



Item: Audit Report, FY 2012-2013

From: Fiscal Services Department

Initiated By: Cheryl Lucas, Staff Accountant

Presented By: Melissa Kinzler, 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 2012-2013 Comprehensive Annual Financial Report (CAFR), responses to the Required Client Communication Letter recommendations as presented, and authorize staff to submit the related reports to other government agencies and financial institutions as necessary.”

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

Staff Recommendation: Staff recommends the City Commission accept the FY 2012-2013 Comprehensive Annual Financial Report (CAFR), responses to the Required Client Communication Letter recommendations as presented, and authorize staff to submit the related reports to other government agencies and financial institutions as necessary.

Background: The City's Audit Committee received a copy of the FY 2012-2013 CAFR, the Independent Auditor's report, a brief summary of the FY 2012-2013 audit, Required Client Communication Letter, and City's responses to Required Client Communication Letter. The Audit Committee met December 2, 2013 and recommends the City Commission accept the CAFR, the annual Independent Auditor's report, Required Client Communication Letter, and the City's responses to Required Client Communication Letter.

Along with the FY 2012-2013 Audit Report, the City's auditors (Junkermier, Clark, Campanella, Stevens, P.C., Certified Public Accountants) issued a separate Required Client Communication Letter. The letter comments on any 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

2012-2013 and three prior year comments and their current status. The three prior year comments are still recommended.

The auditors noted one material weakness for this audit (page 190 of the FY 2012-2013 CAFR). The beginning fund balance or net position of sixteen funds were restated on the fund basis financial statement to record a prior period adjustment to correct the double booking of accounts receivables that occurred in Fiscal Year 2011 during a software conversion. Procedures are in place to do monthly reconciliations of all accounts receivable to prevent this situation from occurring again.

The FY 2012-2013 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 2012-2013 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 2012-2013 CAFR.

A pending "Special Emphasis" on ECPI will be performed in January. This is the sixth special emphasis on ECPI performed over ten years.

Concurrences: The City's Audit Committee, comprised of one City Commissioner, the Mayor, one citizen, the City Manager, and the Fiscal Services Director recommend approval of the FY 2012-2013 CAFR, responses to the Required Client Communication Letter recommendations as presented, and authorize staff to submit the report to other governmental and financial agencies as required.

Attachments/Exhibits:

- 1) City of Great Falls 2012-2013 CAFR
- 2) Required Client Communication Letter
- 3) Response to Independent Auditors' Required Client Communication Letter.

City of Great Falls Montana



Fiscal Year 2013

July 1, 2012 thru June 30, 2013

Comprehensive Annual Financial Report

Comprehensive Annual Financial Report

City of Great Falls, Montana

Fiscal Year 2013

July 1, 2012 – June 30, 2013



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



**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

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P.O. Box 5021, 59403-5021

December 6, 2013

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, 2013. 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, 2013. 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, 2013. The independent auditor's report is located at the front of the financial section of this report (page 7).

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

PROFILE OF GOVERNMENT

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

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

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

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

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

GREAT FALLS AND CASCADE COUNTY ECONOMIC OUTLOOK

The base economy of Great Falls is predominantly agricultural, medical services, and military. The job sector for Cascade County is diversified with 8.2% of the workforce in public administration, 22.4% in educational services, health care and social assistance, 14.1% in retail trade, 10.9% in arts, entertainment, recreation, accommodation and food services, 8.7% in construction, 4.7% in military and 3.2% in manufacturing. The economic downturn over the past year has created a challenging environment for cities and towns across the country. Fortunately, the City of Great Falls has not experienced the significant revenue declines requiring deep service cuts as experienced by other municipalities in the nation. The fiscal year 2013 unemployment rate of 5.1% compares favorably to the fiscal year 2012 Great Falls rate of 5.4% and to the August 2013 State of Montana rate of 5.3% and national rate of 7.3%. In the spring of 2013, ADF broke ground on a \$24 million, 100,000 square foot plant to fabricate steel modules including structural steel and equipment targeted for northern Alberta, Canada oilfields. This plant will eventually employ up to 300 people in the fabrication plant and up to 800 more in the yard assembling the pieces. In September it was announced that Blue Cross-Blue Shield will open a call center in Great Falls with hiring of up to 150 new jobs expected to begin in early 2014. November 7, 2012, the City Commissioners voted to annex Phase I of the 196-acre industrial AgriTech Park. Two industries have already purchased lots in the industrial park with construction to begin in 2014.

BUDGET OBJECTIVES FOR FISCAL YEAR 2014

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

ACCOMPLISHMENTS IN FISCAL YEAR 2013

On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorney reached a Settlement Agreement and Release that will totally, completely and permanently sever the City's relationship with Southern Montana G&T. On June 18, 2013, the City Commission approved Resolution 10027 changing the employee health care benefits plan from a City self-funded plan to a Montana Municipal Interlocal Authority plan. This change was effective July 1, 2013. This reduces the City's risk by being part of a larger health insurance pool. During the year, the City restated and amended utility revenue bonds for three funds. This lowered the interest rate for the corresponding bonds, which reduced the required bond reserves. The reduction in bond reserves was then used to pay off other utility revenue bonds in those funds. The City completed construction of the last eight units at the Sand Hills Housing project. The City began construction on \$14.7 million plant improvements to the wastewater treatment plant. These improvements are required as a result of changes to the City's discharge permit. Improvements include a nitrification/denitrification system and UV disinfection.

LONG-TERM FINANCIAL PLANNING

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

RELEVANT FINANCIAL POLICIES

The City's long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. A separate policy issued for special improvement districts (SIDS) financing was adopted by the City Commission on November 20, 1990. The City may use debt financing for one-time capital improvement projects, unusual equipment purchases, and under the following circumstances: a) When the project is included in the City's five-year capital improvement program or is in conformance with the City's general plan. b) When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program or it is a project mandated immediately by state or federal requirements. c) When the project's useful life or the projected service life of the equipment will be equal to or exceed the term of the financing. d) When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost sharing revenues. e) Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

AWARDS

Comprehensive Annual Financial Report Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Great Falls, Montana for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the nineteenth consecutive year that the government has achieved this prestigious award (fiscal years ended 1994-2012). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must fairly reflect the financial condition of the city and satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate for the year ended June 30, 2013.

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, 2013. This was the twenty-third consecutive year that the government has achieved this prestigious award (fiscal years beginning 1991-2013). In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

ACKNOWLEDGMENTS

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

Respectively submitted,



Melissa Kinzler
Fiscal Services Director



Government Finance Officers Association

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

Presented to

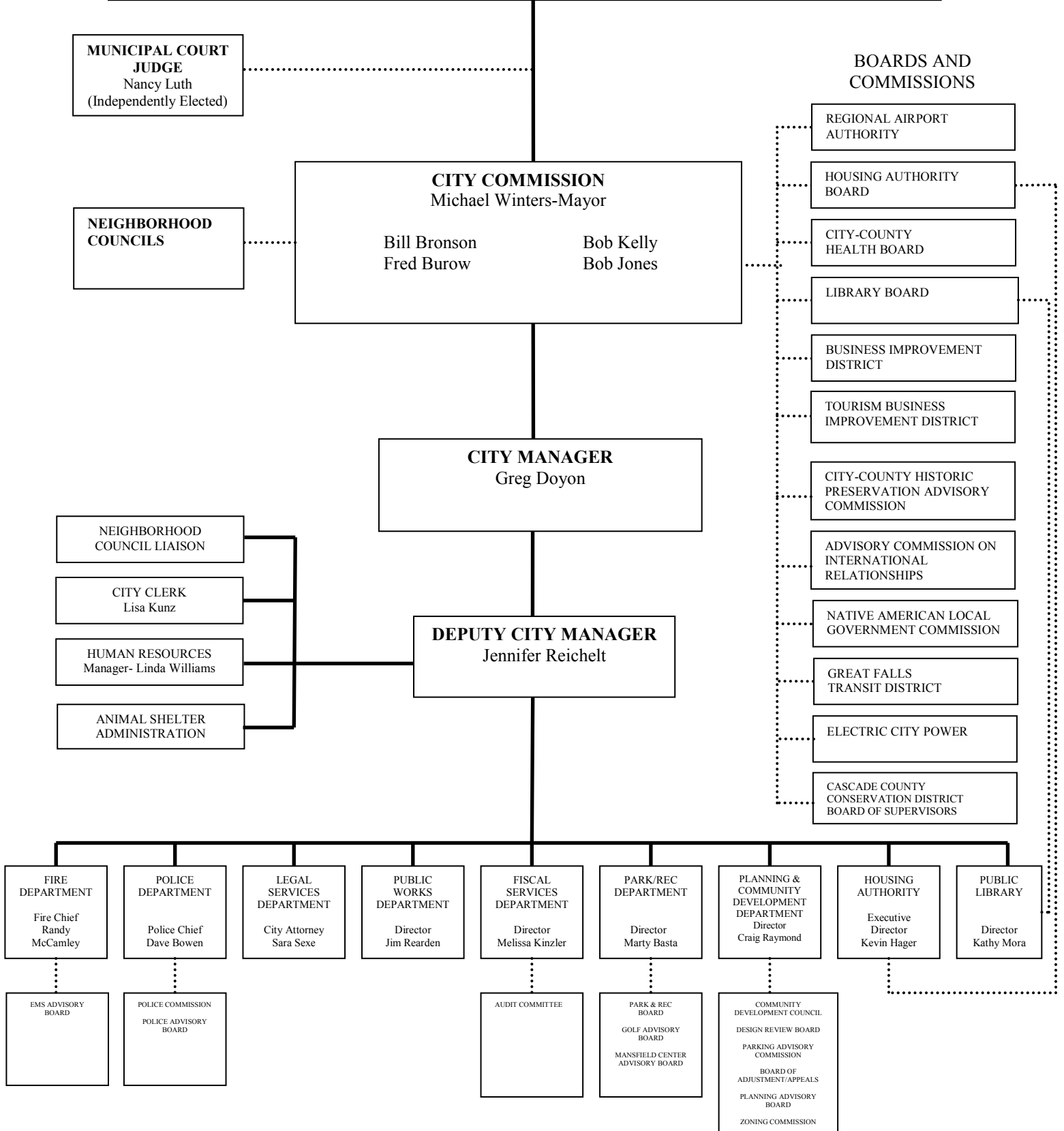
**City of Great Falls
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITIZENS OF GREAT FALLS



City of Great Falls, Montana
List of Elected and Appointed Officials
June 30, 2013

Policy Making and Administrative Officials

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

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



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

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Certified Public Accountants and Business Advisors

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and actuarial valuation of postretirement benefits and budgetary comparison information on pages 9 through 17 and 76 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of the City of Great Falls, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Great Falls, Montana's internal control over financial reporting and compliance.

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

Great Falls, Montana
December 5, 2013

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, 2013. 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 \$204,525,836. Of this amount, \$19,876,132 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$150,345 in comparison with the prior year. The majority of this decrease is attributable to an extraordinary item in the Electric Fund.
- As of the close of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$10,209,108, a decrease of \$6,894,582 in comparison with the prior year. Approximately 40.2% of this total amount, \$4,104,084, 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 \$1,520,000, or 5.9% of total general fund expenditures and transfers out (excluding the one-time transfer of \$5,553,054 from the General fund to the Electric fund for cash deficit support).
- The City of Great Falls' bonded debt decreased by \$3,492,144 (12.34%) during the most recent fiscal year. The key factor in this decrease was the amending and restatement of debt for utility revenue bonds. This lowered the interest rate for the corresponding bonds, which reduced their required bond reserves. The reduction in bond reserves was used to pay off other utility revenue bonds. The City's legal debt margin availability is \$66,870,079. The majority of the debt capacity would require a vote of the citizens on the debt issuance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused compensated absences).

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

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

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

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

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

The City of Great Falls maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street District fund, and the Federal Block Grant fund, all of which are considered to be major funds. Data for the basic governmental fund financial statements is presented on pages 22 – 25. Data from the other thirty governmental funds are combined into a single, aggregated presentation, on pages 83 – 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, 911 dispatch center, parking, golf courses, swimming pools, recreation, multisports, 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 human resources, city telephone, health and benefits, insurance and safety, fiscal services, information tech, central garage, engineering, public works admin, and civic center 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 Golf Courses, Water, Sewer, Storm Drain, Sanitation, Electric, 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 – 75, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Other Post Employment Benefits and the City of Great Falls' budgetary control, on pages 76 – 82.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the City of Great Falls exceeded its liabilities by \$204,525,836.

By far the largest portion of the City of Great Falls' net position, \$171,884,993, (84.0%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) net of 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 Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 23,084,771	\$ 31,398,580	\$ 23,370,462	\$ 20,940,564	\$ 46,455,233	\$ 52,339,144
Capital assets	75,891,425	77,297,709	124,301,668	121,230,222	200,193,093	198,527,931
Total assets	98,976,196	108,696,289	147,672,130	142,170,786	246,648,326	250,867,075
Liabilities:						
Noncurrent liabilities	10,080,004	10,417,372	23,086,751	26,699,264	33,166,755	37,116,636
Current liabilities	3,918,323	3,440,465	5,037,412	5,633,793	8,955,735	9,074,258
Total liabilities	13,998,327	13,857,837	28,124,163	32,333,057	42,122,490	46,190,894
Net position:						
Invested in capital assets, net of related debt	71,608,711	72,430,194	100,276,282	93,789,614	171,884,993	166,219,808
Restricted	8,702,271	10,536,256	5,803,799	10,824,265	14,506,070	21,360,521
Unrestricted	4,666,887	11,872,002	13,467,886	5,223,850	18,134,773	17,095,852
Total net position	\$ 84,977,869	\$ 94,838,452	\$119,547,967	\$109,837,729	\$204,525,836	\$204,676,181

An additional portion of the City of Great Falls' net position, \$12,764,711, represents resources that are subject to external restrictions on how they may be used. Restricted assets reported for the business-type activities were \$4,062,440. 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 position, \$19,876,132, may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities capital assets decreased by \$1,406,284 due to the retirement of capital assets. The governmental activities current liabilities increased by \$477,858, due to the increase of accounts payables. The increase of accounts payables is due to a timing difference between when invoices are received and when the payments are issued.

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

City of Great Falls' Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$15,606,678	\$15,570,550	\$ 33,634,963	\$ 32,137,803	\$ 49,241,641	\$ 47,708,353
Operating grants and contributions	2,277,090	1,081,039	-	-	2,277,090	1,081,039
Capital grants and contributions	499,861	458,821	42,130	-	541,991	458,821
General revenues:						
Property taxes, levied for general purposes	16,238,131	15,520,772	-	-	16,238,131	15,520,772
Grants and contributions, unrestricted	7,612,104	6,727,541	50,488	-	7,662,592	6,727,541
Other	48,395	96,731	26,276	64,538	74,671	161,269
Miscellaneous	475,503	1,132,493	120,976	537,209	596,479	1,669,702
Total revenues	<u>42,757,762</u>	<u>40,587,947</u>	<u>33,874,833</u>	<u>32,739,550</u>	<u>76,632,595</u>	<u>73,327,497</u>
Expenses:						
General government	8,696,774	9,528,095	-	-	8,696,774	9,528,095
Public safety	18,473,368	17,821,137	-	-	18,473,368	17,821,137
Public works	6,823,866	5,643,757	-	-	6,823,866	5,643,757
Culture and recreation	5,280,872	5,211,517	-	-	5,280,872	5,211,517
Housing and development	2,986,916	2,599,225	-	-	2,986,916	2,599,225
Interest and fees	286,266	312,101	-	-	286,266	312,101
Golf Courses	-	-	1,393,735	1,371,666	1,393,735	1,371,666
Water	-	-	8,360,315	8,066,706	8,360,315	8,066,706
Sewer	-	-	7,676,489	7,265,547	7,676,489	7,265,547
Storm Drain	-	-	1,358,316	1,243,172	1,358,316	1,243,172
Sanitation	-	-	3,406,713	3,464,588	3,406,713	3,464,588
Electric	-	-	2,606,675	3,648,328	2,606,675	3,648,328
Port Authority	-	-	298,960	310,766	298,960	310,766
Other	-	-	4,598,631	4,523,324	4,598,631	4,523,324
Total expenses	<u>42,548,062</u>	<u>41,115,832</u>	<u>29,699,834</u>	<u>29,894,097</u>	<u>72,247,896</u>	<u>71,009,929</u>
Increase in net position before transfers	209,700	(527,885)	4,174,999	2,845,453	4,384,699	2,317,568
Extraordinary Item - Recognition of Loss	-	-	(4,117,122)	(1,400,000)	(4,117,122)	(1,400,000)
Transfers	(10,017,773)	(1,209,727)	10,017,773	1,209,727	-	-
Increase in net position	<u>(9,808,073)</u>	<u>(1,737,612)</u>	<u>10,075,650</u>	<u>2,655,180</u>	<u>267,577</u>	<u>917,568</u>
Total Net Position - Beginning	94,838,452	96,576,064	109,837,729	107,182,549	204,676,181	203,758,613
Adjustment	(52,510)	-	(365,412)	-	(417,922)	-
Total Net Position - Beginning, as Restated	<u>94,785,942</u>	<u>96,576,064</u>	<u>109,472,317</u>	<u>107,182,549</u>	<u>204,258,259</u>	<u>203,758,613</u>
Net position - ending	<u>\$84,977,869</u>	<u>\$94,838,452</u>	<u>\$ 119,547,967</u>	<u>\$109,837,729</u>	<u>\$ 204,525,836</u>	<u>\$ 204,676,181</u>

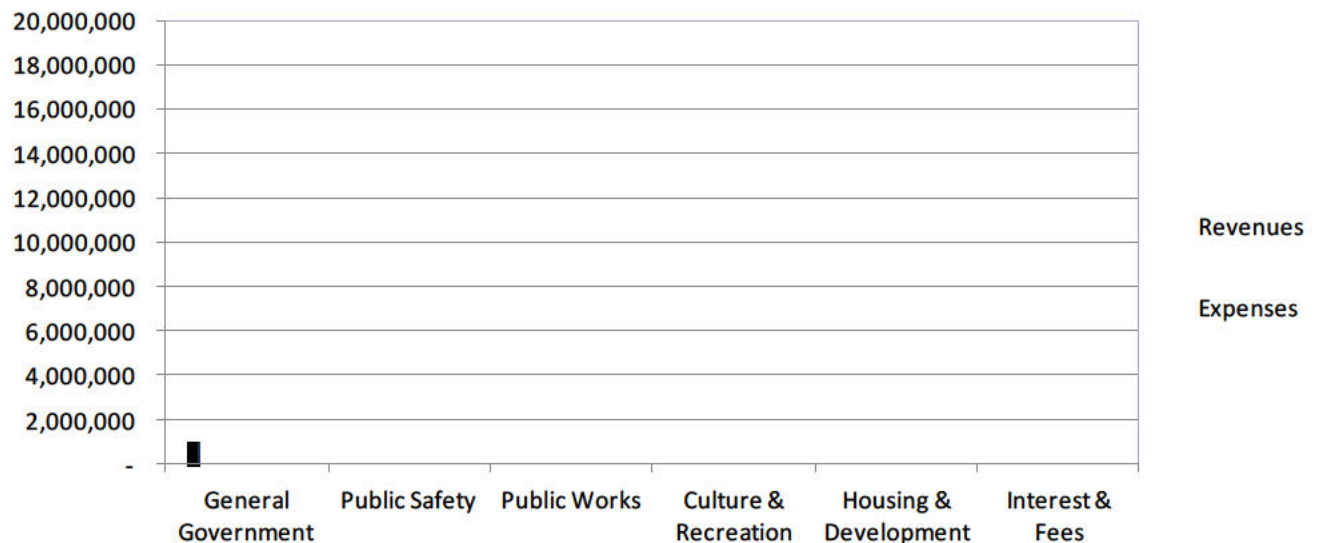
The City of Great Falls' revenues totaled \$76,632,595. The total cost of all programs and services was \$72,247,896. The government was able to cover this year's costs in both governmental activities and business-type activities. Our analysis below separately considers the operations of governmental and business-type activities.

During the most recent fiscal year, a prior period adjustment was recognized. This adjustment was to sixteen funds to restate the fund balance or net position for the double booking of accounts receivables that occurred in fiscal year 2011 during a software conversion.

Governmental activities. Revenues for the most recent year from governmental activities were \$42,757,762 while expenses were \$42,548,062. Net position thus increased by \$209,700 before transfers. Operating grants and contributions increased \$1,196,051 due to increases in grants and contributions received in the Federal Block Grant, Planning and Community Development, and HOME grant funds. Taxes increased by \$717,359 primarily due to newly taxable property and a 3.06% inflationary increase. Grants and contributions (such as State of Montana Entitlement House Bill 124) that are unrestricted increased by \$884,563 primarily due to the increase of intergovernmental income received for a specific program. The miscellaneous revenue decreased due to the issuance of debt in the West Bank Tax Increment District debt service fund in the prior fiscal year.

General government related expenses decreased by \$831,321 primarily due to the refunding of debt in the West Bank Tax Increment District debt service fund that occurred in the prior fiscal year. Public safety related expenses increased by \$652,231 primarily due to the increased activity in the police and fire operations in the General Fund and the Police Special Revenue fund. Public works related expenses increased by \$1,180,109 primarily due to increased activity in Street fund. Housing and development expenses increased by \$387,691 due to increased activity in the grant programs. Interest and fees decreased by \$25,835 due to repayment of debt.

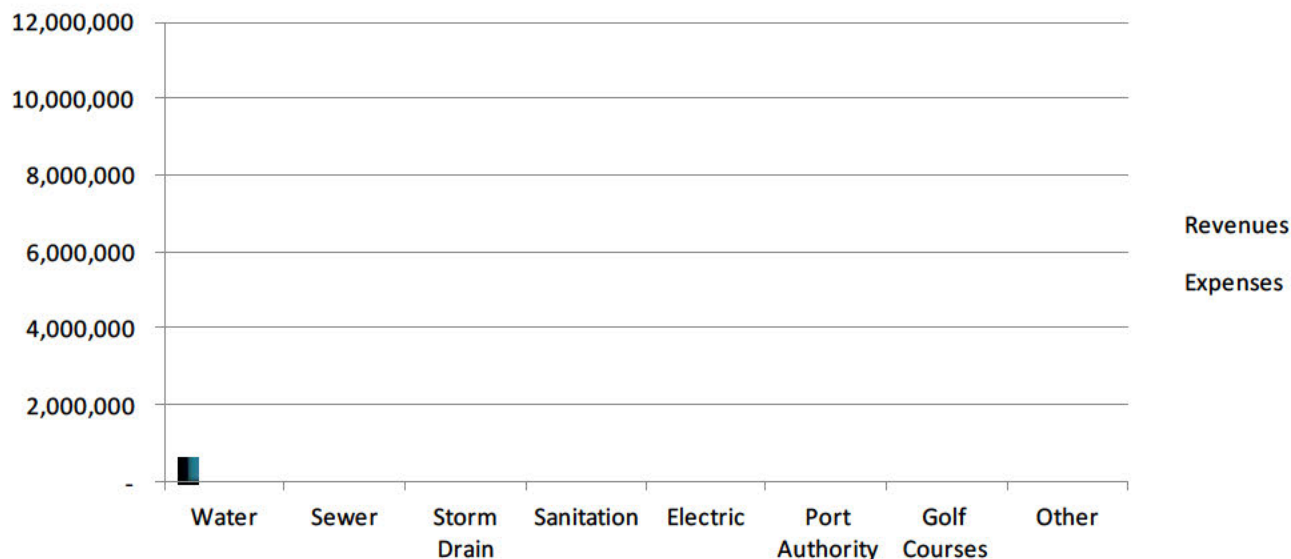
Program Revenues and Expenses - Governmental Activities



Business-type activities. Revenues for the most recent year from business-type activities were \$33,874,833 while expenses were \$29,699,834. Net position thus increased by \$4,174,999 before transfers and extraordinary item – recognition of loss. Overall revenue derived from charges for services increased \$1,497,160 primarily due to increased activity in the Water and Sewer funds. The business-type activities expenses decreased by \$194,263, primarily due to decreased activity in the Electric fund which offset the increase in debt pay off in the Water and Sewer funds. Other

business-type fund expenses were \$1,176,877 more than the revenues primarily due to the Safety Services fund, the Parking fund, the Swim Pools fund, the Recreation fund, and the Civic Center Events fund. The majority of these funds are subsidized by transfers in.

Program Revenues and Expenses - Business-type Activities



CITY OF GREAT FALLS' FUND FINANCIAL ANALYSIS

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

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

As of the end of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$10,209,108, a decrease of \$6,894,582 in comparison with the previous year. Approximately 40.2% of this total amount, \$4,104,084, constitutes assigned and unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to provide required security for long-term debt obligations and other restrictions.

The General fund accounts for all financial resources of the City except those legally required or those funds required pursuant to generally accepted accounting practices. At the end of the most recent fiscal year, unreserved fund balance in the General fund was \$1,520,000. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 5.9% of total General fund expenditures and transfers out (excluding the one-time transfer of \$5,553,054 from the General fund to the Electric fund to cover the cash deficit). This is not in compliance with internally set requirements of 17%. During the most recent fiscal year, the fund balance of the City of Great Falls' General fund decreased by \$5,164,937. This decrease is due to the one-time transfer of \$5,553,054 from the General fund to the Electric fund to cover the cash deficit. Efforts were made and will be on going in the 2014 budget process to rebuild the fund balance of the General fund.

The Street fund reports operations of the Street Division. At the end of the most recent fiscal year, restricted fund balance in the Street fund was \$2,192,953. Fund balance represents 32.5% of total Street fund expenditures and transfers out, in compliance with internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Street fund decreased by \$1,420,024. A primary element of this decrease is from an increase in capital outlay for 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, restricted fund balance in the Community Development Block Grant fund was \$288,061. Fund balance represents 22.8% 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 increased by \$7,251. Elements of this increase include an increase in the amount of grants 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 position of the enterprise funds totaled \$5,803,799. Restricted assets decreased by \$5,020,466 from the previous year. The majority of this decrease is due to the restatement and amendment of utility revenue bonds which resulted in a decrease of required debt service reserves. Unrestricted net position of the enterprise funds totaled \$13,467,886. The total increase in net position for the enterprise funds is \$9,710,238 primarily due to an increase in invested in capital assets, net of related debt in the Water, Sewer and Storm Drain funds due to the retirement of debt and the transfers from other funds to the Electric fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a net change in fund balance of (\$5,679,484). The major difference was due to the one time transfer of \$5,553,054 from the General fund to the Electric fund to cover the cash deficit in the Electric fund. A review of actual expenditures compared to the appropriations in the final budget yields no significant negative variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Great Falls' investment in capital assets for its governmental and business-type activities as of June 30, 2013, is \$200,193,093, net of accumulated depreciation. This investment in capital assets includes land, intangible assets, buildings and structures, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City of Great Falls' investments in capital assets for the most recent fiscal year was 1.0%.

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

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 9,853,958	\$ 9,853,958	\$ 4,115,316	\$ 4,115,316	\$ 13,969,274	\$ 13,969,274
Intangible	471,182	471,182	-	-	471,182	471,182
Buildings	7,700,988	8,213,271	13,144,129	13,831,013	20,845,117	22,044,284
Improvements	19,488,256	19,237,570	50,138,833	44,844,138	69,627,089	64,081,708
Machinery and equipment	5,983,090	6,201,887	3,582,857	3,696,093	9,565,947	9,897,980
Infrastructure	31,485,043	32,868,595	45,800,164	47,225,806	77,285,207	80,094,401
Construction in progress	908,908	451,246	7,520,369	7,517,856	8,429,277	7,969,102
Total capital assets	<u>\$ 75,891,425</u>	<u>\$ 77,297,709</u>	<u>\$124,301,668</u>	<u>\$121,230,222</u>	<u>\$200,193,093</u>	<u>\$198,527,931</u>

Major capital asset events during the most recent fiscal year included the reconstruction of streets, water mains, sewer mains, and storm drains. Further detail on capital assets is presented in Note 6 on pages 52 – 53.

Long-term debt. At the end of the most recent fiscal year, the City of Great Falls had total bonded debt of \$24,797,404. Of this amount, \$2,640,000 is general obligation bonds, \$370,000 is special assessment debt for which the City is obligated to pay up to the amount available in the Special Improvement District Revolving fund; \$2,670,000 is tax increment urban renewal bonds to be repaid from the tax increments received by the City from its West Bank urban renewal area; and \$19,117,404 are bonds secured solely by specified revenue sources. Further information on long-term debt is presented in Note 8 on pages 54 – 64.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2011
Revenue bonds	\$ -	\$ -	\$ 19,117,404	\$ 22,169,649	\$19,117,404	\$ 22,169,649
General obligation	2,640,000	2,994,899	-	-	2,640,000	2,994,899
Special assessment	370,000	370,000	-	-	370,000	370,000
Urban renewal tax increment bonds	2,670,000	2,755,000	-	-	2,670,000	2,755,000
Total	\$ 5,680,000	\$ 6,119,899	\$ 19,117,404	\$ 22,169,649	\$24,797,404	\$ 28,289,548

During the most recent fiscal year, the City of Great Falls’ bonded debt decreased by \$3,492,144 (12.3%). This is primarily due to the retirement of debt.

The City of Great Falls maintains insured ratings 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 \$69,510,079, of which \$66,870,079 is unused by the City.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The unemployment rate in June 2013 for Cascade County, Montana, of which the City of Great Falls is the county seat, was 5.1%, which decreased .3% from a year ago. This compares favorably with the national unemployment rate of 7.3% and the Montana unemployment rate of 5.3%.

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

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

1. The City met its goal of extricating the City from its relationship with Southern Montana G&T. In order to come up with the settlement payment, and the Electric Fund cash deficit, the City needed to use over 80% (\$5,553,054) of its General Fund unreserved fund balance and utilize \$2,500,000 unreserved fund balance from other funds. The City will be working to rebuild fund balances to appropriate levels in the coming years. The City estimates that it will build a General Fund unreserved balance of \$2,459,994 or 9.6% in fiscal year 2014.
2. The Montana State legislature approved a mandatory Public Employee Retirement System contribution increase effective July 1, 2013 of 1% for both the employee and employer. This will increase the cost of personal services for the City. The City’s required contributions will increase an additional .1% every subsequent year through 2024.
3. The City continues with the process of finalizing Electric City Power and closing the Electric fund.
4. Improvement in the City’s long term investment in infrastructure and buildings is a goal of the City Commission and progress continues to be made on these improvements.

After reviewing all the financial indicators of the City of Great Falls, the City as a whole has improved as a result of the year's activities, which is reflected in the increase in the City's total net position. Investments in the City's capital assets increased in fiscal year 2013.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

City of Great Falls, Montana
Statement of Net Position
June 30, 2013

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Business Improve- ment District</u>	<u>Tourism Business Improvement District</u>	<u>Public Library Foundation</u>
ASSETS						
Current assets						
Cash and investments	\$11,844,688	\$ 13,408,407	\$ 25,253,095	\$ 152,234	\$ 708,854	\$ 1,752,608
Receivables						
Taxes	1,952,010	-	1,952,010	-	-	-
Special assessments	845,665	-	845,665	37,035	438,794	-
Accounts	620,163	4,529,240	5,149,403	-	-	-
Accrued interest	30,580	32,038	62,618	-	-	-
Loans	2,704,272	-	2,704,272	-	-	-
Other	40	-	40	-	-	-
Due (to) from other city funds	1,106,876	(1,106,876)	-	-	-	-
Due from other governments	744,327	132,238	876,565	-	-	-
Inventories	185,674	391,667	577,341	-	-	-
Prepaid items	-	103,738	103,738	2,408	-	-
Total current assets	<u>20,034,295</u>	<u>17,490,452</u>	<u>37,524,747</u>	<u>191,677</u>	<u>1,147,648</u>	<u>1,752,608</u>
Noncurrent assets						
Restricted cash and investments	3,025,127	5,880,010	8,905,137	-	-	50,870
Other assets	25,349	-	25,349	-	-	-
Capital assets						
Non-depreciable capital assets	11,234,048	11,635,685	22,869,733	-	-	-
Depreciable capital assets, net	<u>64,657,377</u>	<u>112,665,983</u>	<u>177,323,360</u>	<u>420,057</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>78,941,901</u>	<u>130,181,678</u>	<u>209,123,579</u>	<u>420,057</u>	<u>-</u>	<u>50,870</u>
Total assets	<u>98,976,196</u>	<u>147,672,130</u>	<u>246,648,326</u>	<u>611,734</u>	<u>1,147,648</u>	<u>1,803,478</u>
LIABILITIES						
Current liabilities						
Accounts payable	2,955,552	2,094,104	5,049,656	139,768	-	-
Compensated absences	176,935	60,179	237,114	-	-	-
Debt due within one year	541,856	2,557,464	3,099,320	-	-	-
Other liabilities	243,980	325,665	569,645	-	-	-
Total current liabilities	<u>3,918,323</u>	<u>5,037,412</u>	<u>8,955,735</u>	<u>139,768</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities						
Compensated absences	3,520,875	545,239	4,066,114	-	-	-
Debt due in more than one year	5,549,103	22,541,512	28,090,615	-	-	-
Other liabilities	<u>1,010,026</u>	<u>-</u>	<u>1,010,026</u>	<u>121,250</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>10,080,004</u>	<u>23,086,751</u>	<u>33,166,755</u>	<u>121,250</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,998,327</u>	<u>28,124,163</u>	<u>42,122,490</u>	<u>261,018</u>	<u>-</u>	<u>-</u>
NET POSITION						
Invested in capital assets, net of related debt	71,608,711	100,276,282	171,884,993	420,057	-	-
Restricted for:						
Expendable:						
Debt service	998,158	-	998,158	-	-	-
Revenue bond reserves	-	3,912,440	3,912,440	-	-	-
Repair and replacement	-	1,891,359	1,891,359	-	-	-
Contributor restrictions	35,521	-	35,521	-	-	-
Grantor restrictions	315,066	-	315,066	-	-	-
Law restrictions	4,730,930	-	4,730,930	-	-	-
General government	206,995	-	206,995	-	-	-
Public safety	737,774	-	737,774	-	-	-
Park and recreation	522,748	-	522,748	-	-	-
Housing and development	104,106	-	104,106	-	-	-
Capital outlay	435,283	-	435,283	-	-	-
Library operations	590,341	-	590,341	-	-	1,507,322
Nonexpendable:						
Programs and operations	25,349	-	25,349	-	-	50,870
Unrestricted	<u>4,666,887</u>	<u>13,467,886</u>	<u>18,134,773</u>	<u>(69,341)</u>	<u>1,147,648</u>	<u>245,286</u>
Total net position	<u>\$84,977,869</u>	<u>\$119,547,967</u>	<u>\$204,525,836</u>	<u>\$ 350,716</u>	<u>\$ 1,147,648</u>	<u>\$ 1,803,478</u>

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

City of Great Falls, Montana
Statement of Activities
Year Ended June 30, 2013

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 8,696,774	\$ 7,176,911	\$ 597,510	\$ 110,643
Public safety	18,473,368	1,488,048	475,942	-
Public works	6,823,866	4,884,645	-	-
Culture and recreation	5,280,872	745,946	28,006	-
Housing and development	2,986,916	1,311,128	1,175,632	389,218
Interest and fees	286,266	-	-	-
Total governmental activities	42,548,062	15,606,678	2,277,090	499,861
Business-type activities				
Golf courses	1,393,735	1,379,693	-	-
Water	8,360,315	10,585,717	-	-
Sewer	7,676,489	10,230,776	-	42,130
Storm drain	1,358,316	1,930,203	-	-
Sanitation	3,406,713	3,149,008	-	-
Electric	2,606,675	2,472,625	-	-
Port Authority	298,960	465,187	-	-
Other	4,598,631	3,421,754	-	-
Total business-type activities	29,699,834	33,634,963	-	42,130
Total primary government	\$ 72,247,896	\$ 49,241,641	\$ 2,277,090	\$ 541,991
Component Units				
Great Falls Business Improvement District	\$ 370,772	\$ 214,738	\$ -	\$ -
Tourism Business Improvement District	\$ 180,049	\$ 415,418	\$ -	\$ -
Great Falls Public Library Foundation	\$ 145,024	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Extraordinary item - Recognition of Loss				
Total general revenues and transfers				
Change in net position				
Total Net Position - Beginning				
Adjustment				
Total Net Position - Beginning, as restated				
Total Net Position - Ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
\$ (811,710)	\$ -	\$ (811,710)	\$ -	\$ -	\$ -
(16,509,378)	-	(16,509,378)	-	-	-
(1,939,221)	-	(1,939,221)	-	-	-
(4,506,920)	-	(4,506,920)	-	-	-
(110,938)	-	(110,938)	-	-	-
(286,266)	-	(286,266)	-	-	-
<u>(24,164,433)</u>	<u>-</u>	<u>(24,164,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(14,042)	(14,042)	-	-	-
-	2,225,402	2,225,402	-	-	-
-	2,596,417	2,596,417	-	-	-
-	571,887	571,887	-	-	-
-	(257,705)	(257,705)	-	-	-
-	(134,050)	(134,050)	-	-	-
-	166,227	166,227	-	-	-
-	(1,176,877)	(1,176,877)	-	-	-
<u>-</u>	<u>3,977,259</u>	<u>3,977,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (24,164,433)</u>	<u>\$ 3,977,259</u>	<u>\$ (20,187,174)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,034)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,369</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,024)</u>
16,238,131	-	16,238,131	-	-	-
7,612,104	50,488	7,662,592	-	-	44,014
48,395	26,276	74,671	151	2,239	74,973
475,503	120,976	596,479	34,073	78	-
(10,017,773)	10,017,773	-	-	-	-
-	(4,117,122)	(4,117,122)	-	-	-
<u>14,356,360</u>	<u>6,098,391</u>	<u>20,454,751</u>	<u>34,224</u>	<u>2,317</u>	<u>118,987</u>
<u>(9,808,073)</u>	<u>10,075,650</u>	<u>267,577</u>	<u>(121,810)</u>	<u>237,686</u>	<u>(26,037)</u>
94,838,452	109,837,729	204,676,181	472,526	909,962	1,829,515
(52,510)	(365,412)	(417,922)	-	-	-
<u>94,785,942</u>	<u>109,472,317</u>	<u>204,258,259</u>	<u>472,526</u>	<u>909,962</u>	<u>1,829,515</u>
<u>\$ 84,977,869</u>	<u>\$ 119,547,967</u>	<u>\$ 204,525,836</u>	<u>\$ 350,716</u>	<u>\$ 1,147,648</u>	<u>\$ 1,803,478</u>

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

**City of Great Falls
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General</u>	<u>Street District</u>	<u>Federal Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments	\$ 780,221	\$ 2,369,297	\$ 263,870	\$ 5,930,545	\$ 9,343,933
Restricted cash and investments	-	-	-	605,164	605,164
Receivables					
Taxes	1,795,836	-	-	156,174	1,952,010
Special assessments	-	195,970	-	649,695	845,665
Accounts	44,766	29,757	-	1,802	76,325
Accrued interest	7,616	3,183	123	9,741	20,663
Loans	-	-	2,661,872	42,400	2,704,272
Other	40	-	-	-	40
Due from other city funds	1,106,876	-	-	7,139	1,114,015
Due from other governments	233,864	112,753	43,371	354,339	744,327
Other assets	-	9,734	-	15,615	25,349
Total Assets	<u>\$ 3,969,219</u>	<u>\$ 2,720,694</u>	<u>\$ 2,969,236</u>	<u>\$ 7,772,614</u>	<u>\$ 17,431,763</u>
Liabilities					
Accounts payable	806,816	382,180	19,303	354,393	1,562,692
Due to other city funds	-	-	-	7,139	7,139
Interfund loans payable	31,237	-	-	14,294	45,531
Advances from other funds	256,692	-	-	60,171	316,863
Other liabilities	89,704	13,565	-	131,685	234,954
Total Liabilities	<u>1,184,449</u>	<u>395,745</u>	<u>19,303</u>	<u>567,682</u>	<u>2,167,179</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	1,264,770	-	-	112,807	1,377,577
Unavailable revenue-special assessments	-	122,416	-	546,346	668,762
Unavailable revenue-liens	-	9,580	-	47,105	56,685
Unavailable revenue-grants	-	-	2,661,872	68,493	2,730,365
Unavailable revenue-deferred loans	-	-	-	42,400	42,400
Unavailable revenue-security agreement	-	-	-	179,687	179,687
Total Deferred Inflows of Resources	<u>1,264,770</u>	<u>131,996</u>	<u>2,661,872</u>	<u>996,838</u>	<u>5,055,476</u>
Fund Balances					
Nonspendable	-	9,734	-	15,615	25,349
Restricted	-	2,183,219	288,061	3,608,395	6,079,675
Assigned	-	-	-	2,597,247	2,597,247
Unassigned	1,520,000	-	-	(13,163)	1,506,837
Total Fund Balances	<u>1,520,000</u>	<u>2,192,953</u>	<u>288,061</u>	<u>6,208,094</u>	<u>10,209,108</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,969,219</u>	<u>\$ 2,720,694</u>	<u>\$ 2,969,236</u>	<u>\$ 7,772,614</u>	<u>\$ 17,431,763</u>

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

City of Great Falls, Montana
Reconciliation of the Balance Sheet
To the Statement of Net Position - Governmental Funds
June 30, 2013

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

Fund balances - total governmental funds (page 22)		\$ 10,209,108
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 144,173,186	
Less: accumulated depreciation	<u>(74,480,613)</u>	
Capital assets - net		69,692,573
<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 position.</p>		
		9,063,350
<p>Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds</p>		
		5,055,476
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	(3,247,231)	
Loans and contracts payable	(115,407)	
General obligation bonds payable	(2,640,000)	
Tax increment bonds payable	(2,670,000)	
Special assessment bonds payable	<u>(370,000)</u>	
Total long-term liabilities		<u>(9,042,638)</u>
Net position of governmental activities (page 19)		<u>\$ 84,977,869</u>

City of Great Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Street District	Federal Block Grant	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 14,639,060	\$ -	\$ -	\$ 1,599,071	\$ 16,238,131
Licenses and permits	952,674	6,946	-	1,085,549	2,045,169
Intergovernmental	7,231,177	1,431,597	993,020	2,208,379	11,864,173
Charges for services	1,148,487	140,680	276,205	1,338,716	2,904,088
Fines and forfeitures	1,089,955	-	-	58,004	1,147,959
Internal Services	910,530	79,348	-	68,852	1,058,730
Special assessments	-	3,650,045	-	3,015,626	6,665,671
Investment income	9,472	708	(177)	15,859	25,862
Other	39,458	22,814	-	654,016	716,288
Total Revenues	26,020,813	5,332,138	1,269,048	10,044,072	42,666,071
Expenditures					
Current					
General government	3,435,939	-	-	4,344,027	7,779,966
Public safety	17,799,637	-	-	472,321	18,271,958
Public works	-	4,714,083	-	17,773	4,731,856
Culture and recreation	2,342,849	-	-	2,055,019	4,397,868
Housing & development	-	-	872,579	1,732,709	2,605,288
Debt service					
Principal	-	-	-	444,479	444,479
Interest	6,449	-	-	275,783	282,232
Capital Outlay	42,885	2,021,572	389,218	445,410	2,899,085
Total Expenditures	23,627,759	6,735,655	1,261,797	9,787,521	41,412,732
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,393,054	(1,403,517)	7,251	256,551	1,253,339
Transfers in	-	-	-	924,746	924,746
Transfers out	(7,557,991)	(16,507)	-	(1,498,169)	(9,072,667)
Total other financing sources (uses)	(7,557,991)	(16,507)	-	(573,423)	(8,147,921)
Net Change in Fund Balances	(5,164,937)	(1,420,024)	7,251	(316,872)	(6,894,582)
Fund Balances - Beginning	6,696,035	3,621,675	280,810	6,535,474	17,133,994
Adjustment	(11,098)	(8,698)	-	(10,508)	(30,304)
Fund Balances - Beginning, as restated	6,684,937	3,612,977	280,810	6,524,966	17,103,690
Fund Balances - Ending	\$ 1,520,000	\$ 2,192,953	\$ 288,061	\$ 6,208,094	\$ 10,209,108

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

City of Great Falls, Montana
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2013

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)	\$ (6,894,583)
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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.

Expenditures for capital assets	\$2,899,085	
Less: current year's depreciation	<u>(4,289,373)</u>	
Total capital asset related expenditures		(1,390,288)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets	(110,652)
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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	(1,961,092)
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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.	90,428
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on assets. 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 in the Principal repayments

Loans and contracts	9,479	
General obligation bonds	354,899	
Tax increment bonds	85,000	
Compensated absences	41,303	
Amortization of bond discounts	<u>(32,567)</u>	
Total debt related transactions		<u>458,114</u>

Change in net assets of governmental activities (pages 20-21)	<u>\$ (9,808,073)</u>
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**City of Great Falls
Statement of Net Position
Proprietary Funds
June 30, 2013**

Business Type Activities Enterprise Funds

	Golf Courses	Water	Sewer	Storm Drain	Sanitation
Assets					
Current assets					
Cash and investments	\$ -	\$ 3,931,865	\$ 3,074,045	\$ 4,130,671	\$ 348,294
Receivables					
Accounts	7,060	1,591,619	1,761,247	246,098	378,235
Accrued interest	-	10,691	10,062	8,218	571
Interfund loans receivable	-	-	-	-	-
Due from other governments	-	4	132,215	10	9
Inventories	79,772	311,895	-	-	-
Prepaid items	-	18,257	59,611	25,870	-
Total Current assets	<u>86,832</u>	<u>5,864,331</u>	<u>5,037,180</u>	<u>4,410,867</u>	<u>727,109</u>
Long-term assets					
Restricted cash and investments	234,138	2,022,159	3,078,476	469,026	27,046
Advance to other funds	-	-	-	-	-
Non-depreciable capital assets	1,362,597	1,817,716	3,338,511	1,822,435	348,571
Depreciable capital assets, net	1,886,861	45,555,604	40,856,619	15,804,309	856,095
Total Long-term assets	<u>3,483,596</u>	<u>49,395,479</u>	<u>47,273,606</u>	<u>18,095,770</u>	<u>1,231,712</u>
Total Assets	<u>\$ 3,570,428</u>	<u>\$ 55,259,810</u>	<u>\$ 52,310,786</u>	<u>\$ 22,506,637</u>	<u>\$ 1,958,821</u>
Liabilities					
Current liabilities					
Accounts payable	64,622	416,974	213,357	137,117	135,974
Due to other city funds	1,106,876	-	-	-	-
Capital lease obligation	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Revenue bonds payable	205,000	360,000	1,244,582	227,000	-
Other liabilities	32,744	145,035	328	2,499	161
Total Current liabilities	<u>1,409,242</u>	<u>922,009</u>	<u>1,458,267</u>	<u>366,616</u>	<u>136,135</u>
Long-term liabilities					
Capital lease obligations	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	-
Compensated absences	62,662	274,031	38,066	-	92,434
Revenue bonds payable	465,000	4,461,000	9,717,822	2,437,000	-
Other liabilities	-	-	-	-	-
Total Long-term liabilities	<u>527,662</u>	<u>4,735,031</u>	<u>9,755,888</u>	<u>2,437,000</u>	<u>92,434</u>
Total Liabilities	<u>1,936,904</u>	<u>5,657,040</u>	<u>11,214,155</u>	<u>2,803,616</u>	<u>228,569</u>
Net Position					
Net investment in capital assets	2,579,458	42,552,320	33,200,296	14,962,744	1,204,666
Restricted					
Revenue bond reserves	234,138	1,046,577	2,312,699	319,026	-
Repair and replacement	-	975,582	765,777	150,000	-
Unrestricted	(1,180,072)	5,028,291	4,817,859	4,271,251	525,586
Total Net Position	<u>1,633,524</u>	<u>49,602,770</u>	<u>41,096,631</u>	<u>19,703,021</u>	<u>1,730,252</u>
Total Liabilities and Net Position	<u>\$ 3,570,428</u>	<u>\$ 55,259,810</u>	<u>\$ 52,310,786</u>	<u>\$ 22,506,637</u>	<u>\$ 1,958,821</u>

Continued on next page

City of Great Falls
Statement of Net Position (Concluded)
Proprietary Funds
June 30, 2013

	Business Type Activities Enterprise Funds				Internal Service Funds
	Electric	Port Authority	Other Enterprise Funds	Total	
Assets					
Current assets					
Cash and investments	\$ -	\$ 124,697	\$ 1,798,835	\$ 13,408,407	\$ 2,500,755
Receivables					
Accounts	464,553	29,834	50,594	4,529,240	543,838
Accrued interest	-	-	2,496	32,038	9,917
Interfund loans receivable	-	-	-	-	45,531
Due from other governments	-	-	-	132,238	-
Inventories	-	-	-	391,667	185,674
Prepaid items	-	-	-	103,738	-
Total Current assets	464,553	154,531	1,851,925	18,597,328	3,285,715
Long-term assets					
Restricted cash and investments	-	-	49,165	5,880,010	2,419,963
Advance to other funds	-	-	-	-	316,863
Non-depreciable capital assets	-	2,077,009	868,846	11,635,685	-
Depreciable capital assets, net	-	3,378,303	4,328,192	112,665,983	6,198,852
Total Long-term assets	-	5,455,312	5,246,203	130,181,678	8,935,678
Total Assets	\$ 464,553	\$ 5,609,843	\$ 7,098,128	\$ 148,779,006	\$ 12,221,393
Liabilities					
Current liabilities					
Accounts payable	952,851	-	173,209	2,094,104	1,392,860
Due to other city funds	-	-	-	1,106,876	-
Capital lease obligation	-	-	138,439	138,439	-
Loans payable	-	-	-	-	36,969
Notes payable	104,833	277,610	-	382,443	-
Revenue bonds payable	-	-	-	2,036,582	-
Other liabilities	-	-	144,898	325,665	9,026
Total Current liabilities	1,057,684	277,610	456,546	6,084,109	1,438,855
Long-term liabilities					
Capital lease obligations	-	-	305,109	305,109	-
Loans payable	-	-	-	-	258,583
Notes payable	1,001,187	4,154,394	-	5,155,581	-
Compensated absences	-	-	138,225	605,418	450,579
Revenue bonds payable	-	-	-	17,080,822	-
Other liabilities	-	-	-	-	1,010,026
Total Long-term liabilities	1,001,187	4,154,394	443,334	23,146,930	1,719,188
Total Liabilities	2,058,871	4,432,004	899,880	29,231,039	3,158,043
Net Position					
Net investment in capital assets	-	1,023,308	4,753,490	100,276,282	5,903,300
Restricted					
Revenue bond reserves	-	-	-	3,912,440	-
Repair and replacement	-	-	-	1,891,359	-
Unrestricted	(1,594,318)	154,531	1,444,758	13,467,886	3,160,050
Total Net Position	(1,594,318)	1,177,839	6,198,248	119,547,967	9,063,350
Total Liabilities and Net Position	\$ 464,553	\$ 5,609,843	\$ 7,098,128	\$ 148,779,006	\$ 12,221,393

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

City of Great Falls
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business Type Activities Enterprise Funds				
	Golf Courses	Water	Sewer	Storm Drain	Sanitation
Operating Revenues					
Charges for services	\$ 1,378,933	\$ 10,551,476	\$ 10,264,207	\$ 1,927,437	\$ 3,133,721
Operating Expenses					
Personal services	626,062	2,264,051	838,822	46,357	1,179,023
Supplies and materials	209,343	824,822	77,330	3,609	348,793
Purchased services	130,298	943,415	3,352,392	79,573	842,647
Internal services	137,034	1,332,709	843,699	281,801	732,262
Other	14,826	45,806	34,432	20,732	-
Depreciation	214,524	2,755,971	2,209,363	862,470	303,953
Total Operating Expenses	1,332,087	8,166,774	7,356,038	1,294,542	3,406,678
Operating Income (Loss)	46,846	2,384,702	2,908,169	632,895	(272,957)
Nonoperating Revenues (Expenses)					
Investment income (loss)	(2,184)	15,089	13,662	11,098	790
Interest expense	(43,544)	(193,541)	(320,451)	(63,774)	-
Proceeds (loss) on sale of capital assets	551	8,124	147	-	9,933
Other	(12,854)	50,307	14,266	44,635	15,772
Total Nonoperating Revenues (Expenses)	(58,031)	(120,021)	(292,376)	(8,041)	26,495
Income (Loss) Before Contributions and Transfers	(11,185)	2,264,681	2,615,793	624,854	(246,462)
Transfers in	-	-	-	-	-
Transfers (out)	(39,915)	(300,477)	(278,802)	(23,229)	(3,219)
Total Transfers In (Out)	(39,915)	(300,477)	(278,802)	(23,229)	(3,219)
Extraordinary Item - Recognition of Loss	-	-	-	-	-
Change in Net Position	(51,100)	1,964,204	2,336,991	601,625	(249,681)
Total Net Position - Beginning	1,684,624	47,675,520	38,770,748	19,369,706	2,003,580
Adjustment	-	(36,954)	(11,108)	(268,310)	(23,647)
Total Net Position - Beginning, as restated	1,684,624	47,638,566	38,759,640	19,101,396	1,979,933
Total Net Position - Ending	\$ 1,633,524	\$ 49,602,770	\$ 41,096,631	\$ 19,703,021	\$ 1,730,252

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

City of Great Falls
Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Proprietary Funds
For the Year Ended June 30, 2013

	Business Type Activities Enterprise Funds			Internal Service Funds	
	Electric	Port Authority	Other Enterprise Funds		Total
Operating Revenues					
Charges for services	\$ 2,380,448	\$ 465,187	\$ 3,472,042	\$ 33,573,451	\$ 16,299,249
Operating Expenses					
Personal services	-	-	2,256,177	7,210,492	4,247,247
Supplies and materials	37	-	229,624	1,693,558	861,292
Purchased services	2,553,012	600	1,026,567	8,928,504	9,757,348
Internal services	9,116	-	598,767	3,935,388	856,621
Other	-	-	62,999	178,795	52,490
Depreciation	-	80,444	386,150	6,812,875	781,875
Total Operating Expenses	2,562,165	81,044	4,560,284	28,759,612	16,556,873
Operating Income (Loss)	(181,717)	384,143	(1,088,242)	4,813,839	(257,624)
Nonoperating Revenues (Expenses)					
Investment income (loss)	(15,535)	218	3,138	26,276	22,533
Interest expense	(44,510)	(217,916)	(38,128)	(921,864)	(4,034)
Proceeds (loss) on sale of capital assets	-	-	16,612	35,367	59,890
Other	92,177	-	17,078	221,381	119,921
Total Nonoperating Revenues (Expenses)	32,132	(217,698)	(1,300)	(638,840)	198,310
Income (Loss) Before Contributions and Transfers	(149,585)	166,445	(1,089,542)	4,174,999	(59,314)
Transfers in	9,598,725	-	1,120,578	10,719,303	158,593
Transfers (out)	-	-	(55,888)	(701,530)	(2,060,371)
Total Transfers In (Out)	9,598,725	-	1,064,690	10,017,773	(1,901,778)
Extraordinary Item - Recognition of Loss	(4,117,122)	-	-	(4,117,122)	-
Change in Net Position	5,332,018	166,445	(24,852)	10,075,650	(1,961,092)
Total Net Position - Beginning	(6,926,336)	1,011,394	6,248,493	109,837,729	11,046,648
Adjustment	-	-	(25,393)	(365,412)	(22,206)
Total Net Position - Beginning, as restated	(6,926,336)	1,011,394	6,223,100	109,472,317	11,024,442
Total Net Position - Ending	\$ (1,594,318)	\$ 1,177,839	\$ 6,198,248	\$ 119,547,967	\$ 9,063,350

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

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,388,935	\$ 10,155,098	\$ 9,401,900	\$ 2,065,543	\$ 3,081,874
Receipts from interfund services provided	-	7,628	154,362	-	-
Receipts from others	-	50,307	14,266	44,635	12,675
Receipts from other governments	-	-	(132,215)	-	-
Payments to suppliers	(352,719)	(1,771,554)	(3,625,377)	(83,182)	(1,191,731)
Payments to employees	(616,674)	(2,309,501)	(851,107)	(46,285)	(1,179,140)
Payments for interfund services used	(137,034)	(1,332,709)	(843,699)	(281,801)	(732,262)
Payments to others	(27,680)	(45,806)	(34,432)	(20,732)	-
Net cash provided (used) by operating activities	<u>254,828</u>	<u>4,753,463</u>	<u>4,083,698</u>	<u>1,678,178</u>	<u>(8,584)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(23,229)	-
Interfund cash flow loans	59,064	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>59,064</u>	<u>-</u>	<u>-</u>	<u>(23,229)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	551	8,711	147	-	16,601
Principal payments received - advances	-	-	-	-	-
Principal payments - revenue bonds	(195,000)	(1,929,000)	(293,381)	(661,000)	-
Principal payments - notes	-	-	-	-	-
Principal payments - capital leases	-	-	-	-	-
Principal payments - loans	-	-	-	-	-
Interest paid	(40,253)	(211,985)	(376,543)	(94,829)	-
Acquisition/construction of capital assets	(78,325)	(3,296,663)	(3,905,673)	(2,326,771)	-
Net cash provided (used) by capital and related financing activities	<u>(313,027)</u>	<u>(5,428,937)</u>	<u>(4,575,450)</u>	<u>(3,082,600)</u>	<u>16,601</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	(2,107)	15,049	14,753	12,727	756
Net cash provided (used) by investing activities	<u>(2,107)</u>	<u>15,049</u>	<u>14,753</u>	<u>12,727</u>	<u>756</u>
Net increase (decrease) in cash	(1,242)	(660,425)	(476,999)	(1,414,924)	8,773
Cash, beginning of year	<u>235,380</u>	<u>6,614,449</u>	<u>6,629,520</u>	<u>6,014,621</u>	<u>366,567</u>
Cash, end of year (a)	<u>\$ 234,138</u>	<u>\$ 5,954,024</u>	<u>\$ 6,152,521</u>	<u>\$ 4,599,697</u>	<u>\$ 375,340</u>
(a) Shown on the statement of net assets as:					
Cash and investments	\$ -	\$ 3,931,865	\$ 3,074,045	\$ 4,130,671	\$ 348,294
Restricted cash and investments	234,138	2,022,159	3,078,476	469,026	27,046
	<u>\$ 234,138</u>	<u>\$ 5,954,024</u>	<u>\$ 6,152,521</u>	<u>\$ 4,599,697</u>	<u>\$ 375,340</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Electric	Port Authority	Other Enterprise Funds	Totals	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,435,096	\$ 465,187	\$ 2,508,486	\$ 31,502,119	\$ 409,749
Receipts from interfund services provided	-	-	885,398	1,047,388	15,974,315
Receipts from others	92,177	-	17,297	231,357	12,021
Receipts from other governments	-	-	-	(132,215)	-
Payments to suppliers	(2,553,049)	(600)	(1,181,040)	(10,759,252)	(10,122,316)
Payments to employees	-	-	(2,253,038)	(7,255,745)	(4,241,485)
Payments for interfund services used	(9,116)	-	(598,767)	(3,935,388)	(856,621)
Payments to others	(3,366,567)	-	(63,218)	(3,558,435)	(52,243)
Net cash provided (used) by operating activities	(3,401,459)	464,587	(684,882)	7,139,829	1,123,420
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	8,198,725	-	1,120,578	9,319,303	158,593
Transfers out	-	-	-	(23,229)	(2,011,926)
Interfund cash flow loans	(5,503,426)	-	-	(5,444,362)	-
Net cash provided (used) by noncapital financing activities	2,695,299	-	1,120,578	3,851,712	(1,853,333)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	-	-	16,612	42,622	76,032
Principal payments received - advances	-	-	-	-	43,373
Principal payments - revenue bonds	-	-	-	(3,078,381)	-
Principal payments - notes	(101,160)	(265,600)	-	(366,760)	-
Principal payments - capital leases	-	-	(129,807)	(129,807)	-
Principal payments - loans	-	-	-	-	(36,258)
Interest paid	(44,510)	(199,588)	(38,128)	(1,005,836)	(4,034)
Acquisition/construction of capital assets	-	-	(139,139)	(9,746,571)	(892,674)
Net cash provided (used) by capital and related financing activities	(145,670)	(465,188)	(290,462)	(14,284,733)	(813,561)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	(14,737)	218	3,289	29,948	23,077
Net cash provided (used) by investing activities	(14,737)	218	3,289	29,948	23,077
Net increase (decrease) in cash	(866,567)	(383)	148,523	(3,263,244)	(1,520,397)
Cash, beginning of year	866,567	125,080	1,699,477	22,551,661	6,441,115
Cash, end of year (a)	<u>\$ -</u>	<u>\$ 124,697</u>	<u>\$ 1,848,000</u>	<u>\$ 19,288,417</u>	<u>\$ 4,920,718</u>
(a) Shown on the statement of net assets as:					
Cash and investments	\$ -	\$ 124,697	\$ 1,798,835	\$ 13,408,407	\$ 2,500,755
Restricted cash and investments	-	-	49,165	5,880,010	2,419,963
	<u>\$ -</u>	<u>\$ 124,697</u>	<u>\$ 1,848,000</u>	<u>\$ 19,288,417</u>	<u>\$ 4,920,718</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2013

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 46,846	\$ 2,384,702	\$ 2,908,169	\$ 632,895	\$ (272,957)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	214,524	2,755,971	2,209,363	862,470	303,953
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	10,004	(383,096)	(840,161)	40,128	(51,848)
Extraordinary item	-	-	-	-	-
Inventories	(18,429)	(19,359)	-	-	-
Accounts payable	1,056	142,687	(196,822)	98,050	(4,073)
Other liabilities	6,320	(131,699)	328	-	161
Compensated absences payable	7,361	(46,050)	(11,445)	-	3,505
Other nonoperating revenue	(12,854)	50,307	14,266	44,635	12,675
Total adjustments	<u>\$ 207,982</u>	<u>\$ 2,368,761</u>	<u>\$ 1,175,529</u>	<u>\$ 1,045,283</u>	<u>\$ 264,373</u>
Net cash provided (used) by operating activities	<u>\$ 254,828</u>	<u>\$ 4,753,463</u>	<u>\$ 4,083,698</u>	<u>\$ 1,678,178</u>	<u>\$ (8,584)</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
Year Ended June 30, 2013

Business-Type Activities - Enterprise Funds

	<u>Electric</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)	\$ (181,717)	\$ 384,143	\$(1,088,242)	\$ 4,813,839	\$ (257,624)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	-	80,444	386,150	6,812,875	781,875
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	123,504	-	31,199	(1,070,270)	241,705
Extraordinary item	(3,366,567)	-	-	(3,366,567)	-
Inventories	-	-	-	(37,788)	33,384
Accounts payable	(68,856)	-	40,751	12,793	204,450
Other liabilities	-	-	(83,345)	(208,235)	-
Compensated absences payable	-	-	11,527	(35,102)	(291)
Other nonoperating revenue	92,177	-	17,078	218,284	119,921
Total adjustments	<u>\$(3,219,742)</u>	<u>\$ 80,444</u>	<u>\$ 403,360</u>	<u>\$ 2,325,990</u>	<u>\$ 1,381,044</u>
Net cash provided (used) by operating activities	<u><u>\$(3,401,459)</u></u>	<u><u>\$ 464,587</u></u>	<u><u>\$ (684,882)</u></u>	<u><u>\$ 7,139,829</u></u>	<u><u>\$ 1,123,420</u></u>

City of Great Falls
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 199,953	\$ 456,612
Special assessments receivable	-	1,067,718
Due from other governments	-	21
Accrued interest	309	195
Total Assets	200,262	1,524,546
Liabilities		
Accounts payable	-	249,910
Assets held for others	-	1,210,361
Other liabilities	-	64,275
Total Liabilities	-	\$ 1,524,546
Net Position		
Held in trust	200,262	
Total Net Position	\$ 200,262	

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

City of Great Falls
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2013

	Private Purpose Trust Funds
Additions	
Private contributions	\$ 4,154
Investment income	415
	4,569
Total Additions	4,569
Deductions	
Refunds of contributions	-
	-
Change in Net Position	4,569
Net Position - Beginning	195,693
Net Position - Ending	\$ 200,262

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

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2013

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 a municipal corporation, organized in 1888 under the laws of the State of Montana. The City operates under the Commission/Manager form of government with a self-governing charter which became effective July 1, 1986. The City's executive, legislative, and policy-making body is the City Commission which is composed of a mayor and four commissioners. The Mayor is elected at-large for a term of two years and the Commissioners serve overlapping four-year terms. The City Manager serves as the appointed Chief Executive Officer carrying out the policies established by the City Commission and overseeing all operations.

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 and should; therefore, be included in a government's financial reporting entity.

Electric City Power, Inc. (ECP) (the Electric)

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

Great Falls Port Authority (the Port 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 with City Commissioners as Port Authority Commissioners. Since the Port Authority governing body is the City Commission, the City can impose its will, the Port Authority by-laws state the City may fund its debt deficiency, and the services provided by the Port Authority benefit the City, the Port Authority is a blended component unit of the City of Great Falls. This component unit is blended as a proprietary fund presented in these financial statements.

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

Great Falls Business Improvement District (the Business Improvement District)

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

b. Reporting Entity – continued

Great Falls Business Improvement District (the Business Improvement District)(continued)

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

Great Falls Tourism Business Improvement District (the Tourism Business Improvement District)

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

Great Falls Public Library Foundation (the Public Library Foundation)

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

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

During the year ended March 31, 2013, the Public Library Foundation distributed \$114,725 to the City for both restricted and unrestricted purposes. Complete financial statements for the Public Library Foundation can be obtained by writing the Public Library Foundation at P.O. Box 742, Great Falls, Montana, 59403.

c. Investment in Joint Venture

During fiscal year 2004, the City entered into an agreement (joint venture) with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern). Southern 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), a 250 MW coal-fired plant. Four of Southern's member cooperatives then formed another cooperative called SME and pursued the construction of a gas fired electric generation facility. 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 did not meet the criteria for inclusion in the City's financial report as a component unit since the City does not exercise administrative control. Southern pledged the wholesale power supply contract between the City and Southern as collateral for Phase 1 (\$85,000,000) of the HGS. The City did 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,

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

c. Investment in Joint Venture – continued

measurable right to the net present or future resources of the joint venture. The corporate office of Southern is located at the following address: 3395 Gabel Road, Suite 300, Billings, Montana 59102 or PO Box 80048, Billings, Montana 59108. It is uncertain whether the corporation offices will remain at this location. On October 21, 2011, Southern filed bankruptcy. The U.S. Bankruptcy Court has appointed a Debtor Trustee who has taken over all operations and management. On May 1, 2013, the City of Great Falls, Electric City Power Inc. and Southern Montana Generation & Transmission through its attorneys have reached a Settlement Agreement and Release that will totally, completely and permanently sever the City's relationship with Southern Montana G&T. On September 17, 2013 the City Commission authorized the reclassification of the investment in joint venture to a loss in joint venture in Fiscal Year 2013. The loss for the entire amount qualifies as an extraordinary item since it was not within the control of management, unusual in nature, and infrequent in occurrence. The amount of the loss, \$1,186,617, is included in the extraordinary item of the financial statements (page 29). As of June 30, 2013, no investment in joint venture existed.

d. Basis of Presentation

The government-wide financial statements (statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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:

General Fund

The General Fund accounts for all financial resources of the City except those legally required to be reported separate or those funds required pursuant to general accounting practices.

Street District Fund

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

e. Fund Accounting – continued

Governmental Funds – continued

related to the signs and signals function of the Support Services Division. The revenue sources for this fund are assessments and state shared gas taxes.

Federal Block Grant Fund

The Federal 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. Following are the City's major proprietary funds:

Golf Courses Fund

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

Water Fund

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

Sewer Fund

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

Storm Drain Fund

The Storm Drain Fund accounts for all aspects of the City storm drain system operations; including related debt service, administrative expenses, operation and maintenance of the storm drain collection system.

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 as a blended component unit of the City of Great Falls.

Port Authority Fund

The Port Authority Fund is used to account for operations of the Great Falls Port Authority as a blended component unit of the City 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 Central Garage, Information Technology, Insurance and Safety, Health and Benefits, Human Resources, City Telephone, Fiscal Services, Engineering, Public Works Admin, and Civic Center Facility Services.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

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 four agency funds used for the Upper Lower River Road Water Sewer District, the Court, the Flex 1 Plans, and the Payroll.

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 position.

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 position. The statement of changes in revenues, expenses, and changes in fund net position 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 inflows of resources, 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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

f. Measurement Focus/Basis of Accounting – continued

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.

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.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, liens, grants, deferred loans and security agreement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 and Investments

The City's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Generally, cash resources of the individual funds are combined to form a pool of cash and investments which is managed within the Fiscal Services Department. Investment criteria are established via Montana Code Annotated (MCA) 7-6-202 and the City's investment policy. The City investment committee reviews policies and conducts an annual review of the financial condition and registration of all qualified financial institutions and broker/dealers. Investments consist primarily of certificates of deposit, repurchase agreements, State of Montana short-term investment pool, money-market funds, 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 over the FDIC or FSLIC insured amount are required to be secured with collateral having a market value of at least 100% of the deposit balance. 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies – continued

h. Cash and Investments – continued

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

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

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.

j. Interfund Receivables/Payables

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

j. Interfund Receivables/Payables – continued

Due To/From Other Funds

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

Interfund Loans Receivable/Payable

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

Advances To/From Other Funds

Represent the noncurrent portion of long-term loans between funds within the City.

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

i. Capital Assets – continued

of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible, or are intangible assets with indefinite useful lives. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

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

The estimated useful lives are as follows:

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

m. Equipment Replacement Reserves

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

n. Compensated Absences

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

o. Contributions

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies - continued

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. Net Position Flow Assumption

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

s. Fund Balance Flow Assumption

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

2. Cash and Investments

The composition of the City’s cash and investments, including restricted cash and investments, on June 30, 2013 was as follows:

	Primary Government	Component Units		
		Business Improvement District	Tourism Business Improvement District	Public Library Foundation
Cash on hand	\$ 9,595	\$ 68,083	\$ 548,602	\$ -
Deposits in banks	1,662,585	-	-	3,975
Savings deposits	-	-	-	79,345
Certificates of deposit	43,395	-	160,252	60,000
U.S. government securities	2,019,505	-	-	-
Short term investment pool (STIP)	1,569,929	-	-	-
Money market funds	29,509,788	84,151	-	-
Mutual funds	-	-	-	1,611,525
Equity securities	-	-	-	48,633
Totals	<u>\$ 34,814,797</u>	<u>\$ 152,234</u>	<u>\$ 708,854</u>	<u>\$ 1,803,478</u>

The City’s cash and investments for the primary government at June 30, 2013 are reported as:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 11,844,688	\$ 13,408,407	\$ 656,565	\$ 25,909,660
Restricted cash and investments	3,025,127	5,880,010	-	8,905,137
Totals	<u>\$ 14,869,815</u>	<u>\$ 19,288,417</u>	<u>\$ 656,565</u>	<u>\$ 34,814,797</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

2. Cash and Investments – continued

At June 30, 2013 the carrying amount of the City’s bank deposits was \$1,668,855 and the bank balance was \$2,050,969. Of the bank balance, \$358,791 was covered by federal depository insurance and \$1,692,178 was covered by collateral held by the pledging bank’s trustee in the City’s name.

At June 30, 2013, the carrying amount of deposits for the Great Falls Business Improvement District, a discretely presented component unit, was \$152,234 and the bank balance was \$152,234. Of the bank balance, \$152,234 was covered by federal depository insurance.

At June 30, 2013, the carrying amount of deposits for the Great Falls Tourism Business Improvement District, a discretely presented component unit, was \$548,602 and the bank balance was \$548,602. Of the bank balance, \$250,000 was covered by federal depository insurance and \$298,602 was covered by collateral held by an approved third party financial institution in the name of the District.

At March 31, 2013 the carrying amount of deposits for the Great Falls Public Library Foundation, a discretely presented component unit, was \$83,320 and the bank balance was \$83,295. Of the carrying amount of deposits, \$3,950 was covered by federal depository insurance and \$79,345 was covered by Securities Investors Protection Corporation.

Montana statutes require 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, 2013. The City’s policy is to have pledged securities equal to 100% of its insured or guaranteed yield in the City’s name.

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 \$95,206 on invested cash during fiscal year 2013. The annualized rate of return for the year is 0.24% prior to adjustments which ‘mark investments to market’ and 0.07% 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 decreased interest income for all City funds in the amount of \$25,299 for the year ended June 30, 2013. This adjustment decreased the cash and investments by \$25,299.

At June 30, 2013, 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	\$ 1,672,180	\$ 1,672,180	\$ -
Certificates of deposit	43,395	43,395	-
U.S. treasuries	515,565	-	515,565
U.S. agencies	1,503,940	500,930	1,003,010
Short term investment pool (STIP)	1,569,929	1,569,929	-
Money market funds	29,509,788	29,509,788	-
Totals	<u>\$ 34,814,797</u>	<u>\$ 33,296,222</u>	<u>\$ 1,518,575</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 the FDIC or FSLIC insured amount to be insured by the FDIC or FSLIC and all deposits over the FDIC or FSLIC insured amount are required to be secured with collateral.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

2. Cash and Investments – continued

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 Treasury Securities are not considered to have credit risk and do not require disclosure of credit quality. The U.S. Government Agencies Securities are 66.66% in Federal National Mortgage Association which had a credit rating of "AAA" at June 30, 2013; and 33.34% in Federal Home Loan Mortgage Corporation which had a credit rating of "AAA" at June 30, 2013.

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.

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 investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". The portfolio may include asset-backed securities, commercial paper, corporate and U.S. government direct obligations, U.S. government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-rate (floating-rate) instruments. These securities are purchased to provide shareholders with a diversified portfolio earning a competitive total rate of return. Asset-backed securities represent debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc. Commercial paper is unsecured short-term debt with maturities ranging from 1 to 270 days. Commercial paper issued at a discount, direct or by brokers, is backed by bank credit lines. U.S. government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. government. U.S. government agency securities include U.S. Government agency and mortgage-backed securities. Repurchase agreements (REPOs) represent an agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable-rate (floating-rate) securities pay a variable rate of interest until maturity. The STIP portfolio's variable-rate securities float with LIBOR (London Interbank Offered Rate). The STIP investment portfolio consists of securities with a maximum maturity of 397 days or less with the exception of securities having rate reset dates. The portfolio is carried at amortized cost or book value.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

2. Cash and Investments – continued

Restricted Cash and Investments

Cash and investments of \$8,905,137 are restricted by bond covenants, state statute, or for specific purposes as follows:

Governmental Activities

Nonmajor governmental funds

Library - improvements		\$ 115,580
West Bank TID Bonds - current debt service	\$ 17,548	
West Bank TID Bonds - bond reserves	<u>216,165</u>	
Subtotal West Bank TID Bonds		233,713
SID Bonds - security reserves		179,687
General Capital Projects - suit related retainage		76,184

Internal Service funds

Central Garage - vehicle and equipment replacement		1,939,055
Information Technology - information systems	257,629	
Information Technology - vehicle and equipment replacement	<u>5,568</u>	
Subtotal Information Technology		263,197
Engineering - vehicle and equipment replacement		117,081
Public Works Admin - vehicle and equipment replacement		3,514
Civic Center Facility Service - improvements		<u>97,116</u>

Total Governmental Activities 3,025,127

Business Activities

Golf Courses

Bond reserves		234,138
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Water

Current debt service	40,413	
Bond reserves	485,055	
Operating reserves	442,900	
Vehicle and equipment replacement	<u>1,053,791</u>	
Subtotal Water		2,022,159

Sewer

Current debt service	147,238	
Bond reserves	1,766,857	
Operating reserves	398,604	
Vehicle and equipment replacement	<u>765,777</u>	
Subtotal Sewer		3,078,476

Storm Drain

Current debt service	23,806	
Bond reserves	277,600	
Repair and replacement reserves	<u>167,620</u>	
Subtotal Storm Drain		469,026

Sanitation

Vehicle and equipment replacement		27,046
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Nonmajor enterprise funds

Parking - vehicle and equipment replacement		30,006
Recreation - vehicle and equipment replacement		4,663
Civic Center Events - improvements		<u>14,496</u>

Total Business Activities 5,880,010

Total \$ 8,905,137

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

3. Receivables

Taxes and Special Assessments

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

The City is permitted, by state statutes, to levy taxes up to certain fixed limits for various purposes. The taxes levied by the City for the year ended June 30, 2013 were within legal limits.

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

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

Loans Receivable

Loans receivable at June 30, 2013, consists of the following:

Federal Block Grant:	
Deferred payment loan program (a)	\$ 2,661,872
Nonmajor governmental funds:	
Home Grant - deferred payment loan program (a)	42,400
Total	<u>\$ 2,704,272</u>

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

4. Interfund Receivables, Payables, and Transfers

Due to/from Other City Funds

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

Due to/from other City funds at June 30, 2013, consists of the following:

Receivable Fund	Payable Fund	
Nonmajor governmental fund - Portage Meadows	Nonmajor governmental fund - Natural Resources	\$ 561
Nonmajor governmental fund - HIDTA Special Revenue	Nonmajor governmental fund - Police Special Revenue	6,578
General	Golf Courses	1,106,876
Total		\$ 1,114,015

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

4. Interfund Receivables, Payables, and Transfers – continued

Interfund Loans

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

Interfund loans receivable/payable at June 30, 2013 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund - Central Garage	General	\$ 31,237
	Nonmajor governmental fund Park & Recreation	14,294
Total		<u>45,531</u>

Advances to/from other funds at June 30, 2013, consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund - Central Garage	General	\$ 256,692
	Nonmajor governmental fund Park & Recreation	60,171
Total		<u>\$ 316,863</u>

Transfers

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

Transfers to/from other funds for the year ended June 30, 2013, consists of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor governmental funds		
Park & Recreation	\$ 7,000	Transfers from general fund to park special revenue for tennis court maintenance [\$4,000]. Transfer from nonmajor governmental fund - CTEP projects for rivers edge trail maintenance plan project [\$3,000].
Library	450,000	Transfers from general fund to library for operation support.
Planning & Community Development	158,825	Transfer from general fund to planning & community development for operation support.
Natural Resources	264,918	Transfer from general fund to natural resources for operation support.
CTEP Projects	43,911	Transfer from nonmajor governmental fund - park & recreation to CTEP projects for centene park landscape project [\$13,182]. Transfer from storm drain to CTEP projects for bay drive trail project [\$23,229]. Transfer from nonmajor governmental fund - park & recreation to CTEP projects for gibson park lighting project [\$7,500].
West Bank TID Bonds	92	Transfer from nonmajor governmental fund - west bank urban renewal to west bank tax increment district for close of fund.
	<u>924,746</u>	Subtotal of nonmajor governmental funds

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

4. Interfund Receivables, Payables, and Transfers – continued

Transfers – continued

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Electric	9,598,725	Transfer from general fund to electric for debt service [\$145,671]. Transfer from general fund to electric for cash deficit [\$5,553,054]. Transfer from general fund to electric for security deposit [\$59,696]. Transfer from street to electric for security deposit [\$16,507]. Transfer from nonmajor governmental fund - library to electric for security deposit [\$19,382]. Transfer from nonmajor governmental fund - natural resources to electric for security deposit [\$155]. Transfer from nonmajor governmental fund - lighting districts to electric for security deposit [\$577,514]. Transfer from water to electric for security deposit [\$300,477]. Transfer from sewer to electric for security deposit [\$278,802]. Transfer from sanitation to electric for security deposit [\$3,219]. Transfer from golf to electric for security deposit [\$39,915]. Transfer from nonmajor enterprise fund - 911 dispatch to electric for security deposit [\$3,483]. Transfer from nonmajor enterprise fund - parking to electric for security deposit [\$20,581]. Transfer from nonmajor enterprise fund - swimming pools to electric for security deposit [\$21,054]. Transfer from nonmajor enterprise fund - recreation to electric for security deposit [\$10,770]. Transfer from internal service fund - public works admin to electric for security deposit [\$17,645]. Transfer from internal service fund - civic center facility services to electric for security deposit [\$30,800]. Transfer from nonmajor governmental fund - economic revolving to electric for settlement [\$420,000]. Transfer from nonmajor governmental fund - hazard removal to electric for settlement [\$100,000]. Transfer from internal service fund - central garage to electric for settlement [\$905,000]. Transfer from internal service fund - information technology to electric for settlement [\$200,000]. Transfer from internal service fund - fiscal services to electric for settlement [\$325,000]. Transfer from internal service fund - engineering to electric for settlement [\$250,000]. Transfer from internal service fund - public work admin to electric for settlement [\$100,000]. Transfer from internal service fund - insurance & safety to electric for settlement [\$200,000].
Nonmajor enterprise funds		
Swim Pools	414,389	Transfer from general fund to swim pools for operations support.
911 Dispatch Center	337,733	Transfer from nonmajor governmental fund - 911 special revenue to safety services for dispatch services.
Recreation	153,729	Transfer from general fund to recreation for operation support.
Civic Center Events	214,727	Transfer from general fund to civic center events for operation support.
	<u>1,120,578</u>	Subtotal of nonmajor enterprise funds
Internal service funds		
Information Technology	25,390	Transfer from general fund to information technology for mapping tech position [\$12,695]. Transfer from nonmajor governmental fund - 911 special revenue to information technology for mapping tech position [\$12,695].
Engineering	133,203	Transfer from general fund to engineering for operation support.
	<u>158,593</u>	Subtotal of internal service funds
Total	<u>\$ 11,802,642</u>	

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

5. Due From Other Governments

Amounts due from other governments at June 30, 2013, were as follows:

	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Other</u>	<u>Total</u>
General fund	\$ 40,929	\$ -	\$ 192,935	\$ -	\$ 233,864
Street District fund	110,787	-	1,966	-	112,753
Federal Block Grant fund	43,371	-	-	-	43,371
Nonmajor governmental funds					
Library	-	-	241	-	241
Planning & Community Development	124,099	3,000	-	-	127,099
Natural Resources	-	-	174	-	174
Support & Innovation	-	-	603	-	603
911 Special Revenue	-	138,659	-	-	138,659
HIDTA Special Revenue	26,742	-	2,708	-	29,450
Home Grant	2,648	-	-	-	2,648
CTEP Projects	2,010	-	-	-	2,010
Housing Authority	-	-	-	52,308	52,308
Lighting Districts	-	-	952	-	952
Master Debt SILD	-	-	1	-	1
Soccer Park Bonds	-	-	77	-	77
Swim Pool Rehab GO Bond	-	-	117	-	117
Subtotal nonmajor governmental funds	<u>155,499</u>	<u>141,659</u>	<u>4,873</u>	<u>52,308</u>	<u>354,339</u>
Water	-	-	4	-	4
Sewer	-	132,215	-	-	132,215
Storm Drain	-	-	10	-	10
Sanitation	-	-	9	-	9
Totals	<u>\$ 350,586</u>	<u>\$ 273,874</u>	<u>\$ 199,797</u>	<u>\$ 52,308</u>	<u>\$ 876,565</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 9,853,958	\$ -	\$ -	\$ 9,853,958
Intangible	471,182	-	-	471,182
Construction in Progress	451,246	1,012,549	(554,887)	908,908
	<u>10,776,386</u>	<u>1,012,549</u>	<u>(554,887)</u>	<u>11,234,048</u>
Capital assets, being depreciated:				
Buildings	15,376,041	-	(157,575)	15,218,466
Improvements	34,374,505	2,097,492	(12,588)	36,459,409
Machinery and equipment	20,090,029	1,084,434	(853,017)	20,321,446
Infrastructure	74,875,250	215,533	(45,329)	75,045,454
	<u>144,715,825</u>	<u>3,397,459</u>	<u>(1,068,509)</u>	<u>147,044,775</u>
Less accumulated depreciation for:				
Buildings	(7,162,770)	(409,860)	55,152	(7,517,478)
Improvements	(15,136,935)	(1,848,458)	14,240	(16,971,153)
Machinery and equipment	(13,888,142)	(1,259,174)	808,960	(14,338,356)
Infrastructure	(42,006,655)	(1,553,756)	-	(43,560,411)
	<u>(78,194,502)</u>	<u>(5,071,248)</u>	<u>878,352</u>	<u>(82,387,398)</u>
Total capital assets, being depreciated, net	<u>66,521,323</u>	<u>(1,673,789)</u>	<u>(190,157)</u>	<u>64,657,377</u>
Governmental activities capital assets, net	<u>\$ 77,297,709</u>	<u>\$ (661,240)</u>	<u>\$ (745,044)</u>	<u>\$ 75,891,425</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 4,115,316	\$ -	\$ -	\$ 4,115,316
Construction in Progress	7,517,856	5,677,633	(5,675,120)	7,520,369
	<u>11,633,172</u>	<u>5,677,633</u>	<u>(5,675,120)</u>	<u>11,635,685</u>
Capital assets, being depreciated:				
Buildings	32,373,320	-	(14,459)	32,358,861
Improvements	77,127,293	9,026,558	(107,961)	86,045,890
Machinery and equipment	13,992,556	786,504	(875,742)	13,903,318
Infrastructure	86,000,179	409,424	-	86,409,603
	<u>209,493,348</u>	<u>10,222,486</u>	<u>(998,162)</u>	<u>218,717,672</u>
Less accumulated depreciation for:				
Buildings	(18,542,307)	(672,425)	-	(19,214,732)
Improvements	(32,283,155)	(3,623,902)	-	(35,907,057)
Machinery and equipment	(10,296,463)	(681,482)	657,484	(10,320,461)
Infrastructure	(38,774,373)	(1,835,066)	-	(40,609,439)
	<u>(99,896,298)</u>	<u>(6,812,875)</u>	<u>657,484</u>	<u>(106,051,689)</u>
Total capital assets, being depreciated, net	<u>109,597,050</u>	<u>3,409,611</u>	<u>(340,678)</u>	<u>112,665,983</u>
Business-type activities capital assets, net	<u>\$ 121,230,222</u>	<u>\$ 9,087,244</u>	<u>\$ (6,015,798)</u>	<u>\$ 124,301,668</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

6. Capital Assets - continued

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

<u>Governmental activities</u>	
General government	\$ 720,150
Public safety	206,204
Public works	2,864,326
Culture and recreation	898,940
Housing and development	381,628
Total governmental activities	<u>\$ 5,071,248</u>
<u>Business-type activities</u>	
Water	\$ 2,755,971
Sewer	2,209,363
Storm Drain	862,470
Sanitation	303,953
Golf Courses	214,524
Port Authority	80,444
Other	386,150
Total business-type activities	<u>\$ 6,812,875</u>

Discretely Presented Component Unit

Capital assets activity for the Business Improvement District for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 556,744	\$ 6,175	\$ -	\$ 562,919
Equipment	45,330	-	-	45,330
	602,074	6,175	-	608,249
Less accumulated depreciation for	(171,893)	(16,299)	-	(188,192)
Total capital assets, being depreciated, net Business Improvement District	<u>430,181</u>	<u>(10,124)</u>	<u>-</u>	<u>420,057</u>
capital assets, net	<u>\$ 430,181</u>	<u>\$ (10,124)</u>	<u>\$ -</u>	<u>\$ 420,057</u>

7. Capital Lease Obligations

Nonmajor Enterprise – Swim Pools Fund

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

The following is an analysis of the property under capital lease as of June 30, 2013:

	<u>Nonmajor Enterprise</u>
Improvements	\$ 1,503,195
Less accumulated depreciation	<u>(795,451)</u>
Net leased property	<u>\$ 707,744</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

7. Capital Lease Obligations – continued

Nonmajor Enterprise – Swim Pools Fund – continued

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of net minimum lease payments at June 30, 2013:

Year Ending June 30	Nonmajor Enterprise
2014	\$ 167,935
2015	167,935
2016	167,935
Total lease payments	503,805
Less amount representing interest	(60,257)
Present value of future minimum lease payments	\$ 443,548

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, 2013, were as follows:

Governmental activities	\$ 3,697,810
Business-type activities	605,418
Total	\$ 4,303,228

Loans and Contracts Payable

Nonmajor Governmental – Master Debt SILD Fund

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.

The City Commission adopted Resolution No. 9712 on November 20, 2007, authorizing the borrowing of \$46,600 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Eagles Crossing Phase 2 & 3. The term of the loan was fifteen (15) years with an initial interest rate of 4.25%.

The City Commission adopted Resolution No. 9720 on December 18, 2007, authorizing the borrowing of \$29,900 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 5. The term of the loan was fifteen (15) years with an initial interest rate of 4.85%.

The City Commission adopted Resolution No. 9819 on March 17, 2009, authorizing the borrowing of \$36,346 in Intercap funds by the General Fund for the purpose of designing and installing city street lights in Bootlegger Addition Phase 1. The term of the loan was fifteen (15) years with an initial interest rate of 3.25%.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Loans and Contracts Payable – continued

Nonmajor Governmental – Master Debt SILD Fund – continued

The City Commission adopted Resolution No. 9850 on September 15, 2009, authorizing the borrowing of \$20,516 in InterCap funds by the General Fund for the purpose of designing and installing city street lights in Water Tower Park Addition. The term of the loan was fifteen (15) years with an initial interest rate of 1.95%.

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

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 9,887	\$ 1,130	\$ 11,017
2015	10,313	1,030	11,343
2016	10,757	925	11,682
2017	11,220	816	12,036
2018	11,705	703	12,408
2019-2023	55,856	1,708	57,564
2024-2026	5,669	53	5,722
Totals	<u>\$ 115,407</u>	<u>\$ 6,365</u>	<u>\$ 121,772</u>

Internal Service Fund – Engineering

The City Commission adopted Resolution No. 9885 on June 15, 2010, authorizing the borrowing of \$600,000 in InterCap funds by the Central Garage and Engineering internal service funds for the purpose of financing costs associated with the Public Works Engineering and Operations building addition and remodel. The amount borrowed was only \$366,650 due to the use of Montana State House Bill 645 funds for a portion of the construction. The term of the loan was ten (10) years with an initial interest rate of 1.95%.

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

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 36,969	\$ 2,863	\$ 39,832
2015	37,694	2,492	40,186
2016	38,432	2,113	40,546
2017	39,185	1,727	40,912
2018	39,953	1,333	41,287
2019-2021	103,318	1,560	104,878
Totals	<u>\$ 295,552</u>	<u>\$ 12,088</u>	<u>\$ 307,640</u>

Notes Payable

Port Authority Fund

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Notes Payable – continued

Port Authority Fund – continued

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

Electric Fund

The City Commission adopted Resolution No. 9534 on December 6, 2005, authorizing the borrowing of \$1,500,000 from First Interstate Bank in the form of a taxable non-voted general obligation note by the electric fund for the purpose of preliminary design, engineering, feasibility and environmental review costs related to the construction of a 250 MW coal fired generation plant. 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. The interest rate was adjusted in December 2010 to 3.78%. It was intended the debt would be repaid from operating funds of the electric utility, but the General fund will be responsible for this now. A pledge from the General fund provided backup security for the debt obligation.

Notes payable outstanding at June 30, 2013, are as follows:

	Business-Type Activities					
	Start Date	Interest Rate	Term (Years)	Maturity Date	Loan Issued	Balance June 30, 2013
Port Authority Improvements	03-02-2005	4.00%	20	10-01-2025	\$ 1,075,000	\$ 760,246
Port Authority Improvements	11-30-2007	4.43%	18 ¼	09-30-2025	4,763,794	3,671,758
Electric Improvements	12-15-2005	3.78%	20	01-01-2026	1,500,000	1,106,020
Total						\$ 5,538,024

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

	Business-Type Activities		
Year Ending June 30	Principal	Interest	Total
2014	\$ 382,443	\$ 228,414	\$ 610,857
2015	398,777	212,081	610,858
2016	415,353	195,505	610,858
2017	433,559	177,300	610,859
2018	452,087	158,770	610,857
2019-2023	2,425,401	488,397	2,913,798
2024-2026	1,030,404	55,234	1,085,638
Totals	\$ 5,538,024	\$ 1,515,701	\$ 7,053,725

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

General Obligation Bonds

Nonmajor Governmental – Soccer Park Bond

In November 2003, a general obligation bond of \$2.5 million was approved by the taxpayers for the acquisition of land and construction of a soccer park. General obligation bonds were issued June 15, 2004, and are payable over a twenty (20) year period. The Great Falls Soccer Foundation partnered with the City to construct the Seibel Soccer Park.

Nonmajor Governmental – Swim Pool Rehab Bond

In November 2006, a general obligation bond of \$2.27 million was approved by the taxpayers for the improving and upgrading of certain swimming pools in the City. General obligation bonds were issued May 15, 2007, and are payable over a ten (10) year period.

General obligation bonds outstanding at June 30, 2013, 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, 2013</u>
Series 2004	06-15-2004	3.75 - 4.65%	20	07-01-2024	\$ 2,500,000	\$ 1,615,000
Series 2007	05-15-2007	3.80 - 5.50%	10	07-01-2017	\$ 2,270,000	1,025,000
Total						<u>\$ 2,640,000</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>
2014	\$ 365,000	\$ 110,262	\$ 475,262
2015	375,000	95,962	470,962
2016	390,000	81,087	471,087
2017	405,000	65,487	470,487
2018	140,000	49,152	189,152
2019-2023	785,000	150,627	935,627
2024	180,000	8,370	188,370
Totals	<u>\$ 2,640,000</u>	<u>\$ 560,947</u>	<u>\$ 3,200,947</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

Nonmajor Governmental – West Bank Tax Increment District

In March 2009, the City Commission adopted Resolution 9814, relating to the issuance of West Bank Urban Renewal District Tax Increment Revenue Bonds, Series 2009A to pay costs of public improvements associated with the Federal Courthouse/4th Avenue NW Urban Renewal Project. The bonds are being repaid from the tax increments received by the City from its West Bank urban renewal area.

In February 2012, the City Commission adopted Resolution 9960, relating to the issuance of West Bank Urban Renewal Refunding Revenue Bonds, Series 2012 to refund the City's outstanding Tax Increment Urban Renewal Subordinate Lien Revenue Note, Series 2009A. The bonds are being repaid from the tax increments received by the City from its West Bank urban renewal area.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Urban Renewal Tax Increment Bonds Payable – continued

Nonmajor Governmental – West Bank Tax Increment District – continued

Tax increment bonds outstanding at June 30, 2013, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2013
Series 2009A	07-30-2009	3.00 - 5.80%	25	07-01-2034	\$ 2,000,000	\$ 1,850,000
Series 2012	03-01-2012	2.00 - 4.00%	20	07-01-2032	855,000	820,000
Total						<u>\$ 2,670,000</u>

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

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 85,000	\$ 125,578	\$ 210,578
2015	90,000	123,028	213,028
2016	90,000	120,128	210,128
2017	95,000	117,118	212,118
2018	95,000	113,718	208,718
2019-2023	555,000	505,695	1,060,695
2024-2028	685,000	366,199	1,051,199
2029-2033	830,000	174,575	1,004,575
2034	145,000	8,410	153,410
Totals	<u>\$ 2,670,000</u>	<u>\$ 1,654,449</u>	<u>\$ 4,324,449</u>

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

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

	<u>Parity</u>
<u>Bond reserves</u>	
Debt service account	\$ 17,548
<u>Coverage covenant calculation</u>	
Increment taxes collected and available	\$371,310
Maximum annual debt service	\$216,165
Debt service coverage	1.72x
Debt Service coverage required	1.25x

Additional Covenant Requirements: Resolution No. 9815 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, the incremental taxable value of property, and the ten major taxpayers within the West Bank Urban Renewal Area.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Special Assessment Debt

Nonmajor Governmental – Improvement District Revolving

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

Special assessment bonds outstanding at June 30, 2013, 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, 2013</u>
1275	10-30-1997	4.10 - 5.25%	15	08-01-2013	547,000	\$ 45,000
1301	05-15-2005	3.50 - 5.00%	15	08-01-2020	630,000	<u>325,000</u>
Total						<u>\$ 370,000</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, 2013.

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, 2013, 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, 2013</u>
Water	12-21-2000	4.00%	20	01-01-2021	\$ 3,000,000	\$ 1,400,000
Water	05-01-2008	3.75%	20	07-01-2028	3,791,264	3,143,000
Water	07-16-2009	1.75%	20	07-01-2029	333,700	278,000
Sewer	05-15-2002	4.00%	20	01-01-2022	12,100,000	5,305,000
Sewer	02-01-2005	3.00 - 4.15%	20	08-01-2024	5,005,000	3,628,785
Sewer	10-01-2009	1.75%	20	07-01-2029	309,816	253,000
Sewer	08-03-2012	3.00%	20	07-01-2032	3,800,000	1,555,278
Sewer	06-26-2013	3.00%	20	07-01-2033	7,084,000	220,341
Storm Drain	04-06-2004	3.75%	20	01-01-2024	4,400,000	2,664,000
Golf Courses	03-01-1998	4.20 - 5.38%	18	09-01-2015	1,950,000	395,000
Golf Courses	04-01-1999	4.15 - 5.50%	20	09-01-2019	590,000	<u>275,000</u>
Total						<u>\$ 19,117,404</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

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

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2014	\$ 2,036,582	\$ 778,696	\$ 2,815,278
2015	1,823,753	515,335	2,339,088
2016	1,724,929	467,488	2,192,417
2017	1,725,110	423,015	2,148,125
2018	1,766,298	378,334	2,144,632
2019-2023	7,270,725	1,197,944	8,468,669
2024-2028	2,572,488	376,304	2,948,792
2029	197,519	65,719	263,238
Totals	<u>\$ 19,117,404</u>	<u>\$ 4,202,835</u>	<u>\$ 23,320,239</u>

Water Bond Covenants

Resolution No. 10000 authorized the issuance of amended and restated water system revenue bonds.

The City issued the water system amended and restated bonds pursuant to Resolution No. 9226 as amended and supplemented by Resolutions No. 9755 and 9842, 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, 2013, 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, 2013.

<u>Bond Reserves</u>	
Operating account	\$ 521,109
Debt service account	40,413
Reserve account	485,055
	<u>\$ 1,046,577</u>
Repair and replacement account	975,582
	<u>\$ 2,022,159</u>
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 10,574,689
Operating expenses	5,410,803
Net revenues	<u>\$ 5,163,886</u>
Maximum annual debt service requirement	<u>\$ 485,055</u>
Percent coverage	<u>1064.60%</u>
Percent coverage required	<u>125.00%</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Revenue Bonds Payable – 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, 2013.

Sewer Bond Covenants

Resolution No. 9999 authorized the issuance of amended and restated sewerage system revenue bond.

The City issued the sewer system amended and restated bonds pursuant to Resolution No. 9227 as amended and supplemented by Resolutions No. 9228, 9454, 9863, 9986, and 10021, 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, 2013, 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, 2013.

<u>Bond Reserves</u>	
Operating account	\$ 398,604
Debt service account	147,238
Reserve account	<u>1,766,857</u>
	\$ 2,312,699
Repair and replacement account	<u>765,777</u>
	<u>\$ 3,078,476</u>
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 10,278,016
Operating expenses	<u>5,146,675</u>
Net revenues	<u>\$ 5,131,341</u>
Maximum annual debt service requirement	<u>\$ 1,766,857</u>
Percent coverage	<u>290.42%</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, 2013.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Storm Drain Bond Covenants

Resolution No. 9998 authorized the issuance of amended and restated Storm Drain Revenue bonds pursuant to Resolutions No. 9334 and 9360, and includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account, Repair and Replacement Account and Surplus Account.

Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2013, 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, 2013.

Bond Reserves

Reserve account	\$ 319,026
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	\$ 319,026
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Repair and replacement account	150,000
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	\$ 469,026
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Coverage Covenant Calculation

Gross revenues	\$ 1,938,535
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Operating expenses	432,072
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Net revenues	\$ 1,506,463
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Maximum annual debt service requirement	\$ 286,920
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Percent coverage	525.05%
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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, 2013.

Golf Course Bond Covenants

At June 30, 2013, 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

8. Long-Term Debt – continued

Revenue Bonds Payable – 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, 2013.

Bond Reserves

Reserve account	\$ 234,138
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Coverage Covenant Calculation

Gross revenues	\$ 1,379,482
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Operating expenses	1,119,747
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Net revenues	\$ 259,735
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Maximum annual debt service requirement	\$ 234,138
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Percent coverage	110.93%
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Percent coverage required	140.00%
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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 – pass holder rounds played, counts and fees” “golf courses non-pass holder rounds played 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, 2013.

Capitalized Interest Expense

During the year ended June 30, 2013, 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 \$43,573, the sewer fund incurred a net of \$74,620, and the storm drain fund incurred a net of \$38,177 in such capitalized interest expenses during the year ended June 30, 2013.

Other Liabilities

Other liabilities in the Electric Fund result from prepaid fixed water charges from Southern in the amount of \$1,186,062. This liability occurred because the initial electric rate set forth by ECP to its customers fell short by a substantial amount. This amount was expenses that were incurred in the startup venture.

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. Through December 31, 2008, payment for this block of power was 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 was sold or purchased on the energy imbalance market and recorded as a prepaid water credit. On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorneys have reached a Settlement Agreement and Release that will totally, completely and permanently sever the City’s relationship with Southern Montana G&T. This liability was included as part of the Settlement Agreement and Release and was paid June 14, 2013 with the first payment of the settlement. The other liabilities balance in the Electric fund as of June 30, 2013 is \$0.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

9. Employee Benefit Plans – continued

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, 2013, 2012, and 2011, were \$1,214,534, \$1,168,412, and \$1,138,959, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 6.9% of monthly compensation for members hired before July 1, 2011 and 7.9% for members hired after July 1, 2011. The City is also required to contribute 7.07% of members' compensation. The State is required to contribute 0.10% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

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

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

A participant is eligible for early retirement benefits after age 50 and 5 years of service or after 25 years of service regardless of age. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2013, was 400.

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, 2013, 2012, and 2011, were \$627,933, \$613,792, and \$600,492, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 10.7% of monthly compensation for members who have elected to be covered under the guaranteed annual benefit adjustment (GABA), and 9.5% of monthly compensation for members who have not elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.36% of members' compensation. The State is required to contribute 32.61% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

Participants are eligible for benefits after 20 years of service and age 50. The benefit for participants hired prior to July 1, 1981, who have attained 50 years of age and 20 years of service is 50% of the monthly salary last received by the participant. Also, an additional 1% for each year of service in excess of 20 years, not to exceed a maximum of 60% of the recipient's latest monthly salary. A participant hired on or after July 1, 1981, or who retires prior to completion of 20 years of service, receives a benefit equal to 2% of average salary for each year of service, not to exceed 60%. Salary is averaged over the last 36 months for those hired on or after July 1, 1981. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2013, 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, 2013, 2012, and 2011 were \$832,857, \$813,394, and \$790,478, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 7.0% of monthly compensation for members hired after June 30, 1975, and prior to July 1, 1979; 8.5% of monthly compensation for members hired after June 30, 1979, and prior to July 1, 1997; and 9.0% of monthly compensation for members hired on or after July 1, 1997, and members who have elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.41% of members' compensation. The State is required to contribute 29.37% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

9. Employee Benefit Plans – continued

Municipal Police Officers’ Retirement System (MPORS) – continued

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, 2013, 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% ⁴ and 7.9% ⁵ of monthly compensation	9.5% ² and 10.7% ³ of monthly compensation	7.0% ¹ , 8.5% ² , 9.0% ³ of monthly compensation
		¹ for members hired after June 30, 1975, and prior to July 1, 1979	
		² for members hired after June 30, 1979 and prior to July 1, 1997	
		³ for members electing GABA; and those hired on or after July 1, 1997	
		⁴ for members hired before July 1, 2011	
		⁵ for members hired after July 1, 2011	
Required employer contributions:	7.07% of monthly compensation	14.36% of monthly compensation	14.41% of monthly compensation
Required state contributions:	0.10% of monthly compensation	32.61% of monthly compensation	29.37% of monthly compensation
Required employer contributions received and % of required amount:			
June 30, 2013	\$ 1,214,534 100%	\$ 627,933 100%	\$ 832,857 100%
June 30, 2012	\$ 1,168,412 100%	\$ 613,792 100%	\$ 813,394 100%
June 30, 2011	\$ 1,138,959 100%	\$ 600,492 100%	\$ 790,478 100%

10. Other Postemployment Benefits

Plan Description

The City provided medical insurance coverage for its employees via a single-employer defined benefit self-insured plan administered by BlueCross/Blue Shield during the year ended June 30, 2013. The City changed from its employee health insurance program being self-insured with Blue Cross/Blue Shield of Montana as the third party claims administrator to joining the Montana Municipal Interlocal Authority’s (MMIA) employee health benefits program effective July 1, 2013. In accordance with MCA 2-18-702 optional postemployment benefits are provided to employees and dependents who retire under applicable retirement provisions and who

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

10. Other Postemployment Benefits – continued

Plan Description – continued

elect to continue coverage and pay administratively established premiums. The City allows its retired employees to continue their health care insurance coverage through the City's group health plan until death. Benefit provisions are established through negotiations between the City and the unions representing City employees and are renegotiated each bargaining period.

Funding Policy

The City pays for postemployment health care benefits on a pay-as-you-go basis. Authority establishing the funding policy is given with MCA 2-18-702. The City does not make any contributions towards the cost of retiree health care premiums. The administratively established retiree medical premiums vary between \$398.45 and \$1,275.00 per month depending on the medical plan selected, family coverage, and Medicare eligibility. As of June 30, 2013, 118 retirees (policyholders) were enrolled in the plan. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for health insurance is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Shown below is the City's annual OPEB cost as of June 30, 2013 and the related information:

Annual Required Contribution	\$	625,424
Interest on net OPEB obligation		29,807
Adjustment to annual required contribution		(43,094)
Annual OPEB cost		612,137
Contributions made		(347,290)
Increase (Decrease) in net OPEB obligation		264,847
Net OPEB obligation beginning of year		745,179
Net OPEB obligation end of year	\$	1,010,026

Shown below is the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years (4% discount rate, and level percent of pay amortization):

Year Ending June 30	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2011	\$ 541,845	55.45%	\$ 487,669
2012	554,958	53.60%	745,179
2013	612,137	56.73%	1,010,026

Funded status and funding progress

As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$	7,209,742
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		\$ 7,209,742
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employees covered by the plan)	\$	19,175,072
UAAL as a percentage of covered payroll		38%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented following these notes as required supplementary information, presents

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

10. Other Postemployment Benefits – continued

Funded status and funding progress – continued

multi-year trend information about whether the actuarial value of plan assets discloses about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate; the Sex Distinct 1994 Uninsured Pensioner Mortality Tables were used; an annual healthcare costs trend rate of 9.00% initially reduced to an ultimate rate of 4.20% in the year 2086; a participation rate of 20% of future retirees; a marriage assumption that wives are three years younger than husbands for active employees and 50% are assumed to have an eligible spouse who will elect coverage upon retirement; the effect of aging has been assumed to be 3.5% per year leveling off at age 75; the inflation rate is assumed to be 5%; and administrative cost is included in the claims. The amortization of the City's unfunded actuarial accrued liability is being amortized over thirty (30) level open years. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

11. Construction Commitments

The City has entered into contracts for the design, construction or renovation of various facilities at June 30, 2013, some of which are as follows:

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
Sunnyside Ave Drainage Improvements	\$ 40,885	\$ 224,115	October 2014
Sanitary Sewer Trenchless Rehab Phase 16	233,967	14,032	October 2013
Lower West Hill Storm Drain	63,051	14,869	October 2013
9 th St North Curb and Gutter Replacement	118	75,382	December 2013
Northwest Great Falls Storm Drainage	985,289	112,711	June 2015
2013 Street Drainage Improvements	64,357	126,408	May 2014
18 th Street S Storm Drain Improvements	388,880	168,120	December 2013
9th Street NW Street Improvements	171,205	248,795	June 2014
7 th Ave S Street Improvements	666	469,334	September 2014
Central Ave and 33 rd Street N Water Main Replacement	459,177	645,823	September 2014
Water Treatment Plant Administration Building & Shop	687,816	770,184	October 2014
Crescent Dr & Henderson Heights Water Main	1,695	900,305	June 2014
Wastewater Treatment Plant Permit Required Upgrades	2,097,897	1,642,103	December 2015

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, 2013, were not significant.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

12. Operating Leases – continued

Bulk Water Service

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

The City also leases certain office equipment from others under operating leases expiring in future years. The current year rental costs and minimum future rentals on noncancellable operating leases as of June 30, 2013, were not significant.

13. Contracted Services

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

Fire Districts

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

Dispatch and Communication Services

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

Library

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

Health Department

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

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

Electric City Power

On September 21, 2004, the City contracted with Southern to supply electricity. The result of the contract was to allow the City to provide enough electricity to supply the City's needs, and the needs of ECP customers located in Great Falls. On October 2, 2007, the City and Southern entered into a revised Wholesale Power Purchase Contract. The revisions extended the expiration date to December 30, 2048. The validity of the Wholesale Power Contract is disputed and the issue is in litigation. The City filed a declaratory judgment action against Southern in Cascade County District Court. This action has been dismissed with prejudice. On July 17, 2012, the City filed a declaratory judgment action against Southern in U. S. Bankruptcy Court asking the Court to declare the Wholesale Power Contract as void as well as for other relief. Southern filed multiple counterclaims against the City on September 24, 2012. These actions have been dismissed with prejudice.

On March 15, 2005 the City Commission approved a 250 MW coal fired generating plant water service agreement with Southern outlining the rates charged for water service through June 30, 2010 for raw water, and applicable fees. On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorneys have reached a Settlement Agreement and Release that will totally, completely and

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

13. Contracted Services – continued

Electric City Power – continued

permanently sever the City's relationship with Southern Montana G&T. On September 17, 2013, the City issued a Request for Proposals for electricity supply. On October 24, 2013, the City Commission accepted a proposal for electricity supply from PPL.

Housing Authority

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

Parking Facilities

The City has a management agreement with Standard Parking for operation of all the City's parking facilities and for enforcement of parking violations. The contract runs through December 31, 2013, 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 through a lease by the Great Falls Soccer Foundation. The lease was approved June 2, 2009 with a twenty-five year term. As a condition of the lease agreement the Great Falls Soccer Foundation will be responsible for maintenance and upkeep of all property and buildings, and be responsible for all associated costs.

Solid Waste

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

Wastewater Treatment Plant

The City's wastewater treatment plant is operated by Veolia Water North America Operating Services. The contract was renewed in fiscal year 2004 and expires in August 2014.

14. Contingencies

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

In 2005, an action against the City was filed concerning the construction of Seibel Soccer Park. Damages are undetermined at this time, but a suit related retainage of \$76,184 was placed in the General Capital Projects fund.

15. Risk Management

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omissions), environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. 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 (MMIA), for workers' compensation, tort liability coverage, and property coverage. In 2006/2007 the MMIA added pollution coverage at no additional cost to the members. Employee medical insurance is provided through a privately administered, self-insured plan.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

15. Risk Management – continued

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City’s funds based on prior years’ loss experiences. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

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

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. Included in the rates is a premium for a commercial “stop-loss” policy for any one claimant who exceeds \$175,000 in covered charges during a year.

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, 2013, the amount of these claims was \$613,015. The City accrues as liabilities those claims that have been reported within sixty days of the date of the financial statements as being incurred prior to the date of the financial statements. On June 18, 2013, the City Commission approved Resolution 10027 changing the employee health care benefits plan from a City self-funded plant to a Montana Municipal Interlocal Authority plan. This change was effective July 1, 2013. The liability will be decreasing as the claims are paid.

Changes in the claims payable amount during fiscal years 2013 and 2012 are as follows:

	Claims Payable Beginning of Fiscal Year	Claims Incurred	Claims Paid	Claims Payable End of Fiscal Year
2012/2013	\$ 851,504	\$ 5,963,600	\$ (6,202,089)	\$ 613,015
2011/2012	1,083,935	6,283,626	(6,516,057)	851,504

The cash available to pay claims at June 30, 2013 was \$1,553,410.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

16. Net Positions and Fund Balances

In the government-wide financial statements, net positions 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 position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted net position

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

Unrestricted net position

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Commission and Management and can be increased, reduced, or eliminated by similar actions. As of June 30, 2013, reservations of fund balance are described below:

Fiduciary Funds

Designated for Castle Pines	\$ 200,262
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The City has implemented Governmental Accounting Standards Board (GASB) Statement 54, "Fund Balance Reporting and Fund Type Definitions". This standard changes the presentation of fund balance in the governmental fund financial statements. The new categories are as follows:

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

The City has a policy for minimum fund balance of 17% of annual appropriations. Such balances shall be used to meet extended revenue cycles, meet short term economic difficulties, respond to unique opportunities, provide for one-time expenditures, and respond to emergency and disaster situations.

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

16. Net Positions and Fund Balances – continued

	<u>Major Special Revenue Funds</u>				Total
	General Fund	Street	Community Development Block Grant	Other Governmental Funds	
Fund balances:					
Nonspendable:					
Land held for resale	\$ -	\$ 9,734	\$ -	\$ 15,615	\$ 25,349
Restricted for:					
Contributor restrictions	-	-	-	35,521	35,521
Grantor restrictions	-	-	288,061	27,005	315,066
Law restrictions	-	2,183,219	-	2,547,711	4,730,930
Bond restrictions	-	-	-	998,158	998,158
Assigned for:					
General government	-	-	-	206,995	206,995
Public safety	-	-	-	737,774	737,774
Park and recreation	-	-	-	522,748	522,748
Housing and development	-	-	-	104,106	104,106
Capital outlay	-	-	-	435,283	435,283
Library operations	-	-	-	590,341	590,341
Unassigned:	1,520,000	-	-	(13,163)	1,506,837
	<u>\$ 1,520,000</u>	<u>\$ 2,192,953</u>	<u>\$ 288,061</u>	<u>\$ 6,208,094</u>	<u>\$ 10,209,108</u>

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

17. Deficit Fund Balances and Net Positions

The Portage Meadows special revenue fund has a fund balance deficit of \$3,368. This fund is used to account for the maintenance of the green belt park of Portage Meadows Addition. The City assesses the property owners in this addition for the costs of the maintenance. The deficit is due to the difference in timing of the maintenance occurring and the assessments received.

The HIDTA special revenue fund has a fund balance deficit of \$9,795. This fund is new in Fiscal Year 2013 and is in the process of building fund balance.

The Electric enterprise fund has a net position deficit of \$1,594,318. On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorneys have reached a Settlement Agreement and Release that will totally, completely and permanently sever the City's relationship with Southern Montana G&T. The City recognized the loss of the investment in joint venture (pages 37-38) and a deposit to Southern of \$866,567 (page 74) to finalize the balances in the fund after this settlement was reached.

The Health and Benefit internal service fund has a net position deficit of \$349,009. This is due to the GASB 45 required recording of the unfunded liability OPEB obligation.

The Fiscal Services internal service fund has a net position deficit of \$49,193. This is due to the fund's transfer of \$325,000 to the Electric fund to cover the settlement agreement.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

18. Prior Period Adjustment

The beginning fund balance or net position of the following funds were restated on the fund basis financial statement to record a prior period adjustment to correct the double booking of accounts receivables that occurred in Fiscal Year 2011 during a software conversion.

<u>Governmental Fund</u>	<u>Fund Balance -</u>		<u>Fund Balance -</u>
	<u>Beginning</u>	<u>Adjustment</u>	<u>Beginning, as restated</u>
General	\$ 6,696,035	\$ (11,098)	\$ 6,684,937
Street District	3,621,675	(8,698)	3,612,977
Natural Resources	227,627	(9,569)	218,058
Fire Special Revenue	143,566	(20)	143,546
Street Lighting Districts	1,498,579	(919)	1,497,660

<u>Proprietary Fund</u>	<u>Net Position -</u>		<u>Net Position -</u>
	<u>Beginning</u>	<u>Adjustment</u>	<u>Beginning, as restated</u>
Water	\$ 47,675,520	\$ (36,954)	\$ 47,638,566
Sewer	38,770,748	(11,108)	38,759,640
Storm Drain	19,369,706	(268,310)	19,101,396
Sanitation	2,003,580	(23,647)	1,979,933
911 Dispatch Center	419,949	(6,082)	413,867
Parking	4,268,529	(13,111)	4,255,418
Recreation	495,536	(6,200)	489,336
Central Garage	7,835,570	(1,177)	7,834,393
Information Technology	461,474	(45)	461,429
Health & Benefits	81,815	(19,439)	62,376
Engineering	953,338	(1,545)	951,793

The beginning net position of the Governmental and Business-Type Activities in the government-wide Statement of Net Position has also been restated to reflect the above noted prior period adjustment as follows:

	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
Total Net Position - Beginning	\$ 94,838,452	\$ 109,837,729
Adjustment	(52,510)	(365,412)
Total Net Position - Beginning, as restated	<u>\$ 94,785,942</u>	<u>\$ 109,472,317</u>

19. Extraordinary Item

On May 1, 2013, the City of Great Falls, Electric City Power Inc. and Southern Montana Generation & Transmission through its attorneys have reached a Settlement Agreement and Release that will totally, completely and permanently sever the City's relationship with Southern Montana G&T. The amount of the settlement agreement in fiscal year 2013 was \$2,500,000 with \$1,186,062 of that amount the payment of the water credit liability. The net of the settlement payment in fiscal year was \$1,313,938. The settlement's second payment of \$750,000 is due before December 31, 2013 and has been recorded as a current liability in the Electric fund financials. On September 17, 2013 the City Commission authorized the reclassification of the investment in joint venture to a loss in joint venture in Fiscal Year 2013. The amount of the loss in joint venture was \$1,186,617. On September 17, 2013, the City Commission authorized the recognition of the loss of Southern cash deposit in the amount of \$866,567. The total of all these items, \$4,117,122 is the extraordinary item of the financial statements (page 29).

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2013

20. Subsequent Events

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

On June 18, 2013, the City Commission approved Resolution 10027 changing the employee health care benefits plan from a City self-funded plan to a Montana Municipal Interlocal Authority plan. This change was effective July 1, 2013.

On September 3, 2013, the City Commission approved the sale of property. The sale of Parcel 1079544 to Charter Communications, Inc. This sale of property was initially approved August 7, 2012 but no purchase and sale agreement had been entered into by September 3, 2013.

On September 17, 2013, the City Commission approved the issuance of a Request for Proposals for Natural Gas and Electric Supply. On October 24, 2013, the City Commission awarded contracts to Energy West Resources for natural gas supply and PPL for electric supply for five years.

On December 3, 2013, the City Commission approved the dissolution of Electric City Power, Inc. and scheduled a public hearing to repeal Ordinance 2925.

By December 31, 2013 the final payment of \$750,000 shall be paid to Southern Montana G&T. This payment, made in compliance with the Settlement Agreement of May 1, 2013, will totally, completely and permanently sever the City's relationship with Southern Montana G&T. This final payment has been recorded as a liability in the Electric fund.

Management has evaluated subsequent events through December 6, 2013, the date on which the financial statements were available to be issued.

City of Great Falls, Montana
Actuarial Valuation of Postretirement Benefits
Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Asset	Actuarial Liabilities (AAL) ¹	Unfunded Actuarial Liabilities (UAAL) ²	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	-	\$ 5,472,114	\$ 5,472,114	0%	\$ 17,825,000	31%
July 1, 2011	-	5,614,345	5,614,345	0%	18,433,003	30%
July 1, 2012	-	7,209,742	7,209,742	0%	19,175,072	38%

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

² Actuarial liability less actuarial value of assets if any.

City of Great Falls, Montana
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2013

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,756,240	\$ 14,756,240	\$ 14,639,060	\$ (117,180)
Licenses and permits	895,524	895,524	952,674	57,150
Intergovernmental	6,789,264	6,856,667	7,231,177	374,510
Charges for services	1,221,567	1,221,567	1,148,487	(73,080)
Fines and forfeitures	1,257,500	1,257,500	1,089,955	(167,545)
Internal services	904,145	904,145	910,530	6,385
Investment income	18,000	18,000	9,472	(8,528)
Other	23,130	23,130	39,458	16,328
Total revenues	25,865,370	25,932,773	26,020,813	88,040
EXPENDITURES				
Current				
General government				
Personal services	1,880,849	1,880,849	1,752,723	128,126
Operations and maintenance	1,659,863	1,777,367	1,683,216	94,151
Public safety				
Personal service	14,625,914	14,625,914	14,510,714	115,200
Operation and maintenance	3,327,108	3,355,151	3,288,923	66,228
Culture and recreation				
Personal services	1,553,353	1,553,353	1,546,862	6,491
Operations and maintenance	765,078	765,078	795,987	(30,909)
Debt service				
Principal	29,535	29,535	-	29,535
Interest	6,449	6,449	6,449	-
Capital outlay	-	60,570	42,885	17,685
Total expenditures	23,848,149	24,054,266	23,627,759	426,507
Revenues over (under) expenditures	2,017,221	1,878,507	2,393,054	514,547
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,945,241)	(7,557,991)	(7,557,991)	-
Total other financing sources (uses)	(1,945,241)	(7,557,991)	(7,557,991)	-
Net changes in fund balance	\$ 71,980	\$ (5,679,484)	(5,164,937)	\$ 514,547
Fund Balance - Beginning			6,696,035	
Adjustment			(11,098)	
Fund Balance - Beginning, as restated			<u>6,684,937</u>	
Fund balance - Ending			<u>\$ 1,520,000</u>	

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

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds
Year Ended June 30, 2013

Street District

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 5,714	\$ 5,714	\$ 6,946	\$ 1,232
Intergovernmental	1,431,848	1,431,848	1,431,597	(251)
Charges for services	135,363	135,363	140,680	5,317
Internal services	104,187	104,187	79,348	(24,839)
Special assessments	3,630,779	3,630,779	3,650,045	19,266
Investment income	10,000	10,000	708	(9,292)
Other	-	-	22,814	22,814
Total revenues	5,317,891	5,317,891	5,332,138	14,247
EXPENDITURES				
Current				
Public works				
Personal services	2,115,854	2,115,854	2,099,941	15,913
Operations and maintenance	2,866,387	3,325,004	2,614,142	710,862
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Capital outlay	2,137,830	4,191,475	2,021,572	2,169,903
Total expenditures	7,120,071	9,632,333	6,735,655	2,896,678
Revenues over (under) expenditures	(1,802,180)	(4,314,442)	(1,403,517)	2,910,925
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(16,507)	(16,507)	-
Total other financing sources	-	(16,507)	(16,507)	-
Net changes in fund balance	\$ (1,802,180)	\$ (4,330,949)	(1,420,024)	\$ 2,910,925
Fund Balance - Beginning			3,621,675	
Adjustment			(8,698)	
Fund Balance - Beginning, as restated			<u>3,612,977</u>	
Fund balance - Ending			<u>\$ 2,192,953</u>	

Continued on next page

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds (Concluded)
Year Ended June 30, 2013

	Federal Block Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	972,359	972,359	993,020	20,661
Charges for services	216,000	384,687	276,205	(108,482)
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	(177)	(177)
Other	-	-	-	-
Total revenues	1,188,359	1,357,046	1,269,048	(87,998)
EXPENDITURES				
Current				
Public works				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	219,264	270,064	220,527	49,537
Operations and maintenance	704,201	1,807,590	652,052	1,155,538
Capital outlay	261,633	471,977	389,218	82,759
Total expenditures	1,185,098	2,549,631	1,261,797	1,287,834
Revenues over (under) expenditures	3,261	(1,192,585)	7,251	1,199,836
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balance	<u>\$ 3,261</u>	<u>\$ (1,192,585)</u>	7,251	<u>\$ 1,199,836</u>
Fund Balance - Beginning			280,810	
Adjustment			-	
Fund Balance - Beginning, as restated			<u>280,810</u>	
Fund balance - Ending			<u>\$ 288,061</u>	

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

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2013

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. Two budget amendment resolutions were adopted by the City Commission for FY 2103. Resolution 10019 transferred \$2,500,000 from various funds to the Electric Fund for payment of the settlement agreement with Southern Montana Generation and Transmission Cooperative, Inc. Resolution 10022 transferred \$1,400,000 from various funds to the Electric Fund for the loss of the security deposit which was written off in FY 2012 in the Electric Fund. Resolution 10022 also transferred \$5,553,054 from the General Fund to the Electric Fund to cover the cash deficit in the Electric Fund.

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 which included budget Resolutions 10019 and 10022 and without "carryovers" in the legally adopted budgets consisted of:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues</u>		
General Fund	\$60,000	Big Sky Economic Development Trust Fund Pass- through Grant for EMTEQ, Inc
Park & Recreation Fund	\$41,100	Grant for replacement of the Broadwater Bay Boat Ramp from private sources
Park & Recreation Fund	\$24,000	Grant for G4 Cable for Weismann Bridge from private sources
Economic Revolving Fund	\$386,076	Sale of City owned property
Police Special Revenue Fund	\$50,959	Federal JAG received
Police Special Revenue Fund	\$30,036	Federal JAG received
Fire Special Revenue Fund	\$54,892	Federal Hazmat grant received
General Capital Projects Fund	\$20,000	Donation to the Great Falls Animal shelter from a private sources
Electric Fund	\$2,500,000	Transfer In for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Electric Fund	\$1,400,000	Transfer In for the \$1,400,000 security deposit
Electric Fund	\$5,553,054	Transfer In for the cash deficit

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2013

1. Summary of Significant Accounting Policies – continued

a. Budgets and Budgetary Accounting – continued

<u>Expenses/ Expenditures</u>		
General Fund	\$60,000	Big Sky Economic Development Trust Fund
		Pass- through Grant for EMTEQ, Inc
General Fund	\$59,696	Transfer Out for the \$1,400,000 security deposit
General Fund	\$5,553,054	Transfer Out for the cash deficit
Street District Fund	\$16,507	Transfer Out for the \$1,400,000 security deposit
Park & Recreation Fund	\$41,100	Grant for replacement of the Broadwater Bay Boat Ramp from private sources
Park & Recreation Fund	\$24,000	Grant for G4 Cable for Weismann Bridge from private sources
Police Special Revenue Fund	\$50,959	Federal JAG received
Police Special Revenue Fund	\$30,036	Federal JAG received
Fire Special Revenue Fund	\$54,892	Federal HAZMAT grant received
Library Fund	\$19,382	Transfer Out for the \$1,400,000 security deposit
Natural Resources Fund	\$155	Transfer Out for the \$1,400,000 security deposit
Lighting Districts Fund	\$577,514	Transfer Out for the \$1,400,000 security deposit
Economic Revolving Fund	\$420,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
General Capital Projects Fund	\$20,000	Donation to the Great Falls Animal shelter from a private sources
Hazard Removal Fund	\$100,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Water Fund	\$300,477	Transfer Out for the \$1,400,000 security deposit
Sewer Fund	\$278,802	Transfer Out for the \$1,400,000 security deposit
Sanitation Fund	\$3,219	Transfer Out for the \$1,400,000 security deposit
Golf Fund	\$39,915	Transfer Out for the \$1,400,000 security deposit
911 Dispatch Center Fund	\$3,483	Transfer Out for the \$1,400,000 security deposit
Parking Fund	\$20,581	Transfer Out for the \$1,400,000 security deposit
Swimming Pools Fund	\$21,054	Transfer Out for the \$1,400,000 security deposit
Recreation Fund	\$10,770	Transfer Out for the \$1,400,000 security deposit

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2013

1. Summary of Significant Accounting Policies – continued

a. Budgets and Budgetary Accounting – continued

Expenses/ Expenditures - continued

Public Works Admin Fund	\$17,645	Transfer Out for the \$1,400,000 security deposit
Civic Center Facility Services Fund	\$30,800	Transfer Out for the \$1,400,000 security deposit
Central Garage Fund	\$905,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Information Tech Fund	\$200,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Fiscal Services Fund	\$325,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Engineering Fund	\$250,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Public Works Admin Fund	\$100,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc
Insurance & Safety Fund	\$200,000	Transfer Out for Settlement Agreement with Southern Montana Generation and Transmission Cooperative, Inc

b. Excess of Expenditures Over Appropriations

The special revenue and debt services funds that have excess expenditures over appropriations are: Library, Library Foundation, West Bank Urban Renewal TID, Economic Revolving, Licenses, Portage Meadows, Support and Innovation, 911 Special Revenue, Police Special Revenue, HIDTA Special Revenue, Home Grant, Soccer Park GO Bond, West Bank TID Bonds, SID Bonds, Mast Debt SILD. The Library special revenue fund was over budget due to additional personal services costs and book purchases. The Library Foundation special revenue fund was over budget due to needed book purchases. The West Bank Urban Renewal TID special revenue fund was over budget due to the final spend down of revenue received. The Economic Revolving special revenue fund was over budget due to additional expenses for the Federal Aviation Flight Station. The Licenses special revenue fund was over budget due to additional expenses for internal service charges. The Portage Meadows special revenue fund was over budget due to additional expenses for personal services and watering. The Support and Innovation special revenue fund was over budget due to additional assessment revenue being passed through to the Tourism Business Improvement District. The 911 Special Revenue special revenue fund was over budget due to the purchase of needed capital improvements and telephone system upgrades. The Police Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for. The HIDTA Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for. The Home Grant special revenue fund was over budget due to additional revenue grants received and spent and not budgeted. The Soccer Park GO Bond debt service fund was over budget due to a small amount of additional interest paid not budgeted. The West Bank TID Bonds debt service fund was over budget due to a small Capital Outlay. The SID Bonds debt service fund was over budget due to a small amount of additional interest paid not budgeted. The Master Debt SILD debt service fund was over budget due to a small amount of additional principal paid not budgeted.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Tax Increment Fund – This fund is used to account for a remaining balance in the Downtown Tax Increment district. A revolving loan fund is reported through this fund. This fund is scheduled to be closed in Fiscal Year 2014.

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

West Bank Urban Renewal TID Fund - This fund is used to account for fund operations for the West Bank Park Urban Renewal District. This fund was closed in Fiscal Year 2013.

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds (Continued)

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

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

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

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

Debt Service Funds

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

City of Great Falls
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Park & Recreation	Library	Library Foundation	Planning & Community Development
Assets				
Cash and investments	\$ 599,476	\$ 504,271	\$ 40,711	\$ 231,969
Restricted cash and investments	-	115,580	-	-
Receivables				
Taxes	-	51,992	-	-
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	919	655	73	303
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	-	241	-	127,099
Other assets	-	-	-	-
Total Assets	\$ 600,395	\$ 672,739	\$ 40,784	\$ 359,371
Liabilities				
Accounts payable	3,182	54,470	4,763	111,614
Due to other city funds	-	-	-	-
Interfund loans payable	14,294	-	-	-
Advances from other funds	60,171	-	-	-
Other liabilities	-	-	-	87,379
Total Liabilities	77,647	54,470	4,763	198,993
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	27,928	-	-
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	500	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	27,928	500	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	35,521	-
Assigned	522,748	590,341	-	160,378
Unassigned	-	-	-	-
Total Fund Balances	522,748	590,341	35,521	160,378
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 600,395	\$ 672,739	\$ 40,784	\$ 359,371

Continued on next page

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

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Tax Increment	Central Montana Ag Tech Park TID	West Bank Urban Renewal TID	Airport TID
Assets				
Cash and investments	\$ 135,966	\$ 709,680	\$ -	\$ 9,334
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	1,704	-	-	34
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	252	1,033	-	11
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	\$ 137,922	\$ 710,713	\$ -	\$ 9,379
Liabilities				
Accounts payable	-	240	-	-
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	-	240	-	-
Deferred Inflows of Resources				
Unavailable revenue-property taxes	1,704	-	-	(27)
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	1,704	-	-	(27)
Fund Balances				
Nonspendable	-	-	-	-
Restricted	136,218	710,473	-	9,406
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	136,218	710,473	-	9,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 137,922	\$ 710,713	\$ -	\$ 9,379

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Economic Revolving	Permits	Licenses	Natural Resources
Assets				
Cash and investments	\$ -	\$ 95,394	\$ 36,352	\$ 248,775
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	-	-	-	24,899
Accounts	-	638	-	696
Accrued interest	341	229	143	256
Loans	-	-	-	-
Due from other city funds	-	-	-	561
Due from other governments	-	-	-	174
Other assets	15,615	-	-	-
Total Assets	\$ 15,956	\$ 96,261	\$ 36,495	\$ 275,361
Liabilities				
Accounts payable	118	26,690	1,960	20,490
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	118	26,690	1,960	20,490
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	-	-	-	19,041
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	-	-	19,041
Fund Balances				
Nonspendable	15,615	-	-	-
Restricted	-	-	-	235,830
Assigned	223	69,571	34,535	-
Unassigned	-	-	-	-
Total Fund Balances	15,838	69,571	34,535	235,830
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,956	\$ 96,261	\$ 36,495	\$ 275,361

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Portage Meadows	Support & Innovation	911 Special Revenue	Police Special Revenue
Assets				
Cash and investments	\$ -	\$ 41,757	\$ 280,842	\$ 236,394
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	1,100	63,083	-	-
Accounts	-	-	-	-
Accrued interest	-	122	603	369
Loans	-	-	-	-
Due from other city funds	-	-	-	6,578
Due from other governments	-	603	138,659	-
Other assets	-	-	-	-
Total Assets	\$ 1,100	\$ 105,565	\$ 420,104	\$ 243,341
Liabilities				
Accounts payable	2,807	14,796	13,802	73
Due to other city funds	561	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	11,718
Total Liabilities	3,368	14,796	13,802	11,791
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	1,100	44,375	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	51,161
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	1,100	44,375	-	51,161
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	46,394	406,302	180,389
Unassigned	(3,368)	-	-	-
Total Fund Balances	(3,368)	46,394	406,302	180,389
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,100	\$ 105,565	\$ 420,104	\$ 243,341

Continued on next page

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

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	HIDTA Special Revenue	Fire Special Revenue	Home Grant	CTEP Projects
Assets				
Cash and investments	\$ -	\$ 163,736	\$ 5,825	\$ 30,524
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	-	468	-	-
Accrued interest	17	263	-	-
Loans	-	-	42,400	-
Due from other city funds	-	-	-	-
Due from other governments	29,450	-	2,648	2,010
Other assets	-	-	-	-
Total Assets	\$ 29,467	\$ 164,467	\$ 50,873	\$ 32,534
Liabilities				
Accounts payable	96	8,214	1,906	2,395
Due to other city funds	6,578	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	32,588	-	-	-
Total Liabilities	39,262	8,214	1,906	2,395
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	5,170	-	9,701
Unavailable revenue-deferred loans	-	-	42,400	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	-	5,170	42,400	9,701
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	6,567	20,438
Assigned	-	151,083	-	-
Unassigned	(9,795)	-	-	-
Total Fund Balances	(9,795)	151,083	6,567	20,438
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,467	\$ 164,467	\$ 50,873	\$ 32,534

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	
	<u>Housing Authority</u>	<u>Street Lighting Districts</u>	<u>Soccer Park GO Bond</u>	<u>Swimming Pool GO Bond</u>
Assets				
Cash and investments	\$ -	\$ 1,447,888	\$ 76,824	\$ 17,348
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	25,746	39,783
Special assessments	-	117,124	-	-
Accounts	-	-	-	-
Accrued interest	-	1,362	180	143
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	52,308	952	77	117
Other assets	-	-	-	-
Total Assets	<u>\$ 52,308</u>	<u>\$ 1,567,326</u>	<u>\$ 102,827</u>	<u>\$ 57,391</u>
Liabilities				
Accounts payable	52,308	26,047	-	-
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	<u>52,308</u>	<u>26,047</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	18,119	28,169
Unavailable revenue-special assessments	-	85,495	-	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>85,495</u>	<u>18,119</u>	<u>28,169</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	1,455,784	84,708	29,222
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>1,455,784</u>	<u>84,708</u>	<u>29,222</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,308</u>	<u>\$ 1,567,326</u>	<u>\$ 102,827</u>	<u>\$ 57,391</u>

Continued on next page

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

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2013

	<u>Debt Service Funds</u>			Capital Projects Funds
	<u>West Bank TID Bonds</u>	<u>SID Bonds</u>	<u>Master Debt SILD</u>	<u>General Capital Projects</u>
Assets				
Cash and investments	\$ 393,690	\$ 223,795	\$ 31,400	\$ 363,028
Restricted cash and investments	233,713	179,687	-	76,184
Receivables				
Taxes	36,915	-	-	-
Special assessments	-	284,019	112,365	-
Accounts	-	-	-	-
Accrued interest	925	626	28	730
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	-	-	1	-
Other assets	-	-	-	-
Total Assets	<u>\$ 665,243</u>	<u>\$ 688,127</u>	<u>\$ 143,794</u>	<u>\$ 439,942</u>
Liabilities				
Accounts payable	-	-	-	8,422
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,422</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	36,914	-	-	-
Unavailable revenue-special assessments	-	284,019	112,316	-
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	1,961
Unavailable revenue-deferred loans	-	-	-	-
Unavailable revenue-security agreement	-	179,687	-	-
Total deferred inflows of resources	<u>36,914</u>	<u>463,706</u>	<u>112,316</u>	<u>1,961</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	628,329	224,421	31,478	-
Assigned	-	-	-	429,559
Unassigned	-	-	-	-
Total Fund Balances	<u>628,329</u>	<u>224,421</u>	<u>31,478</u>	<u>429,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 665,243</u>	<u>\$ 688,127</u>	<u>\$ 143,794</u>	<u>\$ 439,942</u>

Continued on next page

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

City of Great Falls
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2013

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Improvement District Projects</u>	<u>Hazard Removal</u>	
Assets			
Cash and investments	\$ 3,742	\$ 1,824	\$ 5,930,545
Restricted cash and investments	-	-	605,164
Receivables			
Taxes	-	-	156,174
Special assessments	-	47,105	649,695
Accounts	-	-	1,802
Accrued interest	8	150	9,741
Loans	-	-	42,400
Due from other city funds	-	-	7,139
Due from other governments	-	-	354,339
Other assets	-	-	15,615
Total Assets	<u>\$ 3,750</u>	<u>\$ 49,079</u>	<u>\$ 7,772,614</u>
Liabilities			
Accounts payable	-	-	354,393
Due to other city funds	-	-	7,139
Interfund loans payable	-	-	14,294
Advances from other funds	-	-	60,171
Other liabilities	-	-	131,685
Total Liabilities	<u>-</u>	<u>-</u>	<u>567,682</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	-	-	112,807
Unavailable revenue-special assessments	-	-	546,346
Unavailable revenue-liens	-	47,105	47,105
Unavailable revenue-grants	-	-	68,493
Unavailable revenue-deferred loans	-	-	42,400
Unavailable revenue-security agreement	-	-	179,687
Total deferred inflows of resources	<u>-</u>	<u>47,105</u>	<u>996,838</u>
Fund Balances			
Nonspendable	-	-	15,615
Restricted	-	-	3,608,395
Assigned	3,750	1,974	2,597,247
Unassigned	-	-	(13,163)
Total Fund Balances	<u>3,750</u>	<u>1,974</u>	<u>6,208,094</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,750</u>	<u>\$ 49,079</u>	<u>\$ 7,772,614</u>

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

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

Special Revenue Funds

	Park & Recreation	Library	Library Foundation	Planning & Community Development	Tax Increment
Revenues					
Taxes	\$ -	\$ 626,654	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	67,778	-
Intergovernmental	11,100	194,980	1,875	577,014	-
Charges for services	1,752	37,686	-	28,184	-
Fines and forfeitures	-	23,401	-	-	-
Internal Services	-	-	-	31,000	-
Special assessments	-	-	-	-	-
Investment income	1,228	757	96	357	351
Other	77,281	20,247	105,831	31,419	-
Total Revenues	91,361	903,725	107,802	735,752	351
Expenditures					
Current					
General government	-	-	-	891,968	50,000
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	40,491	1,321,299	33,335	-	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	2,665	-	-	-	-
Capital Outlay	-	87,866	63,996	-	-
Total Expenditures	43,156	1,409,165	97,331	891,968	50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,205	(505,440)	10,471	(156,216)	(49,649)
Transfers in	7,000	450,000	-	158,825	-
Transfers out	(20,682)	(19,382)	-	-	-
Net Change in Fund Balances	34,523	(74,822)	10,471	2,609	(49,649)
Fund Balances - Beginning	488,225	665,163	25,050	157,769	185,867
Adjustment	-	-	-	-	-
Fund Balances - Beginning, as restated	488,225	665,163	25,050	157,769	185,867
Fund Balances - Ending	\$ 522,748	\$ 590,341	\$ 35,521	\$ 160,378	\$ 136,218

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds				
	Central Montana Ag Tech Park TID	West Bank Urban Renewal TID	Airport TID	Economic Revolving	Permits
Revenues					
Taxes	\$ 104,850	\$ -	\$ 4,109	\$ -	\$ -
Licenses and permits	-	-	-	-	789,922
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal Services	-	-	-	-	12,352
Special assessments	-	-	-	-	-
Investment income	1,366	224	13	3,687	378
Other	-	-	-	311,076	1,396
Total Revenues	106,216	224	4,122	314,763	804,048
Expenditures					
Current					
General government	38,907	-	-	2,181	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	927,054
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	-	122,757	-	-	-
Total Expenditures	38,907	122,757	-	2,181	927,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,309	(122,533)	4,122	312,582	(123,006)
Transfers in	-	-	-	-	-
Transfers out	-	(92)	-	(420,000)	-
Net Change in Fund Balances	67,309	(122,625)	4,122	(107,418)	(123,006)
Fund Balances - Beginning	643,164	122,625	5,284	123,256	192,577
Adjustment	-	-	-	-	-
Fund Balances - Beginning, as restated	643,164	122,625	5,284	123,256	192,577
Fund Balances - Ending	\$ 710,473	\$ -	\$ 9,406	\$ 15,838	\$ 69,571

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

Special Revenue Funds

	Licenses	Natural Resources	Portage Meadows	Support & Innovation	911 Special Revenue
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	227,849	-	-	-	-
Intergovernmental	-	-	-	-	560,384
Charges for services	-	5,000	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal Services	-	25,500	-	-	-
Special assessments	-	319,976	46,838	597,093	-
Investment income	175	302	(6)	181	877
Other	30	6,815	-	-	121
Total Revenues	228,054	357,593	46,832	597,274	561,382
Expenditures					
Current					
General government	-	-	-	611,746	-
Public safety	-	-	-	-	214,866
Public works	-	-	-	-	-
Culture and recreation	-	604,584	55,310	-	-
Housing & development	228,110	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	228,110	604,584	55,310	611,746	214,866
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56)	(246,991)	(8,478)	(14,472)	346,516
Transfers in	-	264,918	-	-	-
Transfers out	-	(155)	-	-	(350,428)
Net Change in Fund Balances	(56)	17,772	(8,478)	(14,472)	(3,912)
Fund Balances - Beginning	34,591	227,627	5,110	60,866	410,214
Adjustment	-	(9,569)	-	-	-
Fund Balances - Beginning, as restated	34,591	218,058	5,110	60,866	410,214
Fund Balances - Ending	\$ 34,535	\$ 235,830	\$ (3,368)	\$ 46,394	\$ 406,302

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds				
	Police Special Revenue	HIDTA Special Revenue	Fire Special Revenue	Home Grant	CTEP Projects
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	92,511	42,990	44,186	571,830	110,643
Charges for services	8,119	-	6,483	4,800	-
Fines and forfeitures	32,358	2,245	-	-	-
Internal Services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	473	19	364	-	(183)
Other	11,738	25,297	2,218	-	36,590
Total Revenues	145,199	70,551	53,251	576,630	147,050
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	149,500	70,346	37,609	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	577,374	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	4,000	10,000	8,105	-	122,006
Total Expenditures	153,500	80,346	45,714	577,374	122,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,301)	(9,795)	7,537	(744)	25,044
Transfers in	-	-	-	-	43,911
Transfers out	-	-	-	-	(9,916)
Net Change in Fund Balances	(8,301)	(9,795)	7,537	(744)	59,039
Fund Balances - Beginning	188,690	-	143,566	7,311	(38,601)
Adjustment	-	-	(20)	-	-
Fund Balances - Beginning, as restated	188,690	-	143,546	7,311	(38,601)
Fund Balances - Ending	\$ 180,389	\$ (9,795)	\$ 151,083	\$ 6,567	\$ 20,438

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		
	<u>Housing Authority</u>	<u>Street Lighting Districts</u>	<u>Soccer Park GO Bond</u>	<u>Swimming Pool GO Bond</u>	<u>West Bank TID Bonds</u>
Revenues					
Taxes	\$ -	\$ -	\$ 195,130	\$ 297,018	\$ 371,310
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	353	513	-
Charges for services	1,246,692	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal Services	-	-	-	-	-
Special assessments	-	1,953,031	-	-	-
Investment income	-	1,623	226	165	1,093
Other	-	-	-	-	-
Total Revenues	<u>1,246,692</u>	<u>1,954,654</u>	<u>195,709</u>	<u>297,696</u>	<u>372,403</u>
Expenditures					
Current					
General government	1,246,692	1,405,651	3,897	5,873	18,536
Public safety	-	-	-	-	-
Public works	-	13,365	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	115,000	235,000	85,000
Interest	-	-	73,825	50,700	128,528
Capital Outlay	-	-	-	-	2,440
Total Expenditures	<u>1,246,692</u>	<u>1,419,016</u>	<u>192,722</u>	<u>291,573</u>	<u>234,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>535,638</u>	<u>2,987</u>	<u>6,123</u>	<u>137,899</u>
Transfers in	-	-	-	-	92
Transfers out	<u>-</u>	<u>(577,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(41,876)</u>	<u>2,987</u>	<u>6,123</u>	<u>137,991</u>
Fund Balances - Beginning	-	1,498,579	81,721	23,099	490,338
Adjustment	<u>-</u>	<u>(919)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning, as restated	<u>-</u>	<u>1,497,660</u>	<u>81,721</u>	<u>23,099</u>	<u>490,338</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,455,784</u>	<u>\$ 84,708</u>	<u>\$ 29,222</u>	<u>\$ 628,329</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>SID Bonds</u>	<u>Master Debt SILD</u>	<u>General Capital Projects</u>	<u>Improvement District Projects</u>	<u>Hazard Removal</u>	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,599,071
Licenses and permits	-	-	-	-	-	1,085,549
Intergovernmental	-	-	-	-	-	2,208,379
Charges for services	-	-	-	-	-	1,338,716
Fines and forfeitures	-	-	-	-	-	58,004
Internal Services	-	-	-	-	-	68,852
Special assessments	71,946	26,742	-	-	-	3,015,626
Investment income	827	32	988	11	235	15,859
Other	-	-	23,957	-	-	654,016
Total Revenues	<u>72,773</u>	<u>26,774</u>	<u>24,945</u>	<u>11</u>	<u>235</u>	<u>10,044,072</u>
Expenditures						
Current						
General government	29,513	-	39,063	-	-	4,344,027
Public safety	-	-	-	-	-	472,321
Public works	-	-	4,408	-	-	17,773
Culture and recreation	-	-	-	-	-	2,055,019
Housing & development	-	-	-	-	171	1,732,709
Debt service						
Principal	-	9,479	-	-	-	444,479
Interest	18,533	1,532	-	-	-	275,783
Capital Outlay	-	-	24,240	-	-	445,410
Total Expenditures	<u>48,046</u>	<u>11,011</u>	<u>67,711</u>	<u>-</u>	<u>171</u>	<u>9,787,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,727</u>	<u>15,763</u>	<u>(42,766)</u>	<u>11</u>	<u>64</u>	<u>256,551</u>
Transfers in	-	-	-	-	-	924,746
Transfers out	-	-	-	-	(100,000)	(1,498,169)
Net Change in Fund Balances	<u>24,727</u>	<u>15,763</u>	<u>(42,766)</u>	<u>11</u>	<u>(99,936)</u>	<u>(316,872)</u>
Fund Balances - Beginning	199,694	15,715	472,325	3,739	101,910	6,535,474
Adjustment	-	-	-	-	-	(10,508)
Fund Balances - Beginning, as restated	<u>199,694</u>	<u>15,715</u>	<u>472,325</u>	<u>3,739</u>	<u>101,910</u>	<u>6,524,966</u>
Fund Balances - Ending	<u>\$ 224,421</u>	<u>\$ 31,478</u>	<u>\$ 429,559</u>	<u>\$ 3,750</u>	<u>\$ 1,974</u>	<u>\$ 6,208,094</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Park & Recreation		Library	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 654,055	\$ 626,654
Licenses and permits	-	-	-	-
Intergovernmental	11,100	11,100	187,700	194,980
Charges for services	-	1,752	36,700	37,686
Fines and forfeitures	-	-	25,300	23,401
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,228	2,300	757
Other	87,300	77,281	10,150	20,247
	<u>98,400</u>	<u>91,361</u>	<u>916,205</u>	<u>903,725</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	200	-	1,039,710	1,048,450
Operations and maintenance	94,529	40,491	356,964	272,849
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	13,838	-	-	-
Interest	2,665	2,665	-	-
Capital outlay	79,052	-	-	87,866
	<u>190,284</u>	<u>43,156</u>	<u>1,396,674</u>	<u>1,409,165</u>
Total expenditures				
Revenues over (under) expenditures	<u>(91,884)</u>	<u>48,205</u>	<u>(480,469)</u>	<u>(505,440)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	7,000	450,000	450,000
Transfers out	<u>(20,682)</u>	<u>(20,682)</u>	<u>(19,382)</u>	<u>(19,382)</u>
Total other financing sources (uses)	<u>(13,682)</u>	<u>(13,682)</u>	<u>430,618</u>	<u>430,618</u>
Net changes in fund balance	<u>\$ (105,566)</u>	<u>34,523</u>	<u>\$ (49,851)</u>	<u>(74,822)</u>
Fund Balance - Beginning		488,225		665,163
Adjustment		-		-
Fund Balance - Beginning, as restated				
Fund balance - Ending		<u>\$ 522,748</u>		<u>\$ 590,341</u>

Continued on next page

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Library Foundation		Planning & Community Development	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	76,155	67,778
Intergovernmental	3,000	1,875	850,604	577,014
Charges for services	-	-	24,400	28,184
Fines and forfeitures	-	-	-	-
Internal services	-	-	31,000	31,000
Special assessments	-	-	-	-
Investment income	200	96	-	357
Other	107,200	105,831	8,550	31,419
	<u>110,400</u>	<u>107,802</u>	<u>990,709</u>	<u>735,752</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	418,855	426,913
Operations and maintenance	-	-	748,369	465,055
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	67,500	33,335	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	63,996	-	-
	<u>67,500</u>	<u>97,331</u>	<u>1,167,224</u>	<u>891,968</u>
Total expenditures				
Revenues over (under) expenditures	<u>42,900</u>	<u>10,471</u>	<u>(176,515)</u>	<u>(156,216)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	158,825	158,825
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>158,825</u>	<u>158,825</u>
Total other financing sources (uses)				
Net changes in fund balance	<u>\$ 42,900</u>	<u>10,471</u>	<u>\$ (17,690)</u>	<u>2,609</u>
Fund Balance - Beginning		25,050		157,769
Adjustment		-		-
Fund Balance - Beginning, as restated				
Fund balance - Ending		<u>\$ 35,521</u>		<u>\$ 160,378</u>

Continued on next page

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Tax Increment		Central Montana Ag Tech Park TID	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 110,000	\$ 104,850
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	351	-	1,366
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	351	110,000	106,216
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	133,854	50,000	647,927	38,907
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	42,273	-	-	-
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Total expenditures	176,127	50,000	647,927	38,907
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Revenues over (under) expenditures	(176,127)	(49,649)	(537,927)	67,309
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OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ (176,127)	(49,649)	\$ (537,927)	67,309
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Fund Balance - Beginning		185,867		643,164
Adjustment		-		-
		<hr/>		<hr/>
Fund Balance - Beginning, as restated				
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Fund balance - Ending		\$ 136,218		\$ 710,473
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The notes to the financial statements are an integral part of this statement.

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	West Bank Urban Renewal		Airport TID	
	TID		Airport TID	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 4,109
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	224	-	13
Other	-	-	-	-
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Total revenues	-	224	-	4,122
	<hr/>	<hr/>	<hr/>	<hr/>
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	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	122,757	-	-
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Total expenditures	-	122,757	-	-
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Revenues over (under) expenditures	-	(122,533)	-	4,122
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(92)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(92)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ -	(122,625)	\$ -	4,122
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balance - Beginning		122,625		5,284
Adjustment		-		-
		<hr/>		<hr/>
Fund Balance - Beginning, as restated				
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Fund balance - Ending		\$ -		\$ 9,406
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The notes to the financial statements are an integral part of this statement.

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Economic Revolving		Permits	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	920,850	789,922
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	12,352	12,352
Special assessments	-	-	-	-
Investment income	-	3,687	1,500	378
Other	386,076	311,076	1,000	1,396
	<u>386,076</u>	<u>311,076</u>	<u>1,000</u>	<u>1,396</u>
Total revenues	<u>386,076</u>	<u>314,763</u>	<u>935,702</u>	<u>804,048</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	2,181	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	640,643	640,851
Operations and maintenance	-	-	295,061	286,203
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>2,181</u>	<u>935,704</u>	<u>927,054</u>
Revenues over (under) expenditures	<u>386,076</u>	<u>312,582</u>	<u>(2)</u>	<u>(123,006)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(420,000)	(420,000)	-	-
	<u>(420,000)</u>	<u>(420,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(420,000)</u>	<u>(420,000)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (33,924)</u>	<u>(107,418)</u>	<u>\$ (2)</u>	<u>(123,006)</u>
Fund Balance - Beginning		123,256		192,577
Adjustment		<u>-</u>		<u>-</u>
Fund Balance - Beginning, as restated				
Fund balance - Ending		<u>\$ 15,838</u>		<u>\$ 69,571</u>

Continued on next page

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Licenses		Natural Resources	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	221,850	227,849	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	5,000	5,000
Fines and forfeitures	-	-	-	-
Internal services	-	-	27,500	25,500
Special assessments	-	-	345,181	319,976
Investment income	470	175	-	302
Other	3,000	30	2,518	6,815
	<u>225,320</u>	<u>228,054</u>	<u>380,199</u>	<u>357,593</u>
Total revenues				
	225,320	228,054	380,199	357,593
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	452,373	445,816
Operations and maintenance	-	-	224,466	158,768
Housing and development				
Personal services	67,772	61,395	-	-
Operations and maintenance	157,529	166,715	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>225,301</u>	<u>228,110</u>	<u>676,839</u>	<u>604,584</u>
Total expenditures				
	225,301	228,110	676,839	604,584
Revenues over (under) expenditures	19	(56)	(296,640)	(246,991)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	264,918	264,918
Transfers out	-	-	(155)	(155)
	<u>-</u>	<u>-</u>	<u>264,763</u>	<u>264,763</u>
Total other financing sources (uses)				
	-	-	264,763	264,763
Net changes in fund balance	<u>\$ 19</u>	<u>(56)</u>	<u>\$ (31,877)</u>	<u>17,772</u>
Fund Balance - Beginning		34,591		227,627
Adjustment		-		(9,569)
Fund Balance - Beginning, as restated				
Fund balance - Ending		<u>\$ 34,535</u>		<u>\$ 235,830</u>

Continued on next page

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Portage Meadows		Support & Innovation	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	48,079	46,838	567,600	597,093
Investment income	-	(6)	-	181
Other	-	-	-	-
	<u>48,079</u>	<u>46,832</u>	<u>567,600</u>	<u>597,274</u>
Total revenues	<u>48,079</u>	<u>46,832</u>	<u>567,600</u>	<u>597,274</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	568,759	611,746
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	13,132	15,425	-	-
Operations and maintenance	34,947	39,885	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>48,079</u>	<u>55,310</u>	<u>568,759</u>	<u>611,746</u>
Total expenditures	<u>48,079</u>	<u>55,310</u>	<u>568,759</u>	<u>611,746</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,478)</u>	<u>(1,159)</u>	<u>(14,472)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>(8,478)</u>	<u>\$ (1,159)</u>	<u>(14,472)</u>
Fund Balance - Beginning		5,110		60,866
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>5,110</u>		<u>60,866</u>
Fund balance - Ending		<u>\$ (3,368)</u>		<u>\$ 46,394</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	911 Special Revenue		Police Special Revenue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	493,388	560,384	89,708	92,511
Charges for services	-	-	-	8,119
Fines and forfeitures	-	-	-	32,358
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	877	-	473
Other	-	121	-	11,738
	<u>493,388</u>	<u>561,382</u>	<u>89,708</u>	<u>145,199</u>
Total revenues	493,388	561,382	89,708	145,199
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	5,211	214,866	99,550	149,500
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	-	-	-	4,000
	<u>5,211</u>	<u>214,866</u>	<u>99,550</u>	<u>153,500</u>
Total expenditures	5,211	214,866	99,550	153,500
Revenues over (under) expenditures	<u>488,177</u>	<u>346,516</u>	<u>(9,842)</u>	<u>(8,301)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(350,428)	(350,428)	-	-
	<u>(350,428)</u>	<u>(350,428)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(350,428)	(350,428)	-	-
Net changes in fund balance	<u>\$ 137,749</u>	<u>(3,912)</u>	<u>\$ (9,842)</u>	<u>(8,301)</u>
Fund Balance - Beginning		410,214		188,690
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>410,214</u>		<u>188,690</u>
Fund balance - Ending		<u>\$ 406,302</u>		<u>\$ 180,389</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	HIDTA Special Revenue		Fire Special Revenue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	42,990	54,892	44,186
Charges for services	-	-	-	6,483
Fines and forfeitures	-	2,245	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	19	-	364
Other	-	25,297	-	2,218
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	70,551	54,892	53,251
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	70,346	54,892	37,609
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	-	10,000	-	8,105
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	80,346	54,892	45,714
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	(9,795)	-	7,537
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ -	(9,795)	\$ -	7,537
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balance - Beginning		-		143,566
Adjustment		-		(20)
		<hr/>		<hr/>
Fund Balance - Beginning, as restated		-		143,546
		<hr/>		<hr/>
Fund balance - Ending		\$ (9,795)		\$ 151,083
		<hr/> <hr/>		<hr/> <hr/>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Home Grant		CTEP Projects	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	232,162	571,830	1,183,816	110,643
Charges for services	4,800	4,800	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	(183)
Other	-	-	88,756	36,590
	<u>236,962</u>	<u>576,630</u>	<u>1,272,572</u>	<u>147,050</u>
Total revenues				
	<u>236,962</u>	<u>576,630</u>	<u>1,272,572</u>	<u>147,050</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	16,488	17,563	-	-
Operations and maintenance	490,141	559,811	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	1,226,678	122,006
	<u>506,629</u>	<u>577,374</u>	<u>1,226,678</u>	<u>122,006</u>
Total expenditures				
	<u>506,629</u>	<u>577,374</u>	<u>1,226,678</u>	<u>122,006</u>
Revenues over (under) expenditures	<u>(269,667)</u>	<u>(744)</u>	<u>45,894</u>	<u>25,044</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	43,911	43,911
Transfers out	-	-	(9,916)	(9,916)
	<u>-</u>	<u>-</u>	<u>33,995</u>	<u>33,995</u>
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>33,995</u>	<u>33,995</u>
Net changes in fund balance	<u>\$ (269,667)</u>	<u>(744)</u>	<u>\$ 79,889</u>	<u>59,039</u>
Fund Balance - Beginning		7,311		(38,601)
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>7,311</u>		<u>(38,601)</u>
Fund balance - Ending		<u>\$ 6,567</u>		<u>\$ 20,438</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue Funds			
	Housing Authority		Street Lighting Districts	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,285,757	1,246,692	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	1,955,855	1,953,031
Investment income	-	-	-	1,623
Other	-	-	-	-
	<u>1,285,757</u>	<u>1,246,692</u>	<u>1,955,855</u>	<u>1,954,654</u>
Total revenues	1,285,757	1,246,692	1,955,855	1,954,654
EXPENDITURES				
Current				
General government				
Personal services	1,267,730	1,228,665	-	-
Operations and maintenance	18,027	18,027	1,411,517	1,405,651
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	32,200	13,365
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>1,285,757</u>	<u>1,246,692</u>	<u>1,443,717</u>	<u>1,419,016</u>
Total expenditures	1,285,757	1,246,692	1,443,717	1,419,016
Revenues over (under) expenditures	-	-	512,138	535,638
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(577,514)	(577,514)
	<u>-</u>	<u>-</u>	<u>(577,514)</u>	<u>(577,514)</u>
Total other financing sources (uses)	-	-	(577,514)	(577,514)
Net changes in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ (65,376)</u>	<u>(41,876)</u>
Fund Balance - Beginning				1,498,579
Adjustment				(919)
Fund Balance - Beginning, as restated				<u>1,497,660</u>
Fund balance - Ending		<u>\$ -</u>		<u>\$ 1,455,784</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Debt Service Funds			
	Soccer Park GO Bond		Swimming Pool GO Bond	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ 198,900	\$ 195,130	\$ 303,500	\$ 297,018
Licenses and permits	-	-	-	-
Intergovernmental	-	353	-	513
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	226	-	165
Other	-	-	-	-
	<u>198,900</u>	<u>195,709</u>	<u>303,500</u>	<u>297,696</u>
Total revenues				
	198,900	195,709	303,500	297,696
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	3,897	3,897	5,873	5,873
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	115,000	115,000	235,000	235,000
Interest	73,765	73,825	50,700	50,700
Capital outlay	-	-	-	-
	<u>192,662</u>	<u>192,722</u>	<u>291,573</u>	<u>291,573</u>
Total expenditures				
	192,662	192,722	291,573	291,573
Revenues over (under) expenditures	<u>6,238</u>	<u>2,987</u>	<u>11,927</u>	<u>6,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	-	-	-	-
Net changes in fund balance	<u>\$ 6,238</u>	<u>2,987</u>	<u>\$ 11,927</u>	<u>6,123</u>
Fund Balance - Beginning		81,721		23,099
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>81,721</u>		<u>23,099</u>
Fund balance - Ending		<u>\$ 84,708</u>		<u>\$ 29,222</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Debt Service Funds			
	West Bank TID Bonds		SID Bonds	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ 365,000	\$ 371,310	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	71,470	71,946
Investment income	-	1,093	-	827
Other	-	-	-	-
	<u>365,000</u>	<u>372,403</u>	<u>71,470</u>	<u>72,773</u>
Total revenues				
	365,000	372,403	71,470	72,773
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	18,536	18,536	29,513	29,513
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	85,000	85,000	-	-
Interest	128,828	128,528	18,133	18,533
Capital outlay	-	2,440	-	-
	<u>232,364</u>	<u>234,504</u>	<u>47,646</u>	<u>48,046</u>
Total expenditures				
	232,364	234,504	47,646	48,046
Revenues over (under) expenditures	<u>132,636</u>	<u>137,899</u>	<u>23,824</u>	<u>24,727</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	92	92	-	-
Transfers out	-	-	-	-
	<u>92</u>	<u>92</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	92	92	-	-
Net changes in fund balance	<u>\$ 132,728</u>	<u>137,991</u>	<u>\$ 23,824</u>	<u>24,727</u>
Fund Balance - Beginning		490,338		199,694
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>490,338</u>		<u>199,694</u>
Fund balance - Ending		<u>\$ 628,329</u>		<u>\$ 224,421</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>	
	<u>Master Debt SILD</u>		<u>General Capital Projects</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	19,151	26,742	-	-
Investment income	-	32	-	988
Other	-	-	21,250	23,957
	<u>19,151</u>	<u>26,774</u>	<u>21,250</u>	<u>24,945</u>
Total revenues	<u>19,151</u>	<u>26,774</u>	<u>21,250</u>	<u>24,945</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	9,577	39,063
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	1,250	4,408
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	9,420	9,479	-	-
Interest	1,532	1,532	-	-
Capital outlay	-	-	498,091	24,240
	<u>10,952</u>	<u>11,011</u>	<u>508,918</u>	<u>67,711</u>
Total expenditures	<u>10,952</u>	<u>11,011</u>	<u>508,918</u>	<u>67,711</u>
Revenues over (under) expenditures	<u>8,199</u>	<u>15,763</u>	<u>(487,668)</u>	<u>(42,766)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ 8,199</u>	<u>15,763</u>	<u>\$ (487,668)</u>	<u>(42,766)</u>
Fund Balance - Beginning		15,715		472,325
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>15,715</u>		<u>472,325</u>
Fund balance - Ending		<u>\$ 31,478</u>		<u>\$ 429,559</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Capital Projects Funds			
	Improvement District		Hazard Removal	
	Projects			
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	11	-	235
Other	-	-	-	-
	<u>-</u>	<u>11</u>	<u>-</u>	<u>235</u>
Total revenues	-	11	-	235
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	-	-	10,171	171
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>10,171</u>	<u>171</u>
Total expenditures	-	-	10,171	171
Revenues over (under) expenditures	-	11	(10,171)	64
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(100,000)	(100,000)
	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total other financing sources (uses)	-	-	(100,000)	(100,000)
Net changes in fund balance	<u>\$ -</u>	<u>11</u>	<u>\$ (110,171)</u>	<u>(99,936)</u>
Fund Balance - Beginning		3,739		101,910
Adjustment		-		-
Fund Balance - Beginning, as restated		<u>3,739</u>		<u>101,910</u>
Fund balance - Ending		<u>\$ 3,750</u>		<u>\$ 1,974</u>

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

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Concluded)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Total	
	Final Budget	Actual
REVENUES		
Taxes	\$ 1,631,455	\$ 1,599,071
Licenses and permits	1,218,855	1,085,549
Intergovernmental	3,106,370	2,208,379
Charges for services	1,356,657	1,338,716
Fines and forfeitures	25,300	58,004
Internal services	70,852	68,852
Special assessments	3,007,336	3,015,626
Investment income	4,470	15,859
Other	715,800	654,016
	<u>11,137,095</u>	<u>10,044,072</u>
Total revenues		
EXPENDITURES		
Current		
General government		
Personal services	1,686,585	1,655,578
Operations and maintenance	3,595,849	2,688,449
Public safety		
Operation and maintenance	159,653	472,321
Public works		
Operations and maintenance	33,450	17,773
Culture and recreation		
Personal services	1,505,415	1,509,691
Operations and maintenance	778,406	545,328
Housing and development		
Personal services	724,903	719,809
Operations and maintenance	952,902	1,012,900
Debt service		
Principal	458,258	444,479
Interest	275,623	275,783
Capital outlay	1,846,094	445,410
	<u>12,017,138</u>	<u>9,787,521</u>
Total expenditures		
Revenues over (under) expenditures	<u>(880,043)</u>	<u>256,551</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	924,746	924,746
Transfers out	(1,498,077)	(1,498,169)
	<u>(573,331)</u>	<u>(573,423)</u>
Total other financing sources (uses)		
Net changes in fund balance	<u>\$ (1,453,374)</u>	<u>(316,872)</u>
Fund Balance - Beginning		6,535,474
Adjustment		<u>(10,508)</u>
Fund Balance - Beginning, as restated		<u>6,524,966</u>
Fund balance - Ending		<u>\$ 6,208,094</u>

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

Nonmajor Enterprise Funds

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

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

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

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

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

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

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

City of Great Falls
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013

	Swimming Pools	911 Dispatch Center	Parking	Recreation
Assets				
Current assets				
Cash and investments	\$ 421,206	\$ 297,266	\$ 407,009	\$ 233,843
Receivables				
Accounts	1,963	-	930	47,156
Accrued interest	576	373	609	298
Total Current assets	<u>423,745</u>	<u>297,639</u>	<u>408,548</u>	<u>281,297</u>
Long-term assets				
Restricted cash and investments	-	-	30,006	4,663
Non-depreciable capital assets	-	-	863,397	5,449
Depreciable capital assets, net	707,954	287,195	2,757,357	346,661
Total Long-term assets	<u>707,954</u>	<u>287,195</u>	<u>3,650,760</u>	<u>356,773</u>
Total Assets	<u>\$ 1,131,699</u>	<u>\$ 584,834</u>	<u>\$ 4,059,308</u>	<u>\$ 638,070</u>
Liabilities				
Current liabilities				
Accounts payable	49,081	52,769	6,319	29,629
Capital lease obligation	138,439	-	-	-
Other liabilities	4,670	-	-	-
Total Current liabilities	<u>192,190</u>	<u>52,769</u>	<u>6,319</u>	<u>29,629</u>
Long-term liabilities				
Capital lease obligations	305,109	-	-	-
Compensated absences	28,596	54,668	-	10,073
Total Long-term liabilities	<u>333,705</u>	<u>54,668</u>	<u>-</u>	<u>10,073</u>
Total Liabilities	<u>525,895</u>	<u>107,437</u>	<u>6,319</u>	<u>39,702</u>
Net Position				
Invested in capital assets, net of related debt	264,406	287,195	3,620,754	352,110
Unrestricted	341,398	190,202	432,235	246,258
Total Net Position	<u>605,804</u>	<u>477,397</u>	<u>4,052,989</u>	<u>598,368</u>
Total Liabilities and Net Position	<u>\$ 1,131,699</u>	<u>\$ 584,834</u>	<u>\$ 4,059,308</u>	<u>\$ 638,070</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Concluded)
Nonmajor Enterprise Funds
June 30, 2013

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current assets			
Cash and investments	\$ 89,027	\$ 350,484	\$ 1,798,835
Receivables			
Accounts	380	165	50,594
Accrued interest	99	541	2,496
Total Current assets	<u>89,506</u>	<u>351,190</u>	<u>1,851,925</u>
Long-term assets			
Restricted cash and investments	-	14,496	49,165
Non-depreciable capital assets	-	-	868,846
Depreciable capital assets, net	-	229,025	4,328,192
Total Long-term assets	<u>-</u>	<u>243,521</u>	<u>5,246,203</u>
Total Assets	<u>\$ 89,506</u>	<u>\$ 594,711</u>	<u>\$ 7,098,128</u>
Liabilities			
Current liabilities			
Accounts payable	22,054	13,357	173,209
Capital lease obligation	-	-	138,439
Other liabilities	-	140,228	144,898
Total Current liabilities	<u>22,054</u>	<u>153,585</u>	<u>456,546</u>
Long-term liabilities			
Capital lease obligations	-	-	305,109
Compensated absences	1,967	42,921	138,225
Total Long-term liabilities	<u>1,967</u>	<u>42,921</u>	<u>443,334</u>
Total Liabilities	<u>24,021</u>	<u>196,506</u>	<u>899,880</u>
Net Position			
Invested in capital assets, net of related debt	-	229,025	4,753,490
Unrestricted	65,485	169,180	1,444,758
Total Net Position	<u>65,485</u>	<u>398,205</u>	<u>6,198,248</u>
Total Liabilities and Net Position	<u>\$ 89,506</u>	<u>\$ 594,711</u>	<u>\$ 7,098,128</u>

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

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
Operating Revenues				
Charges for services	\$ 561,269	\$ 1,314,890	\$ 652,233	\$ 443,899
Operating Expenses				
Personal services	433,446	1,195,429	65,567	207,437
Supplies and materials	108,541	6,913	4,642	42,251
Purchased services	210,950	123,374	463,511	145,232
Internal services	57,654	247,615	62,644	34,733
Other	2,615	-	1,798	31,621
Depreciation	69,254	14,741	251,837	16,716
Total Operating Expenses	882,460	1,588,072	849,999	477,990
Operating Income (Loss)	(321,191)	(273,182)	(197,766)	(34,091)
Nonoperating Revenues (Expenses)				
Investment income (loss)	765	350	816	383
Interest expense	(38,128)	-	-	-
Proceeds (loss) on sale of capital assets	-	2,112	14,500	-
Other	-	-	602	(219)
Total Nonoperating Revenues (Expenses)	(37,363)	2,462	15,918	164
Income (Loss) Before Contributions and Transfers	(358,554)	(270,720)	(181,848)	(33,927)
Transfers in	414,389	337,733	-	153,729
Transfers (out)	(21,054)	(3,483)	(20,581)	(10,770)
Change in Net Position	34,781	63,530	(202,429)	109,032
Total Net Position - Beginning	571,023	419,949	4,268,529	495,536
Adjustment	-	(6,082)	(13,111)	(6,200)
Total Net Position - Beginning, as restated	571,023	413,867	4,255,418	489,336
Total Net Position - Ending	\$ 605,804	\$ 477,397	\$ 4,052,989	\$ 598,368

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues			
Charges for services	\$ 150,664	\$ 349,087	\$ 3,472,042
Operating Expenses			
Personal services	49,361	304,937	2,256,177
Supplies and materials	55,892	11,385	229,624
Purchased services	34,975	48,525	1,026,567
Internal services	4,732	191,389	598,767
Other	-	26,965	62,999
Depreciation	-	33,602	386,150
Total Operating Expenses	<u>144,960</u>	<u>616,803</u>	<u>4,560,284</u>
Operating Income (Loss)	<u>5,704</u>	<u>(267,716)</u>	<u>(1,088,242)</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	130	694	3,138
Interest expense	-	-	(38,128)
Proceeds (loss) on sale of capital assets	-	-	16,612
Other	-	16,695	17,078
Total Nonoperating Revenues (Expenses)	<u>130</u>	<u>17,389</u>	<u>(1,300)</u>
Income (Loss) Before Contributions and Transfers	<u>5,834</u>	<u>(250,327)</u>	<u>(1,089,542)</u>
Transfers in	-	214,727	1,120,578
Transfers (out)	-	-	(55,888)
Change in Net Position	5,834	(35,600)	(24,852)
Total Net Position - Beginning	59,651	433,805	6,248,493
Adjustment	-	-	(25,393)
Total Net Position - Beginning, as restated	<u>59,651</u>	<u>433,805</u>	<u>6,223,100</u>
Total Net Position - Ending	<u>\$ 65,485</u>	<u>\$ 398,205</u>	<u>\$ 6,198,248</u>

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

City of Great Falls, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2013

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 562,220	\$ 429,493	\$ 639,122	\$ 374,431
Receipts from interfund services provided	-	885,398	-	-
Receipts from others	-	-	602	-
Payments to suppliers	(316,963)	(156,723)	(439,922)	(182,048)
Payments to employees	(440,699)	(1,188,688)	(66,569)	(206,748)
Payments for interfund services used	(57,654)	(247,615)	(62,644)	(34,733)
Payments to others	(2,615)	-	(1,798)	(31,840)
Net cash provided (used) by operating activities	<u>(255,711)</u>	<u>(278,135)</u>	<u>68,791</u>	<u>(80,938)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	414,389	337,733	-	153,729
Net cash provided (used) by noncapital financing activities	<u>414,389</u>	<u>337,733</u>	<u>-</u>	<u>153,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	2,112	14,500	-
Principal payments - capital leases	(129,807)	-	-	-
Interest paid	(38,128)	-	-	-
Acquisition/construction of capital assets	-	(111,658)	-	(27,481)
Net cash provided (used) by capital and related financing activities	<u>(167,935)</u>	<u>(109,546)</u>	<u>14,500</u>	<u>(27,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	754	646	714	340
Net cash provided (used) by investing activities	<u>754</u>	<u>646</u>	<u>714</u>	<u>340</u>
Net increase (decrease) in cash	(8,503)	(49,302)	84,005	45,650
Cash, beginning of year	<u>429,709</u>	<u>346,568</u>	<u>353,010</u>	<u>192,856</u>
Cash, end of year (a)	<u>\$ 421,206</u>	<u>\$ 297,266</u>	<u>\$ 437,015</u>	<u>\$ 238,506</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 421,206	\$ 297,266	\$ 407,009	\$ 233,843
Restricted cash and investments	-	-	30,006	4,663
	<u>\$ 421,206</u>	<u>\$ 297,266</u>	<u>\$ 437,015</u>	<u>\$ 238,506</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2013

	Multi-Sports	Civic Center Events	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 154,298	\$ 348,922	\$ 2,508,486
Receipts from interfund services provided	-	-	885,398
Receipts from others	-	16,695	17,297
Payments to suppliers	(83,339)	(2,045)	(1,181,040)
Payments to employees	(48,477)	(301,857)	(2,253,038)
Payments for interfund services used	(4,732)	(191,389)	(598,767)
Payments to others	-	(26,965)	(63,218)
Net cash provided (used) by operating activities	<u>17,750</u>	<u>(156,639)</u>	<u>(684,882)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	214,727	1,120,578
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>214,727</u>	<u>1,120,578</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets	-	-	16,612
Principal payments - capital leases	-	-	(129,807)
Interest paid	-	-	(38,128)
Acquisition/construction of capital assets	-	-	(139,139)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(290,462)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	<u>99</u>	<u>736</u>	<u>3,289</u>
Net cash provided (used) by investing activities	<u>99</u>	<u>736</u>	<u>3,289</u>
Net increase (decrease) in cash	17,849	58,824	148,523
Cash, beginning of year	<u>71,178</u>	<u>306,156</u>	<u>1,699,477</u>
Cash, end of year (a)	<u>\$ 89,027</u>	<u>\$ 364,980</u>	<u>\$ 1,848,000</u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 89,027	\$ 350,484	\$ 1,798,835
Restricted cash and investments	-	14,496	49,165
	<u>\$ 89,027</u>	<u>\$ 364,980</u>	<u>\$ 1,848,000</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2013

	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>	<u>Recreation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (321,191)	\$ (273,182)	\$ (197,766)	\$ (34,091)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	69,254	14,741	251,837	16,716
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	950	-	13,956	12,823
Accounts payable	(4,759)	(25,197)	162	3,596
Other liabilities	(1,055)	-	-	(82,290)
Compensated absences payable	1,090	5,503	-	2,527
Other nonoperating revenue	-	-	602	(219)
Total adjustments	<u>\$ 65,480</u>	<u>\$ (4,953)</u>	<u>\$ 266,557</u>	<u>\$ (46,847)</u>
Net cash provided (used) by operating activities	<u>\$ (255,711)</u>	<u>\$ (278,135)</u>	<u>\$ 68,791</u>	<u>\$ (80,938)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
Year Ended June 30, 2013

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,704	\$ (267,716)	\$ (1,088,242)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	33,602	386,150
Cash provided (used) by changes in operating assets and liabilities			
Accounts receivable	3,635	(165)	31,199
Accounts payable	6,740	60,209	40,751
Other liabilities	-	-	(83,345)
Compensated absences payable	1,671	736	11,527
Other nonoperating revenue	-	16,695	17,078
Total adjustments	<u>\$ 12,046</u>	<u>\$ 111,077</u>	<u>\$ 403,360</u>
Net cash provided (used) by operating activities	<u>\$ 17,750</u>	<u>\$ (156,639)</u>	<u>\$ (684,882)</u>

Internal Service Funds

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

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

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

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

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

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

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

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.

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

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

City of Great Falls
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Assets				
Current assets				
Cash and investments	\$ 4,803	\$ 2,357	\$ 250,199	\$ 1,553,410
Receivables				
Accounts	-	70,400	-	276,955
Accrued interest	4,364	554	105	2,540
Interfund loans receivable	45,531	-	-	-
Inventories	185,674	-	-	-
Total Current assets	<u>240,372</u>	<u>73,311</u>	<u>250,304</u>	<u>1,832,905</u>
Long-term assets				
Restricted cash and investments	1,939,055	263,197	-	-
Advance to other funds	316,863	-	-	-
Depreciable capital assets, net	4,814,884	33,791	-	-
Total Long-term assets	<u>7,070,802</u>	<u>296,988</u>	<u>-</u>	<u>-</u>
Total Assets	<u>7,311,174</u>	<u>370,299</u>	<u>250,304</u>	<u>1,832,905</u>
Liabilities				
Current liabilities				
Accounts payable	30,768	29,428	11,044	1,171,888
Loans payable	-	-	-	-
Other liabilities	-	-	-	-
Total Current liabilities	<u>30,768</u>	<u>29,428</u>	<u>11,044</u>	<u>1,171,888</u>
Long-term liabilities				
Loans payable	-	-	-	-
Compensated absences	82,968	95,221	-	-
Other liabilities	-	-	-	1,010,026
Total Long-term liabilities	<u>82,968</u>	<u>95,221</u>	<u>-</u>	<u>1,010,026</u>
Total Liabilities	<u>113,736</u>	<u>124,649</u>	<u>11,044</u>	<u>2,181,914</u>
Net Position				
Net investment in capital assets	4,814,884	33,791	-	-
Unrestricted	2,382,554	211,859	239,260	(349,009)
Total Net Position	<u>7,197,438</u>	<u>245,650</u>	<u>239,260</u>	<u>(349,009)</u>
Total Liabilities and Net Position	<u>\$ 7,311,174</u>	<u>\$ 370,299</u>	<u>\$ 250,304</u>	<u>\$ 1,832,905</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2013

	Human Resources	City Telephone	Fiscal Services	Engineering
Assets				
Current assets				
Cash and investments	\$ 101,015	\$ 66,597	\$ 63,657	\$ 107,105
Receivables				
Accounts	-	-	-	195,353
Accrued interest	133	99	571	721
Interfund loans receivable	-	-	-	-
Inventories	-	-	-	-
Total Current assets	<u>101,148</u>	<u>66,696</u>	<u>64,228</u>	<u>303,179</u>
Long-term assets				
Restricted cash and investments	-	-	-	117,081
Advance to other funds	-	-	-	-
Depreciable capital assets, net	1,815	7,805	-	751,499
Total Long-term assets	<u>1,815</u>	<u>7,805</u>	<u>-</u>	<u>868,580</u>
Total Assets	<u>102,963</u>	<u>74,501</u>	<u>64,228</u>	<u>1,171,759</u>
Liabilities				
Current liabilities				
Accounts payable	12,292	3,028	49,480	47,144
Loans payable	-	-	-	36,969
Other liabilities	-	-	-	9,026
Total Current liabilities	<u>12,292</u>	<u>3,028</u>	<u>49,480</u>	<u>93,139</u>
Long-term liabilities				
Loans payable	-	-	-	258,583
Compensated absences	43,216	1,992	63,941	114,169
Other liabilities	-	-	-	-
Total Long-term liabilities	<u>43,216</u>	<u>1,992</u>	<u>63,941</u>	<u>372,752</u>
Total Liabilities	<u>55,508</u>	<u>5,020</u>	<u>113,421</u>	<u>465,891</u>
Net Position				
Net investment in capital assets	1,815	7,805	-	455,947
Unrestricted	45,640	61,676	(49,193)	249,921
Total Net Position	<u>47,455</u>	<u>69,481</u>	<u>(49,193)</u>	<u>705,868</u>
Total Liabilities and Net Position	<u>\$ 102,963</u>	<u>\$ 74,501</u>	<u>\$ 64,228</u>	<u>\$ 1,171,759</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Concluded)
Internal Service Funds
June 30, 2013

	<u>Public Works Admin</u>	<u>Civic Center Facility Service</u>	<u>Total Internal Service Funds</u>
Assets			
Current assets			
Cash and investments	\$ 231,418	\$ 120,194	\$ 2,500,755
Receivables			
Accounts	1,130	-	543,838
Accrued interest	518	312	9,917
Interfund loans receivable	-	-	45,531
Inventories	-	-	185,674
Total Current assets	<u>233,066</u>	<u>120,506</u>	<u>3,285,715</u>
Long-term assets			
Restricted cash and investments	3,514	97,116	2,419,963
Advance to other funds	-	-	316,863
Depreciable capital assets, net	52,840	536,218	6,198,852
Total Long-term assets	<u>56,354</u>	<u>633,334</u>	<u>8,935,678</u>
Total Assets	<u>289,420</u>	<u>753,840</u>	<u>12,221,393</u>
Liabilities			
Current liabilities			
Accounts payable	21,624	16,164	1,392,860
Loans payable	-	-	36,969
Other liabilities	-	-	9,026
Total Current liabilities	<u>21,624</u>	<u>16,164</u>	<u>1,438,855</u>
Long-term liabilities			
Loans payable	-	-	258,583
Compensated absences	35,164	13,908	450,579
Other liabilities	-	-	1,010,026
Total Long-term liabilities	<u>35,164</u>	<u>13,908</u>	<u>1,719,188</u>
Total Liabilities	<u>56,788</u>	<u>30,072</u>	<u>3,158,043</u>
Net Position			
Net investment in capital assets	52,840	536,218	5,903,300
Unrestricted	179,792	187,550	3,160,050
Total Net Position	<u>232,632</u>	<u>723,768</u>	<u>9,063,350</u>
Total Liabilities and Net Position	<u>\$ 289,420</u>	<u>\$ 753,840</u>	<u>\$ 12,221,393</u>

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

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Operating revenues				
Charges for services	\$ 2,317,301	\$ 1,409,314	\$ 1,437,055	\$ 6,839,211
Operating Expenses				
Personal services	684,936	639,578	58,636	-
Supplies and materials	558,677	178,613	1,998	-
Purchased services	96,484	550,196	1,273,297	7,165,847
Internal services	125,051	62,914	3,624	-
Other	9,867	146	-	-
Depreciation	650,070	24,182	82	-
Total Operating Expenses	2,125,085	1,455,629	1,337,637	7,165,847
Operating Income (Loss)	192,216	(46,315)	99,418	(326,636)
Nonoperating Revenues (Expenses)				
Investment income (loss)	15,310	651	(339)	3,470
Interest expense	-	-	-	-
Proceeds (loss) on sale of capital assets	54,693	-	-	-
Other	5,826	4,495	-	107,337
Total Nonoperating Revenues (Expenses)	75,829	5,146	(339)	110,807
Income (Loss) Before Contributions and Transfers	268,045	(41,169)	99,079	(215,829)
Transfers in	-	25,390	-	-
Transfers (out)	(905,000)	(200,000)	(200,000)	(31,926)
Change in Net Position	(636,955)	(215,779)	(100,921)	(247,755)
Total Net Position - Beginning	7,835,570	461,474	340,181	(81,815)
Adjustment	(1,177)	(45)	-	(19,439)
Total Net Position - Beginning, as restated	7,834,393	461,429	340,181	(101,254)
Total Net Position - Ending	<u>\$ 7,197,438</u>	<u>\$ 245,650</u>	<u>\$ 239,260</u>	<u>\$ (349,009)</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Operating revenues				
Charges for services	\$ 367,216	\$ 96,032	\$ 1,698,120	\$ 1,171,715
Operating Expenses				
Personal services	294,220	70,258	962,824	1,030,109
Supplies and materials	3,018	-	30,093	26,308
Purchased services	5,281	17,673	306,861	34,023
Internal services	38,002	3,307	402,086	171,015
Other	612	-	41,865	-
Depreciation	214	5,203	1,557	41,574
Total Operating Expenses	<u>341,347</u>	<u>96,441</u>	<u>1,745,286</u>	<u>1,303,029</u>
Operating Income (Loss)	<u>25,869</u>	<u>(409)</u>	<u>(47,166)</u>	<u>(131,314)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	178	134	884	1,081
Interest expense	-	-	-	(4,034)
Proceeds (loss) on sale of capital assets	-	-	-	5,197
Other	-	-	1,097	(58)
Total Nonoperating Revenues (Expenses)	<u>178</u>	<u>134</u>	<u>1,981</u>	<u>2,186</u>
Income (Loss) Before Contributions and Transfers	<u>26,047</u>	<u>(275)</u>	<u>(45,185)</u>	<u>(129,128)</u>
Transfers in	-	-	-	133,203
Transfers (out)	-	-	(325,000)	(250,000)
Change in Net Position	26,047	(275)	(370,185)	(245,925)
Total Net Position - Beginning	21,408	69,756	320,992	953,338
Adjustment	-	-	-	(1,545)
Total Net Position - Beginning, as restated	<u>21,408</u>	<u>69,756</u>	<u>320,992</u>	<u>951,793</u>
Total Net Position - Ending	<u>\$ 47,455</u>	<u>\$ 69,481</u>	<u>\$ (49,193)</u>	<u>\$ 705,868</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Public Works Admin</u>	<u>Civic Center Facility Service</u>	<u>Total Internal Service Funds</u>
Operating revenues			
Charges for services	\$ 461,370	\$ 501,915	\$ 16,299,249
Operating Expenses			
Personal services	236,042	270,644	4,247,247
Supplies and materials	35,077	27,508	861,292
Purchased services	139,402	168,284	9,757,348
Internal services	31,079	19,543	856,621
Other	-	-	52,490
Depreciation	6,154	52,839	781,875
Total Operating Expenses	<u>447,754</u>	<u>538,818</u>	<u>16,556,873</u>
Operating Income (Loss)	<u>13,616</u>	<u>(36,903)</u>	<u>(257,624)</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	739	425	22,533
Interest expense	-	-	(4,034)
Proceeds (loss) on sale of capital assets	-	-	59,890
Other	1,169	55	119,921
Total Nonoperating Revenues (Expenses)	<u>1,908</u>	<u>480</u>	<u>198,310</u>
Income (Loss) Before Contributions and Transfers	<u>15,524</u>	<u>(36,423)</u>	<u>(59,314)</u>
Transfers in	-	-	158,593
Transfers (out)	<u>(117,645)</u>	<u>(30,800)</u>	<u>(2,060,371)</u>
Change in Net Position	(102,121)	(67,223)	(1,961,092)
Total Net Position - Beginning	334,753	790,991	11,046,648
Adjustment	-	-	(22,206)
Total Net Position - Beginning, as restated	<u>334,753</u>	<u>790,991</u>	<u>11,024,442</u>
Total Net Position - Ending	<u>\$ 232,632</u>	<u>\$ 723,768</u>	<u>\$ 9,063,350</u>

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

City of Great Falls, Montana
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2013

	Central Garage	Information Technology	Insurance & Safety	Health & Benefits
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 179,829	\$ 26,225	\$ -	\$ 146,833
Receipts from interfund services provided	2,140,003	1,312,689	1,437,055	6,839,211
Receipts from others	5,826	4,495	-	-
Payments to suppliers	(685,395)	(737,890)	(1,274,283)	(6,643,548)
Payments to employees	(685,771)	(633,716)	(58,781)	-
Payments for interfund services used	(125,051)	(62,914)	(3,624)	-
Payments to others	(9,867)	-	-	-
Net cash provided (used) by operating activities	<u>819,574</u>	<u>(91,111)</u>	<u>100,367</u>	<u>342,496</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	25,390	-	-
Transfers out	(905,000)	(200,000)	(200,000)	(31,926)
Net cash provided (used) by noncapital financing activities	<u>(905,000)</u>	<u>(174,610)</u>	<u>(200,000)</u>	<u>(31,926)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	70,835	-	-	-
Principal payments received - advances	43,373	-	-	-
Principal payments - loans	-	-	-	-
Interest paid	-	-	-	-
Acquisition/construction of capital assets	(809,353)	(15,431)	-	-
Net cash provided (used) by capital and related financing activities	<u>(695,145)</u>	<u>(15,431)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	15,332	882	159	3,166
Net cash provided (used) by investing activities	<u>15,332</u>	<u>882</u>	<u>159</u>	<u>3,166</u>
Net increase (decrease) in cash	(765,239)	(280,270)	(99,474)	313,736
Cash, beginning of year	<u>2,709,097</u>	<u>545,824</u>	<u>349,673</u>	<u>1,239,674</u>
Cash, end of year (a)	<u><u>\$ 1,943,858</u></u>	<u><u>\$ 265,554</u></u>	<u><u>\$ 250,199</u></u>	<u><u>\$ 1,553,410</u></u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 4,803	\$ 2,357	\$ 250,199	\$ 1,553,410
Restricted cash and investments	1,939,055	263,197	-	-
	<u><u>\$ 1,943,858</u></u>	<u><u>\$ 265,554</u></u>	<u><u>\$ 250,199</u></u>	<u><u>\$ 1,553,410</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2013

	Human Resources	City Telephone	Fiscal Services	Engineering
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 56,862
Receipts from interfund services provided	367,214	96,032	1,698,120	1,121,215
Receipts from others	-	-	1,097	-
Payments to suppliers	(8,245)	(17,673)	(332,621)	(60,986)
Payments to employees	(302,517)	(69,107)	(959,496)	(1,036,507)
Payments for interfund services used	(38,002)	(3,307)	(402,086)	(171,015)
Payments to others	(612)	-	(41,706)	(58)
Net cash provided (used) by operating activities	<u>17,838</u>	<u>5,945</u>	<u>(36,692)</u>	<u>(90,489)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	133,203
Transfers out	-	-	(325,000)	(250,000)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(325,000)</u>	<u>(116,797)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	-	5,197
Principal payments received - advances	-	-	-	-
Principal payments - loans	-	-	-	(36,258)
Interest paid	-	-	-	(4,034)
Acquisition/construction of capital assets	-	-	-	(37,077)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>169</u>	<u>131</u>	<u>987</u>	<u>1,101</u>
Net cash provided (used) by investing activities	<u>169</u>	<u>131</u>	<u>987</u>	<u>1,101</u>
Net increase (decrease) in cash	18,007	6,076	(360,705)	(278,357)
Cash, beginning of year	<u>83,008</u>	<u>60,521</u>	<u>424,362</u>	<u>502,543</u>
Cash, end of year (a)	<u><u>\$ 101,015</u></u>	<u><u>\$ 66,597</u></u>	<u><u>\$ 63,657</u></u>	<u><u>\$ 224,186</u></u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 101,015	\$ 66,597	\$ 63,657	\$ 107,105
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,081</u>
	<u><u>\$ 101,015</u></u>	<u><u>\$ 66,597</u></u>	<u><u>\$ 63,657</u></u>	<u><u>\$ 224,186</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2013

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ -	\$ -	\$ 409,749
Receipts from interfund services provided	461,371	501,405	15,974,315
Receipts from others	39	564	12,021
Payments to suppliers	(167,990)	(193,685)	(10,122,316)
Payments to employees	(228,707)	(266,883)	(4,241,485)
Payments for interfund services used	(31,079)	(19,543)	(856,621)
Payments to others	-	-	(52,243)
Net cash provided (used) by operating activities	<u>33,634</u>	<u>21,858</u>	<u>1,123,420</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	158,593
Transfers out	(100,000)	-	(2,011,926)
Net cash provided (used) by noncapital financing activities	<u>(100,000)</u>	<u>-</u>	<u>(1,853,333)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets	-	-	76,032
Principal payments received - advances	-	-	43,373
Principal payments - loans	-	-	(36,258)
Interest paid	-	-	(4,034)
Acquisition/construction of capital assets	(30,813)	-	(892,674)
Net cash provided (used) by capital and related financing activities	<u>(30,813)</u>	<u>-</u>	<u>(813,561)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	749	401	23,077
Net cash provided (used) by investing activities	<u>749</u>	<u>401</u>	<u>23,077</u>
Net increase (decrease) in cash	(96,430)	22,259	(1,520,397)
Cash, beginning of year	<u>331,362</u>	<u>195,051</u>	<u>6,441,115</u>
Cash, end of year (a)	<u>\$ 234,932</u>	<u>\$ 217,310</u>	<u>\$ 4,920,718</u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 231,418	\$ 120,194	\$ 2,500,755
Restricted cash and investments	3,514	97,116	2,419,963
	<u>\$ 234,932</u>	<u>\$ 217,310</u>	<u>\$ 4,920,718</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2013

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 192,216	\$ (46,315)	\$ 99,418	\$ (326,636)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	650,070	24,182	82	-
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	2,531	(70,400)	-	304,343
Inventories	33,384	-	-	-
Accounts payable	(62,579)	(7,940)	867	257,452
Compensated absences payable	(1,874)	4,867	-	-
Other nonoperating revenue	5,826	4,495	-	107,337
Total adjustments	<u>\$ 627,358</u>	<u>\$ (44,796)</u>	<u>\$ 949</u>	<u>\$ 669,132</u>
Net cash provided (used) by operating activities	<u>\$ 819,574</u>	<u>\$ (91,111)</u>	<u>\$ 100,367</u>	<u>\$ 342,496</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2013

	Human Resources	City Telephone	Fiscal Services	Engineering
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 25,869	\$ (409)	\$ (47,166)	\$ (131,314)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	214	5,203	1,557	41,574
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	-	-	-	6,360
Inventories	-	-	-	-
Accounts payable	(180)	110	5,338	2,371
Compensated absences payable	(8,065)	1,041	2,482	(9,422)
Other nonoperating revenue	-	-	1,097	(58)
Total adjustments	\$ (8,031)	\$ 6,354	\$ 10,474	\$ 40,825
Net cash provided (used) by operating activities	\$ 17,838	\$ 5,945	\$ (36,692)	\$ (90,489)

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
Year Ended June 30, 2013

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 13,616	\$ (36,903)	\$ (257,624)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	6,154	52,839	781,875
Cash provided (used) by changes in operating assets and liabilities			
Accounts receivable	(1,129)	-	241,705
Inventories	-	-	33,384
Accounts payable	6,837	2,174	204,450
Compensated absences payable	6,987	3,693	(291)
Other nonoperating revenue	1,169	55	119,921
Total adjustments	\$ 20,018	\$ 58,761	\$ 1,381,044
Net cash provided (used) by operating activities	\$ 33,634	\$ 21,858	\$ 1,123,420

Private Purpose Trust Funds

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

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

City of Great Falls
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2013

	Castle Pines Trust
Assets	
Cash and investments	\$ 199,953
Accrued interest	309
Total Assets	200,262
Liabilities	-
Net Assets	
Held in trust	\$ 200,262

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

City of Great Falls
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2013

	Castle Pines Trust
Additions	
Private contributions	\$ 4,154
Investment income	415
Total Additions	4,569
Deductions	
Refunds of contributions	-
Change in Net Position	4,569
Net Position - Beginning	195,693
Net Position - Ending	\$ 200,262

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

Agency Funds

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

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

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

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

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

City of Great Falls
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2013

	ULRRWSD Agency	Court Agency	Flex 1 Plans	Payroll	Total Agency Funds
Assets					
Cash and investments	\$ 142,427	\$ 25,491	\$ 38,784	\$ 249,910	\$ 456,612
Special assessments receivable	1,067,718	-	-	-	1,067,718
Due from other governments	21	-	-	-	21
Accrued interest	195	-	-	-	195
Total Assets	<u>1,210,361</u>	<u>25,491</u>	<u>38,784</u>	<u>249,910</u>	<u>1,524,546</u>
Liabilities					
Accounts payable	-	-	-	249,910	249,910
Assets held for others	1,210,361	-	-	-	1,210,361
Other liabilities	-	25,491	38,784	-	64,275
Total Liabilities	<u>\$ 1,210,361</u>	<u>\$ 25,491</u>	<u>\$ 38,784</u>	<u>\$ 249,910</u>	<u>\$ 1,524,546</u>

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

City of Great Falls, Montana
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ULRRWSD Agency				
ASSETS				
Cash and investments	\$ 112,374	\$ 126,244	\$ (96,191)	\$ 142,427
Special assessments receivable	1,053,608	195,160	(181,050)	1,067,718
Due from other governments	55	21	(55)	21
Accrued interest receivable	189	133	(127)	195
Total assets	<u>1,166,226</u>	<u>321,558</u>	<u>(277,423)</u>	<u>1,210,361</u>
LIABILITIES				
Assets held for others	1,166,226	(260,242)	304,377	1,210,361
Total liabilities	<u>\$ 1,166,226</u>	<u>\$ (260,242)</u>	<u>\$ 304,377</u>	<u>\$ 1,210,361</u>
Court Agency				
ASSETS				
Cash and investments	\$ 37,328	\$ 1,870	\$ (13,707)	\$ 25,491
Total assets	<u>37,328</u>	<u>1,870</u>	<u>(13,707)</u>	<u>25,491</u>
LIABILITIES				
Other liabilities	37,328	(13,712)	1,875	25,491
Total liabilities	<u>\$ 37,328</u>	<u>\$ (13,712)</u>	<u>\$ 1,875</u>	<u>\$ 25,491</u>
Flex 1 Plans				
ASSETS				
Cash and investments	\$ -	\$ 72,060	\$ (33,276)	\$ 38,784
Total assets	<u>-</u>	<u>72,060</u>	<u>(33,276)</u>	<u>38,784</u>
LIABILITIES				
Other liabilities	-	(136,520)	175,304	38,784
Total liabilities	<u>\$ -</u>	<u>\$ (136,520)</u>	<u>\$ 175,304</u>	<u>\$ 38,784</u>
Payroll				
ASSETS				
Cash and investments	\$ 31,170	\$ 28,370,347	\$ (28,151,607)	\$ 249,910
Total assets	<u>31,170</u>	<u>28,370,347</u>	<u>(28,151,607)</u>	<u>249,910</u>
LIABILITIES				
Accounts payable	31,170	(38,020,293)	38,239,033	249,910
Total liabilities	<u>\$ 31,170</u>	<u>\$ (38,020,293)</u>	<u>\$ 38,239,033</u>	<u>\$ 249,910</u>
Total - All Agency Funds				
ASSETS				
Cash and investments	\$ 180,872	\$ 28,570,521	\$ (28,294,781)	\$ 456,612
Special assessments receivable	1,053,608	195,160	(181,050)	1,067,718
Accrued interest receivable	189	133	(127)	195
Due from other governments	55	21	(55)	21
Total assets	<u>1,234,724</u>	<u>28,765,835</u>	<u>(28,476,013)</u>	<u>1,524,546</u>
LIABILITIES				
Accounts payable	31,170	(38,020,293)	38,239,033	249,910
Assets held for others	1,166,226	(260,242)	304,377	1,210,361
Other liabilities	37,328	(150,232)	177,179	64,275
Total liabilities	<u>\$ 1,234,724</u>	<u>\$ (38,430,767)</u>	<u>\$ 38,720,589</u>	<u>\$ 1,524,546</u>

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

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.	154
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.	177
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.	179

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 Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	\$ 7,968,020	\$ 8,651,809	\$ 7,219,070	\$ 7,551,204	\$ 6,113,949	\$ 6,280,562	\$ 6,896,504	\$ 8,333,483	\$ 9,528,095	\$ 8,696,774
Public safety	11,983,789	12,658,498	13,011,552	13,707,939	15,703,112	16,053,948	16,826,227	17,238,592	17,821,137	18,473,368
Public works	3,985,723	3,820,802	3,928,438	4,032,194	4,395,673	4,794,550	4,966,357	3,986,960	5,643,757	6,823,866
Culture and recreation	3,490,282	4,043,817	4,021,127	4,190,877	4,568,967	5,607,567	4,866,669	4,695,547	5,211,517	5,280,872
Housing and development	2,572,602	3,327,328	3,059,338	2,788,802	3,141,049	2,958,565	4,725,478	3,088,617	2,599,225	2,986,916
Interest and Fees	271,990	464,260	408,151	311,447	405,626	332,216	329,874	360,667	312,101	286,266
Total governmental activities expenses	<u>30,272,406</u>	<u>32,966,514</u>	<u>31,647,676</u>	<u>32,582,463</u>	<u>34,328,376</u>	<u>36,027,408</u>	<u>38,611,109</u>	<u>37,703,866</u>	<u>41,115,832</u>	<u>42,548,062</u>
Business-type activities										
Golf courses	1,449,714	1,457,117	1,467,156	1,421,903	1,384,226	1,460,828	1,414,297	1,393,793	1,371,666	1,393,735
Water	5,325,599	5,362,998	6,469,092	6,791,109	7,223,313	7,313,512	7,336,143	7,279,507	8,066,706	8,360,315
Sewer	5,416,556	5,484,053	6,120,164	6,620,414	7,215,076	7,281,065	7,340,178	7,395,670	7,265,547	7,676,489
Storm drain	662,616	622,512	1,164,236	1,215,422	1,227,116	1,245,318	1,252,472	1,262,923	1,243,172	1,358,316
Sanitation	2,806,848	2,773,495	2,992,216	3,072,465	3,330,166	3,231,635	3,165,548	3,222,473	3,464,588	3,406,713
Electric	30,888	1,674,686	4,471,710	6,711,809	9,441,675	10,724,225	11,050,768	11,777,771	3,648,328	2,606,675
Port authority	-	-	-	-	87,046	340,881	332,034	321,387	310,766	298,960
Other	3,356,510	3,359,635	3,677,162	4,045,283	4,273,470	4,271,610	4,253,145	4,381,134	4,523,324	4,598,631
Total business-type activities expenses	<u>19,048,731</u>	<u>20,734,496</u>	<u>26,361,736</u>	<u>29,878,405</u>	<u>34,182,088</u>	<u>35,869,074</u>	<u>36,144,585</u>	<u>37,034,658</u>	<u>29,894,097</u>	<u>29,699,834</u>
Total primary government expenses	<u>\$ 49,321,137</u>	<u>\$ 53,701,010</u>	<u>\$ 58,009,412</u>	<u>\$ 62,460,868</u>	<u>\$ 68,510,464</u>	<u>\$ 71,896,482</u>	<u>\$ 74,755,694</u>	<u>\$ 74,738,524</u>	<u>\$ 71,009,929</u>	<u>\$ 72,247,896</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 2,260,293	\$ 2,358,059	\$ 2,770,849	\$ 2,584,146	\$ 2,773,279	\$ 2,895,553	\$ 3,024,023	\$ 5,648,041	\$ 5,856,691	\$ 7,176,911
Public safety	2,009,573	1,848,504	2,082,032	2,096,607	2,280,255	2,486,246	2,458,773	2,556,209	1,594,501	1,488,048
Public works	2,128,619	2,318,073	2,481,096	2,801,439	3,075,156	3,451,404	3,686,549	3,769,809	5,503,781	4,884,645
Culture and recreation	652,260	728,754	558,479	496,740	517,337	510,812	504,279	1,103,631	1,267,802	745,946
Housing and development	2,487,130	2,968,094	2,916,787	3,235,059	3,594,034	3,105,833	3,082,734	1,084,434	1,347,775	1,311,128
Operating grants and contributions	281,504	1,594,762	813,017	867,359	922,426	825,758	609,709	1,469,801	1,081,039	2,277,090
Capital grants and contributions	3,701,084	3,857,853	2,457,109	1,945,499	2,190,536	2,174,440	5,098,770	674,013	458,821	499,861
Total governmental activities program revenues	<u>13,520,463</u>	<u>15,674,099</u>	<u>14,079,369</u>	<u>14,026,849</u>	<u>15,353,023</u>	<u>15,450,046</u>	<u>18,464,837</u>	<u>16,305,938</u>	<u>17,110,410</u>	<u>18,383,629</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities										
Charges for services										
Golf Courses	\$ 1,084,129	\$ 1,049,535	\$ 1,090,309	\$ 1,168,802	\$ 1,254,453	\$ 1,309,590	\$ 1,421,216	\$ 1,347,695	\$ 1,404,894	\$ 1,379,693
Water	7,648,142	8,018,153	7,427,648	7,578,259	8,301,295	8,116,362	8,020,720	7,697,120	9,586,179	10,585,717
Sewer	5,836,954	5,661,367	6,516,115	7,089,612	7,656,887	7,788,927	7,762,817	8,110,507	8,972,566	10,230,776
Storm Drain	1,692,103	1,764,261	2,086,414	1,929,820	1,824,052	1,863,553	1,980,588	1,851,161	1,864,490	1,930,203
Sanitation	2,601,775	2,602,383	2,762,201	2,881,638	3,224,927	3,173,768	3,193,631	3,196,563	3,263,001	3,149,008
Electric	159,877	1,288,133	4,051,244	6,440,336	8,867,623	9,500,725	9,778,199	10,095,151	3,292,906	2,472,625
Port Authority	-	-	-	-	440,364	465,187	465,187	465,187	465,188	465,187
Other	2,162,681	1,071,775	2,587,631	2,800,943	2,841,539	3,027,285	2,962,335	2,898,573	3,288,579	3,421,754
Operating grants and contributions	-	6,335	3,500	-	3,570	3,082	500	-	-	-
Capital grants and contributions	-	98,012	137,992	1,258,171	28,409	433,792	1,040,067	5,612	-	42,130
Total business-type activities program revenues	<u>21,185,661</u>	<u>21,559,954</u>	<u>26,663,054</u>	<u>31,147,581</u>	<u>34,443,119</u>	<u>35,682,271</u>	<u>36,625,260</u>	<u>35,667,569</u>	<u>32,137,803</u>	<u>33,677,093</u>
Total primary government program revenues	<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>	<u>\$ 51,132,317</u>	<u>\$ 55,090,097</u>	<u>\$ 51,973,507</u>	<u>\$ 49,248,213</u>	<u>\$ 52,060,722</u>
Net (Expense)/Revenue										
Governmental activities	\$ (16,751,943)	\$ (17,292,415)	\$ (17,568,307)	\$ (18,555,614)	\$ (18,975,353)	\$ (20,577,362)	\$ (20,146,272)	\$ (21,397,928)	\$ (24,005,422)	\$ (24,164,433)
Business-type activities	2,136,930	825,458	301,318	1,269,176	261,031	(186,803)	480,675	(1,367,089)	2,243,706	3,977,259
Total primary government net expense	<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>	<u>\$ (20,764,165)</u>	<u>\$ (19,665,597)</u>	<u>\$ (22,765,017)</u>	<u>\$ (21,761,716)</u>	<u>\$ (20,187,174)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property taxes	\$ 10,979,102	\$ 11,778,547	\$ 12,041,935	\$ 12,601,752	\$ 14,634,494	\$ 16,004,331	\$ 14,313,622	\$ 15,196,868	\$ 15,520,772	\$ 16,238,131
Grants and contributions not restricted to specific programs	7,906,709	7,801,713	7,755,847	7,809,913	8,190,388	8,532,724	8,559,609	10,223,824	6,727,541	7,612,104
Unrestricted investment earnings	228,687	336,545	383,907	697,066	666,468	294,352	250,613	131,130	96,731	48,395
Miscellaneous	620,169	233,695	311,702	683,004	887,591	728,078	1,066,106	344,436	1,132,493	475,503
Transfers	(685,734)	(1,676,415)	(1,065,222)	(1,327,408)	(2,520,767)	(2,292,865)	(1,527,849)	(1,280,271)	(1,209,727)	(10,017,773)
Total governmental activities general revenues	<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>	<u>23,266,620</u>	<u>22,662,101</u>	<u>24,615,987</u>	<u>22,267,810</u>	<u>14,356,360</u>
Business Type Activities:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	50,488
Unrestricted investment earnings	202,854	481,461	660,977	997,854	664,264	308,639	255,765	165,930	64,538	26,276
Miscellaneous	94,433	68,690	106,501	224,678	571,884	19,240	172	273,282	537,209	120,976
Transfers	685,734	1,676,415	1,065,222	1,327,408	2,520,767	2,292,865	1,527,849	1,280,271	1,209,727	10,017,773
Extraordinary item	-	-	-	-	-	-	-	-	(1,400,000)	(4,117,122)
Total business-type activities general revenues	<u>983,021</u>	<u>2,226,566</u>	<u>1,832,700</u>	<u>2,549,940</u>	<u>3,756,915</u>	<u>2,620,744</u>	<u>1,783,786</u>	<u>1,719,483</u>	<u>411,474</u>	<u>6,098,391</u>
Total primary government general revenues	<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>	<u>\$ 25,887,364</u>	<u>\$ 24,445,887</u>	<u>\$ 26,335,470</u>	<u>\$ 22,679,284</u>	<u>\$ 20,454,751</u>
Change in Net Assets										
Governmental activities	\$ 2,296,990	\$ 1,181,670	\$ 1,859,862	\$ 1,908,713	\$ 2,882,821	\$ 2,689,258	\$ 2,515,829	\$ 3,218,059	\$ (1,737,612)	\$ (9,808,073)
Business-type activities	3,119,951	3,052,024	2,134,018	3,819,116	4,017,946	2,433,941	2,264,461	352,394	2,655,180	10,075,650
Total primary government	<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>	<u>\$ 5,123,199</u>	<u>\$ 4,780,290</u>	<u>\$ 3,570,453</u>	<u>\$ 917,568</u>	<u>\$ 267,577</u>

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 Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 36,396,557	\$ 40,668,483	\$ 42,200,941	\$ 63,427,216	\$ 67,957,014	\$ 69,299,156	\$ 72,695,192	\$ 74,391,543	\$ 72,430,194	\$ 71,608,711
Restricted	7,452,602	7,078,177	7,568,295	8,111,215	5,329,260	2,217,136	825,860	7,671,970	10,536,256	8,702,271
Unrestricted	14,674,981	11,245,840	11,074,181	13,732,946	14,867,924	19,327,164	19,838,233	14,512,551	11,872,002	4,666,887
Total governmental activities net assets	\$ 58,524,140	\$ 58,992,500	\$ 60,843,417	\$ 85,271,377	\$ 88,154,198	\$ 90,843,456	\$ 93,359,285	\$ 96,576,064	\$ 94,838,452	\$ 84,977,869
Business-Type activities										
Invested in capital assets, net of related debt	\$ 69,331,957	\$ 72,337,960	\$ 73,539,134	\$ 79,077,768	\$ 84,029,556	\$ 86,137,271	\$ 87,603,446	\$ 89,541,681	\$ 93,789,614	\$ 100,276,282
Restricted	8,835,470	12,266,972	12,556,046	9,100,250	9,668,238	10,182,501	10,717,102	12,402,105	10,824,265	5,803,799
Unrestricted	10,594,873	7,630,741	8,199,511	9,935,789	8,433,959	8,245,922	8,509,607	5,238,763	5,223,850	13,467,886
Total business-type activities net assets	\$ 88,762,300	\$ 92,235,673	\$ 94,294,691	\$ 98,113,807	\$ 102,131,753	\$ 104,565,694	\$ 106,830,155	\$ 107,182,549	\$ 109,837,729	\$ 119,547,967
Primary government										
Invested in capital assets, net of related debt	\$ 105,728,514	\$ 113,006,443	\$ 115,740,075	\$ 142,504,984	\$ 151,986,570	\$ 155,436,427	\$ 160,298,638	\$ 163,933,224	\$ 166,219,808	\$ 171,884,993
Restricted	16,288,072	19,345,149	20,124,341	17,211,465	14,997,498	12,399,637	11,542,962	20,074,075	21,360,521	14,506,070
Unrestricted	25,269,854	18,876,581	19,273,692	23,668,735	23,301,883	27,573,086	28,347,840	19,751,314	17,095,852	18,134,773
Total primary government net assets	\$ 147,286,440	\$ 151,228,173	\$ 155,138,108	\$ 183,385,184	\$ 190,285,951	\$ 195,409,150	\$ 200,189,440	\$ 203,758,613	\$ 204,676,181	\$ 204,525,836

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ 100,000	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 59,696	\$ -
Unassigned	3,944,843	3,280,357	2,822,542	2,948,716	2,500,265	3,352,228	4,564,282	5,755,325	6,636,339	1,520,000
Total general fund	<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>	<u>\$ 3,511,924</u>	<u>\$ 4,723,978</u>	<u>\$ 5,915,021</u>	<u>\$ 6,696,035</u>	<u>\$ 1,520,000</u>
All Other Governmental Funds										
Nonspendable	\$ 90,615	\$ 90,615	\$ 90,615	\$ 687,666	\$ 687,666	\$ 687,666	\$ 687,666	\$ 713,907	\$ 713,907	\$ 25,349
Restricted	8,008,629	5,076,780	5,307,816	7,413,359	4,240,743	2,201,949	2,811,236	6,798,367	6,829,759	6,079,675
Assigned	2,396,619	2,943,662	2,155,838	2,026,754	2,555,551	2,527,591	2,488,739	2,877,564	2,932,894	2,597,247
Unassigned	(23,046)	(288,528)	(28,937)	(125,651)	(114,411)	(5,892)	(3,887)	(18,680)	(38,601)	(13,163)
Total all other governmental funds	<u>\$10,472,817</u>	<u>\$ 7,822,529</u>	<u>\$ 7,525,332</u>	<u>\$10,002,128</u>	<u>\$ 7,369,549</u>	<u>\$ 5,411,314</u>	<u>\$ 5,983,754</u>	<u>\$10,371,158</u>	<u>\$10,437,959</u>	<u>\$ 8,689,108</u>

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

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

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

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

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

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

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$10,979,102	\$11,537,954	\$11,949,430	\$12,932,609	\$14,197,988	\$15,280,089	\$14,665,459 ⁴	\$15,196,868	\$15,575,895	\$16,238,131
Special Assessments	3,895,149	4,117,111	4,205,112	4,456,879	4,762,317	5,079,030	5,616,689 ⁵	6,138,832 ⁵	6,358,146	6,665,671
Licenses & Permits	1,430,941	1,589,688	1,556,336	1,797,639	2,060,296	1,815,363	1,680,221	1,761,023	2,122,096	2,045,169
Intergovernmental	11,458,997	12,321,287	10,677,996 ³	10,250,929	10,946,651	11,179,465	13,931,704 ⁶	12,535,101	11,195,580	11,864,173
Charges for Services	2,111,331	2,280,358	2,377,124	2,699,858	2,674,751	3,081,602	2,889,083	2,893,084	2,934,191	2,904,088
Fines & Forfeitures	1,299,754	1,301,902	1,531,578	1,465,106	1,477,982	1,502,122	1,452,672	1,440,067	1,264,402	1,147,959
Internal Service	950,850	888,307	928,582	1,133,596	1,180,411	1,166,834	1,266,559	1,106,690	1,014,815	1,058,730
Other	1,460,724	1,137,632	540,017	492,258	441,304	381,030	756,110	1,133,152	1,714,371	716,288
Investment Income	112,530 ¹	244,172 ¹	242,674	560,508	448,583	156,404	129,967	74,683	55,573	25,862
Total revenues	<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>	<u>39,641,939</u>	<u>42,388,464</u>	<u>42,279,500</u>	<u>42,235,069</u>	<u>42,666,071</u>
Expenditures										
General Government	7,720,091	7,385,712	6,920,346	6,813,067	6,884,548	7,254,140	6,995,847	6,752,078	7,518,860	7,779,966
Public Safety	11,523,420	12,378,962	12,713,281	13,391,537	15,336,682	15,792,570	16,565,115	17,208,800	17,360,185	18,271,958
Public Works	3,292,422	3,225,539	3,190,200	3,192,983	3,516,983	3,843,043	4,000,607	4,106,622	4,475,802	4,731,856
Culture & Recreation	3,096,873	3,630,589	3,329,144	3,562,237	3,820,102	3,816,577	4,196,819	4,190,657	4,521,930	4,397,868
Housing & Development	2,581,540	2,978,451	2,688,276	2,395,756	2,714,537	2,548,111	4,361,695 ⁶	2,584,976	2,181,794	2,605,288
Debt Service										
Principal	1,534,000	1,250,073	1,336,433	1,302,531	1,434,620	1,603,535	1,625,954	463,998	1,269,759	444,479
Interest & fees	330,282	434,638	383,585	327,021	388,524	320,830	356,530	360,294	312,101	282,232
Capital Outlay	5,704,265 ²	6,065,725 ²	2,619,789	2,175,938	4,696,802	2,666,399	3,941,814 ⁷	3,413,384	2,417,859	2,899,085
Total Expenditures	<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>	<u>37,845,205</u>	<u>42,044,381</u>	<u>39,080,809</u>	<u>40,058,290</u>	<u>41,412,732</u>
Excess of revenues over (under) expenditures	<u>(2,083,515)</u>	<u>(1,931,278)</u>	<u>827,795</u>	<u>2,628,312</u>	<u>(602,515)</u>	<u>1,796,734</u>	<u>344,083</u>	<u>3,198,691</u>	<u>2,176,779</u>	<u>1,253,339</u>
Other Financing Sources (Uses)										
Transfers In	3,215,676	3,271,637	2,983,184	2,362,396	2,858,289	2,199,261	2,442,925	1,559,931	990,377	924,746
Transfers Out	(4,357,346)	(5,432,223)	(4,478,400)	(4,089,753)	(5,864,248)	(4,680,775)	(4,157,016)	(2,912,592)	(2,319,341)	(9,072,667) ⁹
Issuance of debt	2,530,256	833,354	73,093	2,311,675	41,562	47,560	2,802,021 ⁸	-	-	-
Sale of capital assets	93,253	11,884	52,038	195,886	560,650	635,451	678,690	2,184	-	-
Total other financing sources (uses)	<u>1,481,839</u>	<u>(1,315,348)</u>	<u>(1,370,085)</u>	<u>780,204</u>	<u>(2,403,747)</u>	<u>(1,798,503)</u>	<u>1,766,620</u>	<u>(1,350,477)</u>	<u>(1,328,964)</u>	<u>(8,147,921)</u>
Net change in fund balance	<u>\$ (601,676)</u>	<u>\$ (3,246,626)</u>	<u>\$ (542,290)</u>	<u>\$ 3,408,516</u>	<u>\$ (3,006,262)</u>	<u>\$ (1,769)</u>	<u>\$ 2,110,703</u>	<u>\$ 1,848,214</u>	<u>\$ 847,815</u>	<u>\$ (6,894,582)</u>
Debt service as a percentage of noncapital expenditures	6.20%	5.39%	5.63%	5.26%	5.35%	5.47%	5.20%	2.31%	4.20%	1.89%

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

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

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

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

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

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

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

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

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

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

Fiscal Year	Real Property		Personal Property		Total Real & Personal Property		Ratio of Taxable Assessed Value to Total Market Value	Direct Mills Applied
	Market Value	Taxable Assessed Value	Market Value	Taxable Assessed Value	Market Value	Taxable Assessed Value		
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL								
2004	\$2,094,766,611	\$54,303,806	\$ 138,095,399	\$ 6,906,844	\$ 2,232,862,010	\$ 65,328,553	2.93%	117.33
2005	1,864,909,252	53,781,399	141,784,188	4,086,270	2,006,693,440	66,377,650	3.31%	120.72
2006	1,957,030,185	55,391,383	138,013,207	4,028,424	2,095,043,392	68,026,995	3.25%	123.77
2007	2,022,021,187	66,155,226	148,813,371	4,394,817	2,170,834,558	70,550,043	3.25%	126.86
2008	2,136,035,079	68,941,143	162,329,143	4,835,189	2,298,364,222	73,776,332	3.21%	136.87
2009	2,235,699,855	70,959,944	183,294,177	5,445,746	2,418,994,032	76,405,690	3.16%	138.85
2010	2,300,579,974	71,021,098	197,087,531	5,841,602	2,497,667,505	76,862,700	3.08%	145.70
2011	2,286,266,340	63,422,541	335,049,320	14,853,161	2,621,315,660	78,275,702	2.99%	149.28
2012	2,353,657,366	62,915,536	343,605,243	15,793,499	2,697,262,609	78,709,035	2.92%	159.52
2013	2,562,754,623	71,724,719	217,648,518	6,128,272	2,780,403,141	77,852,991	2.80%	167.13
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - NET OF TAX INCREMENT DISTRICTS (TID)								
2004	\$1,841,138,828	\$54,106,999	\$ 130,488,269	\$ 6,681,002	\$ 1,971,627,097	\$ 60,788,001	3.08%	117.33
2005	1,633,891,050	53,580,593	135,156,959	3,889,463	1,769,048,009	57,470,056	3.25%	120.72
2006	1,733,415,472	55,186,069	131,270,000	3,827,618	1,864,685,472	59,013,687	3.16%	123.77
2007	1,758,314,047	56,758,308	141,894,158	4,189,503	1,900,208,205	60,947,811	3.21%	126.86
2008	1,878,082,643	59,238,458	155,612,446	4,636,065	2,033,695,089	63,874,523	3.14%	136.87
2009	1,942,828,004	60,841,989	174,548,420	5,185,463	2,117,376,424	66,027,452	3.12%	138.85
2010	2,257,663,616	69,759,972	187,864,866	5,567,746	2,445,528,482	75,327,718	3.08%	145.70
2011	2,232,576,531	61,903,579	333,352,184	14,800,836	2,565,928,715	76,704,415	2.99%	149.28
2012	2,299,416,422	61,430,953	341,552,897	15,728,446	2,640,969,319	77,159,399	2.92%	159.52
2013	2,510,700,401	70,256,694	216,731,371	6,108,978	2,727,431,772	76,365,672	2.80%	167.13
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL TAX INCREMENT DISTRICTS (TID) ¹								
2004	\$ 253,627,783	\$ 7,135,284	\$ 7,607,130	\$ 225,842	\$ 261,234,913	\$ 7,361,126	2.82%	111.33
2005	231,018,202	8,768,633	6,627,229	196,807	237,645,431	8,965,440	3.77%	114.72
2006	223,614,713	8,446,109	6,743,207	200,806	230,357,920	8,646,915	3.75%	117.77
2007	247,948,856	9,396,918	6,919,213	205,314	254,868,069	9,602,232	3.77%	120.86
2008	276,137,655	9,702,685	6,716,697	199,124	282,854,352	9,901,809	3.50%	130.87
2009	292,871,851	10,117,955	8,745,757	260,283	301,617,608	10,378,238	3.44%	132.85
2010	42,916,358	1,261,126	9,222,665	273,856	52,139,023	1,534,982	2.94%	139.70
2011	53,689,809	1,518,962	1,697,136	52,325	55,386,945	1,571,287	2.84%	143.28
2012	54,240,944	1,484,583	2,052,346	65,053	56,293,290	1,549,636	2.75%	153.52
2013	52,054,222	1,468,025	917,147	19,294	52,971,369	1,487,319	2.81%	161.13

Source: Montana State Department of Revenue.

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

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

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

Real Property								
	Downtown Urban Renewal TID Market Value	Downtown Urban Renewal TID TAV	Industrial International Malting Co. TID Market Value	Industrial International Malting Co. TID TAV	Urban Renewal West Bank TID Market Value	Urban Renewal West Bank TID TAV	International Airport TID Market Value	International Airport TID TAV Value
Base Value	N/A	\$ -	N/A	\$ 347,683	N/A	\$292,250	N/A	\$ 107,149
2004	\$ 253,627,783	7,135,284	N/A	N/A	N/A	N/A	N/A	N/A
2005	231,018,202	8,768,633	N/A	N/A	N/A	N/A	N/A	N/A
2006	223,614,713	8,446,109	N/A	N/A	N/A	N/A	N/A	N/A
2007	247,948,856	8,902,107	N/A	494,811	N/A	N/A	N/A	N/A
2008	257,952,436	9,144,399	\$ 18,185,219	558,286	N/A	N/A	N/A	N/A
2009	261,528,098	9,167,952	20,839,374	627,020	\$ 10,504,379	322,983	N/A	N/A
2010	-	-	22,359,576	656,851	16,933,172	498,107	\$ 3,623,610	106,168
2011	-	-	19,259,823	543,160	30,601,803 ¹	867,844	3,828,183	107,958
2012	-	-	19,258,904	523,995	30,791,048	846,591	4,190,992	113,997
2013	-	-	19,198,044	504,908	28,541,803	849,635	4,314,375	113,482
Personal Property								
	Downtown Urban Renewal TID Market Value	Downtown Urban Renewal TID TAV	Industrial International Malting Co. TID Market Value	Industrial International Malting Co. TID TAV	Urban Renewal West Bank TID Market Value	Urban Renewal West Bank TID TAV	International Airport TID Market Value	International Airport TID TAV Value
2004	\$ 7,607,130	\$ 225,842	N/A	N/A	N/A	N/A	N/A	N/A
2005	6,627,229	196,807	N/A	N/A	N/A	N/A	N/A	N/A
2006	6,743,207	200,806	N/A	N/A	N/A	N/A	N/A	N/A
2007	6,919,213	205,314	N/A	N/A	N/A	N/A	N/A	N/A
2008	6,716,697	199,124	N/A	N/A	N/A	N/A	N/A	N/A
2009	6,288,391	186,562	\$ 2,457,366	\$ 73,721	N/A	N/A	N/A	N/A
2010	6,593,520	194,982	2,450,667	73,520	\$ 178,478	\$ 5,354	N/A	N/A
2011	-	-	18,106 ²	543	1,679,030 ¹	51,782	N/A	N/A
2012	-	-	13,757	527	2,038,589	64,526	N/A	N/A
2013	-	-	-	-	917,147 ²	19,294	N/A	N/A

Source: Montana State Department of Revenue.

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

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

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

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

Fiscal Year	Overlapping Governments						Direct						Total
	State University	State School Equalization	Cascade County	County-Wide School	Great Falls School Districts	Transit District	City of Great Falls	Library Direct	Permissive Medical Levy	Soccer Park Debt Service	Swimming Pool Debt Service	Total Direct	
2004	6.00	40.00	111.22	99.60	208.17	14.07	117.33	2.00	5.00	-	-	124.33	603.39
2005	6.00	40.00	107.70	103.41	209.51	14.76	120.72	2.00	4.92	4.00	-	131.64	613.02
2006	6.00	40.00	107.96	102.09	199.47	15.06	123.77	2.00	8.63	3.87	-	138.27	608.85
2007	6.00	40.00	121.55	102.18	188.23	15.80	126.86	2.00	8.34	3.74	-	140.94	614.70
2008	6.00	40.00	122.02	103.87	184.34	16.40	136.87	2.00	12.61	2.70	4.03	158.21	630.84
2009	6.00	40.00	122.54	94.32	178.89	16.35	138.85	2.00	15.07	2.25	4.59	162.76	620.86
2010	6.00	40.00	120.99	100.82	174.68	17.22	145.70	2.00	14.21	2.12	5.01	169.04	628.75
2011	6.00	40.00	122.83	101.31	179.93	17.84	149.28	2.00	15.54	2.45	3.83	173.10	641.01
2012	6.00	40.00	126.23	95.72	180.11	19.09	159.52	2.00	15.44	2.56	3.72	183.24	650.39
2013	6.00	40.00	131.02	102.63	186.38	20.00	167.13	2.00	17.93	2.58	3.93	193.57	679.60

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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Northwestern Energy, LLC	\$ 4,257,837	1	5.47%	\$ 2,058,741	1	3.15%
Montana Refining Co.	2,039,337	2	2.62%	696,799	4	1.07%
Bresnan Communications	1,475,566	3	1.90%	-		-
Qwest Corporation	1,022,472	4	1.31%	1,151,223	2	1.76%
Great Falls Gas Co. (Energy West)	814,233	5	1.05%	705,108	3	1.08%
Holiday Village Partners LLC	704,202	6 ¹	0.90%	-		-
Burlington Northern Santa Fe Railroad	634,316	7	0.81%	367,422	8	0.56%
Pasta Montana	602,529	8	0.77%	539,139	6	0.83%
Benefis Health System, Inc	557,896	9	0.72%	-		-
General Mills, Inc	533,306	10	0.69%	359,701	9	0.55%
Macerich Partnership, LP	-		-	606,450	5 ¹	0.93%
Macerich Great Falls Limited Partnership	-		-	474,939	7	0.73%
Wal-Mart Real Estate Business Trust	-		-	311,588	10	0.48%
	<u>\$12,641,694</u>		<u>16.24%</u>	<u>\$ 7,271,110</u>		<u>11.13%</u>
Total Assessed Value	<u>\$77,852,991</u>			<u>\$65,328,553</u>		

Source: Treasurer's Office, Cascade County, Montana

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

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	% Levy Collected	Collection in Subsequent Years	Total Tax Collections	% Total Tax Collections to Total Tax Levy
PROPERTY TAX LEVIES AND COLLECTIONS - TOTAL						
2004	\$ 10,358,234	\$ 9,409,577	90.84%	\$ 948,490	\$ 10,358,067	100.00%
2005	10,747,814	9,500,571	88.40%	1,246,956	10,747,527	100.00%
2006	11,168,847	10,171,657	91.07%	986,211	11,157,868	99.90%
2007	11,951,767	10,940,702	91.54%	1,000,597	11,941,299	99.91%
2008	13,431,139	12,002,811	89.37%	1,415,907	13,418,718	99.91%
2009	14,199,478	13,089,535	92.18%	1,099,120	14,188,655	99.92%
2010	12,939,188	12,232,966	94.54%	681,078	12,914,044	99.81%
2011	13,996,931	12,809,614	91.52%	1,148,050	13,957,664	99.72%
2012	14,722,663	13,104,833	89.01%	1,327,400	14,432,233	98.03%
2013	15,921,285	13,820,468	86.80%	-	13,820,468	86.80%
PROPERTY TAX LEVIES AND COLLECTIONS - NET OF TAX INCREMENT DISTRICTS ¹						
2004	\$ 7,907,307	\$ 7,162,049	90.58%	\$ 745,091	\$ 7,907,140	100.00%
2005	8,731,041	7,720,601	88.43%	1,010,153	8,730,754	100.00%
2006	9,119,393	8,327,389	91.32%	781,025	9,108,414	99.88%
2007	9,624,311	8,862,777	92.09%	751,066	9,613,843	99.89%
2008	10,891,406	9,799,479	89.97%	1,079,981	10,879,460	99.89%
2009	11,481,132	10,749,613	93.63%	720,696	11,470,309	99.91%
2010	12,623,877	11,924,011	94.46%	674,722	12,598,733	99.80%
2011	13,510,828	12,423,862	91.95%	1,047,699	13,471,561	99.71%
2012	14,257,354	12,659,663	88.79%	1,307,261	13,966,924	97.96%
2013	15,450,077	13,351,783	86.42%	-	13,351,783	86.42%
PROPERTY TAX LEVIES AND COLLECTIONS - TAX INCREMENT DISTRICTS ¹						
2004	\$ 2,450,927	\$ 2,247,528	91.70%	\$ 203,399	\$ 2,450,927	100.00%
2005	2,016,773	1,779,970	88.26%	236,803	2,016,773	100.00%
2006	2,049,454	1,844,268	89.99%	205,186	2,049,454	100.00%
2007	2,327,456	2,077,925	89.28%	249,531	2,327,456	100.00%
2008	2,539,733	2,203,332	86.75%	335,926	2,539,258	99.98%
2009	2,718,346	2,339,922	86.08%	378,424	2,718,346	100.00%
2010	315,311	308,955	97.98%	6,356	315,311	100.00%
2011	486,103	385,752	79.36%	100,351	486,103	100.00%
2012	465,309	445,170	95.67%	20,139	465,309	100.00%
2013	471,208	468,685	99.46%	-	468,685	99.46%

Source: City of Great Falls, Montana

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

**City of Great Falls, Montana
Special Improvement Districts Outstanding
June 30, 2013**

	<u>SID Number</u>	<u>Issue Date</u>	<u>Original Issue</u>	<u>Accumulated Cash Balance</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>	<u>C/Y Principal and Interest Assessments Outstanding</u>	<u>Delinquent Principal and Interest Assessments</u>
Special Improvement District (SID)								
Fairway Addition Roadway	1275	10/30/1997	\$ 547,000	\$ 20,752	08/01/2013	\$ 45,000	\$ -	\$ 328
Medical Tech Park	1301	05/15/2005	630,000	90,236	06/30/2021	325,000	283,691	-
Total Bonds Outstanding			<u>\$ 1,177,000</u>	<u>\$ 110,988</u>		<u>\$ 370,000</u>	<u>\$ 283,691</u>	328
Assessments Outstanding		Misc.						-
Total assessments outstanding								<u>\$ 328</u>

The outstanding balance of SID 1275 will be paid by the revolving fund.

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Beginning fund balance, July 1	\$ 469,136	\$ 434,664	\$ 289,528	\$ 315,688	\$ 178,756	\$ 143,817	\$ 98,851	\$ 176,388	\$ 152,712	\$ 125,176
Receipts over (under) disbursements	(34,472)	(145,136)	26,160	(136,932)	(34,939)	(44,966)	77,537	(23,676)	(27,536)	(29,253)
Ending fund balance, June 30	<u>\$ 434,664</u>	<u>\$ 289,528</u>	<u>\$ 315,688</u>	<u>\$ 178,756</u>	<u>\$ 143,817</u>	<u>\$ 98,851</u>	<u>\$ 176,388</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>
Assets										
Cash	\$ 432,266	\$ 287,401	\$ 291,718	\$ 177,516	\$ 142,540	\$ 98,419	\$ 175,881	\$ 152,468	\$ 124,950	\$ 95,731
Assessments receivable	5,444	24,402	18,519	10,385	5,805	1,333	1,770	-	-	-
Accrued interest	2,398	1,440	1,709	1,240	1,277	432	507	244	226	192
Due from Other City Funds	-	-	21,006	-	-	-	-	-	-	-
Total assets	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>
Liabilities										
Deferred revenue	5,444	23,715	17,264	10,385	5,805	1,333	1,770	-	-	-
Total Fund Balance	434,664	289,528	315,688	178,756	143,817	98,851	176,388	152,712	125,176	95,923
Total Liabilities/Fund Balances	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>

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
2004	\$ 432,266	\$ 880,000	49.12%
2005	287,401	1,305,000	22.02%
2006	291,718	1,055,000	27.65%
2007	177,516	875,000	20.29%
2008	142,540	765,000	18.63%
2009	98,419	555,000	17.73%
2010	175,881	490,000	35.89%
2011	152,468	420,000	36.30%
2012	124,950	370,000	33.77%
2013	95,731	370,000	25.87%

Individual Special Improvement Districts - Continuing Disclosure

	SID 1301
Properties with assessments outstanding	
Number	1
Amount	\$ 283,691
Market Value	306,517

Source: City of Great Falls, Montana

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

Fiscal Year	Assessment Billing	Collections in Year Assessed		Total Annual Collections ¹	
		Amount	Percent	Amount	Percent
2004	\$ 354,498	\$ 352,851	99.5%	\$ 403,390	113.8%
2005 ²	269,538	298,808	110.9%	385,126	142.9%
2006 ²	242,501	306,408	126.4%	357,355	147.4%
2007 ²	202,864	213,286	105.1%	226,922	111.9%
2008	188,397	187,304	99.4%	194,251	103.1%
2009	180,620	160,166	88.7%	168,616	93.4%
2010 ²	109,811	137,848	125.5%	139,665	127.2%
2011 ²	78,994	80,672	102.1%	80,729	102.2%
2012	74,280	73,378	98.8%	73,708	99.2%
2013 ²	71,469	71,183	99.6%	71,946	100.7%

¹ Includes principal and interest assessed and delinquent assessment collections.

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

Source: City of Great Falls

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

Fiscal Year	Assessment Billing	Collections in Year Assessed		Total Outstanding Assessment
		Amount	Percent	Amount
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
2009	5,134,365	4,756,416	92.6%	1,628,591
2010	5,628,452	5,145,297	91.4%	1,890,561
2011	6,151,041	5,844,531	95.0%	2,167,736
2012	6,384,737	5,788,307	90.7%	2,014,226
2013	6,621,680	6,246,345	94.3%	1,913,383

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

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

Source: City of Great Falls

City of Great Falls, Montana
West Bank Urban Renewal District Principal Taxpayers
Fiscal Year 2013

Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Mitchell Development & Investments LLC	Courthouse	\$ 278,772	1	32.81%
West Bank Properties LLC	Hotel	197,700	2	23.27%
Stockman Bank of Montana	Bank	53,779	3	6.33%
Daza Properties LLC	Walgreens	41,837	4	4.92%
Montana Electric Cooperatives	Montana Electric Coop	19,620	5	2.31%
Prairie Mountain Bank of Great Falls, MT	J Bar T	18,486	6	2.18%
Bumbarger, Fred and Patricia	Payless Furniture	17,472	7	2.06%
Rogers Jewelers, Inc	Jewelry Store	16,497	8	1.94%
O'Reilly Automotive, Inc	Automotive Store	16,351	9	1.92%
Talcott Properties LLC	Parking Lot	16,111	10	1.90%
		<u>\$ 676,625</u>		<u>79.64%</u>
Total Assessed Value		<u>\$ 849,635</u>		

Source: Treasurer's Office, Cascade County, Montana

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

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

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

Source: City of Great Falls, Montana

City of Great Falls, Montana
Major Water, Sanitary Sewerage, and Storm Drain System Users
June 30, 2013

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	\$ 503,945	1	4.77%	\$ 619,324	2	6.03%			
Montana Refining Company, Inc	218,481	2	2.07%	110,729	4	1.08%			
Malt Europ North America, Inc	140,235	3	1.33%	828,832	1	8.06%			
Benefis Healthcare	127,479	4	1.21%	197,901	3	1.93%	\$ 32,651	2	1.68%
Cascade County	119,422	5	1.13%	87,489	5	0.85%			
Great Falls Public Schools	112,977	6	1.07%	67,419	6	0.66%	86,287	1	4.45%
Black Eagle	105,408	7	1.00%						
Great Falls Housing Authority	61,159	8	0.58%	103,070	7	1.00%	10,426	7	0.54%
University of Great Falls	49,789	9	0.47%						
City of Great Falls	47,114	10	0.45%				16,710	4	0.86%
GCP Countryside Montana, LLC				42,825	8	0.42%			
Meadowgold Dairies				40,562	9	0.39%			
Missouri River Manor				35,951	10	0.35%			
BN Santa Fe Railway Co.							21,338	3	1.10%
Holiday Village Partners							15,168	5	0.78%
Orix Real Estate Capital							14,046	6	0.72%
Highwood Trailer Park							10,168	8	0.52%
Wal-Mart							9,091	9	0.47%
Great Falls College MSU							8,412	10	0.43%
	<u>\$ 1,486,009</u>		<u>14.05%</u>	<u>\$ 2,134,102</u>		<u>20.76%</u>	<u>\$ 224,297</u>		<u>11.57%</u>

In 2013, customers individual accounts were combined to calculated charges and rankings.

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

City of Great Falls, Montana
Current Water Rate Structure
June 30, 2013

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>
Monthly service charge					
Meter size (in inches)					
3/4	\$ 5.56	\$ 5.01	\$ 5.56	\$ -	\$ -
1	5.93	5.33	5.93	-	-
1 1/4	10.75	9.67	10.75	-	-
1 1/2	10.75	9.67	10.75	-	-
2	13.62	12.25	13.62	-	-
3	36.31	32.68	36.31	-	-
4	52.55	47.30	52.55	-	52.55
6	105.91	95.32	105.91	-	-
8	159.43	143.49	159.43	159.43	-
10	225.44	202.90	225.44	-	225.44
12	332.68	299.41	332.68	-	-
Monthly consumption charge					
First 300 cf	\$ 1.08	\$ 0.98	\$ 1.34	\$ 1.39	\$ 1.54
Over 300 cf	1.81	1.63	1.34	1.39	1.54
Monthly fire hydrant charge					
Meter size (in inches)					
3/4	\$ 1.98	\$ 1.98	\$ 1.98		
1	2.27	2.27	2.27		
1 1/4	6.30	6.30	6.30		
1 1/2	6.30	6.30	6.30		
2	8.71	8.71	8.71		
3	27.59	27.59	27.59		
4	41.21	41.21	41.21		
6	85.71	85.71	85.71		
Annual fire line charge					
Line size (in inches)					
2			\$ 25.45		
3			38.65		
4			59.72		
6			106.28		
8			144.05		
12			370.67		

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

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

Fiscal Year	Residential Customers	Commercial /Industrial Customers	Total Customers	% of Residential Customers	Debt per connection
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
2009	18,798	2,387	21,185	88.7%	316
2010	18,882	2,142	21,024	89.8%	406
2011	18,123	2,371	20,494	88.4%	379
2012	18,325	2,362	20,687	88.6%	325
2013	18,604	2,832	21,436	86.8%	225

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenues:										
Water charges for services ¹	\$7,613,068	\$6,789,945	\$7,428,136	\$7,748,991	\$8,649,041	\$8,116,362	\$8,020,720	\$7,697,120	\$9,586,179	\$ 10,551,476
Investment income	84,416	194,618	242,145	343,622	222,131	92,126	76,365	39,264	27,400	15,089
Gain on disposal of assets	-	-	-	-	3,874	4,635	-	-	1,681	8,124
Total operating revenues	<u>7,697,484</u>	<u>6,984,563</u>	<u>7,670,281</u>	<u>8,092,613</u>	<u>8,875,046</u>	<u>8,213,123</u>	<u>8,097,085</u>	<u>7,736,384</u>	<u>9,615,260</u>	<u>10,574,689</u>
Operating Expenses:²										
Personal services	1,462,948	1,586,949	1,673,142	1,783,197	1,910,008	1,951,263	2,091,070	2,041,140	2,196,201	2,264,051
Supplies and materials	444,514	422,377	481,424	492,161	567,907	660,000	541,209	545,963	985,185	824,822
Purchased services	746,515	555,964	622,985	822,079	725,945	814,849	764,256	658,518	848,400	943,415
Internal services	935,706	1,058,511	930,470	1,164,990	1,229,012	1,243,040	1,292,350	1,270,871	1,239,423	1,332,709
Other	-	-	-	-	-	-	-	47,423	45,594	45,806
Total operating expenses	<u>3,589,683</u>	<u>3,623,801</u>	<u>3,708,021</u>	<u>4,262,427</u>	<u>4,432,872</u>	<u>4,669,152</u>	<u>4,688,885</u>	<u>4,563,915</u>	<u>5,314,803</u>	<u>5,410,803</u>
Net revenue available for debt service	<u>\$4,107,801</u>	<u>\$3,360,762</u>	<u>\$3,962,260</u>	<u>\$3,830,186</u>	<u>\$4,442,174</u>	<u>\$3,543,971</u>	<u>\$3,408,200</u>	<u>\$3,172,469</u>	<u>\$4,300,457</u>	<u>\$ 5,163,886</u>
Net revenue	\$4,107,801	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,543,971	\$3,408,200	\$3,172,469	\$4,300,457	\$ 5,163,886
Depreciation expense	(1,506,868)	(1,625,040)	(2,379,231)	(2,338,936)	(2,559,465)	(2,387,934)	(2,426,177)	(2,470,702)	(2,532,581)	(2,755,971)
Total non-operating income	52,437	16,423	36,406	512,291	27,284	419,702	353,690	67,815	286,084	50,307
Total non-operating expenses	(99,885)	(57,727)	(347,364)	(188,386)	(230,974)	(256,426)	(221,081)	(244,890)	(219,322)	(193,541)
Transfers in (out)	(22,960)	(55,980)	(90,320)	(20,939)	350,870	109,265	-	-	-	(300,477)
Net income (loss)	<u>\$2,530,525</u>	<u>\$1,638,438</u>	<u>\$1,181,751</u>	<u>\$1,794,216</u>	<u>\$2,029,889</u>	<u>\$1,428,578</u>	<u>\$1,114,632</u>	<u>\$ 524,692</u>	<u>\$1,834,638</u>	<u>\$ 1,964,204</u>
Reserve cash account balances:										
Reserve account	\$1,748,457	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,340,595	\$1,337,490	\$1,337,490	\$ 485,055
Current debt service reserve account	737,262	744,577	751,431	760,805	779,335	934,078	956,220	981,922	1,001,297	40,413
Operating reserve account	384,481	424,713	437,403	437,403	437,403	584,856	584,856	592,922	773,434	521,109
Repair/replacement reserve account	694,668	795,233	695,477	673,260	722,801	972,857	916,484	1,092,514	975,582	975,582
Total reserves	<u>\$3,564,868</u>	<u>\$3,712,980</u>	<u>\$3,632,768</u>	<u>\$2,877,136</u>	<u>\$2,945,207</u>	<u>\$3,810,857</u>	<u>\$3,798,155</u>	<u>\$4,004,848</u>	<u>\$4,087,803</u>	<u>\$ 2,022,159</u>
Maximum future principal and interest	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,319,066	\$1,340,595	\$1,340,595	\$1,329,511	\$ 485,055
Debt service coverage	234.94%	192.21%	393.99%	380.86%	336.77%	268.67%	254.23%	236.65%	323.46%	1064.60%

Source: City of Great Falls, Montana

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

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

² Total operating expense exclusive of depreciation.

City of Great Falls, Montana
Current Sanitary Sewerage Rate Structure
June 30, 2013

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

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

Sewer Extra-Strength:

BOD>200 mg/L	0.498 /lb	0.498 /lb	0.498 /lb	0.304 /lb
TSS>250mg/L	0.341 /lb	0.341 /lb	0.341 /lb	0.286 /lb

Pre-Treatment:

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

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

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

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial /Industrial Customers</u>	<u>Total Customers</u>	<u>% of Residential Customers</u>	<u>Debt per connection</u>
2004	18,329	2,183	20,512	89.4%	\$ 779
2005	18,308	2,164	20,472	89.4%	976
2006	18,413	2,201	20,614	89.3%	912
2007	18,549	2,177	20,726	89.5%	851
2008	17,945	2,325	20,270	88.5%	809
2009	18,646	2,088	20,734	89.9%	730
2010	18,744	2,094	20,838	90.0%	669
2011	17,945	2,325	20,270	88.5%	627
2012	18,083	2,316	20,399	88.6%	552
2013	18,634	2,774	21,408	87.0%	486

Connection count was restated for years 2003, 2004 and 2008 to better reflect number of connections.

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenues: ¹										
Sanitary sewer charges for services	\$5,947,791	\$5,661,367	\$6,516,115	\$7,089,612	\$7,656,887	\$7,788,927	\$7,762,817	\$8,110,507	\$8,972,566	\$10,264,207
Investment income	67,370	153,231	281,611	317,819	263,675	116,421	99,044	47,896	31,724	13,662
Gain on disposal of assets	-	-	-	15,300	3,500	-	-	-	2,505	147
Total operating revenues	<u>6,015,161</u>	<u>5,814,598</u>	<u>6,797,726</u>	<u>7,422,731</u>	<u>7,924,062</u>	<u>7,905,348</u>	<u>7,861,861</u>	<u>8,158,403</u>	<u>9,006,795</u>	<u>10,278,016</u>
Operating Expenses: ²										
Personal services	571,135	570,725	634,562	684,626	720,032	739,643	767,490	798,163	832,920	838,822
Supplies and materials	37,759	53,478	62,143	71,241	76,143	67,212	51,251	70,782	83,847	77,330
Purchased services	2,053,530	2,127,854	2,278,659	2,682,808	3,072,287	3,090,253	3,122,179	3,137,508	2,979,993	3,352,392
Internal services	640,902	647,967	693,128	756,072	811,469	825,744	875,184	872,795	844,275	843,699
Other	12,702	-	-	-	-	-	-	29,373	42,214	34,432
Total operating expenses	<u>3,316,028</u>	<u>3,400,024</u>	<u>3,668,492</u>	<u>4,194,747</u>	<u>4,679,931</u>	<u>4,722,853</u>	<u>4,816,104</u>	<u>4,908,621</u>	<u>4,783,249</u>	<u>5,146,675</u>
Net revenue available for debt service	<u>\$2,699,133</u>	<u>\$2,414,574</u>	<u>\$3,129,234</u>	<u>\$3,227,984</u>	<u>\$3,244,131</u>	<u>\$3,182,496</u>	<u>\$3,045,757</u>	<u>\$3,249,782</u>	<u>\$4,223,546</u>	<u>\$ 5,131,341</u>
Net revenue	\$2,699,133	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$3,182,496	\$3,045,757	\$3,249,782	\$4,223,546	\$ 5,131,341
Depreciation expense	(1,441,745)	(1,477,084)	(1,727,250)	(1,764,017)	(1,830,452)	(1,877,884)	(1,912,143)	(1,964,477)	(2,043,243)	(2,209,363)
Total non-operating income	2,610	44,553	102	805,134	18,917	3,992	702,395	9,766	2,091	14,266
Total non-operating expenses	(668,862)	(606,945)	(724,442)	(661,746)	(703,538)	(680,329)	(611,931)	(522,572)	(439,055)	(320,451)
Transfers in (out)	(8,222)	(9,017)	(16,789)	2,819	59,319	72,849	-	-	-	(278,802)
Net income (loss)	<u>\$ 582,914</u>	<u>\$ 366,081</u>	<u>\$ 660,855</u>	<u>\$1,610,174</u>	<u>\$ 788,377</u>	<u>\$ 701,124</u>	<u>\$1,224,078</u>	<u>\$ 772,499</u>	<u>\$1,743,339</u>	<u>\$ 2,336,991</u>
Reserve cash account balances:										
Reserve account	\$1,662,660	\$1,929,835	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,956,105	\$ 1,766,857
Current debt service reserve account	1,051,599	1,247,340	1,253,454	1,266,142	1,282,053	1,296,623	1,326,604	1,339,518	1,365,971	147,238
Operating reserve account	365,702	396,481	406,426	406,426	406,426	542,532	542,532	560,687	572,758	398,604
Repair/replacement reserve account	662,520	768,028	534,077	648,286	781,670	750,369	900,052	1,005,695	765,777	765,777
Total reserves	<u>\$3,742,481</u>	<u>\$4,341,684</u>	<u>\$4,123,792</u>	<u>\$4,246,819</u>	<u>\$4,396,114</u>	<u>\$4,515,489</u>	<u>\$4,695,153</u>	<u>\$4,853,951</u>	<u>\$4,660,611</u>	<u>\$ 3,078,476</u>
Maximum future principal and interest	\$1,662,660	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,943,004	\$ 1,766,857
Debt service coverage	162.34%	125.12%	162.48%	167.60%	168.44%	165.24%	158.14%	166.82%	217.37%	290.42%

Source: City of Great Falls, Montana

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

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

² Total operating expense exclusive of depreciation.

City of Great Falls, Montana
Current Storm Drain Land Use Classifications and Standard Monthly Service Charges
June 30, 2013

Classification	Rate
<p>Group A</p> <p>Accounts in this group include Single Family; Mobile Home Single Family; Residence Predominant with Business; & Bed & Breakfast Residential. Additional area above 15,000 sq. feet shall be defined as agricultural or undeveloped.</p>	<p>\$0.3959604 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group B</p> <p>Accounts in this group include Two Family Residential; Townhouse Residential; Three/Four Family Residential; Condominium Residential; & Mobile Homes and Trailer Courts.</p>	<p>\$0.4949505 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group C</p> <p>Accounts in this group include Multiple Dwellings; Boarding and Rooming Houses; Retirement and Nursing; Condominium General Business/Office; Financial Institution Bank; Hotel/Motel (1-10 units); Light Industry; Day Care (owner not living on premises); Railroad/Public Utilities; Schools Public/Private; Churches; & Semi-Public.</p>	<p>\$0.6434357 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group D</p> <p>Accounts in this group include Hotel/Motel (over 10 units); Heavy Industry; General Business; Shopping Centers; Office Buildings/Banks/Financial Cos.; Public Buildings (Governmental Services); Parking Lots; Parks; & Vacant Land (residential and commercial).</p>	<p>\$0.8909109 (per 1,000 sq. ft.) + \$1.319868</p>
<p>Group E</p> <p>Accounts in this group consist of developed property that does not discharge storm water runoff into an underground storm drainage system.</p>	<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	
2004	16,362	\$ 781,715	1,813	\$ 104,158	825	\$ 305,089	1,071	\$ 355,275	1,232	\$ 62,530	21,303	\$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	16,195	868,741	1,604	108,042	904	371,851	1,121	390,343	941	66,943	20,765	1,805,921	233
2009	16,936	881,156	1,547	105,756	785	368,042	1,070	401,543	1,064	69,451	21,402	1,825,948	209
2010	17,088	891,025	1,466	107,442	778	369,093	1,066	413,898	993	69,429	21,391	1,850,887	192
2011	16,195	895,632	1,604	104,641	904	370,134	1,121	412,229	941	69,689	20,765	1,852,325	179
2012	16,283	897,674	1,603	104,687	907	369,932	1,134	421,749	969	71,705	20,896	1,865,747	159
2012	16,246	881,899	1,561	101,145	911	377,750	1,156	422,334	1,000	67,882	20,874	1,851,010	128

Connection count was restated for years 2003, 2004 and 2008 to better reflect number of connections.

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenues ¹	\$1,724,085	\$1,768,780	\$2,086,414	\$1,942,207	\$1,834,834	\$1,863,553	\$2,048,274	\$1,891,363	\$1,893,445	\$1,938,535
Operating Expenses:										
Personal services	8,839	9,911	10,264	14,045	10,960	41,947	42,478	43,990	44,393	46,357
Supplies	572	7,680	3,668	3,533	855	5,732	3,926	5,183	7,037	3,609
Other services	20,122	27,984	38,638	27,674	32,421	18,416	32,806	31,222	42,016	100,305
Internal support	227,152	222,534	234,873	248,268	262,009	267,405	270,524	272,348	270,109	281,801
Total operating expenses	<u>256,685</u>	<u>268,109</u>	<u>287,443</u>	<u>293,520</u>	<u>306,245</u>	<u>333,500</u>	<u>349,734</u>	<u>352,743</u>	<u>363,555</u>	<u>432,072</u>
Net operating income	<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>	<u>\$1,530,053</u>	<u>\$1,698,540</u>	<u>\$1,538,620</u>	<u>\$1,529,890</u>	<u>\$1,506,463</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 170,000	\$ 319,000	\$ 329,491	\$ 335,000	\$ 352,000	\$ 358,000	\$ 370,000	\$ 382,000	\$ 410,472	\$ 279,000
Interest	66,203	173,689	199,127	183,381	187,908	179,534	172,444	157,818	117,735	7,920
Total	<u>\$ 236,203</u>	<u>\$ 492,689</u>	<u>\$ 528,618</u>	<u>\$ 518,381</u>	<u>\$ 539,908</u>	<u>\$ 537,534</u>	<u>\$ 542,444</u>	<u>\$ 539,818</u>	<u>\$ 528,207</u>	<u>\$ 286,920</u>
Operating year coverage	621.25%	304.59%	340.32%	318.05%	283.12%	284.64%	313.13%	285.03%	289.64%	525.05%
Maximum future principal and interest	\$ 530,161	\$ 530,161	\$ 476,910	\$ 476,910	\$ 475,710	\$ 475,710	\$ 475,710	\$ 531,824	\$ 528,207	\$ 286,920
Bond covenant coverage	276.78%	283.06%	377.21%	345.70%	321.33%	321.64%	357.05%	289.31%	289.64%	525.05%

Source: City of Great Falls

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Rounds Played									
Pass holders	53,909	47,869	47,157	39,733	38,411	37,912	36,967	33,208	36,056	31,809
	Number of Pass Holders									
Adult full	673	693	583	612	562	560	585	491	457	436
Adult restricted	317	283	265	232	208	207	204	189	176	174
Junior full	46	41	51	51	41	45	49	45	42	36
Junior restricted	19	11	8	14	4	5	9	11	10	7
Total passes	<u>1,055</u>	<u>1,028</u>	<u>907</u>	<u>909</u>	<u>815</u>	<u>817</u>	<u>847</u>	<u>736</u>	<u>685</u>	<u>653</u>
	Pass Fees									
Joint Both Courses Adult full	\$ 450	\$ 450	\$ 525	\$ 525	\$ 575	\$ 575	\$ 575	\$ 610	\$ 610	\$ 610
Joint Both Courses Adult restricted	340	340	400	400	450	450	450	480	480	480
Joint Both Courses Junior full	215	215	225	225	225	225	225	240	240	240
Joint Both Courses Junior restricted	165	165	170	170	170	170	170	180	180	180
Joint Both Courses Couple full	850	850	950	950	1,050	1,050	1,050	1,115	1,115	1,115
Joint Both Courses Couple restricted	630	630	700	700	800	800	800	850	850	850
Anaconda Hills Golf Course Adult full	450	450	400	400	450	450	450	480	480	480
Anaconda Hills Golf Course Adult restricted	340	340	300	300	350	350	350	370	370	370
Anaconda Hills Golf Course Junior full	215	215	190	190	190	190	190	200	200	200
Anaconda Hills Golf Course Junior restricted	165	165	150	150	150	150	150	160	160	160
Anaconda Hills Golf Course Couple full	850	850	750	750	850	850	850	900	900	900
Anaconda Hills Golf Course Couple restricted	630	630	550	550	650	650	650	690	690	690
Eagle Falls Golf Club Adult full	450	450	450	450	500	500	500	530	530	530
Eagle Falls Golf Club Adult restricted	340	340	350	350	400	400	400	425	425	425
Eagle Falls Golf Club Junior full	215	215	200	200	200	200	200	215	215	215
Eagle Falls Golf Club Junior restricted	165	165	160	160	160	160	160	170	170	170
Eagle Falls Golf Club Couple full	850	850	825	825	925	925	925	980	980	980
Eagle Falls Golf Club Couple restricted	630	630	625	625	725	725	725	770	770	770

Source: City of Great Falls, Montana

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Rounds Played									
Green fees - non-pass holders										
9-hole	9,549	9,098	9,872	12,103	11,483	12,157	15,052	14,269	15,104	12,852
18-hole	7,846	6,856	8,574	12,194	11,256	12,350	13,951	13,280	13,282	13,639
Junior	1,187	998	1,083	547	607	1,111	885	925	1,002	775
Total Green fees - non-pass holders	18,582	16,952	19,529	24,844	23,346	25,618	29,888	28,474	29,388	27,266
	Greens Fees									
Anaconda Hills Golf Course 9-hole Weekday	\$ 15	\$ 15	\$ 13	\$ 13	\$ 14	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15
Anaconda Hills Golf Course 18-hole Weekday	25	25	21	21	23	23	23	24	24	24
Anaconda Hills Golf Course Junior Weekday	11	11	13	13	13	13	13	14	14	14
Anaconda Hills Golf Course Swingtime Weekday	15	15	16	16	16	16	16	17	17	17
Anaconda Hills Golf Course 9-hole Weekend	15	15	15	15	16	16	16	17	17	17
Anaconda Hills Golf Course 18-hole Weekend	25	25	24	24	26	26	26	28	28	28
Anaconda Hills Golf Course Junior Weekend	11	11	15	15	15	15	15	16	16	16
Anaconda Hills Golf Course Swingtime Weekend	15	15	19	19	19	19	19	20	20	20
Eagle Falls Golf Club 9-hole Weekday	15	15	15	15	16	16	16	17	17	17
Eagle Falls Golf Club 18-hole Weekday	25	25	24	24	26	26	26	28	28	28
Eagle Falls Golf Club Junior Weekday	11	11	15	15	15	15	15	16	16	16
Eagle Falls Golf Club Swingtime Weekday	15	15	18	18	18	18	18	19	19	19
Eagle Falls Golf Club 9-hole Weekend	15	15	16	16	17	17	17	18	18	18
Eagle Falls Golf Club 18-hole Weekend	25	25	27	27	29	29	29	31	31	31
Eagle Falls Golf Club Junior Weekend	11	11	16	16	16	16	16	17	17	17
Eagle Falls Golf Club Swingtime Weekend	15	15	22	22	22	22	22	23	23	23

Source: City of Great Falls, Montana

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenues ¹	<u>\$1,084,129</u>	<u>\$1,049,533</u>	<u>\$ 1,090,309</u>	<u>\$ 1,168,802</u>	<u>\$ 1,256,900</u>	<u>\$ 1,309,590</u>	<u>\$ 1,421,216</u>	<u>\$ 1,347,695</u>	<u>\$ 1,404,894</u>	<u>\$ 1,379,484</u>
Operating Expenses:										
Personal services	608,222	598,332	604,479	540,444	543,976	569,879	596,703	623,407	605,367	626,062
Supplies	100,251	118,313	143,979	133,236	159,398	189,004	187,866	177,915	193,148	209,343
Other services	133,477	146,986	165,500	166,228	125,811	149,886	124,574	121,393	130,172	147,308
Internal support	139,983	158,005	119,379	154,015	143,746	151,384	143,867	146,230	136,941	137,034
Total operating expenses	<u>981,933</u>	<u>1,021,636</u>	<u>1,033,337</u>	<u>993,923</u>	<u>972,931</u>	<u>1,060,153</u>	<u>1,053,010</u>	<u>1,068,945</u>	<u>1,065,628</u>	<u>1,119,747</u>
Net operating income	<u>\$ 102,196</u>	<u>\$ 27,897</u>	<u>\$ 56,972</u>	<u>\$ 174,879</u>	<u>\$ 283,969</u>	<u>\$ 249,437</u>	<u>\$ 368,206</u>	<u>\$ 278,750</u>	<u>\$ 339,266</u>	<u>\$ 259,737</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 125,000	\$ 130,000	\$ 140,000	\$ 145,000	\$ 150,000	\$ 155,000	\$ 170,000	\$ 175,000	\$ 185,000	\$ 205,000
Interest	109,110	103,068	96,629	89,795	82,801	79,701	71,438	59,016	49,618	29,138
Discount and issuance expense ²	5,286	5,393	5,057	4,777	4,511	3,528	3,120	3,288	2,834	-
Total	<u>\$ 239,396</u>	<u>\$ 238,461</u>	<u>\$ 241,686</u>	<u>\$ 239,572</u>	<u>\$ 237,312</u>	<u>\$ 238,229</u>	<u>\$ 244,558</u>	<u>\$ 237,304</u>	<u>\$ 237,452</u>	<u>\$ 234,138</u>
Operating year coverage	42.69%	11.70%	23.57%	73.00%	119.66%	104.70%	150.56%	117.47%	142.88%	110.93%
Maximum future principal and interest	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 234,653	\$ 234,653	\$ 234,653	\$ 234,138
Bond covenant coverage	42.99%	11.74%	23.97%	73.57%	119.46%	104.93%	156.92%	118.79%	144.58%	110.93%

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	Tax Incremental Bonds	Notes Payable	Loans and Contracts Payable	Capital Leases	Loans and Contracts Payable	Revenue Bonds Payable				
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	
2009	3,961,366	555,000	1,104,126	-	288,380 ^b	929,222	6,860,149	27,697,993	41,396,236	14.71%	1,203	
2010	3,653,944	490,000	2,000,000	-	177,984 ^b	809,192	6,573,648	27,796,528	41,501,296	13.85%	1,136	
2011	3,331,785	420,000	1,950,000	761,463	524,003 ^b	695,067	6,257,235	25,245,095	39,184,648	12.74%	1,047	
2012	2,994,899	370,000	2,755,000	-	456,696 ^b	573,355	5,904,784	22,169,649	35,224,383	11.14%	908	
2013	2,640,000	370,000	2,670,000	-	410,959 ^b	443,548	5,538,024	19,117,404	31,189,935	9.66%	791	

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

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

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

Fiscal Year	Net General Bonded Debt ^c	Real and Personal Taxable Assessed Value	Percentage of General Obligation Bonds to Taxable Assessed Value	Per Capita ^a	Debt Limit ^b	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$2,530,256	65,328,553	3.87%	\$ 95	\$33,716,216	\$ 2,500,000	\$ 31,216,216	8.11%
2005	4,138,537	66,377,650	6.23%	150	30,301,071	2,420,000	27,881,071	14.84%
2006	4,095,197	68,026,995	6.02%	140	31,635,155	2,330,000	29,305,155	13.97%
2007	6,284,342	70,550,043	8.91%	205	54,270,864	4,526,927	49,743,937	12.63%
2008	6,011,212	73,776,332	8.15%	189	57,459,106	4,259,037	53,200,068	11.30%
2009	5,681,236	76,405,690	7.44%	165	60,474,851	3,961,366	56,513,485	10.05%
2010	5,210,247	76,862,700	6.78%	143	62,441,688	3,653,944	58,787,744	8.86%
2011	5,161,387	78,275,702	6.59%	138	65,532,892	3,331,785	62,201,107	8.30%
2012	4,658,775	78,709,035	5.92%	120	67,431,565	2,994,899	64,436,666	7.23%
2013	4,156,979	77,852,991	5.34%	105	69,510,079	2,640,000	66,870,079	6.22%

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

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

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

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

The general obligation debt does not require any reserves.

City of Great Falls, Montana
Computation of Direct And Overlapping Long Term Debt
June 30, 2013

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	3,400,202	57.40%	1,951,716
Total overlapping debt			1,951,716
Total direct debt ²			31,189,935
Total direct and overlapping debt			<u>\$ 33,141,651</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
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 ⁵	2,436,097	30,647	10,474	2.5%
2008	58,827	2,599,000	31,740	10,410	3.4%
2009	59,251	2,814,771	34,417	10,336	4.4%
2010	59,366	2,996,541	36,533	10,159	5.8%
2011	58,505	3,076,502	37,437	10,127	6.4%
2012	58,950	3,161,768	38,790	10,109	5.4%
2013	58,893	3,228,329	39,448	10,198	5.1%

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

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

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

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

⁵ Based on challenge by City of Great Falls accepted by U.S. Census Bureau on November 9, 2007.

**City of Great Falls, Montana
Major Employers
Current Year and Nine Years Ago**

Employer	2013			2004		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Malmstrom Air Force Base	4,771 ²	1	13%	4,572 ²	1	13%
Benefis Health Care Center	2,695	2	7%	2,044	2	6%
Great Falls Public Schools	1,998	3	5%	1,417	3	4%
Montana Air National Guard	1,089 ²	4	3%	979 ²	4	3%
N.E.W. Customer Services Cos.	555	5	2%	600	6	2%
Wal-Mart	550	6	1%	480	9	1%
City of Great Falls	542	7	1%	480	8	1%
Cascade County	500	8	1%	500	7	-
Easter Seals - Goodwill	402	9	1%	-	-	-
Great Falls Clinic	385	10	1%	663	5	2%
Sletten Construction	-	-	-	375	10	1%

Source: Great Falls Tribune, Great Falls Montana Outlook 2013 printed February 24, 2013
www.greatfallstribune.com.

List completed February 2013. 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mayor/City Commission	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Housing Authority	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
City Manager	4.00	4.40	4.25	4.25	4.29	3.29	3.29	3.17	4.17	4.17
City Clerk	3.00	2.25	1.25	1.25	1.29	1.29	1.29	1.51	1.51	1.51
Cable 7	-	-	-	1.00	1.00	0.50	0.50	0.50	0.50	-
Analysis & Budget	2.00	-	-	-	-	-	-	-	-	-
Human Resources	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.60	3.60	3.60
Insurance & Safety	-	-	-	-	-	-	-	-	-	1.00
Animal Shelter Operations	-	-	-	-	-	-	-	-	8.50	5.00
City Planning	8.00	8.60	7.60	7.60	7.60	7.60	7.60	-	-	-
Community Development	20.44	22.44	23.43	20.94	20.94	21.94	20.94	-	-	-
Planning & Community Development	-	-	-	-	-	-	-	27.10	25.60	25.60
Fire	67.00	67.00	67.00	67.00	68.00	68.00	68.00	68.00	68.00	68.00
Fiscal Services	34.30	38.12	38.05	37.90	38.40	38.40	36.90	36.90	36.00	35.00
Legal	4.00	4.60	5.80	5.80	6.30	6.30	6.25	6.45	7.75	7.75
Library	22.27	22.52	21.76	21.05	21.30	21.30	20.78	20.54	21.54	21.54
Park & Recreation	39.43	40.98	78.17	77.50	76.77	86.22	89.72	85.98	85.98	85.98
Police	115.00	115.00	117.00	119.00	133.50	129.50	129.00	134.00	126.00	126.00
Public Works	116.00	119.15	130.93	132.33	132.75	133.95	132.57	134.15	135.95	133.95
Total	462.60	472.22	522.40	522.78	539.30	545.45	544.00	545.40	548.60	542.60

Source: City of Great Falls Budget Office

Full-time equivalent is a term used, whereby the number of scheduled hours is divided by the hours in a full work week.

The hours of several part time employees may add up to one FTE.

In 2006 seasonal employees were included in the totals.

In 2008 the City took over operations at the Animal Shelter and the employees were added to the Police Department.

In 2011 the City Planning and Community Development departments were combined.

In 2012 the Animal Shelter Operations employees were separated from the Police Department and listed on their own.

In 2013 the Animal Shelter Operations 4.5 employees were moved from City employees to contracted services.

City of Great Falls, Montana
Operating Indicators by Function/Program
Last Ten Years

Function/Program	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Building Permits										
Residential Permits Issued	537	465	395	407	455	303	283	369	366	294
Residential Permits Value	\$32,912,658	\$40,853,101	\$34,440,315	\$32,053,509	\$42,329,134	\$23,995,370	\$19,874,202	\$21,925,096	\$17,785,534	\$14,491,053
Commercial Permits Issued	21	29	121	134	111	109	125	240	231	214
Commercial Permits Value	\$14,264,095	\$31,453,650	\$31,833,901	\$61,666,304	\$92,458,267	\$43,959,047	\$53,637,162	\$16,379,679	\$51,889,436	\$52,741,273
Fire Department										
Structure Fires	N/A ¹	N/A ¹	86	91	82	70	65	54	49	55
Fire Calls	N/A ¹	N/A ¹	645	646	656	634	641	600	601	637
EMS/Rescue Calls	N/A ¹	N/A ¹	2,858	2,996	3,238	3,446	3,852	4,206	4,401	4,297
Haz-Mat Calls	N/A ¹	N/A ¹	58	67	82	57	108	78	87	85
Public Service Calls	N/A ¹	N/A ¹	492	555	616	669	633	598	738	841
Good Intent Calls	N/A ¹	N/A ¹	911	876	762	669	605	506	506	425
Out of City	N/A ¹	N/A ¹	132	170	147	126	99	100	105	141
Library										
Yearly Patrons	181,776	187,912	207,205	217,729	212,985	220,455	231,236	216,803	224,118	223,192
Yearly Circulation	384,207	383,839	384,019	356,651	350,542	342,348	351,420	355,502	339,267	335,399
Yearly Internet Users	N/A	N/A	N/A	75,995	64,459	226,954	165,556	113,428	65,657	62,843
Sanitation										
Residential Customers	13,626	13,743	14,018	14,189	14,512	14,760	14,836	14,996	14,836	14,547
Commercial Customers	1,447	1,466	1,471	1,486	1,614	1,649	1,600	1,699	1,658	1,686
Recycling Customers	16,166	17,800	19,000	22,290	17,800	19,892	18,917	18,048	14,192	- ²
Landfill Tonnage	37,198	36,545	36,446	37,269	39,750	39,937	38,576	39,075	39,777	37,747
Recycled Tonnage	664	1,100	897	851	810	776	797	1,036	360	74 ²
Recycled Motor Oil (gallons)	5,975	6,800	6,400	6,500	6,400	4,250	6,390	6,745	4,135	1,300 ²
Streets										
Weed Violations	2,055	3,059	2,660	2,684	2,527	2,645	2,958	2,185	2,329	2,853
Water Main Breaks										
Number of Breaks	77	74	63	55	72	50	35	43	38	37
Break Cost	\$ 254,008	\$ 212,086	\$ 200,215	\$ 153,777	\$ 312,648	\$ 152,657	\$ 136,895	\$ 285,711	\$ 154,845	\$ 180,574
911 Center Calls										
Police	36,143	35,522	32,823	30,885	40,130	45,394	45,120	46,807	46,188	43,831
Great Falls Fire	5,070	5,027	5,162	5,359	5,529	5,685	6,059	6,199	6,447	6,528
Cascade County	9,199	8,786	8,585	8,851	15,400	16,961	15,402	12,745	12,749	13,443
Medical Calls	4,327	4,346	4,412	4,565	4,676	7,816	5,228	5,443	5,703	5,611
Rural Fire	697	701	708	724	745	751	621	628	790	980
City Planning										
Annexation Applications	13	22	10	19	25	16	7	8	3	12
Subdivision Applications	19	19	17	20	19	16	10	10	5	7
Zoning Applications	17	30	9	17	29	25	7	12	7	15
Court										
Number of Violations	20,461	24,635	24,860	23,185	18,190	17,529	18,223	19,050	17,999	14,769
Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parking										
Number of Violations	24,799	20,336	23,824	20,119	19,425	15,198	17,229	16,645	17,305	13,843
Number of Monthly Permits Issued	9,336	10,555	10,689	10,052	9,653	9,860	9,480	9,347	8,950	9,312

¹ In 2009, the Fire Department changed the classification of calls for statistics and information is not available for years prior to 2005.

² In July 2012, the Convenience Center for Recycling and trash disposal was discontinued.

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

Function/Program	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	19	19	21	21
Police Department										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	59	59	63	63	64	64	64	64	68	69
Sanitation										
Number of Collection Trucks	21	21	18	21	21	21	21	21	22	22
Streets										
Miles of Streets/Alleys	353	365	361	361	366	366	366	366	377	377
Miles of Street Stripping	50	50	50	50	65	65	71	71	100	100
Street Signs	10,585	12,000	11,000	11,000	11,400	11,770	11,770	11,985	12,237	12,764
City/State Street Signals	84	87	89	89	89	89	89	89	89	89
Housing Authority										
Affordable Housing Units	16	16	16	16	16	16	16	24	24	32
Public Housing Units	490	490	490	490	490	490	490	490	490	490
Water										
Water mains (miles)	281.30	283.45	291.96	296.75	303.38	305.38	307.38	307.88	309.51	311.40
Fire hydrants	2,822	2,837	2,925	2,986	3,054	3,085	3,108	3,110	3,125	3,139
¹ Storage capacity (million gallons)	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Sanitary Sewer										
Sanitary sewers (miles)	219.67	220.76	229.34	233.99	238.82	240.32	241.64	241.81	242.78	244.07
Storm sewers (miles)	106.51	106.77	109.23	111.10	114.00	114.65	115.27	116.01	117.70	118.50
² Treatment capacity (million gallons)	21	21	21	21	21	21	21	21	21	21
Parks and recreation										
Number of parks	70	74	74	74	64	64	64	64	64	64
Acreage of parks	1,105	1,138	1,138	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Trees (approximately)	37,000	41,817	46,139	46,139	47,083	47,083	47,083	45,000	45,000	42,500
Pools	4	4	4	4	4	4	4	4	4	4
Golf Courses	2	2	2	2	2	2	2	2	2	2
Skate Park	1	1	1	1	1	1	1	1	1	1
	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parking										
Parking lots	6	6	6	6	6	6	6	6	6	6
Parking garages	2	2	2	2	2	2	2	2	2	2
Off street parking spaces	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Metered parking spaces	1,050	1,050	1,050	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Library										
Number of Books Purchased	9,529	10,625	9,342	9,415	7,639	11,014	9,033	9,425	8,924	9,367

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





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Certified Public Accountants and Business Advisors

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Great Falls, Montana's basic financial statements and have issued our report thereon dated December 5, 2013. We did not audit the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report on compliance and on internal control over financial reporting, insofar as it relates to the Great Falls Business Improvement District and the Great Falls Tourism Business Improvement District, is based upon the reports of the other auditors. The financial statements of the Great Falls Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we considered to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2013-1).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 5, 2013.

The City of Great Falls, Montana's Response to Findings

The City of Great Falls, Montana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Great Falls, Montana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Great Falls, Montana
December 5, 2013



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Certified Public Accountants and Business Advisors

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the City of Great Falls, Montana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Great Falls, Montana's major federal programs for the year ended June 30, 2013. The City of Great Falls, Montana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Great Falls, Montana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Great Falls, Montana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Great Falls, Montana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Great Falls, Montana's internal control over compliance.

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

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

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

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

Great Falls, Montana
December 5, 2013

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2012	Grant Revenues	Expenditures	Balance June 30, 2013
Department of Housing and Urban Development							
Direct Program							
Community Development Block Grant Entitlement Program	14.218	B10-MC-30-0002	\$ 1,007,629	\$ -	\$ 1,284	\$ 1,284	\$ -
Community Development Block Grant Entitlement Program	14.218	B11-MC-30-0002	845,010	-	184,539	184,539	-
Community Development Block Grant Entitlement Program	14.218	B12-MC-30-0002	718,203	-	807,197	807,197	-
HOME Investment Partnership Program	14.239	M10-MC-30-0218	438,016	-	276,284	276,284	-
HOME Investment Partnership Program	14.239	M11-MC-30-0218	385,295	-	141,213	141,213	-
HOME Investment Partnership Program	14.239	M12-MC-30-0218	232,508	-	154,334	154,334	-
Total Department of Housing & Urban Development				-	1,564,851	1,564,851	-
Department of Transportation							
Direct Programs							
Highway Planning and Construction	20.205	N/A	\$ 502,164	\$ -	\$ 476,068	\$ 476,068	\$ -
Community Transportation Enhancement Program	20.205	N/A	333,332	-	110,644	110,644	-
Federal Transit Metropolitan Planning Funds	20.505	N/A	95,402	-	87,442	87,442	-
Pass Through Montana Department of Transportation							
STEP	20.600	2010-05-04-34	30,000	-	6,353	6,353	-
MACI-Street Sweeper Purchase	20.205	UPN 6770-CM STWD(110)	173,996	-	173,996	173,996	-
Pass Through Montana Department of Military Affairs							
HMEP	20.703	HM-HMP-0216-11-01-00	10,725	-	9,646	9,646	-
Total Department of Transportation				-	864,149	864,149	-
Department of Energy							
Pass Through Montana Department of Environmental Quality							
RAS Pump Upgrade - ARRA Stimulus Grant	81.128	DE-EE0000764-001	\$ 42,500	\$ -	\$ 42,130	\$ 42,130	\$ -
Total Department of Energy				-	42,130	42,130	-
Department of Justice							
Direct Programs							
Bulletproof Vest Program 2012	16.607		\$ 8,740	\$ -	\$ 2,016	\$ 2,016	\$ -
Bulletproof Vest Program 2013	16.607		4,403	-	4,137	4,137	-
COPS Hiring Grant	16.804	2009RKWX0521	837,148	-	219,187	219,187	-
Pass Through Montana Board of Crime Control							
Safe Neighborhood	16.609	11-O01-91252	8,713	-	8,713	8,713	-
Justice Assistance Grant	16.738	2010-DJ-BX-1021	63,047	-	28,203	28,203	-
Justice Assistance Grant	16.738	2011-DJ-BX-2856	50,959	-	48,377	48,377	-
Justice Assistance Grant	16.738	2012-DJ-BX-1076	30,036	-	1,659	1,659	-
Enforcing Underage Drinking Laws 2012	16.727	10-U01-91057	30,000	-	5,404	5,404	-
Firearm Training Scenario	16.710	2009CKWX0468	282,000	-	5,559	5,559	-
Total Department of Justice				-	323,255	323,255	-

Continued on next page

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

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2013

<u>Funding Agency</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Program or Award Amount</u>	<u>Balance July 1, 2012</u>	<u>Grant Revenues</u>	<u>Expenditures</u>	<u>Balance June 30, 2013</u>
Office of National Drug Control							
Direct Programs							
HIDTA	95.001	G13RM0045A	\$ 132,632	\$ -	\$ 75,249	\$ 75,249	\$ -
Total Office of National Drug Control				-	75,249	75,249	-
National Park Service							
Pass Through State of Montana Historic Preservation Office							
Historic Preservation Fund	15.904	MT-11-016	\$ 5,500	\$ -	\$ 4,125	\$ 4,125	\$ -
Historic Preservation Fund	15.904	MT-12-016	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	2012-GE-T+6-0062	\$ 44,167	\$ -	\$ 38,997	\$ 38,997	\$ -
Pass Through Cascade County, Montana							
EMPG Grant	97.043	EMW-2012-SS-00143-S01	25,000	-	22,447	22,447	-
Total Department of Homeland Security				-	61,444	61,444	-
National Endowment for the Arts							
Pass Through Montana Committee for Humanities							
Festival of the Book	45.129	12R021	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
Open Book Discussion Series	45.129	11R049	875	-	875	875	-
Total National Endowment for the Arts				-	1,875	1,875	-
Total Expenditures of Federal Awards				\$ -	\$ 2,938,453	\$ 2,938,453	\$ -

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

City of Great Falls, Montana
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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, 2013

A. Summary of Auditors Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Great Falls, Montana.
2. One significant deficiency disclosed during the audit of the financial statement is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This deficiency is considered a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Great Falls, Montana, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Great Falls, Montana expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major were:
 - a. HOME Investment Partnership Program (CFDA #14.239)
 - b. Highway Planning and Construction and Community Transportation Enhancement Program (CFDA #20.205)
8. The threshold used for distinguishing Type A and B programs was \$300,000.
9. The City of Great Falls, Montana was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

2013-1 Prior Period Adjustments - Accounts Receivable Overstatement (Material Weakness)

Condition: The accounts receivable general ledger ending balance was not reconciled to the total accounts receivable customer balances.

Criteria: Internal controls should be in place to reconcile the accounts receivable general ledger ending balance to the total accounts receivable customer balances.

Cause: A reconciliation was not completed during the change from one accounting software system to another to verify the ending balance immediately following that software change.

Effect: Due to not completing a reconciliation of the accounts receivable balance, the accounts receivable general ledger balance reflected a double entry of the customer balances (effectively the balances were recorded twice) causing an overstatement of accounts receivable in the prior year balance.

Recommendation: Procedures should be in place to reconcile the accounts receivable customer balances to the accounts receivable general ledger balance.

Management response: Procedures are in place to do monthly reconciliations of all accounts receivable.

C. Findings and Questioned Costs - Major Federal Program Award Audit

None.

**City of Great Falls, Montana
Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Status of Prior Year Comments
June 30, 2013**

There were no prior year audit findings relative to major federal award programs.





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Certified Public Accountants and Business Advisors

December 5, 2013

To the Audit Committee
City of Great Falls, Montana

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Great Falls, Montana for the year ended June 30, 2013. The discretely presented component units were audited by other auditors whose reports thereon have been furnished to us. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Great Falls, Montana are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates of the lives of depreciable assets and timetables for replacements of assets as set forth in the Equipment Revolving Schedule (ERS). Estimated replacement reserves as calculated in the ERS affects the restricted cash in many funds. We evaluated the key factors and assumptions used to develop the estimated lives of depreciable assets and calculations of the estimated replacement reserves in determining that they are reasonable in relation to the financial statements as a whole.

To the Audit Committee
City of Great Falls, Montana
December 5, 2013
Page 2

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures regarding the Electric enterprise fund are deemed sensitive due to the publicity received with regard to this fund. The disclosures in the notes to the financial statements that address this fund include Note 1, Note 4, Note 8, Note 13, Note 17, Note 19, and Note 20. Within these notes are added details to the users of the financial statements regarding the component unit status, interfund transfers, long-term debt, prepaid fixed water charges, agreements with Electric City Power, the deficit net position of the Electric enterprise fund, the extraordinary item (loss), and the subsequent final payment due to Southern MT G&T complying with the May 1, 2013, Settlement Agreement.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Great Falls, Montana's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current Year Comments

Debt

During the current fiscal year, the City did not meet the rate covenant provision for the Golf Course revenue bonds. The percent of bond coverage was less than the required 140%. The bond covenants require the City to prepare a schedule of altered rates, charges and rentals.

Recommendation: We recommend the City review this covenant provision and make necessary adjustments for meeting the provision.

Status of Prior Year Comments

Year End Reclassification of Fund Cash Deficits

Historically the City has reclassified individual fund cash deficits at year end to Due to Other City Funds from which the cash was borrowed. Since the adoption of GASB 34 in the fiscal year ending June 30, 2003, these due to/from accounts have been classified as current assets/liabilities in the entity wide financial statements. We recommended the City consider a policy which assesses the presentation of the lending and borrowing as either short-term (expected to be repaid within one year) or long-term (expected to be repaid after one year).

Current Status: The City continues to evaluate these classifications in order to develop and implement a policy that addresses presenting the fund cash deficits most accurately.

Cash

In the prior audit, we noted the City had reconciling items on the bank reconciliation that are not entered in the books for the period in which they occurred. These were entered in the City's records, but were one month behind. We recommended the City record all bank reconciling items in the month they occur.

Current Status: The City has implemented new practices for reconciling bank accounts, including the above recommendation. In the current year, we noted some minor bank reconciling items on the Master account not recorded in the month they occurred. We continue to recommend all reconciling items be recorded in the month they occur.

Compliance with Ordinance 2925

Section 5.20.070 of Ordinance 2925 states the rates and charges of Electric City Power (included in the Electric Utility Fund) "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." The City was not in compliance with this section of the Ordinance. We recommended the City review this Ordinance and the operations of Electric City Power to be in compliance with this Ordinance.

Current Status: The City is not in compliance with this Ordinance in the current year. We continue to make the above recommendation.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to

To the Audit Committee
City of Great Falls, Montana
December 5, 2013
Page 4

determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee of the City of Great Falls, Montana and management of the City of Great Falls, Montana and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

Junkermier, Clark, Campanella, Stevens, P.C.
Great Falls, Montana

CITY OF GREAT FALLS, MONTANA
Financial and Compliance Audit
For the Year Ended June 30, 2013

RESPONSE TO INDEPENDENT AUDITORS' REQUIRED CLIENT COMMUNICATION LETTER:

CURRENT COMMENTS AND RECOMMENDATIONS

Debt

During the current fiscal year, the City did not meet the rate covenant provision for the Golf Course revenue bonds. The percent of bond coverage was less than the required 140%. The bond covenants require the City to prepare a schedule of altered rates, charges and rentals.

Recommendation

We recommend the City review this covenant provision and make necessary adjustments for meeting the provision.

City's Response

The City continues to explore long-term solutions to the financial health of the Golf Courses Fund. A public hearing to increase Golf Course rates 6% was held December 3, 2013.

PRIOR YEAR COMMENTS AND THEIR CURRENT STATUS

Year End Reclassification of Fund Cash Deficits

Historically, the City has reclassified individual fund cash deficits at year end to Due to Other City Funds from which the cash was borrowed. Since the adoption of GASB 34 in the fiscal year ending June 30, 2003, these due to/from accounts have been classified as current assets/liabilities in the entity wide financial statements. We recommended the City consider a policy which assess the presentation of the lending and borrowing as either short-term (expected to be repaid within one year)

Current Status

The City continues to evaluate these classifications in order to develop and implement a policy that addresses presenting the fund cash deficits most accurately.

City's Response

The City is considering adopting a policy which assesses the presentation of the lending and borrowing as either short-term term (expected to be repaid within one year) or long-term (expected to be repaid after one year).

Cash

In the prior audit, we noted the City had reconciling items on the bank reconciliation that are not entered in the books for the period in which they occurred. These were entered in the City's records, but were one month behind. We recommended the City record all bank reconciling items in the month they occur.

Current Status

The City has implemented new practices for reconciling bank accounts, including the above recommendation. In the current year, we noted some minor bank reconciling items on the Master account not recorded in the month they occurred. We continue to recommend all reconciling items be recorded in the month they occur.

City's Response

The City continues to take this recommendation seriously and continues to make strides to record reconciling items in the month they occur.

Compliance with Ordinance 2925

Section 5.20.070 of Ordinance 2925 states the rates and charges of Electric City Power (included in the Electric Utility Fund) "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." The City was not in compliance with this section of the Ordinance. We recommended the City review this Ordinance and the operations of Electric City Power to be in compliance with this Ordinance.

Current Status

The City is not in compliance with this Ordinance in the current year. We continue to make this recommendation.

City's Response

On March 16, 2011, the City filed legal action in Montana State District Court to remove itself from its contractual obligations to Southern Montana Electric G&T. Although the City/ECP attempted to meet the requirements of Ordinance 2925 it was unachievable because of previously negotiated fixed rate customer contracts and rising prices from Southern. In July 1, 2011, ECP, Inc. was able to adopt new rates for remaining customers to meet the ordinance. The rate included an administrative and debt recovery fee. Legal fees however, associated with the City's District Court filing continued to exceed revenues from ECP customers. Additionally, several ECP customers left the utility. Another complication was legal strategies associated with the City's court filing required it to continue paying its electric bills or potentially face receivership by Southern. In October 2012, Southern's bankruptcy filing suspended any further District Court action.

On May 1, 2013, the City of Great Falls, Electric City Power and Southern Montana G & T, through its attorneys reached a Settlement Agreement and Release that permanently severed the City's relationship with Southern Montana G&T. On December 3, 2013, the City Commission dissolved Electric City Power and began its process of repealing Ordinance 2925.