls Library Foundation information.

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-eight 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 Community Development 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-five governmental funds are combined into a single, aggregated presentation, on pages 78 - 114.

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, safety services, parking, golf courses, swim pools, recreation, multi-sports, civic center events 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 administrative services, central communications, health and benefits, insurance and safety, fiscal services, information technology, central garage, engineering, public works, and facility services. 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 Water, Sewer, Storm Drain, Sanitation, Electric, Golf Courses and Port Authority 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 115 - 123. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, presented on pages 124 - 136.

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 137 - 142.

NOTES TO THE FINANCIAL STATEMENTS. The notes, presented on pages 36 - 70, 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 the City of Great Falls' budgetary control, on pages 72 - 77.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets 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 \$190,285,951.

By far the largest portion of the City of Great Falls' net assets, \$151,986,570, (80 percent) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. 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 of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Great Falls' Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007 Restated	2008	2007 Restated	2008	2007 Restated
Assets:						
Current and other assets	\$ 24,885,622	\$ 25,454,275	\$ 22,189,122	\$ 21,321,114	\$ 47,074,744	\$ 46,775,389
Capital assets	75,070,918	72,827,364	121,021,106	119,575,410	196,092,024	192,402,774
Total assets	99,956,540	98,281,639	143,210,228	140,896,524	243,166,768	239,178,163
Liabilities:						
Noncurrent liabilities						
liabilities	8,918,756	10,326,840	35,900,531	36,920,947	44,819,287	47,247,787
Current liabilities	2,883,586	2,683,422	5,177,944	5,861,770	8,061,530	8,545,192
Total liabilities	11,802,342	13,010,262	41,078,475	42,782,717	52,880,817	55,792,979
Net assets:						
Invested in capital assets, net of related debt						
	67,957,014	63,427,216	84,029,556	79,077,768	151,986,570	142,504,984
Restricted	5,329,260	8,111,215	9,668,238	9,100,250	14,997,498	17,211,465
Unrestricted	14,867,924	13,732,946	8,433,959	9,935,789	23,301,883	23,668,735
Total net assets	\$ 88,154,198	\$ 85,271,377	\$102,131,753	\$ 98,113,807	\$190,285,951	\$183,385,184

An additional portion of the City of Great Falls' net assets, \$14,997,498, represents resources that are subject to external restrictions on how they may be used. Restricted assets reported for the business-type activities were \$9,668,238. The majority of these assets are related to the debt service reserve required for the issuance of revenue related debt. The remaining balance of unrestricted net assets, \$23,301,883, may be used to meet the government's ongoing obligations to citizens and creditors.

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 assets, 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 Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 12,240,061	\$ 11,213,991	\$ 34,411,140	\$ 29,889,410	\$ 46,651,201	\$ 41,103,401
Operating grants and contributions	922,426	867,359	3,570	-	925,996	867,359
Capital grants and contributions	2,190,536	1,945,499	28,409	1,258,171	2,218,945	3,203,670
General revenues:						
Property taxes, levied for general purposes	14,634,494	12,601,752	-	-	14,634,494	12,601,752
Grants and contributions, unrestricted	8,190,388	7,809,913	-	-	8,190,388	7,809,913
Other	666,468	697,066	664,264	997,854	1,330,732	1,694,920
Miscellaneous	887,591	683,004	571,884	224,678	1,459,475	907,682
Total revenues	<u>39,731,964</u>	<u>35,818,584</u>	<u>35,679,267</u>	<u>32,370,113</u>	<u>75,411,231</u>	<u>68,188,697</u>
Expenses:						
General government	6,113,949	7,551,204	-	-	6,113,949	7,551,204
Public safety	15,703,112	13,707,939	-	-	15,703,112	13,707,939
Public works	4,395,673	4,032,194	-	-	4,395,673	4,032,194
Culture and recreation	4,568,967	4,190,877	-	-	4,568,967	4,190,877
Housing and development	3,141,049	2,788,802	-	-	3,141,049	2,788,802
Interest and fees	405,626	311,447	-	-	405,626	311,447
Water	-	-	7,223,313	6,791,109	7,223,313	6,791,109
Sewer	-	-	7,215,076	6,620,414	7,215,076	6,620,414
Storm Drain	-	-	1,227,116	1,215,422	1,227,116	1,215,422
Sanitation	-	-	3,330,166	3,072,465	3,330,166	3,072,465
Electric	-	-	9,441,675	6,711,809	9,441,675	6,711,809
Golf Courses	-	-	1,384,226	1,421,903	1,384,226	1,421,903
Other	-	-	4,360,516	4,045,283	4,360,516	4,045,283
Total expenses	<u>34,328,376</u>	<u>32,582,463</u>	<u>34,182,088</u>	<u>29,878,405</u>	<u>68,510,464</u>	<u>62,460,868</u>
Increase in net assets before transfers	5,403,588	3,236,121	1,497,179	2,491,708	6,900,767	5,727,829
Transfers	(2,520,767)	(1,327,408)	2,520,767	1,327,408	-	-
Increase in net assets	<u>2,882,821</u>	<u>1,908,713</u>	<u>4,017,946</u>	<u>3,819,116</u>	<u>6,900,767</u>	<u>5,727,829</u>
Net assets - beginning - Restated	85,271,377	60,843,417	98,113,807	94,294,691	183,385,184	155,138,108
Prior Period Adjustment	-	22,519,247	-	-	-	22,519,247
Net assets - ending	<u>\$88,154,198</u>	<u>\$85,271,377</u>	<u>\$ 102,131,753</u>	<u>\$98,113,807</u>	<u>\$ 190,285,951</u>	<u>\$ 183,385,184</u>

The City of Great Falls' revenues totaled \$75,411,231. The total cost of all programs and services was \$68,510,464. 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.

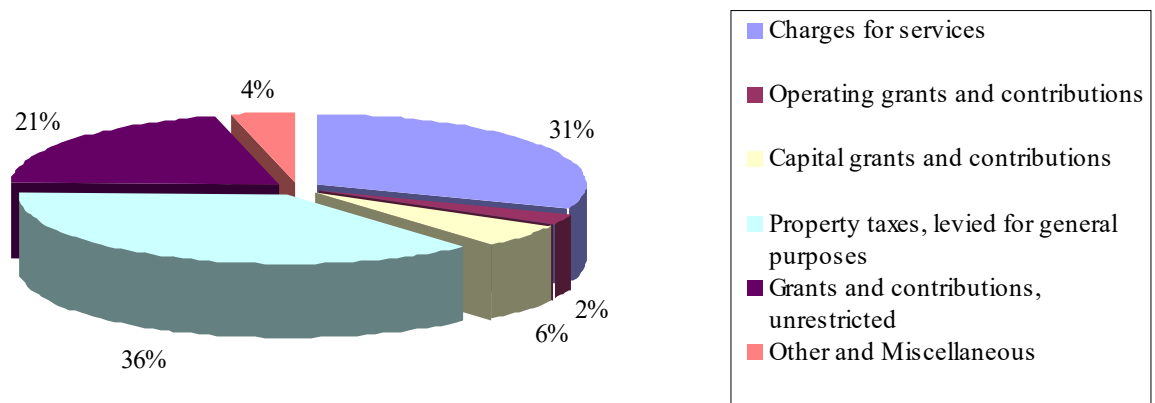
Governmental activities. Revenues for the most recent year from governmental activities were \$39,731,964 while expenses were \$34,328,376. Net assets thus increased by \$5,403,588 before transfers. Taxes increased by \$2,032,742 primarily due to an increase in taxable property with newly taxable property additions and mills for the new General Obligation Bond for swimming pool rehab. Grants and contributions revenues increased by \$680,579 primarily due to new

Montana Board of Crime Control and Justice Assistance grants being awarded for public safety. Charges for services increased by \$1,026,070 primarily due to increases in internal service fund charges.

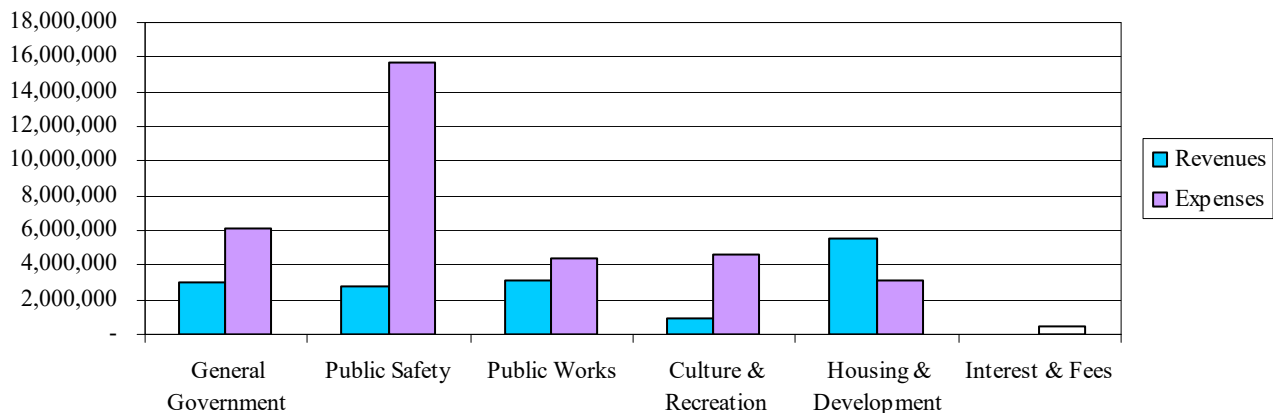
General government related expenses decreased by \$1,437,255 primarily due to a decrease in expenses in the Health and Benefit Internal Service Fund, Insurance and Safety Internal Service Fund, and Support and Innovation Revenue Fund. Public safety related expenses increased by \$1,995,173 primarily due to the increased activity in the police and fire operations in the General Fund and the 911 Special Revenue fund. Public works related expenses increased by \$363,479 due to increased activity in the Street Fund for capital assets. Housing and development expenses increased by \$352,247 due to increased activity in the HOME Grant program, Permits Special Revenue Fund and Licenses Special Revenue Fund. Interest and fees increased by \$94,179 due to new debt being issued.

Housing and development program revenues exceed program expenses by \$2,409,839 primarily due to capital grants and contributions being recorded as capital assets construction.

Revenues by Source - Governmental Activities



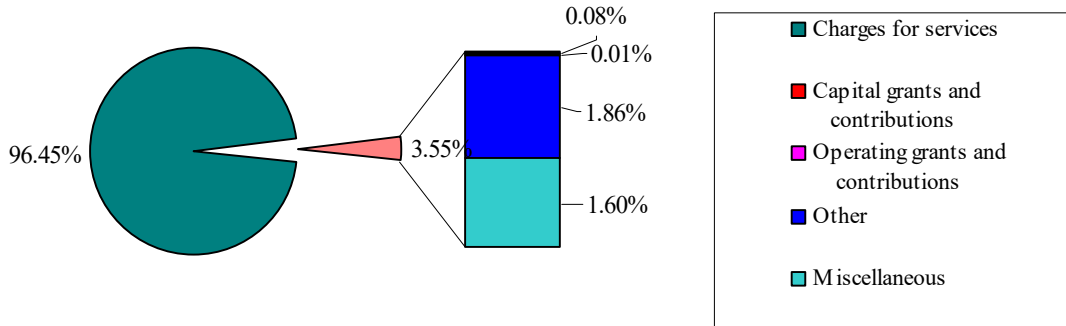
Program Revenues and Expenses - Governmental Activities



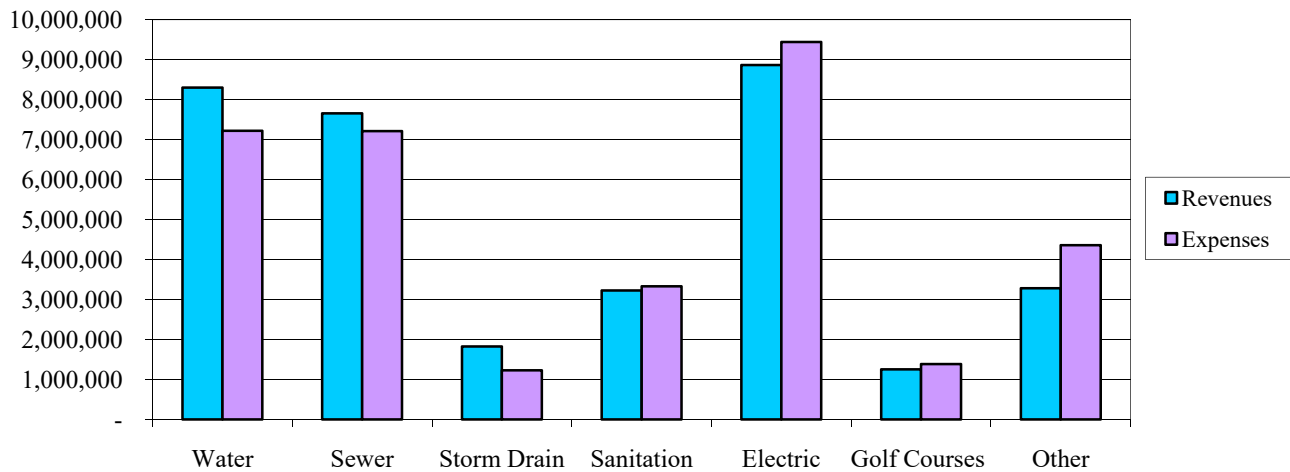
Business-type activities. Revenues for the most recent year from business-type activities were \$35,679,267 while expenses were \$34,182,088. Net assets thus increased by \$1,497,179 before transfers. Overall revenue derived from charges for services increased \$4,521,730 primarily due to rate increases in the Water, Sewer, Storm Drain, and Sanitation funds and increased customers for the Electric fund. The revenue for grants and contributions decreased due to the one-time capital contribution for Upper Lower River Road in the Water and Sewer funds and one-time law suit settlement of \$221, 625 in the Sewer fund. The business-type activities expenses increased by \$4,303,683, primarily due to increased

activity in the Electric fund. Other business-type fund expenses were \$1,075,043 more than the revenues primarily due to the Safety Services fund, the Parking fund, and the Swim Pools fund.

Revenues by Source - Business Activities



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 \$12,329,031, a decrease of \$3,006,262 in comparison with the previous year. Approximately seventy-four percent of this total amount, \$9,078,124, constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to provide required security for long-term debt obligations, \$2,774,117, or 2) to finance miscellaneous future capital projects \$476,790.

The General fund is the chief operating fund of the City of Great Falls. At the end of the most recent fiscal year, unreserved fund balance in the General fund was \$2,659,961. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 14 percent of total General fund expenditures, not in compliance with internally set requirement of 17%. During the most recent fiscal year, the fund balance of the City of Great Falls' General fund decreased by \$448,451. Elements of this decrease include an increase in public safety expenses and a decrease in investment income and other revenues.

The Street fund reports operations of the Street Division. At the end of the most recent fiscal year, unreserved fund balance in the Street fund was \$1,843,977. Fund balance represents 42 percent of total Street fund expenditures, in compliance with internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Street fund increased by \$119,910. Elements of this increase include an increase in assessments received for activities of the street maintenance.

The Community Development 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, unreserved fund balance in the Community Development Block Grant fund was \$455,544. Fund balance represents 33 percent of total Community Development 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' Community Development Block Grant fund decreased by \$45,142. Elements of this decrease include a decrease in the amount of program revenue received.

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 assets of the enterprise funds totaled \$9,668,238. Unrestricted net assets of the enterprise funds totaled \$8,433,959. The total increase in net assets for the enterprise funds is \$4,017,947 primarily due to an increase in invested in capital assets, net of related debt in the Parking fund and an increase in unrestricted net assets in the Health and Benefits fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget netted an increased budget of \$487,464. The major differences were due to the Animal Shelter contract not being renewed and being placed in the General fund. During the year, revenues were less than budgetary estimates and expenditures were less than budgetary estimates.

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, 2008, is \$196,092,024, net of accumulated depreciation. This investment in capital assets includes land, 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 2 percent (a 3 percent increase for governmental activities and a 1 percent increase for business-type activities).

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

	Governmental Activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 10,165,758	\$ 10,197,099	\$ 3,988,513	\$ 3,982,013	\$ 14,154,271	\$ 14,179,112
Buildings	7,774,349	7,968,468	14,685,384	15,236,807	22,459,733	23,205,275
Improvements	20,010,824	17,700,183	55,116,842	58,759,049	75,127,666	76,459,232
Machinery and equipment	4,861,305	4,953,760	3,166,448	2,888,998	8,027,753	7,842,758
Infrastructure	31,664,005	31,131,000	37,271,537	29,830,616	68,935,542	60,961,616
Construction in progress	594,677	876,854	6,792,382	8,877,927	7,387,059	9,754,781
Total capital assets	<u>\$ 75,070,918</u>	<u>\$ 72,827,364</u>	<u>\$121,021,106</u>	<u>\$119,575,410</u>	<u>\$196,092,024</u>	<u>\$192,402,774</u>

Major capital asset events during the most recent fiscal year included the reconstruction of swim pools, streets, water mains, sewer mains, and storm drains. Further detail on capital assets is presented in Note 6 on pages 51 - 52.

Long-term debt. At the end of the most recent fiscal year, the City of Great Falls had total bonded debt of \$36,283,478. Of this amount, \$4,259,037 is general obligation bonds, \$765,000 is special assessment debt for which the City is obligated to pay even if the assessments on the property owners are in default up to the amount available in the Special Improvement District Revolving fund; \$2,166,538 is tax increment urban renewal bonds to be repaid from the tax increments received by the City from its downtown urban renewal area; and \$29,092,903 are bonds secured solely by specified revenue sources. Further information on long-term debt is presented in Note 8 on pages 53 - 63.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue bonds	\$ -	\$ -	\$ 29,092,903	\$ 31,469,155	\$29,092,903	\$ 31,469,155
General obligation bonds	4,259,037	4,526,927	-	-	4,259,037	4,526,927
Special assessment bonds	765,000	875,000	-	-	765,000	875,000
Urban renewal tax increment bonds	2,166,538	3,197,288	-	-	2,166,538	3,197,288
Total	\$ 7,190,575	\$ 8,599,215	\$ 29,092,903	\$ 31,469,155	\$36,283,478	\$ 40,068,370

During the most recent fiscal year, the City of Great Falls' bonded debt decreased by \$3,784,892 (10 percent). This is primarily due to retirement of bonds issued.

The City of Great Falls maintains insured ratings of from Moody's "A2" for general obligation bonds and "A3" for revenue debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.50% of its total assessed valuation. The current legal debt capacity for the City of Great Falls is \$57,983,231, of which \$53,724,194 is unused by the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The unemployment rate in July 2008 for Cascade County, Montana, of which the City of Great Falls is the county seat, was 3.4 percent, which increased .9% from a year ago. This compares favorably with the national unemployment rate of 6.1 percent and even with the Montana unemployment rate of 4.0 percent.

The State of Montana does not have a sales tax. The majority of city taxes are generated from real and personal property. Since the City of Great Falls does not have a sales tax, 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 decreasing. 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.

Priorities established by the City Commission for the Fiscal Year 2009 budget were:

1. Support Economic Development Initiatives – Balancing residential growth with new business and commercial development is important to maintaining a strong economic base. The City of Great Falls provides direct financial support to the Great Falls Development Authority. City officials also assist the GFDA with recruitment efforts and ensuring public infrastructure is available to encourage development. This is the first year that it has become necessary to fund GFDA from the City's General Fund.
2. Encourage Measured City Expansion – Great Falls continues to experience modest residential growth and has recently annexed some large tracts to its south, primarily to improve water and sewer services. While annexation can serve to improve the quality of life for residents just outside city limits, it also increases service demand. While the city tries to hold the cost down of personnel, adding services to the city without adequate resources can

be problematic. New annexations should be thoughtful and measured to insure that city services will not become overly burdened.

3. Support and Review Financial Assistance to City Parks – The Mitchell Pool at the Electric City Water Park received major rehabilitation this past year including new heating, chlorination, electrical and gutter systems. The two neighborhood pools at Dudley-Anderson (Water Tower) Park and Jaycee Park also were completely rebuilt. These improvements were made possible by a \$2.2 million voter authorized General Obligation Bond. Two new spray parks were also completed at the neighborhood pool locations funded through the sale of excess park land to the Great Falls Housing Authority for affordable housing apartments.
4. Maintain City Facilities – As with all physical properties, age, weather and use require ongoing maintenance of these assets. Several projects are proposed in this year’s budget including a new addition to the Street and Sanitation building, a new roof at Fire Station #2, and resurfacing of the North Kiwanis Tennis Courts. Many more improvements were requested but not funded due to limited resources. We will work to develop a Facilities Improvement Plan with a realistic revenue picture.

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

1. The two municipal-owned golf courses have been struggling financially for years. Although there appears to be some noted cash-flow improvement, the courses still receive a substantial subsidy from the City’s General fund. In light of requests for additional police and fire protection, it may not be practical to continue to operate both golf facilities in the coming years. The City has initiated several different programs to spur more use of the courses, but it can only do so much and ultimately, the users will determine whether or not both courses remain open.
2. Electric City Water Park, including the Wave Rider, is also heavily subsidized by the taxpayer. Parks and Recreation programs and facilities are often supported through General Fund expenditures because they are activities that provide recreational opportunities for families and add to the quality of life of its citizens.
3. The City is exploring its options associated with its animal shelter operations. Last year the City did not renew its contract with the Humane Society of Cascade County and began operating the facility under the direction of the Great Falls Police Department. It is apparent that the current facility is inadequate and will require extensive renovation or new construction. The City is considering partnering with a local-nonprofit group to consider providing animal control and adoption services under one roof.
4. There was discussion about the need for a Public Safety Mill Levy during the past budget cycle. Both the Fire and Police Departments are concerned with staffing – particularly recruitment, retention, training, and resources available to meet the expectations of the public. We will continue to review the need for the levy, but be mindful of the current economic climate. The City may need to review other services and re-prioritize to meet its core public safety functions more effectively.

After reviewing all the financial indicators of the City of Great Falls, the City as a whole is about the same as a result of the year’s activities. Investments in the City’s capital assets increased in fiscal year 2008.

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 Coleen Balzarini, Fiscal Services Director, PO Box 5021, Great Falls, MT 59403.

Basic Financial Statements

City of Great Falls, Montana
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units	
	Govern- mental Activities	Business- Type Activities	Total	Business Improvement District	Public Library Foundation
ASSETS					
Current assets					
Cash and cash investments	\$ 9,980,959	\$ 9,527,488	\$ 19,508,447	\$ 85,337	\$ 1,722,400
Receivables					
Taxes	1,512,605	-	1,512,605	-	-
Special assessments	1,011,634	-	1,011,634	74,681	-
Accounts	299,978	3,744,237	4,044,215	7,068	-
Accrued interest	187,975	159,203	347,178	444	-
Loans	2,886,324	-	2,886,324	-	-
Other	386	-	386	-	-
Due (to) from other city funds	1,993,324	(1,993,324)	-	-	-
Due from other governments	247,397	57,831	305,228	-	-
Interfund loans receivable (payable)	734,420	(734,420)	-	-	-
Inventories	149,427	482,740	632,167	-	-
Prepaid items	36,940	1,583,831	1,620,771	3,369	-
Other current assets	100,349	-	100,349	-	-
Total current assets	<u>19,141,718</u>	<u>12,827,586</u>	<u>31,969,304</u>	<u>170,899</u>	<u>1,722,400</u>
Noncurrent assets					
Restricted cash and investments	4,922,205	9,668,238	14,590,443	-	25,870
Foundation investments	-	-	-	-	186,414
Advance to (from) other funds	821,699	(821,699)	-	-	-
Investment in joint venture	-	514,997	514,997	-	-
Capital assets					
Non-depreciable capital assets	10,760,435	10,780,895	21,541,330	-	-
Depreciable capital assets, net	64,310,483	110,240,211	174,550,694	489,533	-
Total noncurrent assets	<u>80,814,822</u>	<u>130,382,642</u>	<u>211,197,464</u>	<u>489,533</u>	<u>212,284</u>
Total assets	<u>99,956,540</u>	<u>143,210,228</u>	<u>243,166,768</u>	<u>660,432</u>	<u>1,934,684</u>
LIABILITIES					
Current liabilities					
Accounts payable	1,072,672	1,856,482	2,929,154	143,475	-
Unearned revenue	-	52,750	52,750	-	-
Compensated absences	155,849	54,134	209,983	-	-
Debt due within one year	1,535,348	2,919,280	4,454,628	-	-
Other liabilities	119,717	295,298	415,015	-	-
Total current liabilities	<u>2,883,586</u>	<u>5,177,944</u>	<u>8,061,530</u>	<u>143,475</u>	<u>-</u>
Noncurrent liabilities					
Compensated absences	2,989,172	471,316	3,460,488	-	-
Debt due in more than one year	5,929,584	34,345,301	40,274,885	-	-
Other liabilities	-	1,083,914	1,083,914	-	-
Total noncurrent liabilities	<u>8,918,756</u>	<u>35,900,531</u>	<u>44,819,287</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,802,342</u>	<u>41,078,475</u>	<u>52,880,817</u>	<u>143,475</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt	67,957,014	84,029,556	151,986,570	489,533	-
Restricted for:					
Expendable:					
Debt service	2,774,117	-	2,774,117	-	-
Capital projects	125,762	-	125,762	-	-
Reserved for financial assurance	-	100,000	100,000	-	-
Bonded construction	351,028	273,031	624,059	-	-
Revenue bond reserves	-	6,882,915	6,882,915	-	-
Equipment replacement reserves	2,078,353	1,707,826	3,786,179	-	-
Repair and replacement	-	704,466	704,466	-	-
Materials and support	-	-	-	-	1,510,249
Nonexpendable:					
Programs and operations	-	-	-	-	25,870
Unrestricted	14,867,924	8,433,959	23,301,883	27,424	398,565
Total net assets	<u>\$ 88,154,198</u>	<u>\$ 102,131,753</u>	<u>\$ 190,285,951</u>	<u>\$ 516,957</u>	<u>\$ 1,934,684</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Activities
Year Ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
<u>Governmental activities</u>				
General government	\$ 6,113,949	\$ 2,773,279	\$ 17,998	\$ 162,377
Public safety	15,703,112	2,280,255	483,927	38,599
Public works	4,395,673	3,075,156	-	-
Culture and recreation	4,568,967	517,337	394,995	58,212
Housing and development	3,141,049	3,594,034	25,506	1,931,348
Interest and fees	405,626	-	-	-
Total governmental activities	<u>34,328,376</u>	<u>12,240,061</u>	<u>922,426</u>	<u>2,190,536</u>
<u>Business-type activities</u>				
Water	7,223,313	8,301,295	-	-
Sewer	7,215,076	7,656,887	-	950
Storm drain	1,227,116	1,824,052	-	27,459
Sanitation	3,330,166	3,224,927	-	-
Electric	9,441,675	8,867,623	-	-
Golf courses	1,384,226	1,254,453	-	-
Port authority	87,046	440,364	-	-
Other	4,273,470	2,841,539	3,570	-
Total business-type activities	<u>34,182,088</u>	<u>34,411,140</u>	<u>3,570</u>	<u>28,409</u>
Total primary government	<u>\$ 68,510,464</u>	<u>\$ 46,651,201</u>	<u>\$ 925,996</u>	<u>\$ 2,218,945</u>
Component units				
Great Falls Business Improvement District	<u>\$ 274,121</u>	<u>\$ 172,066</u>	<u>\$ -</u>	<u>\$ -</u>
Great Falls Public Library Foundation	<u>\$ 337,687</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>

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 assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Business Improvement District	Public Library Foundation
\$ (3,160,295)	\$ -	\$ (3,160,295)	\$ -	\$ -
(12,900,331)	-	(12,900,331)	-	-
(1,320,517)	-	(1,320,517)	-	-
(3,598,423)	-	(3,598,423)	-	-
2,409,839	-	2,409,839	-	-
(405,626)	-	(405,626)	-	-
<u>(18,975,353)</u>	<u>-</u>	<u>(18,975,353)</u>	<u>-</u>	<u>-</u>
-	1,077,982	1,077,982	-	-
-	442,761	442,761	-	-
-	624,395	624,395	-	-
-	(105,239)	(105,239)	-	-
-	(574,052)	(574,052)	-	-
-	(129,773)	(129,773)	-	-
-	353,318	353,318	-	-
-	<u>(1,428,361)</u>	<u>(1,428,361)</u>	<u>-</u>	<u>-</u>
-	261,031	261,031	-	-
<u>\$ (18,975,353)</u>	<u>\$ 261,031</u>	<u>\$ (18,714,322)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,055)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (337,612)</u>
14,634,494	-	14,634,494	-	-
8,190,388	-	8,190,388	-	57,037
666,468	664,264	1,330,732	3,205	210,444
887,591	571,884	1,459,475	19,536	-
<u>(2,520,767)</u>	<u>2,520,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>21,858,174</u>	<u>3,756,915</u>	<u>25,615,089</u>	<u>22,741</u>	<u>267,481</u>
2,882,821	4,017,946	6,900,767	(79,314)	(70,131)
<u>85,271,377</u>	<u>98,113,807</u>	<u>183,385,184</u>	<u>596,271</u>	<u>2,004,815</u>
<u>\$ 88,154,198</u>	<u>\$ 102,131,753</u>	<u>\$ 190,285,951</u>	<u>\$ 516,957</u>	<u>\$ 1,934,684</u>

City of Great Falls, Montana
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Street</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 284,132	\$ 2,342,112	\$ 487,471	\$ 3,947,519	\$ 7,061,234
Restricted cash and investments	-	-	-	2,959,432	2,959,432
Receivables					
Taxes	1,064,008	-	-	448,597	1,512,605
Special assessments	-	128,815	-	882,819	1,011,634
Accounts	110,487	21,585	-	85,925	217,997
Accrued interest	4,965	15,422	67	134,470	154,924
Loans	-	-	2,449,553	436,771	2,886,324
Other	386	-	-	-	386
Due from other city funds	2,203,658	-	-	15,452	2,219,110
Due from other governments	9,515	-	51,315	186,567	247,397
Advances to other funds	159,696	16,507	-	597,051	773,254
Other current assets	-	-	-	100,349	100,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,836,847</u>	<u>\$ 2,524,441</u>	<u>\$ 2,988,406</u>	<u>\$ 9,794,952</u>	<u>\$ 19,144,646</u>
LIABILITIES					
Accounts payable	\$ 56,146	\$ 103,990	\$ 82,886	\$ 172,905	\$ 415,927
Due to other city funds	15,452	-	-	210,334	225,786
Deferred revenue	680,512	98,805	2,449,383	1,992,312	5,221,012
Interfund loans payable	17,449	-	-	-	17,449
Advances from other funds	338,055	477,669	-	-	815,724
Other liabilities	69,272	-	593	49,852	119,717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,176,886</u>	<u>680,464</u>	<u>2,532,862</u>	<u>2,425,403</u>	<u>6,815,615</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	2,774,117	2,774,117
Capital projects	-	-	-	476,790	476,790
Unreserved reported in:					
General fund					
Undesignated	2,659,961	-	-	-	2,659,961
Special revenue funds					
Designated	-	-	-	409,638	409,638
Undesignated	-	1,843,977	455,544	3,423,411	5,722,932
Capital project funds					
Undesignated	-	-	-	285,593	285,593
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,659,961</u>	<u>1,843,977</u>	<u>455,544</u>	<u>7,369,549</u>	<u>12,329,031</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,836,847</u>	<u>\$ 2,524,441</u>	<u>\$ 2,988,406</u>	<u>\$ 9,794,952</u>	<u>\$ 19,144,646</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Reconciliation of the Balance Sheet
To the Statement of Net Assets - Governmental Funds
June 30, 2008

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

Fund balances - total governmental funds (page 22)		\$ 12,329,031
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>		
Governmental capital assets		\$ 137,208,536
Less: accumulated depreciation		<u>(66,013,278)</u>
Capital assets - net		71,195,258
<p>Bond issuance costs are amortized over the life of the bonds in the statement of net assets.</p>		
		36,940
<p>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 assets.</p>		
		9,579,836
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		5,221,012
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences		(2,742,947)
Loans and contracts payable		(274,357)
General obligation bonds payable		(4,259,037)
Tax increment bonds payable		(2,166,538)
Special assessment bonds payable		<u>(765,000)</u>
Total long-term liabilities		<u>(10,207,879)</u>
Net assets of governmental activities (page 19)		<u><u>\$ 88,154,198</u></u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008

	General	Street District	Community Development Block Grant	Other Governmental Funds	Totals
REVENUES					
Taxes	\$11,028,185	\$ -	\$ -	\$ 3,169,803	\$14,197,988
Licenses and permits	713,819	3,521	-	1,342,956	2,060,296
Intergovernmental	6,155,898	1,374,383	1,118,546	2,297,824	10,946,651
Charges for services	983,364	149,597	212,214	1,329,576	2,674,751
Fines and forfeitures	1,420,090	-	-	57,892	1,477,982
Internal services	841,276	72,228	-	266,907	1,180,411
Special assessments	-	2,814,190	-	1,948,127	4,762,317
Investment income	51,555	70,680	-	319,069	441,304
Other	32,417	50,166	150	365,850	448,583
	<u>21,226,604</u>	<u>4,534,765</u>	<u>1,330,910</u>	<u>11,098,004</u>	<u>38,190,283</u>
EXPENDITURES					
Current					
General government	2,531,010	-	-	4,353,538	6,884,548
Public safety	14,808,604	-	-	528,078	15,336,682
Public works	-	3,516,447	-	536	3,516,983
Culture and recreation	1,883,810	-	-	1,936,292	3,820,102
Housing and development	-	-	923,030	1,791,507	2,714,537
Debt service					
Principal	-	-	-	1,434,620	1,434,620
Interest	19,799	-	-	368,725	388,524
Capital outlay	6,000	877,766	451,091	3,361,945	4,696,802
	<u>19,249,223</u>	<u>4,394,213</u>	<u>1,374,121</u>	<u>13,775,241</u>	<u>38,792,798</u>
Revenues over (under) expenditures	<u>1,977,381</u>	<u>140,552</u>	<u>(43,211)</u>	<u>(2,677,237)</u>	<u>(602,515)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	260,020	-	-	2,598,269	2,858,289
Transfers out	(3,045,335)	(20,642)	(1,931)	(2,796,340)	(5,864,248)
Issuance of debt	-	-	-	41,562	41,562
Sale of assets	359,483	-	-	201,167	560,650
	<u>(2,425,832)</u>	<u>(20,642)</u>	<u>(1,931)</u>	<u>44,658</u>	<u>(2,403,747)</u>
Net changes in fund balance	(448,451)	119,910	(45,142)	(2,632,579)	(3,006,262)
Fund balance -- beginning	<u>3,108,412</u>	<u>1,724,067</u>	<u>500,686</u>	<u>10,002,128</u>	<u>15,335,293</u>
Fund balance -- ending	<u>\$ 2,659,961</u>	<u>\$ 1,843,977</u>	<u>\$ 455,544</u>	<u>\$ 7,369,549</u>	<u>\$12,329,031</u>

The accompanying notes are an integral part of these financial statements.

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 - Governmental Funds
Year Ended June 30, 2008

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)		\$ (3,006,262)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is depreciated over the asset's useful life.</p>		
Expenditures for capital assets	\$ 4,696,802	
Less: current year's depreciation	<u>(2,476,134)</u>	
Total capital asset related expenditures		2,220,668
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets</p>		
		(36,583)
<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>		
		1,943,331
<p>Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds, funds.</p>		
		561,849
<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 net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment long-term debt and related items.</p>		
Issuance of debt		
General obligation bonds	(41,562)	
Principal repayments		
Loans and contracts	18,066	
General obligation bonds	265,000	
Tax increment bonds	1,035,000	
Special assessment debt	116,554	
Compensated absences	(176,138)	
Amortization of bond discounts	<u>(17,102)</u>	
Total debt related transactions		<u>1,199,818</u>
Change in net assets of governmental activities (pages 20-21)		<u>\$ 2,882,821</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Net Assets
Proprietary Funds
June 30, 2008

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
ASSETS					
Current assets					
Cash and cash investments	\$ 1,634,701	\$ 2,176,829	\$ 4,779,213	\$ 4,351	\$ 796
Receivables					
Accounts	1,075,221	807,483	420,590	339,252	952,648
Accrued interest	45,741	58,554	47,142	664	-
Due from other governments	57,831	-	-	-	-
Interfund loans receivable	-	-	-	-	-
Inventories	426,842	-	-	-	-
Prepaid items	44,260	149,657	80,877	-	1,302,444
Total current assets	<u>3,284,596</u>	<u>3,192,523</u>	<u>5,327,822</u>	<u>344,267</u>	<u>2,255,888</u>
Long-term assets					
Restricted cash and investments	3,499,673	4,669,145	958,348	92,533	100,000
Advance to other funds	300,477	278,802	-	3,219	-
Investment in joint venture	-	-	-	-	514,997
Non-depreciable capital assets	2,483,400	1,471,702	394,873	348,571	1,773,897
Depreciable capital assets, net	40,547,973	41,161,032	14,523,054	1,562,973	-
Total long-term assets	<u>46,831,523</u>	<u>47,580,681</u>	<u>15,876,275</u>	<u>2,007,296</u>	<u>2,388,894</u>
Total assets	<u>50,116,119</u>	<u>50,773,204</u>	<u>21,204,097</u>	<u>2,351,563</u>	<u>4,644,782</u>
LIABILITIES					
Current liabilities					
Account payable	539,493	3,010	12,348	102,782	1,140,941
Due to other city funds	-	-	-	-	541,731
Unearned Revenue	-	-	-	-	-
Interfund loan payable	-	-	-	-	-
Capital lease obligation	-	-	-	-	-
Notes payable	-	-	-	-	46,066
Revenue bonds payable	756,573	1,271,495	356,180	-	-
Other liabilities	216,773	-	-	-	-
Total current liabilities	<u>1,512,839</u>	<u>1,274,505</u>	<u>368,528</u>	<u>102,782</u>	<u>1,728,738</u>
Long-term liabilities					
Advances from other funds	-	-	-	-	1,500,000
Capital lease obligations	-	-	-	-	-
Notes payable	-	-	-	-	1,431,752
Compensated absences	272,911	32,169	-	106,009	-
Revenue bonds payable	5,557,389	15,136,822	4,472,712	-	-
Other liabilities	-	-	-	-	1,083,914
Total long-term liabilities	<u>5,830,300</u>	<u>15,168,991</u>	<u>4,472,712</u>	<u>106,009</u>	<u>4,015,666</u>
Total liabilities	<u>7,343,139</u>	<u>16,443,496</u>	<u>4,841,240</u>	<u>208,791</u>	<u>5,744,404</u>
NET ASSETS					
Invested in capital assets, net of related debt	36,717,411	26,497,448	10,089,035	1,911,544	296,079
Restricted for:					
Bonded construction	-	273,031	-	-	-
Revenue bond reserves	2,222,406	3,614,444	808,348	-	-
Reserved for financial assurance	-	-	-	-	100,000
Equipment replacement reserves	722,801	781,670	-	92,533	-
Repair and replacement	554,466	-	150,000	-	-
Unrestricted	<u>2,555,896</u>	<u>3,163,115</u>	<u>5,315,474</u>	<u>138,695</u>	<u>(1,495,701)</u>
Total net assets	<u>\$42,772,980</u>	<u>\$34,329,708</u>	<u>\$16,362,857</u>	<u>\$ 2,142,772</u>	<u>\$ (1,099,622)</u>

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Statement of Net Assets (Concluded)
Proprietary Funds
June 30, 2008

Business Type Activities - Enterprise Funds

	Golf Courses	Port Authority	Other Enterprise Funds	Totals	Governmental Activities Internal Service Funds
ASSETS					
Current assets					
Cash and cash investments	\$ -	\$ 124,085	\$ 807,513	\$ 9,527,488	\$ 2,919,725
Receivables					
Accounts	27,597	49,180	72,266	3,744,237	81,981
Accrued interest	-	-	7,102	159,203	33,051
Due from other governments	-	-	-	57,831	-
Interfund loans receivable	-	-	-	-	751,869
Inventories	55,898	-	-	482,740	149,427
Prepaid items	6,593	-	-	1,583,831	-
Total current assets	<u>90,088</u>	<u>173,265</u>	<u>886,881</u>	<u>15,555,330</u>	<u>3,936,053</u>
Long-term assets					
Restricted cash and investments	237,717	-	110,822	9,668,238	1,962,773
Advance to other funds	39,915	-	55,888	678,301	864,169
Investment in joint venture	-	-	-	514,997	-
Non-depreciable capital assets	1,362,597	2,077,009	868,846	10,780,895	-
Depreciable capital assets, net	2,692,446	3,854,135	5,898,598	110,240,211	3,875,660
Total long-term assets	<u>4,332,675</u>	<u>5,931,144</u>	<u>6,934,154</u>	<u>131,882,642</u>	<u>6,702,602</u>
Total assets	<u>4,422,763</u>	<u>6,104,409</u>	<u>7,821,035</u>	<u>147,437,972</u>	<u>10,638,655</u>
LIABILITIES					
Current liabilities					
Account payable	16,400	-	41,508	1,856,482	656,745
Due to other city funds	1,451,593	-	-	1,993,324	-
Unearned Revenue	8,360	-	44,390	52,750	-
Interfund loan payable	-	-	734,420	734,420	-
Capital lease obligation	-	-	112,572	112,572	-
Notes payable	-	223,407	-	269,473	-
Revenue bonds payable	152,987	-	-	2,537,235	-
Other liabilities	10,724	-	67,801	295,298	-
Total current liabilities	<u>1,640,064</u>	<u>223,407</u>	<u>1,000,691</u>	<u>7,851,554</u>	<u>656,745</u>
Long-term liabilities					
Advances from other funds	-	-	-	1,500,000	-
Capital lease obligations	-	-	929,222	929,222	-
Notes payable	-	5,428,659	-	6,860,411	-
Compensated absences	37,917	-	76,444	525,450	402,074
Revenue bonds payable	1,388,745	-	-	26,555,668	-
Other liabilities	-	-	-	1,083,914	-
Total long-term liabilities	<u>1,426,662</u>	<u>5,428,659</u>	<u>1,005,666</u>	<u>37,454,665</u>	<u>402,074</u>
Total liabilities	<u>3,066,726</u>	<u>5,652,066</u>	<u>2,006,357</u>	<u>45,306,219</u>	<u>1,058,819</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,513,311	279,078	5,725,650	84,029,556	3,875,660
Restricted for:					
Bonded construction	-	-	-	273,031	-
Revenue bond reserves	237,717	-	-	6,882,915	-
Reserved for financial assurance	-	-	-	100,000	-
Equipment replacement reserves	-	-	110,822	1,707,826	1,962,773
Repair and replacement	-	-	-	704,466	-
Unrestricted	<u>(1,394,991)</u>	<u>173,265</u>	<u>(21,794)</u>	<u>8,433,959</u>	<u>3,741,403</u>
Total net assets	<u>\$ 1,356,037</u>	<u>\$ 452,343</u>	<u>\$ 5,814,678</u>	<u>\$ 102,131,753</u>	<u>\$ 9,579,836</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets
Proprietary Funds
Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
OPERATING REVENUES					
Charges for services	\$ 8,301,512	\$ 7,656,887	\$ 1,824,052	\$ 3,151,169	\$ 8,867,623
OPERATING EXPENSES					
Personal services	1,910,008	720,032	10,960	1,151,062	-
Supplies and materials	567,907	76,143	855	245,435	179
Purchased services	725,945	3,072,287	32,421	931,390	9,063,724
Internal services	1,229,012	811,469	262,009	644,472	21,515
Other	-	-	-	1	-
Depreciation	2,559,465	1,830,452	732,964	311,838	-
Total operating expenses	6,992,337	6,510,383	1,039,209	3,284,198	9,085,418
Operating income (loss)	1,309,175	1,146,504	784,843	(133,029)	(217,795)
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	222,131	282,592	229,504	6,325	(36,219)
Interest expense	(230,974)	(704,693)	(187,907)	-	(356,257)
Proceeds (loss) on sale of capital assets	3,874	3,500	-	-	-
Other	374,813	1,155	27,761	216,242	-
Total nonoperating revenues (expenses)	369,844	(417,446)	69,358	222,567	(392,476)
Change in net assets before transfers	1,679,019	729,058	854,201	89,538	(610,271)
Transfers in	374,970	67,500	-	-	-
Transfers out	(24,100)	(8,181)	(158)	(14,510)	-
Changes in net assets	2,029,889	788,377	854,043	75,028	(610,271)
Net assets, beginning of year	40,743,091	33,541,331	15,508,814	2,067,744	(489,351)
Net assets, end of year	\$42,772,980	\$34,329,708	\$16,362,857	\$ 2,142,772	\$(1,099,622)

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets (Concluded)
Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Golf Courses	Port Authority	Other Enterprise Funds		
OPERATING REVENUES					
Charges for services	\$ 1,254,453	\$ 440,364	\$ 2,841,539	\$ 34,337,599	\$ 13,451,416
OPERATING EXPENSES					
Personal services	543,975	-	1,735,745	6,071,782	3,624,241
Supplies and materials	159,397	-	281,860	1,331,776	643,865
Purchased services	124,795	7,076	920,957	14,878,595	6,783,524
Internal services	143,746	-	535,531	3,647,754	893,299
Other	1,016	-	7,282	8,299	(4,133)
Depreciation	323,748	79,970	390,327	6,228,764	633,123
Total operating expenses	1,296,677	87,046	3,871,702	32,166,970	12,573,919
Operating income (loss)	(42,224)	353,318	(1,030,163)	2,170,629	877,497
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	(66,695)	221	26,405	664,264	225,164
Interest expense	(87,312)	(249,553)	(152,369)	(1,969,065)	-
Proceeds (loss) on sale of capital assets	2,445	-	(2,568)	7,251	22,512
Other	-	-	4,130	624,101	332,966
Total nonoperating revenues (expenses)	(151,562)	(249,332)	(124,402)	(673,449)	580,642
Change in net assets before transfers	(193,786)	103,986	(1,154,565)	1,497,180	1,458,139
Transfers in	81,225	-	2,099,537	2,623,232	548,002
Transfers out	(5,317)	-	(50,199)	(102,465)	(62,810)
Changes in net assets	(117,878)	103,986	894,773	4,017,947	1,943,331
Net assets, beginning of year	1,473,915	348,357	4,919,905	98,113,806	7,636,505
Net assets, end of year	<u>\$ 1,356,037</u>	<u>\$ 452,343</u>	<u>\$ 5,814,678</u>	<u>\$ 102,131,753</u>	<u>\$ 9,579,836</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$8,287,762	\$ 7,552,424	\$1,820,204	\$3,118,080	\$9,035,056
Interfund cash flow loans	-	-	-	-	515,511
Receipts from interfund services provided	5,603	137,279	-	923	-
Receipts from others	374,813	1,155	27,761	216,242	-
Receipts from other governments	(57,831)	-	-	-	48,009
Payments to suppliers	(1,069,564)	(3,141,342)	(9,557)	(1,159,711)	(9,082,892)
Payments to employees	(1,898,787)	(716,174)	(10,960)	(1,161,803)	-
Payments for interfund services used	(1,229,012)	(811,469)	(262,009)	(644,472)	-
Payments to others	16,665	(217,569)	-	-	-
Net cash provided (used) by operating activities	<u>4,429,649</u>	<u>2,804,304</u>	<u>1,565,439</u>	<u>369,259</u>	<u>515,684</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	374,970	67,500	-	-	-
Transfers out	(24,100)	(8,181)	(158)	(14,510)	-
Net cash provided (used) by noncapital financing activities	<u>350,870</u>	<u>59,319</u>	<u>(158)</u>	<u>(14,510)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	3,875	3,500	-	45,968	-
Principal payments received - advances	-	-	-	-	-
New borrowing	57,832	-	-	-	-
Principal payments - revenue bonds	(750,000)	(1,247,000)	(352,000)	-	(22,181)
Discount/premium	32,939	27,603	2,121	-	-
Principal payments - advances	-	-	-	-	-
Principal payments - capital leases	-	-	-	-	-
Interest paid	(230,974)	(704,693)	(187,907)	-	(356,257)
Acquisition/construction of capital assets	(4,381,944)	(1,252,234)	(1,022,947)	(441,234)	(101,595)
Net cash provided (used) by capital and related financing activities	<u>(5,268,272)</u>	<u>(3,172,824)</u>	<u>(1,560,733)</u>	<u>(395,266)</u>	<u>(480,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	215,459	271,334	216,555	8,304	(36,219)
Net cash provided (used) by investing activities	<u>215,459</u>	<u>271,334</u>	<u>216,555</u>	<u>8,304</u>	<u>(36,219)</u>
Net increase (decrease) in cash	(272,294)	(37,867)	221,103	(32,213)	(568)
Cash, beginning of year	<u>5,406,668</u>	<u>6,883,841</u>	<u>5,516,458</u>	<u>129,097</u>	<u>101,364</u>
Cash, end of year (a)	<u>\$5,134,374</u>	<u>\$ 6,845,974</u>	<u>\$5,737,561</u>	<u>\$ 96,884</u>	<u>\$ 100,796</u>
(a) Shown on the statement of net assets as:					
Cash and cash equivalents	\$1,634,701	\$ 2,176,829	\$4,779,213	\$ 4,351	\$ 796
Restricted cash and investments	3,499,673	4,669,145	958,348	92,533	100,000
	<u>\$5,134,374</u>	<u>\$ 6,845,974</u>	<u>\$5,737,561</u>	<u>\$ 96,884</u>	<u>\$ 100,796</u>

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds				Governmental
	Golf Courses	Port Authority	Other Enterprise Funds	Totals	Activities Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,226,856	\$ 444,233	\$ 2,079,402	\$33,564,017	\$ 661,234
Interfund cash flow loans	93,515	-	(85,432)	523,594	(41,200)
Receipts from interfund services provided	-	-	720,138	863,943	7,832,168
Receipts from others	-	-	4,130	624,101	5,325,115
Receipts from other governments	-	-	-	(9,822)	-
Payments to suppliers	(344,995)	(7,076)	(1,229,531)	(16,044,668)	(7,468,189)
Payments to employees	(542,593)	-	(1,736,369)	(6,066,686)	(3,603,748)
Payments for interfund services used	(143,746)	-	(535,531)	(3,626,239)	(751,018)
Payments to others	12,440	-	68,968	(119,496)	-
Net cash provided (used) by operating activities	<u>301,477</u>	<u>437,157</u>	<u>(714,225)</u>	<u>9,708,744</u>	<u>1,954,362</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	81,225	-	2,099,537	2,623,232	548,002
Transfers out	(5,317)	-	(50,199)	(102,465)	(62,810)
Net cash provided (used) by noncapital financing activities	<u>75,908</u>	<u>-</u>	<u>2,049,338</u>	<u>2,520,767</u>	<u>485,192</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	2,528	-	-	55,871	26,478
Principal payments received - advances	-	-	-	-	881,387
New borrowing	-	289,886	-	347,718	-
Principal payments - revenue bonds	(150,000)	-	-	(2,521,181)	-
Discount/premium	2,252	-	-	64,915	-
Principal payments - advances	-	-	(865,520)	(865,520)	-
Principal payments - capital leases	-	-	(105,578)	(105,578)	-
Interest paid	(87,312)	(249,553)	(152,369)	(1,969,065)	-
Acquisition/construction of capital assets	(78,158)	(442,575)	(2,393)	(7,723,080)	(696,557)
Net cash provided (used) by capital and related financing activities	<u>(310,690)</u>	<u>(402,242)</u>	<u>(1,125,860)</u>	<u>(12,715,920)</u>	<u>211,308</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	(66,695)	221	24,354	633,313	205,548
Net cash provided (used) by investing activities	<u>(66,695)</u>	<u>221</u>	<u>24,354</u>	<u>633,313</u>	<u>205,548</u>
Net increase (decrease) in cash	-	35,136	233,607	146,904	2,856,410
Cash, beginning of year	<u>237,717</u>	<u>88,949</u>	<u>684,728</u>	<u>19,048,822</u>	<u>2,026,088</u>
Cash, end of year (a)	<u>\$ 237,717</u>	<u>\$ 124,085</u>	<u>\$ 918,335</u>	<u>\$19,195,726</u>	<u>\$ 4,882,498</u>
(a) Shown on the statement of net assets as:					
Cash and cash equivalents	\$ -	\$ 124,085	\$ 807,513	\$ 9,527,488	\$ 2,919,725
Restricted cash and investments	237,717	-	110,822	9,668,238	1,962,773
	<u>\$ 237,717</u>	<u>\$ 124,085</u>	<u>\$ 918,335</u>	<u>\$19,195,726</u>	<u>\$ 4,882,498</u>

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$1,309,175</u>	<u>\$ 1,146,504</u>	<u>\$ 784,843</u>	<u>\$ (133,029)</u>	<u>\$ (217,795)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	2,559,465	1,830,452	732,964	311,838	-
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	(8,147)	32,816	(3,848)	(32,166)	167,433
Due from other governments	(57,831)	-	-	-	48,009
Prepaid expense	9,712	23,046	16,843	-	(292,963)
Inventories	(167,452)	-	-	-	-
Accounts payable	382,028	(15,958)	6,876	17,115	295,489
Due to other city funds	-	-	-	-	515,511
Other liabilities	16,665	(217,569)	-	-	-
Compensated absences payable	11,221	3,858	-	(10,741)	-
Other nonoperating revenue	<u>374,813</u>	<u>1,155</u>	<u>27,761</u>	<u>216,242</u>	<u>-</u>
Total adjustments	<u>\$3,120,474</u>	<u>\$ 1,657,800</u>	<u>\$ 780,596</u>	<u>\$ 502,288</u>	<u>\$ 733,479</u>
Net cash provided (used) by operating activities	<u><u>\$4,429,649</u></u>	<u><u>\$ 2,804,304</u></u>	<u><u>\$1,565,439</u></u>	<u><u>\$ 369,259</u></u>	<u><u>\$ 515,684</u></u>

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Port Authority</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (42,224)	\$ 353,318	\$ (1,030,163)	\$ 2,170,629	\$ 877,497
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	323,748	79,970	390,327	6,228,764	633,123
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	(27,597)	3,869	(41,999)	90,361	176,416
Due from other governments	-	-	-	(9,822)	-
Prepaid expense	1,658	-	-	(241,704)	-
Inventories	(19,611)	-	-	(187,063)	(41,149)
Accounts payable	(41,834)	-	(19,432)	624,284	(3,784)
Due to other city funds	93,515	-	(85,432)	523,594	(41,200)
Other liabilities	12,440	-	68,968	(119,496)	-
Compensated absences payable	1,382	-	(624)	5,096	20,493
Other nonoperating revenue	-	-	4,130	624,101	332,966
Total adjustments	<u>\$ 343,701</u>	<u>\$ 83,839</u>	<u>\$ 315,938</u>	<u>\$ 7,538,115</u>	<u>\$ 1,076,865</u>
Net cash provided (used) by operating activities	<u>\$ 301,477</u>	<u>\$ 437,157</u>	<u>\$ (714,225)</u>	<u>\$ 9,708,744</u>	<u>\$ 1,954,362</u>

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 111,939	\$ 148,703
Special assessments receivable	-	616,131
Accrued interest	921	340
	\$ 112,860	\$ 765,174
LIABILITIES		
Accounts payable	\$ -	\$ 50,615
Deferred revenue - special assessments	-	611,635
Other liabilities	-	102,924
	-	\$ 765,174
NET ASSETS		
Held in trust	\$ 112,860	

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2008

	Private Purpose Trust Funds
ADDITIONS	
Private contributions	\$ 53,085
Investment income	3,746
	56,831
Total additions	56,831
DEDUCTIONS	
Refunds of contributions	-
	-
Change in net assets	56,831
Net assets, beginning of year	56,029
Net assets, end of year	\$ 112,860

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies

The financial statements of the City of Great Falls, Montana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB's *Codification of Governmental Accounting and Financial Reporting Standards* documents these principles. The City's significant accounting policies are described below.

a. Background

The City of Great Falls is the county seat of Cascade County and is the third largest city in Montana. The City was incorporated in 1888 and is currently organized under the provisions of the commission-manager form of government. The commission consists of five commissioners including the Mayor. The position of Mayor is elected separately from the commissioners. The City Manager is appointed by the Commission and is the administrative head of the City.

b. Reporting Entity

The reporting entity presented in these financial statements consists of the City of Great Falls (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operations or financial relationship with the City. The exclusion of the component units would cause the reporting entity's financial statements to be misleading or incomplete and should; therefore, be included in a government's financial reporting entity.

Great Falls Port Authority (the Authority)

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 except repealing any reference to Port Authority Commissioners contained therein. Since the Port Authority governing body is the City Commission and the services provided by the Port Authority benefit the City, the 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.

The columns labeled "Component Units" contain the financial data of the City's two component units. These separate, discrete columns emphasize the organizations' separateness from the City's primary government.

Great Falls Business Improvement District (the District)

The objective of the 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 District's board of trustees is appointed by the City Commission. The District is required to submit an annual budget to the City Commission who may approve or modify the District's budget. Additionally, the City Commission is responsible for levying the District's assessments on the properties within the District. Separate financial statements of the District may be obtained by contacting the District at 417 Central Avenue, Suite 320, Great Falls, Montana, 59401.

Great Falls Public Library Foundation (the Foundation)

The 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 Foundation, the majority of resources, or incomes thereon, which the Foundation holds and invests, are restricted by the donors to the activities of the Library. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the City, the Foundation is considered a component unit of the City and is discretely presented in the City's financial statements.

The Foundation is a private non-profit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-For-Profit Organizations. 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 Foundation's financial information in the City's financial reporting entity for these differences.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies – continued

b. Reporting Entity - continued

During the year ended March 31, 2008, the Foundation distributed \$310,704 to the City for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained by writing the Foundation at P.O. Box 742, Great Falls, Montana, 59403.

c. Investment in Joint Venture

During fiscal year 2004, the City entered into a joint venture with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern). The joint venture was organized by five electric cooperatives and the City of Great Falls to provide electric services to its members and to construct Highwood Generating Station (HGS), which is an electric generating facility, intended to serve the energy needs of its six members. The City has a 10.31 percent equity interest in the joint venture construction project. A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. This joint venture does not meet the criteria for inclusion in the City's financial report as a component unit since the City does not exercise administrative control. The City does report its equity interest in the joint venture using the equity method. An equity interest in a joint venture is manifest in the government having an explicit, measurable right to the net present or future resources of the joint venture. The investment in joint venture in the statement of net assets (page 26) is included in the unrestricted portion of the total net assets. The corporate office of Southern is located at the following address: 3521 Gable Road, Suite 5, Billings, Montana 59102.

d. Basis of Presentation

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

e. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except for those accounted for in proprietary funds). The following are the City's major governmental funds:

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies - continued

e. Fund Accounting - continued

General Fund

The General Fund accounts for all financial resources of the City except those required legally or by sound financial management to be accounted for in another fund.

Street Fund

The Street 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.

Community Development Block Grant Fund

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Following are the City's major proprietary funds:

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 safeguarding community health, providing pollution protection for the Missouri River and reducing flooding and damage to property and life.

Sanitation Fund

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

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. The costs of preliminary design and engineering of the HGS facility is included in this fund.

Golf Courses Fund

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

Port Authority Fund

The Port Authority Fund accounts for operations of the Great Falls Port Authority as a blended component unit of the City of Great Falls.

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 Administrative Services, Central Communications, Health and Benefit, Insurance and Safety, Fiscal Services, Information Tech, Central Garage, Engineering, Public Works, and Facility Services.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies - continued

e. Fund Accounting - continued

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 three agency funds used for the Court Agency, the Payroll Agency and the Upper Lower River Road Water Sewer District Agency.

f. Measurement Focus/Basis of Accounting

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared; therefore, governmental activities of the government-wide financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. Operating revenues include charges for services, which are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs that have been incurred in order to provide these services. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenues, and in the presentation of expenses versus expenditures.

Under the accrual method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, aside from the fines, permits, and parking meter revenues mentioned below.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after June 30. Those revenues susceptible to accrual are property taxes, special assessments, grants, licenses, interest revenue and charges for services. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies - continued

f. Measurement Focus/Basis of Accounting – continued

Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on long-term debt is recorded when due.

Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

g. Encumbrances

The City does not utilize a formal encumbrance accounting system.

h. Cash, Cash Equivalents and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Generally, cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City’s Controller. Investments consist primarily of certificates of deposit, repurchase agreements, State of Montana short-term investment pool, 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 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 exceeding \$100,000, for the City as a whole, require 100% collateralization. City criteria for 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.

i. 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies - continued

j. 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.

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.

k. 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.

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.

l. 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. 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 assets, these assets are capitalized at cost and in the government-wide statement of activities, depreciation is reported. Retroactive reporting of infrastructure assets was fully implemented in fiscal year 2007, as required by GASB Statement No. 34.

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

1. Summary of Significant Accounting Policies - continued

m. Equipment Replacement Reserves

The Information Technology and Central Garage internal service funds equipment replacement reserves are funded by a depreciation 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.

n. Compensated Absences

All full-time City employees accumulate vacation and sick leave hours for later use or for payment upon termination, death or retirement. 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 Fund, Street District, Community Development Block Grants, Planning, Library, Natural Resources, Housing Authority, Community Development, Permits, Licenses, Portage Meadows, and all governmental internal service funds.

o. Contributions

The City records contribution to enterprise funds from federal, state and other outside sources, for property acquisitions, as other income.

p. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments and investments with an original maturity of three months or less when purchased to be cash equivalents.

q. Estimates

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

r. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

2. Cash, Cash Equivalents and Investments

The composition of the City's cash, cash equivalents and investments, including restricted cash and investments, on June 30, 2008, was as follows:

	Primary Government	Component Units	
		Business Improvement District	Public Library Foundation
Cash on hand	\$ 9,100	\$ 13,807	\$ -
Deposits in banks	(138,908)	-	19,822
Savings deposits	-	-	215,304
Certificates of deposit	1,900,000	-	-
Repurchase agreements	4,274,399	-	-
U.S. government securities	10,768,187	-	186,414
Short term investment pool (STIP)	1,528,566	-	-
Money market funds	16,018,188	46,530	-
Mutual funds	-	-	1,351,606
Equity securities	-	-	161,538
Totals	<u>\$ 34,359,532</u>	<u>\$ 60,337</u>	<u>\$ 1,934,684</u>

The City's cash, cash equivalents and investments for the primary government at June 30, 2008, are reported as:

	Governmental	Business-Type	Fiduciary Funds	Total
	Activities	Activities		
Cash and cash equivalents	\$ 9,980,959	\$ 9,527,488	\$ 260,642	\$ 19,769,089
Restricted cash and investments	4,922,205	9,668,238	-	14,590,443
Totals	<u>\$ 14,903,164</u>	<u>\$ 19,195,726</u>	<u>\$ 260,642</u>	<u>\$ 34,359,532</u>

At June 30, 2008, the carrying amount of the City's bank deposits was \$(138,908) and the bank balance was \$1,550,346. Of the bank balance, \$142,418 was covered by federal depository insurance and \$1,407,928 was covered by collateral held by the pledging bank's trustee in the City's name.

At June 30, 2008, the carrying amount of deposits for the Great Falls Business Improvement District, a discretely presented component unit, was \$60,337 and the bank balance was \$60,337. Of the bank balance, \$60,337 was covered by federal depository insurance.

At March 31, 2008, the carrying amount of deposits for the Great Falls Public Library Foundation, a discretely presented component unit, was \$235,126 and the bank balance was \$29,722. Of the carrying amount of deposits, \$19,822 was covered by federal depository insurance and \$215,304 was covered by Securities Investors Protection Corporation.

Montana statutes recommend that the City have pledged securities 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, 2008.

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.

The City received interest revenue of \$1,140,431 on invested cash during fiscal year 2008. The annualized rate of return for the year is 3.08% prior to adjustments which 'mark investments to market' and 4.36% after the adjustment. Even though the City's investment policy is to hold investments to maturity, the City must reflect a bookkeeping valuation adjustment that increased interest income for all City funds in the amount of \$34,803 for the year ended June 30, 2008. This adjustment increased the cash and cash equivalents by \$34,803.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

2. Cash, Cash Equivalents and Investments – continued

At June 30, 2008, the City had the following investments. 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.

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Cash on hand, deposits in banks, savings deposits	\$ (129,808)	\$ (129,808)	\$ -
Repurchase agreements	4,274,399	4,274,399	-
U.S. certificate of deposit	1,900,000	1,900,000	-
U.S. treasuries	805,187	302,849	502,339
U.S. agencies	9,963,000	500,447	9,462,553
Money market funds	16,018,188	16,018,188	-
Investment in STIP	1,528,566	1,528,566	-
Totals	<u>\$ 34,359,532</u>	<u>\$ 24,394,641</u>	<u>\$ 9,964,892</u>

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 \$100,000 to be insured by the FDIC or FSLIC and all deposits over \$100,000 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. The credit quality rating of the STIP investments is A1+. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

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.

Repurchase agreements

Repurchase agreements consist of "one-day" repurchase agreements, which can readily be transformed into cash should all outstanding demand deposit checks be immediately presented for payment.

Short-Term Investment Pool

The Short-Term Investment Pool (STIP) is managed by the State of Montana Board of Investments (the Board). The Board was created by the State of Montana legislature to invest and manage the State of Montana's investment funds on a centralized basis. The STIP was created by the Board to allow qualifying funds to participate in a diversified pool. Although state agencies are legally required to invest in STIP, local governments, such as the City of Great Falls, may voluntarily participate in STIP.

The Board has a policy that STIP will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. In meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use amortized cost rather than fair value to report net assets to compute unit values. The fair value of the position in the pool equals the value of pool units. The City reports its investment in the STIP based on the pool's value, which is fixed at one dollar (\$1).

The STIP portfolio includes asset-backed and variable interest rate securities to provide diversification and a competitive rate of return. Asset-backed securities represent debt securities collateralized by a pool of mortgage

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

2. Cash, Cash Equivalents and Investments – continued

and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc., pledged by the issuer. Asset-backed securities have less credit risk than do securities not backed by pledged assets, while market risk for asset-backed securities is the same as market risk for similar non-asset-backed securities. Variable rate securities pay a variable rate of interest until maturity. While variable-rate interest securities have credit risk identical to similar fixed-rate securities, their market risk (income) is non-sensitive to interest rate changes. However, their marked risk (value/price) may be less volatile than fixed-rate securities because their value will usually remain at or near par as a result of their interest rates being periodically reset to maintain a current market yield. There are no legal risks that the Board of Investments is aware of regarding any STIP investments. The credit quality rating of the STIP investments is A1+.

Restricted Cash and Investments

Cash and investments of \$14,590,443 are restricted by bond covenants, state statute, or for specific purposes as follows:

Nonmajor governmental funds	
Library - improvements	\$ 115,580
Tax increment bond - operating reserves	561,277
Tax increment bond - current debt service	960,191
Tax increment bond - bond reserves	771,000
Improvement district revolving - security reserves	200,356
General capital projects - suit related retainage	98,697
General capital projects - bonded construction	252,331
Water	
Current debt service	779,335
Bond reserves	1,005,668
Operating reserves	437,403
Construction reserves	554,466
Vehicle and equipment replacement	722,801
Sewer	
Current debt service	1,282,053
Bond reserves	1,925,965
Operating reserves	406,426
Bonded construction	273,031
Vehicle and equipment replacement	781,670
Storm Drain	
Current debt service	309,096
Bond reserves	476,910
Operating reserves	22,342
Repair and replacement reserves	150,000
Sanitation	
Vehicle and equipment replacement	92,533
Electric	
Security reserves	100,000
Golf Courses	
Bond reserves	237,717
Nonmajor proprietary funds	
Parking - vehicle and equipment replacement	72,951
Recreation - vehicle and equipment replacement	21,465
Civic center events - improvements	16,406
Internal Service	
Central garage - vehicle and equipment replacement	1,525,887
Engineering - vehicle and equipment replacement	140,623
Facility services - improvements	82,053
Information tech - information systems	207,029
Information tech - vehicle and equipment replacement	5,947
Public works admin - vehicle and equipment replacement	1,234
Totals	\$14,590,443

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

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 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.

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, 2008, 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, and various special improvement districts (SID). 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, 2008, consists of the following:

Federal Block Grant Fund:

CDBG loan program (a)	\$ 170
Deferred payment loan program (b)	2,449,383

Nonmajor governmental funds:

Home grant - deferred payment loan program	69,679
Economic revolving - loan program (c)	366,292
Hazard removal - loan program	800

Total	\$ 2,886,324
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- (a) The primary objective of the Community Development Block Grant (CDBG) program is the development of viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The following program has been developed by the City to accomplish these objectives.

The CDBG loan program is used to promote and support opportunities for economic development within the community, specifically those opportunities that create employment for low and moderate income people. The interest rates on these loans range from zero percent to thirteen and a half percent and terms range from ten to eighteen years. The loans are secured by the property and/or equipment.

- (b) The deferred payment loan program 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. The loans are secured by a mortgage on the property. Deferred revenue equal to the balance of the deferred payment loans receivable has been recorded.
- (c) The City adopted the Urban Renewal Plan in 1977 for the purpose of encouraging development, redevelopment, and rehabilitation of property within the urban renewal area. The urban renewal area encompasses approximately 164 square blocks which comprise the City's central business district and contain residential areas. A revolving loan fund was created to assist projects in the urban renewal area which comply with the objectives of the Urban Renewal Plan. The interest rates on these loans range from zero percent to six percent and terms range from five to twenty years. The loans are secured by the property and/or equipment.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

4. Interfund Receivables, Payables, and Transfers

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 general fund. The due from general fund to library fund represent tax payments received into general fund for library fund.

Due to/from other City funds at June 30, 2008, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	
	Planning	\$ 26,631
	Historic Bridge	24,985
	Housing Authority Admin	12,343
	Home Grant	2,011
	Economic Revolving	69,620
	West Bank Urban Renewal	30,005
	Swim Pool Rehab Bond	19,130
	Street Lighting Construction	25,609
	Subtotal nonmajor governmental funds	210,334
	Electric	541,731
	Golf Courses	1,451,593
Nonmajor governmental fund - Library	General	15,452
Total		<u>\$ 2,219,110</u>

The interfund loans represent the current portion due from the advances from other funds which represent the long term portion. The advance from the general fund reported in the electric fund resulted from the establishment of a financial assurance reserve required by the Montana Public Service Commission. The advance from the central garage fund reported in the general fund resulted from a loan made for Legion Park improvements. The advance from the electric fund reported in the general fund, street fund, lighting districts fund, library fund, natural resources fund, water fund, sewer fund, sanitation fund, golf fund, safety services fund, parking fund, swim pools fund, recreation fund, public works admin fund, and facility services fund resulted from an interfund liability. In prior years, this liability had been recorded as an interfund utility deposit. The reclassification from long term interfund utility deposit to long term advances to/from other funds reflects the purpose and use of the advance. There is no effect from the reclassification since the original and reclassified accounting both reside in the long term liability category. The advance from the central garage fund reported in the street fund resulted from a loan made for infrastructure improvements for the medical technology park. The advance from the central garage fund reported in the parking fund resulted from a loan made for construction of a parking ramp. Advances to all funds are being repaid to the respective funds in annual installments including interest.

Interfund loans receivable/payable at June 30, 2008, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund - Central Garage	General	\$ 17,449
	Nonmajor enterprise fund - Parking	734,420
Total		<u>\$ 751,869</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

4. Interfund Receivables, Payables, and Transfers – continued

Advances to/from other funds at June 30, 2008, consists of the following:

Receivable Fund	Payable Fund	Amount
General	Electric	\$ 100,000
General		59,696
Street		16,507
Nonmajor governmental funds		
Lighting districts	\$ 577,514	
Library	19,382	
Natural resources	155	
Sub total nonmajor governmental funds		597,051
Water		300,477
Sewer		278,802
Sanitation		3,219
Golf		39,915
Nonmajor enterprise funds		
Safety services	3,483	
Parking	20,581	
Swim pools	21,054	
Recreation	10,770	
Sub total nonmajor enterprise funds		55,888
Internal service funds		
Public works admin	17,645	
Facility services	30,800	
Sub total internal service funds		48,445
Internal service fund - Central Garage	General	355,504
	Street	477,669
	Nonmajor enterprise fund - Parking	734,420
Total		\$ 3,067,593
Less current portion		(751,869)
Total due in more than one year		\$ 2,315,724

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. For example, property taxes are properly recorded as revenues in the general fund. However, part of the property taxes revenue is then transferred to the library fund as general support. Recurring transfers are authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. Health insurance transfers are the result of the City being a self-funded health insurance plan. The Health & Benefit fund was in a deficit situation. To help cover this deficit, a six year recovery plan was put in place. All funds with personal costs transferred a corresponding percentage of the deficit. Due to the improved financial condition of the Health and Benefit fund the sixth and final transfer scheduled for Fiscal Year 2009 has been indefinitely postponed.

Transfers to/from other funds for the year ended June 30, 2008, consists of the following:

Recipient Fund	Amount	Purpose
General	\$ 260,020	Transfer from nonmajor governmental fund - tax increment bond to general fund for distribution of tax increment surplus.
Nonmajor Governmental Funds		
Planning	143,564	Transfer from general fund to planning for operation support.
CTEP Projects	11,300	Transfer from internal service fund - facility services to CTEP projects for grant match for Civic Center Restoration.
Support and Innovation	260,879	Transfer from general fund to support and innovation for recurring transfers for City-County Health [\$250,000], City Band [\$4,500], City Education Program and administration charges [\$3,879].

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

4. Interfund Receivables, Payables, and Transfers – continued

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Library	775,167	Transfers from general fund to library for tax support [\$765,368], recurring transfer for Great Falls Art Council [\$8,799], and Civic Discourse Conference [\$1,000].
Park Special Revenue	210,861	Transfer from general fund to park special revenue for Riverfest [\$25,000]. Transfer from nonmajor governmental fund - general capital projects to park special revenue for sale of Sand Hills Park [\$185,861]
Natural Resources	265,982	Transfer from general fund to natural resources for natural resource
Community Development	1,500	Transfer from nonmajor governmental fund - park special revenue to community development for Neighborhood Council park improvement.
Economic Revolving	125,000	Transfer from nonmajor governmental fund - tax increment fund to economic revolving for economic development purposes.
Improvement District Revolving	3,864	Transfer from sub funds to improvement district revolving for close of SID 1285.
General Capital Projects	644,468	Transfer from nonmajor governmental fund - tax increment fund to general capital projects for resurface tennis courts [\$12,000], play structures [\$22,000], fire station #2 roof [\$70,000], Eagle Falls roof [\$28,000], neighborhood pools roofs [\$21,000], Jaycee pool parking area [\$25,000], and recreation center electrical [\$14,500]. Transfer from nonmajor governmental fund - tax increment bond to general capital projects for police parking lot [\$75,000], police windows [\$25,000], court carpet and paint [\$13,000], convention center [\$40,000], and natatorium parking lot [\$65,000]. Transfer from nonmajor governmental fund - park special revenue to general capital projects splash parks [\$185,861]. Transfer from general fund to general capital projects for RecTrac implementation [\$43,512]. Transfer from nonmajor governmental fund - CTEP projects to general capital projects for close of projects [\$4,595].
Improvement District Projects	155,000	Transfer from nonmajor governmental fund - improvement district revolving to improvement district projects for Sunnyside improvements.
Sidewalk Hazard Removal	684	Transfer from nonmajor governmental fund - hazard removal to sidewalk hazard removal for close of fund.
	<u>2,598,269</u>	Subtotal of nonmajor governmental funds
Water	374,970	Transfer from nonmajor governmental fund - tax increment to water for ice rink infrastructure [\$82,500]. Transfer from general fund to water fund for sale of land and right of ways [\$292,470].
Sewer	67,500	Transfer from nonmajor governmental fund - tax increment to sewer for ice rink infrastructure.
Golf Course	81,225	Transfer from general fund to golf course fund for recurring transfer [\$75,000]. Transfer from nonmajor business fund - recreation to golf course fund for recurring transfer [\$4,600]. Transfer from internal service fund - central garage to golf course for asset reclass [\$1,625].
Nonmajor Business Funds		
Safety Services	271,216	Transfer from nonmajor governmental fund - 911 special revenue fund to safety services for dispatch services.
Parking	800,000	Transfer from nonmajor governmental fund - tax increment bond to parking for parking garage.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

4. Interfund Receivables, Payables, and Transfers – continued

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Swim Pools	566,504	Transfer from general fund to swim pools for operations support [\$398,569]. Transfer from nonmajor governmental fund - tax increment to swim pools for debt service [\$167,935].
Recreation	215,438	Transfer from general fund to recreation for operation support.
Multi-Sports	30,027	Transfer from general fund to multi-sports for operation support [\$5,000]. Transfer from nonmajor business fund - recreation to multi-sports for creation of fund [\$25,027].
Civic Center Events	216,352	Transfer from general fund to civic center events for operation support.
	<u>5,222,185</u>	Subtotal of Nonmajor Business Funds
Internal Service Funds		
Health & Benefits	350,000	Transfer from general fund [\$154,796], street fund [\$20,642], community development block grant [\$1,931], nonmajor governmental funds - planning [\$6,330], library [\$13,450], natural resources [\$4,747], housing authority [\$14,637], home grant [\$316], community development [\$1,851], permits [\$7,754], and licenses [\$823]; water fund [\$24,100], sewer fund [\$8,181], storm drain [\$158], sanitation [\$14,510], golf courses [\$5,317], nonmajor business funds - safety services [\$14,503], parking [\$665], swim pools [\$2,049], recreation [\$1,029], and civic center events [\$2,326], internal service funds - administrative services [\$3,212], central communications [\$1,028], insurance & safety [\$831], fiscal services [\$14,067], information tech [\$6,883], central garage [\$8,039], engineering [\$10,286], public works admin [\$2,374], and facility services [\$3,165].
Information Tech	35,292	Transfer from general fund to information tech for mapping tech position [\$10,896]. Transfer from nonmajor governmental fund - 911 special revenue to information tech for mapping tech position [\$10,896]. Transfer from nonmajor governmental fund - police special revenue to information tech for sale of asset [\$13,500].
Engineering	<u>162,710</u>	Transfer from general fund to engineering for operation support.
	<u>548,002</u>	Subtotal of Internal Service Funds
Total	<u><u>\$6,029,523</u></u>	

5. Due From Other Governments

Amounts due from other governments at June 30, 2008, were as follows:

	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Other</u>	<u>Total</u>
General fund	\$ 5,952	\$ -	\$ -	\$ 3,563	\$ 9,515
Community development block grant fund	51,315	-	-	-	51,315
Nonmajor governmental funds					
Planning	45,743	1,375	-	-	47,118
Safety Services	17,314	-	-	-	17,314
Library	8,113	-	2,975	-	11,088
Natural Resources	13,730	-	-	-	13,730
Housing Authority	-	-	-	42,343	42,343
Home Grant	54,974	-	-	-	54,974
Subtotal nonmajor governmental funds	<u>139,874</u>	<u>1,375</u>	<u>2,975</u>	<u>42,343</u>	<u>186,567</u>
Water fund	46,265	11,566	-	-	57,831
Totals	<u><u>\$ 243,406</u></u>	<u><u>\$ 12,941</u></u>	<u><u>\$ 2,975</u></u>	<u><u>\$ 45,906</u></u>	<u><u>\$ 305,228</u></u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2008, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 10,197,099	\$ -	\$ (31,341)	\$ 10,165,758
Construction in Progress	876,854	594,677	(876,854)	594,677
	<u>11,073,953</u>	<u>594,677</u>	<u>(908,195)</u>	<u>10,760,435</u>
Capital assets, being depreciated:				
Buildings	13,463,465	132,559	(588)	13,595,436
Improvements	31,084,465	3,428,049	(474,064)	34,038,450
Machinery and equipment	18,884,157	972,263	(1,147,808)	18,708,612
Infrastructure	69,644,711	1,177,886	-	70,822,597
	<u>133,076,798</u>	<u>5,710,757</u>	<u>(1,622,460)</u>	<u>137,165,095</u>
Less accumulated depreciation for:				
Buildings	(5,494,998)	(326,089)	-	(5,821,087)
Improvements	(13,337,628)	(1,146,693)	456,695	(14,027,626)
Machinery and equipment	(13,977,050)	(991,949)	1,121,692	(13,847,307)
Infrastructure	(38,514,066)	(644,526)	-	(39,158,592)
	<u>(71,323,387)</u>	<u>(3,109,257)</u>	<u>1,578,387</u>	<u>(72,854,612)</u>
Total capital assets, being depreciated, net	<u>61,753,411</u>	<u>2,601,500</u>	<u>(44,073)</u>	<u>64,310,483</u>
Governmental activities capital assets, net	<u>\$ 72,827,364</u>	<u>\$ 3,196,177</u>	<u>\$ (952,268)</u>	<u>\$ 75,070,918</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 3,982,013	\$ 6,500	\$ -	\$ 3,988,513
Construction in Progress	8,877,927	3,603,999	(5,689,544)	6,792,382
	<u>12,859,940</u>	<u>3,610,499</u>	<u>(5,689,544)</u>	<u>10,780,895</u>
Capital assets, being depreciated:				
Buildings	30,379,233	56,835	-	30,436,068
Improvements	76,621,039	16,201	(58,532)	76,578,708
Machinery and equipment	12,588,194	950,330	(1,385,326)	12,153,198
Infrastructure	65,022,795	8,778,758	(136,012)	73,665,541
	<u>184,611,261</u>	<u>9,802,124</u>	<u>(1,579,870)</u>	<u>192,833,515</u>
Less accumulated depreciation for:				
Buildings	(15,142,426)	(608,258)	-	(15,750,684)
Improvements	(17,861,990)	(3,655,758)	55,882	(21,461,866)
Machinery and equipment	(9,699,196)	(626,911)	1,339,357	(8,986,750)
Infrastructure	(35,192,179)	(1,337,837)	136,012	(36,394,004)
	<u>(77,895,791)</u>	<u>(6,228,764)</u>	<u>1,531,251</u>	<u>(82,593,304)</u>
Total capital assets, being depreciated, net	<u>106,715,470</u>	<u>3,573,360</u>	<u>(48,619)</u>	<u>110,240,211</u>
Business-type activities capital assets, net	<u>\$ 119,575,410</u>	<u>\$ 7,183,859</u>	<u>\$ (5,738,163)</u>	<u>\$ 121,021,106</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

6. Capital Assets - continued

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

Governmental activities

General government	\$ 392,652
Public safety	215,181
Public works	1,468,035
Culture and recreation	621,842
Housing and development	411,547
Total governmental activities	\$ 3,109,257

Business-type activities

Water	\$ 2,559,465
Sewer	1,830,452
Storm drain	732,964
Sanitation	311,838
Golf courses	323,748
Port authority	79,970
Other	390,327
Total business-type activities	\$ 6,228,764

Discretely Presented Component Unit

Capital assets activity for the Business Improvement District for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 556,744	\$ -	\$ -	\$ 556,744
Equipment	36,095	-	-	36,095
	592,839	-	-	592,839
Less accumulated depreciation for:				
Buildings and improvements	(65,948)	-	-	(65,948)
Equipment	(19,213)	(18,145)	-	(37,358)
	(85,161)	(18,145)	-	(103,306)
Total capital assets, being depreciated, net Business Improvement District capital assets, net	\$ 507,678	\$ (18,145)	\$ -	\$ 489,533

7. Capital Lease Obligations

Nonmajor Enterprise

In April 2000, the City entered into a capital lease with Wells Fargo Brokerage Services, LLC, to finance the purchase of a computerized ticketing system. The lease term is for ten years and calls for annual payments of \$13,858 beginning on April 1, 2000. 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 had originally been recorded in the Fairgrounds enterprise fund but had been sold to the Civic Center Events enterprise fund during the year ended June 30, 2004.

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 Swim Pools enterprise fund.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

7. Capital Lease Obligations – continued

Nonmajor Enterprise – continued

The following is an analysis of the property under capital lease as of June 30, 2008:

	<u>Nonmajor Enterprise</u>
Property and equipment	\$ 71,878
Improvements	1,503,530
Less accumulated depreciation	<u>(478,342)</u>
Net leased property	<u><u>\$ 1,097,066</u></u>

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, 2008:

<u>Year Ending June 30</u>	<u>Nonmajor Enterprise</u>
2009	\$ 181,793
2010	181,794
2011	167,935
2012	167,935
2013	167,935
2014-2016	<u>503,805</u>
Total lease payments	1,371,197
Less amount representing interest	<u>(329,403)</u>
Present value of future minimum lease payments	<u><u>\$ 1,041,794</u></u>

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, 2008, were as follows:

Governmental activities	\$ 3,145,021
Business-type activities	<u>525,450</u>
Total	<u><u>\$ 3,670,471</u></u>

Loans and Contracts Payable

The City Commission adopted Resolution No. 9512 on September 6, 2005, authorizing 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 adopted Resolution No. 9527 on November 1, 2005, authorizing 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 adopted Resolution No. 9572 on August 1, 2006, authorizing 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

Loans and Contracts Payable – continued

The City Commission adopted Resolution No. 9712 on November 20, 2007, authorizing the borrowing of \$46,600 in Inter-cap 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 adopted Resolution No. 9720 on December 18, 2007, authorizing the borrowing of \$29,900 in Inter-cap 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 rates for these Inter-cap 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. The interest calculations are projected based on the current interest rate charged of 4.25%.

Annual debt service requirements to maturity for the Inter-cap loans are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 6,274	\$ 5,330	\$ 11,605
2010	7,118	5,093	12,210
2011	7,454	4,787	12,241
2012	7,807	4,466	12,273
2013	8,176	4,131	12,307
2014-2018	47,066	15,036	62,102
2019-2023	42,861	4,377	47,239
2024	1,119	24	1,143
Totals	\$ 127,875	\$ 43,244	\$ 171,120

Loans and Contracts Payable – Economic Development Loan

On August 17, 2004, the City Commission approved an amendment to the Scope of Work of the Operation and Maintenance contract with Veolia Water North America Operating Services. This amendment served several purposes, one of which was to renew the Community Investment provision of the original contract resulting in a \$200,000 loan and a \$200,000 grant package for a combined \$400,000 Community Investment package. The \$200,000 loan was used for the purchase of economic development property. The first payment on the loan was April 1, 2006, and the final payment is due no later than April 1, 2015, at an interest rate of 4.15%.

Annual debt service requirements to maturity for the Economic Development loan are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 18,990	\$ 6,893	\$ 25,883
2010	19,961	5,921	25,882
2011	107,529	13,255	120,784
Totals	\$ 146,480	\$ 26,069	\$ 172,549

Notes Payable

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. 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, 2008

8. Long-Term Debt – continued

Notes Payable – continued

The Great Falls Port Authority on November 30, 2007, authorized the borrowing of \$4,763,794 from the Board of Investments of the State of Montana for the purpose of financing infrastructure improvements 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.

The City Commission adopted Resolution No. 9534 on December 6, 2005, authorizing the borrowing of \$1,500,000 from First Interstate Bank in a taxable non-voted general fund obligation note by the electric fund for the purpose of preliminary design, engineering, feasibility and environmental review costs related to the construction of HGS. The term of the note is twenty (20) years with a maximum interest rate of 7.21%.

This rate is adjusted on each fifth year anniversary date of the closing of the note. The interest rate varies equal to the constant rate of the Five Year US Treasury Index as reported in the Wall Street Journal on the adjustment date. It is intended the debt will either be repaid at the time construction financing is acquired, or from operating funds of the electric utility, with a pledge from the General fund as backup security for the debt obligation.

	Start Date	Interest Rate	Term (Years)	Maturity Date	Loan Issued	Balance June 30, 2008
Port Authority Improvements	03-02-2005	4.00%	20	10-01-2025	\$1,075,000	\$ 976,198
Port Authority Improvements	11-30-2007	4.43%	18 ¼	09-30-2025	1,250,000	4,675,868
Electric Improvements	12-15-2005	6.79%	20	01-01-2026	1,500,000	1,477,818
Total						<u>\$ 7,129,884</u>

Annual debt service is as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2009	\$ 269,473	\$ 341,130	\$ 610,603
2010	282,848	328,010	610,858
2011	296,631	314,240	610,871
2012	310,383	310,474	620,858
2013	326,286	284,571	610,858
2014-2018	1,887,514	1,166,773	3,054,288
2019-2023	2,403,013	651,275	3,054,288
2024-2026	1,353,736	87,852	1,441,588
Totals	<u>\$ 7,129,884</u>	<u>\$ 3,484,326</u>	<u>\$ 10,614,210</u>

General Obligation Bonds

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 has partnered with the City to finance and construct the Seibel Soccer Park beginning in the spring of 2004.

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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

General Obligation Bonds – continued

General Obligation bonds outstanding at June 30, 2008, 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, 2008</u>
Series 2004	06-15-2004	3.75 - 4.65%	20	07-01-2024	\$ 2,500,000	\$ 2,145,000
Series 2007	05-15-2007	5.50 - 3.80%	10	07-01-2017	\$ 2,270,000	2,114,037
Total						<u>\$ 4,259,037</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 297,672	\$ 179,918	\$ 477,589
2010	307,422	165,443	472,865
2011	322,216	151,443	473,659
2012	336,924	136,755	473,679
2013	351,619	122,505	474,124
2014-2018	1,678,184	400,183	2,078,367
2019-2023	785,000	150,628	935,628
2024	180,000	8,370	188,370
Totals	<u>\$ 4,259,037</u>	<u>\$ 1,315,243</u>	<u>\$ 5,574,279</u>

Additional Covenant Requirements: Annual information to be provided while the Series 2004 G/O Bonds and the Series 2007 G/O Bonds are outstanding includes audited financial statements, accompanied by the audit report and opinion of the accountant as required by the laws of the State of Montana. Additional information is provided in the statistical section of the annual report regarding property values, city indebtedness and city tax rates, levies, and collections.

Urban Renewal Tax Increment Bonds Payable

The City has issued tax increment urban renewal bonds to provide funds for various projects within the urban renewal area. The bonds are being repaid from the tax increments received by the City from its downtown urban renewal area.

Tax increment bonds outstanding at June 30, 2008, 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, 2008</u>
Series 1998A	03-15-1998	3.90 - 4.70%	11	08-15-2009	\$ 1,150,000	\$ 1,716,538
Series 1998B	03-15-1998	4.20 - 5.05%	11	08-15-2009	875,000	\$ 255,000
Series 2002	11-15-2002	2.45 - 3.25%	7	08-15-2009	5,685,000	\$ 195,000
Total						<u>\$ 2,166,538</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

Urban Renewal Tax Increment Bond Covenants – continued

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,062,412	\$ 57,554	\$ 1,119,966
2010	1,104,126	19,799	1,123,925
Totals	<u>\$ 2,166,538</u>	<u>\$ 77,353</u>	<u>\$ 2,243,891</u>

The City issued the Urban Renewal Tax Increment refunding bonds pursuant to Resolution No. 9268 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, 2008, the City was in compliance with all significant provisions and covenants.

Shown below are the parity and subordinate bond reserves of the Urban Renewal Tax Increment Fund and the calculation of the coverage covenant.

	Parity	Subordinate
<u>Bond reserves</u>		
Operating/development account	\$ 561,277	N/A
Debt service account	873,391	\$ 86,800
Reserve account	683,500	87,500
	<u>\$ 2,118,168</u>	<u>\$ 174,300</u>
<u>Coverage covenant calculation</u>		
Increment taxes collected and available	\$ 2,456,267	inc
Maximum annual debt service	\$ 1,021,400	\$ 102,525
Debt service coverage	2.03x	-
Debt service coverage required	1.25x	-

Additional Covenant Requirements: Resolution No. 9268 requires information in addition to the operating results already provided within the Financial Section to be presented annually. The resolution 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, and the incremental taxable value of property within the Urban Renewal Area. Historical tax levy figures and tax increment collection figures through the most recently completed fiscal year are also presented.

Special Assessment Debt

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 is not adequate 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 with governmental commitment." 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, 2008

8. Long-Term Debt – continued

Special Assessment Debt – continued

Special assessment bonds outstanding at June 30, 2008, 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, 2008</u>
1268	08-01-1995	4.00 - 5.30%	15	08-01-2010	\$ 858,000	\$ 90,000
1275	10-30-1997	4.10 - 5.25%	15	08-01-2013	547,000	115,000
1266	10-15-1993	3.50 - 6.40%	20	07-01-2013	636,000	20,000
1301	05-15-2005	3.50 - 5.00%	15	08-01-2020	630,000	540,000
Total						<u>\$ 765,000</u>

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.

Special Improvement District No. 1275 and Special Improvement District No. 1301 Bond statements require additional information to be presented by the City, but do not require that information to be audited. As a result, 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 is presented in the Statistical Section of the City's Comprehensive Annual Financial Report for the year ended June 30, 2008.

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, 2008, 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, 2008</u>
Water	12-21-2000	4.00%	20	01-01-2021	\$ 3,000,000	\$ 2,139,000
Water	05-15-2002	4.15%	10	02-01-2013	8,030,000	4,117,130
Water	05-01-2008	4.25%	20	07-01-2028	57,832	57,832
Sewer	05-15-2002	4.15%	10	08-01-2012	6,470,000	3,444,727
Sewer	05-15-2002	4.00%	20	01-01-2022	12,100,000	8,472,000
Sewer	02-01-2005	3.00 - 4.15%	20	08-01-2024	5,005,000	4,491,590
Storm Drain	07-24-2003	4.20 - 7.00%	10	01-01-2014	1,950,000	1,163,892
Storm Drain	04-06-2004	3.75%	20	01-01-2024	4,400,000	3,665,000
Golf Course	03-01-1998	4.20 - 5.38%	18	09-01-2015	1,950,000	1,121,732
Golf Course	04-01-1999	4.15 - 5.50%	20	09-01-2019	590,000	420,000
Total						<u>\$ 29,092,903</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

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	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,537,235	\$ 1,058,275	\$ 3,595,510
2010	2,758,832	959,243	3,718,075
2011	2,803,000	859,636	3,662,636
2012	2,919,000	742,446	3,661,446
2013	3,013,189	624,176	3,637,365
2014-2018	7,967,013	2,043,042	10,010,055
2019-2023	6,236,000	661,214	6,897,214
2024-2028	858,634	32,264	890,898
Totals	<u>\$ 29,092,903</u>	<u>\$ 6,980,294</u>	<u>\$ 36,073,197</u>

Water Bond Covenants

Resolution No. 9216 authorized the issuance of separate series of water and sanitary sewerage system revenue refunding bonds to refund all outstanding water and sewerage system bonds.

The City issued the water system refunding bonds pursuant to Resolution No. 9226 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, 2008, 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, 2008.

<u>Bond Reserves</u>	
Operating account	\$ 437,403
Debt service account	779,335
Reserve account	<u>1,005,668</u>
	\$ 2,222,406
Vehicle repair and replacement account	<u>722,801</u>
	<u>\$ 2,945,207</u>
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 8,875,046
Operating expenses	<u>4,432,872</u>
Net revenues	<u>\$ 4,442,174</u>
Maximum annual debt service requirement	<u>\$ 1,319,066</u>
Percent coverage	<u>336.77%</u>
Percent coverage required	<u>125.00%</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

Water Bond Covenants – continued

Additional Covenant Requirements: Resolution No. 9226 requires additional information to be presented by the City, but does not require that information to be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City’s Comprehensive Annual Financial Report for the year ended June 30, 2008.

Sewer Bond Covenants

The City issued the sewer system refunding bonds pursuant to Resolution No. 9227 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, 2008, 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, 2008.

<u>Bond Reserves</u>	
Operating account	\$ 406,426
Debt service account	1,282,053
Reserve account	<u>1,925,965</u>
	\$ 3,614,444
Repair and replacement account	<u>781,670</u>
	<u>\$ 4,396,114</u>
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 7,924,062
Operating expenses	<u>4,679,931</u>
Net revenues	<u>\$ 3,244,131</u>
Maximum annual debt service requirement	<u>\$ 1,925,965</u>
Percent coverage	<u>168.44%</u>
Percent coverage required	<u>125.00%</u>

Additional Covenant Requirements: Resolution No. 9227 requires additional information to be presented by the City, but does not require that information to be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City’s Comprehensive Annual Financial Report for the year ended June 30, 2008.

Storm Drain Bond Covenants

Resolutions No. 9334 and 9360 authorized the issuance of Storm Drain Revenue bonds and include 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, 2008

8. Long-Term Debt – 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, 2008, 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, 2008.

Bond Reserves

Operating account	\$ 309,096
Debt service account	22,342
Reserve account	476,910

Repair and replacement account	\$ 808,348
	150,000

\$ 958,348

Coverage Covenant Calculation

Gross revenues	\$ 1,834,834
Operating expenses	306,245

Net revenues	\$ 1,528,589
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Maximum annual debt service requirement	\$ 475,710
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Percent coverage	321.33%
------------------	---------

Percent coverage required	125.00%
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Additional Covenant Requirements: Resolutions No. 9334 and 9360 require continuing information to be presented by the City. This includes audited financial statements for each fiscal year accompanied by the audit report and opinion of the independent accounting firm, as permitted by the laws of the State. Additional information is also required but it is not mandated that the information be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City's Comprehensive Annual Financial Report for the year ended June 30, 2008.

Golf Course Bond Covenants

At June 30, 2008, the City was not in compliance with the Rates and Charges Covenant set forth in Resolution No. 8931 and further modified through Resolution No. 9013. 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.

The City is required to prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce gross revenues in such amount, and do all things necessary to place such a schedule in operation at the earliest date. Accordingly, the City is planning to adopt new fees for the golf courses in 2009. A copy of the schedule of fees for the golf courses for fiscal year 2008 is included in the Statistical Section to the City's Comprehensive Annual Financial Report for the year ended June 30, 2008. The City Commission budgeted in fiscal year 2009 to transfer from the General Fund \$76,921 to assist in operations of the Golf Course Fund.

While the City golf course operations are experiencing many of the same declining net revenue trends in golf course operations as other courses throughout the nation. Staff continues to explore long-term solutions to the financial health of the municipal golf course fund.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

Golf Course Bond Covenants – continued

Shown below are the bond reserves of the Golf Course Fund and the calculation of the coverage covenant as of June 30, 2008.

<u>Bond Reserves</u>	
Reserve account	\$ 237,717
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 1,256,900
Operating expenses	972,931
	<hr/>
Net revenues	\$ 283,969
	<hr/>
Maximum annual debt service requirement	\$ 237,717
	<hr/>
Percent coverage	119.46%
	<hr/>
Percent coverage required	140.00%
	<hr/>

Additional Covenant Requirements: Resolution Nos. 8931 and 9013 require additional information to be presented by the City, but does not require that information to be audited. As a result, the additional information referred to in Resolution Nos. 8931 and 9013 under the captions “golf courses-season passes” “golf courses-season pass costs and green fees,” and “golf courses-historical operating results” is presented in the Statistical Section to the City’s Comprehensive Annual Financial Report for the year ended June 30, 2008. An additional column is added to the reports to reflect anticipated outcomes for the next fiscal year.

Capitalized Interest Expense

During the year ended June 30, 2008, 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 \$80,761, the sewer fund incurred a net of \$32,066, the storm drain fund incurred a net of \$28,784 and the electric fund incurred a net of \$101,595 in such capitalized interest expenses during the year ended June 30, 2008.

Other Liabilities

Other liabilities in the Electric Fund result from prepaid water charges from Southern in the amount of \$1,083,914. In prior years, this was reported as a current liability – account payable. The reclassification is to clarify the purpose of the original agreement. This liability occurs in conjunction with the intentional effort to mitigate unknown expenses incurred in this startup enterprise. It is anticipated that the liability will increase through fiscal year 2009 and will begin decreasing when HGS comes online and will be totally eliminated by fiscal year 2018.

Projected Year Ending June 30	Business-Type Activities		
	Additions	Deductions	Total
2008	\$ -	\$ -	\$ (1,083,914)
2009	205,000	-	(1,288,914)
2010	-	-	(1,288,914)
2011	-	-	(1,288,914)
2012	-	-	(1,288,914)
2013	-	245,323	(1,043,591)
2014-2018	-	1,226,615	183,024
	<hr/>	<hr/>	<hr/>
Totals	\$ 205,000	\$ 1,471,938	\$ 183,024
	<hr/>	<hr/>	<hr/>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

8. Long-Term Debt – continued

Other Liabilities – continued

The City became a member of Southern in fiscal year 2004. In fiscal year 2005, the City began supplying electricity to customers within the City. The first customer group included City, Housing Authority, School District, Airport Authority, Montana Air National Guard, and FedEx. Southern secured a five megawatt per hour block of power for the City at a cost of \$41.70 per megawatt hour. The 5 megawatt per hour block of power was the average energy demand of the customer base. Payment for this block of power is comprised of a cash component of \$36 per megawatt hour, and credit towards future water purchases necessary for the operation of the HGS in the amount of \$5.70 per megawatt hour. Any surplus or shortage of energy consumed related to this block of power is sold or purchased on the energy imbalance market and is also recorded as a prepaid water credit. The term of this block of power terminated June 30, 2008.

In the beginning, the City's energy customers and their previous electricity suppliers were able to provide only a very limited amount of information on actual energy demand at the hourly/daily/monthly/seasonal periods. In addition, the City and Southern were aware of the price volatility in the imbalance market that occurs throughout the year. Therefore, an agreement was reached between the City and Southern, in which a portion of the energy supply from the first block of power would be paid for at a future date when the HGS comes online and begins using raw water, supplied by the City, to generate electricity on behalf of all Southern members, including the City, Great Falls Public Schools, and Great Falls International Airport.

Changes in Long-Term Liabilities

During the year ended June 30, 2008, the following changes occurred in long-term liabilities:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 2,948,389	\$ 376,655	\$ (180,023)	\$ 3,145,021	\$ 155,849
Loans and contracts payable	257,416	41,559	(24,618)	274,357	25,264
General obligation bonds payable	4,526,927	-	(267,890)	4,259,037	297,672
Urban renewal tax increment bonds payable	3,197,288	-	(1,030,750)	2,166,538	1,062,412
Special assessment debt	875,000	-	(110,000)	765,000	150,000
Totals	<u>\$ 11,805,020</u>	<u>\$ 418,214</u>	<u>\$ (1,613,281)</u>	<u>\$ 10,609,953</u>	<u>\$ 1,691,197</u>
<u>Business-type activities</u>					
Compensated absences	\$ 520,354	\$ 60,284	\$ (55,188)	\$ 525,450	\$ 54,134
Capital leases	1,147,372	-	(105,578)	1,041,794	112,572
Notes payable	6,862,180	1,690,208	(1,422,504)	7,129,884	269,473
Revenue bonds payable	31,469,155	57,832	(2,434,084)	29,092,903	2,537,235
Other liabilities	937,904	146,010	-	1,083,914	-
Totals	<u>\$ 40,936,965</u>	<u>\$ 1,954,334</u>	<u>\$ (4,017,354)</u>	<u>\$ 38,873,945</u>	<u>\$ 2,973,414</u>

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, 2008, there was one series of Bonds outstanding, with an aggregate principal amount payable of \$5,500,000. The total of the original issue amount of the outstanding bonds was \$5,500,000.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

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 Public Employees Retirement Division (PERD). Contributions to the three plans are as required by State statute. Fiscal year 2008 and 2007 required employer contributions were \$2,207,267 and \$2,053,439, 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, P.O. 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 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, 2008, 2007, and 2006, were \$1,008,032, \$930,145, and \$856,016, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 6.9% of monthly compensation. The City is also required to contribute 6.935% of members' compensation. The State is required to contribute 0.1% of members' compensation.

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. The normal retirement benefit, payable monthly for life, is the following formulas:

- a. $1/56 \times \text{Years of Service} \times \text{Highest Average Compensation (HAC)}$, for less than 25 years membership service, or
- b. $1/50 \times \text{Years of Service} \times \text{Highest Average Compensation (HAC)}$, for more than 25 years membership service (HAC is the member's average of your highest consecutive 36 months of salary).

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, 2008, was 361.

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, 2008, 2007, and 2006, were \$525,351, \$499,497, and \$429,351, 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.

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, 2008, was 65.

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, 2008, 2007, and 2006 were \$673,854, \$623,797, and \$586,893 respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 5.8% of monthly compensation for members hired on or before June 30, 1975, and have not elected to be covered under the guaranteed annual benefit adjustment (GABA); 7.0% of monthly compensation for members hired after June 30, 1975, and prior to July 1, 1979; 8.5% of monthly

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

9. Employee Benefit Plans – continued

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.

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, 2008, was 82.

Funding Policy

	<u>PERS</u>	<u>FURS</u>	<u>MPORS</u>
Authority to establish and amend contribution rates to the plan:	State Legislature	State Legislature	State Legislature
Required plan member contributions:	6.9% of monthly compensation	9.5% and 10.7% of monthly compensation	5.8% ¹ , 7.0% ² , 8.5% ³ , 9.0% ⁴ of monthly compensation
			¹ for members hired on or before June 30, 1975, not electing Guaranteed Annual Benefit Adjustment (GABA) ² for members hired after June 30, 1975, and prior to July 1, 1979 ³ for members hired after June 30, 1979 and prior to July 1, 1997 ⁴ for members electing GABA; and those hired on or after July 1, 1997
Required employer contributions:	6.935% of monthly compensation	14.36% of monthly compensation	14.41% of monthly compensation
Required state contributions:	0.1% of monthly compensation	32.61% of monthly compensation	29.37% of monthly compensation
Required employer contributions received and % of required amount:			
June 30, 2008	\$ 1,008,032 100%	\$ 525,381 100%	\$ 673,854 100%
June 30, 2007	\$ 930,145 100%	\$ 499,497 100%	\$ 623,797 100%
June 30, 2006	\$ 856,016 100%	\$ 429,351 100%	\$ 586,893 100%

10. Post-Employment Benefits Other Than Pensions

The City allows its retired employees to continue their health care insurance coverage through the City's group health plan until death. The City also allows terminated employees to continue their health care coverage for 18 months past the date of termination. The City does not make any contributions towards the cost of retiree or terminated employee health care benefits.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

11. Construction Commitments

The City has entered into contracts for the design, construction or renovation of various facilities at June 30, 2008, some of which are as follows:

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
CTEP Library Landscape	15,134	90,539	June 2009
1488 4 th Ave NW E 3 rd St	44,044	77,026	June 2009
WWTP Roof Replacement	10,857	223,143	June 2009
BNRR/River Drive	15,818	705,480	December 2009
Westbank Storm Improvements	34,366	70,784	June 2009
9 th St NE Storm Drain	166,418	52,804	December 2008
Great Falls Ice Facility	411,352	10,000	December 2008
2 nd Ave N Water	330,191	295,682	June 2009
Sunnyside Water Pressure	1,103,204	70,001	June 2009
Sunnyside Main Replacement	625,300	134,700	June 2009
7 th and 8 th Ave S Phase 1	55,551	744,449	December 2009
Sunnyside East	10,992	600,061	December 2009
Lift Station	235,893	376,607	June 2009
Great Falls North Sanitary & Storm Drain	18,520	77,775	June 2009
Sanitary Sewer Phase 12	74,544	165,456	June 2009
Grande Vista 2	11	219,989	June 2009

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, 2008, were not significant.

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, 2008, were not significant.

13. Contracted Services

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

Fire Districts

The City of Great Falls Fire Rescue provides fire protection for 16 rural fire districts. The agreement is renewable annually and runs from July 1 to June 30.

Bulk Water Service

The City and Cascade County entered into an interlocal agreement for the City to provide bulk water service to Cascade County residents. The term of this agreement is for the period of fifteen (15) years from July 1, 1995, through June 20, 2010. The City will supply bulk water and storm drain service to the three (3) dispensing station sites located within the boundaries of the City of Great Falls.

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 City/County Library. The County assesses a rural mill levy for the purpose of making contributions to the City/County Library operating costs.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

13. Contracted Services – continued

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 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:

Electric City Power

Electric City Power (ECP) is licensed through the Public Service Commission to supply electricity. The City has contracted with Southern for its energy supply contracts necessary to serve the City's electric utility customers.

On September 21, 2004, the City Commission approved a Wholesale Power Purchase Contract with Southern. The purpose of the contract was to allow the City to provide enough electricity to supply the City's needs, and the needs of ECP customers which are comprised of Great Falls Public Schools, Veolia Water North America, Great Falls Housing Authority, Montana Refining Company Pilot Program, Barretts Minerals, Federal Express, Montana Air National Guard, Great Falls Airport Authority, Benefis Healthcare, Meadow Gold Dairies, General Mills, Pacific Steel and Recycling, Davidson Investment Partnership, D A Davidson and Company, McLaughlin Research Institute, Lumber Yard Supply Company, and Southern Foods Group.

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 APCOA for operation of all the City's parking facilities and for enforcement of parking violations. The contract runs through December 31, 2010, with an option for the City to renew for an additional three years.

Soccer Park

"The Seibel Soccer Park" was built and is owned by the City, but is operated and maintained by the Great Falls Soccer Foundation. All costs of operating the park will be paid from an endowment fund or through revenues collected from use of the facility.

Solid Waste

The City has contracted with Montana Waste Systems, currently operating a private landfill for landfill privileges since 1991. The current contract was initially approved March 19, 2002 with a five-year term with two five-year renewal options.

Wastewater Treatment Plant

The City's wastewater treatment plant is operated by Veolia Water North America Operating Services since 1977. The current contract was renewed in fiscal year 2004 and expires in March 2015.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

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 these matters will not have a material adverse effect on the financial condition of the City. Accordingly, no provision has been made in the financial statements for these contingent liabilities except the provisions listed below.

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 \$98,697 was placed in the General Capital Projects fund.

On July 17, 2007 the City Commission approved a security agreement in the amount of \$1,400,000 on behalf of Electric City Power customers for Southern purchases of energy. It is a standard industry practice to require some form of security equal to two months of energy supply costs. Certificates of deposit will be held in the name of the city by a third party banking institution. The terms of the security agreement authorize the use of funds in the event payment is not made in accordance with the terms of the energy supply contracts entered into by Southern on behalf of ECP customers. The certificates of deposit are part of the City's pooled cash and investments. Interest earnings on the certificates of deposit accrue to the City. There has never been a draw exercised against these funds. All ECP customers are current in payments to ECP. ECP is current in payments to Southern. Southern is current in payments to the energy supplier.

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. Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. The City participates in three state-wide public risk pools operated by the Montana Municipal Insurance Authority, for workers' compensation, tort liability coverage, and property coverage. In 2006/2007 the Montana Municipal Insurance Authority added pollution coverage at no additional cost to the members. Employee medical insurance is provided through a privately administered, self-insured plan.

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 Montana Municipal Insurance Authority which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments. The 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 an annual premium for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums. The 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 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.

The City provides medical insurance coverage for its employees via a self-insured plan administered by Blue Cross/Blue Shield. It provides medical, dental and vision benefits and it is operated as an internal service fund, the Health and Benefits Fund. Rates are determined in consultation with Blue Cross/Blue Shield based on past claim experience. The rates include a premium for a commercial "stop-loss" policy for when any one claimant exceeds \$150,000 in covered charges during a year or when claims, in total, exceed the 115% aggregate portion. In December 2007, the aggregate portion of the stop loss for when claims exceed the 115% amount was discontinued.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2008

15. Risk Management – continued

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, 2008, the amount of these claims was \$579,147.

Changes in the claims payable amount during fiscal years 2008 and 2007 are as follows:

	Claims Payable Beginning of Fiscal Year	Claims Incurred	Claims Paid	Claims Payable End of Fiscal Year
2007/2008	\$ 620,336	\$ 3,697,926	\$ (3,739,115)	\$ 579,147
2006/2007	\$ 529,613	\$ 4,022,817	\$ (3,932,094)	\$ 620,336

The cash available to pay claims at June 30, 2008, was \$1,543,125.

16. Net Assets

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

Invested in capital assets, net of related debt

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

Restricted net assets

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 assets

This category represents the net assets 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, 2008, reservations of fund balance are described below:

Special Revenue Funds		
Library		
Designated for improvements	\$	115,580
Park Special Revenue		
Designated for parkland		294,058
Fiduciary Funds		
Designated for Castle Pines		112,860
Total	\$	522,498

17. Deficit Fund Balances and Net Assets

The Historic Bridge special revenue fund has a fund balance deficit of \$25,160. The short-term deficit is due to construction costs of preservation of the 10th Street Bridge not yet being reimbursed from Preservation Cascade to the City.

The West Bank Urban Renewal special revenue fund has a fund balance deficit of \$44,426. This fund is used to account for fund operations for the West Bank Park Urban Renewal District. The fund is new and revenue has not been received yet to cover expenses.

City of Great Falls, Montana
Notes to Financial Statements (Concluded)
June 30, 2008

17. Deficit Fund Balances and Net Assets – continued

The Swim Pool Rehab Bond debt service fund has a fund balance deficit of \$16,099. 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. The fund has taxes receivable in the amount of \$33,716 which will cover the fund deficit when the taxes are received.

The Street Lighting Construction capital projects fund has a fund balance deficit of \$28,726. This fund is used to account for financing the installation of city owned lighting district improvements. The improvements are financed by reimbursement loans from Montana Board of Investments. The timing of the reimbursement requests resulted in the deficit.

The Administrative Services internal service fund has a net asset deficit of \$23,764. Charges for services for this fund have been adjusted in fiscal year 2009 to cover the deficit.

The Electric enterprise fund has a net asset deficit of \$1,099,622 and an unrestricted net asset deficit of \$1,495,701. This is due to the long-term liability for electricity (prepaid water) from Southern in the amount of \$1,083,914 and the direct expensing of financing costs incurred in anticipation of debt to be issued by the City to participate in construction of HGS. Prior to February 2008, ECP sought financing separate from the Rural Utility Service. In February of 2008, a decision was made by all members of Southern to pursue consolidated financing options for HGS within Southern. ECP is no longer seeking separate financing. Therefore, previously deferred financing costs incurred in pursuit of the separate financing are now expensed in the current period, \$356,257. This occurs in conjunction with the intentional effort to mitigate unknown expenses incurred in this startup enterprise. It is anticipated that the long-term liability will increase through fiscal year 2009 and will begin decreasing when the plant comes online and will be totally eliminated by fiscal year 2018.

Long term energy supply contracts were entered into in anticipation of an expanding customer base. In 2007, Montana legislative actions placed limitations on ECP's ability to sign new customers resulting in surplus energy supplies in excess of customer needs in the short term.

City of Great Falls Ordinance 2925, An Ordinance amending Title 5, Chapter 20, OCCGF, Authorizing and Approving the Creation of Electric City Power, Inc. Pursuant to the Montana Nonprofit Corporation Act in order to Secure and Provide reliable and economic supplies of Electricity for the City of Great Falls, its Residents and Other Consumers, was passed by the Commission November 1, 2005. Section 5.20.070 Rates. states "Such rates and charges shall be designed to enable the Corporation to operate on a self-sufficient and self-sustaining basis and to produce revenues at all times sufficient to pay all operating, maintenance, debt service, repair and replacement costs of the Corporation and to provide reserves necessary or desirable for working capital, capital improvements and replacements and rate stabilization purposes." Future rate increases for electricity customers are provided in the customer service contracts. Increased rates paid by customers along with proposed rate decreases offered by Southern, pending commission approval, will cause the deficit balance to decline and be eliminated over time.



**Required Supplementary Information Other Than Management
Discussion and Analysis**

City of Great Falls, Montana
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Taxes	\$ 11,072,202	\$ 11,072,202	\$ 11,028,185	\$ (44,017)
Licenses and permits	638,044	676,638	713,819	37,181
Intergovernmental	6,073,062	6,617,057	6,155,898	(461,159)
Charges for services	931,932	1,029,638	983,364	(46,274)
Fines and forfeitures	1,481,600	1,481,600	1,420,090	(61,510)
Internal services	836,102	836,102	841,276	5,174
Investment income	75,000	75,000	51,555	(23,445)
Other	296,575	298,753	32,417	(266,336)
	<u>21,404,517</u>	<u>22,086,990</u>	<u>21,226,604</u>	<u>(860,386)</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	1,483,001	1,608,647	1,316,754	291,893
Operations and maintenance	1,059,520	1,136,776	1,214,256	(77,480)
Public safety				
Personal service	11,485,892	12,017,857	11,623,563	394,294
Operation and maintenance	2,895,055	3,413,329	3,185,041	228,288
Culture and recreation				
Personal services	1,245,947	1,245,947	1,195,626	50,321
Operations and maintenance	620,745	627,745	688,184	(60,439)
Debt service				
Principal	15,868	15,868	-	15,868
Interest	17,662	17,662	19,799	(2,137)
Capital outlay	-	38,130	6,000	32,130
Total expenditures	<u>18,823,690</u>	<u>20,121,961</u>	<u>19,249,223</u>	<u>872,738</u>
Revenues over (under) expenditures	<u>2,580,827</u>	<u>1,965,029</u>	<u>1,977,381</u>	<u>12,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	236,000	236,000	260,020	24,020
Transfers out	(2,814,186)	(3,045,335)	(3,045,335)	-
Proceeds of general capital asset dispositions	-	359,483	359,483	-
Total other financing sources (uses)	<u>(2,578,186)</u>	<u>(2,449,852)</u>	<u>(2,425,832)</u>	<u>24,020</u>
Net changes in fund balance	<u>\$ 2,641</u>	<u>\$ (484,823)</u>	<u>(448,451)</u>	<u>\$ 36,372</u>
Fund balances -- beginning			<u>3,108,412</u>	
Fund balance -- ending			<u>\$ 2,659,961</u>	

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds
Year Ended June 30, 2008

	Street District			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
REVENUES				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 3,521	\$ (979)
Intergovernmental	1,330,980	1,330,980	1,374,383	43,403
Charges for services	121,822	121,822	149,597	27,775
Internal services	140,442	140,442	72,228	(68,214)
Special assessments	2,626,235	2,626,235	2,814,190	187,955
Investment income	10,000	10,000	70,680	60,680
Other	4,253	5,820	50,166	44,346
	<u>4,238,232</u>	<u>4,239,799</u>	<u>4,534,765</u>	<u>294,966</u>
EXPENDITURES				
Current				
Public works				
Personal services	1,785,701	1,785,701	1,757,439	28,262
Operations and maintenance	2,344,508	2,823,181	1,759,008	1,064,173
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Capital outlay	375,816	1,257,556	877,766	379,790
Total expenditures	<u>4,506,025</u>	<u>5,866,438</u>	<u>4,394,213</u>	<u>1,472,225</u>
Revenues over (under) expenditures	<u>(267,793)</u>	<u>(1,626,639)</u>	<u>140,552</u>	<u>1,767,191</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(20,642)</u>	<u>(20,642)</u>	<u>(20,642)</u>	<u>-</u>
Total other financing sources	<u>(20,642)</u>	<u>(20,642)</u>	<u>(20,642)</u>	<u>-</u>
Net changes in fund balance	<u>\$ (288,435)</u>	<u>\$ (1,647,281)</u>	119,910	<u>\$ 1,767,191</u>
Fund balances -- beginning			<u>1,724,067</u>	
Fund balance -- ending			<u>\$ 1,843,977</u>	

The accompanying notes are an integral part of these financial statements.

Continued on next page

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds (Concluded)
Year Ended June 30, 2008

	Community Development Block Grant			
	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	983,697	1,005,886	1,118,546	112,660
Charges for services	300,000	212,145	212,214	69
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Other	160	160	150	(10)
	<u>1,283,857</u>	<u>1,218,191</u>	<u>1,330,910</u>	<u>112,719</u>
Total revenues				
EXPENDITURES				
Current				
Public works				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	132,653	132,653	130,958	1,695
Operations and maintenance	833,143	1,437,592	792,072	645,520
Capital outlay	320,055	548,113	451,091	97,022
Total expenditures	<u>1,285,851</u>	<u>2,118,358</u>	<u>1,374,121</u>	<u>744,237</u>
Revenues over (under) expenditures	<u>(1,994)</u>	<u>(900,167)</u>	<u>(43,211)</u>	<u>856,956</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,931)</u>	<u>(1,931)</u>	<u>(1,931)</u>	<u>-</u>
Total other financing sources	<u>(1,931)</u>	<u>(1,931)</u>	<u>(1,931)</u>	<u>-</u>
Net changes in fund balance	<u>\$ (3,925)</u>	<u>\$ (902,098)</u>	<u>(45,142)</u>	<u>\$ 856,956</u>
Fund balances -- beginning			<u>500,686</u>	
Fund balance -- ending			<u>\$ 455,544</u>	

The accompanying notes are an integral part of these financial statements.

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2008

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.

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:

Fund	Amount	Purpose
Revenues		
General	\$ 543,495	Federal underage drinking grant received
General	\$ 272,509	Sale of Overlook Park land
Expenditures		
General	\$ 543,495	Federal underage drinking grant received
General	\$ 272,509	Transfer of sale of Overlook Park land to Water Fund

In addition, Budget Amendment Resolution 9732, amended the General Fund as follows:

Fund	Amount	Purpose
Revenues		
General	\$ 136,000	Charges for services - animal shelter
Expenditures		
General	\$ 422,000	Public safety - animal shelter operations
General	\$ (155,000)	Transfers out - animal shelter operations
General	\$ 75,000	Public safety - police market value adjustments
General	\$ 20,000	General government - election expense
General	\$ 30,000	General government - city manager recruitment
General	\$ 20,000	General government - special examiner animal shelter

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2008

b. Excess of Expenditures Over Appropriations

The special revenue and debt service funds that have excess expenditures over appropriations are: Lighting Districts, 911 Special Revenue, Library, River's Edge Trail, Economic Revolving, Licenses, Swim Pool Rehab GO Bond. The Lighting Districts special revenue fund was over budget due to unexpected price increases in electrical utilities. The 911 special revenue fund was over budget due to the unanticipated capital outlay needs. The Library special revenue fund was over budget due to unexpected expenditures in personal services, supplies, and capital outlay. The River's Edge Trail special revenue fund was over budget due to improvements on the River Edge Trail. The Economic Revolving special revenue fund was over budget due to improvements needs at the Flight Station. The Licenses special revenue fund was over budget to increase in collection of safety inspection permits, which increased the amount of internal service charges sent to the General Fund.

The Swim Pool Rehab GO Bond debt service fund was over budget due to interest expenses being higher than anticipated.

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. Such resources are derived from specific taxes and federal grants and entitlements.

Tax Increment Fund – This fund is used to account for special revenue derived from the City’s Tax Increment District other than incremental property taxes.

Planning Fund – This fund is used to account for fund operations for the City’s Planning Department. The Planning 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.

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.

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

Historic Bridge Fund – This fund is used to account for funds from an inter-local agreement with Montana Department of Transportation and an agreement with Preservation Cascade/National Trust for Historic Preservation for preservation of the 10th Street Bridge.

Support and 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.

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

CCALS (Charles C. Carrico Advanced Life Support) Fire Fund – This fund is used to account for donations used toward bringing advanced life support services to the greater Great Falls area.

Public Works Fund – This fund is used to account for special federal and state funded projects administered by the Public Works Department.

Library Fund – This fund is used to account for fund operations for the library. The Great Falls Public Library provides for the informational and recreational needs of the residents of Great Falls and Cascade County.

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

Park Special Revenue 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.

River’s Edge Trail Fund – This fund is used to account for donations and grants from private, corporate or foundation sponsors for continued development of the River’s Edge Trail.

Multi-Sports Fund – This fund is used to account for contributions from softball teams for Multi-Sports complex improvements.

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.

Special Revenue Funds (Continued)

Housing Authority Admin Fund – This fund is used to account for fund operations for 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.

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.

Community Development Fund – This fund is used to account for the overall administration of the Community Development Department.

Economic Revolving Fund – This fund is used to account for deposits from various programs having pay backs to the City. The Community Development Department monitors activities such as UDAG loans, tax increment loans, economic development loans, land leases, etc. Loan requests are granted by the City Commission based on recommendations provided by the Loan Advisory Board.

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.

Ag Tech Park Fund – This fund is used to account for fund operations to encourage industrial growth by providing tax increment financing for acquisition of a rail spur. The rail spur will provide access to the Agriculture Technology Park for the delivery and shipping of products.

West Bank Urban Renewal Fund – This fund is used to account for fund operations for the West Bank Park Urban Renewal District.

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.

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

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

Soccer Park 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.

Swim Pool Rehab 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.

Tax Increment Bond Fund – This fund is used to account for the specially limited obligation bonds payable from tax increments received by the City from its Downtown Urban Renewal Area. The Tax Increment District was created and the taxable base value set in 1977.

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.

Street Lighting Construction Fund – This fund is used to account for financing the installation of city owned lighting district improvements.

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 clean up of problem properties when the property owner is financially unable or unwilling to correct the problem.

Sidewalk Hazard Removal Fund – This fund is used to account for the repair and replacement of dangerous sidewalks when the property owner is financially unable or unwilling to correct the problem. The property owner is then assessed for the related costs.

**City of Great Falls, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

Special Revenue Funds

	Tax Increment	Planning	CTEP Projects	Lighting Districts	Historic Bridge
ASSETS					
Cash and cash equivalents	\$ 2,617	\$ -	\$ 69,818	\$ 131,783	\$ -
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	-	57,577	-
Accounts	-	-	-	-	-
Accrued interest	351	-	425	(230)	-
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	47,118	-	-	-
Advances to other funds	-	-	-	577,514	-
Other current assets	-	-	-	-	-
	<u>2,968</u>	<u>47,118</u>	<u>70,243</u>	<u>766,644</u>	<u>-</u>
Total assets	<u>\$ 2,968</u>	<u>\$ 47,118</u>	<u>\$ 70,243</u>	<u>\$ 766,644</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ 1,377	\$ 1,535	\$ 368	\$ 175
Due to other city funds	-	26,631	-	-	24,985
Deferred revenue	-	-	-	43,480	-
Other liabilities	-	12,003	-	-	-
	<u>-</u>	<u>40,011</u>	<u>1,535</u>	<u>43,848</u>	<u>25,160</u>
Total liabilities	<u>-</u>	<u>40,011</u>	<u>1,535</u>	<u>43,848</u>	<u>25,160</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	2,968	7,107	68,708	722,796	(25,160)
	<u>2,968</u>	<u>7,107</u>	<u>68,708</u>	<u>722,796</u>	<u>(25,160)</u>
Total unreserved special revenue funds	<u>2,968</u>	<u>7,107</u>	<u>68,708</u>	<u>722,796</u>	<u>(25,160)</u>
Capital projects funds					
Undesignated	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,968</u>	<u>7,107</u>	<u>68,708</u>	<u>722,796</u>	<u>(25,160)</u>
Total liabilities and fund balances	<u>\$ 2,968</u>	<u>\$ 47,118</u>	<u>\$ 70,243</u>	<u>\$ 766,644</u>	<u>\$ -</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds

	Support and Innovation	911 Special Revenue	Police Special Revenue	Fire Special Revenue	CCALS Fire
ASSETS					
Cash and cash equivalents	\$ 41,262	\$ 489,205	\$ 251,836	\$ 45,418	\$ 10,000
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	19,941	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	897	3,380	1,770	524	78
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	17,314	-	-
Advances to other funds	-	-	-	-	-
Other current assets	-	-	-	-	-
Total assets	<u>\$ 62,100</u>	<u>\$ 492,585</u>	<u>\$ 270,920</u>	<u>\$ 45,942</u>	<u>\$ 10,078</u>
LIABILITIES					
Accounts payable	\$ -	\$ 171	\$ 5,355	\$ 109	\$ -
Due to other city funds	-	-	-	-	-
Deferred revenue	14,683	-	93,437	15,640	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>14,683</u>	<u>171</u>	<u>98,792</u>	<u>15,749</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	47,417	492,414	172,128	30,193	10,078
Total unreserved special revenue funds	<u>47,417</u>	<u>492,414</u>	<u>172,128</u>	<u>30,193</u>	<u>10,078</u>
Capital projects funds					
Undesignated	-	-	-	-	-
Total fund balances	<u>47,417</u>	<u>492,414</u>	<u>172,128</u>	<u>30,193</u>	<u>10,078</u>
Total liabilities and fund balances	<u>\$ 62,100</u>	<u>\$ 492,585</u>	<u>\$ 270,920</u>	<u>\$ 45,942</u>	<u>\$ 10,078</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds

	Public Works	Library	Library Foundation	Park Special Revenue	River's Edge Trail
ASSETS					
Cash and cash equivalents	\$ 39,403	\$ 200,235	\$ 116,762	\$ 484,640	\$ 17,053
Restricted cash and investments	-	115,580	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	18,000	-
Accrued interest	339	900	1,032	4,601	140
Loans	-	-	-	-	-
Due from other city funds	-	15,452	-	-	-
Due from other governments	-	11,088	-	-	-
Advances to other funds	-	19,382	-	-	-
Other current assets	9,734	-	-	-	-
Total assets	<u>\$ 49,476</u>	<u>\$ 362,637</u>	<u>\$ 117,794</u>	<u>\$ 507,241</u>	<u>\$ 17,193</u>
LIABILITIES					
Accounts payable	\$ -	\$ 8,813	\$ 8,807	\$ 19,460	\$ -
Due to other city funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,813</u>	<u>8,807</u>	<u>19,460</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	115,580	-	-	-
Designated for parkland	-	-	-	294,058	-
Undesignated	49,476	238,244	108,987	193,723	17,193
Total unreserved special revenue funds	<u>49,476</u>	<u>353,824</u>	<u>108,987</u>	<u>487,781</u>	<u>17,193</u>
Capital projects funds					
Undesignated	-	-	-	-	-
Total fund balances	<u>49,476</u>	<u>353,824</u>	<u>108,987</u>	<u>487,781</u>	<u>17,193</u>
Total liabilities and fund balances	<u>\$ 49,476</u>	<u>\$ 362,637</u>	<u>\$ 117,794</u>	<u>\$ 507,241</u>	<u>\$ 17,193</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds

	Multi- Sports	Natural Resources	Housing Authority Admin	HOME Grant	Community Development
ASSETS					
Cash and cash equivalents	\$ 3,182	\$ 109,569	\$ -	\$ -	\$ 89,846
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	19,063	-	-	-
Accounts	-	14,354	-	-	-
Accrued interest	39	573	-	-	842
Loans	-	-	-	69,679	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	13,730	42,343	54,974	-
Advances to other funds	-	155	-	-	-
Other current assets	-	-	-	-	-
Total assets	<u>\$ 3,221</u>	<u>\$ 157,444</u>	<u>\$ 42,343</u>	<u>\$ 124,653</u>	<u>\$ 90,688</u>
LIABILITIES					
Accounts payable	\$ -	\$ 1,180	\$ -	\$ 52,439	\$ 563
Due to other city funds	-	-	12,343	2,011	-
Deferred revenue	-	14,614	-	69,679	-
Other liabilities	-	-	30,000	-	6,933
Total liabilities	<u>-</u>	<u>15,794</u>	<u>42,343</u>	<u>124,129</u>	<u>7,496</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	3,221	141,650	-	524	83,192
Total unreserved special revenue funds	<u>3,221</u>	<u>141,650</u>	<u>-</u>	<u>524</u>	<u>83,192</u>
Capital projects funds					
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,221</u>	<u>141,650</u>	<u>-</u>	<u>524</u>	<u>83,192</u>
Total liabilities and fund balances	<u>\$ 3,221</u>	<u>\$ 157,444</u>	<u>\$ 42,343</u>	<u>\$ 124,653</u>	<u>\$ 90,688</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds

	Economic Revolving	Permits	Licenses	Ag Tech Park	West Bank Urban Renewal
ASSETS					
Cash and cash equivalents	\$ -	\$ 721,849	\$ 490	\$ 232,130	\$ -
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	23,286	-
Special assessments	-	-	-	-	-
Accounts	20,533	32,908	130	-	-
Accrued interest	68,947	6,107	297	1,378	-
Loans	366,292	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Other current assets	90,615	-	-	-	-
Total assets	\$ 546,387	\$ 760,864	\$ 917	\$ 256,794	\$ -
LIABILITIES					
Accounts payable	\$ 1,276	\$ 594	\$ -	\$ -	\$ 14,421
Due to other city funds	69,620	-	-	-	30,005
Deferred revenue	366,292	-	-	23,286	-
Other liabilities	-	-	916	-	-
Total liabilities	437,188	594	916	23,286	44,426
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved fund balances	-	-	-	-	-
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	109,199	760,270	1	233,508	(44,426)
Total unreserved special revenue funds	109,199	760,270	1	233,508	(44,426)
Capital projects funds					
Undesignated	-	-	-	-	-
Total fund balances	109,199	760,270	1	233,508	(44,426)
Total liabilities and fund balances	\$ 546,387	\$ 760,864	\$ 917	\$ 256,794	\$ -

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Debt Service Funds

	Master Debt SILD	Improvement District Revolving	Soccer Park Bond	Swim Pool Rehab Bond	Tax Increment Bond
ASSETS					
Cash and cash equivalents	\$ 9,710	\$ 337,164	\$ 142,268	\$ -	\$ 45,409
Restricted cash and investments	-	200,356	-	-	2,292,468
Receivables					
Taxes	-	-	36,422	33,716	355,173
Special assessments	80,368	695,130	-	-	-
Accounts	-	-	-	-	-
Accrued interest	41	4,442	1,707	754	25,669
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Other current assets	-	-	-	-	-
Total assets	<u>\$ 90,119</u>	<u>\$ 1,237,092</u>	<u>\$ 180,397</u>	<u>\$ 34,470</u>	<u>\$2,718,719</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other city funds	-	-	-	19,130	-
Deferred revenue	80,244	874,197	34,018	31,439	321,890
Other liabilities	-	-	-	-	-
Total liabilities	<u>80,244</u>	<u>874,197</u>	<u>34,018</u>	<u>50,569</u>	<u>321,890</u>
FUND BALANCES					
Reserved for:					
Debt service	9,875	362,895	146,379	(16,099)	2,271,067
Capital projects	-	-	-	-	125,762
Total reserved fund balances	<u>9,875</u>	<u>362,895</u>	<u>146,379</u>	<u>(16,099)</u>	<u>2,396,829</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	-	-	-	-	-
Total unreserved special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital projects funds					
Undesignated	-	-	-	-	-
Total fund balances	<u>9,875</u>	<u>362,895</u>	<u>146,379</u>	<u>(16,099)</u>	<u>2,396,829</u>
Total liabilities and fund balances	<u>\$ 90,119</u>	<u>\$ 1,237,092</u>	<u>\$ 180,397</u>	<u>\$ 34,470</u>	<u>\$2,718,719</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2008

Capital Projects Funds

	General Capital Projects	Street Lighting Construction	Improvement District Projects	Hazard Removal	Sidewalk Hazard Removal
ASSETS					
Cash and cash equivalents	\$ 245,499	\$ -	\$ 3,303	\$ 107,068	\$ -
Restricted cash and investments	351,028	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	-	10,740	-
Accounts	-	-	-	-	-
Accrued interest	8,230	-	216	1,021	-
Loans	-	-	-	800	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Other current assets	-	-	-	-	-
Total assets	<u>\$ 604,757</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ 119,629</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 53,096	\$ 3,117	\$ -	\$ 49	\$ -
Due to other city funds	-	25,609	-	-	-
Deferred revenue	-	-	-	9,413	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>53,096</u>	<u>28,726</u>	<u>-</u>	<u>9,462</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	351,028	-	-	-	-
Total reserved fund balances	<u>351,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:					
Special revenue funds					
Designated for improvements	-	-	-	-	-
Designated for parkland	-	-	-	-	-
Undesignated	-	-	-	-	-
Total unreserved special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital projects funds					
Undesignated	200,633	(28,726)	3,519	110,167	-
Total fund balances	<u>551,661</u>	<u>(28,726)</u>	<u>3,519</u>	<u>110,167</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 604,757</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ 119,629</u>	<u>\$ -</u>

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2008

	Total Nonmajor Governmental Funds
ASSETS	
Cash and cash equivalents	\$ 3,947,519
Restricted cash and investments	2,959,432
Receivables	
Taxes	448,597
Special assessments	882,819
Accounts	85,925
Accrued interest	134,470
Loans	436,771
Due from other city funds	15,452
Due from other governments	186,567
Advances to other funds	597,051
Other current assets	100,349
	<u>9,794,952</u>
Total assets	<u>\$ 9,794,952</u>
LIABILITIES	
Accounts payable	\$ 172,905
Due to other city funds	210,334
Deferred revenue	1,992,312
Other liabilities	49,852
	<u>2,425,403</u>
Total liabilities	<u>2,425,403</u>
FUND BALANCES	
Reserved for:	
Debt service	2,774,117
Capital projects	476,790
	<u>3,250,907</u>
Total reserved fund balances	<u>3,250,907</u>
Unreserved:	
Special revenue funds	
Designated for improvements	115,580
Designated for parkland	294,058
Undesignated	3,423,411
	<u>3,833,049</u>
Total unreserved special revenue funds	<u>3,833,049</u>
Capital projects funds	
Undesignated	285,593
	<u>285,593</u>
Total fund balances	<u>7,369,549</u>
Total liabilities and fund balances	<u>\$ 9,794,952</u>

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

Special Revenue Funds

	Tax Increment	Planning	CTEP Projects	Lighting Districts	Historic Bridge
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	468,966	371,077	162,377	-	-
Charges for services	-	39,727	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	28,840	-	-	-
Special assessments	-	-	-	1,187,870	-
Investment income	2,377	(167)	3,174	11,285	(1,062)
Other	-	-	-	4,728	-
Total revenues	<u>471,343</u>	<u>439,477</u>	<u>165,551</u>	<u>1,203,883</u>	<u>(1,062)</u>
EXPENDITURES					
Current					
General government	1,432	606,883	11,232	1,222,674	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	188,388	-	-
Total expenditures	<u>1,432</u>	<u>606,883</u>	<u>199,620</u>	<u>1,222,674</u>	<u>-</u>
Revenues over (under) expenditures	<u>469,911</u>	<u>(167,406)</u>	<u>(34,069)</u>	<u>(18,791)</u>	<u>(1,062)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	143,564	11,300	-	-
Transfers out	(635,435)	(6,330)	(4,595)	-	-
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-	-
Total other financing sources (uses)	<u>(635,435)</u>	<u>137,234</u>	<u>6,705</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(165,524)</u>	<u>(30,172)</u>	<u>(27,364)</u>	<u>(18,791)</u>	<u>(1,062)</u>
Fund balances -- beginning	<u>168,492</u>	<u>37,279</u>	<u>96,072</u>	<u>741,587</u>	<u>(24,098)</u>
Fund balances -- ending	<u><u>\$ 2,968</u></u>	<u><u>\$ 7,107</u></u>	<u><u>\$ 68,708</u></u>	<u><u>\$ 722,796</u></u>	<u><u>\$ (25,160)</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds				
	Support and Innovation	911 Special Revenue	Police Special Revenue	Fire Special Revenue	CCALS Fire
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	558,446	38,599	30,112	-
Charges for services	-	-	7,575	2,355	-
Fines and forfeitures	-	-	29,784	-	-
Internal services	-	-	-	-	-
Special assessments	161,822	-	-	-	-
Investment income	1,824	16,909	9,816	1,295	344
Other	9,424	245	4,408	278	2,905
Total revenues	173,070	575,600	90,182	34,040	3,249
EXPENDITURES					
Current					
General government	426,025	-	-	-	-
Public safety	-	308,727	165,785	53,566	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	17,155	-	-	-
Total expenditures	426,025	325,882	165,785	53,566	-
Revenues over (under) expenditures	<u>(252,955)</u>	<u>249,718</u>	<u>(75,603)</u>	<u>(19,526)</u>	<u>3,249</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	260,879	-	-	-	-
Transfers out	-	(282,112)	(13,500)	-	-
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	15,306	-	-
Total other financing sources (uses)	260,879	(282,112)	1,806	-	-
Net changes in fund balance	7,924	(32,394)	(73,797)	(19,526)	3,249
Fund balances -- beginning	39,493	524,808	245,925	49,719	6,829
Fund balances -- ending	\$ 47,417	\$ 492,414	\$ 172,128	\$ 30,193	\$ 10,078

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

Special Revenue Funds

	Public Works	Library	Library Foundation	Park Special Revenue	River's Edge Trail
REVENUES					
Taxes	\$ -	\$ 154,791	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	199,164	1,500	-	-
Charges for services	-	37,017	-	47,400	-
Fines and forfeitures	-	28,108	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	1,599	4,688	4,721	21,652	710
Other	-	25,309	209,345	42,364	-
Total revenues	1,599	449,077	215,566	111,416	710
EXPENDITURES					
Current					
General government	-	-	-	-	22
Public safety	-	-	-	-	-
Public works	536	-	-	-	-
Culture and recreation	-	1,157,882	17,981	83,851	-
Housing and development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	48,286	208,310	73,215	2,677
Total expenditures	536	1,206,168	226,291	157,066	2,699
Revenues over (under) expenditures	1,063	(757,091)	(10,725)	(45,650)	(1,989)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	775,167	-	210,861	-
Transfers out	-	(13,450)	-	(187,361)	-
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-	-
Total other financing sources (uses)	-	761,717	-	23,500	-
Net changes in fund balance	1,063	4,626	(10,725)	(22,150)	(1,989)
Fund balances -- beginning	48,413	349,198	119,712	509,931	19,182
Fund balances -- ending	\$ 49,476	\$ 353,824	\$ 108,987	\$ 487,781	\$ 17,193

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds				
	Multi-Sports	Natural Resources	Housing Authority Admin	HOME Grant	Community Development
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	45,144
Intergovernmental	-	13,730	-	452,229	-
Charges for services	3,128	13,000	1,016,534	375	202
Fines and forfeitures	-	-	-	-	-
Internal services	-	24,337	-	-	190,660
Special assessments	-	312,727	-	-	-
Investment income	93	1,606	-	-	3,302
Other	-	7,364	-	-	2,039
Total revenues	<u>3,221</u>	<u>372,764</u>	<u>1,016,534</u>	<u>452,604</u>	<u>241,347</u>
EXPENDITURES					
Current					
General government	-	-	1,001,897	-	2,660
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	590,524	-	-	-
Housing and development	-	-	-	456,290	225,134
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>590,524</u>	<u>1,001,897</u>	<u>456,290</u>	<u>227,794</u>
Revenues over (under) expenditures	<u>3,221</u>	<u>(217,760)</u>	<u>14,637</u>	<u>(3,686)</u>	<u>13,553</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	265,982	-	-	1,500
Transfers out	-	(4,747)	(14,637)	(316)	(1,851)
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>261,235</u>	<u>(14,637)</u>	<u>(316)</u>	<u>(351)</u>
Net changes in fund balance	3,221	43,475	-	(4,002)	13,202
Fund balances -- beginning	<u>-</u>	<u>98,175</u>	<u>-</u>	<u>4,526</u>	<u>69,990</u>
Fund balances -- ending	<u>\$ 3,221</u>	<u>\$ 141,650</u>	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 83,192</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

Special Revenue Funds

	Economic Revolving	Permits	Licenses	Ag Tech Park	West Bank Urban Renewal
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 140,123	\$ -
Licenses and permits	-	1,069,578	228,234	-	-
Intergovernmental	-	-	-	-	-
Charges for services	162,263	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	23,070	-	-	-
Special assessments	-	-	-	-	-
Investment income	(6,797)	24,489	1,495	5,281	(382)
Other	46,633	1,733	-	-	-
	<u>202,099</u>	<u>1,118,870</u>	<u>229,729</u>	<u>145,404</u>	<u>(382)</u>
Total revenues					
EXPENDITURES					
Current					
General government	153,651	-	-	32,957	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	2,634	830,963	229,386	-	-
Debt service					
Principal	18,066	-	-	-	-
Interest	33,295	-	-	-	-
Capital outlay	-	-	-	-	44,044
	<u>207,646</u>	<u>830,963</u>	<u>229,386</u>	<u>32,957</u>	<u>44,044</u>
Total expenditures					
Revenues over (under) expenditures	<u>(5,547)</u>	<u>287,907</u>	<u>343</u>	<u>112,447</u>	<u>(44,426)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	125,000	-	-	-	-
Transfers out	-	(7,754)	(823)	-	-
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-	-
	<u>125,000</u>	<u>(7,754)</u>	<u>(823)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net changes in fund balance	119,453	280,153	(480)	112,447	(44,426)
Fund balances -- beginning	<u>(10,254)</u>	<u>480,117</u>	<u>481</u>	<u>121,061</u>	<u>-</u>
Fund balances -- ending	<u>\$ 109,199</u>	<u>\$ 760,270</u>	<u>\$ 1</u>	<u>\$ 233,508</u>	<u>\$ (44,426)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Debt Service Funds				
	Master Debt SILD	Improvement District Revolving	Soccer Park Bond	Swim Pool Rehab Bond	Tax Increment Bond
REVENUES					
Taxes	\$ -	\$ -	\$ 180,803	\$ 237,820	\$2,456,266
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	283	422	919
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	-
Special assessments	18,491	194,251	-	-	-
Investment income	88	22,505	6,898	1,944	103,122
Other	40	550	-	-	-
	<u>18,619</u>	<u>217,306</u>	<u>187,984</u>	<u>240,186</u>	<u>2,560,307</u>
Total revenues					
EXPENDITURES					
Current					
General government	-	50,438	-	-	839,738
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service					
Principal	6,554	110,000	95,000	170,000	1,035,000
Interest	4,333	42,704	92,950	102,702	92,741
Capital outlay	-	-	-	-	-
	<u>10,887</u>	<u>203,142</u>	<u>187,950</u>	<u>272,702</u>	<u>1,967,479</u>
Total expenditures					
Revenues over (under) expenditures	<u>7,732</u>	<u>14,164</u>	<u>34</u>	<u>(32,516)</u>	<u>592,828</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,864	-	-	-
Transfers out	-	(158,864)	-	-	(1,278,020)
Issuance of debt	-	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-	-
	<u>-</u>	<u>(155,000)</u>	<u>-</u>	<u>-</u>	<u>(1,278,020)</u>
Total other financing sources (uses)					
Net changes in fund balance	7,732	(140,836)	34	(32,516)	(685,192)
Fund balances -- beginning	<u>2,143</u>	<u>503,731</u>	<u>146,345</u>	<u>16,417</u>	<u>3,082,021</u>
Fund balances -- ending	<u>\$ 9,875</u>	<u>\$ 362,895</u>	<u>\$ 146,379</u>	<u>\$ (16,099)</u>	<u>\$2,396,829</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Capital Project Funds				
	General Capital Projects	Street Lighting Construction	Improvement District Projects	Hazard Removal	Sidewalk Hazard Removal
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	72,966	-
Investment income	72,996	-	(726)	3,990	-
Other	-	-	-	8,485	-
Total revenues	72,996	-	(726)	85,441	-
EXPENDITURES					
Current					
General government	3,929	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	86,054	-	-	-	-
Housing and development	-	-	-	47,100	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	2,551,772	73,098	155,000	-	-
Total expenditures	2,641,755	73,098	155,000	47,100	-
Revenues over (under) expenditures	(2,568,759)	(73,098)	(155,726)	38,341	-
OTHER FINANCING SOURCES (USES)					
Transfers in	644,468	-	155,000	-	684
Transfers out	(185,861)	-	-	(684)	-
Issuance of debt	-	41,562	-	-	-
Proceeds of general capital asset dispositions	185,861	-	-	-	-
Total other financing sources (uses)	644,468	41,562	155,000	(684)	684
Net changes in fund balance	(1,924,291)	(31,536)	(726)	37,657	684
Fund balances -- beginning	2,475,952	2,810	4,245	72,510	(684)
Fund balances -- ending	\$ 551,661	\$ (28,726)	\$ 3,519	\$ 110,167	\$ -

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Concluded)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Total Nonmajor Governmental Funds
REVENUES	
Taxes	\$ 3,169,803
Licenses and permits	1,342,956
Intergovernmental	2,297,824
Charges for services	1,329,576
Fines and forfeitures	57,892
Internal services	266,907
Special assessments	1,948,127
Investment income	319,069
Other	365,850
	11,098,004
EXPENDITURES	
Current	
General government	4,353,538
Public safety	528,078
Public works	536
Culture and recreation	1,936,292
Housing and development	1,791,507
Debt service	
Principal	1,434,620
Interest	368,725
Capital outlay	3,361,945
	13,775,241
Total expenditures	13,775,241
Revenues over (under) expenditures	(2,677,237)
OTHER FINANCING SOURCES (USES)	
Transfers in	2,598,269
Transfers out	(2,796,340)
Issuance of debt	41,562
Proceeds of general capital asset dispositions	201,167
	44,658
Total other financing sources (uses)	44,658
Net changes in fund balance	(2,632,579)
Fund balances -- beginning	10,002,128
Fund balances -- ending	\$ 7,369,549

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Tax Increment		Planning	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	468,966	468,966	485,504	371,077
Charges for services	-	-	38,020	39,727
Fines and forfeitures	-	-	-	-
Internal services	-	-	28,840	28,840
Special assessments	-	-	-	-
Investment income	4,100	2,377	-	(167)
Other	-	-	-	-
Total revenues	<u>473,066</u>	<u>471,343</u>	<u>552,364</u>	<u>439,477</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	447,658	411,406
Operations and maintenance	1,432	1,432	246,169	195,477
Public safety				
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	3,918	-	-	-
Total expenditures	<u>5,350</u>	<u>1,432</u>	<u>693,827</u>	<u>606,883</u>
Revenues over (under) expenditures	<u>467,716</u>	<u>469,911</u>	<u>(141,463)</u>	<u>(167,406)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	143,564	143,564
Transfers out	(635,435)	(635,435)	(6,330)	(6,330)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>(635,435)</u>	<u>(635,435)</u>	<u>137,234</u>	<u>137,234</u>
Net changes in fund balance	<u>\$ (167,719)</u>	<u>(165,524)</u>	<u>\$ (4,229)</u>	<u>(30,172)</u>
Fund balances -- beginning		<u>168,492</u>		<u>37,279</u>
Fund balance -- ending		<u>\$ 2,968</u>		<u>\$ 7,107</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	CTEP Projects		Lighting Districts	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	467,827	162,377	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	1,185,766	1,187,870
Investment income	-	3,174	12,683	11,285
Other	36,363	-	500	4,728
Total revenues	<u>504,190</u>	<u>165,551</u>	<u>1,198,949</u>	<u>1,203,883</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	11,319	11,232	1,205,032	1,222,674
Public safety				
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	651,789	188,388	-	-
Total expenditures	<u>663,108</u>	<u>199,620</u>	<u>1,205,032</u>	<u>1,222,674</u>
Revenues over (under) expenditures	<u>(158,918)</u>	<u>(34,069)</u>	<u>(6,083)</u>	<u>(18,791)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,300	11,300	-	-
Transfers out	(4,595)	(4,595)	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>6,705</u>	<u>6,705</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (152,213)</u>	<u>(27,364)</u>	<u>\$ (6,083)</u>	<u>(18,791)</u>
Fund balances -- beginning		<u>96,072</u>		<u>741,587</u>
Fund balance -- ending		<u>\$ 68,708</u>		<u>\$ 722,796</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Historic Bridge		Support and Innovation	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	160,000	161,822
Investment income	-	(1,062)	-	1,824
Other	-	-	10,554	9,424
	<u>-</u>	<u>(1,062)</u>	<u>170,554</u>	<u>173,070</u>
Total revenues	-	(1,062)	170,554	173,070
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	431,428	426,025
Public safety				
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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>431,428</u>	<u>426,025</u>
Total expenditures	-	-	431,428	426,025
Revenues over (under) expenditures	-	(1,062)	(260,874)	(252,955)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	260,879	260,879
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>260,879</u>	<u>260,879</u>
Total other financing sources (uses)	-	-	260,879	260,879
Net changes in fund balance	<u>\$ -</u>	<u>(1,062)</u>	<u>\$ 5</u>	<u>7,924</u>
Fund balances -- beginning		<u>(24,098)</u>		<u>39,493</u>
Fund balance -- ending		<u>\$ (25,160)</u>		<u>\$ 47,417</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	911 Special Revenue		Police Special Revenue	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	558,446	558,446	64,344	38,599
Charges for services	-	-	7,575	7,575
Fines and forfeitures	-	-	25,000	29,784
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	16,909	9,561	9,816
Other	-	245	5,293	4,408
	<u>558,446</u>	<u>575,600</u>	<u>111,773</u>	<u>90,182</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	305,760	308,727	195,662	165,785
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	-	17,155	-	-
	<u>305,760</u>	<u>325,882</u>	<u>195,662</u>	<u>165,785</u>
Total expenditures				
Revenues over (under) expenditures	<u>252,686</u>	<u>249,718</u>	<u>(83,889)</u>	<u>(75,603)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(282,112)	(282,112)	(13,500)	(13,500)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	15,306	15,306
	<u>(282,112)</u>	<u>(282,112)</u>	<u>1,806</u>	<u>1,806</u>
Total other financing sources (uses)				
Net changes in fund balance	<u>\$ (29,426)</u>	<u>(32,394)</u>	<u>\$ (82,083)</u>	<u>(73,797)</u>
Fund balances -- beginning		<u>524,808</u>		<u>245,925</u>
Fund balance -- ending		<u>\$ 492,414</u>		<u>\$ 172,128</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Fire Special Revenue		CCALS Fire	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	45,752	30,112	-	-
Charges for services	7,955	2,355	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	1,010	1,295	-	344
Other	278	278	-	2,905
Total revenues	<u>54,995</u>	<u>34,040</u>	<u>-</u>	<u>3,249</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	58,453	53,566	-	-
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	<u>58,453</u>	<u>53,566</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(3,458)</u>	<u>(19,526)</u>	<u>-</u>	<u>3,249</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (3,458)</u>	<u>(19,526)</u>	<u>\$ -</u>	<u>\$ 3,249</u>
Fund balances -- beginning		<u>49,719</u>		<u>6,829</u>
Fund balance -- ending		<u>\$ 30,193</u>		<u>\$ 10,078</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Public Works		Library	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 143,000	\$ 154,791
Licenses and permits	-	-	-	-
Intergovernmental	-	-	196,800	199,164
Charges for services	-	-	44,900	37,017
Fines and forfeitures	-	-	29,500	28,108
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,599	8,200	4,688
Other	-	-	25,576	25,309
Total revenues	<u>-</u>	<u>1,599</u>	<u>447,976</u>	<u>449,077</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	536	536	-	-
Culture and recreation				
Personal services	-	-	876,082	882,659
Operations and maintenance	-	-	272,636	275,223
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	48,286	48,286
Total expenditures	<u>536</u>	<u>536</u>	<u>1,197,004</u>	<u>1,206,168</u>
Revenues over (under) expenditures	<u>(536)</u>	<u>1,063</u>	<u>(749,028)</u>	<u>(757,091)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	775,167	775,167
Transfers out	-	-	(13,450)	(13,450)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>761,717</u>	<u>761,717</u>
Net changes in fund balance	<u>\$ (536)</u>	<u>1,063</u>	<u>\$ 12,689</u>	<u>4,626</u>
Fund balances -- beginning		<u>48,413</u>		<u>349,198</u>
Fund balance -- ending		<u>\$ 49,476</u>		<u>\$ 353,824</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Library Foundation		Park Special Revenue	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,500	1,500	12,500	-
Charges for services	-	-	40,700	47,400
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	4,000	4,721	10,000	21,652
Other	257,100	209,345	58,422	42,364
Total revenues	<u>262,600</u>	<u>215,566</u>	<u>121,622</u>	<u>111,416</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	20,232	10,085	-	-
Operations and maintenance	35,409	7,896	141,593	83,851
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	205,670	208,310	29,203	73,215
Total expenditures	<u>261,311</u>	<u>226,291</u>	<u>170,796</u>	<u>157,066</u>
Revenues over (under) expenditures	<u>1,289</u>	<u>(10,725)</u>	<u>(49,174)</u>	<u>(45,650)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	210,861	210,861
Transfers out	-	-	(187,361)	(187,361)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	20,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>43,500</u>	<u>23,500</u>
Net changes in fund balance	<u>\$ 1,289</u>	<u>(10,725)</u>	<u>\$ (5,674)</u>	<u>(22,150)</u>
Fund balances -- beginning		<u>119,712</u>		<u>509,931</u>
Fund balance -- ending		<u>\$ 108,987</u>		<u>\$ 487,781</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	River's Edge Trail		Multi-Sports	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	3,128
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	710	-	93
Other	-	-	-	-
Total revenues	<u>-</u>	<u>710</u>	<u>-</u>	<u>3,221</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	22	22	-	-
Public safety				
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	-	2,677	-	-
Total expenditures	<u>22</u>	<u>2,699</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(22)</u>	<u>(1,989)</u>	<u>-</u>	<u>3,221</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (22)</u>	<u>(1,989)</u>	<u>\$ -</u>	<u>3,221</u>
Fund balances -- beginning		<u>19,182</u>		<u>-</u>
Fund balance -- ending		<u>\$ 17,193</u>		<u>\$ 3,221</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Natural Resources		Housing Authority Admin	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	19,500	13,730	-	-
Charges for services	13,000	13,000	1,040,276	1,016,534
Fines and forfeitures	-	-	-	-
Internal services	26,000	24,337	-	-
Special assessments	312,715	312,727	-	-
Investment income	1,500	1,606	-	-
Other	5,600	7,364	-	-
Total revenues	<u>378,315</u>	<u>372,764</u>	<u>1,040,276</u>	<u>1,016,534</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	1,010,094	986,352
Operations and maintenance	-	-	15,545	15,545
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	472,958	435,317	-	-
Operations and maintenance	170,963	155,207	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>643,921</u>	<u>590,524</u>	<u>1,025,639</u>	<u>1,001,897</u>
Revenues over (under) expenditures	<u>(265,606)</u>	<u>(217,760)</u>	<u>14,637</u>	<u>14,637</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	265,982	265,982	-	-
Transfers out	(4,747)	(4,747)	(14,637)	(14,637)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>261,235</u>	<u>261,235</u>	<u>(14,637)</u>	<u>(14,637)</u>
Net changes in fund balance	<u>\$ (4,371)</u>	<u>43,475</u>	<u>\$ -</u>	<u>-</u>
Fund balances -- beginning		<u>98,175</u>		<u>-</u>
Fund balance -- ending		<u>\$ 141,650</u>		<u>\$ -</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	HOME Grant		Community Development	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	43,400	45,144
Intergovernmental	417,100	452,229	-	-
Charges for services	1,500	375	500	202
Fines and forfeitures	-	-	-	-
Internal services	-	-	190,660	190,660
Special assessments	-	-	-	-
Investment income	-	-	20	3,302
Other	-	-	1,604	2,039
Total revenues	<u>418,600</u>	<u>452,604</u>	<u>236,184</u>	<u>241,347</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	3,124	2,660
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	26,478	26,098	169,305	169,182
Operations and maintenance	876,652	430,192	65,254	55,952
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	24,442	-
Total expenditures	<u>903,130</u>	<u>456,290</u>	<u>262,125</u>	<u>227,794</u>
Revenues over (under) expenditures	<u>(484,530)</u>	<u>(3,686)</u>	<u>(25,941)</u>	<u>13,553</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,500	1,500
Transfers out	(316)	(316)	(1,851)	(1,851)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>(316)</u>	<u>(316)</u>	<u>(351)</u>	<u>(351)</u>
Net changes in fund balance	<u>\$ (484,846)</u>	<u>(4,002)</u>	<u>\$ (26,292)</u>	<u>13,202</u>
Fund balances -- beginning		<u>4,526</u>		<u>69,990</u>
Fund balance -- ending		<u>\$ 524</u>		<u>\$ 83,192</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Economic Revolving		Permits	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	758,500	1,069,578
Intergovernmental	-	-	-	-
Charges for services	100,000	162,263	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	23,070	23,070
Special assessments	-	-	-	-
Investment income	69,985	(6,797)	-	24,489
Other	22,000	46,633	5,000	1,733
Total revenues	<u>191,985</u>	<u>202,099</u>	<u>786,570</u>	<u>1,118,870</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	109,951	153,651	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	516,497	506,464
Operations and maintenance	40,634	2,634	335,865	324,499
Debt service				
Principal	18,066	18,066	-	-
Interest	33,301	33,295	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>201,952</u>	<u>207,646</u>	<u>852,362</u>	<u>830,963</u>
Revenues over (under) expenditures	<u>(9,967)</u>	<u>(5,547)</u>	<u>(65,792)</u>	<u>287,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	125,000	125,000	-	-
Transfers out	-	-	(7,754)	(7,754)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>(7,754)</u>	<u>(7,754)</u>
Net changes in fund balance	<u>\$ 115,033</u>	119,453	<u>\$ (73,546)</u>	280,153
Fund balances -- beginning		<u>(10,254)</u>		<u>480,117</u>
Fund balance -- ending		<u>\$ 109,199</u>		<u>\$ 760,270</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds			
	Licenses		Agriculture Tech Park	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 140,000	\$ 140,123
Licenses and permits	221,517	228,234	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	200	1,495	5,000	5,281
Other	-	-	-	-
Total revenues	<u>221,717</u>	<u>229,729</u>	<u>145,000</u>	<u>145,404</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	266,061	32,957
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	52,204	51,315	-	-
Operations and maintenance	169,513	178,071	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>221,717</u>	<u>229,386</u>	<u>266,061</u>	<u>32,957</u>
Revenues over (under) expenditures	<u>-</u>	<u>343</u>	<u>(121,061)</u>	<u>112,447</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(823)	(823)	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>(823)</u>	<u>(823)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (823)</u>	<u>(480)</u>	<u>\$ (121,061)</u>	<u>112,447</u>
Fund balances -- beginning		<u>481</u>		<u>121,061</u>
Fund balance -- ending		<u>\$ 1</u>		<u>\$ 233,508</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	
	<u>West Bank Urban Renewal</u>		<u>Master Debt SILD</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	10,755	18,491
Investment income	-	(382)	60	88
Other	-	-	-	40
	<u>-</u>	<u>(382)</u>	<u>10,815</u>	<u>18,619</u>
Total revenues	-	(382)	10,815	18,619
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
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	-	-	8,487	6,554
Interest	-	-	4,327	4,333
Capital outlay	121,070	44,044	-	-
	<u>121,070</u>	<u>44,044</u>	<u>12,814</u>	<u>10,887</u>
Total expenditures	121,070	44,044	12,814	10,887
Revenues over (under) expenditures	<u>(121,070)</u>	<u>(44,426)</u>	<u>(1,999)</u>	<u>7,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	121,070	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
	<u>121,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	121,070	-	-	-
Net changes in fund balance	<u>\$ -</u>	<u>(44,426)</u>	<u>\$ (1,999)</u>	<u>7,732</u>
Fund balances -- beginning		<u>-</u>		<u>2,143</u>
Fund balance -- ending		<u>\$ (44,426)</u>		<u>\$ 9,875</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Debt Service Funds			
	Improvement District Revolving		Soccer Park Bond	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 192,900	\$ 180,803
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	283
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	201,013	194,251	-	-
Investment income	17,800	22,505	2,000	6,898
Other	-	550	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	218,813	217,306	194,900	187,984
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	50,438	50,438	-	-
Public safety				
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	110,000	110,000	95,000	95,000
Interest	45,413	42,704	92,950	92,950
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	205,851	203,142	187,950	187,950
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	12,962	14,164	6,950	34
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,864	3,864	-	-
Transfers out	(158,864)	(158,864)	-	-
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(155,000)	(155,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ (142,038)	(140,836)	\$ 6,950	34
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances -- beginning		503,731		146,345
		<hr/>		<hr/>
Fund balance -- ending		\$ 362,895		\$ 146,379
		<hr/>		<hr/>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Debt Service Funds			
	Swim Pool Rehab GO Bond		Tax Increment Bond	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ 280,000	\$ 237,820	\$ 2,300,000	\$ 2,456,266
Licenses and permits	-	-	-	-
Intergovernmental	-	422	-	919
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,944	52,000	103,122
Other	-	-	-	-
	<u>280,000</u>	<u>240,186</u>	<u>2,352,000</u>	<u>2,560,307</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	1,391,428	839,738
Public safety				
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	170,000	170,000	1,035,000	1,035,000
Interest	90,800	102,702	92,591	92,741
Capital outlay	-	-	-	-
	<u>260,800</u>	<u>272,702</u>	<u>2,519,019</u>	<u>1,967,479</u>
Total expenditures				
Revenues over (under) expenditures	<u>19,200</u>	<u>(32,516)</u>	<u>(167,019)</u>	<u>592,828</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,254,000)	(1,278,020)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(1,254,000)</u>	<u>(1,278,020)</u>
Total other financing sources (uses)				
Net changes in fund balance	<u>\$ 19,200</u>	<u>(32,516)</u>	<u>\$ (1,421,019)</u>	<u>(685,192)</u>
Fund balances -- beginning		<u>16,417</u>		<u>3,082,021</u>
Fund balance -- ending		<u>\$ (16,099)</u>		<u>\$ 2,396,829</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Capital Projects Funds			
	General Capital Projects		Street Lighting Construction	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	10,000	72,996	-	-
Other	25,000	-	-	-
	<u>35,000</u>	<u>72,996</u>	<u>-</u>	<u>-</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	3,954	3,929	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	91,238	86,054	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	3,094,810	2,551,772	76,500	73,098
	<u>3,190,002</u>	<u>2,641,755</u>	<u>76,500</u>	<u>73,098</u>
Total expenditures				
Revenues over (under) expenditures	<u>(3,155,002)</u>	<u>(2,568,759)</u>	<u>(76,500)</u>	<u>(73,098)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	644,468	644,468	-	-
Transfers out	(185,861)	(185,861)	-	-
Issuance of debt	-	-	76,500	41,562
Proceeds of general capital asset dispositions	185,861	185,861	-	-
	<u>644,468</u>	<u>644,468</u>	<u>76,500</u>	<u>41,562</u>
Total other financing sources (uses)				
Net changes in fund balance	<u>\$ (2,510,534)</u>	<u>(1,924,291)</u>	<u>\$ -</u>	<u>(31,536)</u>
Fund balances -- beginning		<u>2,475,952</u>		<u>2,810</u>
Fund balance -- ending		<u>\$ 551,661</u>		<u>\$ (28,726)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Capital Projects Funds			
	Improvement District Projects		Hazard Removal	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	72,966
Investment income	-	(726)	-	3,990
Other	-	-	50,000	8,485
Total revenues	<u>-</u>	<u>(726)</u>	<u>50,000</u>	<u>85,441</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	51,667	47,100
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	155,000	155,000	-	-
Total expenditures	<u>155,000</u>	<u>155,000</u>	<u>51,667</u>	<u>47,100</u>
Revenues over (under) expenditures	<u>(155,000)</u>	<u>(155,726)</u>	<u>(1,667)</u>	<u>38,341</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	155,000	155,000	-	-
Transfers out	-	-	(684)	(684)
Issuance of debt	-	-	-	-
Proceeds of general capital asset dispositions	-	-	-	-
Total other financing sources (uses)	<u>155,000</u>	<u>155,000</u>	<u>(684)</u>	<u>(684)</u>
Net changes in fund balance	<u>\$ -</u>	<u>(726)</u>	<u>\$ (2,351)</u>	<u>37,657</u>
Fund balances -- beginning		<u>4,245</u>		<u>72,510</u>
Fund balance -- ending		<u>\$ 3,519</u>		<u>\$ 110,167</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Concluded)
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Capital Projects Funds		Totals	
	Sidewalk Hazard Removal			
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 3,055,900	\$ 3,169,803
Licenses and permits	-	-	1,023,417	1,342,956
Intergovernmental	-	-	2,738,239	2,297,824
Charges for services	-	-	1,294,426	1,329,576
Fines and forfeitures	-	-	54,500	57,892
Internal services	-	-	268,570	266,907
Special assessments	-	-	1,870,249	1,948,127
Investment income	-	-	208,119	319,069
Other	-	-	503,290	365,850
Total revenues	<u>-</u>	<u>-</u>	<u>11,016,710</u>	<u>11,098,004</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	1,457,752	1,397,758
Operations and maintenance	59	-	3,735,962	2,955,780
Public safety				
Operation and maintenance	-	-	559,875	528,078
Public works				
Operations and maintenance	-	-	536	536
Culture and recreation				
Personal services	-	-	1,369,272	1,328,061
Operations and maintenance	-	-	711,839	608,231
Housing and development				
Personal services	-	-	764,484	753,059
Operations and maintenance	-	-	1,539,585	1,038,448
Debt service				
Principal	-	-	1,436,553	1,434,620
Interest	-	-	359,382	368,725
Capital outlay	-	-	4,410,688	3,361,945
Total expenditures	<u>59</u>	<u>-</u>	<u>16,345,928</u>	<u>13,775,241</u>
Revenues over (under) expenditures	<u>(59)</u>	<u>-</u>	<u>(5,329,218)</u>	<u>(2,677,237)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	684	684	2,598,269	2,598,269
Transfers out	-	-	(2,772,320)	(2,796,340)
Issuance of debt	-	-	197,570	41,562
Proceeds of general capital asset dispositions	-	-	221,167	201,167
Total other financing sources (uses)	<u>684</u>	<u>684</u>	<u>244,686</u>	<u>44,658</u>
Net changes in fund balance	<u>\$ 625</u>	<u>684</u>	<u>\$ (5,084,532)</u>	<u>(2,632,579)</u>
Fund balances -- beginning		<u>(684)</u>		<u>10,002,128</u>
Fund balance -- ending		<u>\$ -</u>		<u>\$ 7,369,549</u>

Continued on next page

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.

Safety Services 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 Community Development Department administers a management contract with APCOA for the day-to-day operation of parking facilities and parking enforcement. The fund receipts and processes all citation based revenue.

Swim 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.

Recreation Fund – This fund is used to account for revenues and expenses related to 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, Montana
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
ASSETS				
Current assets				
Cash and cash investments	\$ 172,038	\$ 112,133	\$ 146,453	\$ 105,543
Receivables				
Accounts	23,700	14,884	1,210	30,345
Accrued interest	1,100	1,737	583	1,274
Total current assets	<u>196,838</u>	<u>128,754</u>	<u>148,246</u>	<u>137,162</u>
Noncurrent assets				
Restricted cash and investments	-	72,951	-	21,465
Advance to other funds	3,483	20,581	21,054	10,770
Non-depreciable capital assets	-	863,397	-	5,449
Depreciable capital assets, net	209,307	3,966,195	1,059,140	396,407
Total noncurrent assets	<u>212,790</u>	<u>4,923,124</u>	<u>1,080,194</u>	<u>434,091</u>
Total assets	<u>409,628</u>	<u>5,051,878</u>	<u>1,228,440</u>	<u>571,253</u>
LIABILITIES				
Current liabilities				
Account payable	9,865	2,006	18,549	3,385
Unearned Revenue	-	-	-	44,390
Interfund loan payable	-	734,420	-	-
Capital lease obligation	-	-	100,335	-
Notes payable	-	-	-	-
Other liabilities	-	-	-	-
Total current liabilities	<u>9,865</u>	<u>736,426</u>	<u>118,884</u>	<u>47,775</u>
Noncurrent liabilities				
Capital lease obligations	-	-	916,200	-
Notes payable	-	-	-	-
Compensated absences	28,307	5,886	12,253	2,468
Total noncurrent liabilities	<u>28,307</u>	<u>5,886</u>	<u>928,453</u>	<u>2,468</u>
Total liabilities	<u>38,172</u>	<u>742,312</u>	<u>1,047,337</u>	<u>50,243</u>
NET ASSETS				
Invested in capital assets, net of related debt	209,307	4,829,592	42,605	401,856
Restricted for:				
Equipment replacement reserves	-	72,951	-	21,465
Unrestricted	162,149	(592,977)	138,498	97,689
Total net assets	<u>\$ 371,456</u>	<u>\$ 4,309,566</u>	<u>\$ 181,103</u>	<u>\$ 521,010</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Net Assets (Concluded)
Nonmajor Enterprise Funds
June 30, 2008

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
ASSETS			
Current assets			
Cash and cash investments	\$ 16,873	\$ 254,473	\$ 807,513
Receivables			
Accounts	475	1,652	72,266
Accrued interest	89	2,319	7,102
Total current assets	<u>17,437</u>	<u>258,444</u>	<u>886,881</u>
Noncurrent assets			
Restricted cash and investments	-	16,406	110,822
Advance to other funds	-	-	55,888
Non-depreciable capital assets	-	-	868,846
Depreciable capital assets, net	-	267,549	5,898,598
Total noncurrent assets	<u>-</u>	<u>283,955</u>	<u>6,934,154</u>
Total assets	<u>17,437</u>	<u>542,399</u>	<u>7,821,035</u>
LIABILITIES			
Current liabilities			
Account payable	4,601	3,102	41,508
Unearned Revenue	-	-	44,390
Interfund loan payable	-	-	734,420
Capital lease obligation	-	12,237	112,572
Other liabilities	-	67,801	67,801
Total current liabilities	<u>4,601</u>	<u>83,140</u>	<u>1,000,691</u>
Noncurrent liabilities			
Capital lease obligations	-	13,022	929,222
Compensated absences	328	27,202	76,444
Total noncurrent liabilities	<u>328</u>	<u>40,224</u>	<u>1,005,666</u>
Total liabilities	<u>4,929</u>	<u>123,364</u>	<u>2,006,357</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	242,290	5,725,650
Restricted for:			
Equipment replacement reserves	-	16,406	110,822
Unrestricted	<u>12,508</u>	<u>160,339</u>	<u>(21,794)</u>
Total net assets	<u>\$ 12,508</u>	<u>\$ 419,035</u>	<u>\$ 5,814,678</u>

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
OPERATING REVENUES				
Charges for services	\$ 1,137,522	\$ 553,030	\$ 461,209	\$ 237,804
OPERATING EXPENSES				
Personal services	960,933	42,649	320,717	136,399
Supplies and materials	14,488	11,807	106,579	57,302
Purchased services	144,811	371,746	151,294	157,508
Internal services	211,698	70,466	45,624	26,825
Other	-	(65)	150	6,886
Depreciation	17,157	251,019	78,434	18,846
Total operating expenses	<u>1,349,087</u>	<u>747,622</u>	<u>702,798</u>	<u>403,766</u>
Operating income (loss)	<u>(211,565)</u>	<u>(194,592)</u>	<u>(241,589)</u>	<u>(165,962)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,986	10,018	(1,970)	3,256
Interest expense	-	(76,153)	(73,856)	-
Gain (loss) on disposal of assets	-	-	(2,568)	-
Other	-	-	3,570	-
Total nonoperating revenues (expenses)	<u>4,986</u>	<u>(66,135)</u>	<u>(74,824)</u>	<u>3,256</u>
Change in net assets before transfers	(206,579)	(260,727)	(316,413)	(162,706)
Transfers in	271,216	800,000	566,504	215,438
Transfers out	<u>(14,503)</u>	<u>(665)</u>	<u>(2,049)</u>	<u>(30,656)</u>
Change in net assets	50,134	538,608	248,042	22,076
Net assets, beginning of year	<u>321,322</u>	<u>3,770,958</u>	<u>(66,939)</u>	<u>498,934</u>
Net assets, end of year	<u>\$ 371,456</u>	<u>\$ 4,309,566</u>	<u>\$ 181,103</u>	<u>\$ 521,010</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Concluded)
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 137,567	\$ 314,407	\$ 2,841,539
OPERATING EXPENSES			
Personal services	58,907	216,140	1,735,745
Supplies and materials	54,635	37,049	281,860
Purchased services	37,790	57,808	920,957
Internal services	3,491	177,427	535,531
Other	344	(33)	7,282
Depreciation	-	24,871	390,327
Total operating expenses	<u>155,167</u>	<u>513,262</u>	<u>3,871,702</u>
Operating income (loss)	<u>(17,600)</u>	<u>(198,855)</u>	<u>(1,030,163)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	81	10,034	26,405
Interest expense	-	(2,360)	(152,369)
Gain (loss) on disposal of assets	-	-	(2,568)
Other	-	560	4,130
Total nonoperating revenues (expenses)	<u>81</u>	<u>8,234</u>	<u>(124,402)</u>
Change in net assets before transfers	(17,519)	(190,621)	(1,154,565)
Transfers in	30,027	216,352	2,099,537
Transfers out	<u>-</u>	<u>(2,326)</u>	<u>(50,199)</u>
Change in net assets	12,508	23,405	894,773
Net assets, beginning of year	<u>-</u>	<u>395,630</u>	<u>4,919,905</u>
Net assets, end of year	<u>\$ 12,508</u>	<u>\$ 419,035</u>	<u>\$ 5,814,678</u>

City of Great Falls, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 393,684	\$ 552,815	\$ 460,606	\$ 221,756
Interfund cash flow loans	-	-	(85,432)	-
Receipts from interfund services provided	720,138	-	-	-
Receipts from others	-	-	3,570	-
Payments to suppliers	(153,829)	(386,456)	(258,868)	(239,710)
Payments to employees	(961,156)	(42,721)	(321,765)	(136,510)
Payments for interfund services used	(211,698)	(70,466)	(45,624)	(26,825)
Payments to others	-	-	-	44,390
Net cash provided (used) by operating activities	<u>(212,861)</u>	<u>53,172</u>	<u>(247,513)</u>	<u>(136,899)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	271,216	800,000	566,504	215,438
Transfers out	(14,503)	(665)	(2,049)	(30,656)
Net cash provided (used) by noncapital financing activities	<u>256,713</u>	<u>799,335</u>	<u>564,455</u>	<u>184,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
New borrowing - revenue bonds	-	-	-	-
Principal payments - advances	-	(865,520)	-	-
Principal payments - capital leases	-	-	(94,080)	-
Interest paid	-	(76,153)	(73,856)	-
Acquisition/construction of capital assets	(1)	-	-	1
Net cash provided (used) by capital and related financing activities	<u>(1)</u>	<u>(941,673)</u>	<u>(167,936)</u>	<u>1</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	4,622	10,094	(2,553)	3,250
Net cash provided (used) by investing activities	<u>4,622</u>	<u>10,094</u>	<u>(2,553)</u>	<u>3,250</u>
Net increase (decrease) in cash	48,473	(79,072)	146,453	51,134
Cash, beginning of year	<u>123,565</u>	<u>264,156</u>	<u>-</u>	<u>75,874</u>
Cash, end of year (a)	<u>\$ 172,038</u>	<u>\$ 185,084</u>	<u>\$ 146,453</u>	<u>\$ 127,008</u>
(a) Shown on the statement of net assets as:				
Cash and cash equivalents	\$ 172,038	\$ 112,133	\$ 146,453	\$ 105,543
Restricted cash and investments	-	72,951	-	21,465
	<u>\$ 172,038</u>	<u>\$ 185,084</u>	<u>\$ 146,453</u>	<u>\$ 127,008</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 137,092	\$ 313,449	\$ 2,079,402
Interfund cash flow loans	-	-	(85,432)
Receipts from interfund services provided	-	-	720,138
Receipts from others	-	560	4,130
Payments to suppliers	(88,168)	(102,500)	(1,229,531)
Payments to employees	(58,579)	(215,638)	(1,736,369)
Payments for interfund services used	(3,491)	(177,427)	(535,531)
Payments to others	-	24,578	68,968
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>(13,146)</u>	<u>(156,978)</u>	<u>(714,225)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	30,027	216,352	2,099,537
Transfers out	-	(2,326)	(50,199)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by noncapital financing activities	<u>30,027</u>	<u>214,026</u>	<u>2,049,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments - advances	-	-	(865,520)
Principal payments - capital leases	-	(11,498)	(105,578)
Interest paid	-	(2,360)	(152,369)
Acquisition/construction of capital assets	-	(2,393)	(2,393)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(16,251)</u>	<u>(1,125,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	(8)	8,949	24,354
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	<u>(8)</u>	<u>8,949</u>	<u>24,354</u>
Net increase (decrease) in cash	<u>16,873</u>	<u>49,746</u>	<u>233,607</u>
Cash, beginning of year	<u>-</u>	<u>221,133</u>	<u>684,728</u>
Cash, end of year (a)	<u>\$ 16,873</u>	<u>\$ 270,879</u>	<u>\$ 918,335</u>
(a) Shown on the statement of net assets as:			
Cash and cash equivalents	\$ 16,873	\$ 254,473	\$ 807,513
Restricted cash and investments	-	16,406	110,822
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 16,873</u>	<u>\$ 270,879</u>	<u>\$ 918,335</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (211,565)	\$ (194,592)	\$ (241,589)	\$ (165,962)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	17,157	251,019	78,434	18,846
Cash Provided (used) by changes in operating assets and liabilities				
Accounts Receivable	(23,700)	(215)	(603)	(16,048)
Accounts payable	5,470	(2,968)	(845)	(18,014)
Due to other city funds	-	-	(85,432)	-
Other liabilities	-	-	-	44,390
Compensated absences payable	(223)	(72)	(1,048)	(111)
Other nonoperating revenue	-	-	3,570	-
Total adjustments	\$ (1,296)	\$ 247,764	\$ (5,924)	\$ 29,063
Net cash provided (used) by operating activities	<u>\$ (212,861)</u>	<u>\$ 53,172</u>	<u>\$ (247,513)</u>	<u>\$ (136,899)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
Year Ended June 30, 2008

	Multi-Sports	Civic Center Events	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (17,600)	\$ (198,855)	\$ (1,030,163)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	24,871	390,327
Cash Provided (used) by changes in operating assets and liabilities	-	-	-
Accounts Receivable	(475)	(958)	(41,999)
Accounts payable	4,601	(7,676)	(19,432)
Due to other city funds	-	-	(85,432)
Other liabilities	-	24,578	68,968
Compensated absences payable	328	502	(624)
Other nonoperating revenue	-	560	4,130
Total adjustments	\$ 4,454	\$ 41,877	\$ 315,938
Net cash provided (used) by operating activities	\$ (13,146)	\$ (156,978)	\$ (714,225)

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.

Administrative Services 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.

Central Communications Fund – This fund is used to account for overseeing operations related to all City telephones, telephone leases, and long-distance carriers.

Health and Benefit Fund – This fund is used to account for payroll deductions made to the City's self-insured group health insurance plan and processes and payments of health insurance claims.

Insurance and 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.

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

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

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.

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 service is also rendered through providing information on City ordinances, assisting in the creation of special improvement districts and providing technical advice to various advisory boards appointed by the City Commission.

Public Works 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.

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, Montana
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	<u>Admini- strative Services</u>	<u>Central Communi- cations</u>	<u>Health and Benefit</u>	<u>Insurance and Safety</u>
ASSETS				
Current assets				
Cash and cash investments	\$ 3,020	\$ 47,435	\$1,541,799	\$ 86,678
Receivables				
Accounts	283	-	13,928	-
Accrued interest	150	421	10,555	901
Interfund loans receivable	-	-	-	-
Inventories	-	-	-	-
	<u>3,453</u>	<u>47,856</u>	<u>1,566,282</u>	<u>87,579</u>
Total current assets				
Noncurrent assets				
Restricted cash and investments	-	-	-	-
Advance to other funds	-	-	-	-
Depreciable capital assets, net	2,882	34,810	-	738
	<u>2,882</u>	<u>34,810</u>	<u>-</u>	<u>738</u>
Total noncurrent assets	<u>2,882</u>	<u>34,810</u>	<u>-</u>	<u>738</u>
Total assets	<u>6,335</u>	<u>82,666</u>	<u>1,566,282</u>	<u>88,317</u>
LIABILITIES				
Current liabilities				
Account payable	269	5,379	579,147	9,900
	<u>269</u>	<u>5,379</u>	<u>579,147</u>	<u>9,900</u>
Total current liabilities	<u>269</u>	<u>5,379</u>	<u>579,147</u>	<u>9,900</u>
Non current liabilities				
Compensated absences payable	29,830	1,271	-	1,938
	<u>29,830</u>	<u>1,271</u>	<u>-</u>	<u>1,938</u>
Total noncurrent liabilities	<u>29,830</u>	<u>1,271</u>	<u>-</u>	<u>1,938</u>
Total liabilities	<u>30,099</u>	<u>6,650</u>	<u>579,147</u>	<u>11,838</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,882	34,810	-	738
Restricted for:				
Equipment replacement reserves	-	-	-	-
Unrestricted	(26,646)	41,206	987,135	75,741
	<u>(26,646)</u>	<u>41,206</u>	<u>987,135</u>	<u>75,741</u>
Total net assets	<u>\$ (23,764)</u>	<u>\$ 76,016</u>	<u>\$ 987,135</u>	<u>\$ 76,479</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2008

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
ASSETS				
Current assets				
Cash and cash investments	\$ 185,464	\$ 118,986	\$ 603,696	\$ 224,959
Receivables				
Accounts	110	45	2,456	65,159
Accrued interest	1,916	2,418	11,314	3,413
Interfund loans receivable	-	-	751,869	-
Inventories	-	-	149,427	-
	<u>187,490</u>	<u>121,449</u>	<u>1,518,762</u>	<u>293,531</u>
Noncurrent assets				
Restricted cash and investments	-	212,976	1,525,887	140,623
Advance to other funds	-	-	815,724	-
Depreciable capital assets, net	40,373	195,007	3,254,413	64,162
	<u>40,373</u>	<u>407,983</u>	<u>5,596,024</u>	<u>204,785</u>
Total assets	<u>227,863</u>	<u>529,432</u>	<u>7,114,786</u>	<u>498,316</u>
LIABILITIES				
Current liabilities				
Account payable	26,592	7,849	2,858	16,519
	<u>26,592</u>	<u>7,849</u>	<u>2,858</u>	<u>16,519</u>
Non current liabilities				
Compensated absences payable	73,353	64,862	65,142	126,333
	<u>73,353</u>	<u>64,862</u>	<u>65,142</u>	<u>126,333</u>
Total liabilities	<u>99,945</u>	<u>72,711</u>	<u>68,000</u>	<u>142,852</u>
NET ASSETS				
Invested in capital assets, net of related debt	40,373	195,007	3,254,413	64,162
Restricted for:				
Equipment replacement reserves	-	212,976	1,525,887	140,623
Unrestricted	87,545	48,738	2,266,486	150,679
	<u>87,545</u>	<u>48,738</u>	<u>2,266,486</u>	<u>150,679</u>
Total net assets	<u>\$ 127,918</u>	<u>\$ 456,721</u>	<u>\$ 7,046,786</u>	<u>\$ 355,464</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Net Assets (Concluded)
Internal Service Funds
June 30, 2008

	Public Works	Facility Services	Totals
ASSETS			
Current assets			
Cash and cash investments	\$ 107,688	\$ -	\$ 2,919,725
Receivables			
Accounts	-	-	81,981
Accrued interest	949	1,014	33,051
Interfund loans receivable	-	-	751,869
Inventories	-	-	149,427
	<u>108,637</u>	<u>1,014</u>	<u>3,936,053</u>
Noncurrent assets			
Restricted cash and investments	1,234	82,053	1,962,773
Advance to other funds	17,645	30,800	864,169
Depreciable capital assets, net	<u>57,377</u>	<u>225,898</u>	<u>3,875,660</u>
	<u>76,256</u>	<u>338,751</u>	<u>6,702,602</u>
	<u>184,893</u>	<u>339,765</u>	<u>10,638,655</u>
LIABILITIES			
Current liabilities			
Account payable	<u>5,002</u>	<u>3,230</u>	<u>656,745</u>
	<u>5,002</u>	<u>3,230</u>	<u>656,745</u>
Non current liabilities			
Compensated absences payable	<u>21,127</u>	<u>18,218</u>	<u>402,074</u>
	<u>21,127</u>	<u>18,218</u>	<u>402,074</u>
	<u>26,129</u>	<u>21,448</u>	<u>1,058,819</u>
NET ASSETS			
Invested in capital assets, net of related debt	57,377	225,898	3,875,660
Restricted for:			
Equipment replacement reserves	1,234	82,053	1,962,773
Unrestricted	<u>100,153</u>	<u>10,366</u>	<u>3,741,403</u>
	<u>\$ 158,764</u>	<u>\$ 318,317</u>	<u>\$ 9,579,836</u>

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2008

	<u>Admin- istrative Services</u>	<u>Central Communi- cations</u>	<u>Health and Benefit</u>	<u>Insurance and Safety</u>
OPERATING REVENUES				
Charges for services	\$ 299,162	\$ 82,950	\$5,239,116	\$1,413,190
OPERATING EXPENSES				
Personal services	249,985	59,277	-	64,205
Supplies and materials	3,645	-	-	6,659
Purchased services	12,745	16,883	4,339,339	1,341,360
Internal services	38,008	3,179	-	3,381
Other	-	-	-	-
Depreciation	214	5,355	-	82
Total operating expenses	<u>304,597</u>	<u>84,694</u>	<u>4,339,339</u>	<u>1,415,687</u>
Operating income (loss)	<u>(5,435)</u>	<u>(1,744)</u>	<u>899,777</u>	<u>(2,497)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	522	1,858	32,868	5,764
Gain (loss) on disposal of assets	-	-	-	-
Other	-	-	160,133	-
Total nonoperating revenues (expenses)	<u>522</u>	<u>1,858</u>	<u>193,001</u>	<u>5,764</u>
Change in net assets before transfers	(4,913)	114	1,092,778	3,267
Transfers in	-	-	350,000	-
Transfers out	<u>(3,212)</u>	<u>(1,028)</u>	<u>-</u>	<u>(831)</u>
Changes in net assets	(8,125)	(914)	1,442,778	2,436
Net assets, beginning of year	<u>(15,639)</u>	<u>76,930</u>	<u>(455,643)</u>	<u>74,043</u>
Net assets, end of year	<u>\$ (23,764)</u>	<u>\$ 76,016</u>	<u>\$ 987,135</u>	<u>\$ 76,479</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended June 30, 2008

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
OPERATING REVENUES				
Charges for services	<u>\$1,699,440</u>	<u>\$ 1,151,781</u>	<u>\$ 1,626,887</u>	<u>\$ 1,048,285</u>
OPERATING EXPENSES				
Personal services	875,730	503,307	595,134	885,709
Supplies and materials	37,422	142,616	408,838	22,959
Purchased services	292,779	366,974	83,902	31,017
Internal services	416,686	58,587	117,282	173,350
Other	21	-	(4,154)	-
Depreciation	<u>13,417</u>	<u>50,913</u>	<u>517,320</u>	<u>11,510</u>
Total operating expenses	<u>1,636,055</u>	<u>1,122,397</u>	<u>1,718,322</u>	<u>1,124,545</u>
Operating income (loss)	<u>63,385</u>	<u>29,384</u>	<u>(91,435)</u>	<u>(76,260)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	7,056	7,780	143,948	14,729
Gain (loss) on disposal of assets	(29)	-	22,541	-
Other	<u>-</u>	<u>15,088</u>	<u>156,881</u>	<u>194</u>
Total nonoperating revenues (expenses)	<u>7,027</u>	<u>22,868</u>	<u>323,370</u>	<u>14,923</u>
Change in net assets before transfers	70,412	52,252	231,935	(61,337)
Transfers in	-	35,292	-	162,710
Transfers out	<u>(14,067)</u>	<u>(6,883)</u>	<u>(9,664)</u>	<u>(10,286)</u>
Changes in net assets	56,345	80,661	222,271	91,087
Net assets, beginning of year	<u>71,573</u>	<u>376,060</u>	<u>6,824,515</u>	<u>264,377</u>
Net assets, end of year	<u>\$ 127,918</u>	<u>\$ 456,721</u>	<u>\$ 7,046,786</u>	<u>\$ 355,464</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Concluded)
Internal Service Funds
Year Ended June 30, 2008

	<u>Public Works</u>	<u>Facility Services</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 430,341	\$ 460,264	\$13,451,416
OPERATING EXPENSES			
Personal services	185,943	204,951	3,624,241
Supplies and materials	5,908	15,818	643,865
Purchased services	150,245	148,280	6,783,524
Internal services	29,793	53,033	893,299
Other	-	-	(4,133)
Depreciation	5,030	29,282	633,123
Total operating expenses	<u>376,919</u>	<u>451,364</u>	<u>12,573,919</u>
Operating income (loss)	<u>53,422</u>	<u>8,900</u>	<u>877,497</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	4,355	6,284	225,164
Gain (loss) on disposal of assets	-	-	22,512
Other	175	495	332,966
Total nonoperating revenues (expenses)	<u>4,530</u>	<u>6,779</u>	<u>580,642</u>
Change in net assets before transfers	57,952	15,679	1,458,139
Transfers in	-	-	548,002
Transfers out	<u>(2,374)</u>	<u>(14,465)</u>	<u>(62,810)</u>
Changes in net assets	55,578	1,214	1,943,331
Net assets, beginning of year	<u>103,186</u>	<u>317,103</u>	<u>7,636,505</u>
Net assets, end of year	<u>\$ 158,764</u>	<u>\$ 318,317</u>	<u>\$ 9,579,836</u>

City of Great Falls, Montana
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008

	<u>Admin- istrative Services</u>	<u>Central Communi- cations</u>	<u>Health and Benefit</u>	<u>Insurance and Safety</u>
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ (283)	\$ -	\$ 353,047	\$ -
Interfund cash flow loans	-	-	(41,200)	-
Receipts from interfund services provided	299,162	82,950	-	1,413,190
Receipts from others	-	-	5,239,116	-
Payments to suppliers	(19,477)	(18,197)	(4,381,477)	(1,340,771)
Payments to employees	(244,904)	(59,223)	-	(63,721)
Payments for interfund services used	<u>(38,008)</u>	<u>(3,179)</u>	<u>-</u>	<u>(3,381)</u>
Net cash provided (used) by operating activities	<u>(3,510)</u>	<u>2,351</u>	<u>1,169,486</u>	<u>5,317</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	350,000	-
Transfers out	(3,212)	(1,028)	-	(831)
Net cash provided (used) by noncapital financing activities	<u>(3,212)</u>	<u>(1,028)</u>	<u>350,000</u>	<u>(831)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	-	-
Principal payments received/loans made - advances	-	-	-	-
Acquisition/construction of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(820)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>514</u>	<u>1,724</u>	<u>22,313</u>	<u>5,317</u>
Net cash provided (used) by investing activities	<u>514</u>	<u>1,724</u>	<u>22,313</u>	<u>5,317</u>
Net increase (decrease) in cash	(6,208)	3,047	1,541,799	8,983
Cash, beginning of year	<u>9,228</u>	<u>44,388</u>	<u>-</u>	<u>77,695</u>
Cash, end of year (a)	<u>\$ 3,020</u>	<u>\$ 47,435</u>	<u>\$1,541,799</u>	<u>\$ 86,678</u>
(a) Shown on the statement of net assets as:				
Cash and cash equivalents	\$ 3,020	\$ 47,435	\$1,541,799	\$ 86,678
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,020</u>	<u>\$ 47,435</u>	<u>\$1,541,799</u>	<u>\$ 86,678</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2008

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,605	\$ 1,684	\$ 159,310	\$ 142,871
Interfund cash flow loans	-	-	-	-
Receipts from interfund services provided	1,694,725	996,920	1,617,782	836,834
Receipts from others	-	25,984	7,323	52,022
Payments to suppliers	(309,651)	(505,801)	(531,412)	(38,397)
Payments to employees	(867,091)	(500,240)	(595,742)	(880,047)
Payments for interfund services used	(416,686)	83,694	(117,282)	(173,350)
Net cash provided (used) by operating activities	<u>105,902</u>	<u>102,241</u>	<u>539,979</u>	<u>(60,067)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	35,292	-	162,710
Transfers out	(14,067)	(6,883)	(9,664)	(10,286)
Net cash provided (used) by noncapital financing activities	<u>(14,067)</u>	<u>28,409</u>	<u>(9,664)</u>	<u>152,424</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	26,478	-
Principal payments received/loans made - advances	-	-	881,387	-
Acquisition/construction of capital assets	(15,573)	(151,976)	(365,464)	(41,018)
Net cash provided (used) by capital and related financing activities	<u>(15,573)</u>	<u>(151,976)</u>	<u>542,401</u>	<u>(41,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>5,998</u>	<u>7,545</u>	<u>138,286</u>	<u>13,317</u>
Net cash provided (used) by investing activities	<u>5,998</u>	<u>7,545</u>	<u>138,286</u>	<u>13,317</u>
Net increase (decrease) in cash	82,260	(13,781)	1,211,002	64,656
Cash, beginning of year	<u>103,204</u>	<u>345,743</u>	<u>918,581</u>	<u>300,926</u>
Cash, end of year (a)	<u>\$ 185,464</u>	<u>\$ 331,962</u>	<u>\$ 2,129,583</u>	<u>\$ 365,582</u>
(a) Shown on the statement of net assets as:				
Cash and cash equivalents	\$ 185,464	\$ 118,986	\$ 603,696	\$ 224,959
Restricted cash and investments	-	212,976	1,525,887	140,623
	<u>\$ 185,464</u>	<u>\$ 331,962</u>	<u>\$ 2,129,583</u>	<u>\$ 365,582</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2008

	<u>Public Works</u>	<u>Facility Services</u>	<u>Totals</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ -	\$ -	\$ 661,234
Interfund cash flow loans	-	-	(41,200)
Receipts from interfund services provided	430,341	460,264	7,832,168
Receipts from others	175	495	5,325,115
Payments to suppliers	(155,785)	(167,221)	(7,468,189)
Payments to employees	(191,127)	(201,653)	(3,603,748)
Payments for interfund services used	(29,793)	(53,033)	(751,018)
	<u>53,811</u>	<u>38,852</u>	<u>1,954,362</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	548,002
Transfers out	(2,374)	(14,465)	(62,810)
	<u>(2,374)</u>	<u>(14,465)</u>	<u>485,192</u>
Net cash provided (used) by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets	-	-	26,478
Principal payments received/loans made - advances	-	-	881,387
Acquisition/construction of capital assets	(21,321)	(100,385)	(696,557)
	<u>(21,321)</u>	<u>(100,385)</u>	<u>(696,557)</u>
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	4,031	6,503	205,548
	<u>4,031</u>	<u>6,503</u>	<u>205,548</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash	34,147	(69,495)	2,856,410
Cash, beginning of year	<u>74,775</u>	<u>151,548</u>	<u>2,026,088</u>
Cash, end of year (a)	<u>\$ 108,922</u>	<u>\$ 82,053</u>	<u>\$ 4,882,498</u>
(a) Shown on the statement of net assets as:			
Cash and cash equivalents	\$ 107,688	\$ -	\$ 2,919,725
Restricted cash and investments	1,234	82,053	1,962,773
	<u>\$ 108,922</u>	<u>\$ 82,053</u>	<u>\$ 4,882,498</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2008

	<u>Admin- istrative Services</u>	<u>Central Commun- ications</u>	<u>Health and Benefits</u>	<u>Insurance and Safety</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	<u>\$ (5,435)</u>	<u>\$ (1,744)</u>	<u>\$ 899,777</u>	<u>\$ (2,497)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	214	5,355	-	82
Cash provided (used) by changes in operating assets and liabilities				
operating assets and liabilities				
Accounts receivable	(283)	-	192,914	-
Inventories	-	-	-	-
Accounts payable	(3,087)	(1,314)	(42,138)	7,248
Due to other city funds	-	-	(41,200)	-
Compensated absences payable	5,081	54	-	484
Other nonoperating revenue	<u>-</u>	<u>-</u>	<u>160,133</u>	<u>-</u>
Total adjustments	1,925	4,095	269,709	7,814
Net cash provided (used) by operating activities	<u>\$ (3,510)</u>	<u>\$ 2,351</u>	<u>\$ 1,169,486</u>	<u>\$ 5,317</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2008

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	<u>\$ 63,385</u>	<u>\$ 29,384</u>	<u>\$ (91,435)</u>	<u>\$ (76,260)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	13,417	50,913	517,320	11,510
Cash provided (used) by changes in operating assets and liabilities				
operating assets and liabilities				
Accounts receivable	(110)	-	647	(16,752)
Inventories	-	-	(41,149)	-
Accounts payable	20,571	3,789	(1,677)	15,579
Due to other city funds	-	-	-	-
Compensated absences payable	8,639	3,067	(608)	5,662
Other nonoperating revenue	<u>-</u>	<u>15,088</u>	<u>156,881</u>	<u>194</u>
Total adjustments	42,517	72,857	631,414	16,193
Net cash provided (used) by operating activities	<u>\$ 105,902</u>	<u>\$ 102,241</u>	<u>\$ 539,979</u>	<u>\$ (60,067)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
Year Ended June 30, 2008

	<u>Public Works</u>	<u>Facility Services</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 53,422	\$ 8,900	\$ 877,497
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	5,030	29,282	633,123
Cash provided (used) by changes in operating assets and liabilities			
operating assets and liabilities			
Accounts receivable	-	-	176,416
Inventories	-	-	(41,149)
Accounts payable	368	(3,123)	(3,784)
Due to other city funds	-	-	(41,200)
Compensated absences payable	(5,184)	3,298	20,493
Other nonoperating revenue	175	495	332,966
Total adjustments	389	29,952	1,076,865
Net cash provided (used) by operating activities	<u>\$ 53,811</u>	<u>\$ 38,852</u>	<u>\$ 1,954,362</u>

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, Montana
Combining Statement of Fiduciary Net Assets
Private Purpose Trust
June 30, 2008

	Castle Pines
ASSETS	
Cash and cash equivalents	\$ 111,939
Accrued interest receivable	921
	<hr/>
Total assets	112,860
	<hr/> <hr/>
LIABILITIES	-
	<hr/>
NET ASSETS	
Held in trust	\$ 112,860
	<hr/> <hr/>

City of Great Falls, Montana
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2008

	Castle Pines
ADDITIONS	
Private contributions	\$ 53,085
Investment income	3,746
	56,831
DEDUCTIONS	
Refunds of contributions	-
	56,831
Net assets, beginning of year	56,029
	\$ 112,860
Net assets, end of year	\$ 112,860

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.

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

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

ULRRWSD (Upper Lower River Road Water Sewer District) – 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.

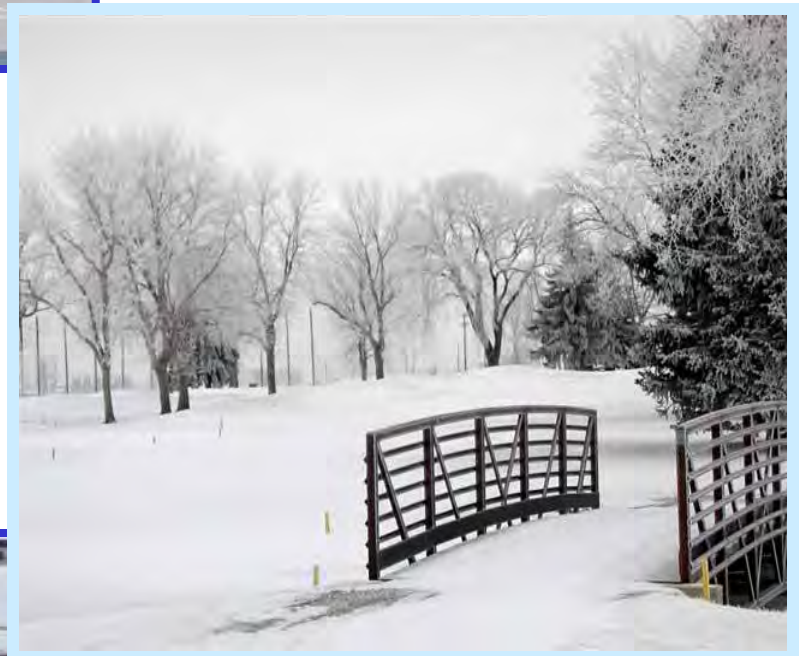
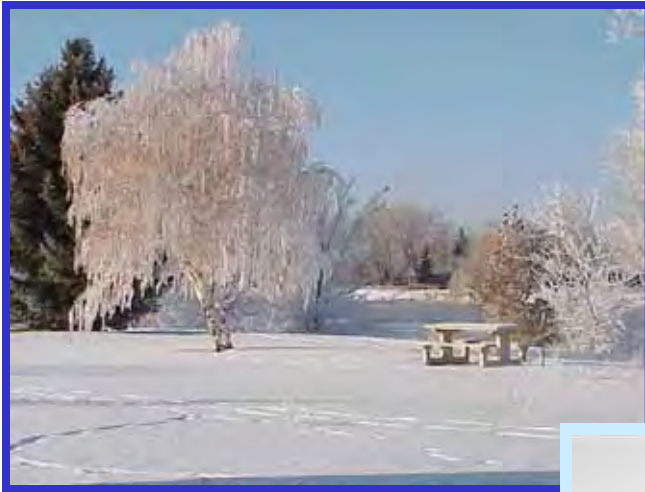
City of Great Falls, Montana
Combining Statement of Fiduciary Net Assets
Agency Funds
Year Ended June 30, 2008

	<u>Court</u>	<u>Payroll</u>	<u>ULRRWSD</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 53,286	\$ 50,615	\$ 44,802	\$ 148,703
Special assessments receivable	-	-	616,131	616,131
Accrued interest receivable	-	-	340	340
	<u>53,286</u>	<u>50,615</u>	<u>661,273</u>	<u>765,174</u>
Total assets	<u>53,286</u>	<u>50,615</u>	<u>661,273</u>	<u>765,174</u>
LIABILITIES				
Accounts payable	-	50,615	-	50,615
Deferred revenue - special assessments	-	-	611,635	611,635
Other liabilities	53,286	-	49,638	102,924
	<u>53,286</u>	<u>-</u>	<u>49,638</u>	<u>102,924</u>
Total liabilities	<u>\$ 53,286</u>	<u>\$ 50,615</u>	<u>\$ 661,273</u>	<u>\$ 765,174</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
COURT AGENCY				
ASSETS				
Cash and cash equivalents	\$ 36,862	\$ 1,467,136	\$ (1,450,712)	\$ 53,286
Total assets	<u>36,862</u>	<u>1,467,136</u>	<u>(1,450,712)</u>	<u>53,286</u>
LIABILITIES				
Other liabilities	<u>36,862</u>	<u>1,467,136</u>	<u>(1,450,712)</u>	<u>53,286</u>
Total liabilities	<u>\$ 36,862</u>	<u>\$ 1,467,136</u>	<u>\$ (1,450,712)</u>	<u>\$ 53,286</u>
PAYROLL AGENCY				
ASSETS				
Cash and cash equivalents	\$ 60,744	\$ 17,367,659	\$ (17,377,788)	\$ 50,615
Total assets	<u>60,744</u>	<u>17,367,659</u>	<u>(17,377,788)</u>	<u>50,615</u>
LIABILITIES				
Accounts payable	<u>60,744</u>	<u>18,937,631</u>	<u>(18,947,760)</u>	<u>50,615</u>
Total liabilities	<u>\$ 60,744</u>	<u>\$ 18,937,631</u>	<u>\$ (18,947,760)</u>	<u>\$ 50,615</u>
ULRRWSD AGENCY				
ASSETS				
Cash and cash equivalents	\$ 19,573	\$ 77,225	\$ (51,996)	\$ 44,802
Special assessments receivable	645,071	714,898	(743,838)	616,131
Accrued interest receivable	<u>180</u>	<u>584</u>	<u>(424)</u>	<u>340</u>
Total assets	<u>664,824</u>	<u>792,707</u>	<u>(796,258)</u>	<u>661,273</u>
LIABILITIES				
Deferred revenue - special assessments	644,618	714,910	(747,893)	611,635
Other liabilities	<u>20,206</u>	<u>29,432</u>	<u>-</u>	<u>49,638</u>
Total liabilities	<u>\$ 664,824</u>	<u>\$ 744,342</u>	<u>\$ (747,893)</u>	<u>\$ 661,273</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 117,179	\$ 19,627,502	\$ (19,624,758)	\$ 765,174
Special assessments receivable	645,071	-	-	-
Accrued interest receivable	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>762,430</u>	<u>19,627,502</u>	<u>(19,624,758)</u>	<u>765,174</u>
LIABILITIES				
Accounts payable	60,744	18,937,631	(18,947,760)	50,615
Deferred revenue - special assessments	644,618	714,910	(747,893)	611,635
Other liabilities	<u>57,068</u>	<u>1,496,568</u>	<u>(1,450,712)</u>	<u>102,924</u>
Total liabilities	<u>\$ 762,430</u>	<u>\$ 21,149,109</u>	<u>\$ (21,146,365)</u>	<u>\$ 765,174</u>

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.	144
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	149
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.	153
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. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General government	\$ 7,733,417	\$ 7,968,020	\$ 8,651,809	\$ 7,219,070	\$ 7,551,204	\$ 6,113,949
Public safety	11,769,875	11,983,789	12,658,498	13,011,552	13,707,939	15,703,112
Public works	4,225,922	3,985,723	3,820,802	3,928,438	4,032,194	4,395,673
Culture and recreation	3,129,879	3,490,282	4,043,817	4,021,127	4,190,877	4,568,967
Housing and development	2,416,995	2,572,602	3,327,328	3,059,338	2,788,802	3,141,049
Interest and Fees	750,348	271,990	464,260	408,151	311,447	405,626
Total governmental activities expenses	30,026,436	30,272,406	32,966,514	31,647,676	32,582,463	34,328,376
Business-type activities						
Water	4,833,493	5,325,599	5,362,998	6,469,092	6,791,109	7,223,313
Sewer	4,629,286	5,416,556	5,484,053	6,120,164	6,620,414	7,215,076
Storm drain	694,124	662,616	622,512	1,164,236	1,215,422	1,227,116
Sanitation	2,641,732	2,806,848	2,773,495	2,992,216	3,072,465	3,330,166
Electric	-	30,888	1,674,686	4,471,710	6,711,809	9,441,675
Golf courses	1,453,833	1,449,714	1,457,117	1,467,156	1,421,903	1,384,226
Port authority	-	-	-	-	-	87,046
Other	5,178,355	3,356,510	3,359,635	3,677,162	4,045,283	4,273,470
Total business-type activities expenses	19,430,823	19,048,731	20,734,496	26,361,736	29,878,405	34,182,088
Total primary government expenses	\$ 49,457,259	\$ 49,321,137	\$ 53,701,010	\$ 58,009,412	\$ 62,460,868	\$ 68,510,464
Program Revenues						
Governmental Activities:						
Charges for services						
General government	\$ 1,990,173	\$ 2,260,293	\$ 2,358,059	\$ 2,770,849	\$ 2,584,146	\$ 2,773,279
Public safety	1,565,608	2,009,573	1,848,504	2,082,032	2,096,607	2,280,255
Public works	1,740,588	2,128,619	2,318,073	2,481,096	2,801,439	3,075,156
Culture and recreation	671,557	652,260	728,754	558,479	496,740	517,337
Housing and development	2,433,163	2,487,130	2,968,094	2,916,787	3,235,059	3,594,034
Operating grants and contributions	583,207	281,504	1,594,762	813,017	867,359	922,426
Capital grants and contributions	2,336,484	3,701,084	3,857,853	2,457,109	1,945,499	2,190,536
Total governmental activities program revenues	11,320,780	13,520,463	15,674,099	14,079,369	14,026,849	15,353,023

Business-type activities						
Charges for services						
Water	\$ 6,283,904	\$ 7,648,142	\$ 8,018,153	\$ 7,427,648	\$ 7,578,259	\$ 8,301,295
Sewer	5,260,591	5,836,954	5,661,367	6,516,115	7,089,612	7,656,887
Storm drain	1,410,274	1,692,103	1,764,261	2,086,414	1,929,820	1,824,052
Sanitation	2,436,498	2,601,775	2,602,383	2,762,201	2,881,638	3,224,927
Electric	-	159,877	1,288,133	4,051,244	6,440,336	8,867,623
Golf courses	1,080,084	1,084,129	1,049,535	1,090,309	1,168,802	1,254,453
Port authority	-	-	-	-	-	440,364
Other	3,622,900	2,162,681	1,071,775	2,587,631	2,800,943	2,841,539
Operating grants and contributions	-	-	6,335	3,500	-	3,570
Capital grants and contributions	-	-	98,012	137,992	1,258,171	28,409
Total business-type activities program revenues	<u>20,094,251</u>	<u>21,185,661</u>	<u>21,559,954</u>	<u>26,663,054</u>	<u>31,147,581</u>	<u>34,443,119</u>
Total primary government program revenues	<u>\$ 31,415,031</u>	<u>\$ 34,706,124</u>	<u>\$ 37,234,053</u>	<u>\$ 40,742,423</u>	<u>\$ 45,174,430</u>	<u>\$ 49,796,142</u>
Net (Expense)/Revenue						
Governmental activities	\$ (18,705,656)	\$ (16,751,943)	\$ (17,292,415)	\$ (17,568,307)	\$ (18,555,614)	\$ (18,975,353)
Business-type activities	663,428	2,136,930	825,458	301,318	1,269,176	261,031
Total primary government net expense	<u>\$ (18,042,228)</u>	<u>\$ (14,615,013)</u>	<u>\$ (16,466,957)</u>	<u>\$ (17,266,989)</u>	<u>\$ (17,286,438)</u>	<u>\$ (18,714,322)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property taxes	\$ 10,889,623	\$ 10,979,102	\$ 11,778,547	\$ 12,041,935	\$ 12,601,752	\$ 14,634,494
Grants and contributions not restricted to specific programs	7,218,956	7,906,709	7,801,713	7,755,847	7,809,913	8,190,388
Unrestricted investment earnings	538,257	228,687	336,545	383,907	697,066	666,468
Miscellaneous	2,328,926	620,169	233,695	311,702	683,004	887,591
Transfers	(1,560,421)	(685,734)	(1,676,415)	(1,065,222)	(1,327,408)	(2,520,767)
Total governmental activities general revenues	<u>19,415,341</u>	<u>19,048,933</u>	<u>18,474,085</u>	<u>19,428,169</u>	<u>20,464,327</u>	<u>21,858,174</u>
Business Type Activities:						
Unrestricted investment earnings	560,609	202,854	481,461	660,977	997,854	664,264
Miscellaneous	311,177	94,433	68,690	106,501	224,678	571,884
Transfers	1,560,421	685,734	1,676,415	1,065,222	1,327,408	2,520,767
Total business-type activities general revenues	<u>2,432,207</u>	<u>983,021</u>	<u>2,226,566</u>	<u>1,832,700</u>	<u>2,549,940</u>	<u>3,756,915</u>
Total primary government general revenues	<u>\$ 21,847,548</u>	<u>\$ 20,031,954</u>	<u>\$ 20,700,651</u>	<u>\$ 21,260,869</u>	<u>\$ 23,014,267</u>	<u>\$ 25,615,089</u>
Change in Net Assets						
Governmental activities	\$ 709,685	\$ 2,296,990	\$ 1,181,670	\$ 1,859,862	\$ 1,908,713	\$ 2,882,821
Business-type activities	3,095,635	3,119,951	3,052,024	2,134,018	3,819,116	4,017,946
Total primary government	<u>\$ 3,805,320</u>	<u>\$ 5,416,941</u>	<u>\$ 4,233,694</u>	<u>\$ 3,993,880</u>	<u>\$ 5,727,829</u>	<u>\$ 6,900,767</u>

GASB Statement No. 34 reporting requirements were implemented in fiscal year 2003.

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

Business-type activities Electric fund implemented in fiscal year 2004.

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 Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 39,469,877	\$ 36,396,557	\$ 40,668,483	\$ 42,200,941	\$ 63,427,216	\$ 67,957,014
Restricted	9,052,524	7,452,602	7,078,177	7,568,295	8,111,215	5,329,260
Unrestricted	7,605,744	14,674,981	11,245,840	11,074,181	13,732,946	14,867,924
Total governmental activities net assets	<u>\$ 56,128,145</u>	<u>\$ 58,524,140</u>	<u>\$ 58,992,500</u>	<u>\$ 60,843,417</u>	<u>\$ 85,271,377</u>	<u>\$ 88,154,198</u>
Business-Type activities						
Invested in capital assets, net of related debt	\$ 64,253,674	\$ 69,331,957	\$ 72,337,960	\$ 73,539,134	\$ 79,077,768	\$ 84,029,556
Restricted	9,050,791	8,835,470	12,266,972	12,556,046	9,100,250	9,668,238
Unrestricted	12,143,378	10,594,873	7,630,741	8,199,511	9,935,789	8,433,959
Total business-type activities net assets	<u>\$ 85,447,843</u>	<u>\$ 88,762,300</u>	<u>\$ 92,235,673</u>	<u>\$ 94,294,691</u>	<u>\$ 98,113,807</u>	<u>\$ 102,131,753</u>
Primary government						
Invested in capital assets, net of related debt	\$ 103,723,551	\$ 105,728,514	\$ 113,006,443	\$ 115,740,075	\$ 142,504,984	\$ 151,986,570
Restricted	18,103,315	16,288,072	19,345,149	20,124,341	17,211,465	14,997,498
Unrestricted	19,749,122	25,269,854	18,876,581	19,273,692	23,668,735	23,301,883
Total primary government net assets	<u>\$ 141,575,988</u>	<u>\$ 147,286,440</u>	<u>\$ 151,228,173</u>	<u>\$ 155,138,108</u>	<u>\$ 183,385,184</u>	<u>\$ 190,285,951</u>

GASB Statement No. 34 reporting requirements were implemented in fiscal year 2003.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 600,000	\$ 427,064	\$ 598,417	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,422,509	4,412,476	4,413,741	4,280,639	4,232,030	3,944,843	3,280,357	2,922,542	3,108,412	2,659,961
Total general fund	<u>\$ 5,022,509</u>	<u>\$ 4,839,540</u>	<u>\$ 5,012,158</u>	<u>\$ 4,880,639</u>	<u>\$ 4,232,030</u>	<u>\$ 3,944,843</u>	<u>\$ 3,280,357</u>	<u>\$ 2,922,542</u>	<u>\$ 3,108,412</u>	<u>\$ 2,659,961</u>
All Other Governmental Funds										
Reserved	\$ 5,195,176	\$ 5,684,177	\$ 4,692,586	\$ 5,099,652	\$ 4,793,978	\$ 4,291,575	\$ 3,525,194	\$ 3,534,454	\$ 6,133,856	\$ 3,250,907
Unreserved, reported in Special revenue funds	4,016,247	4,481,900	5,908,120	6,366,575	7,390,385	5,742,055	4,671,886	4,931,722	5,921,390	6,132,570
Capital projects funds	824,418	584,945	612,438	474,697	305,586	2,142,427	991,436	538,056	171,635	285,593
Total all other governmental funds	<u>\$ 10,035,841</u>	<u>\$ 10,751,022</u>	<u>\$ 11,213,144</u>	<u>\$ 11,940,924</u>	<u>\$ 12,489,949</u>	<u>\$ 12,176,057</u>	<u>\$ 9,188,516</u>	<u>\$ 9,004,232</u>	<u>\$ 12,226,881</u>	<u>\$ 9,669,070</u>

The decrease in General Fund reserved fund balance in 2003 was due to the close-out of a long-term loan from the General Fund to Montana Expo Park.

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

The fluctuations in 2000, 2001, 2002, 2003, 2004, and 2005 All Other Governmental Funds reserved balances were due to the changing needs for debt service reserves in the funds.

The increase in Capital projects funds unreserved balance in 2004 was due to the issuance of \$2,500,000 general obligation bonds to finance a soccer park.

The increase in Capital projects funds reserved funds in 2007 is due to the issuance of \$2,270,000 general obligation bonds to finance swim pool rehabilitation

Many trust funds were recharacterized as Special Revenue funds in fiscal year 2003 to comply with GASB Statement No. 34 reporting requirements.

Fiscal Years before 2003 have been restated to include the Trust Funds that were restated to Special Revenue Funds to comply with GASB Statement No. 34 reporting requirements.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$10,535,601	\$10,318,781	\$11,529,919	\$10,098,658	\$10,889,623	\$10,979,102	\$11,537,954	\$11,949,430	\$12,932,609	\$14,197,988
Special Assessments	3,409,257	3,509,834	3,317,790	3,702,690	3,705,324	3,895,149	4,117,111	4,205,112	4,456,879	4,762,317
Licenses & Permits	1,619,912	1,423,775	1,594,877	1,331,757	1,361,798	1,430,941	1,589,688	1,556,336	1,797,639	2,060,296
Intergovernmental	7,066,608	8,052,262	9,326,013	10,021,405	10,338,056	11,458,997	12,321,287	10,677,996 ³	10,250,929	10,946,651
Charges for Services	1,438,390	1,549,126	1,571,087	1,716,896	1,856,700	2,111,331	2,280,358	2,377,124	2,699,858	2,674,751
Fines & Forfeitures	1,202,482	1,268,357	1,016,965	1,054,074	1,135,743	1,299,754	1,301,902	1,531,578	1,465,106	1,477,982
Internal Service	1,133,767	1,061,794	886,597	884,819	868,762	950,850	888,307	928,582	1,133,596	1,180,411
Other	1,715,582	1,492,497	732,753	848,871	2,323,893	1,460,724	1,137,632	540,017	492,258	441,304
Investment Income	846,418	614,048	1,066,953	460,246	386,037	112,530 ¹	244,172 ¹	242,674	560,508	448,583
Total revenues	<u>28,968,017</u>	<u>29,290,474</u>	<u>31,042,954</u>	<u>30,119,416</u>	<u>32,865,936</u>	<u>33,699,378</u>	<u>35,418,411</u>	<u>34,008,849</u>	<u>35,789,382</u>	<u>38,190,283</u>
Expenditures										
General Government	5,589,493	5,462,645	6,267,578	5,687,500	7,303,040	7,720,091	7,385,712	6,920,346	6,813,067	6,884,548
Public Safety	9,379,126	9,502,882	10,499,562	11,102,189	11,198,867	11,523,420	12,378,962	12,713,281	13,391,537	15,336,682
Public Works	2,732,250	2,446,734	2,336,651	2,804,567	3,578,526	3,292,422	3,225,539	3,190,200	3,192,983	3,516,983
Culture & Recreation	2,713,506	2,699,033	3,061,072	3,149,888	2,766,316	3,096,873	3,630,589	3,329,144	3,562,237	3,820,102
Housing & Community Development	3,018,369	2,995,814	2,391,783	2,316,254	2,339,091	2,581,540	2,978,451	2,688,276	2,395,756	2,714,537
Debt Service										
Principal	1,369,033	1,409,262	1,243,500	1,123,500	1,353,500	1,534,000	1,250,073	1,336,433	1,302,531	1,434,620
Interest & fees	818,901	745,803	713,677	640,649	799,474	330,282	434,638	383,585	327,021	388,524
Capital Outlay	3,536,294	1,505,872	2,633,665	1,653,805	3,089,452	5,704,265 ²	6,065,725 ²	2,619,789	2,175,938	4,696,802
Total Expenditures	<u>29,156,972</u>	<u>26,768,045</u>	<u>29,147,488</u>	<u>28,478,352</u>	<u>32,428,266</u>	<u>35,782,893</u>	<u>37,349,689</u>	<u>33,181,054</u>	<u>33,161,070</u>	<u>38,792,798</u>
Excess of revenues over (under) expenditures	<u>(188,955)</u>	<u>2,522,429</u>	<u>1,895,466</u>	<u>1,641,064</u>	<u>437,670</u>	<u>(2,083,515)</u>	<u>(1,931,278)</u>	<u>827,795</u>	<u>2,628,312</u>	<u>(602,515)</u>
Other Financing Sources (Uses)										
Transfers In	1,874,704	1,597,606	2,302,786	1,649,341	2,583,925	3,215,676	3,271,637	2,983,184	2,362,396	2,858,289
Transfers Out	(2,442,800)	(2,472,600)	(3,080,576)	(2,279,435)	(4,054,975)	(4,357,346)	(5,432,223)	(4,478,400)	(4,089,753)	(5,864,248)
Transfer to component unit	-	-	-	(85,000)	-	-	-	-	-	-
Issuance of debt	-	-	-	-	(84,287)	2,530,256	833,354	73,093	2,311,675	41,562
Sale of capital assets	88,150	476,498	129,592	29,394	14,743	93,253	11,884	52,038	195,886	560,650
Total other financing sources (uses)	<u>(479,946)</u>	<u>(398,496)</u>	<u>(648,198)</u>	<u>(685,700)</u>	<u>(1,540,594)</u>	<u>1,481,839</u>	<u>(1,315,348)</u>	<u>(1,370,085)</u>	<u>780,204</u>	<u>(2,403,747)</u>
Net change in fund balance	<u>\$ (668,901)</u>	<u>\$ 2,123,933</u>	<u>\$ 1,247,268</u>	<u>\$ 955,364</u>	<u>\$ (1,102,924)</u>	<u>\$ (601,676)</u>	<u>\$ (3,246,626)</u>	<u>\$ (542,290)</u>	<u>\$ 3,408,516</u>	<u>\$ (3,006,262)</u>
Debt service as a percentage of noncapital expenditures	8.54%	8.53%	7.38%	6.58%	7.34%	6.20%	5.39%	5.63%	5.26%	5.35%

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.

Many trust funds were recharacterized as Special Revenue funds in fiscal year 2003 to comply with GASB Statement No. 34 reporting requirements.

Fiscal Years before 2003 have been restated to include the Trust Funds that were restated to Special Revenue Funds to comply with GASB Statement No. 34 reporting requirements.

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

Fiscal Year	Real Property		Personal Property		Increment District		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	Combined Taxable Assessed Value	Combined Incremental Taxable Assessed Value	Market Value	Taxable Assessed Value		
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL										
1999	\$1,959,879,698	\$68,245,114	\$108,774,691	\$ 6,662,426	\$ 9,750,817	\$ 4,459,216	\$2,068,654,389	\$74,907,540	3.62%	88.79
2000	1,855,952,079	70,500,184	68,831,773	2,051,092	8,778,187	4,294,304	1,924,783,852	72,551,276	3.77%	92.77
2001	1,906,503,157	61,028,154	139,913,509	3,871,081	7,718,866	4,294,304	2,046,416,666	64,899,235	3.17%	108.12
2002	2,008,846,072	61,562,636	140,636,341	3,910,670	8,038,329	4,511,569	2,149,482,413	65,473,306	3.05%	111.32
2003	1,766,980,994	60,870,134	138,095,399	3,906,844	7,943,227	4,364,549	1,905,076,393	64,776,978	3.40%	119.00
2004	2,094,766,611	61,242,283	141,784,188	4,086,270	7,332,091	4,102,725	2,236,550,799	65,328,553	2.92%	124.33
2005	1,864,909,252	62,349,226	138,013,207	4,028,424	8,969,439	3,343,580	2,002,922,459	66,377,650	3.31%	131.64
2006	1,957,030,185	63,632,178	148,813,371	4,394,817	8,651,423	3,402,127	2,105,843,556	68,026,995	3.23%	138.27
2007	2,022,021,187	66,155,226	162,329,143	4,835,189	9,101,231	3,832,568	2,184,350,330	70,990,415	3.25%	140.94
2008	2,136,035,079	68,330,586	183,294,177	5,445,746	9,330,961	4,064,883	2,319,329,256	73,776,332	3.18%	158.21
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - NET OF URBAN RENEWAL TAX INCREMENT										
1999	N/A	\$58,494,297	N/A	\$ 6,662,426	\$ -	\$ -	N/A	\$65,156,723	N/A	88.79
2000	N/A	61,721,997	N/A	2,051,092	-	-	N/A	63,773,089	N/A	92.77
2001	N/A	53,309,288	N/A	3,871,081	-	-	N/A	57,180,369	N/A	108.12
2002	1,772,880,685	53,707,159	134,540,666	3,727,818	-	-	1,907,421,351	57,434,977	3.01%	111.32
2003	1,517,970,513	53,152,749	130,488,269	3,681,002	-	-	1,648,458,782	56,833,751	3.45%	119.00
2004	1,841,138,828	54,106,999	135,156,959	3,889,463	-	-	1,976,295,787	57,996,462	2.93%	124.33
2005	1,633,891,050	53,580,593	131,270,000	3,827,618	-	-	1,765,161,050	57,408,211	3.25%	131.64
2006	1,733,415,472	55,186,069	141,894,158	4,189,503	-	-	1,875,309,630	59,375,572	3.17%	138.27
2007	1,774,072,331	57,253,119	155,612,446	4,636,065	-	-	1,929,684,777	61,889,184	3.21%	140.94
2008	1,878,082,643	59,186,187	177,005,786	5,259,184	-	-	2,055,088,429	64,445,371	3.14%	158.21
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - URBAN RENEWAL TAX INCREMENT										
1999	N/A	\$ 9,750,817	N/A	N/A	\$ 9,750,817	\$ 4,459,216	N/A	\$ 9,750,817	N/A	88.79
2000	N/A	8,778,187	N/A	N/A	8,778,187	4,294,304	N/A	8,778,187	N/A	92.77
2001	N/A	7,718,866	N/A	N/A	7,718,866	4,294,304	N/A	7,718,866	N/A	108.12
2002	235,965,387	7,855,477	6,095,675	182,852	8,038,329	4,511,569	242,061,062	8,038,329	3.32%	111.32
2003	249,010,481	7,717,385	7,607,130	225,842	7,943,227	4,364,549	256,617,611	7,943,227	3.10%	119.00
2004	253,627,783	7,135,284	6,627,229	196,807	7,332,091	4,102,725	260,255,012	7,332,091	2.82%	124.33
2005	231,018,202	8,768,633	6,743,207	200,806	8,969,439	3,343,580	237,761,409	8,969,439	3.77%	131.64
2006	223,614,713	8,446,109	6,919,213	205,314	8,651,423	3,402,127	230,533,926	8,651,423	3.75%	138.27
2007	247,948,856	8,902,107	6,716,697	199,124	9,101,231	3,832,568	254,665,553	9,101,231	3.57%	140.94
2008	257,952,436	9,144,399	6,288,391	186,562	9,330,961	4,064,883	264,240,827	9,330,961	3.53%	158.21

Source: Cascade County, Montana, Appraisal and Assessment Office through Fiscal Year 1999.

Montana State Department of Revenue from Fiscal Year 1999 through Fiscal Year 2001. Cascade County, Montana, Assessment Office from Fiscal Year 2002.

¹ The 1999 State Legislature changed the formula for computing property taxes. Taxable property values went down, tax rates went up and property taxes remained the same. The Department of Revenue recomputed the taxable valuation of all property in Montana.

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 State 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
Property Tax Mills Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Overlapping Governments							Direct	Total
	State University	State School Equalization	Assumed Public Assistance	Cascade County	County-Wide School	Great Falls School Districts	Transit District	City of Great Falls	
1999	6.00	40.00	9.00	69.99	91.33	170.02	10.25	88.79	485.38
2000	6.00	40.00	9.00	74.27	87.93	169.13	10.97	92.77	490.07
2001	6.00	40.00	9.00	87.44	102.10	164.81	12.68	108.12	530.15
2002	6.00	40.00	-	98.55	97.82	183.54	13.31	111.32	550.54
2003	6.00	40.00	-	101.73	101.46	195.25	13.76	119.00	577.20
2004	6.00	40.00	-	111.22	99.60	208.17	14.07	124.33	603.39
2005	6.00	40.00	-	107.70	103.41	209.51	14.76	131.64	613.02
2006	6.00	40.00	-	107.96	102.09	199.47	15.06	138.27	608.85
2007	6.00	40.00	-	121.55	102.18	188.23	15.80	140.94	614.70
2008	6.00	40.00	-	122.02	103.87	184.34	16.40	158.21	630.84

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	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Northwestern Energy, LLC	\$ 3,498,164	1	4.74%	\$ 12,843,955 ¹	1	17.15%
Qwest Corporation	1,062,416	2	1.44%	4,510,109 ²	2	6.02%
Holiday Village Partners LLC	839,104	3 ³	1.14%	-		-
Great Falls Gas Co. (Energy West)	783,591	4	1.06%	-		-
Pasta MT	712,129	5	0.97%	-		0.00%
Montana Refining Co.	665,956	6	0.90%	784,145	6	1.05%
General Mills, Inc	635,055	7	0.86%	631,285	9	0.84%
International Malting Company LLC	556,870	8	0.75%	-		-
Orix Great Falls LLC Etal	522,808	9 ³	0.71%	-		-
Federal Express Corp	385,788	10	0.86%	507,387	10	0.68%
McElroy & Associates, Inc	-		-	1,159,156 ³	3	1.55%
Macerich Partnership, LP	-		-	1,182,612	4	1.58%
Burlington Northern Santa Fe Railroad	-		-	1,036,264	5	1.38%
Tri-Touch America	-		-	773,144	7	1.03%
Cenex-Crude Gathering Sysetm	-		-	662,838	8	0.88%
	<u>\$ 9,661,881</u>		<u>13.43%</u>	<u>\$ 24,090,895</u>		<u>32.16%</u>
Total Assessed Value	<u><u>\$ 73,776,332</u></u>			<u><u>\$ 74,907,540</u></u>		

Source: Treasurer's Office, Cascade County, Montana

¹ In this previous period, Northwestern Energy, LLC was Montana Power Company.

² In this previous period, Qwest Corporation was US West Communications.

³ In Fiscal Year 2007, Holiday Village Partners LLC and Orix Great Falls LLC Etal were disbanded from Macerich Partnership, LP

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected Within the Fiscal Year of the Levy</u>	<u>% Levy Collected</u>	<u>Collection in Subsequent Years</u>	<u>Total Tax Collections</u>	<u>% Total Tax Collections to Total Tax Levy</u>	
PROPERTY TAX LEVIES AND COLLECTIONS - TOTAL							
1999	8,392,766	5,684,494	90.88%	441,667	8,297,195	98.86%	
2000	8,410,943	5,858,814	92.52%	475,115	8,478,793	100.81%	
2001	8,803,465	8,303,809	94.32%	949,219	9,253,028	105.11%	
2002	9,242,990	8,420,712	91.10%	580,831	9,001,543	97.39%	
2003	9,682,109	9,011,269	93.07%	676,703	9,687,972	100.06%	
2004	10,358,234	9,409,577	90.84%	653,339	10,062,916	97.15%	
2005	10,747,814	9,500,571	88.40%	1,076,335	10,576,906	98.41%	
2006	11,168,847	10,171,657	91.07%	786,105	10,957,762	98.11%	
2007	11,951,767	10,940,702	91.54%	936,069	11,876,771	99.37%	
2008	13,431,139	12,002,811	89.37%	1,001,032	13,003,843	96.82%	
PROPERTY TAX LEVIES AND COLLECTIONS - NET OF URBAN RENEWAL TAX INCREMENT							
1999	6,255,107	5,684,494	90.88%	441,667	6,126,161	97.94%	
2000	6,332,199	5,858,814	92.52%	475,115	6,333,929	100.03%	
2001	6,552,605	6,230,233	95.08%	679,305	6,909,538	105.45%	
2002	6,786,261	6,279,988	92.54%	380,957	6,660,945	98.15%	
2003	7,189,079	6,523,929	90.75%	514,042	7,037,971	97.90%	
2004	7,907,307	7,162,049	90.58%	622,728	7,784,777	98.45%	
2005	8,731,041	7,720,601	88.43%	679,741	8,400,342	96.21%	
2006	9,119,393	8,327,389	91.32%	545,599	8,872,988	97.30%	
2007	9,624,311	8,862,777	92.09%	690,595	9,553,372	99.26%	
2008	10,891,406	9,799,479	89.97%	748,097	10,547,576	96.84%	
PROPERTY TAX LEVIES AND COLLECTIONS - URBAN RENEWAL TAX INCREMENT							
1999	2,137,659	Included	In Total	Included	In Total	2,171,034	101.56%
2000	2,078,744	Included	In Total	Included	In Total	2,144,864	103.18%
2001	2,250,859		2,073,576	92.12%	269,914	2,343,490	104.12%
2002	2,456,730		2,140,724	87.14%	199,874	2,340,598	95.27%
2003	2,493,030		2,487,340	99.77%	162,661	2,650,001	106.30%
2004	2,450,927		2,247,528	91.70%	30,611	2,278,139	92.95%
2005	2,016,773		1,779,970	88.26%	396,594	2,176,564	107.92%
2006	2,049,454		1,844,268	89.99%	240,506	2,084,774	101.72%
2007	2,327,456		2,077,925	89.28%	245,474	2,323,399	99.83%
2008	2,539,733		2,203,332	86.75%	252,935	2,456,267	96.71%

Source: City of Great Falls, Montana

¹ Protested monies held in fund, authorized distribution in the amount of \$347,665

² Protested tax settlement in the amount of \$131,049

**City of Great Falls, Montana
Special Improvement Districts Outstanding
June 30, 2008**

	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)								
Fox Farm Road	1210	12/15/1993	\$ 409,000	\$ 10,543	07/01/2009	\$ -	\$ 10,098	\$ 172
Central Streetscape (Sidewalks, Vaults)	1266	10/15/1992	636,000	2,296	07/01/2013	20,000	6,040	8,243
26th Street (SD, Paving, Curb & Gutter)	1268	08/02/1995	858,000	76,444	07/01/2010	90,000	104,972	100
Fairway Addition Roadway	1275	10/30/1997	547,000	25,951	08/01/2013	115,000	73,304	70
Medical Tech Park	1301	05/15/2005	630,000	279,744	06/30/2021	540,000	486,327	-
Total Bonds Outstanding			<u>\$ 3,080,000</u>	<u>\$ 394,979</u>		<u>\$ 765,000</u>	<u>\$ 680,741</u>	8,584
Assessments Outstanding	Misc.							5,805
Total assessments outstanding								<u>\$ 14,389</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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Beginning balance, July 1	\$ 806,026	\$ 771,096	\$ 757,599	\$ 514,315	\$ 469,467	\$ 469,136	\$ 434,664	\$ 289,528	\$ 315,688	\$ 178,756
Receipts over (under) disbursements	(34,930)	(13,497)	(243,284)	(44,848)	(330)	(34,472)	(145,136)	26,160	(136,932)	(34,939)
Ending balance, June 30	<u>\$ 771,096</u>	<u>\$ 757,599</u>	<u>\$ 514,315</u>	<u>\$ 469,467</u>	<u>\$ 469,137</u>	<u>\$ 434,664</u>	<u>\$ 289,528</u>	<u>\$ 315,688</u>	<u>\$ 178,756</u>	<u>\$ 143,817</u>
Assets										
Cash	\$ 496,470	\$ 519,080	\$ 353,015	\$ 432,055	\$ 433,300	\$ 432,266	\$ 287,401	\$ 291,718	\$ 177,516	\$ 142,540
Loans to districts	270,075	231,216	158,893	33,196	33,196	-	-	-	-	-
Assessments receivable	-	81,995	47,644	33,110	15,355	5,444	24,402	18,519	10,385	5,805
Accrued interest	4,551	6,664	1,556	1,359	2,641	2,398	1,440	1,709	1,240	1,277
Due from Other City Funds	-	-	-	-	-	-	-	21,006	-	-
Total assets	<u>\$ 771,096</u>	<u>\$ 838,955</u>	<u>\$ 561,108</u>	<u>\$ 499,720</u>	<u>\$ 484,492</u>	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>
Liabilities										
Deferred revenue	-	81,356	46,793	30,253	15,355	5,444	23,715	17,264	10,385	5,805
Total Fund Balance	<u>771,096</u>	<u>757,599</u>	<u>514,315</u>	<u>469,467</u>	<u>469,137</u>	<u>434,664</u>	<u>289,528</u>	<u>315,688</u>	<u>178,756</u>	<u>143,817</u>
Total Liabilities/Fund Balances	<u>\$ 771,096</u>	<u>\$ 838,955</u>	<u>\$ 561,108</u>	<u>\$ 499,720</u>	<u>\$ 484,492</u>	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</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
1999	\$ 496,470	\$ 3,100,610	16.01%
2000	519,080	2,515,500	20.64%
2001	353,015	2,027,000	17.42%
2002	432,055	1,698,500	25.44%
2003	433,300	1,184,000	36.60%
2004	432,266	880,000	49.12%
2005	287,432	1,305,000	22.03%
2006	291,718	1,055,000	27.65%
2007	177,516	875,000	20.29%
2008	150,002	765,000	19.61%

Individual Special Improvement Districts - Continuing Disclosure

	SID 1275	SID 1301
Properties with assessments outstanding		
Number	55	1
Amount	\$ 73,374	\$ 486,327
Market Value	\$ 4,801,869	\$ 501,904
Undeveloped properties with assessments outstanding		
Number	5	-
Amount	\$ 8,149	\$ -

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
1999 ³	\$ 646,584	\$ 662,410	102.4%	\$ 748,554	115.8%
2000	529,388	517,522	97.8%	659,626	124.6%
2001	495,006	431,286	87.1%	496,817	100.4%
2002 ²	430,304	503,829	117.1%	650,593	151.2%
2003	384,350	380,132	98.9%	428,319	111.4%
2004	354,498	352,851	99.5%	403,390	113.8%
2005 ³	269,538	298,808	110.9%	385,126	142.9%
2006 ³	242,501	306,408	126.4%	357,355	147.4%
2007 ³	202,864	213,286	105.1%	226,922	111.9%
2008	188,397	187,304	99.4%	194,251	103.1%

¹ Includes principal and interest assessed and delinquent assessment collections.

² In 2002, collections were higher than normal because the delinquent assessments were brought current on the majority of SID 1285.

³ 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**

<u>Fiscal Year</u>	<u>Assessment Billing</u>	<u>Collections in Year Assessed</u>		<u>Total Outstanding Assessment</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
1999	\$ 3,364,998	\$ 3,113,491	92.5%	\$ 3,378,722
2000	3,301,711	3,085,967	93.5%	2,767,147
2001	3,420,425	3,095,497	90.5%	2,604,059
2002	3,444,319	3,275,768	95.1%	2,115,802
2003	3,651,915	3,330,659	91.2%	1,857,319
2004	3,811,871	3,512,490	92.1%	1,496,901
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

Assessments are Street Maintenance, Boulevard Districts, Lighting Districts, 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
Urban Renewal Tax Increment - Historical Statement of Revenues, Expenditures and Changes in Fund Balances
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 2,171,034	\$ 2,144,865	\$ 2,812,456	\$ 2,340,598	\$ 2,650,001	\$ 2,278,139	\$ 2,176,564	\$ 2,084,774	\$ 2,323,399	\$ 2,456,267
Investment Income	95,644	118,650	234,323	100,640	109,797	26,993	59,185	64,480	130,647	103,123
Other	-	-	-	-	-	-	-	(2,192)	9,961	919
Total revenues	<u>2,266,678</u>	<u>2,263,515</u>	<u>3,046,779</u>	<u>2,441,238</u>	<u>2,759,798</u>	<u>2,305,132</u>	<u>2,235,749</u>	<u>2,147,062</u>	<u>2,464,007</u>	<u>2,560,309</u>
Expenditures										
General Government	476,855	43,896	1,527,605	884,618	1,361,109	1,255,133	834,758	894,986	859,816	839,738
Debt Service										
Principal	545,000	725,000	755,000	795,000	840,000	960,000	950,000	970,000	1,000,000	1,035,000
Interest & fees	537,401	513,086	475,469	432,840	539,065	206,949	179,548	151,866	123,470	92,741
Total Expenditures	<u>1,559,256</u>	<u>1,281,982</u>	<u>2,758,074</u>	<u>2,112,458</u>	<u>2,740,174</u>	<u>2,422,082</u>	<u>1,964,306</u>	<u>2,016,852</u>	<u>1,983,286</u>	<u>1,967,479</u>
Revenues over (under) expenditures	707,422	981,533	288,705	328,780	19,624	(116,950)	271,443	130,210	480,721	592,830
Other Financing Sources (Uses)	(122,375)	-	(375,790)	(220,710)	(525,687)	(319,500)	(213,376)	(235,260)	(237,720)	(1,278,020)
Revenues and other financing uses over (under) expenditures	585,047	981,533	(87,085)	108,070	(506,063)	(436,450)	58,067	(105,050)	243,001	(685,190)
Fund balances, beginning of year	2,249,943	2,834,990	3,816,523	3,720,447	3,828,517	3,322,454	2,886,004	2,944,071	2,839,020	3,082,021
Transfers in (out)	-	-	(8,991)	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ 2,834,990</u>	<u>\$ 3,816,523</u>	<u>\$ 3,720,447</u>	<u>\$ 3,828,517</u>	<u>\$ 3,322,454</u>	<u>\$ 2,886,004</u>	<u>\$ 2,944,071</u>	<u>\$ 2,839,020</u>	<u>\$ 3,082,021</u>	<u>\$ 2,396,831</u>

Source: City of Great Falls, Montana

City of Great Falls, Montana
Major Water, Sanitary Sewerage, and Storm Drain System Users
June 30, 2008

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	\$ 505,788	1	5.70%	\$ 256,367	1	3.24%			
Great Falls Public School System	132,750	2	1.50%	67,788	5	0.86%	\$ 90,590	1	4.94%
Benefis Healthcare	108,466	3	1.22%	156,429	2	1.97%	21,650	3	1.18%
Black Eagle	103,836	4	1.17%	89,931	3	1.13%			
General Mills, Inc	57,087	5	0.64%						
Great Falls Housing Authority	51,819	6	0.58%	73,289	4	0.92%	10,027	7	0.55%
Cascade County	51,786	7	0.58%	30,821	8	0.39%	8,172	10	0.45%
Coca Cola	49,870	8	0.56%						
Heritage Inn	32,130	9	0.36%						
University of Great Falls	31,905	10	0.36%						
Montana Refinery				35,385	6	0.45%			
Sun Healthcare Group				34,559	7	0.44%			
Highwood Trailer Park				29,128	9	0.37%	10,168	6	0.55%
Countryside Village				27,466	10	0.35%			
Burlington Northern							23,288	2	1.27%
Holiday Village Mall							15,994	4	0.87%
Orix Real Estate Capital							15,322	5	0.84%
Wal-Mart							9,991	8	0.54%
Great Falls Clinic							9,977	9	0.54%
	<u>\$ 1,125,437</u>		<u>12.68%</u>	<u>\$ 801,163</u>		<u>10.11%</u>	<u>\$ 215,179</u>		<u>11.73%</u>

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

City of Great Falls, Montana
Current Water Rate Structure
June 30, 2008

	<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	\$ 4.36	\$ 3.92	\$ 4.36	\$ 4.36	\$ 4.36
1	4.65	4.18	4.65	4.65	4.65
1 1/4	8.43	7.59	8.43	8.43	8.43
1 1/2	8.43	7.59	8.43	8.43	8.43
2	10.67	9.60	10.67	10.67	10.67
3	28.45	25.60	28.45	28.45	28.45
4	41.18	37.06	41.18	41.18	41.18
6	82.99	74.69	82.99	82.99	82.99
8	124.91	112.42	124.91	124.91	124.91
10	176.64	158.98	176.64	176.64	176.64
12	260.67	234.60	260.67	260.67	260.67
Monthly consumption charge					
First 300 cf	\$ 0.85	\$ 0.76	\$ 1.06	\$ 1.09	\$ 1.20
Over 300 cf	1.42	1.28	1.06	1.09	1.20
Monthly fire hydrant charge					
Meter size (in Inches)					
3/4	\$ 1.55	\$ 1.55	\$ 1.55		
1	1.78	1.78	1.78		
1 1/4	4.93	4.93	4.93		
1 1/2	4.93	4.93	4.93		
2	6.82	6.82	6.82		
3	21.62	21.62	21.62		
4	32.29	32.29	32.29		
6	67.16	67.16	67.16		
Annual fire line charge					
Line size (in inches)					
2			\$ 19.96		
3			30.28		
4			46.80		
6			83.28		
8			112.87		
12			290.43		

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>
1999	16,587	2,210	18,797	88.2%	\$ 627
2000	16,731	2,168	18,899	88.5%	552
2001	16,675	2,141	18,816	88.6%	660
2002	17,062	2,255	19,317	88.3%	484
2003	18,488	2,237	20,725	89.2%	478
2004	18,480	2,262	20,742	89.1%	429
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

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 with Following Fiscal Year Projection

	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Projected 2009
Operating Revenues:											
Water charges for services ¹	\$6,045,101	\$6,497,100	\$6,832,434	\$6,780,685	\$6,283,904	\$7,613,068	\$6,789,945	\$7,428,136	\$7,748,991	\$8,649,041	\$7,908,034
Investment income	268,791	308,053	566,938	264,764	238,667	84,416	194,618	242,145	343,622	222,131	200,000
Gain on disposal of assets	-	10,100	-	15,232	-	-	-	-	-	3,874	2,350
Total operating revenues	6,313,892	6,815,253	7,399,372	7,060,681	6,522,571	7,697,484	6,984,563	7,670,281	8,092,613	8,875,046	8,110,384
Operating Expenses:²											
Personal services	1,235,905	1,276,580	1,326,131	1,322,039	1,388,858	1,462,948	1,586,949	1,673,142	1,783,197	1,910,008	2,164,520
Supplies and materials	253,922	333,262	335,408	398,449	360,320	444,514	422,377	481,424	492,161	567,907	666,060
Purchased services	506,717	513,368	506,435	552,170	518,322	746,515	555,964	622,985	822,079	725,945	870,832
Internal services	835,263	880,032	876,224	852,301	917,939	935,706	1,058,511	930,470	1,164,990	1,229,012	1,292,107
Other	1,583	1,775	6,138	1,500	12,792	-	-	-	-	-	-
Total operating expenses	2,833,390	3,005,017	3,050,336	3,126,459	3,198,231	3,589,683	3,623,801	3,708,021	4,262,427	4,432,872	4,993,519
Net revenue available for debt service	\$3,480,502	\$3,810,236	\$4,349,036	\$3,934,222	\$3,324,340	\$4,107,801	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,116,865
Maximum future principal and interest	\$2,002,545	\$1,557,337	\$1,776,820	\$1,748,457	\$1,748,457	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,319,066
Debt service coverage	173.80%	244.66%	244.77%	225.01%	190.13%	234.94%	192.21%	393.99%	380.86%	336.77%	236.29%
Net revenue	\$3,480,502	\$3,810,236	\$4,349,036	\$3,934,222	\$3,324,340	\$4,107,801	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,116,865
Depreciation expense	(1,046,851)	(1,131,340)	(1,220,394)	(1,338,531)	(1,415,469)	(1,506,868)	(1,625,040)	(2,379,231)	(2,338,936)	(2,559,465)	(2,559,465)
Total non-operating income	90,562	578,481	68,543	29,119	169,826	52,437	16,423	36,406	512,291	27,284	5,500
Total non-operating expenses	(601,599)	(533,347)	(475,076)	(574,009)	(144,476)	(99,885)	(57,727)	(347,364)	(188,386)	(230,974)	(284,622)
Transfers in (out)	53,686	6,012	-	2,780	2,100	(22,960)	(55,980)	(90,320)	(20,939)	350,870	-
Net income (loss)	\$1,976,300	\$2,730,042	\$2,722,109	\$2,053,581	\$1,936,321	\$2,530,525	\$1,638,438	\$1,181,751	\$1,794,216	\$2,029,889	\$ 278,278
Reserve cash account balances:											
Reserve account	\$2,002,545	\$2,002,545	\$1,776,820	\$1,748,457	\$1,748,457	\$1,748,457	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066
Current debt service reserve account	1,297,683	1,141,601	1,280,317	301,697	1,399,476	737,262	744,577	751,431	760,805	779,335	934,078
Operating reserve account	306,690	323,353	342,036	355,894	371,855	384,481	424,713	437,403	437,403	437,403	582,695
Repair/replacement reserve account	300,000	764,218	338,099	563,956	626,570	694,668	795,233	695,477	673,260	722,801	722,801
Total reserves	\$3,906,918	\$4,231,717	\$3,737,272	\$2,970,004	\$4,146,358	\$3,564,868	\$3,712,980	\$3,632,768	\$2,877,136	\$2,945,207	\$3,558,640

Source: City of Great Falls, Montana

Note: Series 2000 Water Revenue Bonds issued in Fiscal Year 2001.
Series 2002 Water Revenue Bonds issued in Fiscal Year 2002.
Series 2008 Water Revenue Bonds issued in Fiscal Year 2009.

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, 2008

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>
Standard Sewer					
Monthly Service Charge	\$ 5.40	\$ 4.86	\$ 5.40	\$ 5.40	\$ 5.40
First 300 cf	1.16	1.04	1.65	1.65	1.43
Over 300 cf	1.92	1.73	1.65	1.65	1.43
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:					
Monthly service charge	\$ 5.40	\$ 5.40	\$ 5.400	\$ 5.400	\$ 5.400
BOD>200 mg/L			0.340 /lb	0.340 /lb	0.340 /lb
TSS.250mg/L			0.232 /lb	0.232 /lb	0.232 /lb
Pre-Treatment:					
Monthly Service Charge			\$ 5.400	\$ 5.400	\$ 5.400
Volume charge/ccf			0.800	0.800	0.800
BOD.200mg/L			0.340 /lb	0.340 /lb	0.340 /lb
TSS>250mg/L			0.232 /lb	0.232 /lb	0.232 /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>
1999	16,880	2,132	19,012	88.8%	\$ 426
2000	16,572	2,120	18,692	88.7%	392
2001	16,680	2,144	18,824	88.6%	369
2002	16,929	2,195	19,124	88.5%	455
2003	17,084	2,216	19,300	88.5%	868
2004	17,095	2,227	19,322	88.5%	827
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	18,626	2,130	20,756	89.7%	791

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 with Following Fiscal Year Projection

	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Projected 2009
Operating Revenues:¹											
Sanitary sewer charges for services	\$4,602,556	\$4,581,070	\$4,791,931	\$4,988,195	\$5,260,591	\$5,947,791	\$5,661,367	\$6,516,115	\$7,089,612	\$7,656,887	\$7,289,893
Investment income	198,139	224,977	436,240	175,329	181,693	67,370	153,231	281,611	317,819	263,675	218,000
Gain on disposal of assets	-	-	-	19,324	-	-	-	-	15,300	3,500	-
Total operating revenues	4,800,695	4,806,047	5,228,171	5,182,848	5,442,284	6,015,161	5,814,598	6,797,726	7,422,731	7,924,062	7,507,893
Operating Expenses:²											
Personal services	415,263	449,131	431,561	470,498	552,594	571,135	570,725	634,562	684,626	720,032	832,843
Supplies and materials	29,018	37,853	38,792	34,195	42,993	37,759	53,478	62,143	71,241	76,143	92,354
Purchased services	1,759,273	1,783,409	1,826,130	1,934,676	1,932,950	2,053,530	2,127,854	2,278,659	2,682,808	3,072,287	2,899,496
Internal services	511,762	531,732	561,887	597,453	612,460	640,902	647,967	693,128	756,072	811,469	833,883
Other	95	13,905	4,690	2,179	14,600	12,702	-	-	-	-	-
Total operating expenses	2,715,411	2,816,030	2,863,060	3,039,001	3,155,597	3,316,028	3,400,024	3,668,492	4,194,747	4,679,931	4,658,576
Net revenue available for debt service	\$2,085,284	\$1,990,017	\$2,365,111	\$2,143,847	\$2,286,687	\$2,699,133	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$2,849,317
Maximum future principal and interest	\$1,254,404	\$ 826,223	\$ 826,531	\$1,662,660	\$1,662,660	\$1,662,660	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965
Debt service coverage	166.24%	240.86%	286.15%	128.94%	137.53%	162.34%	125.12%	162.48%	167.60%	168.44%	147.94%
Net revenue	\$2,085,284	\$1,990,017	\$2,365,111	\$2,143,847	\$2,286,687	\$2,699,133	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$2,849,317
Depreciation expense	(917,702)	(928,595)	(957,838)	(1,000,928)	(1,232,829)	(1,441,745)	(1,477,084)	(1,727,250)	(1,764,017)	(1,830,452)	(1,830,452)
Total non-operating income	88,574	249,680	45,501	-	4,710	2,610	44,553	102	805,134	18,917	-
Total non-operating expenses	(517,990)	(478,043)	(444,463)	(547,171)	(215,530)	(668,862)	(606,945)	(724,442)	(661,746)	(703,538)	(728,446)
Transfers in (out)	11,712	4,611	(26,520)	-	-	(8,222)	(9,017)	(16,789)	2,819	59,319	-
Net income (loss)	\$ 749,878	\$ 837,670	\$ 981,791	\$ 595,748	\$ 843,038	\$ 582,914	\$ 366,081	\$ 660,855	\$1,610,174	\$ 788,377	\$ 290,419
Reserve cash account balances:											
Reserve account	\$1,254,404	\$1,254,404	\$ 826,531	\$1,662,660	\$1,662,660	\$1,662,660	\$1,929,835	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965
Current debt service reserve account	708,547	539,811	551,654	362,188	1,042,081	1,051,599	1,247,340	1,253,454	1,266,142	1,282,053	1,296,623
Operating reserve account	303,048	302,759	309,877	318,408	336,700	365,702	396,481	406,426	406,426	406,426	542,532
Repair/replacement reserve account	300,000	580,511	374,687	491,613	619,771	662,520	768,028	534,077	648,286	781,670	781,670
Total reserves	\$2,565,999	\$2,677,485	\$2,062,749	\$2,834,869	\$3,661,212	\$3,742,481	\$4,341,684	\$4,123,792	\$4,246,819	\$4,396,114	\$4,546,790

Source: City of Great Falls, Montana

Note: Series 2002A Sewer Revenue Bonds issued in Fiscal Year 2002.
Series 2002B Sewer Revenue Bonds issued in Fiscal Year 2002.
Series 2005 Sewer Revenue Bonds issued in Fiscal Year 2005.

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, 2008

<u>Classification</u>	<u>Rate</u>
<p>Group A Accounts in this group include Single Family; Mobile Home Single Family; Residence Predominant with Business; & Bed & Breakfast Residential.</p>	<p>\$0.3959604 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group B Accounts in this group include Two Family Residential; Townhouse Residential; Three/Four Family Residential; Condominium Residential; & Mobile Homes and Trailer Courts.</p>	<p>\$0.4949505 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group C 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>	<p>\$0.6434357 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group D 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>	<p>\$0.8909109 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group E Accounts in this group consist of developed property that does not discharge storm water runoff into an underground storm drainage system.</p>	<p>\$0.0989901 (per 1,000 sq. ft.) + \$1.319868</p>

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	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues	
1999	15,109	\$ 594,712	1906	\$ 73,776	1118	\$ 229,315	1337	\$ 210,275	1,206	\$ 53,730	20,676	\$1,161,808	\$ 117
2000	14,630	598,890	1,643	74,444	815	231,445	943	217,872	1,215	54,564	19,246	1,177,215	120
2001	14,694	603,510	1,663	78,160	837	237,823	971	246,392	1,171	49,589	19,336	1,215,474	113
2002	15,974	618,576	1,845	84,491	937	246,035	1,099	272,931	1,241	51,757	21,096	1,273,790	98
2003	14,342	597,562	1,704	84,246	854	234,234	1,009	272,400	1,083	49,720	18,992	1,238,162	102
2004	16,227	781,715	1,837	104,158	938	305,089	1,131	355,275	1,144	62,530	21,277	1,608,767	192
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	16,795	868,741	1,589	108,042	807	371,851	1,080	390,343	1,025	66,943	21,296	1,805,921	227

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Revenues ¹	<u>\$1,266,685</u>	<u>\$1,282,696</u>	<u>\$1,404,455</u>	<u>\$1,351,950</u>	<u>\$1,483,189</u>	<u>\$1,724,085</u>	<u>\$1,768,780</u>	<u>\$2,086,414</u>	<u>\$1,942,207</u>	<u>\$1,834,834</u>
Operating Expenses:										
Personal services	7,359	8,612	7,845	8,196	8,564	8,839	9,911	10,264	14,045	10,960
Supplies	577	511	1,393	215	4,558	572	7,680	3,668	3,533	855
Other services	17,140	13,650	16,823	14,691	22,562	20,122	27,984	38,638	27,674	32,421
Internal support	<u>286,393</u>	<u>307,343</u>	<u>250,090</u>	<u>239,980</u>	<u>220,852</u>	<u>227,152</u>	<u>222,534</u>	<u>234,873</u>	<u>248,268</u>	<u>262,009</u>
Total operating expenses	<u>311,469</u>	<u>330,116</u>	<u>276,151</u>	<u>263,082</u>	<u>256,536</u>	<u>256,685</u>	<u>268,109</u>	<u>287,443</u>	<u>293,520</u>	<u>306,245</u>
Net operating income	<u>\$ 955,216</u>	<u>\$ 952,580</u>	<u>\$1,128,304</u>	<u>\$1,088,868</u>	<u>\$1,226,653</u>	<u>\$1,467,400</u>	<u>\$1,500,671</u>	<u>\$1,798,971</u>	<u>\$1,648,687</u>	<u>\$1,528,589</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 105,000	\$ 110,000	\$ 115,000	\$ 120,000	\$ 130,000	\$ 170,000	\$ 319,000	\$ 329,491	\$ 335,000	\$ 352,000
Interest	<u>124,571</u>	<u>119,576</u>	<u>114,455</u>	<u>109,430</u>	<u>104,195</u>	<u>66,203</u>	<u>173,689</u>	<u>199,127</u>	<u>183,381</u>	<u>187,908</u>
Total	<u>\$ 229,571</u>	<u>\$ 229,576</u>	<u>\$ 229,455</u>	<u>\$ 229,430</u>	<u>\$ 234,195</u>	<u>\$ 236,203</u>	<u>\$ 492,689</u>	<u>\$ 528,618</u>	<u>\$ 518,381</u>	<u>\$ 539,908</u>
Operating year coverage	416.09%	414.93%	491.73%	474.60%	523.77%	621.25%	304.59%	340.32%	318.05%	283.12%
Maximum future principal and interest	\$ 234,628	\$ 234,628	\$ 234,628	\$ 234,628	\$ 234,628	\$ 530,161	\$ 530,161	\$ 476,910	\$ 476,910	\$ 475,710
Bond covenant coverage	407.12%	406.00%	480.89%	464.08%	522.81%	276.78%	283.06%	377.21%	345.70%	321.33%

Source: City of Great Falls

Note: Storm Drain System revenue bonds issued in Fiscal Year 2005.

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
Green Fees and Memberships - Golf Courses
Last Ten Fiscal Years with Following Fiscal Year Projection

	Rounds Played										Projected 2009
	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Green fees - participants											
9-hole	7,811	8,045	9,861	8,253	8,782	9,549	9,098	9,872	12,103	11,483	12,057
18-hole	11,849	10,824	7,787	9,314	8,785	7,846	6,856	8,574	12,194	11,256	11,819
Junior	1,938	1,921	1,612	1,302	1,358	1,187	998	1,083	547	607	637
Total Green fees - participants	21,598	20,790	19,260	18,869	18,925	18,582	16,952	19,529	24,844	23,346	24,513
Season pass holders	65,487	56,527	51,564	49,767	55,606	53,909	47,869	47,157	39,733	38,411	40,332
Total rounds played	<u>87,085</u>	<u>77,317</u>	<u>70,824</u>	<u>68,636</u>	<u>74,531</u>	<u>72,491</u>	<u>64,821</u>	<u>66,686</u>	<u>64,577</u>	<u>61,757</u>	<u>64,845</u>
	Greens Fees										
Green fees - participants											
9-hole	\$ 14.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 16.00	\$ 16.00	\$ 17.00	\$ 17.00
18-hole	\$ 20.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 24.00	\$ 25.00	\$ 25.00	\$ 27.00	\$ 27.00	\$ 29.00	\$ 29.00
Junior	\$ 10.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00
	Number of Season Pass Holders										
Adult full	879	705	750	701	790	673	693	583	612	562	590
Adult restricted	367	359	380	290	334	317	283	265	232	208	218
Junior full	107	105	106	80	77	46	41	51	51	41	43
Junior restricted	48	28	36	19	13	19	11	8	14	4	4
Total season passes	<u>1,401</u>	<u>1,197</u>	<u>1,272</u>	<u>1,090</u>	<u>1,214</u>	<u>1,055</u>	<u>1,028</u>	<u>907</u>	<u>909</u>	<u>815</u>	<u>856</u>
	Season Pass Fees										
Adult full	\$ 375.00	\$ 395.00	\$ 395.00	\$ 415.00	\$ 415.00	\$ 450.00	\$ 450.00	\$ 525.00	\$ 525.00	\$ 575.00	\$ 575.00
Adult restricted	\$ 280.00	\$ 295.00	\$ 295.00	\$ 310.00	\$ 310.00	\$ 340.00	\$ 340.00	\$ 400.00	\$ 400.00	\$ 450.00	\$ 450.00
Junior full	\$ 185.00	\$ 195.00	\$ 195.00	\$ 205.00	\$ 205.00	\$ 215.00	\$ 215.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
Junior restricted	\$ 140.00	\$ 145.00	\$ 145.00	\$ 155.00	\$ 155.00	\$ 165.00	\$ 165.00	\$ 170.00	\$ 170.00	\$ 170.00	\$ 170.00
Couple full	N/A	N/A	\$ 700.00	\$ 770.00	\$ 770.00	\$ 850.00	\$ 850.00	\$ 950.00	\$ 950.00	\$ 1,050.00	\$ 1,050.00
Couple restricted	N/A	N/A	\$ 500.00	\$ 575.00	\$ 575.00	\$ 630.00	\$ 630.00	\$ 700.00	\$ 700.00	\$ 800.00	\$ 800.00

Source: City of Great Falls, Montana

General Note: No Couple Full or Couple Restricted season passes until 2001. Beginning in 2006, the season passes are valid for a calendar year. The Rounds Played and Number of Season Pass Holders are from July 1 to June 30 of each fiscal year. The Couple Full and Couple Restricted season pass fees are included in the Adult Full and Adult Restricted Number of Season Pass Holders. Rates vary by course. Current rates as of June 30 are on next page.

**City of Great Falls, Montana
Current Golf Course Rates
June 30, 2008**

	Anaconda Hills Golf Course			Eagle Falls Golf Club			Joint (Both Courses)		
	Weekday	Weekend	Anytime	Weekday	Weekend	Anytime	Weekday	Weekend	Anytime
Seasonal Pass									
Adult Full Season Pass	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 575
Adult Full Couple Season Pass	-	-	850	-	-	925	-	-	1,050
Adult Restricted Season Pass	350	-	-	400	-	-	450	-	-
Adult Restricted Couple Season Pass	650	-	-	725	-	-	800	-	-
Junior Full Season Pass	-	-	190	-	-	200	-	-	225
Junior Restricted Season Pass	150	-	-	160	-	-	170	-	-
Green Fees									
9 Hole Green Fee	\$ 14	\$ 16	\$ -	\$ 16	\$ 17	\$ -	\$ -	\$ -	\$ -
18 Hole Green Fee	23	26	-	26	29	-	-	-	-
Junior Green Fee 18 Hole	13	15	-	15	16	-	-	-	-
Weekday Swing Time 1:00 - 4:00	16	-	-	18	-	-	-	-	-
Weekend Swing Time 3:00 - closing	-	19	-	-	22	-	-	-	-

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Projected 2009
Operating Revenues ¹	\$1,108,427	\$1,097,264	\$1,054,349	\$1,070,131	\$1,107,247	\$1,084,129	\$1,049,533	\$ 1,090,309	\$ 1,168,802	\$ 1,256,900	\$ 1,323,180
Operating Expenses:											
Personal services	496,572	408,208	452,268	536,542	580,635	608,222	598,332	604,479	540,444	543,976	561,931
Supplies	87,259	63,341	90,726	89,994	113,203	100,251	118,313	143,979	133,236	159,398	257,660
Other services	82,460	86,771	95,871	100,136	102,255	133,477	146,986	165,500	166,228	125,811	171,560
Internal support	70,692	140,706	187,945	163,521	166,834	139,983	158,005	119,379	154,015	143,746	152,269
Total operating expenses	736,983	699,026	826,810	890,193	962,927	981,933	1,021,636	1,033,337	993,923	972,931	1,143,420
Net operating income	\$ 371,444	\$ 398,238	\$ 227,539	\$ 179,938	\$ 144,320	\$ 102,196	\$ 27,897	\$ 56,972	\$ 174,879	\$ 283,969	\$ 179,760
Bonded Debt Service Requirements (per Operating Year):											
Principal	\$ 50,000	\$ 50,000	\$ 70,000	\$ 75,000	\$ 85,000	\$ 125,000	\$ 130,000	\$ 140,000	\$ 145,000	\$ 150,000	\$ 155,000
Interest	92,099	121,729	121,478	117,965	114,103	109,110	103,068	96,629	89,795	82,801	75,573
Discount and issuance expense ²	9,858	6,367	5,896	5,727	5,541	5,286	5,393	5,057	4,777	4,511	4,128
Total	\$ 151,957	\$ 178,096	\$ 197,374	\$ 198,692	\$ 204,644	\$ 239,396	\$ 238,461	\$ 241,686	\$ 239,572	\$ 237,312	\$ 234,701
Operating year coverage	244.44%	223.61%	115.28%	90.56%	70.52%	42.69%	11.70%	23.57%	73.00%	119.66%	76.59%
Maximum future principal and interest	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717
Bond covenant coverage	156.25%	167.53%	95.72%	75.69%	60.71%	42.99%	11.74%	23.97%	73.57%	119.46%	75.62%

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	Special Improvement Districts Bonds	Urban Renewal Tax Increment Bonds	Capital Leases	Loans and Contracts Payable	Capital Leases	Loans and Contracts Payable	Revenue Bonds Payable				
1999	\$ -	\$ 3,100,610	\$10,295,000	\$ 150,000	\$ 335,510	\$ 94,054	\$ -	\$ 24,784,622	\$38,759,796	22.07%	\$ 1,792	
2000	-	2,515,500	9,570,000	-	270,000	108,029	-	22,508,183	34,971,712	18.97%	1,474	
2001	-	2,027,000	8,815,000	-	270,000	1,459,213	131,092	23,931,653	36,633,958	19.53%	1,498	
2002	-	1,697,500	8,020,000	-	270,000	1,489,182	153,556	22,422,236	34,052,474	17.30%	1,381	
2003	-	1,184,000	7,044,499	-	270,000	1,482,629	-	30,819,962	40,801,090	20.07%	1,568	
2004	2,500,000	880,000	6,095,003	-	30,256	1,410,023	-	31,067,754	41,983,036	19.87%	1,582	
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	

^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	General Obligation Bonds	Real and Personal Taxable Assessed Value	Percentage of Actual Taxable Value of Property	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
1999	\$ -	\$ 74,907,540	0.00%	\$ -	\$19,725,531	\$ -	\$ 19,725,531	0.00%
2000	-	72,551,276	0.00%	-	17,507,181	-	17,507,181	0.00%
2001	-	64,899,235	0.00%	-	16,904,719	-	16,904,719	0.00%
2002	-	65,473,306	0.00%	-	16,844,001	-	16,844,001	0.00%
2003	-	64,776,978	0.00%	-	28,766,654	-	28,766,654	0.00%
2004	2,500,000	65,328,553	3.83%	94	33,771,917	2,500,000	31,271,917	7.99%
2005	2,420,000	66,377,650	3.65%	88	30,244,129	2,420,000	27,824,129	8.70%
2006	2,330,000	68,026,995	3.43%	80	31,798,238	2,330,000	29,468,238	7.91%
2007	4,619,795 ^c	70,990,415	6.51%	151	32,983,690	4,526,927	28,456,763	16.23%
2008	4,259,037 ^c	73,776,332	5.77%	134	57,983,231	4,259,037	53,724,194	7.93%

^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 7-4-4201.

^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 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 General Obligation Debt
June 30, 2008

Jurisdiction	General Obligation Debt Outstanding¹	Percent Allocable to City¹	Amount Allocable to City
Elementary School District No. 1	\$ -	0.00%	\$ -
High School District No. 1	-	0.00%	-
Cascade County	7,940,000	60.74%	4,822,756
Total overlapping debt			4,822,756
Total direct debt ²			4,259,037
Total direct and overlapping debt			<u>\$ 9,081,793</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
1999	58,310	\$ 1,756,252	\$ 21,630	12,518	4.6%
2000	58,505	1,843,256	23,721	12,130	5.1%
2001	56,993	1,875,979	24,463	11,889	5.0%
2002	56,690 ⁵	1,968,099	24,661	11,643	4.0%
2003	56,046	2,033,430	26,016	11,007	4.3%
2004	56,155	2,112,966	26,546	10,891	3.9%
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 ⁶	2,436,097	30,647	10,474	2.5%
2008	58,827	2,599,000	31,740	10,410	3.4%

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.

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

⁴ Montana Department of Labor & Industry Research & Analysis Bureau for Cascade County.
<http://data.bls.gov>.

⁵ U.S. Census Bureau, 2000 Census.

⁶ 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	2008			1999		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Malmstrom Air Force Base	4,788 ²	1	15%	3,579 ²	1	12%
Benefis Health Care Center	2,400	2	8%	2,084	2	7%
Great Falls Public Schools	1,620	3	5%	1,834	3	6%
Montana Air National Guard	1,033 ²	4	3%	330 ²	8	1%
Great Falls Clinic	911	5	3%	415	6	1%
National Electronics Warranty	563	6	2%	-	-	-
Wal-Mart	530	7	2%	-	-	-
City of Great Falls	528	8	2%	424	5	1%
Cascade County	500	9	2%	428	4	1%
Albertsons	280	10	1%	326	9	1%
D.A. Davidson & Co.	-	-	-	360	7	1%
CUC International	-	-	-	258	10	1%

Source: Great Falls Tribune, Great Falls Montana Outlook 2008 printed March 2, 2008.

www.greatfallstribune.com.

List completed February 2008. 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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
City Manager	2.50	2.65	3.00	3.00	3.00	4.00	4.40	4.25	4.25	4.29
City Clerk	1.38	1.00	1.50	2.50	3.00	3.00	2.25	1.25	1.25	1.29
Cable 7	-	-	-	-	-	-	-	-	1.00	1.00
Analysis & Budget	8.00	8.00	9.00	9.00	2.00	2.00	-	-	-	-
Human Resources	5.00	5.50	3.10	3.16	3.66	3.66	3.66	3.66	3.66	3.66
City Planning	8.50	8.50	8.50	9.00	8.00	8.00	8.60	7.60	7.60	7.60
Community Development	38.50	37.35	19.50	19.44	19.44	20.44	22.44	23.43	20.94	20.94
Fairgrounds	20.50	20.50	20.50	20.50	24.97	-	-	-	-	-
Fire	67.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00	68.00
Fiscal Services	24.40	23.40	27.90	28.30	34.30	34.30	38.12	38.05	37.90	38.40
Legal	3.70	3.70	3.70	4.70	4.00	4.00	4.60	5.80	5.80	6.30
Library	20.84	21.16	21.53	23.38	23.56	22.27	22.52	21.76	21.05	21.30
Park & Recreation	33.00	33.00	34.00	33.00	36.43	39.43	40.98	78.17	77.50	76.77
Police	109.50	110.50	112.00	112.00	115.00	115.00	115.00	117.00	119.00	133.50 ¹
Public Works	113.50	113.50	114.50	113.50	112.50	116.00	119.15	130.93	132.33	132.75
Total	461.32	460.76	469.23	471.98	480.36	462.60	472.22	522.40	522.78	539.30

Source: City of Great Falls Budget Office

In 2006 seasonal employees were included in the totals.

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.

¹ This year the City took over operations at the Animal Shelter and the employees were added to the Police Department.

City of Great Falls, Montana
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	18	18	18	18	18
Police Department										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	40	40	50	51	56	59	59	63	63	64
Sanitation										
Number of Collection Trucks	19	19	21	21	21	21	21	18	21	21
Streets										
Miles of Streets/Alleys	351	343	352	352	352	353	365	361	361	366
Miles of Street Stripping	50	50	50	50	50	50	50	50	50	65
Street Signs	10,284	10,448	10,475	10,898	10,948	10,585	12,000	11,000	11,000	11,400
City/State Street Signals	84	84	84	84	84	84	87	89	89	89
Housing Authority										
Affordable Housing Units	16	16	16	16	16	16	16	16	16	16
Public Housing Units	490	490	490	490	490	490	490	490	490	490
Water										
Water mains (miles)	272.37	274.38	277.29	278.47	279.60	281.30	283.45	291.96	296.75	303.38
Fire hydrants	2,740	2,765	2,785	2,796	2,804	2,822	2,837	2,925	2,986	3,054
Storage capacity (million gallons)	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹	12.25 ¹
Sanitary Sewer										
Sanitary sewers (miles)	213.94	215.06	216.52	217.67	218.63	219.67	220.76	229.34	233.99	238.82
Storm sewers (miles)	102.37	103.40	104.17	104.37	106.20	106.51	106.77	109.23	111.10	114.00
Treatment capacity (million gallons)	21 ²	21 ²	21 ²	21 ²	21 ²	21 ²	21 ²	21 ²	21 ²	21 ²
Parks and recreation										
Number of parks	67	67	68	69	69	70	74	74	74	64
Acreage of parks	1,062	1,062	1,067	1,067	1,067	1,105	1,138	1,138	1,150	1,150
Trees (approximately)	30,000	33,000	33,000	33,000	37,000	37,000	41,817	46,139	46,139	47,083
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
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Parking										
Parking lots	6	6	6	6	6	6	6	6	6	6
Parking garages	1	1	2	2	2	2	2	2	2	2
Off street parking spaces	880	880	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Metered parking spaces	N/A	N/A	1,050	1,050	1,050	1,050	1,050	1,050	1,100	1,100
Library										
Number of Books Purchased	7,817	7,594	8,405	9,610	10,018	9,529	10,625	9,342	9,415	7,639

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



Single Audit Section







**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**

**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 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, 2008, which collectively comprise the City of Great Falls, Montana's basic financial statements and have issued our report thereon dated December 11, 2008. 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. We did not audit the financial statements of the Great Falls 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, 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, we considered the City of Great Falls, Montana's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Great Falls, Montana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Great Falls, Montana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Great Falls, Montana's financial statements that is more than inconsequential will not be prevented or detected by the City of Great Falls, Montana's internal control.

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

**To the Honorable Mayor,
City Commissioners and City Manager
City of Great Falls, Montana
Page 2**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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*.

We noted certain other matters that we have reported to the management of the City of Great Falls, Montana in a separate letter dated December 11, 2008.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Commission, the State of Montana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Great Falls, Montana
December 11, 2008



**Junkermier • Clark
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Certified Public Accountants and Business Advisors

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

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

Compliance

We have audited the compliance of the City of Great Falls, Montana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Great Falls, Montana's management. Our responsibility is to express an opinion on the City of Great Falls, Montana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Great Falls, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Great Falls, Montana's compliance with those requirements.

In our opinion, the City of Great Falls, Montana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Great Falls, Montana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Great Falls, Montana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Great Falls, Montana's internal control over compliance.

**To the Honorable Mayor,
City Commissioners and City Manager
City of Great Falls, Montana
Page 2**

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Great Falls, Montana's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Great Falls, Montana's internal control.

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Commission, the State of Montana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Great Falls, Montana
December 11, 2008

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2007	Grant Revenues	Expenditures	Balance June 30, 2008
Department of Housing and Urban Development							
Direct Programs							
Community Development Block Grant Entitlement Program	14.218	B07-MC-30-0002	\$ 983,697	\$ -	\$ 1,118,546	\$ 1,118,546	\$ -
HOME Investment Partnership Program	14.239	M04-MC-30-0218	456,266	-	5,979	5,979	-
HOME Investment Partnership Program	14.239	M05-MC-30-0218	435,726	-	45,003	45,003	-
HOME Investment Partnership Program	14.239	M06-MC-30-0218	406,870	-	138,506	138,506	-
HOME Investment Partnership Program	14.239	M07-MC-30-0218	406,874	-	262,741	262,741	-
Total Department of Housing & Urban Development				-	1,570,775	1,570,775	-
Department of Transportation							
Direct Programs							
Highway Planning and Construction	20.205	N/A	\$ 370,000	\$ -	\$ 280,447	\$ 280,447	\$ -
Community Transportation Enhancement Program	20.205	N/A	280,606	-	162,377	162,377	-
Federal Transit Metropolitan Planning Funds	20.505	N/A	105,000	-	80,126	80,126	-
Pass-through Montana Department of Transportation							
MACI - Purchase Street Sweeper	20.505	N/A	149,558	-	149,558	149,558	-
Total Department of Transportation				-	672,508	672,508	-
Department of Justice							
Direct Programs							
Bulletproof Vest Program	16.607	N/A	\$ 11,845	\$ -	\$ 5,952	\$ 5,952	\$ -
Pass-through Great Falls Weed & Seed Steering Committee							
Weed and Seed Program	16.595	N/A	30,000	-	17,314	17,314	-
Pass-through Montana Board of Crime Control							
Justice Assistance Grant 06	16.592	2005-DJ-BX-1654	131,675	13,907	3,993	17,900	-
Justice Assistance Grant 07	16.592	2006-DJ-BX-1064	47,030	-	47,030	25,732	21,298
Enforcing Underage Drinking Laws 07	16.727	06-C01-82348	321,797	-	187,016	187,016	-
Enforcing Underage Drinking Laws 08	16.727	06-C01-90198	543,495	-	195,003	195,003	-
Total Department of Justice				13,907	456,308	448,917	21,298

Continued on next page

The accompanying notes are an integral part of this schedule of expenditures of federal awards.

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2008

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2007	Grant Revenues	Expenditures	Balance June 30, 2008
Department of Health and Human Services							
Pass-through University of Washington							
Information Rx	93-879	N01-LM-6-3506	\$ 24,938	\$ -	\$ 14,465	\$ 14,465	\$ -
Total Department of Health & Human Services				-	14,465	14,465	-
National Endowment for the Humanities							
Direct Programs							
Civil Discourse	45.129	31-1-9	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
Pass-through Montana Committee for the Humanities							
Montana Environmental Issues 05	45.129	28-1-32	500	-	500	500	-
Festival of the Book 07		30-1-27	1,500	-	1,500	1,500	-
Festival of the Book 08		31-1-7	1,500	-	1,500	1,500	-
Total National Endowment for the Humanities				-	4,500	4,500	-
US Department of Agriculture							
Pass-through Montana Department of Natural Resources							
Arbor Day Tree Planting Grant	10.675	UCF-08-021	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
Boulevard Trees	10.675	UCF-08-116	13,500	-	12,730	12,730	-
Total US Department of Agriculture				-	13,730	13,730	-
National Park Service							
Direct Programs							
Historic Preservation Fund	15.904	MT-07-21630-016	\$ 5,500	\$ -	\$ 4,125	\$ 4,125	\$ -
Historic Preservation Fund	15.904	MT-08-016	5,500	-	1,375	1,375	-
Total National Park Service				-	5,500	5,500	-
Department of Homeland Security							
Pass-through State of Montana							
HAZMAT Trailer Equipment	97.067	2006-GE-T6-0062	\$ 64,167	\$ -	\$ 30,112	\$ 30,112	\$ -
Total Department of Homeland Security				-	30,112	30,112	-
Environmental Protection Agency							
Pass-through State of Montana							
Water Revolving Fund	66.468	WRF-09125	\$ 4,010,000	\$ -	\$ 46,265	\$ 46,265	\$ -
Total Environmental Protection Agency				-	46,265	46,265	-
Total Expenditures of Federal Awards				\$ 13,907	\$ 2,814,163	\$ 2,806,772	\$ 21,298

The accompanying notes are an integral part of this schedule of expenditures of federal awards.

City of Great Falls, Montana
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

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, 2008

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified 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 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 program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the City of Great Falls, Montana expresses an unqualified opinion.
6. There were no audit findings related to federal award programs for the City of Great Falls, Montana that we are required to report.
7. The programs tested as a major program include:
 - a. Department of Housing and Urban Development – HOME Investment Partnership Program (CFDA #14.239)
 - b. Department of Justice – Enforcing Underage Drinking Laws (CFDA #16.727)
8. The threshold for distinguishing Types A and B programs was \$300,000 in expenditures.
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 Award Programs 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
Year Ended June 30, 2008

Major Federal Award Programs

There were no prior year audit findings relative to major federal award programs.

Financial Statement Audit Findings

There were no prior year audit findings relative to the financial statements.



**Electric Fund as Extracted
from the Audited
Comprehensive Annual Financial Report
City of Great Falls, Montana
For the Fiscal Year Ended June 30, 2008**



**Prepared by the
City of Great Falls Fiscal Services Department
Coleen Balzarini, Fiscal Services Director**

This information does not replace the Fiscal Year 2008 Comprehensive Annual Financial Report (CAFR); it is meant to provide extracted information of the City's electric utility fund. For a complete review of the City's financial position for FY 2008, consult the CAFR, available on the City's website or from the City. The following notes are related to the City's electric utility fund activities as reflected in the FY 2008 CAFR. The number preceding the heading indicates the CAFR note section where the comment is located.

1. Summary of Significant Accounting Policies

c. Investment in Joint Venture

During fiscal year 2004, the City entered into a joint venture with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern). The joint venture was organized by five electric cooperatives and the City of Great Falls to provide electric services to its members and to construct Highwood Generating Station (HGS), which is an electric generating facility, intended to serve the energy needs of its six members. The City has a 10.31 percent equity interest in the joint venture construction project. A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. This joint venture does not meet the criteria for inclusion in the City's financial report as a component unit since the City does not exercise administrative control. The City does report its equity interest in the joint venture using the equity method. An equity interest in a joint venture is manifest in the government having an explicit, measurable right to the net present or future resources of the joint venture. The investment in joint venture in the statement of net assets (page 26) is included in the unrestricted portion of the total net assets. The corporate office of Southern is located at the following address: 3521 Gable Road, Suite 5, Billings, Montana 59102.

See FY 2008 CAFR page #37

e. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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. The costs of preliminary design and engineering of the HGS facility is included in this fund.

See FY 2008 CAFR page #38

2. Cash, Cash Equivalents and Investments

Restricted Cash and Investments

Security reserves \$100,000

See FY 2008 CAFR page #45

4. Interfund Receivables, Payables, and Transfers

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 general fund.

Due to/from other City funds at June 30, 2008, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	541,731

The advance from the electric fund reported in the general fund, street fund, lighting districts fund, library fund, natural resources fund, water fund, sewer fund, sanitation fund, golf fund, safety services fund, parking fund, swim pools fund, recreation fund, public works admin fund, and facility services fund resulted from an interfund liability. In prior years, this liability had been recorded as an interfund utility deposit. The reclassification from long term interfund utility deposit to long term advances to/from other funds reflects the purpose and use of the advance. There is no effect from the reclassification since the original and reclassified accounting both reside in the long term liability category.

Advances to/from other funds at June 30, 2008, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$ 100,000
General		59,696
Street		16,507
Nonmajor governmental funds		
Lighting districts	\$ 577,514	
Library	19,382	
Natural resources	155	
Sub total nonmajor governmental funds		597,051
Water		300,477
Sewer		278,802
Sanitation		3,219
Golf		39,915
Nonmajor enterprise funds		
Safety services	3,483	
Parking	20,581	
Swim pools	21,054	
Recreation	10,770	
Sub total nonmajor enterprise funds		55,888
Internal service funds		
Public works admin	17,645	
Facility services	30,800	
Sub total internal service funds		48,445
Total		<u>\$ 1,500,000</u>

See FY 2008 CAFR pages #47 and 48

8. Long -Term Debt

Notes Payable

The City Commission adopted Resolution No. 9534 on December 6, 2005, authorizing the borrowing of \$1,500,000 from First Interstate Bank in a taxable non-voted general fund obligation note by the electric fund for the purpose of preliminary design, engineering, feasibility and environmental review costs related to the construction of HGS. The term of the note is twenty (20) years with a maximum interest rate of 7.21%.

This rate is adjusted on each fifth year anniversary date of the closing of the note. The interest rate varies equal to the constant rate of the Five Year US Treasury Index as reported in the Wall Street Journal on the adjustment date. It is intended the debt will either be repaid at the time construction financing is acquired, or from operating funds of the electric utility, with a pledge from the General fund as backup security for the debt obligation.

	<u>Start Date</u>	<u>Interest Rate</u>	<u>Term (Years)</u>	<u>Maturity Date</u>	<u>Loan Issued</u>	<u>Balance June 30, 2008</u>
Electric Improvements	12-15-2005	6.79%	20	01-01-2026	\$ 1,500,000	\$ 1,477,818

Annual debt service is as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 46,065	\$ 99,351	\$ 145,416
2010	49,518	96,152	145,670
2011	52,938	92,733	145,670
2012	56,352	89,319	145,670
2013	60,484	85,186	145,670
2014-2018	370,924	357,427	728,351
2019-2023	518,003	210,348	728,351
2024-2026	323,534	32,616	356,151
Totals	<u>\$ 1,477,818</u>	<u>\$ 1,063,132</u>	<u>\$ 2,540,950</u>

See FY 2008 CAFR page #55

8. Long-Term Debt – continued

Other Liabilities

Other liabilities in the Electric Fund result from prepaid water charges from Southern in the amount of \$1,083,914. In prior years, this was reported as a current liability – account payable. The reclassification is to clarify the purpose of the original agreement. This liability occurs in conjunction with the intentional effort to mitigate unknown expenses incurred in this startup enterprise. It is anticipated that the liability will increase through fiscal year 2009 and will begin decreasing when HGS comes online and will be totally eliminated by fiscal year 2018.

Projected Year Ending June 30	Business-Type Activities		
	Additions	Deductions	Total
2008	\$ -	\$ -	\$ (1,083,914)
2009	205,000	-	(1,288,914)
2010	-	-	(1,288,914)
2011	-	-	(1,288,914)
2012	-	-	(1,288,914)
2013	-	245,323	(1,043,591)
2014-2018	-	1,226,615	183,024
Totals	<u>\$ 205,000</u>	<u>\$ 1,471,938</u>	<u>\$ 183,024</u>

The City became a member of Southern in fiscal year 2004. In fiscal year 2005, the City began supplying electricity to customers within the City. The first customer group included City, Housing Authority, School District, Airport Authority, Montana Air National Guard, and FedEx. Southern secured a five megawatt per hour block of power for the City at a cost of \$41.70 per megawatt hour. The 5 megawatt per hour block of power was the average energy demand of the customer base. Payment for this block of power is comprised of a cash component of \$36 per megawatt hour, and credit towards future water purchases necessary for the operation of the HGS in the amount of \$5.70 per megawatt hour. Any surplus or shortage of energy consumed related to this block of power is sold or purchased on the energy imbalance market and is also recorded as a prepaid water credit. The term of this block of power terminated June 30, 2008.

In the beginning, the City’s energy customers and their previous electricity suppliers were able to provide only a very limited amount of information on actual energy demand at the hourly/daily/monthly/seasonal periods. In addition, the City and Southern were aware of the price volatility in the imbalance market that occurs throughout the year. Therefore, an agreement was reached between the City and Southern, in which a portion of the energy supply from the first block of power would be paid for at a future date when the HGS comes online and begins using raw water, supplied by the City, to generate electricity on behalf of all Southern members, including the City, Great Falls Public Schools, and Great Falls International Airport.

See FY 2008 CAFR pages #62 and 63

13. Contracted Services

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

Electric City Power

Electric City Power (ECP) is licensed through the Public Service Commission to supply electricity. The City has contracted with Southern for its energy supply contracts necessary to serve the City's electric utility customers.

On September 21, 2004, the City Commission approved a Wholesale Power Purchase Contract with Southern. The purpose of the contract was to allow the City to provide enough electricity to supply the City's needs, and the needs of ECP customers which are comprised of Great Falls Public Schools, Veolia Water North America, Great Falls Housing Authority, Montana Refining Company Pilot Program, Barretts Minerals, Federal Express, Montana Air National Guard, Great Falls Airport Authority, Benefis Healthcare, Meadow Gold Dairies, General Mills, Pacific Steel and Recycling, Davidson Investment Partnership, D A Davidson and Company, McLaughlin Research Institute, Lumber Yard Supply Company, and Southern Foods Group.

See FY 2008 CAFR page #67

14. Contingencies

On July 17, 2007 the City Commission approved a security agreement in the amount of \$1,400,000 on behalf of Electric City Power customers for Southern purchases of energy. It is a standard industry practice to require some form of security equal to two months of energy supply costs. Certificates of deposit will be held in the name of the city by a third party banking institution. The terms of the security agreement authorize the use of funds in the event payment is not made in accordance with the terms of the energy supply contracts entered into by Southern on behalf of ECP customers. The certificates of deposit are part of the City's pooled cash and investments. Interest earnings on the certificates of deposit accrue to the City. There has never been a draw exercised against these funds. All ECP customers are current in payments to ECP. ECP is current in payments to Southern. Southern is current in payments to the energy supplier.

See FY 2008 CAFR page #68

17. Deficit Fund Balances and Net Assets

The Electric enterprise fund has a net asset deficit of \$1,099,622 and an unrestricted net asset deficit of \$1,495,701. This is due to the long-term liability for electricity (prepaid water) from Southern in the amount of \$1,083,914 and the direct expensing of financing costs incurred in anticipation of debt to be issued by the City to participate in construction of HGS. Prior to February 2008, ECP sought financing separate from the Rural Utility Service. In February of 2008, a decision was made by all members of Southern to pursue consolidated financing options for HGS within Southern. ECP is no longer seeking separate financing. Therefore, previously deferred financing costs incurred in pursuit of the separate financing are now expensed in the current period, \$356,257. This occurs in conjunction with the intentional effort to mitigate unknown expenses incurred in this startup enterprise. It is anticipated that the long-term liability will increase through fiscal year 2009 and will begin decreasing when the plant comes online and will be totally eliminated by fiscal year 2018.

Long term energy supply contracts were entered into in anticipation of an expanding customer base. In 2007, Montana legislative actions placed limitations on ECP's ability to sign new customers resulting in surplus energy supplies in excess of customer needs in the short term.

City of Great Falls Ordinance 2925, An Ordinance amending Title 5, Chapter 20, OCCGF, Authorizing and Approving the Creation of Electric City Power, Inc. Pursuant to the Montana Nonprofit Corporation Act in order to Secure and Provide reliable and economic supplies of Electricity for the City of Great Falls, its Residents and Other Consumers, was passed by the Commission November 1, 2005. Section 5.20.070 Rates. states "Such rates and charges shall be designed to enable the Corporation to operate on a self-sufficient and self-sustaining basis and to produce revenues at all times sufficient to pay all operating, maintenance, debt service, repair and replacement costs of the Corporation and to provide reserves necessary or desirable for working capital, capital improvements and replacements and rate stabilization purposes." Future rate increases for electricity customers are provided in the customer service contracts. Increased rates paid by customers along with proposed rate decreases offered by Southern, pending commission approval, will cause the deficit balance to decline and be eliminated over time.

See FY 2008 CAFR page #70

City of Great Falls, Montana
Statement of Net Assets
Electric Utility
June 30, 2008
(unaudited)

ASSETS

Current assets	
Cash and cash investments	\$ 796
Receivables	
Accounts	952,648
Prepaid Items	
Energy Imbalances	1,145,162
Debt Issuance	<u>157,282</u>
Total current assets	<u>2,255,888</u>
Long-term assets	
Restricted cash and investments	100,000
Investment in joint venture	514,997
Capital assets	
Non-depreciable capital assets	1,773,897
Depreciable capital assets, net	<u>-</u>
Net capital assets	<u>1,773,897</u>
Total long-term assets	<u>2,388,894</u>
Total assets	<u>4,644,782</u>

LIABILITIES

Current liabilities	
Account Payable	1,140,941
Due to other City funds	541,731
Notes payable	<u>46,066</u>
Total current liabilities	<u>1,728,738</u>
Long-term liabilities	
Advances from other funds	1,500,000
Notes Payable	1,431,752
Long Term Account Payable - Water Credit	<u>1,083,914</u>
Total long-term liabilities	<u>4,015,666</u>
Total liabilities	<u>5,744,404</u>

NET ASSETS

Invested in capital assets, net of related debt	296,079
Restricted for:	
Financial assurance reserve	100,000
Unrestricted	<u>(1,495,700)</u>
Total net assets	<u>\$ (1,099,622)</u>
Total Liabilities and Fund Equity	<u>\$ 4,644,782</u>

The accompanying notes are an integral part of these financial statements.

See FY 2008 CAFR page 26

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in Net Assets
Electric Utility Fund
Year Ended June 30, 2008
(unaudited)

OPERATING REVENUES

Charges for services	<u>\$ 8,867,623</u>
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OPERATING EXPENSES

Supplies and materials	179
Purchased services	9,063,724
Internal services	<u>21,515</u>

Total operating expenses	<u>9,085,418</u>
--------------------------	------------------

Operating income (loss)	<u>(217,795)</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Investment income	(36,219)
Interest expense	(11,181)
Other - Debt Issuance	<u>(345,076)</u>

Total nonoperating revenues (expenses)	<u>(392,476)</u>
--	------------------

Changes in net assets	(610,271)
-----------------------	-----------

Net assets, beginning of year	<u>(489,351)</u>
--------------------------------------	------------------

Net assets, end of year	<u><u>\$ (1,099,622)</u></u>
--------------------------------	------------------------------

The accompanying notes are an integral part of these financial statements.

See FY 2008 CAFR page 28

City of Great Falls, Montana
Statement of Cash Flows
Electric Utility Fund
Year Ended June 30, 2008
(unaudited)

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,035,056
Interfund cash flow loans	515,511
Receipts from other governments	48,009
Payments to suppliers	<u>(9,082,892)</u>
Net cash provided (used) by operating activities	<u>515,684</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Net cash provided (used) by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES	
Principal payments - revenue bonds	(22,181)
Interest paid	(356,257)
Acquisition/construction of capital assets	<u>(101,595)</u>
Net cash provided (used) by capital and related financing activities	<u>(480,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>(36,219)</u>
Net cash provided (used) by investing activities	<u>(36,219)</u>
Net increase (decrease) in cash	(568)
Cash, beginning of year	<u>101,364</u>
Cash, end of year (a)	<u><u>\$ 100,796</u></u>
(a) Shown on the statement of net assets as:	
Cash and cash equivalents	\$ 796
Restricted cash and investments	<u>100,000</u>
	<u><u>\$ 100,796</u></u>

The accompanying notes are an integral part of these financial statements.

See FY 2008 CAFR page 30

City of Great Falls, Montana
Statement of Cash Flows
Electric Utility Fund
Year Ended June 30, 2008
(unaudited)

	<u>Electric</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (217,795)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Cash provided (used) by changes in	
Accounts receivable	167,433
Due from other governments	48,009
Prepaid expense	(292,963)
Accounts payable	295,489
Due to other city funds	515,511
Other nonoperating revenue	-
Total adjustments	\$ 733,479
Net cash provided (used) by operating activities	\$ 515,684

The accompanying notes are an integral part of these financial statements.

See FY 2008 CAFR page 32



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Ordinance 3027 approves a development project proposed by West Bank Properties, LLC (West Bank Properties Project) and associated public improvements as an urban renewal project; authorizes financing the public improvements with tax increment revenues in a principle amount not to exceed \$900,000; and, authorizes City staff to develop and negotiate a development agreement for approval by the City Commission; (O.F. 1499.0)

From: Benjamin Rangel, Planning Director

Initiated By: West Bank Properties, LLC – Brad Talcott

Presented By: Benjamin Rangel, Planning Director

Action Requested: City Commission adopt Ordinance 3027 on final reading

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Ordinance 3027.”

2. Mayor calls for a second, discussion, and calls for the vote.

Planning Board and Staff Recommendations: During a meeting on October 14, 2008, the Planning Board unanimously passed a motion recommending the City Commission approve the use of West Bank Urban Renewal District tax increment funds, not to exceed \$900,000, for the below listed improvements. The recommendation was contingent on West Bank Properties, LLC agreeing to relieve the City of any financial liability or responsibility to pay for said improvements should the proposed development project not proceed or be completed or should taxes received from the project be insufficient to cover debt payments on the improvements. The improvements included the following, which are also eligible activities under Montana Urban Renewal Law (Section 7-15-4288, M.C.A.):

- a) Bury existing power lines; and,
- b) Install utilities (to include water, sanitary sewer & storm sewer), roads (to not include parking lots), curbs, gutters and sidewalks.

City staff recommends that the City Commission adopt Ordinance 3027 on final reading.

Background: In conjunction with several area property owners, the City of Great Falls is interested in the revitalization and redevelopment of an area located near the west bank of the Missouri River, generally north and south of Central Avenue West. The City has taken steps to

establish an urban renewal district and plan for the area under Montana's urban renewal authority. A tax increment financing provision was also established.

With creation of the West Bank Urban Renewal District and a pending request for use of tax increment funds within the District, the City Commission established a process to review and evaluate projects and funding requests. The process is initiated with the submittal of an application form to the Planning Office for tax increment financing assistance. Subsequent steps include:

1. The Planning Office convenes a "City staff group" (consisting of Fiscal Services, Planning, Community Development, Park & Recreation, and Public Works departments heads and the Assistant City Manager) to evaluate the application and formulate a recommendation to the Planning Board;
2. The Planning Board considers the staff report and recommendation and makes a recommendation to the City Commission; and,
3. The City Commission makes a final decision as the urban renewal agency.

The City of Great Falls is responsible for administering the urban renewal program, pursuant to Montana Urban Renewal Law. The Tax Increment Financing (TIF) program operates by first establishing a base year taxable value for all properties within the established district. In the case of the West Bank Urban Renewal District, the base year is 2007. Property taxes from that District continue to be paid to all taxing jurisdictions on the basis of the 2007 base year valuation. However, all increases in property taxes in the District above this base valuation, due to new development or reappraisals, are assigned to the City to be used to finance urban renewal activities within the West Bank Urban Renewal District.

Projects requesting TIF funds are subject to program eligibility, project review criteria, availability of funds and ability to meet the goals of the West Bank Urban Renewal Plan.

During development of the West Bank Urban Renewal District Plan, the area was found to be deficient of streets, sidewalks, curbs and gutters, resulting in poor traffic access and circulation and storm drainage problems. As such, it was anticipated a large amount of financial resources would be needed to install public infrastructure. Therefore, during the process of creating the District, the Planning Board and City Commission were specifically advised that redevelopment in the area would involve participation by both the public and private sectors and that the City's contribution would be in the form of assisting with the provision public infrastructure (streets, curb & gutters, sidewalks, water systems, sewer systems, storm drainage systems, parking and related improvements) to encourage, facilitate and enhance private investments and reinvestment in the area. As such, the agenda reports to the City Commission specifically advised that the funds derived through the increment program would be used for public improvements. Additionally, the "Goals and Strategies" section of the Urban Renewal Plan presents the category of public infrastructure improvements to be addressed by the Plan. These include "Sewer and Water Services," "Area Access," "Park Development," etc.

An application for use of West Bank Urban Renewal District tax increment funds has been submitted by West Bank Properties, LLC, addressed as 4415 River Drive North, Great Falls, Montana. The company members include Brad Talcott, Linda Caricaburu and Rodger Forni.

On September 30, 2008, Brad Talcott and his business manager, Jim Drishinski, presented the project to the "City staff group". They described the proposal as a mixed use development project to include a Staybridge Suites hotel (Exhibit 1) and future sites on the approximate 5½ acre parcel

for a restaurant, office building and retail shops. See the attached preliminary site master plan (Exhibit 2) for a general configuration of the proposed facilities, including parking areas, internal vehicular circulation and landscaping. The project will generally be located east of 3rd Street NW between 1st and 4th Avenues NW (Exhibit 3). Total project development costs are estimated at \$13,355,125 (Exhibit 4). The Montana Department of Revenue has estimated that about \$135,000 in tax increment funds would be generated annually by the hotel portion of the development project (Exhibit 5).

West Bank Properties requested tax increment financing for the following list of activities:

▪ Bury Existing Power Lines	\$325,000
▪ Demolish Existing Structures	\$200,000
▪ Relocate Existing Tenant	\$125,000
▪ Utilities (Water, Sanitary & Storm)	\$185,000
▪ Curb and Gutter	\$38,000
▪ Sidewalks	\$30,000
▪ Parking Lots and Roads	<u>\$295,000</u>
	\$1,198,000

The applicant also reviewed the merits of the project and described the public benefit derived from the project, as measured by the eleven review criteria listed in the “Tax Increment Financing Application Process” regarding economic stimulus of the project, tax generation, employment generation, elimination of blight, special or unique opportunities, impact assessment, financial assistance, project feasibility, developer ability to perform, timely completion and payment of taxes.

On October 3, 2008, the “City staff group” met to jointly review the proposal and develop a consensus on the extent of tax increment assistance to be recommended to the Planning Board. The process specifically involved:

- Agreed with the applicant’s assessment that the proposal substantially satisfies the eleven review criteria;
- Agreed that the list of activities for which the applicant has requested TIF funds may be eligible activities, as specified in Montana Urban Renewal Law (Section 7-15-4288, M.C.A.);
- Reviewed the West Bank Urban Renewal District Plan and concluded from there perspective that not all of the proposed activities, for which TIF funds were requested, satisfy the Plan purpose, goals or strategies regarding the intended use of the tax increment funds for public infrastructure and improvements.
- Developed a consensus that all or portions of three activities would be recommended to the Planning Board for tax increment assistance. These included:
 1. Bury existing power lines (fund entire activity)
 2. Utilities (fund the public portion to loop water system)
 3. Sidewalks (fund the public segments along 3rd St. NW & 1st Ave. NW)

It was proposed these activities be undertaken by the applicant and specific costs be reimbursed by the City with tax increment funds, based on actual contractor billed invoices, estimated to be in the range of \$400,000 to \$500,000.

Although an important utility for the area, the existing overhead power lines essentially bisect the proposed development site, as well as other portions of the Urban Renewal District. As such, their location was viewed as having negative physical and visual impacts for redevelopment of the area. Therefore, the relocation and burying of the utility were

thought to be a benefit to not only the applicant, but to the overall district. Thus, a justified and eligible cost for use of tax increment funds.

Although the remainder of the above listed activities are eligible under Montana Urban Renewal Law, staff felt they did not satisfy the intended use of funds, as specified during creation of the Urban Renewal District and as spelled out in the Urban Renewal District Plan, that is, funds would be used for public infrastructure and improvements. As such, staff did not recommend funding for the remaining projects.

Staff acknowledged and the applicant was aware that no tax increment funds are currently available and that a “gap” financing mechanism would need to be identified and agreed upon by the City and the applicant.

On October 14, 2008, the Planning Board met to review the development project and to consider the staff report and recommendation. Following presentations by staff and the applicant, as well as a lengthy discussion, the Planning Board unanimously passed a motion recommending the City Commission approve the use of West Bank Urban Renewal District tax increment funds, not to exceed \$900,000, for the below listed improvements. The recommendation was contingent on West Bank Properties, LLC agreeing to relieve the City of any financial liability or responsibility to pay for said improvements should the proposed development project not proceed or be completed or should taxes received from the project be insufficient to cover debt payments on the improvements. The improvements included:

- a) Bury existing power lines; and,
- b) Install utilities (to include water, sanitary sewer & storm sewer), roads (to not include parking lots), curbs, gutters and sidewalks.

Concurrences: A “City staff group” consisting of Fiscal Services, Planning, Community Development, Park & Recreation, and Public Works department heads and the Assistant City Manager evaluated the application and formulated a recommendation to the Planning Board. In turn, the Planning Board developed a consensus and provided a recommendation to the City Commission. The City’s Bond Counsel prepared Ordinance 3027 and thus concurs with its format and contents.

Fiscal Impact: No direct fiscal impacts to the City are anticipated as a result of providing tax increment funds for the improvements associated with the proposed development project.

Alternatives: The City Commission could deny adoption of Ordinance 3027 and not encourage, facilitate or enhance private sector investment and reinvestment in the revitalization and rehabilitation of the area within the West Bank Urban Renewal District.

Attachments/Exhibits:

1. Ordinance 3027
2. Staybridge Suites representation, Exhibit 1
3. Preliminary site master plan, Exhibit 2
4. Vicinity map, Exhibit 3
5. Project application, Exhibit 4
6. Estimated tax increment funds, Exhibit 5

Cc: Brad Talcott, West Bank Properties, P.O. Box 2493, Great Falls, MT 59403

CERTIFICATE AS TO ORDINANCE AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Montana (the "City"), hereby certify that the attached ordinance is a true copy of an ordinance entitled: "ORDINANCE APPROVING A DEVELOPMENT PROJECT PROPOSED BY WEST BANK PROPERTIES, LLC (WEST BANK PROPERTIES PROJECT) AND ASSOCIATED PUBLIC IMPROVEMENTS AS AN URBAN RENEWAL PROJECT AND TO AUTHORIZE FINANCING THE PUBLIC IMPROVEMENTS WITH TAX INCREMENT REVENUES" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly presented for first reading by the City Commission of the City at a regular meeting on December 2, 2008, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

WITNESS my hand and seal officially this ____ day of December, 2008.

(SEAL)

Lisa Kunz, City Clerk

I further certify that the Ordinance was duly adopted on second reading by the City Commission of the City at a regular meeting on December 16, 2008, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Commission members voted in favor thereof: _____
_____; voted
against the same: _____; abstained
from voting thereon: _____; or were absent: _____
_____.

WITNESS my hand and seal officially this ____ day of December, 2008.

(SEAL)

Lisa Kunz, City Clerk

ORDINANCE NO. 3027

ORDINANCE APPROVING A DEVELOPMENT PROJECT
PROPOSED BY WEST BANK PROPERTIES, LLC (WEST
BANK PROPERTIES PROJECT) AND ASSOCIATED PUBLIC
IMPROVEMENTS AS AN URBAN RENEWAL PROJECT AND
TO AUTHORIZE FINANCING THE PUBLIC
IMPROVEMENTS WITH TAX INCREMENT REVENUES

BE IT ORDAINED by the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”), as follows:

Section 1. Recitals.

1.01. In accordance with Title 7, Chapter 15, Parts 42 and 43 (the “Act”), on March 20, 2007, the Great Falls City Commission (the “Commission”) adopted Amended Ordinance 2967 to create and approve the West Bank Urban Renewal District (the “District”) and Plan (the “Plan”), which contains a tax increment financing provision to help fund rehabilitation and redevelopment projects within the District.

1.02. On September 16, 2008, the Commission established a process to review and evaluate projects and activities proposed by the private sector for use of tax increment funds generated by private sector projects in the District.

1.03. West Bank Properties, LLC, 4415 River Drive North, Great Falls, Montana, (the “Developer”) proposes to develop in the District a mixed use commercial project to include a Staybridge Hotel complex with future sites for a restaurant, office building and retail shops to be located generally along the east side of 3rd Street NW between 1st and 4th Avenues NW (the “West Bank Properties Project”).

1.04. The Developer has identified certain public and related improvements to be constructed and undertaken with respect to the West Bank Properties Project and has requested that tax increment revenues be made available to finance all or a portion of the costs of those improvements.

1.05. On October 3, 2008, the City’s Fiscal Services, Planning, Community Development, Park and Recreation and Public Works department heads and the Assistant City Manager (the “City Staff”) jointly reviewed and evaluated the West Bank Properties Project and funding request and made a report and recommendation (the “City Staff Report”) to the Great Falls Planning Board (the “Planning Board”) to the effect that: the West Bank Properties Project and several specific public improvements as enumerated in Section ~~2.02~~2.03 below (the “Public Improvements”) would be beneficial to the public and would result in the rehabilitation and

redevelopment of the District; and that the Public Improvements are eligible for tax increment financing in accordance with the Act and the purpose and goals of the District and Plan.

1.06. On October 14, 2008, the Planning Board received, reviewed and considered the City Staff Report, as well as information from a representative of the Developer and has made recommendation to the Commission to the effect that the West Bank Properties Project conforms to the City's Growth Policy, adopted in accordance with Title 76, Chapter 1, and that the West Bank Properties Project and Public Improvements should be approved as an urban renewal project and that tax increment revenues to be used to fund a portion of the Public Improvements.

1.07. On November 18, 2008, the Commission adopted Resolution No. 9796, Resolution of Intention to Approve a Development Project Proposed By West Bank Properties, LLC (West Bank Properties Project) and Associated Public Improvements as an Urban Renewal Project and to Authorize Financing the Public Improvements with Tax Increment Revenues; Calling for a Public Hearing Thereon; and Establishing Compliance with Reimbursement Bond Regulations under the Internal Revenue Code.

1.08. Pursuant to Resolution No. 9796, a public hearing was duly noticed and held on December 2, 2008, at which all persons wishing to speak were given the opportunity to address the Commission with respect to approval of the West Bank Properties Project as an Urban Renewal Project.

Section 2. Approval of Project and Financing.

2.01. The Commission hereby confirms the findings with respect to the West Bank Properties Project set forth in Section 3 of Resolution No. 9796.

2.02. The West Bank Properties Project is hereby approved as an Urban Renewal Project.

2.03. The Commission approves financing of the Public Improvements, consisting of: burying existing power lines; installation of water, sanitary sewer and storm sewer utilities; and construction and installation of roads, curbs, gutters and sidewalks in a principal amount not to exceed \$900,000.

2.04. The City Staff is authorized to develop and negotiate a development agreement with the Developer regarding the development of the West Bank Properties Project (the "Development Agreement") which shall specify the terms, conditions and financial arrangements including the use of tax increment revenues to pay costs or reimburse the costs of the Public Improvements, and the design, funding, oversight and construction of the Public Improvements. The Development Agreement shall not be executed and delivered by the City until approved by the Commission.

Section 3. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Commission and approval by the Mayor.

PASSED, ADOPTED and APPROVED on second reading this __ day of _____, 2008.

Dona R. Stebbins, Mayor

Attest: _____
Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT

City Attorney

Document comparison done by Workshare DeltaView on Friday, December 05, 2008
2:39:46 PM

Input:	
Document 1	file://H:/client matters/Ellingson A-L/Great Falls, City of/2008 Issues/West Bank Urban Renewal District/Documents/old versions/Ordinance Approve Proj (W. Bank-Staybridge) final.doc
Document 2	file://H:/client matters/Ellingson A-L/Great Falls, City of/2008 Issues/West Bank Urban Renewal District/Documents/Ordinance Approve Proj (W. Bank-Staybridge) final-2.doc
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	1
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Moved to	0
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Format changed	0
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Ordinance 3027 Exhibits

Exhibit 1, Staybridge Suites Representation



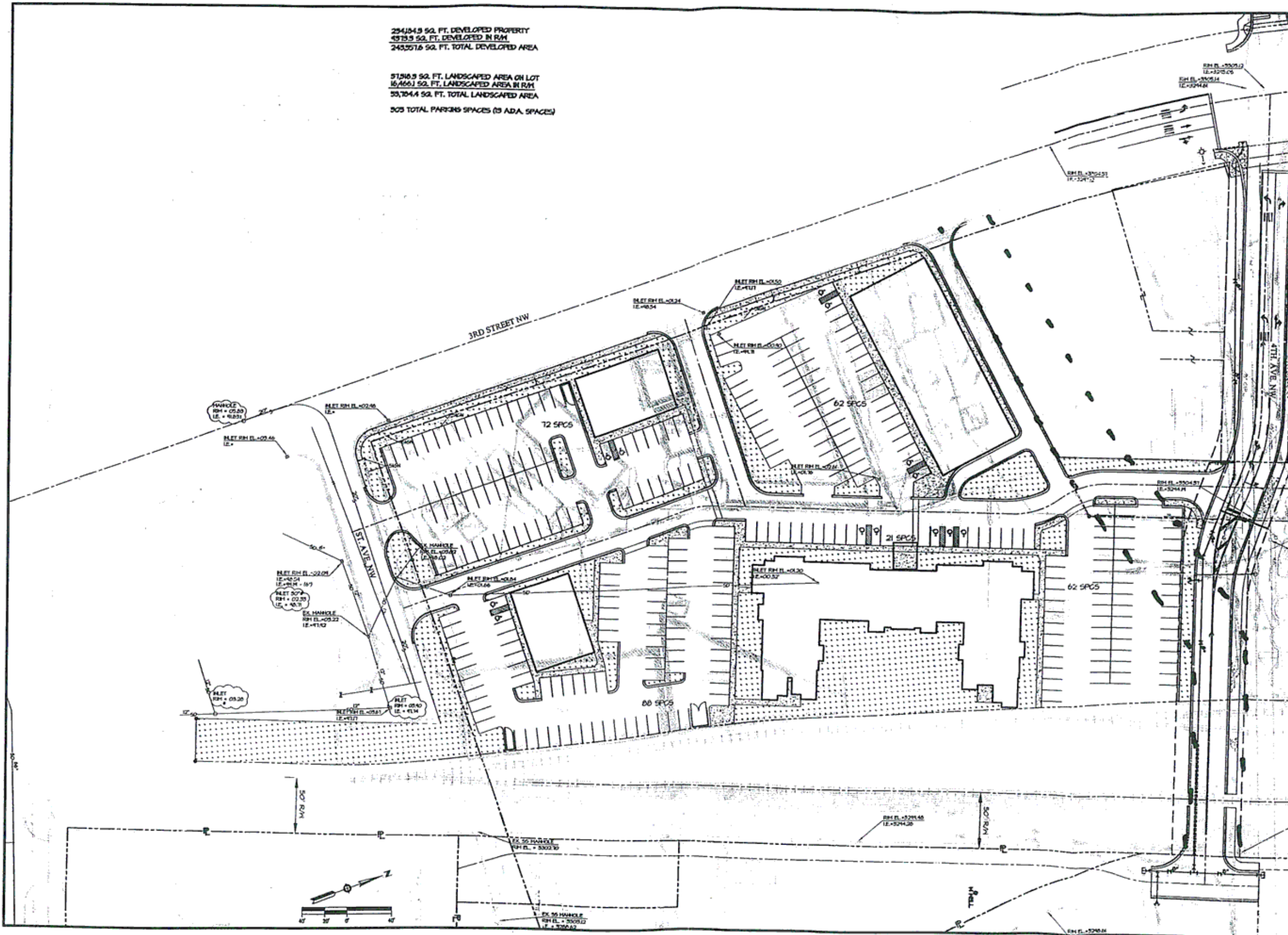
Staybridge Suites, Great Falls, Montana

James Talcott
Construction, Inc.



EXHIBIT 1

Exhibit 2, Preliminary site master plan



254,043 SQ. FT. DEVELOPED PROPERTY
 45,753 SQ. FT. DEVELOPED IN RM
 245,3516 SQ. FT. TOTAL DEVELOPED AREA

51,563 SQ. FT. LANDSCAPED AREA ON LOT
 16,466.1 SQ. FT. LANDSCAPED AREA IN RM
 33,704.4 SQ. FT. TOTAL LANDSCAPED AREA

505 TOTAL PARKING SPACES (35 ADA SPACES)

EXHIBIT 2

Revision	By	Date

File No.	Job No.
FILE NO	0807 0807-C1
Date	Scale
8/22/08	AS SHOWN

Professional Seal

Engineers
 Environmental Specialists
 Planners
 Designers
 Surveyors

NCI
 Engineering

4509 North Star Boulevard
 R.O. Box 6350
 Great Falls, VT 59406
 Phone 406-453-5478
 Fax 406-453-2009

Owner

**JAMES
 TALCOTT
 CONSTRUCTION**

Project Title

**STAYBRIDGE
 HOTEL**

Sheet Title

**EXISTING TOPO
 AND SITE
 MASTER PLAN**

Sheet **C-1** of **X**

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 File # FILE #

Exhibit 3, Vicinity map



Staybridge Suites - Project Site & Vicinity Map



1 in. = 1,000.0 feet



EXHIBIT 4

(page 1 of 4)

CITY OF GREAT FALLS
WEST BANK URBAN RENEWAL DISTRICT
TAX INCREMENT FINANCING (TIF) APPLICATION

Project Name: West Bank Properties Date Submitted: 9/23/08

APPLICANT INFORMATION

- 1. Name: West Bank Properties, LLC
- 2. Address: 4415 River Dr. North
Great Falls, MT 59403
- 3. Telephone Number: 406-761-0018

PROJECT INFORMATION

- 1. Building Address: Intersection of 4th Ave NW & 3rd Street - 6F
- 2. Legal Description: Tract of land in SE1/4SW1/4 and Gov't Lot 7 in Sec 2
and the NW1/4NE1/4 of Section 11, all in township 20 North, Range 35 E
- 3. Ownership: James Talcott Construction, Inc
Address: 4415 River Dr. North - 6F, MT 59403
- 4. If property is not owned by the Applicant, list leasehold interests: (Attach evidentiary materials.)
Name: N/A
Address: _____
- 5. Existing/Proposed Businesses: _____
Business Description: _____
- 6. Employment: Existing FTE Jobs 0
New Permanent FTE Jobs created by project 45 Construction FTE jobs 75
- 7. Architectural Firm: G.M. Rombowski Architect, Inc.
Address: 33 Merc Bld - Fairlawn, OH 44333
Representative: Genevieve Rombowski
- 8. Description of Project: (Attach narrative explanation.)
- 9. Rehabilitation/construction Plans (Attach schematics, site, and landscaping plans.)
- 10. Project Schedule: (Attach time line or schedule through completion.)

Rev. 9/23/08

Revised 10/2006

PROJECT COSTS

Land and Site Improvements (Itemized)

1. Equity in Land and Buildings	\$ <u>1,960,200</u>
2. Site Utilities	\$ <u>197,750</u>
3.	\$ _____
4.	\$ _____

Subtotal

\$ 2,157,950

Construction/Rehabilitation Costs (Use general construction trade divisions)

1. James Talcott Const.	\$ <u>8,023,000</u>
2. Landscape	\$ <u>100,000</u>
3.	\$ _____
4. Front Dest System	\$ <u>62,150</u>
5. Phones, Signs	\$ <u>189,215</u>
6. Other Professional Services	\$ <u>30,000</u>
7. FF&E	\$ <u>1,582,000</u>
8. Preopen Expense	\$ <u>80,000</u>
9. Construction Interest/ Lease exp loan	\$ <u>627,150</u>
10. Contingency	\$ <u>200,000</u>

Subtotal

\$ 10,893,515

Fees

1. Architectural design/Supervision	\$ <u>192,100</u>
2. Permits _____	\$ <u>40,000</u>
_____	\$ _____
3. Other fees <u>Title/Escrow fee</u>	\$ <u>15,000</u>
<u>Franchise fee</u>	\$ <u>56,500</u>

Subtotal

\$ 303,600

Total Project Development Costs

\$ 13,355,125

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested \$ 180,000
Land & Buildings \$ 1,960,200
Other (Specify) _____ \$ _____
_____ \$ _____

Subtotal \$ 2,140,200

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
<u>GFDA</u>	<u>\$ 2,000,000</u>	<u>7</u> %	<u>20</u> yrs	<u>\$ 15,506</u> /mo
<u>Stockman Bank</u>	<u>\$ 8,016,925</u>	<u>7</u> %	<u>20</u> yrs	<u>\$ 62,889</u> /mo
Total Loan Amount				<u>\$ 78,385</u> /mo

TIF Request

Eligible Improvements (See Narrative)

\$ See Attached

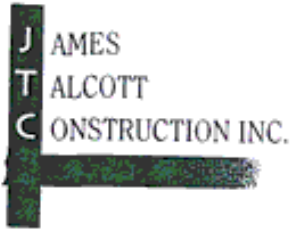
Subtotal \$ 1,198,000

Sources of Funds Summary (Post totals from above)

Developer Equity \$ 2,140,200
Lender Commitments \$ 10,016,925
TIF Request \$ 1,198,000
Other Funds (Specify) _____ \$ _____

Total Project Financing \$ 13,355,125

Rev: 9/23/08



*EXHIBIT 4
(page 4 of 4)*

West Bank Properties
Hotel Development
TIF Request
September 2008

Bury Existing Power Lines	\$	325,000
Demolition of Existing Structures	\$	200,000
Relocation Existing Tenant	\$	125,000
Utilities (Water, Sanitary, & Storm)	\$	185,000
Curb and Gutter	\$	38,000
Sidewalks	\$	30,000
Parking Lots, and Roads	\$	295,000
Total:	\$	1,198,000

Added: 9/27/08

EXHIBIT 5



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

August 5, 2008

To: James Talcott Construction, Inc

From: Montana Department of Revenue
300 Central Ave Ste 520
Great Falls, Mt 59401

Re: Estimated Tax Increment *JD*

Below is an estimate of the increment value on your proposed project within the West Bank Urban Renewal District.

Current **Total** Market Value = \$787,588
Current **Total** Taxable Value = \$24,179.
Total County Tax Liability = \$14,857.

Market Value (**land only**) = \$372,629
Taxable Value = \$9,534.
County Tax Liability (**land only**) = \$5900.

New Estimated Total Market Value = \$ 9,373,000 (Land/Improvements/FF&E)
New Estimated Total Taxable Value = \$244,214
New Estimated County Tax Liability = \$150,000

New Total Estimated TV (land/improvement/personal property) = \$244,214.
Certified Base Taxable Value = \$24,214.
Difference is Incremental Value = \$220,000. (\$244,214 less \$24,214 = \$220,000).

Total Estimated Increment Tax Dollars = \$135,000.

The Department of Revenue is the process of a Statewide Reappraisal for the 2009 tax year. The above figures are estimated based on current land values, tax rates, exemption percentages and mill levies. All market values will change for 2009 and tax rates, exemption percentages and mill levies are yet to be determined.

This is an estimated of values and taxes and is subject to change.



Item: Ordinance 3028; Approve the Federal Courthouse/4th Avenue NW project as an urban renewal project and authorize the tax increment financing of certain public projects; (O.F. 1499.0)

From: Martha Cappis, Operations Supervisor

Initiated By: Fiscal Services and Bond Counsel

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: City Commission adopt Ordinance 3028 on second reading

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (adopt/deny) Ordinance 3028, to approve the Federal Courthouse/4th Avenue NW project as an urban renewal project and authorize the tax increment financing of certain projects”.

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: To proceed with the development of the West Bank area, it is recommended the City Commission adopt Ordinance 3028, on second reading, approving the improvements and the financing of the Courthouse/4th Avenue NW project.

Background: On March 20, 2007 the City Commission approved Ordinance 2967 which established the Great Falls West Bank Urban Renewal Plan. These plans includes improvements eligible for tax increment financing proceeds as stated in M.C.A 7-15-4288 and are necessary to the area for future development and revitalization. The most significant improvement is the reconstruction and upgrade of 4th Avenue NW. This includes roadway improvements, intersection upgrades, and rail signal and track crossing improvements. Also included is the design and engineering of public infrastructure to benefit West Bank Park, and extending the water main into the district. The 64,133 square foot Federal Courthouse is currently under construction. Certain public improvements were necessary for the development of this project, in particular the roadway and utility extensions. Resolution 9801 passed November 18 set a public hearing for December 2, 2008. After hearing comments from the public, the City Commission approved the project as eligible under the urban renewal project requirements, and the financing of such projects with tax increment revenues generated by the increased property values within the District. At the direction of bond counsel, and upon a more

conservative interpretation of M.C.A 7-15-4217, City Commission also approved Ordinance 3028 on first reading on December 2, and set the 2nd reading for December 16. Minor typographical changes have been applied to the 2nd reading of Ordinance 3028 and are reflected in the document.

Concurrences: Representatives from Fiscal Services, Planning, Engineering, and Public Works have been working with Bond Counsel throughout the entire process.

Fiscal Impact: The costs associated with the improvements and debt issuance will be reimbursed to the City as Tax Increment revenues come available from increased property values within the district.

Alternatives: The City Commission could choose to not approve Ordinance 3028. The projects would then be reviewed in regards to necessity, priority and alternative financing options.

Attachments/Exhibits: Ordinance 3028, as revised
Resolution 9801 available @
www.greatfallsmt.net/records/resolutions/res9801.pdf
Email correspondence with Aaron Rudio regarding
Negotiated bond sale with D.A. Davidson

CERTIFICATE AS TO ORDINANCE AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Montana (the "City"), hereby certify that the attached ordinance is a true copy of an ordinance entitled: "ORDINANCE APPROVING THE FEDERAL COURTHOUSE/4TH AVENUE NW PROJECT AS AN URBAN RENEWAL PROJECT AND AUTHORIZING TAX INCREMENT FINANCING OF CERTAIN PUBLIC PROJECTS RELATED THERETO" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly presented for first reading by the City Commission of the City at a regular meeting on December 2, 2008, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

WITNESS my hand and seal officially this ____ day of December, 2008.

(SEAL)

Lisa Kunz, City Clerk

I further certify that the Ordinance was duly adopted on second reading by the City Commission of the City at a regular meeting on December 16, 2008, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Commission members voted in favor thereof: _____; voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand and seal officially this ____ day of _____, 2008.

(SEAL)

Lisa Kunz, City Clerk

ORDINANCE NO. 3028

ORDINANCE APPROVING THE FEDERAL
COURTHOUSE/4TH AVENUE NW PROJECT AS AN URBAN
RENEWAL PROJECT AND AUTHORIZING TAX
INCREMENT FINANCING OF CERTAIN PUBLIC PROJECTS
RELATED THERETO

BE IT ORDAINED by the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”), as follows:

Section 1. Recitals.

1.01. In accordance with Title 7, Chapter 15, Parts 42 and 43 (the “Act”), on March 20, 2007, the Great Falls City Commission (the “Commission”) adopted Amended Ordinance 2967 to create and approve the West Bank Urban Renewal District (the “District”) and Plan (the “Plan”), which contains a tax increment financing provision to help fund rehabilitation and redevelopment projects within the District.

1.02. BC Development of Kansas City, Missouri (the “Developer”) is in the process of constructing a 64,133 square foot building which will be leased to the United States General Accounting Office (the “GAO”) for use as the Federal Courthouse (the “Federal Courthouse”). Construction of the Federal Courthouse is expected to be completed and available for occupancy in early summer 2009. The Developer and the GAO have entered into a lease which among other things provides that notwithstanding the federal government’s use of the Federal Courthouse, it will be subject to real and personal property tax which will be paid by the Developer as Lessor. The construction and installation of certain public improvements were necessary for the development of the Federal Courthouse, in particular the extension of the City’s water main to serve the Federal Courthouse and the reconstruction of 4th Ave NW as more particularly described below.

1.03. The Plan identified a number of projects that were needed in order to facilitate the development of the District in general including: undertaking a survey of the historical and cultural resources in the District to assure preservation and enhancements in the redevelopment of the District (the “Historical & Cultural Inventory Study”); various improvements to the City’s West Bank Park including improved access, parking lot, fire protection, landscaping, and rehabilitation of facilities (the “West Bank Park Improvements”); the 4th Avenue NW Reconstruction Project consisting of a track crossing and rail signals, realignment and reconstruction of 4th Avenue NW, including land acquisition and improvements to the intersection with 3rd Street NW (the “4th Avenue NW Reconstruction Project”); the extension and looping of the City’s water main to connect 3rd Street NW to Central Avenue West and the Federal Courthouse (the “Water Main Improvements”); relocation of existing utilities (“Utility Relocation”); and cleanup as necessary of contaminated soils (the “Brownfield Cleanup”)

(collectively, the “Public Projects”) (together with the Federal Courthouse, the “Federal Courthouse/4th Avenue NW Project”).

1.04. The City’s Fiscal Services, Planning, Community Development, Park and Recreation and Public Works department heads and the Assistant City Manager (the “City Staff”) has determined that the Public Projects are eligible for tax increment financing in accordance with the Act and the purpose and goals of the District and Plan and should be approved as urban renewal projects and that tax increment revenues, to the extent available, be used to fund them.

~~1.06.~~1.05. On November 18, 2008, the Commission adopted Resolution No. 9801, Resolution of Intention to Approve the Federal Courthouse/4th Avenue NW Project as an Urban Renewal Project and to Authorize Financing Public Improvements with Tax Increment Revenues and Calling for a Public Hearing Thereon.

~~1.08.~~1.06. Pursuant to Resolution No. 9801, a public hearing was duly noticed and held on December 2, 2008, at which all persons wishing to speak were given the opportunity to address the Commission with respect to approval of the Federal Courthouse/4th Avenue NW Project as an Urban Renewal Project and the financing of the Public Projects with tax increment revenues.

Section 2. Approval of Project and Financing.

2.01. Taking into consideration the public comments offered at the public hearing and other available information, the Commission hereby confirms the findings with respect to the Federal Courthouse/4th Avenue NW Project set forth in Section 3(~~2~~) Resolution No. 9801.

2.02. The Federal Courthouse/4th Avenue NW Project is hereby approved as an Urban Renewal Project.

2.03. The Public Projects described below are hereby approved as urban renewal projects within the meaning of the Act and are approved to be financed from District tax increment revenues.

1. The Historical & Cultural Inventory Study.
2. The West Bank Park Improvements.
3. The ~~4th~~ ~~3rd~~ Avenue NW Reconstruction Project.
4. The Water Main Improvements.
5. The Utility Relocation.
6. The Brownfield Cleanup.

2.04. The City will finance the Public Projects from the proceeds of West Bank Urban Renewal Tax Increment Bonds in the estimated principal amount of \$2,000,000 (the “Bonds”) payable over a term of 25 years. The City Staff, working with D.A. Davidson as the City’s underwriter (the “Underwriter”) is authorized to proceed with the financial analysis to determine the final principal amount of the Bonds that can be issued and to prepare the necessary

documentation to authorize the sale and issuance of the Bonds on a negotiated sale to the Underwriter, subject to final approval of the Commission.

Section 3. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Commission and approval by the Mayor.

PASSED, ADOPTED and APPROVED on second reading this __ day of _____, 2008.

Dona R. Stebbins, Mayor

Attest: _____
Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT

City Attorney

Document comparison done by Workshare DeltaView on Friday, December 05, 2008
2:37:38 PM

Input:	
Document 1	file:///H:/client matters/Ellingson A-L/Great Falls, City of/2008 Issues/West Bank Urban Renewal District/Documents/old versions/Ordinance Approve Proj (Courthouse) final.doc
Document 2	file:///H:/client matters/Ellingson A-L/Great Falls, City of/2008 Issues/West Bank Urban Renewal District/Documents/Ordinance Approve Proj (Courthouse) final-2.doc
Rendering set	standard

Legend:	
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Statistics:	
	Count
Insertions	2
Deletions	3
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	5



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Res. 9806, A Resolution Creating a Board of Trustees for the Great Falls Tourism Business Improvement District No. 1307, Appointing the Initial Trustees, and Specifying the Powers and Duties of the Board.

From: City Manager's Office

Initiated By: Great Falls Area Lodging Association

Presented By: Cheryl Patton, Assistant City Manager

Action Requested: Adopt or Deny Res. 9806.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Res. 9806.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Recommendation: The Great Falls Area Lodging Association recommends the City Commission adopt Resolution 9806 creating the Tourism Business Improvement District No. 1307 Board of Trustees, making initial appointments to the board, and specifying the powers and duties of the Board.

Background: The City Commission adopted Resolution 9792, Creating the Tourism Business Improvement District No. 1307 on December 2, 2008. Pursuant to 7-12-1121, Montana Code Annotated, a Board of Trustees shall be created to administer the District. The Board of Trustees shall have the powers and duties set out in Sections 7-12-1121 through 7-12-1133, Montana Code Annotated, and any other applicable laws, City ordinances or regulations. The Great Falls Area Lodging Association solicited applications from hoteliers located within the District. From the eight applications received, the officers of the Association recommended the seven appointments as listed below. All terms begin on January 1, 2009, and expire December 31.

<u>Trustee Name</u>	<u>Initial Term</u>
Mark Mehta	4 years
Sandra Thares	4 years
Pamela Volk	3 years
Bob Dompier (Chair)	3 years
Ryan Carroll	2 years
David Buckingham	2 years
Deryk Copperwheat	1 year

Concurrences: The Great Falls Area Lodging Association concurs with the proposed appointments.

Fiscal Impact: Trustees receive no compensation.

Alternatives: Seek additional interested applicants.

Attachments/Exhibits: Applications (Not available online; on file in City Clerk's Office.)

RESOLUTION 9806

A RESOLUTION CREATING A BOARD OF TRUSTEES FOR THE GREAT FALLS TOURISM BUSINESS IMPROVEMENT DISTRICT NO. 1307, APPOINTING THE INITIAL TRUSTEES, AND SPECIFYING THE POWERS AND DUTIES OF THE BOARD.

WHEREAS, the Great Falls City Commission created the Tourism Business Improvement District No. 1307 on December 2, 2008, by approving Resolution 9792, and;

WHEREAS, pursuant to 7-12-1121, Montana Code Annotated, a Board of Trustees must be created to govern the District and five (5) to seven (7) Trustees must be appointed to govern any Business Improvement District, and;

WHEREAS, the Great Falls Area Lodging Association submitted names of seven (7) proposed Trustees for appointment to the Board of Trustees, all of whom are property owners, or their assignees, within the District.

BE IT RESOLVED by the City Commission of the City of Great Falls, Montana, as follows:

Section 1. Tourism Business Improvement District No. 1307 Board of Trustees: The Tourism Business Improvement District No. 1307 Board of Trustees is hereby created. There shall be seven (7) Trustees. Trustees must be an owner of property within the district or their assignee.

Section 2. Board Appointments: The initial Board of Trustees for the Tourism Business Improvement District No. 1307 shall be as follows and their terms shall be as shown. All terms begin January 1, 2009. After the initial term, all subsequent Trustees shall be appointed to four (4) year terms, except that a vacancy occurring during a term will be filled for the unexpired term. The unexpired term shall be filled in the same manner as vacancies on other City boards. The initial Board Chair shall be Bob Dompier, who shall serve a one (1) year term. Subsequent Chairpersons shall serve one (1) year terms as Chair and shall be selected by the Board.

<u>Trustee Name</u>	<u>Initial Term</u>
Mark Mehta	4 years
Sandra Thares	4 years
Pamela Volk	3 years
Bob Dompier (Chair)	3 years
Ryan Carroll	2 years
David Buckingham	2 years
Deryk Copperwheat	1 year

Section 3. Powers and Duties of the Trustees: The appointed Trustees shall have the powers and duties set out in Sections 7-12-1121 through 7-12-1133, M.C.A. and any other applicable laws, City ordinances or regulations. The Board of Trustees shall submit to the City Commission for approval, a work plan and budget for the ensuing fiscal year, not later than the 1st day of June preceding the beginning of the fiscal year for which the work plan and budget apply. The City Commission will conduct a public hearing and may modify the work plan and budget as it considers necessary and appropriate.

APPROVED by the City Commission of the City of Great Falls, Montana, this 16th day of December, 2008.

CITY OF GREAT FALLS

By: _____
Dona Stebbins, Mayor

ATTEST:

By: _____
Lisa Kunz, City Clerk

Regular City Commission Meeting

Mayor Stebbins presiding

CALL TO ORDER: 7:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL: City Commissioners present: Dona Stebbins, Bill Bronson, John Rosenbaum and Mary Jolley. Commissioner Beecher was excused. Also present were the City Manager, City Attorney, Directors of Community Development, Fiscal Services, Library, Park and Recreation, Planning, Public Works, the Fire Chief, Police Chief, and the City Clerk.

MOMENT OF SILENCE in memory of Police Captain Jere Carpenter.

NEIGHBORHOOD COUNCILS

NC 2.

1A. Phyllis Hemstad, NC 2, thanked Ben Rangel for all his years of service. Ms. Hemstad discussed her years on the City/County Planning Board and projects worked with Ben Rangel, Bill Walters, Mike Rattray and Andrew Finch. Ms. Hemstad inquired what building was going in the West Bank Park area. Community Development Director Mike Rattray responded that the land owner, Mitchell Development, has tentative plans to build an office building north of the federal building. At this time, nothing has been submitted, reviewed or approved. Ms. Hemstad also expressed concern that the area being torn up looked like where the Native Americans built a circle. Mr. Rattray answered that the property line between the Mitchell Development owned land and City park land is diagonal and looks deceiving.

NC 4.

1B. Sandra Guynn, NC 4, provided an update regarding 10th Avenue North. The County, Road Board and Sheriff Castle are helping the Council to get the speed limit reduced from 45 to 35. Progress is also being made at the trailer park at 4727 2nd Avenue North. With regard to the Home Place, she was informed that the owner was issued a final notice and he has 30 days to comply. Ms. Guynn also reported that the family has been diligently cleaning the debris on the property located east of Bundi Gardens. Ms. Guynn concluded by encouraging people to call neighborhood councils with problems.

PUBLIC HEARINGS

Proposed West Bank Properties Project as an Urban Renewal Project and Authorization for Tax Increment Financing. Approved.

2A. PROPOSED WEST BANK PROPERTIES PROJECT AS AN URBAN RENEWAL PROJECT AND AUTHORIZATION FOR TAX INCREMENT FINANCING.

2B. ORDINANCE 3027, APPROVING A DEVELOPMENT PROJECT PROPOSED BY WEST BANK PROPERTIES, LLC (WEST

Ord. 3027, Accepted on
first Reading and Set
Final Reading for
December 16, 2008.

**BANK PROPERTIES PROJECT) AND ASSOCIATED PUBLIC
IMPROVEMENTS AS AN URBAN RENEWAL PROJECT AND
TO AUTHORIZE FINANCING THE PUBLIC IMPROVEMENTS
WITH TAX INCREMENT REVENUES.**

Planning Director Ben Rangel reported that Brad Talcott, doing business as West Bank Properties, LLC has submitted an application for the use of West Bank Urban Renewal District tax increment funds. This is the first application for use of these funds under the project review and evaluation process recently established by the City Commission. The process involves a staff review and recommendation by a group of City department heads, as well as the Planning Board considering the staff report and recommendation and in turn making recommendation to the City Commission, which makes the final decision as the urban renewal agency.

In conjunction with several area property owners, the City Commission created the District in March of last year to help revitalize and redevelop the area generally located along the west bank of the Missouri River, both north and south of Central Avenue West. Because the District was found to be deficient of streets, sidewalks, curbs and gutters, resulting in poor traffic and pedestrian access and to be deficient of some public utilities, a tax increment financing provision was established to help fund public infrastructure that would in turn help to encourage private sector investment and reinvestment in the area.

West Bank Properties has requested tax increment funds for several activities and improvements associated with a planned mixed use development project to include a Staybridge Suites hotel and future sites for a restaurant, office building and retail shops.

On November 18, 2008, the City Commission set public hearing for this evening. After conducting the public hearing, Mr. Rangel requested that the City Commission (1) approve the development project proposed by West Bank Properties, LLC and associated public improvements as an urban renewal project; (2) authorize financing the public improvements with tax increment funds; and (3) accept Ordinance 3027 on first reading and set final reading for December 16, 2008, to consider approving tax increment financing for public improvements, not to exceed \$900,000.

Mayor Stebbins declared the public hearing open. Those speaking in opposition were:

Sue Ann Strickland, NC 2, 609 2nd Avenue SW #4, asked if there were monies in the tax increment fund now. Ms. Balzarini responded that there is currently less than \$20,000 in the fund. The incremental increase in value specific to the Talcott project will be used to reimburse the developer for the public infrastructure being installed in conjunction with the development of the Staybridge Suites. There will be a Development Agreement between the

developer and the City that will make it clear that if there are no increments available they will not be reimbursed.

Ron Gessaman, 1006 36th Avenue NE, commented that Resolution 9796 states the City plans to borrow \$1 million dollars in bonds to pay the developer and reimbursement itself with the incremental tax money. Mr. Gessaman read a portion of page 2 of the agenda report and stated that he does not believe the public owns the power lines that are proposed to be buried as part of the infrastructure improvements. Mr. Gessaman questioned the fiscal impact statement and the City services that will be provided for the project. With regard to Ordinance 3027, Mr. Gessaman stated that the descriptions in sections 1.05 and 1.06 do not correspond with the agenda report, and that section 2.02 was confusing.

Speaking in favor were:

Brett Doney, Great Falls Development Authority, commented that the GFDA is an enthusiastic supporter of redevelopment at West Bank, with this project being the first major private sector investment. It is hard to get the first project off the ground with infrastructure costs. Mr. Doney noted that Commission approval authorizes staff to negotiate a Development Agreement. The hotel will provide 45 full time jobs. Mr. Doney hopes this project will be the catalyst to get other projects going in the area. Mr. Doney thanked City staff and the Planning Board and urged Commission approval.

Ben Forsyth, 900 9th Street South, commented that he believes this project is an opportunity to improve Great Falls. Mr. Forsyth read § 23-5-171, MCA, and requested that the Commission pass a resolution making this a no gambling zone. Mr. Forsyth believes this would benefit the community to establish one major thoroughfare in Great Falls without casinos. He also explained that a state statute addresses grandfathering the two current casinos in the area.

Phyllis Hemstad, NC 2, 931 1st Avenue NW, believes approval would improve and clean up the area. She looks forward to completion of the park.

Mayor Stebbins declared the public hearing closed and asked for the direction of the City Commission.

Commissioner Bronson moved, seconded by Commissioner Rosenbaum, that the City Commission approve a development project proposed by West Bank Properties, LLC, and associated public improvements as an urban renewal project, and authorize financing the public improvements with tax increment funds.

Mayor Stebbins asked if there was any discussion amongst the Commissioners.

Commissioner Jolley stated that she attended the Planning Board meeting and the recommendation for using \$900,000 was contingent upon West Bank Properties agreeing to relieve the City of any financial responsibility to pay for the improvements. She wanted to make sure that recommendation was addressed in the Development Agreement.

Commissioner Bronson responded that he discussed that with Ms. Balzarini today and there is an understanding that those terms and conditions adopted by the Planning Board would be incorporated into the Development Agreement.

Commissioner Jolley asked if there were any other prospects for gap financing.

Ms. Balzarini responded that the developer would have to respond to that.

Motion carried 4-0.

Commissioner Bronson moved, seconded by Commissioner Rosenbaum, that the City Commission accept Ordinance 3027 on first reading and set final reading for December 16, 2008.

Mayor Stebbins asked if there was any discussion amongst the Commissioners. No one responded.

Motion carried 4-0.

Proposed Federal Courthouse/4th Avenue N.W. Project as an Urban Renewal Project and Authorization for Tax Increment Financing. Approved. Ord. 3028, Accepted on first Reading and Set Final Reading for December 16, 2008.

3A. PROPOSED FEDERAL COURTHOUSE/4TH AVENUE N.W. PROJECT AS AN URBAN RENEWAL PROJECT AND AUTHORIZATION FOR TAX INCREMENT FINANCING.

3B. ORDINANCE 3028, APPROVING THE FEDERAL COURTHOUSE/4TH AVENUE NW PROJECT AS AN URBAN RENEWAL PROJECT AND AUTHORIZING TAX INCREMENT FINANCING OF CERTAIN PUBLIC PROJECTS RELATED THERETO.

Fiscal Services Director Coleen Balzarini reported that this project is also located within the Brownfield Urban Renewal area. It is the project for the federal courthouse, and includes roadway work, utilities, and the West Bank Park improvements. Ms. Balzarini stated that the Commission is being asked to approve an amount up to \$2 million dollars. Within that amount is not only the cost of construction but also the cost of debt issuance. Ms. Balzarini requested that the Commission conduct a public hearing, approve or not approve this project as an eligible tax increment project, and accept

Ordinance 3028 on first reading and set second reading for December 16.

Mayor Stebbins declared the public hearing open. Speaking in opposition were:

Kathy Gessaman, 1006 36th Avenue NE, asked for clarification on the dollar amount of estimated tax. Ms. Balzarini responded that the total annual amount of the tax increment would be approximately \$200,000.

Commissioner Jolley requested updated tax information from the Department of Revenue before the next meeting.

Ms. Gessaman hoped the City could pay off the debt quicker, or allocate some of the money for fire/police services.

Ron Gessaman, 1006 36th Avenue NE, stated his opposition to all tax increment financing projects. Mr. Gessaman believed the agenda report to be incomplete. He pointed out clerical errors in the Ordinance. Mr. Gessaman believed there were federal funds for the Brownfield cleanup to take some burden off the taxpayers. Mr. Gessaman stated that Resolution 9801 estimated the cost of the project to be \$2,214,291. He asked how the City would cover the additional \$214,291.

Speaking in favor was:

Brett Doney, Great Falls Development Authority, commented that this was a step forward in the improvement of the West Bank Urban Renewal area. It was a necessary project and is what helped land the courthouse project. Mr. Doney urged Commission approval. He also discussed tax increment financing and stated the City has to approach each deal from a fiscal impact standpoint. In this case, the federal courthouse project is one of the early projects that other projects will flow from.

Mayor Stebbins declared the public hearing closed and asked for the direction of the City Commission.

Commissioner Rosenbaum moved, seconded by Commissioner Bronson, that the City Commission adopt the Federal Courthouse/4th Avenue N.W. Project as an urban renewal project and authorize financing public improvements with tax increment revenues.

Mayor Stebbins asked if there was any discussion amongst the Commissioners.

Commissioner Jolley stated that she also had questions after reading the agenda report, but the ordinance does say an estimated principal amount of \$2 million dollars. She asked if this was a no bid \$2 million issuance of bonds.

Ms. Balzarini responded that it will be a negotiated sale, but the City Commission makes the final ruling as to whether to accept the negotiated offer on interest rates and terms and the type of bonds that would be issued.

Commissioner Jolley asked if some bonds were put out to bid.

Ms. Balzarini answered that general obligation, utility, unless it is a refinancing, and revenue bonds are required to be put out for bid. Tax increment bonds are not.

Motion carried 4-0.

Commissioner Jolley moved, seconded by Commissioner Bronson, that the City Commission accept Ordinance 3028 on first reading, and set final reading for December 16, 2008.

Mayor Stebbins asked if there was any discussion amongst the Commissioners. No one responded.

Motion carried 4-0.

**Res. 9792, Tourism
Business Improvement
District (TBID) No. 1307.
Adopted.**

**4. RESOLUTION 9792, TOURISM BUSINESS IMPROVEMENT
DISTRICT (TBID) NO. 1307.**

Fiscal Services Director Coleen Balzarini reported that at the request of the motel/hotel owners within the boundaries of the City of Great Falls, the Commission is being asked to conduct a public hearing and to take action to create a Tourism Business Improvement District as authorized by state statute.

Mayor Stebbins declared the public hearing open.

Speaking in opposition to Resolution 9792 were:

Michael Frenick, 1615 Oasis Court, asked how the \$1.00 increase in revenue was going to be distributed.

Gayle Fisher, Russell Country Tourism Region, 2012 5th Avenue South, reported that they have an amazingly progressive and forward thinking group of hotel owners and managers. They have chosen to assess themselves \$1.00 per occupied room night and create a marketing fund. There will be a seven member board of hotel owners or their designees who would then manage those funds. It is up to their discretion as to how the funds will be spent to market Great Falls.

Mr. Frenick continued that \$1.00 doesn't seem like a whole lot, but then it might increase to \$2.00. He explained that when he took over and marketed Tiber Marina, he found that advertising didn't work. Good service was

number one, along with word of mouth. He believes there is a better way of promoting other than spending \$375,000 on advertising.

Speaking in favor of Resolution 9792 were:

Brett Doney, Great Falls Development Authority, commented that this forms a fund in order to be more competitive to attract meetings and conventions to Great Falls and will also boost tourism in general.

Sue Ann Strickland, 609 2nd Avenue SW #4, commented that she was in the motel industry for 35 years. She wished that this, as well as the bed tax, was in place when her folks were struggling with their motel. Taxing themselves to attract tourism to Great Falls is wonderful.

Andy (last name unknown), stated that he is from Lake Tahoe, California, and has been in this town for three or four years. He wanted to discuss the coal plant. Mayor Stebbins informed him that this item concerned the Tourism Business Improvement District. Other comments were welcome at the end of the meeting.

Michael Frenick, 1615 Oasis Court, commented in response to Ms. Strickland that he always tries to stay at mom/pop operations. He wanted to know if the dollar was going to increase to two dollars.

Mayor Stebbins declared the public hearing closed and asked for the direction of the City Commission.

Commissioner Bronson moved, seconded by Commissioner Rosenbaum, that the City Commission adopt Resolution 9792.

Mayor Stebbins asked if there was any discussion amongst the Commissioners.

Commissioner Jolley stated that she was glad this wonderful organization got together to donate a \$1.00 to a pool of money to attract people to this town. Just because they are going to assess themselves \$1.00 per room per night doesn't mean they are going to raise the prices.

Mayor Stebbins concurred.

Commissioner Bronson added that Billings has already established a Tourism Business Improvement District. That organization is convinced that it was instrumental in helping them collect a sufficient pool of cash to market Billings for various events in this state. This particular type of concept will be adopted by other major cities in the State of Montana over the next few years. Great Falls will be at great risk of falling behind if it doesn't do the same. He believes it is a wonderful opportunity to market and enhance the community and economy here.

Mayor Stebbins congratulated the group for being proactive and finding a solution to improve the circumstances.

Motion carried 4-0.

Res. 9794, Conditional Use Permit for the Collins Mansion. Adopted.

5. RESOLUTION 9794, CONDITIONAL USE PERMIT FOR THE COLLINS MANSION.

Planning Director Ben Rangel reported that Samuel and Andrea Gouchenour are the owners of the Collins Mansion which is located in West Great Falls at 1003 2nd Avenue NW. They have applied for a conditional use permit to allow the mansion to serve as a community center. Community centers, which can accommodate special events such as receptions, weddings, rehearsal dinners, anniversaries and retirement parties, are permitted in residential zoning districts, upon processing and approval of a conditional use permit.

On November 5, 2008, the City Commission set a public hearing for this evening. After conducting the public hearing, Mr. Rangel requested that the City Commission adopt Resolution 9794 which would grant a conditional use permit to the Collins Mansion to serve as a community center. He also requested that the City Commission approve an agreement, which contains the terms and conditions associated with the conditional use permit.

The Zoning Commission unanimously recommends City Commission approval.

Mayor Stebbins declared the public hearing open. No one spoke in opposition to Resolution 9794.

Speaking in favor of Resolution 9794 were:

Sue Ann Strickland, 609 2nd Avenue SW #4, speaking on behalf of NC 2, stated the Council supports this 100%, and urged Commission approval.

Andrea Gouchenour, 1000 2nd Avenue NW, stated that she and her husband are the new owners of the Collins Mansion. They are very excited about the project and made this a dream come true. This is the last step to make it official to offer weddings, family reunions and all the fun things that could be held there.

Gayle Fisher, 2012 5th Avenue South, commented that the Gouchenours have taken a property that was spiraling downward and restored it to its original elegance. She urged the Commission's support.

Mayor Stebbins declared the public hearing closed and asked for the direction of the City Commission.

Commissioner Jolley moved, seconded by Commissioner Bronson, that the City Commission adopt Resolution 9794, and approve the accompanying Agreement.

Mayor Stebbins asked if there was any discussion amongst the Commissioners. No one responded.

Mayor Stebbins thanked Ms. Gouchenour for taking care of one of the landmarks of Great Falls.

Motion carried 4-0.

**Res. 9798, Sanitation
Service Rates. Adopted.**

6. RESOLUTION 9798, SANITATION SERVICE RATES.

Public Works Director Jim Rearden reported that, as presented at the November 18, 2008, Work Session, the City Recycling Center has two functions. One is a transfer station and the other is a recyclable collection site. Resolution 9798 would increase sanitation rates primarily for the transfer station function of the Center. The City has struggled to make this operation self supporting, although it has come close to breaking even in the last year. To dispose of materials taken to the facility, increased rates are necessary to cover the costs of handling, hauling and land filling those materials. The rates are also necessary to ensure that all of the users of this facility are paying for its operation. Currently, County residents, Montana Waste customers and City sanitation customers all utilize the facility, but City sanitation customers alone have been subsidizing the losses at the facility. Approval of Resolution 9798 will help rectify that situation. The new rates, if approved, would take effect on January 1, 2009.

Mayor Stebbins declared the public hearing open. Speaking in opposition to Resolution 9798 was **Ron Gessaman**, 1006 36th Avenue NE. Mr. Gessaman commented that the paperwork provided at the work session showed the old and new rates. He also pointed out that residential customers can get a 96 gallon container from Montana Waste for \$1.12 less per month.

No one spoke in favor.

Mayor Stebbins declared the public hearing closed and asked for the direction of the City Commission.

Commissioner Rosenbaum moved, seconded by Commissioner Bronson, that the City Commission adopt Resolution 9798.

Mayor Stebbins asked if there was any discussion amongst the Commissioners. No one responded.

Motion carried 4-0.

OLD BUSINESS**NEW BUSINESS****ORDINANCES/RESOLUTIONS**

Ord. 3023, To Assign City Zoning to Tyndall Addition, Phase 1. Accepted on first reading, and set public hearing for January 6, 2009.

7. ORDINANCE 3023, TO ASSIGN CITY ZONING TO TYNDALL ADDITION, PHASE 1.

Planning Director Ben Rangel reported that in August, 2008, the City Commission approved the Preliminary Plat for Tyndall Addition, Phase 1. Kendall and Maxima Cox are the property owners and developers of this subdivision, which is located in Northwest Great Falls near the former Skyline Education Center. It consists of 10 single-family residential lots.

Mr. Rangel requested that the City Commission accept Ordinance 3023 on first reading and to set a public hearing for January 6, 2009, to consider assignment of City zoning. At that time, the City Commission will also be asked to approve the final plat of the subdivision and its annexation.

Commissioner Jolley moved, seconded by Commissioner Rosenbaum, that the City Commission accept Ordinance 3023 on first reading, and set a public hearing for January 6, 2009.

Mayor Stebbins asked if there was any discussion amongst the Commissioners or inquiries from the public. No one responded.

Motion carried 4-0.

Res. 9802, Conditional Use Permit to allow worship facility on Lot 8, Block 307, Original Townsite to Great Falls (525 1st Avenue North). Accepted on first reading, and set public hearing for January 6, 2009.

8. RESOLUTION 9802, CONDITIONAL USE PERMIT TO ALLOW WORSHIP FACILITY ON LOT 8, BLOCK 307, ORIGINAL TOWNSITE TO GREAT FALLS (525 1ST AVENUE NORTH).

Planning Director Ben Rangel reported that Heartland Community Fellowship has applied for a conditional use permit to allow a worship facility at the northwest corner of the intersection of 1st Avenue North and 6th Street in downtown Great Falls. The property is zoned C-4 Central Business which allows worship facilities upon processing and approval of a conditional use permit.

Mr. Rangel requested that the City Commission accept Resolution 9802 on first reading, and to set a public hearing for January 6, 2009.

Commissioner Jolley moved, seconded by Commissioner Rosenbaum, that the City Commission accept Resolution 9802 on first reading, and set a public hearing for January 6, 2009.

Mayor Stebbins asked if there was any discussion amongst the Commissioners.

Commissioner Jolley inquired if the fellowship met other than Wednesday nights. Mr. Rangel responded that it was his understanding that Wednesday was predominately the evening they met. The conditional use permit, if approved, does not limit the nights or frequency at which they can meet.

Mayor Stebbins asked if there were any inquiries from the public. No one responded.

Motion carried 4-0.

**Consent Agenda.
Approved.**

CONSENT AGENDA

9. Minutes, November 18, 2008, Commission meeting.
10. Total expenditures of \$1,435,290 for the period of October 31 through November 12, 2008, to include claims over \$5,000, in the amount of \$1,274,416.
11. Contracts list.
12. Set public hearing for December 16, 2008, on Resolution 9805 to Revise Land Development Application Fees.
13. Award a contract to Motor Power Kenworth of Great Falls for 2009 Tandem Axle Roll-Off Cab and Chassis in the amount of \$95,800.
14. Postpone bid award for five 2009 single axle dump trucks.
15. Set CDBG/HOME Community Needs public hearing for December 16, 2008.
16. Approve Final Payment for Sunnyside Water Pressure Improvements – Piping, Phase 1, OF 1494.1, in the amount of \$2,376 to United Materials of Great Falls, and \$24 to the State Miscellaneous Tax Fund.

Commissioner Rosenbaum moved, seconded by Commissioner Bronson, that the City Commission approve the Consent Agenda as presented.

Mayor Stebbins asked if there was any discussion amongst the Commission or inquiries from the public. No one responded.

Motion carried 4-0.

BOARDS & COMMISSIONS

17. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

CITY MANAGER

18. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

PETITIONS AND COMMUNICATIONS

19. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

Mayor Stebbins opened the meeting to Petitions and Communications.

Yield/Stop Sign.

19A. Michael Frenick, 1615 Oasis Court, suggested that the yield sign should be a stop sign on the corner of 16th Avenue South and 21st Street South because of a vision block when turning left.

Energy Conservation.

19B. Ron Gessaman, 1006 36th Avenue NE, read a portion of an article in *USA Today* regarding a group in Denver called Green Print that got together with NeighborWorks, the Youth Corps, and 36 community organizations, to help segments of the population that live in poor areas to reduce energy consumption and reduce energy bills. Mr. Gessaman suggested that something similar be done in Great Falls.

CITY COMMISSION

20. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

ADJOURNMENT

Adjourn.

There being no further business to come before the Commission, **Commissioner Jolley moved, seconded by Commissioner Bronson, that the regular meeting of December 2, 2008, be adjourned at 8:28 p.m.**

Motion carried 4-0.

Mayor Stebbins

City Clerk

Minutes Approved: December 16, 2008



ITEM: \$5,000 Report
 Invoices and Claims in Excess of \$5,000

PRESENTED BY: Fiscal Services Director

ACTION REQUESTED: Approval with Consent Agenda

ITEMIZED LISTING OF ALL TRANSACTIONS GREATER THAN \$5000:

MASTER ACCOUNT CHECK RUN FOR NOVEMBER 26, 2008	698,051.36
MASTER ACCOUNT CHECK RUN FOR DECEMBER 3, 2008	266,163.77
MASTER ACCOUNT CHECK RUN FOR DECEMBER 10, 2008	839,358.38
MUNICIPAL COURT ACCOUNT CHECK RUN FOR NOVEMBER 21, 2008	3,525.00
MUNICIPAL COURT ACCOUNT CHECK RUN FOR NOVEMBER 26, 2008	49,697.00
MUNICIPAL COURT ACCOUNT CHECK RUN FOR DECEMBER 5, 2008	2,135.00
WIRE TRANSFERS FROM NOVEMBER 26, 2008 TO DECEMBER 1, 2008	80,628.60
WIRE TRANSFERS FROM DECEMBER 2, 2008 TO DECEMBER 10, 2008	<u>111,070.11</u>
TOTAL: \$	<u><u>2,050,629.22</u></u>

GENERAL FUND

POLICE

GREAT FALLS BASEBALL CLUB INC	UNDERAGE DRINKING ADVERTISING	6,000.00
NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	609.63
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	2,205.34

FIRE

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	600.65
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	3,112.40
FICO	REPLACE PNEUMATIC CONTROL SYSTEMS STATION 3	7,970.00

PARK & RECREATION

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	474.63
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	2,774.57

VISITORS CENTER

ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	103.46
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SPECIAL REVENUE FUND

PLANNING

GREAT FALLS TRANSIT DISTRICT	4TH QTR REIMBURSEMENT TRANSIT PROGRAM	15,420.02
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LIGHTING DISTRICT

GF BUSINESS IMPROVEMENT DISTR	STREET LIGHT REPAIRS 4TH & CENTRAL	10,243.50
NORTHWESTERN ENERGY	NOV CHARGES (SPLIT AMONG FUNDS)	74,508.37

STREET DISTRICT

KNIFE RIVER	WINTER COLD PATCH MATERIAL	5,190.00
NORTHWESTERN ENERGY	NOV CHARGES (SPLIT AMONG FUNDS)	64.00
GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY	STREET ASSESSMENTS FOR 2008	14,579.64

LIBRARY

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	994.26
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	3,566.54

FEDERAL BLOCK GRANTS

OFFICE CENTER INC (THE)	2 SHREDDERS FOR EMPLOYMENT PROGRAM FOR DISABLED WORKERS AT EASTER SEALS AND GOODWILL	8,996.00
FLOORS & MORE	CARPETING REPLACEMENT AT GREAT FALLS SENIOR CITIZEN CENTER	7,000.00
ANDRE EXCAVATION & SEWER SERV	PMT #1 WATER & SEWER LINES FOR HABITAT FOR HUMANITY CDBG PROJECT	8,400.00
AGENCY ON AGING	PURCHASE FOOD FOR MEALS ON WHEELS	6,246.19
DAVID KUGLIN	PMT #2 CDBG ADA HANDICAP RAMPS (SPLIT AMONG FUNDS)	36,831.40
SHASTA CONSTRUCTION & MASONRY	COMPLETED BID FOR 4215 7TH AVE N	7,208.43

WEST BANK URBAN RENEWAL

BURLINGTON NORTHERN SANTA FE	4TH AVE NW IMPROVEMENTS - GRADE CROSSING & MAINTENANCE AGREEMENT	244,439.00
BURLINGTON NORTHERN SANTA FE	FINAL PMT FOR RAILROAD CROSSING TO ACCESS THE NEW FEDERAL COURTHOUSE	20,000.00

CAPITAL PROJECTS

GENERAL CAPITAL

MCLEES INC	ROOF REPAIR FOR TRAINING CENTER & FIRE STATION 2	84,895.47
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ENTERPRISE FUNDS**WATER**

SMITH EQUIPMENT CO	2 EA INGERSOL RAND ROTARY AIR COMPRESSORS	11,000.00
THOMAS DEAN & HOSKINS	PMT #8 WTP BACKWASH CLARIFIER & SCREENING SYSTEM MODIFICATIONS	6,031.25
THATCHER CO	15 EA 450# DRUMS T-FLOC 1410 POLYMER	6,646.05
FIRST AMERICAN TITLE INC	LAND PURCHASE FOR NEW TRANSFER STATION SITE (SPLIT AMONG FUNDS)	70,332.08
NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	7,512.31
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	6,353.56
INDUSTRIAL AUTOMATION CONSULTING	WONDERWARE SOFTWARE LICENSE RENEWAL DEC 12, 2008 - DEC 12, 2009	6,657.00
DAVID KUGLIN	PMT #2 CDBG ADA HANDICAP RAMPS (SPLIT AMONG FUNDS)	7,248.78
PHILLIPS CONSTRUCTION	PMT #2 14TH ST SW & 5TH AVE SW WATER MAIN REPLACEMENT	142,403.22

SEWER

VEOLIA WATER NORTH AMERICA	MONTHLY WWTP OPERATION CONTRACT	230,312.08
VEOLIA WATER NORTH AMERICA	MONTHLY CONTRACTED CAPITAL IMPROVEMENTS	12,500.00
FIRST AMERICAN TITLE INC	LAND PURCHASE FOR NEW TRANSFER STATION SITE (SPLIT AMONG FUNDS)	56,471.00
NCI ENGINEERING	PMT #9 LIFT STATION & WTP REHAB PROJECT	25,773.66

STORM DRAIN

MORRISON MAIERLE CORP-HELENA	NORTH GREAT FALLS STORM DRAINAGE MASTER PLAN	12,135.53
DAVID KUGLIN	PMT #2 CDBG ADA HANDICAP RAMPS (SPLIT AMONG FUNDS)	25,379.84
PHILLIPS CONSTRUCTION	PMT #1 WEST BANK PARK STORM DRAIN OUTFALL IMPROVEMENT	249,308.21

SANITATION

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	252.91
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	147.10

ELECTRIC

SME	PMT OF ENERGY SUPPLY EXPENSE SEP 08	27,358.23
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SAFETY SERVICES

QUEST	NOVEMBER 2008 911 CHARGES	5,709.65
NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	152.41
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	551.34

PARKING

APCOA/STANDARD PARKING	DECEMBER 2008 COMPENSATION	22,369.33
NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	462.49

ENTERPRISE FUNDS CONTINUED**GOLF COURSES**

ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	509.43
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SWIM POOLS

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	359.73
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	4,780.07

RECREATION

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	435.15
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	937.12

EVENTS

BIG HOUSE PROMOTIONS	PROCEEDS CONTRACT 09-87 HUNK	14,049.34
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INTERNAL SERVICES FUND**HEALTH & BENEFITS**

BLUE CROSS/BLUE SHIELD	HEALTH INS CLAIMS NOV 18-24, 2008	128,418.72
BLUE CROSS/BLUE SHIELD	HEALTH INS CLAIMS NOV 25-DEC 1, 2008	55,317.55
BLUE CROSS/BLUE SHIELD	HEALTH INS CLAIMS DEC 2-8, 2008	40,189.17
BLUE CROSS/BLUE SHIELD	BCBS ADMIN & REINS FEES DEC 2008	43,522.71

CENTRAL GARAGE

MOUNTAIN VIEW CO-OP	FUEL CHARGES	16,488.50
MOUNTAIN VIEW CO-OP	FUEL CHARGES	12,551.45

PUBLIC WORKS ADMINISTRATION

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	703.87
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	3,983.25

CC FACILITY SERVICES

NORTHWESTERN ENERGY	MONTHLY CHARGES (SPLIT AMONG FUNDS)	1,108.67
ENERGY WEST	NOV CHARGES (SPLIT AMONG FUNDS)	3,337.49

TRUST AND AGENCY**COURT TRUST MUNICIPAL COURT**

CITY OF GREAT FALLS	FINES & FORFEITURES COLLECTIONS	34,364.00
CASCADE COUNTY TREASURER	FINES & FORFEITURES COLLECTIONS	9,139.00
VICTIM WITNESS ASSISTANCE SERV	FINES & FORFEITURES SURCHARGES	4,719.00

CLAIMS OVER \$5000 TOTAL:\$ 1,880,415.75



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Ordinance 3026 – Adopting 40 CFR Part 403 Supplementing Ordinance 2645 Pertaining to Title 13, Chapters 2, 12, 14, 18, 20 and 22 of the Official Code of the City of Great Falls, Montana

From: Chris Sorenson, Environmental Program Coordinator

Initiated By: Chris Sorenson, Environmental Program Coordinator

Presented By: Jim Rearden, Public Works Director

Action Requested: City Commission set public hearing for Ordinance 3026

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission set a public hearing for January 6, 2009, to consider adoption of Ordinance 3026.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends that the City Commission adopt Ordinance 3026 to update the legal authority required by the Environmental Protection Agency (EPA)

Background: The EPA conducted a Pretreatment Audit of the Industrial Pretreatment Program administered by the City of Great Falls in April, 2008. As a result of said audit, the EPA required the City to update the pretreatment legal authority found in Title 13, Chapters 2, 12, 14, 18, 20 and 22 of the Official Code of the City of Great Falls.

The Industrial Pretreatment Program is codified under 40 CFR 403. The EPA delegates the City of Great Falls Public Works Department to administer this program at the local level. Adoption of 40 CFR 403 fulfills the EPA requirement and ensures that the City of Great Falls is adequately implementing and enforcing its program.

Concurrences: City Attorney

Fiscal Impact: None

Alternatives: The Commission could deny adoption of the Ordinance, however, then we would be in violation of an EPA requirement.

Attachments/Exhibits: Ordinance 3026

ORDINANCE 3026

**AN ORDINANCE ADOPTING 40 CFR PART 403 SUPPLEMENTING
ORDINANCE 2645 PERTAINING TO TITLE 13, CHAPTERS 2,
12, 14, 18, 20 AND 22 OF THE OFFICIAL CODE OF THE
CITY OF GREAT FALLS, MONTANA**

NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:

That Title 40 Protection of Environment, Code of Federal Regulations, Part 403, is hereby adopted, supplementing Ordinance 2645 passed and adopted by the Great Falls City Commission on August 17, 1993, pertaining to Title 13, Chapters 2, 12, 14, 18, 20 and 22 of the Official Code of the City of Great Falls pertaining to Water and Sewers. 40 CFR 403 is, by reference, attached hereto in its entirety as Exhibit "A."

**PASSED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS,
MONTANA, this 6th day of January, 2009.**

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(SEAL OF THE CITY)

APPROVED FOR LEGAL CONTENT:

David V. Gliko, City Attorney

State of Montana)
County of Cascade :ss
City of Great Falls)

I, Lisa Kunz, City Clerk of the City of Great Falls, Montana, do hereby certify that the foregoing Ordinance 3026 was placed on its final passage and passed by the Commission of the City of Great Falls, Montana, at a meeting thereof held on the 6th day of January, 2009, and approved by the Mayor of said City on the 6th day of January, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City this 6th day of January, 2009.

Lisa Kunz, City Clerk

(SEAL OF CITY)

State of Montana)
County of Cascade : ss
City of Great Falls)

Lisa Kunz, being first duly sworn, deposes and says: That on the 6th day of January, 2009, and prior thereto, she was the City Clerk of the City of Great Falls, Montana; that as said City Clerk she did publish and post as required by law and as prescribed and directed by the Commission, Ordinance 3026 of the City of Great Falls, in three conspicuous places within the limits of said City to-wit:

- On the Bulletin Board, first floor, Civic Center Building;
- On the Bulletin Board, first floor, Cascade County Court House;
- On the Bulletin Board, Great Falls Public Library

Lisa Kunz, City Clerk

(SEAL OF CITY)

Exhibit “A”

PART 403--GENERAL PRETREATMENT REGULATIONS FOR EXISTING AND NEW SOURCES OF POLLUTION

§ 403.1 Purpose and applicability.

(a) This part implements sections 204(b)(1)(C), 208(b)(2) (C)(iii), 301(b)(1)(A)(ii), 301(b)(2) (A)(ii), 301(h)(5) and 301(i)(2), 304 (e) and (g), 307, 308, 309, 402(b), 405, and 501(a) of the Federal Water Pollution Control Act as amended by the Clean Water Act of 1977 (Pub. L. 95–217) or “The Act”. It establishes responsibilities of Federal, State, and local government, industry and the public to implement National Pretreatment Standards to control pollutants which pass through or interfere with treatment processes in Publicly Owned Treatment Works (POTWs) or which may contaminate sewage sludge.

(b) This regulation applies:

(1) To pollutants from non-domestic sources covered by Pretreatment Standards which are indirectly discharged into or transported by truck or rail or otherwise introduced into POTWs as defined below in §403.3;

(2) To POTWs which receive wastewater from sources subject to National Pretreatment Standards;

(3) To States which have or are applying for National Pollutant Discharge Elimination System (NPDES) programs approved in accordance with section 402 of the Act; and

(4) To any new or existing source subject to Pretreatment Standards. National Pretreatment Standards do not apply to sources which Discharge to a sewer which is not connected to a POTW Treatment Plant.

[46 FR 9439, Jan. 28, 1981, as amended at 48 FR 2776, Jan. 21, 1983; 60 FR 33932, June 29, 1995]

§ 403.2 Objectives of general pretreatment regulations.

By establishing the responsibilities of government and industry to implement National Pretreatment Standards this regulation fulfills three objectives:

(a) To prevent the introduction of pollutants into POTWs which will interfere with the operation of a POTW, including interference with its use or disposal of municipal sludge;

(b) To prevent the introduction of pollutants into POTWs which will pass through the treatment works or otherwise be incompatible with such works; and

(c) To improve opportunities to recycle and reclaim municipal and industrial wastewaters and sludges.

§ 403.3 Definitions.

For the purposes of this part:

(a) Except as discussed below, the general definitions, abbreviations, and methods of analysis set forth in 40 CFR part 401 shall apply to this regulation.

(b) The term *Act* means Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. 1251, *et seq.*

(c) The term *Approval Authority* means the Director in an NPDES State with an approved State pretreatment program and the appropriate Regional Administrator in a non-NPDES State or NPDES State without an approved State pretreatment program.

(d) The term *Approved POTW Pretreatment Program* or *Program* or *POTW Pretreatment Program* means a program administered by a POTW that meets the criteria established in this regulation (§§403.8 and 403.9) and which has been approved by a Regional Administrator or State Director in accordance with §403.11 of this regulation.

(e) The term *Best Management Practices* or *BMPs* means schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in §403.5(a)(1) and (b). BMPs also include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

(f) The term *Control Authority* refers to:

(1) The POTW if the POTW's Pretreatment Program Submission has been approved in accordance with the requirements of §403.11; or

(2) The Approval Authority if the Submission has not been approved.

(g) The term *Director* means the chief administrative officer of a State or Interstate water pollution control agency with an NPDES permit program approved pursuant to section 402(b) of the Act and an approved State pretreatment program.

(h) The term *Water Management Division Director* means one of the Directors of the Water Management Divisions within the Regional offices of the Environmental Protection Agency or this person's delegated representative.

(i) The term *Indirect Discharge* or *Discharge* means the introduction of pollutants into a POTW from any non-domestic source regulated under section 307(b), (c) or (d) of the Act.

(j) The term *Industrial User* or *User* means a source of Indirect Discharge.

(k) The term *Interference* means a Discharge which, alone or in conjunction with a discharge or discharges from other sources, both:

(1) Inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and

(2) Therefore is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent State or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA), and including State regulations contained in any State sludge management plan prepared pursuant to subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research and Sanctuaries Act.

(l) The term *National Pretreatment Standard*, *Pretreatment Standard*, or *Standard* means any regulation containing pollutant discharge limits promulgated by the EPA in accordance with section 307 (b) and (c) of the Act, which applies to Industrial Users. This term includes prohibitive discharge limits established pursuant to §403.5.

(m)(1) The term *New Source* means any building, structure, facility or installation from which there is or may be a Discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act which will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, *provided that*:

(i) The building, structure, facility or installation is constructed at a site at which no other source is located; or

(ii) The building, structure, facility or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or

(iii) The production or wastewater generating processes of the building, structure, facility or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source should be considered.

(2) Construction on a site at which an existing source is located results in a modification rather than a New Source if the construction does not create a new building, structure, facility or installation meeting the criteria of paragraphs

(m)(1)(ii) or (m)(1)(iii) of this section, but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a new source as defined under this paragraph has commenced if the owner or operator has:

(i) Begun, or caused to begin as part of a continuous onsite construction program:

(A) Any placement, assembly, or installation of facilities or equipment; or

(B) Significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or

(ii) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

(n) The terms *NPDES Permit* or *Permit* means a permit issued to a POTW pursuant to section 402 of the Act.

(o) The term *NPDES State* means a State (as defined in 40 CFR 122.2) or Interstate water pollution control agency with an NPDES permit program approved pursuant to section 402(b) of the Act.

(p) The term *Pass Through* means a Discharge which exits the POTW into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation).

(q) The term *Publicly Owned Treatment Works* or *POTW* means a treatment works as defined by section 212 of the Act, which is owned by a State or municipality (as defined by section 502(4) of the Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes and other conveyances only if they convey wastewater to a POTW Treatment Plant. The term also means the municipality as defined in section 502(4) of the Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a treatment works.

(r) The term *POTW Treatment Plant* means that portion of the POTW which is designed to provide treatment (including recycling and reclamation) of municipal sewage and industrial waste.

(s) The term *Pretreatment* means the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of discharging or otherwise introducing such pollutants into a POTW. The reduction or alteration may be obtained by physical, chemical or biological processes, process changes or by other means, except as prohibited by §403.6(d). Appropriate pretreatment technology includes control equipment, such as equalization tanks or facilities, for protection against surges or slug loadings that might interfere with or otherwise be incompatible with the POTW. However, where wastewater from a regulated process is mixed in an equalization facility with unregulated wastewater or with wastewater from another regulated process, the effluent from the equalization facility must meet an adjusted pretreatment limit calculated in accordance with §403.6(e).

(t) The term *Pretreatment requirements* means any substantive or procedural requirement related to Pretreatment, other than a National Pretreatment Standard, imposed on an Industrial User.

(u) The term *Regional Administrator* means the appropriate EPA Regional Administrator.

(v) *Significant Industrial User*. (1) Except as provided in paragraphs (v)(2) and (v)(3) of this section, the term Significant Industrial User means:

(i) All Industrial Users subject to Categorical Pretreatment Standards under 40 CFR 403.6 and 40 CFR chapter I, subchapter N; and

(ii) Any other Industrial User that: discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater); contributes a process wastestream which makes up 5 percent or more of the average dry weather hydraulic or organic capacity of the POTW Treatment plant; or is designated as such by the Control Authority on the basis that the Industrial User has a

reasonable potential for adversely affecting the POTW's operation or for violating any Pretreatment Standard or requirement (in accordance with 40 CFR 403.8(f)(6)).

(2) The Control Authority may determine that an Industrial User subject to categorical Pretreatment Standards under §403.6 and 40 CFR chapter I, subchapter N is a Non-Significant Categorical Industrial User rather than a Significant Industrial User on a finding that the Industrial User never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:

(i) The Industrial User, prior to the Control Authority's finding, has consistently complied with all applicable categorical Pretreatment Standards and Requirements;

(ii) The Industrial User annually submits the certification statement required in §403.12(q) together with any additional information necessary to support the certification statement; and

(iii) The Industrial User never discharges any untreated concentrated wastewater.

(3) Upon a finding that an Industrial User meeting the criteria in paragraph (v)(1)(ii) of this section has no reasonable potential for adversely affecting the POTW's operation or for violating any Pretreatment Standards or requirement, the Control Authority may at any time, on its own initiative or in response to a petition received from an Industrial User or POTW, and in accordance with 40 CFR 403.8(f)(6), determine that such Industrial User is not a Significant Industrial User.

(w) The term *Submission* means:

(1) A request by a POTW for approval of a Pretreatment Program to the EPA or a Director;

(2) A request by a POTW to the EPA or a Director for authority to revise the discharge limits in categorical Pretreatment Standards to reflect POTW pollutant removals; or

(3) A request to the EPA by an NPDES State for approval of its State pretreatment program.

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 5132, Feb. 10, 1984; 49 FR 28059, July 10, 1984; 51 FR 20430, June 4, 1986; 51 FR 23760, July 1, 1986; 52 FR 1600, Jan. 14, 1987; 53 FR 40610, Oct. 17, 1988; 55 FR 30129, July 24, 1990; 70 FR 60191, Oct. 14, 2005]

§ 403.4 State or local law.

Nothing in this regulation is intended to affect any Pretreatment Requirements, including any standards or prohibitions, established by State or local law as long as the State or local requirements are not less stringent than any set forth in National Pretreatment Standards, or any other requirements or prohibitions established under the Act or this regulation. States with an NPDES permit program approved in accordance with section 402 (b) and (c) of the Act, or States requesting NPDES programs, are responsible for developing a State pretreatment program in accordance with §403.10 of this regulation.

§ 403.5 National pretreatment standards: Prohibited discharges.

(a)(1) *General prohibitions.* A User may not introduce into a POTW any pollutant(s) which cause Pass Through or Interference. These general prohibitions and the specific prohibitions in paragraph (b) of this section apply to each User introducing pollutants into a POTW whether or not the User is subject to other National Pretreatment Standards or any national, State, or local Pretreatment Requirements.

(2) *Affirmative Defenses.* A User shall have an affirmative defense in any action brought against it alleging a violation of the general prohibitions established in paragraph (a)(1) of this section and the specific prohibitions in paragraphs (b)(3), (b)(4), (b)(5), (b)(6), and (b)(7) of this section where the User can demonstrate that:

(i) It did not know or have reason to know that its Discharge, alone or in conjunction with a discharge or discharges from other sources, would cause Pass Through or Interference; and

(ii)(A) A local limit designed to prevent Pass Through and/or Interference, as the case may be, was developed in accordance with paragraph (c) of this section for each pollutant in the User's Discharge that caused Pass Through or

Interference, and the User was in compliance with each such local limit directly prior to and during the Pass Through or Interference; or

(B) If a local limit designed to prevent Pass Through and/or Interference, as the case may be, has not been developed in accordance with paragraph (c) of this section for the pollutant(s) that caused the Pass Through or Interference, the User's Discharge directly prior to and during the Pass Through or Interference did not change substantially in nature or constituents from the User's prior discharge activity when the POTW was regularly in compliance with the POTW's NPDES permit requirements and, in the case of Interference, applicable requirements for sewage sludge use or disposal.

(b) *Specific prohibitions.* In addition, the following pollutants shall not be introduced into a POTW:

(1) Pollutants which create a fire or explosion hazard in the POTW, including, but not limited to, wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade using the test methods specified in 40 CFR 261.21;

(2) Pollutants which will cause corrosive structural damage to the POTW, but in no case Discharges with pH lower than 5.0, unless the works is specifically designed to accommodate such Discharges;

(3) Solid or viscous pollutants in amounts which will cause obstruction to the flow in the POTW resulting in Interference;

(4) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a Discharge at a flow rate and/or pollutant concentration which will cause Interference with the POTW.

(5) Heat in amounts which will inhibit biological activity in the POTW resulting in Interference, but in no case heat in such quantities that the temperature at the POTW Treatment Plant exceeds 40 °C (104 °F) unless the Approval Authority, upon request of the POTW, approves alternate temperature limits.

(6) Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through;

(7) Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems;

(8) Any trucked or hauled pollutants, except at discharge points designated by the POTW.

(c) *When specific limits must be developed by POTW.* (1) Each POTW developing a POTW Pretreatment Program pursuant to §403.8 shall develop and enforce specific limits to implement the prohibitions listed in paragraphs (a)(1) and (b) of this section. Each POTW with an approved pretreatment program shall continue to develop these limits as necessary and effectively enforce such limits.

(2) All other POTW's shall, in cases where pollutants contributed by User(s) result in Interference or Pass-Through, and such violation is likely to recur, develop and enforce specific effluent limits for Industrial User(s), and all other users, as appropriate, which, together with appropriate changes in the POTW Treatment Plant's facilities or operation, are necessary to ensure renewed and continued compliance with the POTW's NPDES permit or sludge use or disposal practices.

(3) Specific effluent limits shall not be developed and enforced without individual notice to persons or groups who have requested such notice and an opportunity to respond.

(4) POTW's may develop Best Management Practices (BMPs) to implement paragraphs (c)(1) and (c)(2) of this section. Such BMPs shall be considered local limits and Pretreatment Standards for the purposes of this part and section 307(d) of the Act.

(d) *Local limits.* Where specific prohibitions or limits on pollutants or pollutant parameters are developed by a POTW in accordance with paragraph (c) above, such limits shall be deemed Pretreatment Standards for the purposes of section 307(d) of the Act.

(e) EPA enforcement actions under section 309(f) of the Clean Water Act.

If, within 30 days after notice of an Interference or Pass Through violation has been sent by EPA to the POTW, and to persons or groups who have requested such notice, the POTW fails to commence appropriate enforcement action to

correct the violation, EPA may take appropriate enforcement action under the authority provided in section 309(f) of the Clean Water Act.

[46 FR 9439, Jan. 28, 1981, as amended at 51 FR 20430, June 4, 1986; 52 FR 1600, Jan. 14, 1987; 55 FR 30129, July 24, 1990; 60 FR 33932, June 29, 1995; 70 FR 60192, Oct. 14, 2005]

§ 403.6 National pretreatment standards: Categorical standards.

National pretreatment standards specifying quantities or concentrations of pollutants or pollutant properties which may be discharged to a POTW by existing or new industrial users in specific industrial subcategories will be established as separate regulations under the appropriate subpart of 40 CFR chapter I, subchapter N. These standards, unless specifically noted otherwise, shall be in addition to all applicable pretreatment standards and requirements set forth in this part.

(a) *Category Determination Request* —(1) *Application Deadline*. Within 60 days after the effective date of a Pretreatment Standard for a subcategory under which an Industrial User may be included, the Industrial User or POTW may request that the Water Management Division Director or Director, as appropriate, provide written certification on whether the Industrial User falls within that particular subcategory. If an existing Industrial User adds or changes a process or operation which may be included in a subcategory, the existing Industrial User must request this certification prior to commencing discharge from the added or changed processes or operation. A New Source must request this certification prior to commencing discharge. Where a request for certification is submitted by a POTW, the POTW shall notify any affected Industrial User of such submission. The Industrial User may provide written comments on the POTW submission to the Water Management Division Director or Director, as appropriate, within 30 days of notification.

(2) *Contents of Application*. Each request shall contain a statement:

(i) Describing which subcategories might be applicable; and

(ii) Citing evidence and reasons why a particular subcategory is applicable and why others are not applicable. Any person signing the application statement submitted pursuant to this section shall make the following certification:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

(3) *Deficient requests*. The Water Management Division Director or Director will only act on written requests for determinations that contain all of the information required. Persons who have made incomplete submissions will be notified by the Water Management Division Director or Director that their requests are deficient and, unless the time period is extended, will be given 30 days to correct the deficiency. If the deficiency is not corrected within 30 days or within an extended period allowed by the Water Management Division Director or the Director, the request for a determination shall be denied.

(4) *Final decision*. (i) When the Water Management Division Director or Director receives a submittal he or she will, after determining that it contains all of the information required by paragraph (2) of this section, consider the submission, any additional evidence that may have been requested, and any other available information relevant to the request. The Water Management Division Director or Director will then make a written determination of the applicable subcategory and state the reasons for the determination.

(ii) Where the request is submitted to the Director, the Director shall forward the determination described in this paragraph to the Water Management Division Director who may make a final determination. The Water Management Division Director may waive receipt of these determinations. If the Water Management Division Director does not modify the Director's decision within 60 days after receipt thereof, or if the Water Management Division Director waives receipt of the determination, the Director's decision is final.

(iii) Where the request is submitted by the Industrial User or POTW to the Water Management Division Director or where the Water Management Division Director elects to modify the Director's decision, the Water Management Division Director's decision will be final.

(iv) The Water Management Division Director or Director, as appropriate, shall send a copy of the determination to the affected Industrial User and the POTW. Where the final determination is made by the Water Management Division Director, he or she shall send a copy of the determination to the Director.

(5) *Requests for hearing and/or legal decision.* Within 30 days following the date of receipt of notice of the final determination as provided for by paragraph (a)(4)(iv) of this section, the Requester may submit a petition to reconsider or contest the decision to the Regional Administrator who shall act on such petition expeditiously and state the reasons for his or her determination in writing.

(b) *Deadline for compliance with categorical standards.* Compliance by existing sources with categorical Pretreatment Standards shall be within 3 years of the date the Standard is effective unless a shorter compliance time is specified in the appropriate subpart of 40 CFR chapter I, subchapter N. Direct dischargers with NPDES Permits modified or reissued to provide a variance pursuant to section 301(i)(2) of the Act shall be required to meet compliance dates set in any applicable categorical Pretreatment Standard. Existing sources which become Industrial Users subsequent to promulgation of an applicable categorical Pretreatment Standard shall be considered existing Industrial Users except where such sources meet the definition of a New Source as defined in §403.3(m). New Sources shall install and have in operating condition, and shall "start-up" all pollution control equipment required to meet applicable Pretreatment Standards before beginning to Discharge. Within the shortest feasible time (not to exceed 90 days), New Sources must meet all applicable Pretreatment Standards.

(c)(1) *Concentration and mass limits.* Pollutant discharge limits in categorical Pretreatment Standards will be expressed either as concentration or mass limits. Wherever possible, where concentration limits are specified in standards, equivalent mass limits will be provided so that local, State or Federal authorities responsible for enforcement may use either concentration or mass limits. Limits in categorical Pretreatment Standards shall apply to the effluent of the process regulated by the Standard, or as otherwise specified by the standard.

(2) When the limits in a categorical Pretreatment Standard are expressed only in terms of mass of pollutant per unit of production, the Control Authority may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual Industrial Users.

(3) A Control Authority calculating equivalent mass-per-day limitations under paragraph (c)(2) of this section shall calculate such limitations by multiplying the limits in the Standard by the Industrial User's average rate of production. This average rate of production shall be based not upon the designed production capacity but rather upon a reasonable measure of the Industrial User's actual long-term daily production, such as the average daily production during a representative year. For new sources, actual production shall be estimated using projected production.

(4) A Control Authority calculating equivalent concentration limitations under paragraph (c)(2) of this section shall calculate such limitations by dividing the mass limitations derived under paragraph (c)(3) of this section by the average daily flow rate of the Industrial User's regulated process wastewater. This average daily flow rate shall be based upon a reasonable measure of the Industrial User's actual long-term average flow rate, such as the average daily flow rate during the representative year.

(5) When the limits in a categorical Pretreatment Standard are expressed only in terms of pollutant concentrations, an Industrial User may request that the Control Authority convert the limits to equivalent mass limits. The determination to convert concentration limits to mass limits is within the discretion of the Control Authority. The Control Authority may establish equivalent mass limits only if the Industrial User meets all the following conditions in paragraph (c)(5)(i)(A) through (c)(5)(i)(E) of this section.

(i) To be eligible for equivalent mass limits, the Industrial User must:

(A) Employ, or demonstrate that it will employ, water conservation methods and technologies that substantially reduce water use during the term of its control mechanism;

(B) Currently use control and treatment technologies adequate to achieve compliance with the applicable categorical Pretreatment Standard, and not have used dilution as a substitute for treatment;

(C) Provide sufficient information to establish the facility's actual average daily flow rate for all wastestreams, based on data from a continuous effluent flow monitoring device, as well as the facility's long-term average production rate. Both the actual average daily flow rate and long-term average production rate must be representative of current operating conditions;

(D) Not have daily flow rates, production levels, or pollutant levels that vary so significantly that equivalent mass limits are not appropriate to control the Discharge; and

(E) Have consistently complied with all applicable categorical Pretreatment Standards during the period prior to the Industrial User's request for equivalent mass limits.

(ii) An Industrial User subject to equivalent mass limits must:

(A) Maintain and effectively operate control and treatment technologies adequate to achieve compliance with the equivalent mass limits;

(B) Continue to record the facility's flow rates through the use of a continuous effluent flow monitoring device;

(C) Continue to record the facility's production rates and notify the Control Authority whenever production rates are expected to vary by more than 20 percent from its baseline production rates determined in paragraph (c)(5)(i)(C) of this section. Upon notification of a revised production rate, the Control Authority must reassess the equivalent mass limit and revise the limit as necessary to reflect changed conditions at the facility; and

(D) Continue to employ the same or comparable water conservation methods and technologies as those implemented pursuant to paragraph (c)(5)(i)(A) of this section so long as it discharges under an equivalent mass limit.

(iii) A Control Authority which chooses to establish equivalent mass limits:

(A) Must calculate the equivalent mass limit by multiplying the actual average daily flow rate of the regulated process(es) of the Industrial User by the concentration-based daily maximum and monthly average Standard for the applicable categorical Pretreatment Standard and the appropriate unit conversion factor;

(B) Upon notification of a revised production rate, must reassess the equivalent mass limit and recalculate the limit as necessary to reflect changed conditions at the facility; and

(C) May retain the same equivalent mass limit in subsequent control mechanism terms if the Industrial User's actual average daily flow rate was reduced solely as a result of the implementation of water conservation methods and technologies, and the actual average daily flow rates used in the original calculation of the equivalent mass limit were not based on the use of dilution as a substitute for treatment pursuant to paragraph (d) of this section. The Industrial User must also be in compliance with §403.17 (regarding the prohibition of bypass).

(iv) The Control Authority may not express limits in terms of mass for pollutants such as pH, temperature, radiation, or other pollutants which cannot appropriately be expressed as mass.

(6) The Control Authority may convert the mass limits of the categorical Pretreatment Standards at 40 CFR parts 414, 419, and 455 to concentration limits for purposes of calculating limitations applicable to individual Industrial Users under the following conditions. When converting such limits to concentration limits, the Control Authority must use the concentrations listed in the applicable subparts of 40 CFR parts 414, 419, and 455 and document that dilution is not being substituted for treatment as prohibited by paragraph (d) of this section.

(7) Equivalent limitations calculated in accordance with paragraphs (c)(3), (c)(4), (c)(5) and (c)(6) of this section are deemed Pretreatment Standards for the purposes of section 307(d) of the Act and this part. The Control Authority must document how the equivalent limits were derived and make this information publicly available. Once incorporated into its control mechanism, the Industrial User must comply with the equivalent limitations in lieu of the promulgated categorical standards from which the equivalent limitations were derived.

(8) Many categorical Pretreatment Standards specify one limit for calculating maximum daily discharge limitations and a second limit for calculating maximum monthly average, or 4-day average, limitations. Where such Standards are being applied, the same production or flow figure shall be used in calculating both the average and the maximum equivalent limitation.

(9) Any Industrial User operating under a control mechanism incorporating equivalent mass or concentration limits calculated from a production based standard shall notify the Control Authority within two (2) business days after the User has a reasonable basis to know that the production level will significantly change within the next calendar month. Any User not notifying the Control Authority of such anticipated change will be required to meet the mass or concentration limits in its control mechanism that were based on the original estimate of the long term average production rate.

(d) *Dilution prohibited as substitute for treatment.* Except where expressly authorized to do so by an applicable Pretreatment Standard or Requirement, no Industrial User shall ever increase the use of process water, or in any other way attempt to dilute a Discharge as a partial or complete substitute for adequate treatment to achieve compliance with a Pretreatment Standard or Requirement. The Control Authority may impose mass limitations on Industrial Users which are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases where the imposition of mass limitations is appropriate.

(e) *Combined wastestream formula.* Where process effluent is mixed prior to treatment with wastewaters other than those generated by the regulated process, fixed alternative discharge limits may be derived by the Control Authority or by the Industrial User with the written concurrence of the Control Authority. These alternative limits shall be applied to the mixed effluent. When deriving alternative categorical limits, the Control Authority or Industrial User shall calculate both an alternative daily maximum value using the daily maximum value(s) specified in the appropriate categorical Pretreatment Standard(s) and an alternative consecutive sampling day average value using the monthly average value(s) specified in the appropriate categorical Pretreatment Standard(s). The Industrial User shall comply with the alternative daily maximum and monthly average limits fixed by the Control Authority until the Control Authority modifies the limits or approves an Industrial User modification request. Modification is authorized whenever there is a material or significant change in the values used in the calculation to fix alternative limits for the regulated pollutant. An Industrial User must immediately report any such material or significant change to the Control Authority. Where appropriate new alternative categorical limits shall be calculated within 30 days.

(1) *Alternative limit calculation.* For purposes of these formulas, the "average daily flow" means a reasonable measure of the average daily flow for a 30-day period. For new sources, flows shall be estimated using projected values. The alternative limit for a specified pollutant will be derived by the use of either of the following formulas:

(i) *Alternative concentration limit.*

$$C_T = \left(\frac{\sum_{i=1}^N C_i F_i}{\sum_{i=1}^N F_i} \right) \left(\frac{F_T - F_D}{F_T} \right)$$

where

C_T =the alternative concentration limit for the combined wastestream.

C_i =the categorical Pretreatment Standard concentration limit for a pollutant in the regulated stream i .

F_i =the average daily flow (at least a 30-day average) of stream i to the extent that it is regulated for such pollutant.

F_D =the average daily flow (at least a 30-day average) from: (a) Boiler blowdown streams, non-contact cooling streams, stormwater streams, and demineralizer backwash streams; provided, however, that where such streams contain a significant amount of a pollutant, and the combination of such streams, prior to treatment, with an Industrial User's regulated process wastestream(s) will result in a substantial reduction of that pollutant, the Control Authority, upon application of the Industrial User, may exercise its discretion to determine whether such stream(s) should be classified as diluted or unregulated. In its application to the Control Authority, the Industrial User must provide engineering, production, sampling and analysis and such other information so that the Control Authority can make its determination; or (b) sanitary wastestreams where such streams are not regulated by a Categorical Pretreatment Standard; or (c) from any process wastestreams which were or could have been entirely exempted from categorical Pretreatment Standards pursuant to paragraph 8 of the *NRDC v. Costle* Consent Decree (12 ERC 1833) for one or more of the following reasons (see appendix D of this part):

(1) The pollutants of concern are not detectable in the effluent from the Industrial User (paragraph (8)(a)(iii));

(2) The pollutants of concern are present only in trace amounts and are neither causing nor likely to cause toxic effects (paragraph (8)(a)(iii));

(3) The pollutants of concern are present in amounts too small to be effectively reduced by technologies known to the Administrator (paragraph (8)(a)(iii)); or

(4) The wastestream contains only pollutants which are compatible with the POTW (paragraph (8)(b)(i)).

F_T =The average daily flow (at least a 30-day average) through the combined treatment facility (includes F_i , F_D and unregulated streams).

N =The total number of regulated streams.

(ii) *Alternative mass limit.*

$$M_T = \left(\sum_{i=1}^N M_i \right) \left(\frac{F_T - F_D}{\sum_{i=1}^N F_i} \right)$$

where

M_T =the alternative mass limit for a pollutant in the combined wastestream.

M_i =the categorical Pretreatment Standard mass limit for a pollutant in the regulated stream i (the categorical pretreatment mass limit multiplied by the appropriate measure of production).

F_i =the average flow (at least a 30-day average) of stream i to the extent that it is regulated for such pollutant.

F_D =the average daily flow (at least a 30-day average) from: (a) Boiler blowdown streams, non-contact cooling streams, stormwater streams, and demineralizer backwash streams; provided, however, that where such streams contain a significant amount of a pollutant, and the combination of such streams, prior to treatment, with an Industrial User's regulated process wastestream(s) will result in a substantial reduction of that pollutant, the Control Authority, upon application of the Industrial User, may exercise its discretion to determine whether such stream(s) should be classified as diluted or unregulated. In its application to the Control Authority, the Industrial User must provide engineering, production, sampling and analysis and such other information so that the Control Authority can make its determination; or (b) sanitary wastestreams where such streams are not regulated by a categorical Pretreatment Standard; or (c) from any process wastestreams which were or could have been entirely exempted from categorical Pretreatment Standards pursuant to paragraph 8 of the *NRDC v. Costle* Consent Decree (12 ERC 1833) for one or more of the following reasons (see appendix D of this part):

(1) The pollutants of concern are not detectable in the effluent from the Industrial User (paragraph (8)(a)(iii));

(2) The pollutants of concern are present only in trace amounts and are neither causing nor likely to cause toxic effects (paragraph (8)(a)(iii));

(3) The pollutants of concern are present in amounts too small to be effectively reduced by technologies known to the Administrator (paragraph (8)(a)(iii)); or

(4) The wastestream contains only pollutants which are compatible with the POTW (paragraph (8)(b)(i)).

F_T =The average flow (at least a 30-day average) through the combined treatment facility (includes F_i , F_D and unregulated streams).

N=The total number of regulated streams.

(2) *Alternate limits below detection limit.* An alternative pretreatment limit may not be used if the alternative limit is below the analytical detection limit for any of the regulated pollutants.

(3) *Self-monitoring.* Self-monitoring required to insure compliance with the alternative categorical limit shall be conducted in accordance with the requirements of §403.12(g).

(4) *Choice of monitoring location.* Where a treated regulated process wastestream is combined prior to treatment with wastewaters other than those generated by the regulated process, the Industrial User may monitor either the segregated process wastestream or the combined wastestream for the purpose of determining compliance with applicable Pretreatment Standards. If the Industrial User chooses to monitor the segregated process wastestream, it shall apply the applicable categorical Pretreatment Standard. If the User chooses to monitor the combined wastestream, it shall apply an alternative discharge limit calculated using the combined wastestream formula as provided in this section. The Industrial User may change monitoring points only after receiving approval from the Control Authority. The Control Authority shall ensure that any change in an Industrial User's monitoring point(s) will not allow the User to substitute dilution for adequate treatment to achieve compliance with applicable Standards.

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 21037, May 17, 1984; 49 FR 31224, Aug. 3, 1984; 51 FR 20430, June 4, 1986; 51 FR 23760, July 1, 1986; 53 FR 40610, Oct. 17, 1988; 55 FR 30129, July 24, 1990; 58 FR 18017, Apr. 7, 1993; 70 FR 60192, Oct. 14, 2005]

§ 403.7 Removal credits.

(a) *Introduction* —(1) *Definitions.* For the purpose of this section:

(i) *Removal* means a reduction in the amount of a pollutant in the POTW's effluent or alteration of the nature of a pollutant during treatment at the POTW. The reduction or alteration can be obtained by physical, chemical or biological means and may be the result of specifically designed POTW capabilities or may be incidental to the operation of the treatment system. Removal as used in this subpart shall not mean dilution of a pollutant in the POTW.

(ii) *Sludge requirements* shall mean the following statutory provisions and regulations or permits issued thereunder (or more stringent State or local regulations): Section 405 of the Clean Water Act; the Solid Waste Disposal Act (SWDA) (including title II more commonly referred to as the Resource Conservation Recovery Act (RCRA) and State regulations contained in any State sludge management plan prepared pursuant to subtitle D of SWDA); the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research and Sanctuaries Act.

(2) *General.* Any POTW receiving wastes from an Industrial User to which a categorical Pretreatment Standard(s) applies may, at its discretion and subject to the conditions of this section, grant removal credits to reflect removal by the POTW of pollutants specified in the categorical Pretreatment Standard(s). The POTW may grant a removal credit equal to or, at its discretion, less than its consistent removal rate. Upon being granted a removal credit, each affected Industrial User shall calculate its revised discharge limits in accordance with paragraph (a)(4) of this section. Removal credits may only be given for indicator or surrogate pollutants regulated in a categorical Pretreatment Standard if the categorical Pretreatment Standard so specifies.

(3) *Conditions for authorization to give removal credits.* A POTW is authorized to give removal credits only if the following conditions are met:

(i) *Application.* The POTW applies for, and receives, authorization from the Approval Authority to give a removal credit in accordance with the requirements and procedures specified in paragraph (e) of this section.

(ii) *Consistent removal determination.* The POTW demonstrates and continues to achieve consistent removal of the pollutant in accordance with paragraph (b) of this section.

(iii) *POTW local pretreatment program.* The POTW has an approved pretreatment program in accordance with and to the extent required by part 403; provided, however, a POTW which does not have an approved pretreatment program may, pending approval of such a program, conditionally give credits as provided in paragraph (d) of this section.

(iv) *Sludge requirements.* The granting of removal credits will not cause the POTW to violate the local, State and Federal Sludge Requirements which apply to the sludge management method chosen by the POTW. Alternatively, the POTW can demonstrate to the Approval Authority that even though it is not presently in compliance with

applicable Sludge Requirements, it will be in compliance when the Industrial User(s) to whom the removal credit would apply is required to meet its categorical Pretreatment Standard(s) as modified by the removal credit. If granting removal credits forces a POTW to incur greater sludge management costs than would be incurred in the absence of granting removal credits, the additional sludge management costs will not be eligible for EPA grant assistance. Removal credits may be made available for the following pollutants.

(A) For any pollutant listed in appendix G section I of this part for the use or disposal practice employed by the POTW, when the requirements in 40 CFR part 503 for that practice are met.

(B) For any pollutant listed in appendix G section II of this part for the use or disposal practice employed by the POTW when the concentration for a pollutant listed in appendix G section II of this part in the sewage sludge that is used or disposed does not exceed the concentration for the pollutant in appendix G section II of this part.

(C) For any pollutant in sewage sludge when the POTW disposes all of its sewage sludge in a municipal solid waste landfill unit that meets the criteria in 40 CFR part 258.

(v) *NPDES permit limitations.* The granting of removal credits will not cause a violation of the POTW's permit limitations or conditions. Alternatively, the POTW can demonstrate to the Approval Authority that even though it is not presently in compliance with applicable limitations and conditions in its NPDES permit, it will be in compliance when the Industrial User(s) to whom the removal credit would apply is required to meet its categorical Pretreatment Standard(s), as modified by the removal credit provision.

(4) *Calculation of revised discharge limits.* Revised discharge limits for a specific pollutant shall be derived by use of the following formula:

$$y = \frac{x}{1-r}$$

where:

x=pollutant discharge limit specified in the applicable categorical Pretreatment Standard

r=removal credit for that pollutant as established under paragraph (b) of this section (percentage removal expressed as a proportion, *i.e.* , a number between 0 and 1)

y=revised discharge limit for the specified pollutant (expressed in same units as x)

(b) *Establishment of removal credits; demonstration of Consistent Removal—(1) Definition of Consistent Removal.* “Consistent Removal” shall mean the average of the lowest 50 percent of the removal measured according to paragraph (b)(2) of this section. All sample data obtained for the measured pollutant during the time period prescribed in paragraph (b)(2) of this section must be reported and used in computing Consistent Removal. If a substance is measurable in the influent but not in the effluent, the effluent level may be assumed to be the limit of measurement, and those data may be used by the POTW at its discretion and subject to approval by the Approval Authority. If the substance is not measurable in the influent, the data may not be used. Where the number of samples with concentrations equal to or above the limit of measurement is between 8 and 12, the average of the lowest 6 removals shall be used. If there are less than 8 samples with concentrations equal to or above the limit of measurement, the Approval Authority may approve alternate means for demonstrating Consistent Removal. The term “measurement” refers to the ability of the analytical method or protocol to quantify as well as identify the presence of the substance in question.

(2) *Consistent Removal data.* Influent and effluent operational data demonstrating Consistent Removal or other information, as provided for in paragraph (b)(1) of this section, which demonstrates Consistent Removal of the pollutants for which discharge limit revisions are proposed. This data shall meet the following requirements:

(i) *Representative data; seasonal.* The data shall be representative of yearly and seasonal conditions to which the POTW is subjected for each pollutant for which a discharge limit revision is proposed.

(ii) *Representative data; quality and quantity.* The data shall be representative of the quality and quantity of normal effluent and influent flow if such data can be obtained. If such data are unobtainable, alternate data or information may be presented for approval to demonstrate Consistent Removal as provided for in paragraph (b)(1) of this section.

(iii) *Sampling procedures: Composite.* (A) The influent and effluent operational data shall be obtained through 24-hour flow-proportional composite samples. Sampling may be done manually or automatically, and discretely or continuously. For discrete sampling, at least 12 aliquots shall be composited. Discrete sampling may be flow-proportioned either by varying the time interval between each aliquot or the volume of each aliquot. All composites must be flow-proportional to each stream flow at time of collection of influent aliquot or to the total influent flow since the previous influent aliquot. Volatile pollutant aliquots must be combined in the laboratory immediately before analysis.

(B)(1) Twelve samples shall be taken at approximately equal intervals throughout one full year. Sampling must be evenly distributed over the days of the week so as to include no-workdays as well as workdays. If the Approval Authority determines that this schedule will not be most representative of the actual operation of the POTW Treatment Plant, an alternative sampling schedule will be approved.

(2) In addition, upon the Approval Authority's concurrence, a POTW may utilize an historical data base amassed prior to the effective date of this section provide that such data otherwise meet the requirements of this paragraph. In order for the historical data base to be approved it must present a statistically valid description of daily, weekly and seasonal sewage treatment plant loadings and performance for at least one year.

(C) Effluent sample collection need not be delayed to compensate for hydraulic detention unless the POTW elects to include detention time compensation or unless the Approval Authority requires detention time compensation. The Approval Authority may require that each effluent sample be taken approximately one detention time later than the corresponding influent sample when failure to do so would result in an unrepresentative portrayal of actual POTW operation. The detention period is to be based on a 24-hour average daily flow value. The average daily flow used will be based upon the average of the daily flows during the same month of the previous year.

(iv) *Sampling procedures: Grab.* Where composite sampling is not an appropriate sampling technique, a grab sample(s) shall be taken to obtain influent and effluent operational data. Collection of influent grab samples should precede collection of effluent samples by approximately one detention period. The detention period is to be based on a 24-hour average daily flow value. The average daily flow used will be based upon the average of the daily flows during the same month of the previous year. Grab samples will be required, for example, where the parameters being evaluated are those, such as cyanide and phenol, which may not be held for any extended period because of biological, chemical or physical interactions which take place after sample collection and affect the results. A grab sample is an individual sample collected over a period of time not exceeding 15 minutes.

(v) *Analytical methods.* The sampling referred to in paragraphs (b)(2) (i) through (iv) of this section and an analysis of these samples shall be performed in accordance with the techniques prescribed in 40 CFR part 136 and amendments thereto. Where 40 CFR part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the Administrator determines that the part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analysis shall be performed using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the POTW or other parties, approved by the Administrator.

(vi) *Calculation of removal.* All data acquired under the provisions of this section must be submitted to the Approval Authority. Removal for a specific pollutant shall be determined either, for each sample, by measuring the difference between the concentrations of the pollutant in the influent and effluent of the POTW and expressing the difference as a percent of the influent concentration, or, where such data cannot be obtained, Removal may be demonstrated using other data or procedures subject to concurrence by the Approval Authority as provided for in paragraph (b)(1) of this section.

(c) *Provisional credits.* For pollutants which are not being discharged currently (*i.e.* , new or modified facilities, or production changes) the POTW may apply for authorization to give removal credits prior to the initial discharge of the pollutant. Consistent removal shall be based provisionally on data from treatability studies or demonstrated removal at other treatment facilities where the quality and quantity of influent are similar. Within 18 months after the commencement of discharge of pollutants in question, consistent removal must be demonstrated pursuant to the requirements of paragraph (b) of this section. If, within 18 months after the commencement of the discharge of the pollutant in question, the POTW cannot demonstrate consistent removal pursuant to the requirements of paragraph (b) of this section, the authority to grant provisional removal credits shall be terminated by the Approval Authority and all Industrial Users to whom the revised discharge limits had been applied shall achieve compliance with the applicable categorical Pretreatment Standard(s) within a reasonable time, not to exceed the period of time prescribed in the applicable categorical Pretreatment Standard(s), as may be specified by the Approval Authority.

(d) *Exception to POTW Pretreatment Program Requirement.* A POTW required to develop a local pretreatment program by §403.8 may conditionally give removal credits pending approval of such a program in accordance with the following terms and conditions:

(1) All Industrial Users who are currently subject to a categorical Pretreatment Standard and who wish conditionally to receive a removal credit must submit to the POTW the information required in §403.12(b)(1) through (7) (except new or modified industrial users must only submit the information required by §403.12(b)(1) through (6)), pertaining to the categorical Pretreatment Standard as modified by the removal credit. The Industrial Users shall indicate what additional technology, if any, will be needed to comply with the categorical Pretreatment Standard(s) as modified by the removal credit;

(2) The POTW must have submitted to the Approval Authority an application for pretreatment program approval meeting the requirements of §§403.8 and 403.9 in a timely manner, not to exceed the time limitation set forth in a compliance schedule for development of a pretreatment program included in the POTW's NPDES permit, but in no case later than July 1, 1983, where no permit deadline exists;

(3) The POTW must:

(i) Compile and submit data demonstrating its consistent removal in accordance with paragraph (b) of this section;

(ii) Comply with the conditions specified in paragraph (a)(3) of this section; and

(iii) Submit a complete application for removal credit authority in accordance with paragraph (e) of this section;

(4) If a POTW receives authority to grant conditional removal credits and the Approval Authority subsequently makes a final determination, after appropriate notice, that the POTW failed to comply with the conditions in paragraphs (d)(2) and (3) of this section, the authority to grant conditional removal credits shall be terminated by the Approval Authority and all Industrial Users to whom the revised discharge limits had been applied shall achieve compliance with the applicable categorical Pretreatment Standard(s) within a reasonable time, not to exceed the period of time prescribed in the applicable categorical Pretreatment Standard(s), as may be specified by the Approval Authority.

(5) If a POTW grants conditional removal credits and the POTW or the Approval Authority subsequently makes a final determination, after appropriate notice, that the Industrial User(s) failed to comply with the conditions in paragraph (d)(1) of this section, the conditional credit shall be terminated by the POTW or the Approval Authority for the non-complying Industrial User(s) and the Industrial User(s) to whom the revised discharge limits had been applied shall achieve compliance with the applicable categorical Pretreatment Standard(s) within a reasonable time, not to exceed the period of time prescribed in the applicable categorical Pretreatment Standard(s), as may be specified by the Approval Authority. The conditional credit shall not be terminated where a violation of the provisions of this paragraph results from causes entirely outside of the control of the Industrial User(s) or the Industrial User(s) had demonstrated substantial compliance.

(6) The Approval Authority may elect not to review an application for conditional removal credit authority upon receipt of such application, in which case the conditionally revised discharge limits will remain in effect until reviewed by the Approval Authority. This review may occur at any time in accordance with the procedures of §403.11, but in no event later than the time of any pretreatment program approval or any NPDES permit reissuance thereunder.

(e) *POTW application for authorization to give removal credits and Approval Authority review* —(1) *Who must apply.* Any POTW that wants to give a removal credit must apply for authorization from the Approval Authority.

(2) *To whom application is made.* An application for authorization to give removal credits (or modify existing ones) shall be submitted by the POTW to the Approval Authority.

(3) *When to apply.* A POTW may apply for authorization to give or modify removal credits at any time.

(4) *Contents of the application.* An application for authorization to give removal credits must be supported by the following information:

(i) *List of pollutants.* A list of pollutants for which removal credits are proposed.

(ii) *Consistent Removal data.* The data required pursuant to paragraph (b) of this section.

(iii) *Calculation of revised discharge limits.* Proposed revised discharge limits for each affected subcategory of Industrial Users calculated in accordance with paragraph (a)(4) of this section.

(iv) *Local Pretreatment Program Certification.* A certification that the POTW has an approved local pretreatment program or qualifies for the exception to this requirement found at paragraph (d) of this section.

(v) *Sludge management certification.* A specific description of the POTW's current methods of using or disposing of its sludge and a certification that the granting of removal credits will not cause a violation of the sludge requirements identified in paragraph (a)(3)(iv) of this section.

(vi) *NPDES permit limit certification.* A certification that the granting of removal credits will not cause a violation of the POTW's NPDES permit limits and conditions as required in paragraph (a)(3)(v) of this section.

(5) *Approval Authority review.* The Approval Authority shall review the POTW's application for authorization to give or modify removal credits in accordance with the procedures of §403.11 and shall, in no event, have more than 180 days from public notice of an application to complete review.

(6) *EPA review of State removal credit approvals.* Where the NPDES State has an approved pretreatment program, the Regional Administrator may agree in the Memorandum of Agreement under 40 CFR 123.24(d) to waive the right to review and object to submissions for authority to grant removal credits. Such an agreement shall not restrict the Regional Administrator's right to comment upon or object to permits issued to POTW's except to the extent 40 CFR 123.24(d) allows such restriction.

(7) Nothing in these regulations precludes an Industrial User or other interested party from assisting the POTW in preparing and presenting the information necessary to apply for authorization.

(f) *Continuation and withdrawal of authorization* —(1) *Effect of authorization.* (i) Once a POTW has received authorization to grant removal credits for a particular pollutant regulated in a categorical Pretreatment Standard it may automatically extend that removal credit to the same pollutant when it is regulated in other categorical standards, unless granting the removal credit will cause the POTW to violate the sludge requirements identified in paragraph (a)(3)(iv) of this section or its NPDES permit limits and conditions as required by paragraph (a)(3)(v) of this section. If a POTW elects at a later time to extend removal credits to a certain categorical Pretreatment Standard, industrial subcategory or one or more Industrial Users that initially were not granted removal credits, it must notify the Approval Authority.

(2) *Inclusion in POTW permit.* Once authority is granted, the removal credits shall be included in the POTW's NPDES Permit as soon as possible and shall become an enforceable requirement of the POTW's NPDES permit. The removal credits will remain in effect for the term of the POTW's NPDES permit, provided the POTW maintains compliance with the conditions specified in paragraph (f)(4) of this section.

(3) *Compliance monitoring.* Following authorization to give removal credits, a POTW shall continue to monitor and report on (at such intervals as may be specified by the Approval Authority, but in no case less than once per year) the POTW's removal capabilities. A minimum of one representative sample per month during the reporting period is required, and all sampling data must be included in the POTW's compliance report.

(4) *Modification or withdrawal of removal credits* —(i) *Notice of POTW.* The Approval Authority shall notify the POTW if, on the basis of pollutant removal capability reports received pursuant to paragraph (f)(3) of this section or other relevant information available to it, the Approval Authority determines:

(A) That one or more of the discharge limit revisions made by the POTW, of the POTW itself, no longer meets the requirements of this section, or

(B) That such discharge limit revisions are causing a violation of any conditions or limits contained in the POTW's NPDES Permit.

(ii) *Corrective action.* If appropriate corrective action is not taken within a reasonable time, not to exceed 60 days unless the POTW or the affected Industrial Users demonstrate that a longer time period is reasonably necessary to undertake the appropriate corrective action, the Approval Authority shall either withdraw such discharge limits or require modifications in the revised discharge limits.

(iii) *Public notice of withdrawal or modification.* The Approval Authority shall not withdraw or modify revised discharge limits unless it shall first have notified the POTW and all Industrial Users to whom revised discharge limits have been applied, and made public, in writing, the reasons for such withdrawal or modification, and an opportunity is provided for a hearing. Following such notice and withdrawal or modification, all Industrial Users to whom revised discharge limits had been applied, shall be subject to the modified discharge limits or the discharge limits prescribed in the applicable categorical Pretreatment Standards, as appropriate, and shall achieve compliance with such limits within a

reasonable time (not to exceed the period of time prescribed in the applicable categorical Pretreatment Standard(s) as may be specified by the Approval Authority.

(g) *Removal credits in State-run pretreatment programs under §403.10(e)*. Where an NPDES State with an approved pretreatment program elects to implement a local pretreatment program in lieu of requiring the POTW to develop such a program (as provided in §403.10(e)), the POTW will not be required to develop a pretreatment program as a precondition to obtaining authorization to give removal credits. The POTW will, however, be required to comply with the other conditions of paragraph (a)(3) of this section.

(h) *Compensation for overflow*. "Overflow" means the intentional or unintentional diversion of flow from the POTW before the POTW Treatment Plant. POTWs which at least once annually overflow untreated wastewater to receiving waters may claim Consistent Removal of a pollutant only by complying with either paragraphs (h)(1) or (h)(2) of this section. However, paragraph (h) of this section shall not apply where Industrial User(s) can demonstrate that Overflow does not occur between the Industrial User(s) and the POTW Treatment Plant;

(1) The Industrial User provides containment or otherwise ceases or reduces Discharges from the regulated processes which contain the pollutant for which an allowance is requested during all circumstances in which an Overflow event can reasonably be expected to occur at the POTW or at a sewer to which the Industrial User is connected. Discharges must cease or be reduced, or pretreatment must be increased, to the extent necessary to compensate for the removal not being provided by the POTW. Allowances under this provision will only be granted where the POTW submits to the Approval Authority evidence that:

(i) All Industrial Users to which the POTW proposes to apply this provision have demonstrated the ability to contain or otherwise cease or reduce, during circumstances in which an Overflow event can reasonably be expected to occur, Discharges from the regulated processes which contain pollutants for which an allowance is requested;

(ii) The POTW has identified circumstances in which an Overflow event can reasonably be expected to occur, and has a notification or other viable plan to insure that Industrial Users will learn of an impending Overflow in sufficient time to contain, cease or reduce Discharging to prevent untreated Overflows from occurring. The POTW must also demonstrate that it will monitor and verify the data required in paragraph (h)(1)(iii) of this section, to insure that Industrial Users are containing, ceasing or reducing operations during POTW System Overflow; and

(iii) All Industrial Users to which the POTW proposes to apply this provision have demonstrated the ability and commitment to collect and make available, upon request by the POTW, State Director or EPA Regional Administrator, daily flow reports or other data sufficient to demonstrate that all Discharges from regulated processes containing the pollutant for which the allowance is requested were contained, reduced or otherwise ceased, as appropriate, during all circumstances in which an Overflow event was reasonably expected to occur; or

(2)(i) The Consistent Removal claimed is reduced pursuant to the following equation:

$$r_c = r_m \frac{8760 - Z}{8760}$$

Where:

r_m = POTW's Consistent Removal rate for that pollutant as established under paragraphs (a)(1) and (b)(2) of this section

r_c = removal corrected by the Overflow factor

Z = hours per year that Overflows occurred between the Industrial User(s) and the POTW Treatment Plant, the hours either to be shown in the POTW's current NPDES permit application or the hours, as demonstrated by verifiable techniques, that a particular Industrial User's Discharge Overflows between the Industrial User and the POTW Treatment Plant; and

(ii) The POTW is complying with all NPDES permit requirements and any additional requirements in any order or decree, issued pursuant to the Clean Water Act affecting combined sewer overflows. These requirements include, but are not limited to, any combined sewer overflow requirements that conform to the Combined Sewer Overflow Control Policy.

[49 FR 31221, Aug. 3, 1984, as amended at 51 FR 20430, June 4, 1986; 53 FR 42435, Nov. 5, 1987; 58 FR 9386, Feb. 19, 1993; 58 FR 18017, Apr. 7, 1993; 70 FR 60193, Oct. 14, 2005]

§ 403.8 Pretreatment Program Requirements: Development and Implementation by POTW.

(a) *POTWs required to develop a pretreatment program.* Any POTW (or combination of POTWs operated by the same authority) with a total design flow greater than 5 million gallons per day (mgd) and receiving from Industrial Users pollutants which Pass Through or Interfere with the operation of the POTW or are otherwise subject to Pretreatment Standards will be required to establish a POTW Pretreatment Program unless the NPDES State exercises its option to assume local responsibilities as provided for in §403.10(e). The Regional Administrator or Director may require that a POTW with a design flow of 5 mgd or less develop a POTW Pretreatment Program if he or she finds that the nature or volume of the industrial influent, treatment process upsets, violations of POTW effluent limitations, contamination of municipal sludge, or other circumstances warrant in order to prevent Interference with the POTW or Pass Through.

(b) *Deadline for Program Approval.* A POTW which meets the criteria of paragraph (a) of this section must receive approval of a POTW Pretreatment Program no later than 3 years after the reissuance or modification of its existing NPDES permit but in no case later than July 1, 1983. POTWs whose NPDES permits are modified under section 301(h) of the Act shall have a Pretreatment Program within three (3) years as provided for in 40 CFR part 125, subpart G. POTWs identified after July 1, 1983 as being required to develop a POTW Pretreatment Program under paragraph (a) of this section shall develop and submit such a program for approval as soon as possible, but in no case later than one year after written notification from the Approval Authority of such identification. The POTW Pretreatment Program shall meet the criteria set forth in paragraph (f) of this section and shall be administered by the POTW to ensure compliance by Industrial Users with applicable Pretreatment Standards and Requirements.

(c) *Incorporation of approved programs in permits.* A POTW may develop an appropriate POTW Pretreatment Program any time before the time limit set forth in paragraph (b) of this section. The POTW's NPDES Permit will be reissued or modified by the NPDES State or EPA to incorporate the approved Program as enforceable conditions of the Permit. The modification of a POTW's NPDES Permit for the purposes of incorporating a POTW Pretreatment Program approved in accordance with the procedure in §403.11 shall be deemed a minor Permit modification subject to the procedures in 40 CFR 122.63.

(d) *Incorporation of compliance schedules in permits.* [Reserved]

(e) *Cause for reissuance or modification of Permits.* Under the authority of section 402(b)(1)(C) of the Act, the Approval Authority may modify, or alternatively, revoke and reissue a POTW's Permit in order to:

(1) Put the POTW on a compliance schedule for the development of a POTW Pretreatment Program where the addition of pollutants into a POTW by an Industrial User or combination of Industrial Users presents a substantial hazard to the functioning of the treatment works, quality of the receiving waters, human health, or the environment;

(2) Coordinate the issuance of a section 201 construction grant with the incorporation into a permit of a compliance schedule for POTW Pretreatment Program;

(3) Incorporate a modification of the permit approved under section 301(h) or 301(i) of the Act;

(4) Incorporate an approved POTW Pretreatment Program in the POTW permit; or

(5) Incorporate a compliance schedule for the development of a POTW pretreatment program in the POTW permit.

(6) Incorporate the removal credits (established under §403.7) in the POTW permit.

(f) *POTW pretreatment requirements.* A POTW pretreatment program must be based on the following legal authority and include the following procedures. These authorities and procedures shall at all times be fully and effectively exercised and implemented.

(1) *Legal authority.* The POTW shall operate pursuant to legal authority enforceable in Federal, State or local courts, which authorizes or enables the POTW to apply and to enforce the requirements of sections 307 (b) and (c), and 402(b)(8) of the Act and any regulations implementing those sections. Such authority may be contained in a statute, ordinance, or series of contracts or joint powers agreements which the POTW is authorized to enact, enter into or implement, and which are authorized by State law. At a minimum, this legal authority shall enable the POTW to:

(i) Deny or condition new or increased contributions of pollutants, or changes in the nature of pollutants, to the POTW by Industrial Users where such contributions do not meet applicable Pretreatment Standards and Requirements or where such contributions would cause the POTW to violate its NPDES permit;

(ii) Require compliance with applicable Pretreatment Standards and Requirements by Industrial Users;

(iii) Control through Permit, order, or similar means, the contribution to the POTW by each Industrial User to ensure compliance with applicable Pretreatment Standards and Requirements. In the case of Industrial Users identified as significant under §403.3(v), this control shall be achieved through individual permits or equivalent individual control mechanisms issued to each such User except as follows.

(A)(1) At the discretion of the POTW, this control may include use of general control mechanisms if the following conditions are met. All of the facilities to be covered must:

(i) Involve the same or substantially similar types of operations;

(ii) Discharge the same types of wastes;

(iii) Require the same effluent limitations;

(iv) Require the same or similar monitoring; and

(v) In the opinion of the POTW, are more appropriately controlled under a general control mechanism than under individual control mechanisms.

(2) To be covered by the general control mechanism, the Significant Industrial User must file a written request for coverage that identifies its contact information, production processes, the types of wastes generated, the location for monitoring all wastes covered by the general control mechanism, any requests in accordance with §403.12(e)(2) for a monitoring waiver for a pollutant neither present nor expected to be present in the Discharge, and any other information the POTW deems appropriate. A monitoring waiver for a pollutant neither present nor expected to be present in the Discharge is not effective in the general control mechanism until after the POTW has provided written notice to the Significant Industrial User that such a waiver request has been granted in accordance with §403.12(e)(2). The POTW must retain a copy of the general control mechanism, documentation to support the POTW's determination that a specific Significant Industrial User meets the criteria in paragraphs (f)(1)(iii)(A)(1) through (5) of this section, and a copy of the User's written request for coverage for 3 years after the expiration of the general control mechanism. A POTW may not control a Significant Industrial User through a general control mechanism where the facility is subject to production-based categorical Pretreatment Standards or categorical Pretreatment Standards expressed as mass of pollutant discharged per day or for Industrial Users whose limits are based on the Combined Wastestream Formula or Net/Gross calculations (§§403.6(e) and 403.15).

(B) Both individual and general control mechanisms must be enforceable and contain, at a minimum, the following conditions:

(1) Statement of duration (in no case more than five years);

(2) Statement of non-transferability without, at a minimum, prior notification to the POTW and provision of a copy of the existing control mechanism to the new owner or operator;

(3) Effluent limits, including Best Management Practices, based on applicable general Pretreatment Standards in part 403 of this chapter, categorical Pretreatment Standards, local limits, and State and local law;

(4) Self-monitoring, sampling, reporting, notification and recordkeeping requirements, including an identification of the pollutants to be monitored (including the process for seeking a waiver for a pollutant neither present nor expected to be present in the Discharge in accordance with §403.12(e)(2), or a specific waived pollutant in the case of an individual control mechanism), sampling location, sampling frequency, and sample type, based on the applicable general Pretreatment Standards in part 403 of this chapter, categorical Pretreatment Standards, local limits, and State and local law;

(5) Statement of applicable civil and criminal penalties for violation of Pretreatment Standards and requirements, and any applicable compliance schedule. Such schedules may not extend the compliance date beyond applicable federal deadlines;

(6) Requirements to control Slug Discharges, if determined by the POTW to be necessary.

(iv) Require (A) the development of a compliance schedule by each Industrial User for the installation of technology required to meet applicable Pretreatment Standards and Requirements and (B) the submission of all notices and self-

monitoring reports from Industrial Users as are necessary to assess and assure compliance by Industrial Users with Pretreatment Standards and Requirements, including but not limited to the reports required in §403.12.

(v) Carry out all inspection, surveillance and monitoring procedures necessary to determine, independent of information supplied by Industrial Users, compliance or noncompliance with applicable Pretreatment Standards and Requirements by Industrial Users. Representatives of the POTW shall be authorized to enter any premises of any Industrial User in which a Discharge source or treatment system is located or in which records are required to be kept under §403.12(o) to assure compliance with Pretreatment Standards. Such authority shall be at least as extensive as the authority provided under section 308 of the Act;

(vi)(A) Obtain remedies for noncompliance by any Industrial User with any Pretreatment Standard and Requirement. All POTW's shall be able to seek injunctive relief for noncompliance by Industrial Users with Pretreatment Standards and Requirements. All POTW's shall also have authority to seek or assess civil or criminal penalties in at least the amount of \$1,000 a day for each violation by Industrial Users of Pretreatment Standards and Requirements.

(B) Pretreatment requirements which will be enforced through the remedies set forth in paragraph (f)(1)(vi)(A) of this section, will include but not be limited to, the duty to allow or carry out inspections, entry, or monitoring activities; any rules, regulations, or orders issued by the POTW; any requirements set forth in control mechanisms issued by the POTW; or any reporting requirements imposed by the POTW or these regulations in this part. The POTW shall have authority and procedures (after informal notice to the discharger) immediately and effectively to halt or prevent any discharge of pollutants to the POTW which reasonably appears to present an imminent endangerment to the health or welfare of persons. The POTW shall also have authority and procedures (which shall include notice to the affected industrial users and an opportunity to respond) to halt or prevent any discharge to the POTW which presents or may present an endangerment to the environment or which threatens to interfere with the operation of the POTW. The Approval Authority shall have authority to seek judicial relief and may also use administrative penalty authority when the POTW has sought a monetary penalty which the Approval Authority believes to be insufficient.

(vii) Comply with the confidentiality requirements set forth in §403.14.

(2) *Procedures.* The POTW shall develop and implement procedures to ensure compliance with the requirements of a Pretreatment Program. At a minimum, these procedures shall enable the POTW to:

(i) Identify and locate all possible Industrial Users which might be subject to the POTW Pretreatment Program. Any compilation, index or inventory of Industrial Users made under this paragraph shall be made available to the Regional Administrator or Director upon request;

(ii) Identify the character and volume of pollutants contributed to the POTW by the Industrial Users identified under paragraph (f)(2)(i) of this section. This information shall be made available to the Regional Administrator or Director upon request;

(iii) Notify Industrial Users identified under paragraph (f)(2)(i) of this section, of applicable Pretreatment Standards and any applicable requirements under sections 204(b) and 405 of the Act and subtitles C and D of the Resource Conservation and Recovery Act. Within 30 days of approval pursuant to 40 CFR 403.8(f)(6), of a list of significant industrial users, notify each significant industrial user of its status as such and of all requirements applicable to it as a result of such status.

(iv) Receive and analyze self-monitoring reports and other notices submitted by Industrial Users in accordance with the self-monitoring requirements in §403.12;

(v) Randomly sample and analyze the effluent from Industrial Users and conduct surveillance activities in order to identify, independent of information supplied by Industrial Users, occasional and continuing noncompliance with Pretreatment Standards. Inspect and sample the effluent from each Significant Industrial User at least once a year, except as otherwise specified below:

(A) Where the POTW has authorized the Industrial User subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard in accordance with §403.12(e)(3), the POTW must sample for the waived pollutant(s) at least once during the term of the Categorical Industrial User's control mechanism. In the event that the POTW subsequently determines that a waived pollutant is present or is expected to be present in the Industrial User's wastewater based on changes that occur in the User's operations, the POTW must immediately begin at least annual effluent monitoring of the User's Discharge and inspection.

(B) Where the POTW has determined that an Industrial User meets the criteria for classification as a Non-Significant Categorical Industrial User, the POTW must evaluate, at least once per year, whether an Industrial User continues to meet the criteria in §403.3(v)(2).

(C) In the case of Industrial Users subject to reduced reporting requirements under §403.12(e)(3), the POTW must randomly sample and analyze the effluent from Industrial Users and conduct inspections at least once every two years. If the Industrial User no longer meets the conditions for reduced reporting in §403.12(e)(3), the POTW must immediately begin sampling and inspecting the Industrial User at least once a year.

(vi) Evaluate whether each such Significant Industrial User needs a plan or other action to control Slug Discharges. For Industrial Users identified as significant prior to November 14, 2005, this evaluation must have been conducted at least once by October 14, 2006; additional Significant Industrial Users must be evaluated within 1 year of being designated a Significant Industrial User. For purposes of this subsection, a Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate the POTW's regulations, local limits or Permit conditions. The results of such activities shall be available to the Approval Authority upon request. Significant Industrial Users are required to notify the POTW immediately of any changes at its facility affecting potential for a Slug Discharge. If the POTW decides that a slug control plan is needed, the plan shall contain, at a minimum, the following elements:

(A) Description of discharge practices, including non-routine batch Discharges;

(B) Description of stored chemicals;

(C) Procedures for immediately notifying the POTW of Slug Discharges, including any Discharge that would violate a prohibition under §403.5(b) with procedures for follow-up written notification within five days;

(D) If necessary, procedures to prevent adverse impact from accidental spills, including inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site run-off, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants (including solvents), and/or measures and equipment for emergency response;

(vii) Investigate instances of noncompliance with Pretreatment Standards and Requirements, as indicated in the reports and notices required under §403.12, or indicated by analysis, inspection, and surveillance activities described in paragraph (f)(2)(v) of this section. Sample taking and analysis and the collection of other information shall be performed with sufficient care to produce evidence admissible in enforcement proceedings or in judicial actions; and

(viii) Comply with the public participation requirements of 40 CFR part 25 in the enforcement of National Pretreatment Standards. These procedures shall include provision for at least annual public notification in a newspaper(s) of general circulation that provides meaningful public notice within the jurisdiction(s) served by the POTW of Industrial Users which, at any time during the previous 12 months, were in significant noncompliance with applicable Pretreatment requirements. For the purposes of this provision, a Significant Industrial User (or any Industrial User which violates paragraphs (f)(2)(viii)(C), (D), or (H) of this section) is in significant noncompliance if its violation meets one or more of the following criteria:

(A) Chronic violations of wastewater Discharge limits, defined here as those in which 66 percent or more of all of the measurements taken for the same pollutant parameter during a 6-month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including instantaneous limits, as defined by 40 CFR 403.3(l);

(B) Technical Review Criteria (TRC) violations, defined here as those in which 33 percent or more of all of the measurements taken for the same pollutant parameter during a 6-month period equal or exceed the product of the numeric Pretreatment Standard or Requirement including instantaneous limits, as defined by 40 CFR 403.3(l) multiplied by the applicable TRC (TRC=1.4 for BOD, TSS, fats, oil, and grease, and 1.2 for all other pollutants except pH);

(C) Any other violation of a Pretreatment Standard or Requirement as defined by 40 CFR 403.3(l) (daily maximum, long-term average, instantaneous limit, or narrative Standard) that the POTW determines has caused, alone or in combination with other Discharges, Interference or Pass Through (including endangering the health of POTW personnel or the general public);

(D) Any discharge of a pollutant that has caused imminent endangerment to human health, welfare or to the environment or has resulted in the POTW's exercise of its emergency authority under paragraph (f)(1)(vi)(B) of this section to halt or prevent such a discharge;

(E) Failure to meet, within 90 days after the schedule date, a compliance schedule milestone contained in a local control mechanism or enforcement order for starting construction, completing construction, or attaining final compliance;

(F) Failure to provide, within 45 days after the due date, required reports such as baseline monitoring reports, 90-day compliance reports, periodic self-monitoring reports, and reports on compliance with compliance schedules;

(G) Failure to accurately report noncompliance;

(H) Any other violation or group of violations, which may include a violation of Best Management Practices, which the POTW determines will adversely affect the operation or implementation of the local Pretreatment program.

(3) *Funding.* The POTW shall have sufficient resources and qualified personnel to carry out the authorities and procedures described in paragraphs (f) (1) and (2) of this section. In some limited circumstances, funding and personnel may be delayed where (i) the POTW has adequate legal authority and procedures to carry out the Pretreatment Program requirements described in this section, and (ii) a limited aspect of the Program does not need to be implemented immediately (see §403.9(b)).

(4) *Local limits.* The POTW shall develop local limits as required in §403.5(c)(1), or demonstrate that they are not necessary.

(5) The POTW shall develop and implement an enforcement response plan. This plan shall contain detailed procedures indicating how a POTW will investigate and respond to instances of industrial user noncompliance. The plan shall, at a minimum:

(i) Describe how the POTW will investigate instances of noncompliance;

(ii) Describe the types of escalating enforcement responses the POTW will take in response to all anticipated types of industrial user violations and the time periods within which responses will take place;

(iii) Identify (by title) the official(s) responsible for each type of response;

(iv) Adequately reflect the POTW's primary responsibility to enforce all applicable pretreatment requirements and standards, as detailed in 40 CFR 403.8 (f)(1) and (f)(2).

(6) The POTW shall prepare and maintain a list of its Industrial Users meeting the criteria in §403.3(v)(1). The list shall identify the criteria in §403.3(v)(1) applicable to each Industrial User and, where applicable, shall also indicate whether the POTW has made a determination pursuant to §403.3(v)(2) that such Industrial User should not be considered a Significant Industrial User. The initial list shall be submitted to the Approval Authority pursuant to §403.9 or as a non-substantial modification pursuant to §403.18(d). Modifications to the list shall be submitted to the Approval Authority pursuant to §403.12(i)(1).

(g) A POTW that chooses to receive electronic documents must satisfy the requirements of 40 CFR Part 3— (Electronic reporting).

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 31224, Aug. 3, 1984; 51 FR 20429, 20430, June 4, 1986; 51 FR 23759, July 1, 1986; 53 FR 40612, Oct. 17, 1988; 55 FR 30129, July 24, 1990; 58 FR 18017, Apr. 7, 1993; 60 FR 33932, June 29, 1995; 62 FR 38414, July 17, 1997; 70 FR 59889, Oct. 13, 2005; 70 FR 60193, Oct. 14, 2005]

[§ 403.9 POTW pretreatment programs and/or authorization to revise pretreatment standards: Submission for approval.](#)

(a) *Who approves Program.* A POTW requesting approval of a POTW Pretreatment Program shall develop a program description which includes the information set forth in paragraphs (b)(1) through (4) of this section. This description shall be submitted to the Approval Authority which will make a determination on the request for program approval in accordance with the procedures described in §403.11.

(b) *Contents of POTW program submission.* The program description must contain the following information:

(1) A statement from the City Solicitor or a city official acting in a comparable capacity (or the attorney for those POTWs which have independent legal counsel) that the POTW has authority adequate to carry out the programs described in §403.8. This statement shall:

(i) Identify the provision of the legal authority under §403.8(f)(1) which provides the basis for each procedure under §403.8(f)(2);

(ii) Identify the manner in which the POTW will implement the program requirements set forth in §403.8, including the means by which Pretreatment Standards will be applied to individual Industrial Users (e.g., by order, permit, ordinance, etc.); and,

(iii) Identify how the POTW intends to ensure compliance with Pretreatment Standards and Requirements, and to enforce them in the event of noncompliance by Industrial Users;

(2) A copy of any statutes, ordinances, regulations, agreements, or other authorities relied upon by the POTW for its administration of the Program. This Submission shall include a statement reflecting the endorsement or approval of the local boards or bodies responsible for supervising and/or funding the POTW Pretreatment Program if approved;

(3) A brief description (including organization charts) of the POTW organization which will administer the Pretreatment Program. If more than one agency is responsible for administration of the Program the responsible agencies should be identified, their respective responsibilities delineated, and their procedures for coordination set forth; and

(4) A description of the funding levels and full- and part-time manpower available to implement the Program;

(c) *Conditional POTW program approval.* The POTW may request conditional approval of the Pretreatment Program pending the acquisition of funding and personnel for certain elements of the Program. The request for conditional approval must meet the requirements set forth in paragraph (b) of this section except that the requirements of paragraph (b) of this section, may be relaxed if the Submission demonstrates that:

(1) A limited aspect of the Program does not need to be implemented immediately;

(2) The POTW had adequate legal authority and procedures to carry out those aspects of the Program which will not be implemented immediately; and

(3) Funding and personnel for the Program aspects to be implemented at a later date will be available when needed. The POTW will describe in the Submission the mechanism by which this funding will be acquired. Upon receipt of a request for conditional approval, the Approval Authority will establish a fixed date for the acquisition of the needed funding and personnel. If funding is not acquired by this date, the conditional approval of the POTW Pretreatment Program and any removal allowances granted to the POTW, may be modified or withdrawn.

(d) *Content of removal allowance submission.* The request for authority to revise categorical Pretreatment Standards must contain the information required in §403.7(d).

(e) *Approval authority action.* Any POTW requesting POTW Pretreatment Program approval shall submit to the Approval Authority three copies of the Submission described in paragraph (b), and if appropriate, (d) of this section. Within 60 days after receiving the Submission, the Approval Authority shall make a preliminary determination of whether the Submission meets the requirements of paragraph (b) and, if appropriate, (d) of this section. If the Approval Authority makes the preliminary determination that the Submission meets these requirements, the Approval Authority shall:

(1) Notify the POTW that the Submission has been received and is under review; and

(2) Commence the public notice and evaluation activities set forth in §403.11.

(f) *Notification where submission is defective.* If, after review of the Submission as provided for in paragraph (e) of this section, the Approval Authority determines that the Submission does not comply with the requirements of paragraph (b) or (c) of this section, and, if appropriate, paragraph (d), of this section, the Approval Authority shall provide notice in writing to the applying POTW and each person who has requested individual notice. This notification shall identify any defects in the Submission and advise the POTW and each person who has requested individual notice of the means by which the POTW can comply with the applicable requirements of paragraphs (b), (c) of this section, and, if appropriate, paragraph (d) of this section.

(g) *Consistency with water quality management plans.* (1) In order to be approved the POTW Pretreatment Program shall be consistent with any approved water quality management plan developed in accordance with 40 CFR parts 130, 131, as revised, where such 208 plan includes Management Agency designations and addresses pretreatment in a manner consistent with 40 CFR part 403. In order to assure such consistency the Approval Authority shall solicit

the review and comment of the appropriate 208 Planning Agency during the public comment period provided for in §403.11(b)(1)(ii) prior to approval or disapproval of the Program.

(2) Where no 208 plan has been approved or where a plan has been approved but lacks Management Agency designations and/or does not address pretreatment in a manner consistent with this regulation, the Approval Authority shall nevertheless solicit the review and comment of the appropriate 208 planning agency.

[53 FR 9439, Jan. 28, 1981, as amended at 53 FR 40612, Oct. 17, 1988; 58 FR 18017, Apr. 7, 1993]

§ 403.10 Development and submission of NPDES State pretreatment programs.

(a) *Approval of State Programs.* No State NPDES program shall be approved under section 402 of the Act after the effective date of these regulations unless it is determined to meet the requirements of paragraph (f) of this section. Notwithstanding any other provision of this regulation, a State will be required to act upon those authorities which it currently possesses before the approval of a State Pretreatment Program.

(b) [Reserved]

(c) *Failure to request approval.* Failure of an NPDES State with a permit program approved under section 402 of the Act prior to December 27, 1977, to seek approval of a State Pretreatment Program and failure of an approved State to administer its State Pretreatment Program in accordance with the requirements of this section constitutes grounds for withdrawal of NPDES program approval under section 402(c)(3) of the Act.

(d) [Reserved]

(e) *State Program in lieu of POTW Program.* Notwithstanding the provision of §403.8(a), a State with an approved Pretreatment Program may assume responsibility for implementing the POTW Pretreatment Program requirements set forth in §403.8(f) in lieu of requiring the POTW to develop a Pretreatment Program. However, this does not preclude POTW's from independently developing Pretreatment Programs.

(f) *State Pretreatment Program requirements.* In order to be approved, a request for State Pretreatment Program Approval must demonstrate that the State Pretreatment Program has the following elements:

(1) *Legal authority.* The Attorney General's Statement submitted in accordance with paragraph (g)(1)(i) of this section shall certify that the Director has authority under State law to operate and enforce the State Pretreatment Program to the extent required by this part and by 40 CFR 123.27. At a minimum, the Director shall have the authority to:

(i) Incorporate POTW Pretreatment Program conditions into permits issued to POTW's; require compliance by POTW's with these incorporated permit conditions; and require compliance by Industrial Users with Pretreatment Standards;

(ii) Ensure continuing compliance by POTW's with pretreatment conditions incorporated into the POTW Permit through review of monitoring reports submitted to the Director by the POTW in accordance with §403.12 and ensure continuing compliance by Industrial Users with Pretreatment Standards through the review of self-monitoring reports submitted to the POTW or to the Director by the Industrial Users in accordance with §403.12;

(iii) Carry out inspection, surveillance and monitoring procedures which will determine, independent of information supplied by the POTW, compliance or noncompliance by the POTW with pretreatment conditions incorporated into the POTW Permit; and carry out inspection, surveillance and monitoring procedures which will determine, independent of information supplied by the Industrial User, whether the Industrial User is in compliance with Pretreatment Standards;

(iv) Seek civil and criminal penalties, and injunctive relief, for noncompliance by the POTW with pretreatment conditions incorporated into the POTW Permit and for noncompliance with Pretreatment Standards by Industrial Users as set forth in §403.8(f)(1)(vi). The Director shall have authority to seek judicial relief for noncompliance by Industrial Users even when the POTW has acted to seek such relief (e.g., if the POTW has sought a penalty which the Director finds to be insufficient);

(v) Approve and deny requests for approval of POTW Pretreatment Programs submitted by a POTW to the Director;

(vi) Deny and recommend approval of (but not approve) requests for Fundamentally Different Factors variances submitted by Industrial Users in accordance with the criteria and procedures set forth in §403.13; and

(vii) Approve and deny requests for authority to modify categorical Pretreatment Standards to reflect removals achieved by the POTW in accordance with the criteria and procedures set forth in §§403.7, 403.9 and 403.11.

(2) *Procedures.* The Director shall have developed procedures to carry out the requirements of sections 307 (b) and (c), and 402(b)(1), 402(b)(2), 402(b)(8), and 402(b)(9) of the Act. At a minimum, these procedures shall enable the Director to:

(i) Identify POTW's required to develop Pretreatment Programs in accordance with §403.8(a) and notify these POTW's of the need to develop a POTW Pretreatment Program. In the absence of a POTW Pretreatment Program, the State shall have procedures to carry out the activities set forth in §403.8(f)(2);

(ii) Provide technical and legal assistance to POTW's in developing Pretreatment Programs;

(iii) Develop compliance schedules for inclusion in POTW Permits which set forth the shortest reasonable time schedule for the completion of tasks needed to implement a POTW Pretreatment Program. The final compliance date in these schedules shall be no later than July 1, 1983;

(iv) Sample and analyze:

(A) Influent and effluent of the POTW to identify, independent of information supplied by the POTW, compliance or noncompliance with pollutant removal levels set forth in the POTW permit (see §403.7); and

(B) The contents of sludge from the POTW and methods of sludge disposal and use to identify, independent of information supplied by the POTW, compliance or noncompliance with requirements applicable to the selected method of sludge management;

(v) Investigate evidence of violations of pretreatment conditions set forth in the POTW Permit by taking samples and acquiring other information as needed. This data acquisition shall be performed with sufficient care as to produce evidence admissible in an enforcement proceeding or in court;

(vi) Review and approve requests for approval of POTW Pretreatment Programs and authority to modify categorical Pretreatment Standards submitted by a POTW to the Director; and

(vii) Consider requests for Fundamentally Different Factors variances submitted by Industrial Users in accordance with the criteria and procedures set forth in §403.13.

(3) *Funding.* The Director shall assure that funding and qualified personnel are available to carry out the authorities and procedures described in paragraphs (f)(1) and (2) of this section.

(g) *Content of State Pretreatment Program submission.* The request for State Pretreatment Program approval will consist of:

(1)(i) A statement from the State Attorney General (or the Attorney for those State agencies which have independent legal counsel) that the laws of the State provide adequate authority to implement the requirements of this part. The authorities cited by the Attorney General in this statement shall be in the form of lawfully adopted State statutes or regulations which shall be effective by the time of approval of the State Pretreatment Program; and

(ii) Copies of all State statutes and regulations cited in the above statement;

(iii) States with approved Pretreatment Programs shall establish Pretreatment regulations by November 16, 1989, unless the State would be required to enact or amend statutory provision, in which case, such regulations must be established by November 16, 1990.

(2) A description of the funding levels and full- and part-time personnel available to implement the program; and

(3) Any modifications or additions to the Memorandum of Agreement (required by 40 CFR 123.24) which may be necessary for EPA and the State to implement the requirements of this part.

(h) *EPA Action.* Any approved NPDES State requesting State Pretreatment Program approval shall submit to the Regional Administrator three copies of the Submission described in paragraph (g) of this section. Upon a preliminary determination that the Submission meets the requirements of paragraph (g) the Regional Administrator shall:

(1) Notify the Director that the Submission has been received and is under review; and

(2) Commence the program revision process set out in 40 CFR 123.62. For purposes of that section all requests for approval of State Pretreatment Programs shall be deemed substantial program modifications. A comment period of at least 30 days and the opportunity for a hearing shall be afforded the public on all such proposed program revisions.

(i) *Notification where submission is defective.* If, after review of the Submission as provided for in paragraph (h) of this section, EPA determines that the Submission does not comply with the requirements of paragraph (f) or (g) of this section EPA shall so notify the applying NPDES State in writing. This notification shall identify any defects in the Submission and advise the NPDES State of the means by which it can comply with the requirements of this part.

[46 FR 9439, Jan. 28, 1981, as amended at 51 FR 20429, June 4, 1986; 53 FR 40612, Oct. 17, 1988; 55 FR 30131, July 24, 1990; 58 FR 18017, Apr. 7, 1993; 60 FR 33932, June 29, 1995]

§ 403.11 Approval procedures for POTW pretreatment programs and POTW granting of removal credits.

The following procedures shall be adopted in approving or denying requests for approval of POTW Pretreatment Programs and applications for removal credit authorization:

(a) *Deadline for review of submission.* The Approval Authority shall have 90 days from the date of public notice of any Submission complying with the requirements of §403.9(b) and, where removal credit authorization is sought with §§403.7(e) and 403.9(d), to review the Submission. The Approval Authority shall review the Submission to determine compliance with the requirements of §403.8 (b) and (f), and, where removal credit authorization is sought, with §403.7. The Approval Authority may have up to an additional 90 days to complete the evaluation of the Submission if the public comment period provided for in paragraph (b)(1)(ii) of this section is extended beyond 30 days or if a public hearing is held as provided for in paragraph (b)(2) of this section. In no event, however, shall the time for evaluation of the Submission exceed a total of 180 days from the date of public notice of a Submission meeting the requirements of §403.9(b) and, in the case of a removal credit application, §§403.7(e) and 403.9(b).

(b) *Public notice and opportunity for hearing.* Upon receipt of a Submission the Approval Authority shall commence its review. Within 20 work days after making a determination that a Submission meets the requirements of §403.9(b) and, where removal allowance approval is sought, §§403.7(d) and 403.9(d), the Approval Authority shall:

(1) Issue a public notice of request for approval of the Submission;

(i) This public notice shall be circulated in a manner designed to inform interested and potentially interested persons of the Submission. Procedures for the circulation of public notice shall include:

(A) Mailing notices of the request for approval of the Submission to designated 208 planning agencies, Federal and State fish, shellfish and wildfish resource agencies (unless such agencies have asked not to be sent the notices); and to any other person or group who has requested individual notice, including those on appropriate mailing lists; and

(B) Publication of a notice of request for approval of the Submission in a newspaper(s) of general circulation within the jurisdiction(s) served by the POTW that meaningful public notice.

(ii) The public notice shall provide a period of not less than 30 days following the date of the public notice during which time interested persons may submit their written views on the Submission.

(iii) All written comments submitted during the 30 day comment period shall be retained by the Approval Authority and considered in the decision on whether or not to approve the Submission. The period for comment may be extended at the discretion of the Approval Authority; and

(2) Provide an opportunity for the applicant, any affected State, any interested State or Federal agency, person or group of persons to request a public hearing with respect to the Submission.

(i) This request for public hearing shall be filed within the 30 day (or extended) comment period described in paragraph (b)(1)(ii) of this section and shall indicate the interest of the person filing such request and the reasons why a hearing is warranted.

(ii) The Approval Authority shall hold a hearing if the POTW so requests. In addition, a hearing will be held if there is a significant public interest in issues relating to whether or not the Submission should be approved. Instances of doubt should be resolved in favor of holding the hearing.

(iii) Public notice of a hearing to consider a Submission and sufficient to inform interested parties of the nature of the hearing and the right to participate shall be published in the same newspaper as the notice of the original request for

approval of the Submission under paragraph (b)(1)(i)(B) of this section. In addition, notice of the hearing shall be sent to those persons requesting individual notice.

(c) *Approval authority decision.* At the end of the 30 day (or extended) comment period and within the 90 day (or extended) period provided for in paragraph (a) of this section, the Approval Authority shall approve or deny the Submission based upon the evaluation in paragraph (a) of this section and taking into consideration comments submitted during the comment period and the record of the public hearing, if held. Where the Approval Authority makes a determination to deny the request, the Approval Authority shall so notify the POTW and each person who has requested individual notice. This notification shall include suggested modifications and the Approval Authority may allow the requestor additional time to bring the Submission into compliance with applicable requirements.

(d) *EPA objection to Director's decision.* No POTW pretreatment program or authorization to grant removal allowances shall be approved by the Director if following the 30 day (or extended) evaluation period provided for in paragraph (b)(1)(ii) of this section and any hearing held pursuant to paragraph (b)(2) of this section the Regional Administrator sets forth in writing objections to the approval of such Submission and the reasons for such objections. A copy of the Regional Administrator's objections shall be provided to the applicant, and each person who has requested individual notice. The Regional Administrator shall provide an opportunity for written comments and may convene a public hearing on his or her objections. Unless retracted, the Regional Administrator's objections shall constitute a final ruling to deny approval of a POTW pretreatment program or authorization to grant removal allowances 90 days after the date the objections are issued.

(e) *Notice of decision.* The Approval Authority shall notify those persons who submitted comments and participated in the public hearing, if held, of the approval or disapproval of the Submission. In addition, the Approval Authority shall cause to be published a notice of approval or disapproval in the same newspapers as the original notice of request for approval of the Submission was published. The Approval Authority shall identify in any notice of POTW Pretreatment Program approval any authorization to modify categorical Pretreatment Standards which the POTW may make, in accordance with §403.7, for removal of pollutants subject to Pretreatment Standards.

(f) *Public access to submission.* The Approval Authority shall ensure that the Submission and any comments upon such Submission are available to the public for inspection and copying.

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 31224, Aug. 3, 1984; 51 FR 20429, June 4, 1986; 53 FR 40613, Oct. 17, 1988; 62 FR 38414, July 17, 1997]

§ 403.12 Reporting requirements for POTW's and industrial users.

(a) [Reserved]

(b) *Reporting requirements for industrial users upon effective date of categorical pretreatment standard—baseline report.* Within 180 days after the effective date of a categorical Pretreatment Standard, or 180 days after the final administrative decision made upon a category determination submission under §403.6(a)(4), whichever is later, existing Industrial Users subject to such categorical Pretreatment Standards and currently discharging to or scheduled to discharge to a POTW shall be required to submit to the Control Authority a report which contains the information listed in paragraphs (b)(1)–(7) of this section. At least 90 days prior to commencement of discharge, New Sources, and sources that become Industrial Users subsequent to the promulgation of an applicable categorical Standard, shall be required to submit to the Control Authority a report which contains the information listed in paragraphs (b)(1)–(5) of this section. New sources shall also be required to include in this report information on the method of pretreatment the source intends to use to meet applicable pretreatment standards. New Sources shall give estimates of the information requested in paragraphs (b) (4) and (5) of this section:

(1) *Identifying information.* The User shall submit the name and address of the facility including the name of the operator and owners;

(2) *Permits.* The User shall submit a list of any environmental control permits held by or for the facility;

(3) *Description of operations.* The User shall submit a brief description of the nature, average rate of production, and Standard Industrial Classification of the operation(s) carried out by such Industrial User. This description should include a schematic process diagram which indicates points of Discharge to the POTW from the regulated processes.

(4) *Flow measurement.* The User shall submit information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW from each of the following:

(i) Regulated process streams; and

(ii) Other streams as necessary to allow use of the combined wastestream formula of §403.6(e). (See paragraph (b)(5)(iv) of this section.)

The Control Authority may allow for verifiable estimates of these flows where justified by cost or feasibility considerations.

(5) *Measurement of pollutants.* (i) The user shall identify the Pretreatment Standards applicable to each regulated process;

(ii) In addition, the User shall submit the results of sampling and analysis identifying the nature and concentration (or mass, where required by the Standard or Control Authority) of regulated pollutants in the Discharge from each regulated process. Both daily maximum and average concentration (or mass, where required) shall be reported. The sample shall be representative of daily operations. In cases where the Standard requires compliance with a Best Management Practice or pollution prevention alternative, the User shall submit documentation as required by the Control Authority or the applicable Standards to determine compliance with the Standard;

(iii) The User shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.

(iv) Samples should be taken immediately downstream from pretreatment facilities if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment the User should measure the flows and concentrations necessary to allow use of the combined wastestream formula of §403.6(e) in order to evaluate compliance with the Pretreatment Standards. Where an alternate concentration or mass limit has been calculated in accordance with §403.6(e) this adjusted limit along with supporting data shall be submitted to the Control Authority;

(v) Sampling and analysis shall be performed in accordance with the techniques prescribed in 40 CFR part 136 and amendments thereto. Where 40 CFR part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the Administrator determines that the part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analysis shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the POTW or other parties, approved by the Administrator;

(vi) The Control Authority may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures;

(vii) The baseline report shall indicate the time, date and place, of sampling, and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant Discharges to the POTW;

(6) *Certification.* A statement, reviewed by an authorized representative of the Industrial User (as defined in paragraph (l) of this section) and certified to by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O and M) and/or additional Pretreatment is required for the Industrial User to meet the Pretreatment Standards and Requirements; and

(7) *Compliance schedule.* If additional pretreatment and/or O and M will be required to meet the Pretreatment Standards; the shortest schedule by which the Industrial User will provide such additional pretreatment and/or O and M. The completion date in this schedule shall not be later than the compliance date established for the applicable Pretreatment Standard.

(i) Where the Industrial User's categorical Pretreatment Standard has been modified by a removal allowance (§403.7), the combined wastestream formula (§403.6(e)), and/or a Fundamentally Different Factors variance (§403.13) at the time the User submits the report required by paragraph (b) of this section, the information required by paragraphs (b)(6) and (7) of this section shall pertain to the modified limits.

(ii) If the categorical Pretreatment Standard is modified by a removal allowance (§403.7), the combined wastestream formula (§403.6(e)), and/or a Fundamentally Different Factors variance (§403.13) after the User submits the report required by paragraph (b) of this section, any necessary amendments to the information requested by paragraphs (b)(6) and (7) of this section shall be submitted by the User to the Control Authority within 60 days after the modified limit is approved.

(c) *Compliance schedule for meeting categorical Pretreatment Standards.* The following conditions shall apply to the schedule required by paragraph (b)(7) of this section:

(1) The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the Industrial User to meet the applicable categorical Pretreatment Standards (e.g., hiring an engineer, completing preliminary plans, completing final plans, executing contract for major components, commencing construction, completing construction, etc.).

(2) No increment referred to in paragraph (c)(1) of this section shall exceed 9 months.

(3) Not later than 14 days following each date in the schedule and the final date for compliance, the Industrial User shall submit a progress report to the Control Authority including, at a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps being taken by the Industrial User to return the construction to the schedule established. In no event shall more than 9 months elapse between such progress reports to the Control Authority.

(d) *Report on compliance with categorical pretreatment standard deadline.* Within 90 days following the date for final compliance with applicable categorical Pretreatment Standards or in the case of a New Source following commencement of the introduction of wastewater into the POTW, any Industrial User subject to Pretreatment Standards and Requirements shall submit to the Control Authority a report containing the information described in paragraphs (b) (4)–(6) of this section. For Industrial Users subject to equivalent mass or concentration limits established by the Control Authority in accordance with the procedures in §403.6(c), this report shall contain a reasonable measure of the User's long term production rate. For all other Industrial Users subject to categorical Pretreatment Standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the User's actual production during the appropriate sampling period.

(e) *Periodic reports on continued compliance.* (1) Any Industrial User subject to a categorical Pretreatment Standard (except a Non-Significant Categorical User as defined in §403.3(v)(2)), after the compliance date of such Pretreatment Standard, or, in the case of a New Source, after commencement of the discharge into the POTW, shall submit to the Control Authority during the months of June and December, unless required more frequently in the Pretreatment Standard or by the Control Authority or the Approval Authority, a report indicating the nature and concentration of pollutants in the effluent which are limited by such categorical Pretreatment Standards. In addition, this report shall include a record of measured or estimated average and maximum daily flows for the reporting period for the Discharge reported in paragraph (b)(4) of this section except that the Control Authority may require more detailed reporting of flows. In cases where the Pretreatment Standard requires compliance with a Best Management Practice (or pollution prevention alternative), the User shall submit documentation required by the Control Authority or the Pretreatment Standard necessary to determine the compliance status of the User. At the discretion of the Control Authority and in consideration of such factors as local high or low flow rates, holidays, budget cycles, etc., the Control Authority may modify the months during which the above reports are to be submitted.

(2) The Control Authority may authorize the Industrial User subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard if the Industrial User has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the Discharge, or is present only at background levels from intake water and without any increase in the pollutant due to activities of the Industrial User. This authorization is subject to the following conditions:

(i) The Control Authority may authorize a waiver where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical Standard and otherwise includes no process wastewater.

(ii) The monitoring waiver is valid only for the duration of the effective period of the Permit or other equivalent individual control mechanism, but in no case longer than 5 years. The User must submit a new request for the waiver before the waiver can be granted for each subsequent control mechanism.

(iii) In making a demonstration that a pollutant is not present, the Industrial User must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewater from all processes.

The request for a monitoring waiver must be signed in accordance with paragraph (l) of this section and include the certification statement in §403.6(a)(2)(ii). Non-detectable sample results may only be used as a demonstration that a

pollutant is not present if the EPA approved method from 40 CFR part 136 with the lowest minimum detection level for that pollutant was used in the analysis.

(iv) Any grant of the monitoring waiver by the Control Authority must be included as a condition in the User's control mechanism. The reasons supporting the waiver and any information submitted by the User in its request for the waiver must be maintained by the Control Authority for 3 years after expiration of the waiver.

(v) Upon approval of the monitoring waiver and revision of the User's control mechanism by the Control Authority, the Industrial User must certify on each report with the statement below, that there has been no increase in the pollutant in its wastestream due to activities of the Industrial User:

Based on my inquiry of the person or persons directly responsible for managing compliance with the Pretreatment Standard for 40 CFR _____ [specify applicable National Pretreatment Standard part(s)], I certify that, to the best of my knowledge and belief, there has been no increase in the level of _____ [list pollutant(s)] in the wastewaters due to the activities at the facility since filing of the last periodic report under 40 CFR 403.12(e)(1).

(vi) In the event that a waived pollutant is found to be present or is expected to be present based on changes that occur in the User's operations, the User must immediately: Comply with the monitoring requirements of paragraph (e)(1) of this section or other more frequent monitoring requirements imposed by the Control Authority; and notify the Control Authority.

(vii) This provision does not supersede certification processes and requirements established in categorical Pretreatment Standards, except as otherwise specified in the categorical Pretreatment Standard.

(3) The Control Authority may reduce the requirement in paragraph (e)(1) of this section to a requirement to report no less frequently than once a year, unless required more frequently in the Pretreatment Standard or by the Approval Authority, where the Industrial User meets all of the following conditions:

(i) The Industrial User's total categorical wastewater flow does not exceed any of the following:

(A) 0.01 percent of the design dry weather hydraulic capacity of the POTW, or 5,000 gallons per day, whichever is smaller, as measured by a continuous effluent flow monitoring device unless the Industrial User discharges in batches;

(B) 0.01 percent of the design dry weather organic treatment capacity of the POTW; and

(C) 0.01 percent of the maximum allowable headworks loading for any pollutant regulated by the applicable categorical Pretreatment Standard for which approved local limits were developed by a POTW in accordance with §403.5(c) and paragraph (d) of this section;

(ii) The Industrial User has not been in significant noncompliance, as defined in §403.8(f)(2)(viii), for any time in the past two years;

(iii) The Industrial User does not have daily flow rates, production levels, or pollutant levels that vary so significantly that decreasing the reporting requirement for this Industrial User would result in data that are not representative of conditions occurring during the reporting period pursuant to paragraph (g)(3) of this section;

(iv) The Industrial User must notify the Control Authority immediately of any changes at its facility causing it to no longer meet conditions of paragraphs (e)(3)(i) or (ii) of this section. Upon notification, the Industrial User must immediately begin complying with the minimum reporting in paragraph (e)(1) of this section; and

(v) The Control Authority must retain documentation to support the Control Authority's determination that a specific Industrial User qualifies for reduced reporting requirements under paragraph (e)(3) of this section for a period of 3 years after the expiration of the term of the control mechanism.

(4) For Industrial Users subject to equivalent mass or concentration limits established by the Control Authority in accordance with the procedures in §403.6(c), the report required by paragraph (e)(1) shall contain a reasonable measure of the User's long term production rate. For all other Industrial Users subject to categorical Pretreatment Standards expressed only in terms of allowable pollutant discharge per unit of production (or other measure of operation), the report required by paragraph (e)(1) shall include the User's actual average production rate for the reporting period.

(f) *Notice of potential problems, including slug loading.* All categorical and non-categorical Industrial Users shall notify the POTW immediately of all discharges that could cause problems to the POTW, including any slug loadings, as defined by §403.5(b), by the Industrial User.

(g) *Monitoring and analysis to demonstrate continued compliance.* (1) Except in the case of Non-Significant Categorical Users, the reports required in paragraphs (b), (d), (e), and (h) of this section shall contain the results of sampling and analysis of the Discharge, including the flow and the nature and concentration, or production and mass where requested by the Control Authority, of pollutants contained therein which are limited by the applicable Pretreatment Standards. This sampling and analysis may be performed by the Control Authority in lieu of the Industrial User. Where the POTW performs the required sampling and analysis in lieu of the Industrial User, the User will not be required to submit the compliance certification required under paragraphs (b)(6) and (d) of this section. In addition, where the POTW itself collects all the information required for the report, including flow data, the Industrial User will not be required to submit the report.

(2) If sampling performed by an Industrial User indicates a violation, the User shall notify the Control Authority within 24 hours of becoming aware of the violation. The User shall also repeat the sampling and analysis and submit the results of the repeat analysis to the Control Authority within 30 days after becoming aware of the violation. Where the Control Authority has performed the sampling and analysis in lieu of the Industrial User, the Control Authority must perform the repeat sampling and analysis unless it notifies the User of the violation and requires the User to perform the repeat analysis. Resampling is not required if:

(i) The Control Authority performs sampling at the Industrial User at a frequency of at least once per month; or

(ii) The Control Authority performs sampling at the User between the time when the initial sampling was conducted and the time when the User or the Control Authority receives the results of this sampling.

(3) The reports required in paragraphs (b), (d), (e) and (h) of this section must be based upon data obtained through appropriate sampling and analysis performed during the period covered by the report, which data are representative of conditions occurring during the reporting period. The Control Authority shall require that frequency of monitoring necessary to assess and assure compliance by Industrial Users with applicable Pretreatment Standards and Requirements. Grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide, and volatile organic compounds. For all other pollutants, 24-hour composite samples must be obtained through flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Control Authority. Where time-proportional composite sampling or grab sampling is authorized by the Control Authority, the samples must be representative of the Discharge and the decision to allow the alternative sampling must be documented in the Industrial User file for that facility or facilities. Using protocols (including appropriate preservation) specified in 40 CFR part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: For cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil & grease the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the Control Authority, as appropriate.

(4) For sampling required in support of baseline monitoring and 90-day compliance reports required in paragraphs (b) and (d) of this section, a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the Control Authority may authorize a lower minimum. For the reports required by paragraphs (e) and (h) of this section, the Control Authority shall require the number of grab samples necessary to assess and assure compliance by Industrial Users with Applicable Pretreatment Standards and Requirements.

(5) All analyses shall be performed in accordance with procedures established by the Administrator pursuant to section 304(h) of the Act and contained in 40 CFR part 136 and amendments thereto or with any other test procedures approved by the Administrator. (See, §§136.4 and 136.5.) Sampling shall be performed in accordance with the techniques approved by the Administrator. Where 40 CFR part 136 does not include sampling or analytical techniques for the pollutants in question, or where the Administrator determines that the part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed using validated analytical methods or any other sampling and analytical procedures, including procedures suggested by the POTW or other parties, approved by the Administrator.

(6) If an Industrial User subject to the reporting requirement in paragraph (e) or (h) of this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the Control Authority, using

the procedures prescribed in paragraph (g)(5) of this section, the results of this monitoring shall be included in the report.

(h) *Reporting requirements for Industrial Users not subject to categorical Pretreatment Standards.* The Control Authority must require appropriate reporting from those Industrial Users with Discharges that are not subject to categorical Pretreatment Standards. Significant Non-categorical Industrial Users must submit to the Control Authority at least once every six months (on dates specified by the Control Authority) a description of the nature, concentration, and flow of the pollutants required to be reported by the Control Authority. In cases where a local limit requires compliance with a Best Management Practice or pollution prevention alternative, the User must submit documentation required by the Control Authority to determine the compliance status of the User. These reports must be based on sampling and analysis performed in the period covered by the report, and in accordance with the techniques described in part 136 and amendments thereto. This sampling and analysis may be performed by the Control Authority in lieu of the significant non-categorical Industrial User.

(i) *Annual POTW reports.* POTWs with approved Pretreatment Programs shall provide the Approval Authority with a report that briefly describes the POTW's program activities, including activities of all participating agencies, if more than one jurisdiction is involved in the local program. The report required by this section shall be submitted no later than one year after approval of the POTW's Pretreatment Program, and at least annually thereafter, and shall include, at a minimum, the following:

(1) An updated list of the POTW's Industrial Users, including their names and addresses, or a list of deletions and additions keyed to a previously submitted list. The POTW shall provide a brief explanation of each deletion. This list shall identify which Industrial Users are subject to categorical Pretreatment Standards and specify which Standards are applicable to each Industrial User. The list shall indicate which Industrial Users are subject to local standards that are more stringent than the categorical Pretreatment Standards. The POTW shall also list the Industrial Users that are subject only to local Requirements. The list must also identify Industrial Users subject to categorical Pretreatment Standards that are subject to reduced reporting requirements under paragraph (e)(3), and identify which Industrial Users are Non-Significant Categorical Industrial Users.

(2) A summary of the status of Industrial User compliance over the reporting period;

(3) A summary of compliance and enforcement activities (including inspections) conducted by the POTW during the reporting period;

(4) A summary of changes to the POTW's pretreatment program that have not been previously reported to the Approval Authority; and

(5) Any other relevant information requested by the Approval Authority.

(j) *Notification of changed Discharge.* All Industrial Users shall promptly notify the Control Authority (and the POTW if the POTW is not the Control Authority) in advance of any substantial change in the volume or character of pollutants in their Discharge, including the listed or characteristic hazardous wastes for which the Industrial User has submitted initial notification under paragraph (p) of this section.

(k) *Compliance schedule for POTW's.* The following conditions and reporting requirements shall apply to the compliance schedule for development of an approvable POTW Pretreatment Program required by §403.8.

(1) The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the development and implementation of a POTW Pretreatment Program (e.g., acquiring required authorities, developing funding mechanisms, acquiring equipment);

(2) No increment referred to in paragraph (k)(1) of this section shall exceed nine months;

(3) Not later than 14 days following each date in the schedule and the final date for compliance, the POTW shall submit a progress report to the Approval Authority including, as a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps taken by the POTW to return to the schedule established. In no event shall more than nine months elapse between such progress reports to the Approval Authority.

(l) *Signatory requirements for Industrial User reports.* The reports required by paragraphs (b), (d), and (e) of this section shall include the certification statement as set forth in §403.6(a)(2)(ii), and shall be signed as follows:

(1) By a responsible corporate officer, if the Industrial User submitting the reports required by paragraphs (b), (d), and (e) of this section is a corporation. For the purpose of this paragraph, a responsible corporate officer means:

(i) a president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy- or decision-making functions for the corporation, or

(ii) The manager of one or more manufacturing, production, or operating facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for control mechanism requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) By a general partner or proprietor if the Industrial User submitting the reports required by paragraphs (b), (d), and (e) of this section is a partnership, or sole proprietorship respectively.

(3) By a duly authorized representative of the individual designated in paragraph (l)(1) or (l)(2) of this section if:

(i) The authorization is made in writing by the individual described in paragraph (l)(1) or (l)(2);

(ii) The authorization specifies either an individual or a position having responsibility for the overall operation of the facility from which the Industrial Discharge originates, such as the position of plant manager, operator of a well, or well field superintendent, or a position of equivalent responsibility, or having overall responsibility for environmental matters for the company; and

(iii) the written authorization is submitted to the Control Authority.

(4) If an authorization under paragraph (l)(3) of this section is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, or overall responsibility for environmental matters for the company, a new authorization satisfying the requirements of paragraph (l)(3) of this section must be submitted to the Control Authority prior to or together with any reports to be signed by an authorized representative.

(m) *Signatory requirements for POTW reports.* Reports submitted to the Approval Authority by the POTW in accordance with paragraph (i) of this section must be signed by a principal executive officer, ranking elected official or other duly authorized employee. The duly authorized employee must be an individual or position having responsibility for the overall operation of the facility or the Pretreatment Program. This authorization must be made in writing by the principal executive officer or ranking elected official, and submitted to the Approval Authority prior to or together with the report being submitted.

(n) *Provisions Governing Fraud and False Statements:* The reports and other documents required to be submitted or maintained under this section shall be subject to:

(1) The provisions of 18 U.S.C. section 1001 relating to fraud and false statements;

(2) The provisions of sections 309(c)(4) of the Act, as amended, governing false statements, representation or certification; and

(3) The provisions of section 309(c)(6) regarding responsible corporate officers.

(o) *Record-keeping requirements.* (1) Any Industrial User and POTW subject to the reporting requirements established in this section shall maintain records of all information resulting from any monitoring activities required by this section, including documentation associated with Best Management Practices. Such records shall include for all samples:

(i) The date, exact place, method, and time of sampling and the names of the person or persons taking the samples;

(ii) The dates analyses were performed;

(iii) Who performed the analyses;

(iv) The analytical techniques/methods use; and

(v) The results of such analyses.

(2) Any Industrial User or POTW subject to the reporting requirements established in this section (including documentation associated with Best Management Practices) shall be required to retain for a minimum of 3 years any records of monitoring activities and results (whether or not such monitoring activities are required by this section) and shall make such records available for inspection and copying by the Director and the Regional Administrator (and POTW in the case of an Industrial User). This period of retention shall be extended during the course of any unresolved litigation regarding the Industrial User or POTW or when requested by the Director or the Regional Administrator.

(3) Any POTW to which reports are submitted by an Industrial User pursuant to paragraphs (b), (d), (e), and (h) of this section shall retain such reports for a minimum of 3 years and shall make such reports available for inspection and copying by the Director and the Regional Administrator. This period of retention shall be extended during the course of any unresolved litigation regarding the discharge of pollutants by the Industrial User or the operation of the POTW Pretreatment Program or when requested by the Director or the Regional Administrator.

(p)(1) The Industrial User shall notify the POTW, the EPA Regional Waste Management Division Director, and State hazardous waste authorities in writing of any discharge into the POTW of a substance, which, if otherwise disposed of, would be a hazardous waste under 40 CFR part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the Industrial User discharges more than 100 kilograms of such waste per calendar month to the POTW, the notification shall also contain the following information to the extent such information is known and readily available to the Industrial User: An identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the wastestream discharged during that calendar month, and an estimation of the mass of constituents in the wastestream expected to be discharged during the following twelve months. All notifications must take place within 180 days of the effective date of this rule. Industrial users who commence discharging after the effective date of this rule shall provide the notification no later than 180 days after the discharge of the listed or characteristic hazardous waste. Any notification under this paragraph need be submitted only once for each hazardous waste discharged. However, notifications of changed discharges must be submitted under 40 CFR 403.12 (j). The notification requirement in this section does not apply to pollutants already reported under the self-monitoring requirements of 40 CFR 403.12 (b), (d), and (e).

(2) Dischargers are exempt from the requirements of paragraph (p)(1) of this section during a calendar month in which they discharge no more than fifteen kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a one-time notification.

Subsequent months during which the Industrial User discharges more than such quantities of any hazardous waste do not require additional notification.

(3) In the case of any new regulations under section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the Industrial User must notify the POTW, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within 90 days of the effective date of such regulations.

(4) In the case of any notification made under paragraph (p) of this section, the Industrial User shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.

(q) *Annual certification by Non-Significant Categorical Industrial Users.* A facility determined to be a Non-Significant Categorical Industrial User pursuant to §403.3(v)(2) must annually submit the following certification statement, signed in accordance with the signatory requirements in paragraph (l) of this section. This certification must accompany any alternative report required by the Control Authority:

Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from _____, to _____, _____ [month, days, year]:

(a) The facility described as _____ [facility name] met the definition of a non-significant categorical Industrial User as described in §403.3(v)(2); (b) the facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and (c) the facility never discharged more than

100 gallons of total categorical wastewater on any given day during this reporting period. This compliance certification is based upon the following information:

(r) The Control Authority that chooses to receive electronic documents must satisfy the requirements of 40 CFR Part 3—(Electronic reporting).

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 31225, Aug. 3, 1984; 51 FR 20429, June 4, 1986; 53 FR 40613, Oct. 17, 1988; 55 FR 30131, July 24, 1990; 58 FR 18017, Apr. 7, 1993; 60 FR 33932, June 29, 1995; 62 FR 38414, July 17, 1997; 70 FR 59889, Oct. 13, 2005; 70 FR 60195, Oct. 14, 2005]

§ 403.13 Variances from categorical pretreatment standards for fundamentally different factors.

(a) *Definition.* The term *Requester* means an Industrial User or a POTW or other interested person seeking a variance from the limits specified in a categorical Pretreatment Standard.

(b) *Purpose and scope.* In establishing categorical Pretreatment Standards for existing sources, the EPA will take into account all the information it can collect, develop and solicit regarding the factors relevant to pretreatment standards under section 307(b). In some cases, information which may affect these Pretreatment Standards will not be available or, for other reasons, will not be considered during their development. As a result, it may be necessary on a case-by-case basis to adjust the limits in categorical Pretreatment Standards, making them either more or less stringent, as they apply to a certain Industrial User within an industrial category or subcategory. This will only be done if data specific to that Industrial User indicates it presents factors fundamentally different from those considered by EPA in developing the limit at issue. Any interested person believing that factors relating to an Industrial User are fundamentally different from the factors considered during development of a categorical Pretreatment Standard applicable to that User and further, that the existence of those factors justifies a different discharge limit than specified in the applicable categorical Pretreatment Standard, may request a fundamentally different factors variance under this section or such a variance request may be initiated by the EPA.

(c) *Criteria* —(1) *General criteria.* A request for a variance based upon fundamentally different factors shall be approved only if:

(i) There is an applicable categorical Pretreatment Standard which specifically controls the pollutant for which alternative limits have been requested; and

(ii) Factors relating to the discharge controlled by the categorical Pretreatment Standard are fundamentally different from the factors considered by EPA in establishing the Standards; and

(iii) The request for a variance is made in accordance with the procedural requirements in paragraphs (g) and (h) of this section.

(2) *Criteria applicable to less stringent limits.* A variance request for the establishment of limits less stringent than required by the Standard shall be approved only if:

(i) The alternative limit requested is no less stringent than justified by the fundamental difference;

(ii) The alternative limit will not result in a violation of prohibitive discharge standards prescribed by or established under §403.5;

(iii) The alternative limit will not result in a non-water quality environmental impact (including energy requirements) fundamentally more adverse than the impact considered during development of the Pretreatment Standards; and

(iv) Compliance with the Standards (either by using the technologies upon which the Standards are based or by using other control alternatives) would result in either:

(A) A removal cost (adjusted for inflation) wholly out of proportion to the removal cost considered during development of the Standards; or

(B) A non-water quality environmental impact (including energy requirements) fundamentally more adverse than the impact considered during development of the Standards.

(3) *Criteria applicable to more stringent limits.* A variance request for the establishment of limits more stringent than required by the Standards shall be approved only if:

(i) The alternative limit request is no more stringent than justified by the fundamental difference; and

(ii) Compliance with the alternative limit would not result in either:

(A) A removal cost (adjusted for inflation) wholly out of proportion to the removal cost considered during development of the Standards; or

(B) A non-water quality environmental impact (including energy requirements) fundamentally more adverse than the impact considered during development of the Standards.

(d) *Factors considered fundamentally different.* Factors which may be considered fundamentally different are:

(1) The nature or quality of pollutants contained in the raw waste load of the User's process wastewater:

(2) The volume of the User's process wastewater and effluent discharged;

(3) Non-water quality environmental impact of control and treatment of the User's raw waste load;

(4) Energy requirements of the application of control and treatment technology;

(5) Age, size, land availability, and configuration as they relate to the User's equipment or facilities; processes employed; process changes; and engineering aspects of the application of control technology;

(6) Cost of compliance with required control technology.

(e) *Factors which will not be considered fundamentally different.* A variance request or portion of such a request under this section may not be granted on any of the following grounds:

(1) The feasibility of installing the required waste treatment equipment within the time the Act allows;

(2) The assertion that the Standards cannot be achieved with the appropriate waste treatment facilities installed, if such assertion is not based on factors listed in paragraph (d) of this section;

(3) The User's ability to pay for the required waste treatment; or

(4) The impact of a Discharge on the quality of the POTW's receiving waters.

(f) *State or local law.* Nothing in this section shall be construed to impair the right of any state or locality under section 510 of the Act to impose more stringent limitations than required by Federal law.

(g) *Application deadline.* (1) Requests for a variance and supporting information must be submitted in writing to the Director or to the Administrator (or his delegate), as appropriate.

(2) In order to be considered, a request for a variance must be submitted no later than 180 days after the date on which a categorical Pretreatment Standard is published in the Federal Register.

(3) Where the User has requested a categorical determination pursuant to §403.6(a), the User may elect to await the results of the category determination before submitting a variance request under this section. Where the User so elects, he or she must submit the variance request within 30 days after a final decision has been made on the categorical determination pursuant to §403.6(a)(4).

(h) *Contents submission.* Written submissions for variance requests, whether made to the Administrator (or his delegate) or the Director, must include:

(1) The name and address of the person making the request;

(2) Identification of the interest of the Requester which is affected by the categorical Pretreatment Standard for which the variance is requested;

(3) Identification of the POTW currently receiving the waste from the Industrial User for which alternative discharge limits are requested;

(4) Identification of the categorical Pretreatment Standards which are applicable to the Industrial User;

(5) A list of each pollutant or pollutant parameter for which an alternative discharge limit is sought;

(6) The alternative discharge limits proposed by the Requester for each pollutant or pollutant parameter identified in paragraph (h)(5) of this section;

(7) A description of the Industrial User's existing water pollution control facilities;

(8) A schematic flow representation of the Industrial User's water system including water supply, process wastewater systems, and points of Discharge; and

(9) A Statement of facts clearly establishing why the variance request should be approved, including detailed support data, documentation, and evidence necessary to fully evaluate the merits of the request, e.g., technical and economic data collected by the EPA and used in developing each pollutant discharge limit in the Pretreatment Standard.

(i) *Deficient requests.* The Administrator (or his delegate) or the Director will only act on written requests for variances that contain all of the information required. Persons who have made incomplete submissions will be notified by the Administrator (or his delegate) or the Director that their requests are deficient and unless the time period is extended, will be given up to thirty days to remedy the deficiency. If the deficiency is not corrected within the time period allowed by the Administrator (or his delegate) or the Director, the request for a variance shall be denied.

(j) *Public notice.* Upon receipt of a complete request, the Administrator (or his delegate) or the Director will provide notice of receipt, opportunity to review the submission, and opportunity to comment.

(1) The public notice shall be circulated in a manner designed to inform interested and potentially interested persons of the request. Procedures for the circulation of public notice shall include mailing notices to:

(i) The POTW into which the Industrial User requesting the variance discharges;

(ii) Adjoining States whose waters may be affected; and

(iii) Designated 208 planning agencies, Federal and State fish, shellfish and wildlife resource agencies; and to any other person or group who has requested individual notice, including those on appropriate mailing lists.

(2) The public notice shall provide for a period not less than 30 days following the date of the public notice during which time interested persons may review the request and submit their written views on the request.

(3) Following the comment period, the Administrator (or his delegate) or the Director will make a determination on the request taking into consideration any comments received. Notice of this final decision shall be provided to the requester (and the Industrial User for which the variance is requested if different), the POTW into which the Industrial User discharges and all persons who submitted comments on the request.

(k) *Review of requests by state.* (1) Where the Director finds that fundamentally different factors do not exist, he may deny the request and notify the requester (and Industrial User where they are not the same) and the POTW of the denial.

(2) Where the Director finds that fundamentally different factors do exist, he shall forward the request, with a recommendation that the request be approved, to the Administrator (or his delegate).

(l) *Review of requests by EPA.* (1) Where the Administrator (or his delegate) finds that fundamentally different factors do not exist, he shall deny the request for a variance and send a copy of his determination to the Director, to the POTW, and to the requester (and to the Industrial User, where they are not the same).

(2) Where the Administrator (or his delegate) finds that fundamentally different factors do exist, and that a partial or full variance is justified, he will approve the variance. In approving the variance, the Administrator (or his delegate) will:

(i) Prepare recommended alternative discharge limits for the Industrial User either more or less stringent than those prescribed by the applicable categorical Pretreatment Standard to the extent warranted by the demonstrated fundamentally different factors;

(ii) Provide the following information in his written determination:

(A) The recommended alternative discharge limits for the Industrial User concerned;

(B) The rationale for the adjustment of the Pretreatment Standard (including the reasons for recommending that the variance be granted) and an explanation of how the recommended alternative discharge limits were derived;

(C) The supporting evidence submitted to the Administrator (or his delegate); and

(D) Other information considered by the Administrator (or his delegate) in developing the recommended alternative discharge limits;

(iii) Notify the Director and the POTW of his or her determination; and

(iv) Send the information described in paragraphs (i)(2) (i) and (ii) of this section to the Requestor (and to the Industrial User where they are not the same).

(m) *Request for hearing.* (1) Within 30 days following the date of receipt of the notice of the decision of the Administrator's delegate on a variance request, the requester or any other interested person may submit a petition to the Regional Administrator for a hearing to reconsider or contest the decision. If such a request is submitted by a person other than the Industrial User the person shall simultaneously serve a copy of the request on the Industrial User.

(2) If the Regional Administrator declines to hold a hearing and the Regional Administrator affirms the findings of the Administrator's delegate the requester may submit a petition for a hearing to the Environmental Appeals Board (which is described in §1.25 of this title) within 30 days of the Regional Administrator's decision.

[46 FR 9439, Jan. 28, 1981, as amended at 49 FR 5132, Feb. 10, 1984; 50 FR 38811, Sept. 25, 1985; 51 FR 16030, Apr. 30, 1986; 54 FR 258, Jan. 4, 1989; 57 FR 5347, Feb. 13, 1992; 58 FR 18017, Apr. 7, 1993; 60 FR 33932, June 29, 1995; 70 FR 60198, Oct. 14, 2005]

§ 403.14 Confidentiality.

(a) *EPA authorities.* In accordance with 40 CFR part 2, any information submitted to EPA pursuant to these regulations may be claimed as confidential by the submitter. Any such claim must be asserted at the time of submission in the manner prescribed on the application form or instructions, or, in the case of other submissions, by stamping the words "confidential business information" on each page containing such information. If no claim is made at the time of submission, EPA may make the information available to the public without further notice. If a claim is asserted, the information will be treated in accordance with the procedures in 40 CFR part 2 (Public Information).

(b) *Effluent data.* Information and data provided to the Control Authority pursuant to this part which is effluent data shall be available to the public without restriction.

(c) *State or POTW.* All other information which is submitted to the State or POTW shall be available to the public at least to the extent provided by 40 CFR 2.302.

§ 403.15 Net/Gross calculation.

(a) *Application.* Categorical Pretreatment Standards may be adjusted to reflect the presence of pollutants in the Industrial User's intake water in accordance with this section. Any Industrial User wishing to obtain credit for intake pollutants must make application to the Control Authority. Upon request of the Industrial User, the applicable Standard will be calculated on a "net" basis (*i.e.* , adjusted to reflect credit for pollutants in the intake water) if the requirements of paragraph (b) of this section are met.

(b) *Criteria.* (1) Either:

(i) The applicable categorical Pretreatment Standards contained in 40 CFR subchapter N specifically provide that they shall be applied on a net basis; or

(ii) The Industrial User demonstrates that the control system it proposes or uses to meet applicable categorical Pretreatment Standards would, if properly installed and operated, meet the Standards in the absence of pollutants in the intake waters.

(2) Credit for generic pollutants such as biochemical oxygen demand (BOD), total suspended solids (TSS), and oil and grease should not be granted unless the Industrial User demonstrates that the constituents of the generic measure in the User's effluent are substantially similar to the constituents of the generic measure in the intake water or unless appropriate additional limits are placed on process water pollutants either at the outfall or elsewhere.

(3) Credit shall be granted only to the extent necessary to meet the applicable categorical Pretreatment Standard(s), up to a maximum value equal to the influent value. Additional monitoring may be necessary to determine eligibility for credits and compliance with Standard(s) adjusted under this section.

(4) Credit shall be granted only if the User demonstrates that the intake water is drawn from the same body of water as that into which the POTW discharges. The Control Authority may waive this requirement if it finds that no environmental degradation will result.

[70 FR 60198, Oct. 14, 2005]

§ 403.16 Upset provision.

(a) *Definition.* For the purposes of this section, *Upset* means an exceptional incident in which there is unintentional and temporary noncompliance with categorical Pretreatment Standards because of factors beyond the reasonable control of the Industrial User. An Upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

(b) *Effect of an upset.* An Upset shall constitute an affirmative defense to an action brought for noncompliance with categorical Pretreatment Standards if the requirements of paragraph (c) are met.

(c) *Conditions necessary for a demonstration of upset.* An Industrial User who wishes to establish the affirmative defense of Upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An Upset occurred and the Industrial User can identify the cause(s) of the Upset;

(2) The facility was at the time being operated in a prudent and workman-like manner and in compliance with applicable operation and maintenance procedures;

(3) The Industrial User has submitted the following information to the POTW and Control Authority within 24 hours of becoming aware of the Upset (if this information is provided orally, a written submission must be provided within five days):

(i) A description of the Indirect Discharge and cause of noncompliance;

(ii) The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue;

(iii) Steps being taken and/or planned to reduce, eliminate and prevent recurrence of the noncompliance.

(d) *Burden of proof.* In any enforcement proceeding the Industrial User seeking to establish the occurrence of an Upset shall have the burden of proof.

(e) *Reviewability of agency consideration of claims of upset.* In the usual exercise of prosecutorial discretion, Agency enforcement personnel should review any claims that non-compliance was caused by an Upset. No determinations made in the course of the review constitute final Agency action subject to judicial review. Industrial Users will have the opportunity for a judicial determination on any claim of Upset only in an enforcement action brought for noncompliance with categorical Pretreatment Standards.

(f) *User responsibility in case of upset.* The Industrial User shall control production or all Discharges to the extent necessary to maintain compliance with categorical Pretreatment Standards upon reduction, loss, or failure of its treatment facility until the facility is restored or an alternative method of treatment is provided. This requirement

applies in the situation where, among other things, the primary source of power of the treatment facility is reduced, lost or fails.

[46 FR 9439, Jan. 28, 1981, as amended at 53 FR 40615, Oct. 17, 1988]

§ 403.17 Bypass.

(a) *Definitions.* (1) *Bypass* means the intentional diversion of wastestreams from any portion of an Industrial User's treatment facility.

(2) *Severe property damage* means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

(b) *Bypass not violating applicable Pretreatment Standards or Requirements.* An Industrial User may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (c) and (d) of this section.

(c) *Notice.* (1) If an Industrial User knows in advance of the need for a bypass, it shall submit prior notice to the Control Authority, if possible at least ten days before the date of the bypass.

(2) An Industrial User shall submit oral notice of an unanticipated bypass that exceeds applicable Pretreatment Standards to the Control Authority within 24 hours from the time the Industrial User becomes aware of the bypass. A written submission shall also be provided within 5 days of the time the Industrial User becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. The Control Authority may waive the written report on a case-by-case basis if the oral report has been received within 24 hours.

(d) *Prohibition of bypass.* (1) Bypass is prohibited, and the Control Authority may take enforcement action against an Industrial User for a bypass, unless;

(i) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(ii) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and

(iii) The Industrial User submitted notices as required under paragraph (c) of this section.

(2) The Control Authority may approve an anticipated bypass, after considering its adverse effects, if the Control Authority determines that it will meet the three conditions listed in paragraph (d)(1) of this section.

[53 FR 40615, Oct. 17, 1988, as amended at 58 FR 18017, Apr. 7, 1993]

§ 403.18 Modification of POTW pretreatment programs.

(a) *General.* Either the Approval Authority or a POTW with an approved POTW Pretreatment Program may initiate program modification at any time to reflect changing conditions at the POTW. Program modification is necessary whenever there is a significant change in the operation of a POTW Pretreatment Program that differs from the information in the POTW's submission, as approved under §403.11.

(b) *Substantial modifications defined.* Substantial modifications include:

(1) Modifications that relax POTW legal authorities (as described in §403.8(f)(1)), except for modifications that directly reflect a revision to this Part 403 or to 40 CFR chapter I, subchapter N, and are reported pursuant to paragraph (d) of this section;

(2) Modifications that relax local limits, except for the modifications to local limits for pH and reallocations of the Maximum Allowable Industrial Loading of a pollutant that do not increase the total industrial loadings for the pollutant, which are reported pursuant to paragraph (d) of this section. Maximum Allowable Industrial Loading means the total mass of a pollutant that all Industrial Users of a POTW (or a subgroup of Industrial Users identified by the POTW) may discharge pursuant to limits developed under §403.5(c);

(3) Changes to the POTW's control mechanism, as described in §403.8(f)(1)(iii);

(4) A decrease in the frequency of self-monitoring or reporting required of industrial users;

(5) A decrease in the frequency of industrial user inspections or sampling by the POTW;

(6) Changes to the POTW's confidentiality procedures; and

(7) Other modifications designated as substantial modifications by the Approval Authority on the basis that the modification could have a significant impact on the operation of the POTW's Pretreatment Program; could result in an increase in pollutant loadings at the POTW; or could result in less stringent requirements being imposed on Industrial Users of the POTW.

(c) *Approval procedures for substantial modifications.* (1) The POTW shall submit to the Approval Authority a statement of the basis for the desired program modification, a modified program description (see §403.9(b)), or such other documents the Approval Authority determines to be necessary under the circumstances.

(2) The Approval Authority shall approve or disapprove the modification based on the requirements of §403.8(f) and using the procedures in §403.11(b) through (f), except as provided in paragraphs (c) (3) and (4) of this section. The modification shall become effective upon approval by the Approval Authority.

(3) The Approval Authority need not publish a notice of decision under §403.11(e) provided: The notice of request for approval under §403.11(b)(1) states that the request will be approved if no comments are received by a date specified in the notice; no substantive comments are received; and the request is approved without change.

(4) Notices required by §403.11 may be performed by the POTW provided that the Approval Authority finds that the POTW notice otherwise satisfies the requirements of §403.11.

(d) *Approval procedures for non-substantial modifications.* (1) The POTW shall notify the Approval Authority of any non-substantial modification at least 45 days prior to implementation by the POTW, in a statement similar to that provided for in paragraph (c)(1) of this section.

(2) Within 45 days after the submission of the POTW's statement, the Approval Authority shall notify the POTW of its decision to approve or disapprove the non-substantial modification.

(3) If the Approval Authority does not notify the POTW within 45 days of its decision to approve or deny the modification, or to treat the modification as substantial under paragraph (b)(7) of this section, the POTW may implement the modification.

(e) *Incorporation in permit.* All modifications shall be incorporated into the POTW's NPDES permit upon approval. The permit will be modified to incorporate the approved modification in accordance with 40 CFR 122.63(g).

[62 FR 38414, July 17, 1997]

[§ 403.19 Provisions of specific applicability to the Owatonna Waste Water Treatment Facility.](#)

(a) For the purposes of this section, the term "Participating Industrial Users" includes the following Industrial Users in the City of Owatonna, Minnesota: Crown Cork and Seal Company, Inc.; Cybex International Inc.; Josten's Inc.—Southtown Facility; SPx Corporation, Service Solutions Division; Truth Hardware Corporation; and Uber Tanning Company.

(b) For a Participating Industrial User discharging to the Owatonna Waste Water Treatment Facility in Owatonna, Minnesota, when a categorical Pretreatment Standard is expressed in terms of pollutant concentration the City of Owatonna may convert the limit to a mass limit by multiplying the five-year, long-term average process flows of the Participating Industrial User (or a shorter period if production has significantly increased or decreased during the five year period) by the concentration-based categorical Pretreatment Standard. Participating Industrial Users must notify the City in the event production rates are expected to vary by more than 20 percent from a baseline production rate

determined by Owatonna when it establishes a Participating Industrial User's initial mass limit. To remain eligible to receive equivalent mass limits the Participating Industrial User must maintain at least the same level of treatment as at the time the equivalent mass limit is established. Upon notification of a revised production rate from a Participating Industrial User, the City will reassess the appropriateness of the mass limit. Owatonna shall reestablish the concentration-based limit if a Participating Industrial User does not maintain at least the same level of treatment as when the equivalent mass limit was established.

(c) If a categorical Participating Industrial User of the Owatonna Waste Water Treatment Facility has demonstrated through sampling and other technical factors, including a comparison of three years of effluent data with background data, that pollutants regulated through categorical Pretreatment Standards, other than 40 CFR part 414, are not expected to be present in quantities greater than the background influent concentration to the industrial process, the City of Owatonna may reduce the sampling frequency specified in §403.8(f)(2)(v) to once during the term of the categorical Participating Industrial User's permit.

(d) If a Participating Industrial User is discharging to the Owatonna Waste Water Treatment Facility in Owatonna, Minnesota and is subject to a categorical Pretreatment Standard other than one codified at 40 CFR part 414, the City of Owatonna may authorize the Participating Industrial User to forego sampling of a pollutant if the Participating Industrial User has demonstrated through sampling and other technical factors, including a comparison of three years of effluent data with background data, that the pollutant is not expected to be present in quantities greater than the background influent concentration to the industrial process, and the Participating Industrial User certifies on each report, with the following statement, that there has been no increase in the pollutant in its wastestream due to activities of the Participating Industrial User. The following statement is to be included as a comment to the periodic reports required by §403.12(e):

“Based on my inquiry of the person or persons directly responsible for managing compliance with the pretreatment standard for 40 CFR ___, I certify that, to the best of my knowledge and belief, the raw materials, industrial processes, and potential by-products have not contributed this pollutant to the wastewaters since filing of the last periodic report under 40 CFR 403.12(e).”

(e) If the average daily loading from the Participating Industrial Users to the Owatonna Waste Water Treatment Facility is equal to or less than 0.68 pounds per day of chromium, 0.25 pounds per day of copper, 1.17 pounds per day of nickel, and 1.01 pounds per day of zinc, Owatonna may authorize a categorical Participating Industrial User to satisfy the reporting requirements of §403.12(e) with an annual report provided on a date specified by Owatonna, provided that the Participating Industrial User has no reasonable potential to violate a Pretreatment Standard for any pollutant for which reduced monitoring is being allowed, and has not been in Significant Noncompliance within the previous three years.

(f) The Owatonna Waste Water Treatment Facility in Owatonna, Minnesota shall post public notice of all Significant Noncompliance subject to the publication requirement in §403.8(f)(2)(vii) at the Minnesota Pollution Control Agency website for a period of one year, as soon as practicable upon identifying the violations. In addition, the Owatonna Waste Water Treatment Facility shall post an explanation of how Significant Noncompliance is determined, and a contact name and phone number for information regarding other, non-Significant Noncompliance violations. If a violation is not corrected within thirty (30) calendar days or results in pass through or interference at the Owatonna Waste Water Treatment Facility, publication must also be made in the format specified in §403.8(f)(2)(vii).

(g) The provisions of this section shall expire on October 6, 2005.

[65 FR 59747, Oct. 6, 2000]

[§ 403.20 Pretreatment Program Reinvention Pilot Projects Under Project XL.](#)

The Approval Authority may allow any publicly owned treatment works (POTW) that has a final “Project XL” agreement to implement a Pretreatment Program that includes legal authorities and requirements that are different than the administrative requirements otherwise applicable under this part. The POTW must submit any such alternative requirements as a substantial program modification in accordance with the procedures outlined in §403.18. The approved modified program must be incorporated as an enforceable part of the POTW's NPDES permit. The Approval Authority must include a reopener clause in the POTW's NPDES permit that directs the POTW to discontinue implementing the approved alternative requirements and resume implementation of its previously approved pretreatment program if the Approval Authority determines that the primary objectives of the Local Pilot Pretreatment Program are not being met or the “Project XL” agreement expires or is otherwise terminated.

[66 FR 50339, Oct. 3, 2001]

[Appendixes A–C to Part 403 \[Reserved\]](#)

[Appendix D to Part 403—Selected Industrial Subcategories Considered Dilute for Purposes of the Combined Wastestream Formula](#)

The following industrial subcategories are considered to have dilute wastestreams for purposes of the combined wastestream formula. They either were or could have been excluded from categorical pretreatment standards pursuant to paragraph 8 of the Natural Resources Defense Council, Inc., et al. v. Costle Consent Decree for one or more of the following four reasons: (1) The pollutants of concern are not detectable in the effluent from the industrial user (paragraph 8(a)(iii)); (2) the pollutants of concern are present only in trace amounts and are neither causing nor likely to cause toxic effects (paragraph 8(a)(iii)); (3) the pollutants of concern are present in amounts too small to be effectively reduced by technologies known to the Administrator (paragraph 8(a)(iii)); or (4) the wastestream contains only pollutants which are compatible with the POTW (paragraph 8(b)(i)). In some instances, different rationales were given for exclusion under paragraph 8. However, EPA has reviewed these subcategories and has determined that exclusion could have occurred due to one of the four reasons listed above.

This list is complete as of October 9, 1986. It will be updated periodically for the convenience of the reader.

Auto and Other Laundries (40 CFR part 444)

Carpet and Upholstery Cleaning

Coin-Operated Laundries and Dry Cleaning

Diaper Services

Dry Cleaning Plants except Rug Cleaning

Industrial Laundries

Laundry and Garment Services, Not Elsewhere Classified

Linen Supply

Power Laundries, Family and Commercial

*Electrical and Electronic Components*¹ (40 CFR part 469)

¹ The Paragraph 8 exemption for the manufacture of products in the Electrical and Electronic Components Category is for operations not covered by Electroplating/Metal Finishing pretreatment regulations (40 CFR parts 413/433).

Capacitors (Fluid Fill)

Carbon and Graphite Products

Dry Transformers

Ferrite Electronic Devices

Fixed Capacitors

Fluorescent Lamps

Fuel Cells

Incandescent Lamps

Magnetic Coatings

Mica Paper Dielectric

Motors, Generators, Alternators

Receiving and Transmitting Tubes

Resistance Heaters

Resistors

Switchgear

Transformer (Fluid Fill)

Metal Molding and Casting (40 CFR part 464)

Nickel Casting

Tin Casting

Titanium Casting

Gum and Wood Chemicals (40 CFR part 454)

Char and Charcoal Briquets

Inorganic Chemicals Manufacturing (40 CFR part 415)

Ammonium Chloride

Ammonium Hydroxide

Barium Carbonate

Calcium Carbonate

Carbon Dioxide

Carbon Monoxide and Byproduct Hydrogen

Hydrochloric Acid

Hydrogen Peroxide (Organic Process)

Nitric Acid

Oxygen and Nitrogen

Potassium Iodide

Sodium Chloride (Brine Mining Process)

Sodium Hydrosulfide

Sodium Hydrosulfite

Sodium Metal

Sodium Silicate

Sodium Thiosulfate

Sulfur Dioxide

Sulfuric Acid

Leather (40 CFR part 425)

Gloves

Luggage

Paving and Roofing (40 CFR part 443)

Asphalt Concrete

Asphalt Emulsion

Linoleum

Printed Asphalt Felt

Roofing

Pulp, Paper, and Paperboard, and Builders' Paper and Board Mills (40 CFR parts 430 and 431)

Groundwood-Chemi-Mechanical

Rubber Manufacturing (40 CFR part 428)

Tire and Inner Tube Plants

Emulsion Crumb Rubber

Solution Crumb Rubber

Latex Rubber

Small-sized General Molded, Extruded and Fabricated Rubber Plants,²

² Footnote: Except for production attributed to lead-sheathed hose manufacturing operations.

Medium-sized General Molded, Extruded and Fabricated Rubber Plants²

Large-sized General Molded, Extruded and Fabricated Rubber Plants²

Wet Digestion Reclaimed Rubber

Pan, Dry Digestion, and Mechanical Reclaimed Rubber

Latex Dipped, Latex-Extruded, and Latex-Molded Rubber³

³ Footnote: Except for production attributed to chromic acid form-cleaning operations.

Latex Foam⁴

⁴ Footnote: Except for production that generates zinc as a pollutant in discharge.

Soap and Detergent Manufacturing (40 CFR part 417)

Soap Manufacture by Batch Kettle

Fatty Acid Manufacture by Fat Splitting

Soap Manufacture by Fatty Acid

Neutralization

Glycerine Concentration

Glycerine Distillation

Manufacture of Soap Flakes and Powders

Manufacture of Bar Soaps

Manufacture of Liquid Soaps

Manufacture of Spray Dried Detergents

Manufacture of Liquid Detergents

Manufacture of Dry Blended Detergents

Manufacture of Drum Dried Detergents

Manufacture of Detergent Bars and Cakes

Textile Mills (40 CFR part 410)

Apparel manufacturing

Cordage and Twine

Padding and Upholstery Filling

Timber Products Processing (40 CFR part 429)

Barking Process

Finishing Processes

Hardboard—Dry Process

[51 FR 36372, Oct. 9, 1986]

[Appendix E to Part 403—Sampling Procedures](#)

I. Composite Method

A. It is recommended that influent and effluent operational data be obtained through 24-hour flow proportional composite samples. Sampling may be done manually or automatically, and discretely or continuously. If discrete sampling is employed, at least 12 aliquots should be composited. Discrete sampling may be flow proportioned either by varying the time interval between each aliquot or the volume of each aliquot. All composites should be flow proportional to either the stream flow at the time of collection of the influent aliquot or to the total influent flow since the previous influent aliquot. Volatile pollutant aliquots must be combined in the laboratory immediately before analysis.

B. Effluent sample collection need not be delayed to compensate for hydraulic detention unless the POTW elects to include detention time compensation or unless the Approval Authority requires detention time compensation. The Approval Authority may require that each effluent sample is taken approximately one detention time later than the corresponding influent sample when failure to do so would result in an unrepresentative portrayal of actual POTW operation. The detention period should be based on a 24-hour average daily flow value. The average daily flow should in turn be based on the average of the daily flows during the same month of the previous year.

II. Grab Method

If composite sampling is not an appropriate technique, grab samples should be taken to obtain influent and effluent operational data. A grab sample is an individual sample collected over a period of time not exceeding 15 minutes. The collection of influent grab samples should precede the collection of effluent samples by approximately one detention period except that where the detention period is greater than 24 hours such staggering of the sample collection may not be necessary or appropriate. The detention period should be based on a 24-hour average daily flow value. The average daily flow should in turn be based upon the average of the daily flows during the same month of the previous year. Grab sampling should be employed where the pollutants being evaluated are those, such as

cyanide and phenol, which may not be held for an extended period because of biological, chemical or physical interaction which take place after sample collection and affect the results.

[49 FR 31225, Aug. 3, 1984]

[Appendix F to Part 403 \[Reserved\]](#)

[Appendix G to Part 403—Pollutants Eligible for a Removal Credit](#)

I. Regulated Pollutants in Part 503 Eligible for a Removal Credit

Pollutants	Use or disposal practice		
	LA	SD	I
Arsenic	X	X	X
Beryllium			X
Cadmium	X		X
Chromium		X	X
Copper	X		
Lead	X		X
Mercury	X		X
Molybdenum	X		
Nickel	X	X	X
Selenium	X		
Zinc	X		
Total hydrocarbons			X ¹

Key:

LA—land application.

SD—surface disposal site without a liner and leachate collection system.

I—firing of sewage sludge in a sewage sludge incinerator.

¹The following organic pollutants are eligible for a removal credit if the requirements for total hydrocarbons (or carbon monoxide) in subpart E in 40 CFR Part 503 are met when sewage sludge is fired in a sewage sludge incinerator:

Acrylonitrile, Idrin/Dieldrin(total), Benzene, Benzidine, Benzo(a)pyrene, Bis(2-chloroethyl)ether, Bis(2-ethylhexyl)phthalate, Bromodichloromethane, Bromoethane, Bromoform, Carbon tetrachloride, Chlordane, Chloroform, Chloromethane, DDD, DDE, DDT, Dibromochloromethane, Dibutyl phthalate, 1,2-dichloroethane, 1,1-dichloroethylene, 2,4-dichlorophenol, 1,3-dichloropropene, Diethyl phthalate, 2,4-dinitrophenol, 1,2-diphenylhydrazine, Din-butyl phthalate, Endosulfan, Endrin, Ethylbenzene, Heptachlor, Heptachlor epoxide, Hexachlorobutadiene, Alphahexachlorocyclohexane, Beta-hexachlorocyclohexane, Hexachlorocyclopentadiene, Hexachloroethane, Hydrogen cyanide, Isophorone, Lindane, Methylene chloride, Nitrobenzene, N-Nitrosodimethylamine, N-Nitrosodi-n-propylamine, Pentachlorophenol, Phenol, Polychlorinated biphenyls, 2,3,7,8-tetrachlorodibenzo-p-dioxin, 1,1,2,2,-tetrachloroethane, Tetrachloroethylene, Toluene, Toxaphene, Trichloroethylene, 1,2,4-Trichlorobenzene, 1,1,1-Trichloroethane, 1,1,2-Trichloroethane, and 2,4,6-Trichlorophenol.

II. Additional Pollutants Eligible for a Removal Credit

[Milligrams per kilogram—dry weight basis]

Pollutant	Use or disposal practice			
	LA	Surface disposal		I
		Unlined ¹	Lined ²	
Arsenic			³ 100	
Aldrin/Dieldrin (Total)	2.7			
Benzene	³ 16	140	3400	
Benzo(a)pyrene	15	³ 100	³ 100	
Bis(2-ethylhexyl)phthalate		³ 100	³ 100	
Cadmium		³ 100	³ 100	
Chlordane	86	³ 100	³ 100	
Chromium (total)	³ 100		³ 100	
Copper		³ 46	100	1400
DDD, DDE, DDT (Total)	1.2	2000	2000	
2,4 Dichlorophenoxy-acetic acid		7	7	
Fluoride	730			
Heptachlor	7.4			
Hexachlorobenzene	29			
Hexachlorobutadiene	600			
Iron	³ 78			
Lead		³ 100	³ 100	
Lindane	84	³ 28	³ 28	
Malathion		0.63	0.63	
Mercury		³ 100	³ 100	
Molybdenum		40	40	
Nickel			³ 100	
N-Nitrosodimethylamine	2.1	0.088	0.088	

Pentachlorophenol	30			
Phenol		82	82	
Polychlorinated biphenyls	4.6	<50	<50	
Selenium		4.8	4.8	4.8
Toxaphene	10	³ 26	³ 26	
Trichloroethylene	³ 10	9500	³ 10	
Zinc		4500	4500	4500

¹Active sewage sludge unit without a liner and leachate collection system.

²Active sewage sludge unit with a liner and leachate collection system.

³Value expressed in grams per kilogram—dry weight basis.

Key: LA—land application.

I—incineration.

[60 FR 54768, Oct. 25, 1995, as amended at 65 FR 42567, Aug. 4, 1999; 70 FR 60198, Oct. 14, 2005]



Item: Resolution 9803 for Conditional Use Permit to allow a Contractor Yard, Type I on Lot 3, Block 754, Great Falls Tenth Addition (1308 6th Avenue South)

From: Charles Sheets, Planner 1

Initiated By: Norris' Wall Covering & Painting, L.L.C., Kirk Norris (Owner)

Presented By: Benjamin Rangel, Planning Director

Action Requested: City Commission set public hearing for Resolution 9803.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission set a public hearing for January 6, 2009, to consider adoption of Resolution 9803.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Zoning Commission Recommendation: At the conclusion of a public hearing held November 25, 2008, the Zoning Commission passed a motion recommending the City Commission grant a conditional use permit to allow Lot 3, Block 754, Great Falls Tenth Addition, addressed as 1308 6th Avenue South, to serve as a contractor yard, type I.

Background: Norris' Wall Covering & Painting intends to buy subject Lot 3 and accompanying shop building, addressed as 1308 6th Ave S, from Viann D. Stimac. The owner and purchaser have applied for a conditional use permit to allow a contractor yard, type I. (See attached application.)

For additional information, please refer to the attached Vicinity/Zoning Map

Subject property is surrounded on three sides by single-family residences and a duplex on the fourth side. Subject property is zoned R-3 Single-family high density district wherein a contractor yard, type I is not permitted. However, the property has a legal nonconforming designation upon it from the previous land use of vehicle repair (First Class Autobody). The change of the current nonconforming use to another nonconforming use could not be approved administratively, as all three criteria cited in Code for such a procedure, could not be met. However, Code provides that a legal nonconforming use may be changed to another nonconforming use upon processing and approval of a conditional use permit.

The definition in the Unified Land Development Code for contactor yard, type I is “a place and/or building, or portion thereof, that is used or is intended to be used by a contractor/builder with one or more of the following: construction material storage, machinery storage or repair, including trucks and heavy equipment, shops, and office space.”

The attached site plan shows the size and configuration of subject property together with the location of the primary structure and parking upon the property. The existing 36 foot x 75 foot structure was constructed in 1979 to accommodate the exchange of parts, storage and restoration of antique vehicles. When this structure was built the property was zoned “C” Area, “LB” Use which did allow vehicle repair.

The applicant has stated that his contracting business has 5 employees, including himself. He would remodel an office area within the existing structure and use the remaining portion of the building for vehicle and material storage. Employees drive the company vehicles to and from work sites throughout the area. One employee would work at the office most days. The subject property has a fenced storage area along the west side of the building in which the applicant intends to store scaffolding and trailers.

Attached is a letter circulated by Norris’ Wall Covering & Painting, dated October 27, 2008, and signed by the contacted neighbors.

Attached is a Memorandum from the City Planning Department, Transportation Section, dated September 3, 2008, stating the proposed use would not generate more traffic than the previous nonconforming use.

Neighborhood Council No. 9 discussed the subject conditional use permit on November 13, 2008. The Council Chairman, Gareth Schoenthal, provide the attached memo.

The procedure for processing a conditional use is identical to that for a City zone change. Following a public hearing and recommendation by the Planning Board, the City Commission shall conduct a public hearing and arrive at a final decision regarding the conditional use application. The City Commission may, through a written agreement with the applicant, establish such conditions and restrictions upon the construction, maintenance and operation of the conditional use as is deemed necessary for the protection of the public interest and to secure compliance with standards and requirements.

The City Zoning Code lists the seven following criteria to be applied to a request for a conditional use for evaluation purposes.

1. The conditional use is consistent with City’s growth policy and applicable
2. That the establishment, maintenance or operation of the conditional use will not be detrimental to, or endanger the health, safety, morals, comfort or general welfare.
3. The conditional use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted, nor substantially diminishes and impairs property values within the neighborhood.
4. The conditional use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district.

5. Adequate utilities, access roads, drainage and/or necessary facilities have been or are being provided.
6. Adequate measures have been or will be taken to provide ingress and egress so designed as to minimize traffic congestion in the public streets.
7. The conditional use shall, in all other respects, conform to the applicable regulations of the district in which it is located, except as such regulations may, in each instance, be modified by the City Commission.

A goal in the land use element of the Growth Policy is “to preserve and enhance the character, quality, and livability of existing neighborhoods”. The Growth Policy states proposed land use changes should be evaluated according to the type of neighborhood affected, which in this case, is established and stable. Land use changes should be compatible with the type, scale, and physical character of the neighborhood.

Staff concludes no significant negative aspects, associated with the seven above mentioned criteria, should result from the approval of the conditional use permit, provided the property otherwise stays in compliance with City Code.

During the public hearing Mr. Jose Martinez, 1317 7th Avenue South, stated that the traffic in the alley has been a problem. If the contractor yard, type I, continues to generate this amount of traffic, he was against the conditional use. A representative of the applicant stated that the business is performed at clients premises and the clients do not come to the shop. Therefore, traffic is limited to employees.

Concurrences: The Community Development Department has been involved throughout the review and approval process for this project.

Fiscal Impact: Granting the conditional use permit will not result in any changes to providing City services to the area.

Alternatives: The City Commission could decide not to set the public hearing on Resolution 9803. However, such action would deny the applicant due process and consideration of a public hearing, as provided for in City Code and State Statute.

Attachments/Exhibits:

1. Resolution 9803
2. Vicinity/Zoning Map
3. Development Review Application for Conditional Use Permit
4. Site Plan provided by applicant
5. Letter circulated by Norris’ Wall Covering & Painting, dated October 27, 2008
6. Memo from City Transportation Section, dated September 3, 2008
7. Memo/Fax from Neighborhood Council #9, dated November 13, 2008
8. Memo from City Parking Supervisor, dated November 17, 2008

Cc: Mike Rattray, Community Development Director
Kim McCleary, City Parking Supervisor
Viann D. Stimac, 757 33A Ave NE, Great Falls, MT 59404
Norris’ Wall Covering & Painting, P.O. Box 2749, Great Falls, MT 59403

RESOLUTION 9803

A RESOLUTION APPROVING A CONDITIONAL USE PERMIT
TO ALLOW LOT 3, BLOCK 754, TENTH ADDITION TO GREAT FALLS,
ADDRESSED AS 1308 6TH AVENUE SOUTH,
TO SERVE AS A CONTRACTOR YARD, TYPE I

* * * * *

WHEREAS, Viann D. Stimac presently owns Lot 3, Block 754, Tenth Addition to Great Falls, addressed as 1308 6th Avenue South; and

WHEREAS, Norris' Wall Covering & Painting, L.L.C. is purchasing said Lot 3 from the present owner; and

WHEREAS, said Lot 3 is occupied by an approximate 3312 square foot shop structure wherein an auto body repair shop previously operated; and

WHEREAS, purchaser desires to use said shop structure to accommodate a wall covering and painting business, categorized as a contractor yard, type I; and

WHEREAS, said Lot 3 is presently zoned as R-3 Single-family high density district and was previously occupied by an auto body repair shop determined to be a legal nonconforming use; and,

WHEREAS, City Code provides that a legal nonconforming use may be changed to another nonconforming use upon processing and approval of a conditional use permit application; and

WHEREAS, Owner and purchaser have applied for a conditional use permit to allow Lot 3, Block 754, Tenth Addition to Great Falls, addressed as 1308 6th Avenue South to serve as a contractor yard, type I, thereby allowing the purchaser to operate his wall covering and painting business from the premises; and

WHEREAS, the Great Falls Zoning Commission conducted a public hearing on November 25, 2008, to consider said conditional use permit application and at the conclusion of said hearing, passed a motion recommending a conditional use permit be granted to allow Lot 3, Block 754, Tenth Addition to Great Falls, addressed as 1308 6th Avenue South, to serve as a contractor yard, type I.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:

That a conditional use permit to allow Lot 3, Block 754, Tenth Addition to Great Falls, addressed as 1308 6th Avenue South to serve as a contractor yard, type I is hereby approved; and,

BE IT FURTHER RESOLVED BY SAID CITY COMMISSION that this Resolution shall become effective immediately upon its passage and approval.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana, on this 6th day of January, 2009.

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(SEAL OF CITY)

Approved for legal content:

David V. Gliko, City Attorney

State of Montana)
County of Cascade :ss
City of Great Falls)

I, Lisa Kunz, City Clerk of the City of Great Falls, Montana, do hereby certify that the foregoing Resolution 9803 was placed on its final passage by the Commission of the City of Great Falls, Montana, at a meeting thereof held on the 6th day of January, 2009, wherein it was approved by said Commission.


IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City this 6th day of January, 2009.






Lisa Kunz, City Clerk

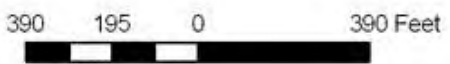
(SEAL OF CITY)

VICINITY/ZONING MAP

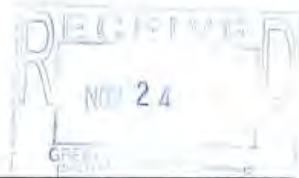


 LOT 3, BLOCK 754, GREAT FALLS TENTH ADDITION REQUESTING A CONDITIONAL USE PERMIT BE GRANTED TO ALLOW A LAND USE OF A CONTRACTOR YARD, TYPE 1

-  R-3 Single-family high density
-  C-2 General commercial
-  POS Parks and Open Space
-  R-5 Multi-family medium density
-  PLI Public Lands and Institutional



P. O. Box 5021, 59403-5021



Planning Department

DEVELOPMENT REVIEW APPLICATION

Name of Project/Development: Norris Wallcovering & Painting

Owner(s): Kirk, Jack, Brad, Norris

Mailing Address: P.O. Box 2749

Phone: 406-452-2174 E-mail: peggy@norris-wallcovering.com FAX: 406-452-2182

Agent(s): Tracy Martello

Mailing Address: 920 Central Ave

Phone: 406-799-9474 E-mail: tracymartello@busman.net FAX: 406-741-5812

Legal Description: Great Falls 10th Lot 3 block 754

Section: _____ Township: _____ Range: _____

Street Address: 1308 10th Ave S.

Zoning: Current: R3 Proposed: _____

Land Use: Current: autobody Proposed: contractor

Covenants or Deed Restriction on Property: Yes _____ No X
If yes, please attach to application

Application Type (please check all that apply):

- Subdivision Preliminary Plat
- Subdivision Minor Plat
- Subdivision Mobile Home/RV Park
- Subdivision Final Plat
- Annexation
- Zoning Map Amendment
- Conditional Use Permit
- Establishment of Zoning with Annexation

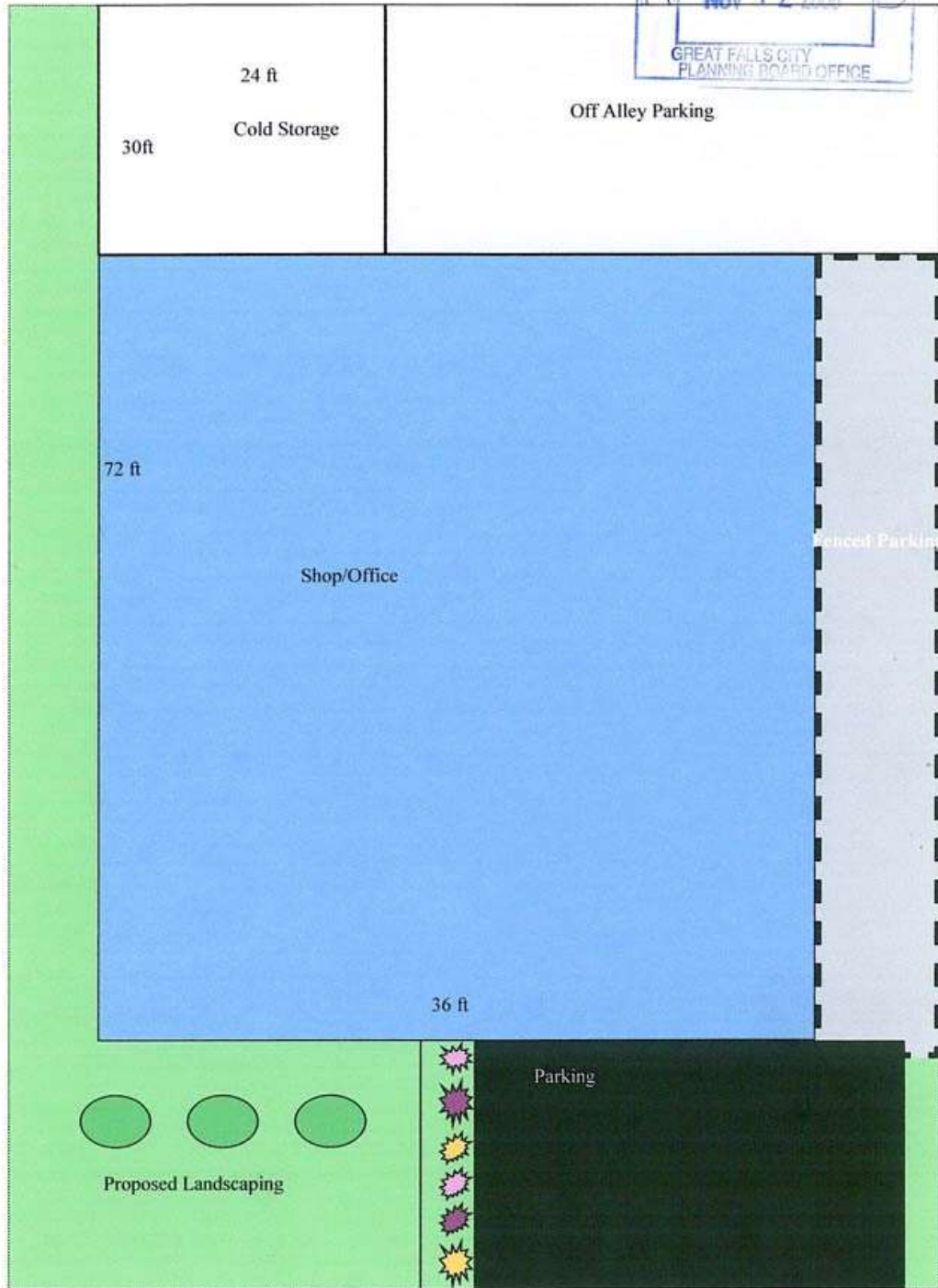
I (We) the undersigned understand that the filing fee accompanying this application is not refundable. I (We) further understand that the fee pays for the cost of processing, and the fee does not constitute a payment for approval of the application.

I (We) also attest that the above information is true and correct to the best of my (our) knowledge.

Property Owner's Signature: Marian D. Stinac Date: 11/24/08

Property Owner's Signature: B. P. H. Date: 11/24/08

Alley



Lot
150 ft

Lot 50 ft

Norris' Wall Covering & Painting, LLC



P.O. Box 2749 • Great Falls, MT 59403 • Phone (406) 452-2174 • Fax (406) 452-2182

October 27, 2008

In regards to: Conditional Zoning Change 1308 6th Avenue South

Dear Neighbor,

For the past 30 years the property of 1308 6th Avenue South has been zoned for Auto Body Repair. We are seeking to have the conditional zoning variance transferred to accommodate a paper hanging and paint shop.

The site will be used as office space for one part time bookkeeper, dry storage for materials and equipment and work on race cars which is a hobby of the owners. Hours of operation may vary but 8am to 6pm will be the general business hours. Three company vehicles, 2 vans and a club cab truck are used for business and personal use and will generally not be parked on site overnight. Typically, two trailers will be parked in the fenced area west of the building. Customers are not met on premise. The majority of business is conducted out of the shop on job sites. Most waste is disposed of on job location and we will not require additional waste provisions at the shop. Three owners and three additional full/part time employees are currently employed.

Norris Wall Covering and Painting, has been in business for over 75 years. It is a full service painting contractor serving all Montana and the Northwest. We specialize in hotels (new construction and remodel) commercial and residential properties. We recently finished a remodel project on the Town House Inn on 10th Avenue and the new Hilton Garden Inn at the Market Place.

We will maintain the yard and do additional landscaping: you will see pride of ownership, at the location!

Thank you for your time, we hope for your support on the zoning variance from Auto Body Repair to Wall Covering and Painting Shop.

Respectfully,

Kirk, Jack, and Brad Norris

Norris Wall Covering & Painting

George L. Holm
1323-6th Ave So.
Gr. Falls MT

1314 6th AVE South
Nathan A Ogden
DANIEL RANIERI
1316 6th AVE. SO.
James Livingston
1322 6th Ave SO

Norris' Wall Covering & Painting, LLC



P.O. Box 2749 • Great Falls, MT 59403 • Phone (406) 452-2174 • Fax (406) 452-2182

1305 8th Ave - Not Home

1309 1/2 8th Ave - Vacant Remodeling

1315 8th Ave - ~~Handwritten~~

1317 - Not Home

1321 12th Ave S. - Garrett Butler *Jamie Woodard*

1325 Not Home

612 Vacant 14th St

~~1317~~ Elaine Tyler

1315 6th Ave South

Great Falls, MT 59405

1309 Vacant For sale

1305 6 Ave S. Brennan Brian

1303 Remodeling Vacant

1300-#2

1300 #

1300 #3 *Handwritten signature*

1300 #1 Jessica Modus

605 *Jane R Patton*

1305-6th Ave S. *William Fisher*

1301 1/2 7th Ave S. - *E. J. Lombardi*

1301 - Vacant

FILE MEMO
GREAT FALLS PLANNING DEPARTMENT
TRANSPORTATION SECTION

Date: September 3, 2008

Subject: Traffic impact due to proposed change in nonconforming use from a vehicle repair shop to a painting and drywall contractor's shop in a 2,736 sq. ft. building.

Notes: According to the latest edition of the *Institute of Transportation Engineers (ITE) Trip Generation Manual (7th Edition)*, the land use class of "Automobile Care Center" is the closest use to an automobile repair shop. An Automobile Care Center is defined as housing "...numerous businesses that provide automobile-related services, such as repair and servicing, stereo installation and seat cover upholstery." However, the Trip Generation Manual provides only Peak Hour generation rates. So, an alternative similar use was found that provides a daily generation rate for a weekday.

The land use class of "Tire Shop" is reasonably similar in activity to that of an automobile repair shop. A Tire Store is defined as a place of business that generally offers, in addition to sale of tires, "...tire installation and repair, as well as other automotive maintenance or repair services and customer assistance."

No similar land use to a contractor's shop was found in the Trip Generation Manual.

Automobile Repair Shop Calculation: The estimated average weekday trip ends generated by the repair shop, based upon 24.87 average weekday trip ends/1000 sq. ft. for a tire shop, is calculated as follows:

24.87 average weekday trip ends/thousand sq. ft. = $24.87 \times 2.736 = \underline{\underline{68 \text{ Average weekday trip ends}}}$

Drywall/Painting Contractor Shop Calculation: Because no data is available on trip generation, the average weekday trip ends must be estimated using what is known.

The shop will have a maximum of five (5) employees and five (5) vehicles. The estimated average trip ends per day per employee is calculated as follows:

Each employee is estimated to make the following daily trips:

- Trip 1: arriving in the morning and departing in the evening (2 trip ends)
- Trip 2: one morning trip to off-premise jobsite, departing and returning (2 trip ends)
- Trip 3: one afternoon trip to off-premise jobsite, departing and returning (2 trip ends)
- Trip 4: two miscellaneous trips to and from the workplace during the day (4 trip ends)

The average daily trip ends generated by employees is the sum of the above, times the number of employees: 10 trip ends/employee x 5 employees = **50 employee trip ends/day**. This is a high estimate, since it is likely that some of the employee trips will

be “shared trips” taken in the same vehicle, while other employees may stay on-premise all day. However, for the purposes of this analysis, a high estimate is preferable to a low estimate.

In addition, while the shop is likely to generate very few walk-in customers, it may attract salespersons, manufacturers’ representatives, deliveries and miscellaneous trips. An average of these trip ends (coming and going of the non-employee trips) is estimated as follows:

Walk-in customers and other clients:	8 trips ends/day
Salespersons/manufacturers representatives/deliveries:	4 trip ends/day
Other, non-specified trips:	4 <u>trip ends/day</u>
Total non-employee trip ends per day:	16 misc. trip ends/day

The total trips anticipated to be generated by the proposed use, adding the above estimates, is **66 avg. daily trip ends**. As stated previously, this is considered a conservative, or high, estimate calculation. Even so, it is below the estimated trips for the repair shop.

Conclusion: The proposed new use would not generate more traffic than the previous non-conforming use.

13 Nov 08

TO: City Planning Board Charlie Sheets

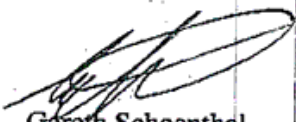
SUBJECT: Conditional Use Permit Request Norris Wallcovering

FROM: Neighborhood Council #9 Gareth Schoenthal

Neighborhood Council #9 was presented a proposal at our 13 Nov 08 monthly meeting for a Conditional Use Permit request from Norris Wallcovering and Paint to change from an auto body and paint business to a wallcovering business.

Council discussion took place with no objections except to the possible noise issues associated with the race car hobby. Oft times these vehicles are run without mufflers and can be VERY loud to neighbors even when running indoors. This council would never dictate what hobbies a resident could have but we would prefer the Norris' would consider voluntarily adding additional indoor sound proofing but is NOT a condition of approval.

Conditional Use Permit request **APPROVED**



Gareth Schoenthal
Chairman
Neighborhood Council #9
cschoenthal1841@bresnan.net

Charlie Sheets

From: Kim McCleary
Sent: Monday, November 17, 2008 3:47 PM
To: Charlie Sheets
Subject: Conditional Use - 1308 6th Ave S

It appears from the site plan submitted with the application that there is sufficient off-street parking if they utilize the parking area inside the building. This usage would require six off-street parking spaces. The parking area in front of the building and off the alley is large enough to provide 5 spaces. According to your explanation, there is space inside the building that could provide the sixth space. If this is accurate, their proposal meets the City parking code requirements.

If you have any questions, please don't hesitate to contact me.

Kim McCleary
Zoning/Parking Supervisor
P.O. Box 5021
Great Falls, MT 59403-5021
(406) 455-8405
kmccleary@greatfallsmt.net



Item: One New 2009 Wheel Loader
From: Tom Hugg, Vehicle Maintenance Supervisor
Initiated By: Public Works Department
Presented By: Jim Rearden, Public Works Director
Action Requested: Award Bid

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission award the bid for one new 2009 wheel loader to Western Plains Machinery of Great Falls for \$104,351.45, including trade-in.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls for the vote.

Staff Recommendation: Staff recommends that the City Commission award the bid for one new 2009 wheel loader to Western Plains Machinery of Great Falls for \$104,351.45, including trade-in.

Background:

Significant Impacts

The initial date for replacement was in 2008. This purchase was pushed back one year. The 1998 unit has had transmission electrical problems in the past year.

Purpose

This unit will be used in the Utilities Division for water and sewer maintenance.

Evaluation and Selection Process

The specifications were advertised two times in the Great Falls Tribune, placed on the City of Great Falls website, and mailed to five prospective bidders. The bids were opened on December 3, 2008, with five bidders responding. The low bid did not meet specifications on capacity and horsepower.

Staff recommends accepting the trade-in offer by Western Plains Machinery of \$35,000 for the City's 1998 Case 721B, Unit #646. The serial number on this unit is JEE0055640.

Conclusion:

The bid by Western Plains Machinery meets specifications for the wheel loader.

Fiscal Impact: Funds for its purchase were provided in the FY 2009 Utilities Budget.

Alternatives: Reject the bids for one new 2009 wheel loader.

Attachments/Exhibits: Bid List, Bid Tab

**WHEEL LOADER
BID LIST**

1. Modern Machinery
P.O. Box 16660
Missoula, MT 59808

2. Western Plains Machinery
P.O. Box 2507
Great Falls, MT 594032507

3. Tri State Truck & Equipment
5024 Tri – Hill Frontage Road
Great Falls, MT 59404

4. Tractor & Equipment
P.O. Box 2147
Great Falls, MT 594032147

5. RDO Equipment
4900 Tri – Hill Frontage Road
Great Falls, MT 59404



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Five New 2009 Single Axle Dump Trucks
From: Tom Hugg, Vehicle Maintenance Supervisor
Initiated By: Public Works Department
Presented By: Jim Rearden, Public Works Director
Action Requested: Award Bid

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission award the bid for five new 2009 single axle dump trucks to I State Truck Center of Great Falls for \$352,890.

2. Mayor calls for a second, discussion, inquiries from the public, and calls for the vote.

Staff Recommendation: Staff recommends that the City Commission award the bid for five new 2009 single axle dump trucks to I State Truck Center of Great Falls for \$352,890.

Background:

Purpose

The new 2009 single axle dump trucks will be used in the Street Division.

Evaluation and Selection Process

The specifications were advertised two times in the Great Falls Tribune, placed on the City of Great Falls website, and mailed to seven prospective bidders. The bids were opened on November 19, 2008, with seven bidders responding. All bids came in over the budgeted allocation. The bid was postponed by the City Commission on December 2, 2008 to allow staff additional time to evaluate funding options for this purchase. Reserve funding from the ERS will be used for this purchase. This will not affect the ERS to remain on-line for future purchases.

Upon further review of the bids staff recommends rejecting the trade-in offers of \$5000 each for our five 1993 Chevrolet Kodiak C70's. These vehicles will be sold at a later date.

Unit 816 VIN# 1GBM7H1J0PJ105794

Unit 817 VIN# 1GBM7H1J5PJ105838

Unit 819 VIN# 1GBM7H1J9PJ105860

Unit 820 VIN# 1GBM7H1J6PJ105864

Unit 821 VIN# 1GBN7H1J3PJ105899

Conclusion

The bid by I State Truck Center of Great Falls meets specifications for the single axle dump trucks.

Fiscal Impact: Funds for its purchase were provided in the FY 2009 Central Garage Budget.

Alternatives: Reject the bids for the purchase of five new 2009 single axle dump trucks.

Attachments/Exhibits: Bid List, Bid Tab

Roll-Off Cab & Chassis Bid List

Tri-State Equipment
5024 Tri-Hill Frontage Road
Great Falls MT 59404

I State Truck Center
P.O. Box 2165
Great Falls MT 59403

Motor Power Great Falls
P.O. Box 2264
Great Falls MT 59403

City Motor Company
P.O. Box 6727
Great Falls MT 59406

Bison Motors
500 10th Ave. South
Great Falls MT 59405

HCL Equipment
2417 Old Havre Hwy
Great Falls MT 59404

Kois Brothers
P.O. Box 1728
Great Falls MT 59403



**CITY OF GREAT FALLS
COMMISSION AGENDA REPORT**

Item: Appointments to the Board of Adjustment

From: City Manager's Office

Initiated By: City Commission

Presented By: City Commission

Action Requested: Reappoint one member and appoint one new member to the Board of Adjustment

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission reappoint Anthony Houtz, and appoint _____ to three-year terms through September 30, 2011, to the Board of Adjustment.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: It is recommended that the City Commission reappoint Anthony Houtz and appoint one new member to the Board of Adjustment through September 30, 2011.

Background: Anthony Houtz was appointed to the Board of Adjustment in November of 2005. Mr. Houtz is eligible for and interested in reappointment. Kathleen Jensen was appointed in October of 2002 and reappointed in 2005. Ms. Jensen is not eligible to serve another term. Therefore, it is necessary to fill her position with one new member.

Purpose. The Board of Adjustment/Appeals consists of five members appointed by the City Commission. The Board hears and decides appeals regarding zoning, housing, and building codes and ordinances; hears and decides, requests for variances from standards set forth in zoning ordinances; hears and decides all other matters referred to the Board regarding zoning, housing, and building ordinances. Members serve three-year terms and, per Municipal Code, must reside within the City limits.

The 2003 International Building Code requires the Board of Adjustment's membership to be qualified by experience and training to pass on matters pertaining to building construction. The 2003 International Mechanical Code requires the Board of Adjustment's membership to include registered design professionals with structural engineering, electrical engineering, and architectural experience.

Evaluation and Selection Process

Advertising was done on the City's website and through the *Great Falls Tribune*. Only one eligible application was received.

Continuing members of this board are:

Casey Cummings

Robert Haffner

John Kunz

Citizens interested in serving on this board are:

Timothy Peterson

Concurrences: Not applicable.

Fiscal Impact: Not applicable.

Alternatives: Advertise to seek other citizen interest.

Attachments/Exhibits: Application



Item: Appointments to the Park and Recreation Board

From: City Manager's Office

Initiated By: City Commission

Presented By: City Commission

Action Requested: Reappoint one member and appoint two new members to the Park and Recreation Board

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission reappoint Bryan Thies and appoint _____ and _____ to three-year terms beginning January 1, 2009, through December 31, 2011, to the Park and Recreation Board.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: It is recommended that the City Commission reappoint Bryan Thies and appoint two new members to the Park and Recreation Board beginning January 1, 2009, through December 31, 2011.

Background: Bryan Thies was appointed to the Park and Recreation Board on February 21, 2006. Mr. Thies is eligible for and interested in reappointment. Ruthann Knudson was appointed to the Board in February of 2006. Ms. Knudson is eligible for, but not interested in being reappointed. John Trovatten was appointed to the Board in March of 2001. Mr. Trovatten is not eligible to be reappointed. Therefore, it necessary to appoint two new members to the Board.

Purpose. The Park and Recreation Board consists of seven members who act in an advisory capacity to the City Commission and the City Manager on all matters related to the Park and Recreation program in the City of Great Falls. Per City Ordinance, members must reside within the City.

Evaluation and Selection Process

Advertising was done on the City's website and through the *Great Falls Tribune*. Four applications were received.

Continuing members of this board are:

Tim Austin
Doug Hickey
David Simmons
Kelly Timmer

Citizens interested in serving on this board are:

Darren M. Brown (*also applied for Parking Advisory Commission*)
Russell Motschenbacher
James F. (Jim) McCarvel (*also applied for Community Development Council –
appointments scheduled to be made in January 2009*)
Karen Harant

Concurrences: Not applicable.

Fiscal Impact: Not applicable.

Alternatives: Advertise to seek other citizen interest.

Attachments/Exhibits: Applications (Not available online.)



Item: Reappointment to the Mansfield Center for the Performing Arts Advisory Board

From: City Manager's Office

Initiated By: City Commission

Presented By: City Commission

Action Requested: Reappoint one member to the Mansfield Center for the Performing Arts Advisory Board

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission reappoint Carl Donovan to a three-year term through December 31, 2011, to the Mansfield Center for the Performing Arts Advisory Board.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: It is recommended that the City Commission reappoint Carl Donovan to the Mansfield Center for the Performing Arts Advisory Board through December 31, 2011.

Background: Carl Donovan was appointed to the Mansfield Center for the Performing Arts Advisory Board December 20, 2005. Mr. Donovan is eligible for and interested in reappointment.

Purpose

The Civic Center Advisory Board was created in 1997 and was amended by Ord. 2928 in February of 2006 to change the name to the Mansfield Center for the Performing Arts Advisory Board. The Board acts in an advisory capacity to the City Commission and the City Manager on matters related to the successful operation of the Civic Center as the Mansfield Center for the Performing Arts and public meeting rooms. The Board consists of five to seven members with an attempt to have representation from the areas of performing arts, conventions and meetings, and civic leaders.

Evaluation and Selection Process

No advertising was done since Mr. Donovan is eligible for and interested in reappointment.

Continuing members of this board are:

Casey Kelly Buckingham

Laura Flaherty

Joe Fontana

Larry Gomoll

Rick Tryon

Michelle Wood

Concurrences: Not applicable.

Fiscal Impact: Not applicable.

Alternatives: Advertise to seek other citizen interest.

Attachments/Exhibits: None



Item: Reappointments to the Great Falls Planning Advisory Board

From: City Manager's Office

Initiated By: City Commission

Presented By: City Commission

Action Requested: Reappoint two members to the Great Falls Planning Advisory Board

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission reappoint Arthur Bundtrock and Wyman Taylor to three-year terms through December 31, 2011, to the Great Falls Planning Advisory Board.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: It is recommended that the City Commission reappoint Arthur Bundtrock and Wyman Taylor to the Great Falls Planning Advisory Board through December 31, 2011.

Background: Arthur Bundtrock was appointed to the Board in July of 2005, and Wyman Taylor was appointed in January of 2008. Both Mr. Bundtrock and Mr. Taylor are eligible for and interested in reappointment.

Purpose

The Great Falls Planning Advisory Board was created in lieu of the Great Falls City-County Planning Board. Further, the advisory board has jurisdiction within the City limits; consists of nine citizen members appointed by the City Commission; and, performs and provides the duties, services and functions specified in Ordinance No. 2913, generally involving growth policies, subdivision applications and plats, annexation applications, zoning and rezoning petitions, conditional use permits, long range planning, transportation planning, Community Transportation Enhancement Program administration, historic preservation services, etc. Members must reside within the city limits.

Evaluation and Selection Process

Announcements regarding the opening were placed in the *Great Falls Tribune* and on the City's Website. One application was received for consideration by the Commission in making this appointment.

Continuing members of this board are:

Michael Bates
Danna Duffy
John Harding
Terry Hilgendorf
Ron Kinder
Bill Roberts
Joseph Schaffer

Concurrences: Not applicable.

Fiscal Impact: Not applicable.

Alternatives: Advertise to seek other citizen interest.

Attachments/Exhibits: None



Item: Appointments to the Parking Advisory Commission
From: City Manager's Office
Initiated By: City Commission
Presented By: City Commission
Action Requested: Appoint members to the Parking Advisory Commission

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission make the following appointments to the Parking Advisory Commission:

Reappoint Fred Thiel to a term ending on April 30, 2010;
Appoint _____ to a term ending on April 30, 2011
Appoint _____ to a term ending on April 30, 2011
Appoint _____ to a term ending on April 12, 2012.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends that Fred Thiel be reappointed to the Parking Advisory Commission and three new members be appointed to staggered terms.

Background: Fred Thiel was appointed to the Parking Advisory Commission in September of 2005. Mr. Thiel is eligible for and interested in reappointment. David Hartford was appointed to the Commission in August of 2003. Mr. Hartford is not eligible to be reappointed. Edward McNamee and Jim Mintsiveris were appointed in July of 2006 and September of 2005 respectively. Neither Mr. McNamee nor Mr. Mintsiveris are interested in being reappointed. Therefore, there are three open positions on the Commission.

Due to the fact that the three newly appointed members would normally be appointed to three-year terms with the same termination date, staff has recommended staggering the terms to prevent the potential future recruitment of three new members simultaneously.

Purpose.

The Parking Advisory Commission is comprised of five members appointed by the City Commission. The Commission advises the City Commission, City Manager, and Community Development Staff on matters related to parking issues within the Parking Districts.

Evaluation and Selection Process

Announcements regarding the opening were placed several times in the *Great Falls Tribune* and on the City's Website. Four applications were received for consideration by the Commission in making these appointments.

Continuing member of this board is:

Gene Harrison

Citizens interested in serving on this Board:

Darren M. Brown (*also applied for Park & Recreation Board*)

John Godwin

Philip G. Kiser

Steve Gillespie

Concurrences: Not applicable.

Fiscal Impact: Not applicable.

Alternatives: Continue advertising to seek further citizen interest.

Attachments/Exhibits:

Staff Recommendation

Board Applications