



Item: Comprehensive Annual Financial Report (CAFR) and Audit Report, FY 2015-2016

From: Fiscal Services Department

Initiated By: State Statutes; OMB Circular A-133; and Generally Accepted Accounting Practices

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/not accept) the FY 2015-2016 CAFR, the Required Client Communication Letter as presented, and authorize staff to submit the related reports to other government agencies and financial institutions as necessary.”

2. Mayor requests a second to the motion, Commission discussion, public comment, and calls for the vote.

Staff Recommendation: Staff recommends the City Commission accept the FY 2015-2016 CAFR, 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.

Summary: Accept the FY 2015-2016 CAFR, the Required Client Communication Letter 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 2015-2016 CAFR, the Independent Auditor's report, and a brief summary of the FY 2015-2016 audit. The Required Client Communication Letter was reviewed at the audit committee. There were no current or prior recommendations with the Required Client Communication Letter. The Audit Committee met on November 30, 2016 and recommends the City Commission accept the CAFR, the annual Independent Auditor's report, and Required Client Communication Letter.

The Required Client Communication 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 no new recommendations for FY 2015-2016 and there were no prior year comments from FY 2014-2015. The auditors for the City of Great Falls for FY 2014-2015 were Junkermier, Clark, Campenella and Stevents, PC.

The FY 2015-2016 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 2015-2016 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 2015-2016 CAFR.

This is the first year of a three year audit contract with Anderson ZurMuehlen & Co., P.C.. Anderson ZurMuehlen & Co., P.C. was awarded the audit contract for Fiscal Years 2016, 2017, and 2018 at the May 3, 2016 City Commission meeting. The audit contract is between Anderson ZurMuehlen & Co., P.C., the City of Great Falls, and the Montana Department of Administration, Local Government Services Bureau.

Alternatives: If the CAFR is not accepted, the City will not be able to file the required reports by the six month end of year deadline, as required by state statute, and bond covenants.

Concurrences: The City's Audit Committee, comprised of one City Commissioner, the Mayor, one citizen, the City Manager, and the Fiscal Services Director recommends approval of the FY 2015-2016 CAFR, the Required Client Communication Letter as presented, and authorize staff to submit the report to other governmental and financial agencies as required.

Attachments/Exhibits:

- 1) City of Great Falls 2015-2016 CAFR
- 2) Required Client Communication Letter
- 3) Response to Independent Auditors' Required Client Communication Letter (No recommendations)

Comprehensive Annual Financial Report

City of Great Falls, Montana

Fiscal Year 2016

July 1, 2015 – June 30, 2016



**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, 2016**

Table of Contents

	Page
Introductory Section	
Letter of Transmittal	1
GFOA Certificate of Achievement	4
Organizational Chart.....	5
List of Elected and Appointed Officials	6
Financial Section	
Independent Auditors’ Report	7
Management’s Discussion and Analysis	10
Basic Financial Statements	18
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Net Position – Fiduciary Funds	34
Statement of Changes in Net Position – Fiduciary Funds.....	35
Notes to Financial Statements	36
Required Supplementary Information:	
Actuarial Valuation of Postretirement Benefits.....	90
Schedule of the City's Proportionate Share of the Net Pension Liability	91
Schedule of the City Retirement Systems Contributions	92
Notes to Required Supplementary Information – Employee Benefit Plan	93
Budgetary Comparison Schedule – General Fund	96
Budgetary Comparison Schedule – Special Revenue Funds.....	97
Notes to Budgetary Comparison Schedule	99
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	101
Combining Balance Sheet – Nonmajor Governmental Funds	103

**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

Table of Contents

Financial Section (continued)	Page
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds ...	110
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual – Nonmajor Governmental Funds	117
Nonmajor Enterprise Funds	134
Combining Statement of Net Position – Nonmajor Enterprise Funds	135
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	137
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	139
Internal Service Funds	143
Combining Statement of Net Position – Internal Service Funds	144
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	147
Combining Statement of Cash Flows – Internal Service Funds	150
Private Purpose Trust Funds	156
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds	157
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	158
Agency Funds	159
Combining Statement of Fiduciary Net Position – Agency Funds	160
Combining Statement of Changes in Assets and Liabilities – Agency Funds	161
Statistical Section	
Statistical Section Table of Contents	163
Changes in Net Position – Last Ten Fiscal Years	164
Net Position by Component – Last Ten Fiscal Years	166
Fund Balances, Governmental Funds – Last Ten Fiscal Years	167
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	168
Taxable Assessed and Market Value of Taxable Property – Last Ten Fiscal Years	169
Taxable Assessed and Market Value of Taxable Property All Tax Increment Districts – Last Ten Fiscal Years	170
Property Tax Mills Direct and Overlapping Governments – Last Ten Fiscal Years	171
Principal Taxpayers – Current Year and Nine Years Ago	172
Property Tax Levies and Collections – Last Ten Fiscal Years	173
Special Improvement Districts Outstanding	174
Statement of Changes in Fund Balances of the Revolving Fund – Last Ten Fiscal Years	175
Special Improvement District Special Improvement District Revolving Fund – Last Ten Fiscal Years	176
Special Improvement District Assessment Billings and Collections – Last Ten Fiscal Years	177
Special Assessment Billings and Collections – Last Ten Fiscal Years	178
West Bank Urban Renewal District Principal Taxpayers	179

**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

Table of Contents

Statistical Section (continued)	Page
West Bank Urban Renewal Tax Increment District Debt Service Fund– Statement of Revenues, Expenditures and Changes in Fund Balances – All Years	180
Major Water, Sanitary Sewerage and Storm Drain System Users	181
Current Water Rate Structure	182
Historic Water System Connections – Last Ten Fiscal Years	183
Water System Historical Operating Results and Revenue Bond Covenant Coverage – Last Ten Fiscal Years	184
Current Sanitary Sewerage Rate Structure.....	185
Historical Sewerage System Connections – Last Ten Fiscal Years.....	186
Sanitary Sewerage System Historical Operating Results and Revenue Bond Covenant Coverage – Last Ten Fiscal Years	187
Current Storm Drain Land Use Classifications and Standard Monthly Service Charges	188
Historical Storm Drainage System Accounts – Last Ten Fiscal Years.....	189
Storm Drain System Historical Operating Results and Revenue Bond Coverage – Last Ten Fiscal Years	190
Sanitation Historical Operating Results and Intercap Loan Coverage – First Fiscal Years.....	191
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	192
Summary of Limited General Obligations.....	193
Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin Information – Last Ten Fiscal Years	194
Computation of Direct and Overlapping Long Term Debt.....	195
Demographic Statistics – Last Ten Fiscal Years	196
Major Employers – Current Year and Nine Years Ago.....	197
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years.....	198
Operating Indicators by Function/Program – Last Ten Years	199
Capital Asset Statistics by Function/Program – Last Ten Years	200
 Single Audit Section	
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	201
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	203
Schedule of Expenditures of Federal Awards.....	205
Notes to Schedule of Expenditures of Federal Awards	207
Schedule of Findings and Questioned Costs.....	208
Independent Auditors’ Report on Compliance and on Internal Control Over Financial Reporting – Status of Prior Year Comments	209





P.O. Box 5021, 59403-5021

December 12, 2016

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, 2016. 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, 2016. 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.

Anderson, ZurMuehlen & Co. P.C., have issued an unmodified ("clean") opinion on the City of Great Falls' financial statements for the fiscal year ended June 30, 2016. 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 10).

PROFILE OF GOVERNMENT

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

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

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

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

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

GREAT FALLS AND CASCADE COUNTY ECONOMIC OUTLOOK

The base economy of Great Falls is predominantly agricultural, medical services, and military. The job sector for Cascade County is diversified with 7.2% of the workforce in public administration, 23.8% in educational services, health care and social assistance, 13.2% in retail trade, 11.8% in arts, entertainment, recreation, accommodation and food services, 8.1% in construction, 4.9% in military and 3.4% in manufacturing. The fiscal year 2016 unemployment rate of 3.9% compares favorably to the fiscal year 2015 Great Falls rate of 3.9% and to the July 2016 State of Montana rate of 4.2% and national rate of 4.9%. The Montana Bureau of Business and Economic Research is projecting a small growth of 2.5 percent in Cascade County in this calendar year and 2.2 to 2.5 percent growth the following three years, in part because of lower agricultural prices. Oregon-based First Call Resolution dba FCR announced it will open a Great Falls call center employing up to 325 people. Talus Apartments, began construction on a 72-unit addition to the Talus Apartment Homes scheduled to be completed in 2017. Construction started on the new 132-room Marriott Springhill Suites hotel. Benefis Health System announced that it plans to begin construction on a \$12.5 million expansion of its emergency department in early 2017.

BUDGET OBJECTIVES FOR FISCAL YEAR 2017

The City Commission has set budget goals for the City. The goals are 1) Public Safety which includes adopting revised 911 Center Interlocal Agreement, and addressing equipment, training and personnel needs; 2) Park and Recreation which includes considering Park Master Plan recommendations and exploring adoption of a Park Maintenance District; 3) Civic Center which includes reviewing office space needs and determining funding for façade repair; 4) Library which includes working with the Library Board to develop a sustainable business plan and evaluating future financing options; 5) Supporting the City Manager and Department Heads by prioritizing key community issues and providing clear policy guidance.

ACCOMPLISHMENTS IN FISCAL YEAR 2016

During the year, the City increased the fund balance of the General Fund from 23.4% to 25.5% of total expenditures. The Golf Courses Fund revenue bonds were paid off. The Swimming Pools Fund capital lease obligation was also completed. Quarterly budget reviews with the City Commission, staff and union representatives were continued. A draft facilities maintenance plan was implemented. The City successfully applied for Big Sky Economic Development Trust Fund grants.

LONG-TERM FINANCIAL PLANNING

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

RELEVANT FINANCIAL POLICIES

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

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

AWARDS

Comprehensive Annual Financial Report Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Great Falls, Montana for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty-second consecutive year that the government has achieved this prestigious award (fiscal years ended 1994-2015). 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, 2016.

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, 2015. This was the twenty-fifth consecutive year that the government has achieved this prestigious award (fiscal years beginning 1991-2015). 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

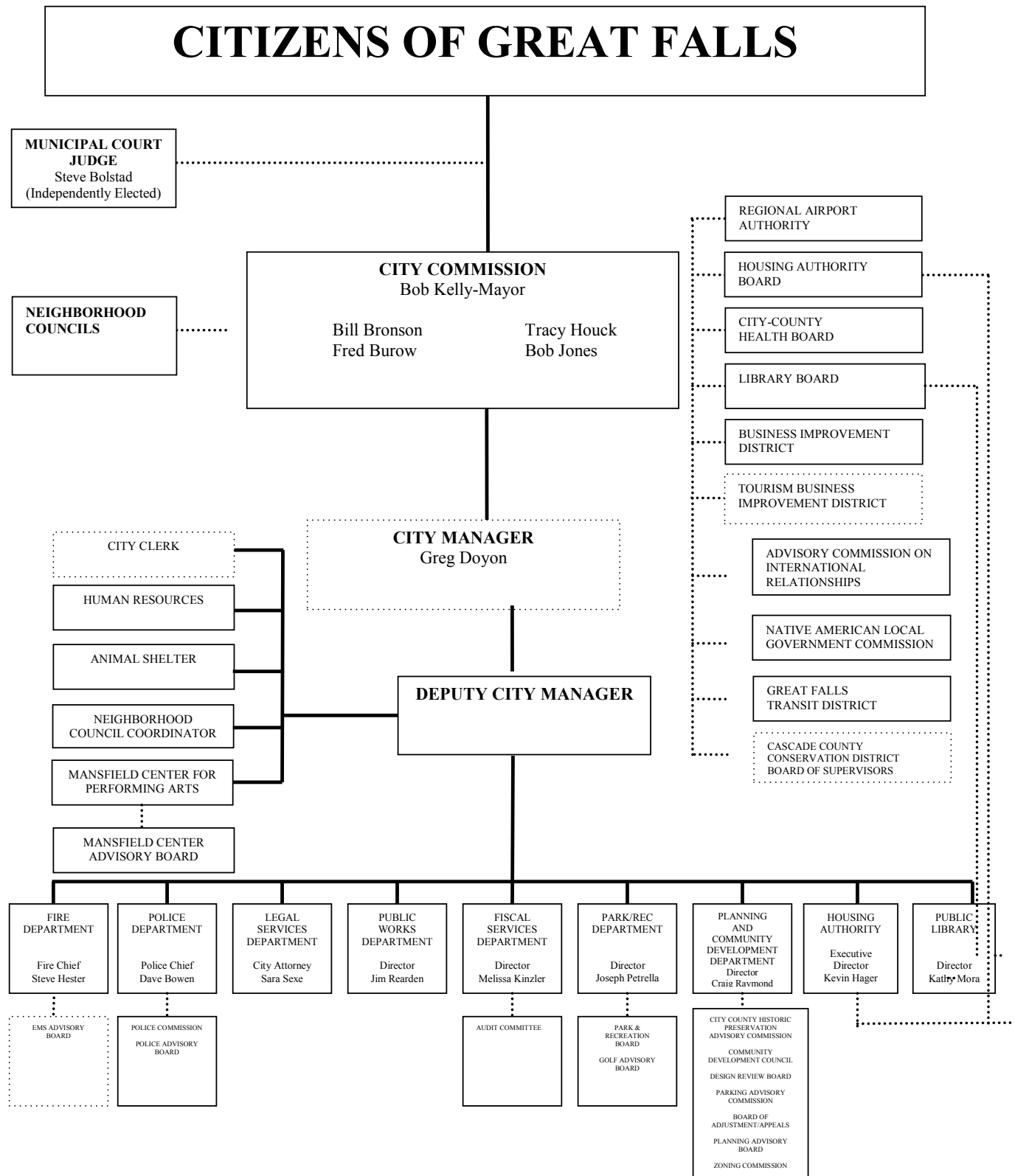
**City of Great Falls
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Organizational Chart



**City of Great Falls, Montana
List of Elected and Appointed Officials
June 30, 2016**

Policy Making and Administrative Officials

Name	Elected Positions	Election Term	Phone Number
Bob Kelly	Mayor	12/31/2017	870-0212
Bill Bronson	Commissioner	12/31/2019	452-5921
Fred Burow	Commissioner	12/31/2017	727-0930
Tracy Houck	Commissioner	12/31/2019	781-8958
Bob Jones	Commissioner	12/31/2017	453-5005
Steve Bolstad	Municipal Judge	12/31/2019	771-1380

Appointed Positions

Greg Doyon	City Manager		455-8450
------------	--------------	--	----------

Department Positions

Vacant	Deputy City Manager		455-8450
Sara Sexe	City Attorney		455-8441
Lisa Kunz	City Clerk		455-8451
Melissa Kinzler	City Controller/Fiscal Services Director		455-8476
Kevin Hager	Executive Director Housing Authority		453-4311
Steve Hester	Fire Chief		727-8070
Joseph Petrella	Park & Recreation Director		771-1265
Craig Raymond	Planning & CD Director		455-8530
Dave Bowen	Police Chief		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.

INDEPENDENT AUDITOR'S REPORT

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

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, 2016, 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 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, 2016, 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, actuarial valuation of postretirement benefits, schedules of the City's proportionate share of the net pension liability and retirement system contributions, and budgetary comparison information on pages 10 through 17 and 90 through 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 reports of 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 12, 2016, 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 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.


Great Falls, Montana
December 12, 2016

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, 2016. 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 \$203,542,764. Of this amount, \$(3,064,376) is the unrestricted net position. The unrestricted net position is negative due to the recognition of the GASB 68 requirements.
- The government's total net position increased by \$12,742,423 in comparison with the prior year. This increase was attributable to the increase of governmental activities of \$5,329,221 and business-type activities of \$7,413,202.
- As of the close of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$20,695,862, an increase of \$4,730,351 in comparison with the prior year. Approximately 55.4% of this total amount, \$11,481,293, is available for spending at the government's discretion.
- At the close of the most recent fiscal year, unassigned fund balance for the general fund was \$7,026,833, or 25.6% of total general fund expenditures and transfers.
- The City of Great Falls' bonded debt decreased by \$1,495,890 (-4.19%) during the most recent fiscal year. The key factor in this decrease was the reduction of debt for utility revenue bonds.
- The City's legal debt margin availability is \$128,419,276. 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, deferred outflows, liabilities, and deferred inflows with the difference between them 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, and sanitation operations.

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

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

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

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

The City of Great Falls maintains thirty-six 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-three governmental funds are combined into a single, aggregated presentation, on pages 101 – 133.

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Storm Drain, Sanitation, Port Authority, and State Special Projects operations funds, all of which are considered to be major funds of the City of Great Falls. Data for these major funds is presented on pages 26 – 33. The other seven proprietary funds are combined into a single, aggregated presentation, presented on pages 134 – 142. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, presented on pages 143 – 155.

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 156 – 161.

NOTES TO THE FINANCIAL STATEMENTS. The notes, presented on pages 36 – 89, 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, Net Pension Liability and the City of Great Falls' budgetary control, on pages 90 – 100.

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 \$203,542,764.

By far the largest portion of the City of Great Falls' net position, \$182,416,878, (89.6%) reflects its net investment in capital assets (land, buildings, machinery and equipment, etc.). The City of Great Falls uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Great Falls' investment in its capital assets is reported net, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Great Falls' Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 32,924,790	\$ 28,008,503	\$ 27,317,175	\$ 26,420,485	\$ 60,241,965	\$ 54,428,988
Capital assets	72,155,279	72,430,807	153,774,153	149,340,658	225,929,432	221,771,465
Total assets	105,080,069	100,439,310	181,091,328	175,761,143	286,171,397	276,200,453
Deferred outflows of resources	2,454,154	2,413,669	432,037	423,034	2,886,191	2,836,703
Total assets and deferred outflows of resources	107,534,223	102,852,979	181,523,365	176,184,177	289,057,588	279,037,156
Liabilities:						
Noncurrent liabilities	33,098,069	31,734,097	40,606,253	41,380,102	73,704,322	73,114,199
Current liabilities	3,472,259	3,321,430	5,217,021	5,835,392	8,689,280	9,156,822
Total liabilities	36,570,328	35,055,527	45,823,274	47,215,494	82,393,602	82,271,021
Deferred inflows of resources	2,433,458	4,596,236	687,764	1,369,558	3,121,222	5,965,794
Net position:						
Net investment in capital assets	66,393,049	69,736,173	116,023,829	110,400,631	182,416,878	180,136,804
Restricted	16,712,699	10,075,593	7,477,563	7,682,782	24,190,262	17,758,375
Unrestricted	(14,575,311)	(16,610,550)	11,510,935	9,515,712	(3,064,376)	(7,094,838)
Total net position	\$ 68,530,437	\$ 63,201,216	\$135,012,327	\$127,599,125	\$203,542,764	\$190,800,341

An additional portion of the City of Great Falls' net position, \$24,190,262, represents resources that are subject to external restrictions on how they may be used. Restricted net position reported for the business-type activities were \$7,477,563. The majority of this restricted net position is related to the debt service reserve required for the issuance of revenue related debt. The remaining balance of unrestricted net position, \$(3,064,376), is negative due to the recognition of the GASB 68 requirements. The governmental activities capital assets decreased by \$275,528 due to the retirement of capital assets. The governmental activities current liabilities increased by \$150,829, due to the increase of accounts payables and debt due within one year. The increase of accounts payables is due to an increase in payroll payables in the funds.

At the end of the most recent fiscal year, the City of Great Falls is unable to report positive balances in all three categories of net position for the government as a whole due to GASB 68. The City's unrestricted net position for the government as a whole, \$(3,064,376), and for the governmental activities \$(14,575,311) is negative due to the recognition of the GASB 68 requirements. The net position for the fund statements is positive for all three categories.

City of Great Falls' Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$16,787,361	\$16,150,912	\$ 32,654,747	\$ 33,251,998	\$ 49,442,108	\$ 49,402,910
Operating grants and contributions	1,675,205	2,236,251	177,174	11,119	1,852,379	2,247,370
Capital grants and contributions	1,399,292	1,211,232	-	-	1,399,292	1,211,232
General revenues:						
Property taxes, levied for general purposes	18,224,876	17,982,474	-	-	18,224,876	17,982,474
Grants and contributions, unrestricted	8,624,074	8,578,380	2,632	24,960	8,626,706	8,603,340
Other	146,782	97,419	109,398	91,417	256,180	188,836
Miscellaneous	3,489,764	2,831,946	710,061	114,395	4,199,825	2,946,341
Total revenues	<u>50,347,354</u>	<u>49,088,614</u>	<u>33,654,012</u>	<u>33,493,889</u>	<u>84,001,366</u>	<u>82,582,503</u>
Expenses:						
General government	8,951,277	9,175,818	-	-	8,951,277	9,175,818
Public safety	21,047,599	18,925,163	-	-	21,047,599	18,925,163
Public works	6,319,333	7,176,330	-	-	6,319,333	7,176,330
Culture and recreation	5,309,937	5,018,301	-	-	5,309,937	5,018,301
Housing and development	1,985,526	3,285,664	-	-	1,985,526	3,285,664
Interest and fees	202,091	213,945	-	-	202,091	213,945
Golf Courses	-	-	-	*	-	-
Water	-	-	8,265,032	8,192,979	8,265,032	8,192,979
Sewer	-	-	7,802,738	7,856,343	7,802,738	7,856,343
Storm Drain	-	-	1,626,546	1,485,612	1,626,546	1,485,612
Sanitation	-	-	3,351,925	3,249,148	3,351,925	3,249,148
Electric	-	-	-	*	175,481	175,481
Port Authority	-	-	299,366	312,659	299,366	312,659
State Special Projects	-	-	367,623	373,134	367,623	373,134
Other	-	-	5,729,950	5,857,269	5,729,950	5,857,269
Total expenses	<u>43,815,763</u>	<u>43,795,221</u>	<u>27,443,180</u>	<u>27,502,625</u>	<u>71,258,943</u>	<u>71,297,846</u>
Increase in net position before transfers	6,531,591	5,293,393	6,210,832	5,991,264	12,742,423	11,284,657
Extraordinary Item - Recognition of Loss	-	-	-	-	-	-
Transfers	(1,202,370)	(569,896)	1,202,370	569,896	-	-
Increase in net position	<u>5,329,221</u>	<u>4,723,497</u>	<u>7,413,202</u>	<u>6,561,160</u>	<u>12,742,423</u>	<u>11,284,657</u>
Total Net Position - Beginning	63,201,216	83,478,482	127,599,125	127,432,654	190,800,341	210,911,136
Adjustment	-	(25,000,763)	-	(6,394,689)	-	(31,395,452)
Total Net Position - Beginning, as Restated	<u>63,201,216</u>	<u>58,477,719</u>	<u>127,599,125</u>	<u>121,037,965</u>	<u>190,800,341</u>	<u>179,515,684</u>
Net position - ending	<u>\$68,530,437</u>	<u>\$63,201,216</u>	<u>\$ 135,012,327</u>	<u>\$127,599,125</u>	<u>\$ 203,542,764</u>	<u>\$ 190,800,341</u>

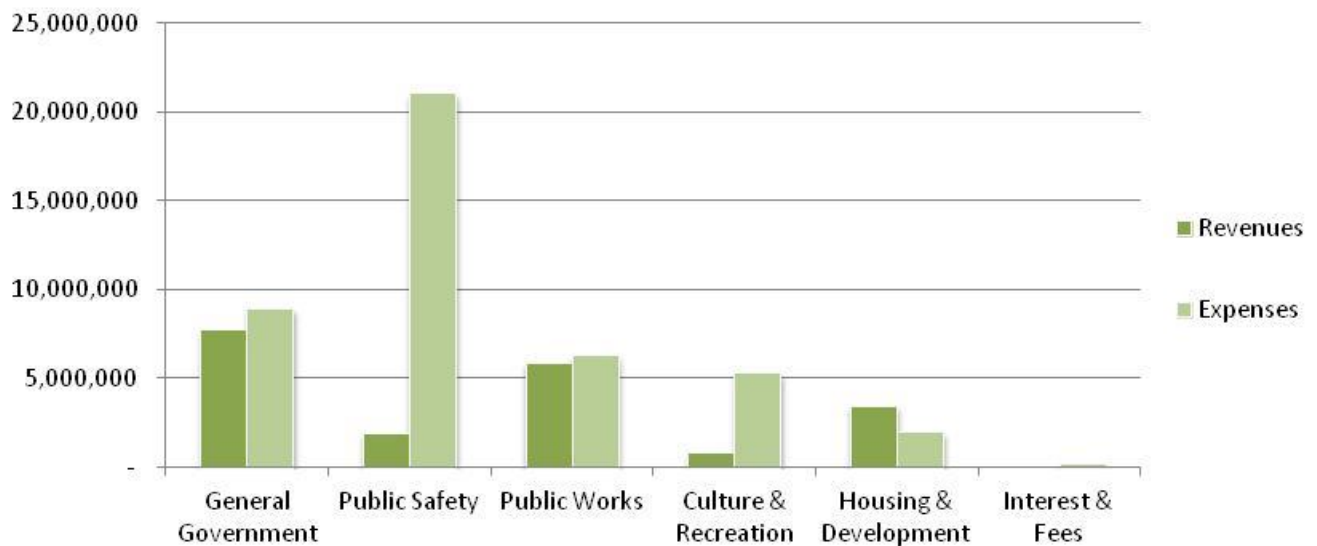
*In FY 2016, the Golf Courses fund was not considered a major fund. The Electric Fund was closed in FY 2015.

The City of Great Falls' revenues totaled \$84,001,366. The total cost of all programs and services was \$71,258,943. The government was able to cover this year's costs in both governmental activities and business-type activities. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental activities. Revenues for the most recent year from governmental activities were \$50,347,354 while expenses were \$43,815,763. Net position thus increased by \$6,531,591 before transfers. Operating grants and contributions decreased \$561,046 due to decreases in grants and contributions received in the Federal Block Grant, and Home grant funds. Property taxes increased by \$242,402 primarily due to a collection of delinquent taxes, newly taxable property and a .67% inflationary increase. Grants and contributions (such as State of Montana Entitlement House Bill 124) that are unrestricted increased by \$45,694 primarily due to the increase of intergovernmental income received for the entitlement.

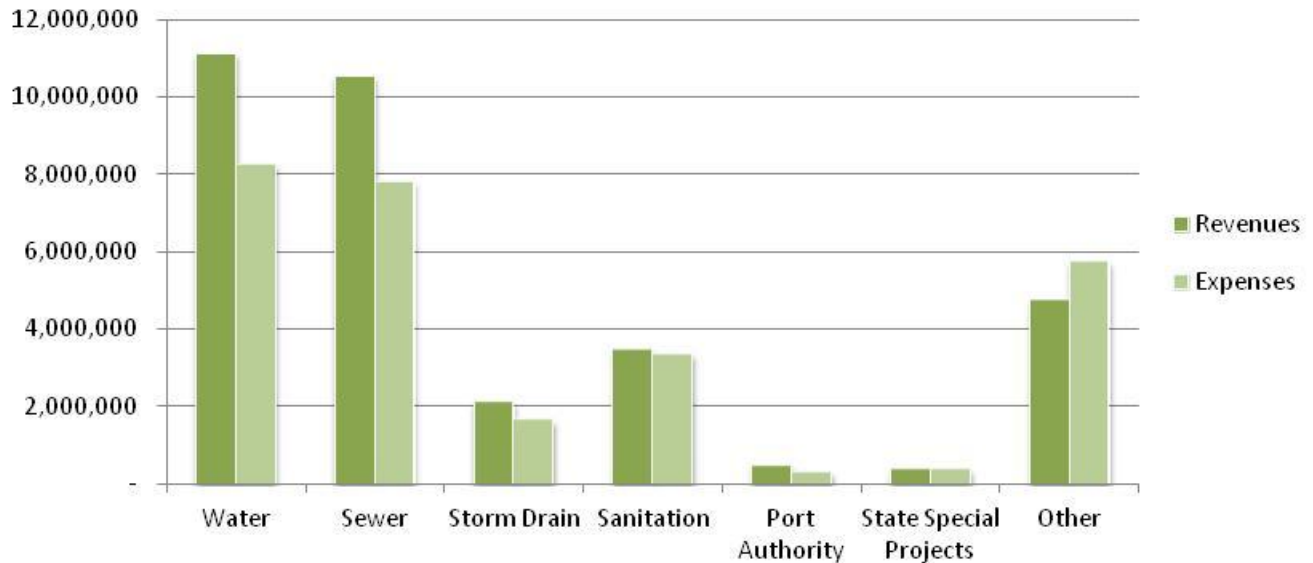
Public safety related expenses increased by \$2,122,436 primarily due to increased activity in General Fund and the reallocation of the GASB 68 pension adjustment. Housing and development decreased by \$1,300,138 due to decreased activity in the grant programs. Interest and fees decreased by \$11,854 due to payment of prior year debt.

Program Revenues and Expenses - Governmental Activities



Business-type activities. Revenues for the most recent year from business-type activities were \$33,654,012 while expenses were \$27,443,180. Net position thus increased by \$6,210,832 before transfers. Overall revenue derived from charges for services increased \$160,123, this was primarily due to increased revenue in the Water fund. The business-type activities expenses decreased by \$59,445 primarily due to decreased activity in the fund Electric Fund that was closed in Fiscal Year 2015. Other business-type fund expenses were more than the revenues primarily due to the Swimming Pools fund, the 911 Dispatch Center fund, the Parking fund, Recreation fund, and the Civic Center Events fund. The Swimming Pools fund, Recreation fund and the Civic Center Events fund are subsidized by transfers in from the General fund in the amounts of \$381,289, \$59,226 and \$187,761 respectively. The 911 Dispatch Center fund also received a transfer in from the 911 Special Revenue fund of \$369,636.

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 \$20,695,862, an increase of \$4,730,351 in comparison with the previous year. Approximately 55.4% of this total amount, \$11,481,293, constitutes assigned and unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to provide required security for long-term debt obligations and other restrictions.

The General Fund serves as the chief operating fund of the City. The General Fund is used to account for all financial resources not accounted for in some other fund. At the end of the most recent fiscal year, unassigned fund balance in the General fund was \$7,026,833. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 25.6% of total General fund expenditures and transfers out. This is in compliance with internally set requirements of a minimum of 17%.

The Street District fund reports operations of the Street Division. At the end of the most recent fiscal year, nonspendable fund balance was \$9,734 and the restricted fund balance in the Street District fund was \$3,579,614. Fund balance represents 71.2% of total Street fund expenditures and transfers out, in compliance with internally set minimum requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Street fund increased by \$1,460,228. A primary element of this increase is from planned capital outlay expenditures not completed in Fiscal Year 2016, but will be completed in Fiscal Year 2017.

The Federal Block Grant fund accounts for federal funds received to assist in the development of the urban community. At the end of the most recent fiscal year, restricted fund balance in the Federal Block Grant fund was \$868,696. Fund balance

represents 136.78% of total Federal Block Grant fund expenditures, in compliance with internally set minimum requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Federal Block Grant fund increased by \$438,250. Elements of this increase were due to the amount of payoffs of the loans receivable.

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 \$7,477,563. Restricted net position decreased by \$205,219 from the previous year. The majority of this decrease was due to the decrease in reserve requirements due to paying off some outstanding debt in the Golf Courses fund. Unrestricted net position of the enterprise funds totaled \$11,510,935. The total increase in net position for the enterprise funds is \$7,413,202 primarily due to an increase in net investment in capital assets in the Water, Sewer and Storm Drain funds due to the retirement of debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a net change in fund balance of \$179,111. The major difference was due to issuance of debt for purchase of two fire trucks, the Assist to Firefighters grant, and increased revenue for safety inspections. 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, 2016, is \$225,929,432, 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 1.87%.

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

	Governmental Activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 9,753,346	\$ 9,825,168	\$ 3,948,391	\$ 3,948,391	\$ 13,701,737	\$ 13,773,559
Intangible	218,276	218,276	-	-	\$ 218,276	\$ 218,276
Buildings	6,503,076	6,903,671	17,132,264	18,267,104	\$ 23,635,340	\$ 25,170,775
Improvements	20,790,029	20,891,427	80,889,415	51,500,269	\$101,679,444	\$ 72,391,696
Machinery and equipment	6,187,457	5,719,773	3,793,207	3,577,934	\$ 9,980,664	\$ 9,297,707
Infrastructure	26,810,384	28,368,605	40,664,387	42,543,849	\$ 67,474,771	\$ 70,912,454
Construction in progress	1,892,711	503,887	7,346,489	29,503,111	\$ 9,239,200	\$ 30,006,998
Total capital assets	<u>\$ 72,155,279</u>	<u>\$ 72,430,807</u>	<u>\$153,774,153</u>	<u>\$149,340,658</u>	<u>\$225,929,432</u>	<u>\$221,771,465</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 51– 52.

Long-term debt. At the end of the most recent fiscal year, the City of Great Falls had total bonded debt of \$34,182,446. Of this amount, \$1,445,000 is general obligation bonds; \$790,000 is general obligation taxable bonds; \$125,000 is special assessment debt for which the City is obligated to pay up to the amount available in the Special Improvement District Revolving fund; \$2,405,000 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 \$29,417,446 are bonds secured solely by specified revenue sources. Further information on long-term debt is presented in Note 7 on pages 52 – 66.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue bonds	\$ -	\$ -	\$ 29,417,446	\$ 30,258,336	\$29,417,446	\$ 30,258,336
General obligation bonds	1,445,000	1,835,000	-	-	1,445,000	\$ 1,835,000
General obligation taxable bonds	790,000	915,000	-	-	790,000	\$ 915,000
Special assessment bonds	125,000	175,000	-	-	125,000	\$ 175,000
Urban renewal tax increment bonds	2,405,000	2,495,000	-	-	2,405,000	\$ 2,495,000
Total	\$4,765,000	\$5,420,000	\$ 29,417,446	\$ 30,258,336	\$34,182,446	\$ 35,678,336

During the most recent fiscal year, the City of Great Falls' bonded debt decreased by \$1,495,890 (4.19%). This is primarily due to the annual payments on the bonded debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.50% of its total assessed value of taxable property. The current legal debt capacity for the City of Great Falls is \$131,651,506, of which \$128,419,276 is unused by the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The unemployment rate in July 2016 for Cascade County, Montana, of which the City of Great Falls is the county seat, was 3.9%, which the same from a year ago. This compares favorably with the national unemployment rate of 4.9% and the Montana unemployment rate of 4.2%. 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:

- Information Technology which include Architecture, Retention, Security,
- Needed Office Space in Civic Center,
- Diminishing budget flexibility with Public Safety Pivot,
- Civic Center Façade Restoration,
- Implementation of the Park and Recreation Master Plan, and,
- Staffing - Prosecution and Special Victims Caseload.

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 in the fund statements. Investments in the City's capital assets increased in fiscal year 2016.

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, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
Assets and deferred outflows of resources						
Current assets						
Cash and investments	\$ 23,573,717	\$ 16,641,157	\$ 40,214,874	\$ 124,440	\$ 1,063,701	\$ 3,473,235
Receivables						
Taxes	1,056,424	-	1,056,424	-	-	-
Special assessments	626,971	-	626,971	115,686	414,439	-
Accounts	423,157	3,116,737	3,539,894	-	-	-
Accrued interest	23,720	23,283	47,003	-	-	-
Loans	2,322,885	-	2,322,885	-	-	-
Other	-	-	-	1,090	-	-
Advance to (from) other city funds	764,253	(764,253)	-	-	-	-
Due from other governments	779,141	309,358	1,088,499	-	-	-
Inventories	165,303	438,247	603,550	-	-	-
Prepaid items	-	-	-	4,129	4,025	-
Total current assets	<u>29,735,571</u>	<u>19,764,529</u>	<u>49,500,100</u>	<u>245,345</u>	<u>1,482,165</u>	<u>3,473,235</u>
Noncurrent assets						
Restricted cash and investments	3,163,870	7,552,646	10,716,516	-	-	80,733
Other assets	25,349	-	25,349	-	-	-
Capital assets						
Non-depreciable capital assets	11,864,333	11,294,880	23,159,213	-	-	-
Depreciable capital assets, net	60,290,946	142,479,273	202,770,219	382,534	-	-
Total noncurrent assets	<u>75,344,498</u>	<u>161,326,799</u>	<u>236,671,297</u>	<u>382,534</u>	<u>-</u>	<u>80,733</u>
Total assets	<u>105,080,069</u>	<u>181,091,328</u>	<u>286,171,397</u>	<u>627,879</u>	<u>1,482,165</u>	<u>3,553,968</u>
Deferred outflows of resources						
Deferred charge-pension	2,454,154	432,037	2,886,191	-	-	-
Total deferred outflows of resources	<u>2,454,154</u>	<u>432,037</u>	<u>2,886,191</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 107,534,223</u>	<u>\$ 181,523,365</u>	<u>\$ 289,057,588</u>	<u>\$ 627,879</u>	<u>\$ 1,482,165</u>	<u>\$ 3,553,968</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 2,090,199	\$ 1,343,098	\$ 3,433,297	\$ 138,644	\$ 2,801	\$ -
Compensated absences	258,320	61,706	320,026	-	-	-
Debt due within one year	831,662	3,348,919	4,180,581	-	-	-
Other liabilities	292,078	463,298	755,376	-	-	-
Total current liabilities	<u>3,472,259</u>	<u>5,217,021</u>	<u>8,689,280</u>	<u>138,644</u>	<u>2,801</u>	<u>-</u>
Noncurrent liabilities						
Compensated absences	3,292,755	470,033	3,762,788	-	-	-
Debt due in more than one year	4,930,568	34,401,403	39,331,971	-	-	-
Net pension liability	23,229,823	5,734,817	28,964,640	-	-	-
Other liabilities	1,644,923	-	1,644,923	121,250	-	-
Total noncurrent liabilities	<u>33,098,069</u>	<u>40,606,253</u>	<u>73,704,322</u>	<u>121,250</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>36,570,328</u>	<u>45,823,274</u>	<u>82,393,602</u>	<u>259,894</u>	<u>2,801</u>	<u>-</u>
Deferred inflows of resources						
Deferred revenue - pension	2,433,458	687,764	3,121,222	-	-	-
Total deferred outflows of resources	<u>2,433,458</u>	<u>687,764</u>	<u>3,121,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	66,393,049	116,023,829	182,416,878	382,534	-	-
Restricted for:						
Expendable:						
Debt service	1,577,814	-	1,577,814	-	-	-
Revenue bond reserves	-	5,359,111	5,359,111	-	-	-
Repair and replacement	-	2,118,452	2,118,452	-	-	-
Contributor restrictions	139,809	-	139,809	-	-	-
Grantor restrictions	3,200,529	-	3,200,529	-	-	-
Law restrictions	7,170,211	-	7,170,211	-	-	-
General government	784,345	-	784,345	-	-	-
Public safety	906,004	-	906,004	-	-	-
Park and recreation	510,038	-	510,038	-	-	-
Housing and development	1,220,687	-	1,220,687	-	-	-
Capital outlay	538,517	-	538,517	-	-	-
Library operations	639,396	-	639,396	-	-	1,498,191
Nonexpendable:						
Programs and operations	25,349	-	25,349	-	-	80,733
Unrestricted	<u>(14,575,311)</u>	<u>11,510,935</u>	<u>(3,064,376)</u>	<u>(14,549)</u>	<u>1,479,364</u>	<u>1,975,044</u>
Total net position	<u>\$ 68,530,437</u>	<u>\$ 135,012,327</u>	<u>\$ 203,542,764</u>	<u>\$ 367,985</u>	<u>\$ 1,479,364</u>	<u>\$ 3,553,968</u>

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

City of Great Falls, Montana
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 8,951,277	\$ 6,371,925	\$ 533,455	\$ 841,768
Public safety	21,047,599	1,607,759	300,787	-
Public works	6,319,333	5,911,491	-	-
Culture and recreation	5,309,937	799,487	36,467	-
Housing and development	1,985,526	2,096,699	804,496	557,524
Interest and fees	202,091	-	-	-
Total governmental activities	<u>43,815,763</u>	<u>16,787,361</u>	<u>1,675,205</u>	<u>1,399,292</u>
Business- type activities				
Water	8,265,032	11,117,378	-	-
Sewer	7,802,738	10,541,575	-	-
Storm drain	1,626,546	2,105,174	-	-
Sanitation	3,351,925	3,453,572	-	-
Port Authority	299,366	465,187	-	-
State Special Projects	367,623	383,402	-	-
Other	5,729,950	4,588,459	177,174	-
Total business-type activities	<u>27,443,180</u>	<u>32,654,747</u>	<u>177,174</u>	<u>-</u>
Total primary government	<u>\$ 71,258,943</u>	<u>\$ 49,442,108</u>	<u>\$ 1,852,379</u>	<u>\$ 1,399,292</u>
Component Units				
Great Falls Business Improvement District	<u>\$ 223,280</u>	<u>\$ 293,543</u>	<u>\$ -</u>	<u>\$ -</u>
Tourism Business Improvement District	<u>\$ 417,560</u>	<u>\$ 409,751</u>	<u>\$ -</u>	<u>\$ -</u>
Great Falls Public Library Foundation	<u>\$ 274,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous
- Gain (loss) on sale of capital assets
- Transfers

Total general revenues and transfers

Change in net position

Total net position - beginning

Total net position - ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
\$ (1,204,129)	\$ -	\$ (1,204,129)	\$ -	\$ -	\$ -
(19,139,053)	-	(19,139,053)	-	-	-
(407,842)	-	(407,842)	-	-	-
(4,473,983)	-	(4,473,983)	-	-	-
1,473,193	-	1,473,193	-	-	-
(202,091)	-	(202,091)	-	-	-
<u>(23,953,905)</u>	<u>-</u>	<u>(23,953,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,852,346	2,852,346	-	-	-
-	2,738,837	2,738,837	-	-	-
-	478,628	478,628	-	-	-
-	101,647	101,647	-	-	-
-	165,821	165,821	-	-	-
-	15,779	15,779	-	-	-
-	(964,317)	(964,317)	-	-	-
-	<u>5,388,741</u>	<u>5,388,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (23,953,905)</u>	<u>\$ 5,388,741</u>	<u>\$ (18,565,164)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,263</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,809)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (274,350)</u>
18,224,876	-	18,224,876	-	-	-
8,624,074	2,632	8,626,706	-	-	-
146,782	109,398	256,180	27	2,805	129,521
2,854,468	879,221	3,733,689	14,808	12,058	111,884
635,296	(169,160)	466,136	-	-	-
(1,202,370)	1,202,370	-	-	-	-
<u>29,283,126</u>	<u>2,024,461</u>	<u>31,307,587</u>	<u>14,835</u>	<u>14,863</u>	<u>241,405</u>
5,329,221	7,413,202	12,742,423	85,098	7,054	(32,945)
<u>63,201,216</u>	<u>127,599,125</u>	<u>190,800,341</u>	<u>282,887</u>	<u>1,472,310</u>	<u>3,586,913</u>
<u>\$ 68,530,437</u>	<u>\$ 135,012,327</u>	<u>\$ 203,542,764</u>	<u>\$ 367,985</u>	<u>\$ 1,479,364</u>	<u>\$ 3,553,968</u>

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

**City of Great Falls
Balance Sheet
Governmental Funds
June 30, 2016**

	General	Street District	Federal Block Grant	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 6,637,176	\$ 3,565,594	\$ 816,042	\$ 8,977,995	\$ 19,996,807
Restricted cash and investments	-	-	-	627,380	627,380
Receivables					
Taxes	882,158	-	-	174,266	1,056,424
Special assessments	-	195,501	-	431,470	626,971
Accounts	44,159	50,926	-	16,056	111,141
Accrued interest	10,166	4,871	-	5,474	20,511
Loans	-	-	2,282,885	40,000	2,322,885
Due from other city funds	-	-	-	32,053	32,053
Due from other governments	222,219	5,773	83,155	467,994	779,141
Advances to other funds	764,253	-	-	-	764,253
Other assets	-	9,734	-	15,615	25,349
Total assets	\$ 8,560,131	\$ 3,832,399	\$ 3,182,082	\$ 10,788,303	\$ 26,362,915
Liabilities					
Accounts payable	\$ 916,875	\$ 162,641	\$ 30,501	\$ 734,374	\$ 1,844,391
Due to other city funds	-	-	-	32,053	32,053
Interfund loans payable	72,518	-	-	-	72,518
Advances from other funds	105,743	-	-	-	105,743
Other liabilities	81,172	50,022	-	151,858	283,052
Total liabilities	1,176,308	212,663	30,501	918,285	2,337,757
Deferred inflows of resources					
Unavailable revenue-property taxes	356,990	-	-	64,410	421,400
Unavailable revenue-special assessments	-	23,388	-	308,879	332,267
Unavailable revenue-liens	-	7,000	-	47,105	54,105
Unavailable revenue-grants	-	-	2,282,885	58,952	2,341,837
Unavailable revenue-security agreement	-	-	-	179,687	179,687
Total deferred inflows of resources	356,990	30,388	2,282,885	659,033	3,329,296
Fund balances					
Nonspendable	-	9,734	-	15,615	25,349
Restricted	-	3,579,614	868,696	4,740,910	9,189,220
Assigned	-	-	-	4,525,824	4,525,824
Unassigned	7,026,833	-	-	(71,364)	6,955,469
Total fund balances	7,026,833	3,589,348	868,696	9,210,985	20,695,862
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,560,131	\$ 3,832,399	\$ 3,182,082	\$ 10,788,303	\$ 26,362,915

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

City of Great Falls, Montana
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2016

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

Total fund balances - governmental funds (page 22)		\$ 20,695,862
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 147,433,677	
Less: accumulated depreciation	<u>(81,397,556)</u>	
Capital assets - net		66,036,121
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		179,803
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.		
		6,548,275
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		3,329,296
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(3,174,571)	
Loans and contracts payable	(814,773)	
General obligation bonds payable	(1,445,000)	
General obligation taxable bonds payable	(790,000)	
Tax increment bonds payable	(2,405,000)	
Special assessment bonds payable	(125,000)	
Net pension liability	<u>(19,504,576)</u>	
Total long-term liabilities		<u>(28,258,920)</u>
Net position of governmental activities (page 19)		<u><u>\$ 68,530,437</u></u>

City of Great Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Street District	Federal Block Grant	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 16,171,756	\$ -	\$ -	\$ 2,053,120	\$ 18,224,876
Licenses and permits	876,743	9,571	-	1,611,359	2,497,673
Intergovernmental	7,797,655	1,408,399	557,524	3,319,221	13,082,799
Charges for services	1,129,046	187,634	515,801	1,423,761	3,256,242
Fines and forfeitures	828,763	-	-	37,415	866,178
Internal services	882,664	94,204	-	35,638	1,012,506
Special assessments	-	4,638,201	-	2,700,371	7,338,572
Investment income	35,099	18,514	25	51,932	105,570
Other	102,864	103,250	-	521,158	727,272
Total revenues	27,824,590	6,459,773	1,073,350	11,753,975	47,111,688
Expenditures					
Current					
General government	3,747,197	-	-	4,596,107	8,343,304
Public safety	18,723,262	-	-	466,568	19,189,830
Public works	-	4,744,789	-	20,607	4,765,396
Culture and recreation	2,265,939	-	-	1,831,024	4,096,963
Housing & development	-	-	570,036	1,580,849	2,150,885
Debt service					
Principal	75,294	-	-	686,601	761,895
Interest	4,870	-	-	194,580	199,450
Capital outlay	857,787	255,000	65,064	1,914,081	3,091,932
Total expenditures	25,674,349	4,999,789	635,100	11,290,417	42,599,655
Excess (deficiency) of revenues over (under) expenditures	2,150,241	1,459,984	438,250	463,558	4,512,033
Other financing sources (uses)					
Transfers in	-	1,337	-	1,009,337	1,010,674
Transfers out	(1,812,785)	(1,093)	-	(501,571)	(2,315,449)
Issuance of debt	796,859	-	-	55,807	852,666
Proceeds of capital assets	-	-	-	670,427	670,427
Total other financing sources (uses)	(1,015,926)	244	-	1,234,000	218,318
Net change in fund balances	1,134,315	1,460,228	438,250	1,697,558	4,730,351
Fund balances - beginning	5,892,518	2,129,120	430,446	7,513,427	15,965,511
Fund balances - ending	\$ 7,026,833	\$ 3,589,348	\$ 868,696	\$ 9,210,985	\$ 20,695,862

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

City of Great Falls, Montana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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)	\$	4,730,351
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Expenditures for capital assets	\$ 3,091,932	
Less: current year's depreciation	<u>(3,770,060)</u>	
Total capital asset related expenditures		(678,128)

The net effect of various miscellaneous transactions involving net pension liability is to increase net position		819,553
--	--	---------

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		1,232,940
---	--	-----------

Not all revenues in the statement of activities provide current financial resources. These revenues are not considered "available" revenues and are unearned in the governmental funds, but have been recognized as revenue in pervious period in the statement of activities. Unearned tax revenues decreased by this amount this year.		(548,932)
--	--	-----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt		
Loans and contracts	(852,666)	
Principal repayments		
Loans and contracts	106,896	
General obligation bonds	390,000	
General obligation taxable bonds	125,000	
Tax increment bonds	90,000	
Special improvement bonds	50,000	
Compensated absences	<u>(135,793)</u>	
Total debt related transactions		<u>(226,563)</u>

Change in net position of governmental activities (pages 20-21)	\$	<u><u>5,329,221</u></u>
---	----	-------------------------

**City of Great Falls
Statement of Net Position
Proprietary Funds
June 30, 2016**

Business Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Port Authority</u>
Assets and deferred outflows of resources					
Assets					
Current assets					
Cash and investments	\$ 6,971,876	\$ 5,409,691	\$ 1,774,802	\$ 666,207	\$ 123,065
Receivables					
Accounts	1,387,449	1,060,652	219,165	350,328	18,226
Accrued interest	10,664	9,242	2,438	939	-
Due from other city funds	-	-	-	-	-
Interfund loans receivable	-	-	-	-	-
Due from other governments	-	4,568	-	218,635	-
Inventories	369,951	-	-	-	-
Total current assets	<u>8,739,940</u>	<u>6,484,153</u>	<u>1,996,405</u>	<u>1,236,109</u>	<u>141,291</u>
Noncurrent assets					
Restricted cash and investments	2,033,736	4,826,631	580,380	36,816	-
Advance to other funds	-	-	-	-	-
Non-depreciable capital assets	4,128,534	3,622,271	936,929	181,646	194,057
Depreciable capital assets, net	49,449,325	56,841,848	20,291,812	1,373,497	4,863,035
Total noncurrent assets	<u>55,611,595</u>	<u>65,290,750</u>	<u>21,809,121</u>	<u>1,591,959</u>	<u>5,057,092</u>
Total assets	<u>64,351,535</u>	<u>71,774,903</u>	<u>23,805,526</u>	<u>2,828,068</u>	<u>5,198,383</u>
Deferred outflows of resources					
Deferred charge-pension	142,085	54,580	1,990	75,543	-
Total deferred outflows of resources	<u>142,085</u>	<u>54,580</u>	<u>1,990</u>	<u>75,543</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 64,493,620</u>	<u>\$ 71,829,483</u>	<u>\$ 23,807,516</u>	<u>\$ 2,903,611</u>	<u>\$ 5,198,383</u>
Liabilities, deferred inflows of resources, and net position					
Liabilities					
Current liabilities					
Accounts payable	\$ 453,124	\$ 461,100	\$ 39,099	\$ 148,495	\$ -
Due to other city funds	-	-	-	-	-
Capital lease obligation	-	-	-	-	-
Loans payable	-	-	-	31,000	-
Notes payable	-	-	-	-	316,265
Revenue bonds payable	497,000	1,962,000	243,000	-	-
Other liabilities	326,352	68	2,503	8,356	-
Total current liabilities	<u>1,276,476</u>	<u>2,423,168</u>	<u>284,602</u>	<u>187,851</u>	<u>316,265</u>
Noncurrent liabilities					
Advances from other funds	-	-	-	-	-
Loans payable	-	-	-	373,981	-
Notes payable	-	-	-	-	3,245,425
Compensated absences	200,252	35,311	-	89,456	-
Revenue bonds payable	5,705,893	19,286,553	1,723,000	-	-
Net pension liability	1,882,355	725,047	26,258	1,004,023	-
Other liabilities	-	-	-	-	-
Total noncurrent liabilities	<u>7,788,500</u>	<u>20,046,911</u>	<u>1,749,258</u>	<u>1,467,460</u>	<u>3,245,425</u>
Total liabilities	<u>9,064,976</u>	<u>22,470,079</u>	<u>2,033,860</u>	<u>1,655,311</u>	<u>3,561,690</u>
Deferred inflows of resources					
Deferred revenue-pension	233,834	85,738	3,503	117,601	-
Total deferred inflows of resources	<u>233,834</u>	<u>85,738</u>	<u>3,503</u>	<u>117,601</u>	<u>-</u>
Net position					
Net investment in capital assets	47,374,966	39,215,566	19,262,740	1,150,162	1,495,402
Restricted					
Revenue bond reserves	1,098,222	3,793,693	430,380	36,816	-
Repair and replacement	935,514	1,032,938	150,000	-	-
Unrestricted	5,786,108	5,231,469	1,927,033	(56,279)	141,291
Total net position	<u>55,194,810</u>	<u>49,273,666</u>	<u>21,770,153</u>	<u>1,130,699</u>	<u>1,636,693</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 64,493,620</u>	<u>\$ 71,829,483</u>	<u>\$ 23,807,516</u>	<u>\$ 2,903,611</u>	<u>\$ 5,198,383</u>

Continued on next page

City of Great Falls
Statement of Net Position (Concluded)
Proprietary Funds
June 30, 2016

	Business Type Activities			Governmental Activities
	Special State Projects	Total Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets and deferred outflows of resources				
Assets				
Current assets				
Cash and investments	\$ -	\$ 1,695,516	\$ 16,641,157	\$ 3,576,910
Receivables				
Accounts	-	80,917	3,116,737	312,016
Accrued interest	-	-	23,283	3,209
Due from other city funds	-	-	-	-
Interfund loans receivable	-	-	-	72,518
Due from other governments	-	86,155	309,358	-
Inventories	-	68,296	438,247	165,303
Total current assets	-	1,930,884	20,528,782	4,129,956
Noncurrent assets				
Restricted cash and investments	-	75,083	7,552,646	2,536,490
Advance to other funds	-	-	-	105,743
Non-depreciable capital assets	-	2,231,443	11,294,880	27,281
Depreciable capital assets, net	4,397,972	5,261,784	142,479,273	6,091,877
Total noncurrent assets	4,397,972	7,568,310	161,326,799	8,761,391
Total assets	4,397,972	9,499,194	181,855,581	12,891,347
Deferred outflows of resources				
Deferred charge-pension	-	157,839	432,037	280,395
Total deferred outflows of resources	-	157,839	432,037	280,395
Total assets and deferred outflows of resources	\$ 4,397,972	\$ 9,657,033	\$182,287,618	\$ 13,171,742
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities				
Accounts payable	\$ -	\$ 241,280	\$ 1,343,098	\$ 245,808
Due to other city funds	-	-	-	-
Capital lease obligation	-	-	-	-
Loans payable	-	-	31,000	89,185
Notes payable	299,654	-	615,919	-
Revenue bonds payable	-	-	2,702,000	-
Other liabilities	-	126,019	463,298	9,026
Total current liabilities	299,654	367,299	5,155,315	344,019
Noncurrent liabilities				
Advances from other funds	-	764,253	764,253	-
Loans payable	-	-	373,981	93,272
Notes payable	4,066,551	-	7,311,976	-
Compensated absences	-	206,720	531,739	376,504
Revenue bonds payable	-	-	26,715,446	-
Net pension liability	-	2,097,134	5,734,817	3,725,247
Other liabilities	-	-	-	1,644,923
Total noncurrent liabilities	4,066,551	3,068,107	41,432,212	5,839,946
Total liabilities	4,366,205	3,435,406	46,587,527	6,183,965
Deferred inflows of resources				
Deferred revenue-pension	-	247,088	687,764	439,502
Total deferred inflows of resources	-	247,088	687,764	439,502
Net position				
Net investment in capital assets	31,767	7,493,226	116,023,829	5,936,703
Restricted				
Revenue bond reserves	-	-	5,359,111	-
Repair and replacement	-	-	2,118,452	-
Unrestricted	-	(1,518,687)	11,510,935	611,572
Total net position	31,767	5,974,539	135,012,327	6,548,275
Total liabilities, deferred inflows of resources, and net position	\$ 4,397,972	\$ 9,657,033	\$182,287,618	\$ 13,171,742

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, 2016

Business Type Activities

	Water	Sewer	Storm Drain	Sanitation	Port Authority
Operating revenues					
Charges for services	\$ 11,107,594	\$ 10,541,575	\$ 2,105,023	\$ 3,452,468	\$ 465,187
Operating expenses					
Personal services	2,287,701	898,041	27,614	1,264,476	-
Supplies and materials	912,383	70,751	4,439	307,095	-
Purchased services	692,198	2,762,614	36,996	874,432	654
Internal services	1,244,844	1,030,174	318,979	706,236	-
Other	47,330	28,822	24,360	3,200	-
Depreciation	3,035,806	2,429,975	1,186,613	196,486	117,986
Total operating expenses	8,220,262	7,220,377	1,599,001	3,351,925	118,640
Operating income (loss)	2,887,332	3,321,198	506,022	100,543	346,547
Nonoperating revenues (expenses)					
Investment income (loss)	65,942	62,831	15,576	4,945	124
Interest expense	(44,770)	(582,361)	(27,545)	-	(180,726)
Proceeds (loss) on sale of capital assets	562	(170,688)	-	100	-
Net pension on-behalf revenue	45,250	18,200	588	25,403	-
Other	113,852	452,973	97,211	16,092	-
Total nonoperating revenues (expenses)	180,836	(219,045)	85,830	46,540	(180,602)
Income (loss) before contributions and transfers	3,068,168	3,102,153	591,852	147,083	165,945
Transfers in	-	-	104,358	-	-
Transfers out	-	-	-	-	-
Change in net position	3,068,168	3,102,153	696,210	147,083	165,945
Total net position - beginning	52,126,642	46,171,513	21,073,943	983,616	1,470,748
Total net position - ending	<u>\$ 55,194,810</u>	<u>\$ 49,273,666</u>	<u>\$ 21,770,153</u>	<u>\$ 1,130,699</u>	<u>\$ 1,636,693</u>

Continued on next page

City of Great Falls
Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Proprietary Funds
For the Year Ended June 30, 2016

	Business Type Activities			Governmental
	Total			Activities
	Special State	Nonmajor	Total	Internal
Projects	Enterprise	Service Funds		
Operating revenues				
Charges for services	\$ 383,402	\$4,765,633	\$ 32,820,882	\$ 17,013,629
Operating expenses				
Personal services	-	2,862,374	7,340,206	4,389,427
Supplies and materials	-	323,845	1,618,513	1,007,581
Purchased services	-	1,216,199	5,583,093	9,300,196
Internal services	-	604,268	3,904,501	600,802
Other	-	31,888	135,600	9,856
Depreciation	277,767	674,351	7,918,984	770,504
Total operating expenses	277,767	5,712,925	26,500,897	16,078,366
Operating income (loss)	105,635	(947,292)	6,319,985	935,263
Nonoperating revenues (expenses)				
Investment income (loss)	-	(40,020)	109,398	41,212
Interest expense	(89,856)	(17,025)	(942,283)	(2,641)
Proceeds (loss) on sale of capital assets	-	866	(169,160)	46,058
Net pension on-behalf revenue	-	52,801	142,242	93,690
Other	-	70,522	750,650	16,953
Total nonoperating revenues (expenses)	(89,856)	67,144	(109,153)	195,272
Income (loss) before contributions and transfers	15,779	(880,148)	6,210,832	1,130,535
Transfers in	-	1,098,012	1,202,370	102,405
Transfers out	-	-	-	-
Change in net position	15,779	217,864	7,413,202	1,232,940
Total net position - beginning	15,988	5,756,675	127,599,125	5,315,335
Total net position - ending	\$ 31,767	\$5,974,539	\$135,012,327	\$ 6,548,275

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

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Business Type Activities

	Water	Sewer	Storm Drain	Sanitation	Port Authority
Cash flows from operating activities					
Receipts from customers and users	\$ 11,543,625	\$ 10,837,428	\$ 2,140,606	\$ 3,506,386	\$ 469,056
Receipts from interfund services provided	-	-	-	-	-
Receipts from others	113,852	452,973	97,211	16,092	-
Receipts from other governments	160,336	155,700	-	-	-
Payments to suppliers	(2,298,729)	(2,761,884)	(39,484)	(1,172,661)	(654)
Payments to employees	(2,348,934)	(924,536)	(28,773)	(1,276,006)	-
Payments for interfund services used	(1,244,844)	(1,030,174)	(318,979)	(706,236)	-
Payments to others	20,159	(68,890)	(24,360)	(3,200)	-
Net cash provided by (used for) operating activities	<u>5,945,465</u>	<u>6,660,617</u>	<u>1,826,221</u>	<u>364,375</u>	<u>468,402</u>
Cash flows from noncapital financing activities					
Transfers in	-	-	104,358	-	-
Interfund cash flow loans	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>104,358</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities					
Proceeds from sale of assets	562	-	-	100	-
Principal payments received - advances	-	-	-	-	-
New borrowing	1,714,206	367,148	-	186,347	-
Principal payments - revenue bonds	(485,001)	(1,949,243)	(238,000)	-	(302,789)
Principal payments - capital leases	-	-	-	-	-
Principal payments - loans	-	-	-	-	-
Interest paid	(154,202)	(660,717)	(48,263)	-	(166,267)
Acquisition/construction of capital assets	(5,714,541)	(4,560,621)	(1,573,553)	(405,275)	-
Net cash provided by (used for) capital and related financing activities	<u>(4,638,976)</u>	<u>(6,803,433)</u>	<u>(1,859,816)</u>	<u>(218,828)</u>	<u>(469,056)</u>
Cash flows from investing activities					
Interest on investments	58,267	57,564	13,898	4,254	124
Net cash provided by (used for) investing activities	<u>58,267</u>	<u>57,564</u>	<u>13,898</u>	<u>4,254</u>	<u>124</u>
Net increase (decrease) in cash	1,364,756	(85,252)	84,661	149,801	(530)
Cash, beginning of year	<u>7,640,856</u>	<u>10,321,574</u>	<u>2,270,521</u>	<u>553,222</u>	<u>123,595</u>
Cash, end of year (a)	<u>\$ 9,005,612</u>	<u>\$ 10,236,322</u>	<u>\$ 2,355,182</u>	<u>\$ 703,023</u>	<u>\$ 123,065</u>
(a) Shown on the statement of net position as:					
Cash and investments	\$ 6,971,876	\$ 5,409,691	\$ 1,774,802	\$ 666,207	\$ 123,065
Restricted cash and investments	2,033,736	4,826,631	580,380	36,816	-
	<u>\$ 9,005,612</u>	<u>\$ 10,236,322</u>	<u>\$ 2,355,182</u>	<u>\$ 703,023</u>	<u>\$ 123,065</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

	Business Type Activities			Governmental Activities
	State Special Projects	Total Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 383,402	\$ 3,766,111	\$ 32,646,614	\$ 3,856,277
Receipts from interfund services provided	-	937,456	937,456	13,084,680
Receipts from others	-	70,522	750,650	16,953
Receipts from other governments	-	-	316,036	-
Payments to suppliers	-	(1,604,207)	(7,877,619)	(10,260,436)
Payments to employees	-	(2,872,490)	(7,450,739)	(4,436,278)
Payments for interfund services used	-	(604,268)	(3,904,501)	(600,802)
Payments to others	-	(31,888)	(108,179)	(9,856)
Net cash provided by (used for) operating activities	<u>383,402</u>	<u>(338,764)</u>	<u>15,309,718</u>	<u>1,650,538</u>
Cash flows from noncapital financing activities				
Transfers in	-	1,098,012	1,202,370	102,405
Interfund cash flow loans	-	(147,699)	(147,699)	(4,028)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>950,313</u>	<u>1,054,671</u>	<u>98,377</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	-	866	1,528	55,157
Principal payments received - advances	-	-	-	92,123
New borrowing	-	-	2,267,701	-
Principal payments - revenue bonds	-	(250,000)	(3,225,033)	-
Principal payments - capital leases	-	(157,462)	(157,462)	-
Principal payments - loans	(293,546)	-	(293,546)	(38,432)
Interest paid	(89,856)	(17,025)	(1,136,330)	(2,641)
Acquisition/construction of capital assets	-	(75,125)	(12,329,115)	(1,263,347)
Net cash provided by (used for) capital and related financing activities	<u>(383,402)</u>	<u>(498,746)</u>	<u>(14,872,257)</u>	<u>(1,157,140)</u>
Cash flows from investing activities				
Interest on investments	-	(40,025)	94,082	39,628
Net cash provided by (used for) investing activities	<u>-</u>	<u>(40,025)</u>	<u>94,082</u>	<u>39,628</u>
Net increase (decrease) in cash	-	72,778	1,586,214	631,403
Cash, beginning of year	<u>-</u>	<u>1,697,821</u>	<u>22,607,589</u>	<u>5,481,997</u>
Cash, end of year (a)	<u>\$ -</u>	<u>\$ 1,770,599</u>	<u>\$ 24,193,803</u>	<u>\$ 6,113,400</u>
(a) Shown on the statement of net position as:				
Cash and investments	\$ -	\$ 1,695,516	\$ 16,641,157	\$ 3,576,910
Restricted cash and investments	-	75,083	7,552,646	2,536,490
	<u>\$ -</u>	<u>\$ 1,770,599</u>	<u>\$ 24,193,803</u>	<u>\$ 6,113,400</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

Business Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Port Authority</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 2,887,332	\$ 3,321,198	\$ 506,022	\$ 100,543	\$ 346,547
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
GASB 68 pension expense	(30,259)	(12,172)	(393)	(16,988)	-
Depreciation expense	3,035,806	2,429,975	1,186,613	196,486	117,986
Cash provided (used) by changes in operating assets and liabilities					
(Increase) decrease in accounts receivable	436,031	295,853	35,583	53,919	3,869
(Increase) decrease in due from other governments	160,336	155,700	-	-	-
(Increase) decrease in inventories	(8,047)	-	-	-	-
(Decrease) increase in accounts payable	(696,494)	56,449	28	3,695	-
(Decrease) increase in other liabilities	67,489	(40,067)	1,157	8,254	-
(Decrease) increase in compensated absences payable	(20,581)	708	-	2,374	-
Other nonoperating revenue	113,852	452,973	97,211	16,092	-
Total adjustments	<u>\$ 3,058,133</u>	<u>\$ 3,339,419</u>	<u>\$ 1,320,199</u>	<u>\$ 263,832</u>	<u>\$ 121,855</u>
Net cash provided by (used for) operating activities	<u>\$ 5,945,465</u>	<u>\$ 6,660,617</u>	<u>\$ 1,826,221</u>	<u>\$ 364,375</u>	<u>\$ 468,402</u>

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Business Type Activities</u>			<u>Governmental Activities</u>
	<u>State Special Projects</u>	<u>Total Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$105,635	\$ (947,292)	\$ 6,319,985	\$ 935,263
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
GASB 68 pension expense	-	(35,312)	(95,124)	(62,655)
Depreciation expense	277,767	674,351	7,918,984	770,504
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	-	1,390	826,645	(98,807)
(Increase) decrease in due from other governments	-	(86,155)	229,881	-
(Increase) decrease in inventories	-	22,689	14,642	26,138
(Decrease) increase in accounts payable	-	(22,541)	(658,863)	52,345
(Decrease) increase in other liabilities	-	(32,251)	4,582	-
(Decrease) increase in compensated absences payable	-	15,835	(1,664)	10,797
Other nonoperating revenue	-	70,522	750,650	16,953
Total adjustments	\$277,767	\$ 608,528	\$ 8,989,733	\$ 715,275
Net cash provided by (used for) operating activities	\$383,402	\$ (338,764)	\$ 15,309,718	\$ 1,650,538

City of Great Falls
Statement of Net Position
Fiduciary Funds
June 30, 2016

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 128,262	\$ 242,340
Special assessments receivable	-	899,862
Payroll receivable	-	994,331
Due from other governments		147
Due from agency fund	81,065	
Total assets	<u>209,327</u>	<u>2,136,680</u>
Liabilities		
Accounts payable	-	913,266
Assets held for others	-	1,069,233
Other liabilities	-	73,116
Due to trust fund		81,065
Total liabilities	<u>-</u>	<u>\$ 2,136,680</u>
Net position		
Held in trust	<u>209,327</u>	
Total net position	<u>\$ 209,327</u>	

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

City of Great Falls
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Private-Purpose Trust Funds
Additions	
Private contributions	\$ 2,738
Investment earnings	1,165
Deductions	
Refunds of contributions	-
Change in net position	3,903
Net position - beginning	205,424
Net position - ending	\$ 209,327

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

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

A. Description of government-wide financial statements

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

B. Reporting Entity

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

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

On September 21, 2004, the City Commission passed Resolution 9425 authorizing the City Commission to Exercise Powers of a Port Authority and reaffirmed Resolution 8841 with City Commissioners as Port Authority Commissioners. The Port Authority governing body is the City Commission. 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 reported as a blended component unit of the City of Great Falls. This component unit is blended as a proprietary fund presented in these financial statements.

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies- continued

B. Reporting Entity-continued

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

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

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

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

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

During the year ended March 31, 2016, the Public Library Foundation distributed \$170,542 to the City for both restricted and unrestricted purposes. Complete financial statements for the Public Library Foundation may be obtained by writing the Public Library Foundation at P.O. Box 742, Great Falls, Montana, 59403.

Related Organization - Housing Authority

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

C. Basis of Presentation - government-wide financial statements

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies – continued

D. Basis of Presentation - fund financial statements

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

The City reports the following major governmental funds:

General Fund

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

Street District Fund

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

Federal Block Grant Fund

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Storm Drain Fund

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

Sanitation Fund

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

Port Authority Fund

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

Special State Projects Fund

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies – continued

D. Basis of Presentation - fund financial statements - continued

Additionally, the City reports the following types:

Internal Service Funds

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

Private-Purpose Trust Funds

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

Agency Funds

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

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

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

E. Measurement Focus/ Basis of Accounting

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies - continued

E. Measurement Focus/Basis of Accounting – continued

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

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

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

The proprietary and private-purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and investments

The City's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Generally, cash resources of the individual funds are combined to form a pool of cash and investments which is managed within the Fiscal Services Department. Investment criteria are established via Montana Code Annotated (MCA) 7-6-202 and the City's investment policy. Investments, with limited exceptions, are reported at fair value. Investments, in nonparticipating certificates of deposit are reported at cost. Money market investments, including U.S. Treasury and Agency obligations that mature within one year of acquisition are reported at amortized cost. The difference between amortized cost is deemed immaterial and all investments will be reported at Fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined annually, and required the use of valuation techniques, a specific method or combination of methods using one or more of three approaches: market, cost or income approach.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies - continued

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

1. Cash and Investments - continued

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 a letter of credit or 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.

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

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

2. Receivables

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

3. Interfund Receivables/Payables

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

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies - continued

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

3. Interfund Receivables/Payables - continued

Advances To/From Other Funds - Represent the noncurrent portion of long-term loans between funds within the City. For year-end reporting purposes, the cash deficit for the Golf Course fund has been classified as an advance due to the length of time the fund has had a cash deficit.

4. Inventories and Prepaid Items

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

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

5. Capital Assets

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

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

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

The estimated useful lives are as follows:

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies - continued

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

6. Equipment Replacement Reserves

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

7. Compensated Absences

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Net Position Flow Assumption

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

G. Encumbrances

The City does not utilize a formal encumbrance accounting system.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

1. Summary of Significant Accounting Policies - continued

H. Pensions

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

2. Cash and Investments

The composition of the City's cash and investments, including restricted cash and investments on June 30, 2016 was as follows:

	Primary Government	Component Units		
		Business Improvement District	Tourism Business Improvement District	Public Library Foundation
Cash on hand	\$ 9,670	\$ 281	\$ -	\$ -
Deposits in banks	7,842,516	72,738	897,804	12,860
Time deposits	16,000,000	-	-	-
Savings deposits	-	-	-	-
Certificates of deposit	43,765	-	165,897	-
U.S. government securities	16,422,688	-	-	-
Short term investment pool (STIP)	10,977,073	-	-	-
Money market funds	6,280	51,421	-	71,227
Mutual funds	-	-	-	3,469,881
Equity securities	-	-	-	-
Totals	<u>\$ 51,301,992</u>	<u>\$ 124,440</u>	<u>\$ 1,063,701</u>	<u>\$ 3,553,968</u>

The City's cash and investments for the primary government at June 30, 2016 are reported as:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 23,573,717	\$ 16,641,157	\$ 370,602	\$ 40,585,476
Restricted cash and investments	3,163,870	7,552,646	-	10,716,516
Totals	<u>\$ 26,737,587</u>	<u>\$ 24,193,803</u>	<u>\$ 370,602</u>	<u>\$ 51,301,992</u>

At June 30, 2016, the carrying amount of the City's deposits in banks was \$7,842,518 and the bank balance was \$9,255,840. Of the bank balance \$341,610 was covered by federal depository insurance and \$8,914,230 was covered by a letter of credit from a federal home bank in the City's name. The time deposits of \$16,000,000 were covered by federal depository insurance.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

2. Cash and Investments - continued

At June 30, 2016, the carrying amount of deposits for the Great Falls Business Improvement District, a discretely presented component unit, was \$124,159 and the bank balance was \$124,159. Of the bank balance, \$124,159 was covered by federal depository insurance.

At June 30, 2016, the carrying amount of deposits for the Great Falls Tourism Business Improvement District, a discretely presented component unit was \$897,804 and the bank balance was \$897,804. Of the bank balance, \$883,802 was covered by federal depository insurance. At June 30, 2016, the Great Falls Tourism Improvement District had \$14,002 of cash in excess of FDIC insured limits. This amount was uncollateralized.

At March 31, 2016, the carrying amount of deposits for the Great Falls Public Library Foundation, a discretely present component unit, was \$84,087 and the bank balance was \$83,722. Of the carrying amount of deposits, \$12,860 was covered by federal depository insurance and \$71,227 was covered by Securities Investors Protection Corporation.

Montana statutes require that the City have securities for deposits equal to 50% of its total deposits that are not insured or guaranteed, held in the City's name by the pledging bank's trustee. The City was in compliance with this statute at June 30, 2016. The City's policy is to have securities for deposits equal to 100% of its insured or guaranteed yield in the City's name. Types of securities that may be pledged as collateral are detailed in MCA 17-6-103.

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

Investments by fair value level

Fair Value	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 43,765	\$ -	\$ 43,765	\$ -
Insured cash sweeps	16,000,000	16,000,000	-	-
U.S. treasuries	7,499,133	7,499,133	-	-
U.S. agencies	8,923,555	8,923,555	-	-
Money market funds	6,280	-	6,280	-
Totals	\$ 32,472,733	\$ 32,422,688	\$ 50,045	\$ -

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy, as follows, is based on the valuation inputs used to measure fair value. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

- Level 1 Inputs— Quoted prices in active markets for identical assets; these investments are valued using prices quoted in active markets.
- Level 2 Inputs—Significant other observable inputs; these investments are valued using inputs other than Level 1 that observable, either indirectly, such as quoted market prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by market data for the full term of the assets or liabilities.
- Level 3 Inputs—Significant unobservable inputs; these investments are valued using fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The City voluntarily participates in the STIP administered by the Montana Board of Investments (MBOI). STIP is recorded at Net Asset Value. A local government's STIP ownership is represented by shares, the prices of which are fixed at \$1.00 per share,

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

2. Cash and Investments - continued

and participants may buy or sell shares with one business day's notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission. STIP is not FDIC-insured or otherwise insured or guaranteed by the federal government, the State of Montana, the MBOI or any other entity against investment losses, and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation. The STIP investment portfolio consists of securities with maximum maturity of 2 years. Information on investments held in the STIP can be found in the Annual Report on the MBOI website at <http://investmentmt.com/AnnualReportsAudits>.

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. The City has the policy of placing restricted investments in the short term investment pool. At June 30, 2016, the City had the following investments:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Cash on hand, deposits in banks, savings deposits	\$ 7,852,186	\$ 7,852,186	\$ -
Certificates of deposit	43,765	43,765	-
Insured cash sweeps	16,000,000	16,000,000	-
U.S. treasuries	7,499,133	599,796	6,899,337
U.S. agencies	8,923,555	500,000	8,423,555
Short term investment pool (STIP)	10,977,073	10,977,073	-
Money market funds	6,280	6,280	-
Totals	<u>\$ 51,301,992</u>	<u>\$ 35,979,100</u>	<u>\$ 15,322,892</u>

Custodial credit risk

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

Interest rate risk

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

Credit risk

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

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 3.46% in Federal Home Loan Bank which had a

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

2. Cash and Investments – continued

credit rating of "AAA" at June 30, 2016; 2.31% in Federal Home Loan Mortgage Corporation which had a credit rating of "AAA" at June 30, 2016; 7.5% in Federal Farm Credit Bureau which had a credit rating of "AAA" at June 30, 2016 and 7.15% in Federal National Mortgage Association which had a credit rating of "AAA" at June 30, 2016.

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.

Restricted Cash and Investments

Cash and investments of \$10,716,516 are restricted by bond covenants, state statute, or for specific purposes as follows:

Governmental Activities			
Nonmajor governmental funds			
Library - improvements		\$	110,880
Natural Resources - projects			31,886
West Bank TID Bonds - current debt service	\$ 88,762		
West Bank TID Bonds - bond reserves	<u>216,165</u>		
Subtotal West Bank TID Bonds			304,927
SID Bonds - security reserves			179,687
Internal Service funds			
Central Garage - vehicle and equipment replacement			2,157,899
Information Technology - information systems	207,629		
Information Technology - vehicle and equipment replacement	<u>6,324</u>		
Subtotal Information Technology			213,953
Engineering - vehicle and equipment replacement			62,251
Public Works Admin - vehicle and equipment replacement			5,271
Civic Center Facility Service - improvements			<u>97,116</u>
Total Governmental Activities			3,163,870
Business Activities			
Water			
Current debt service	328,066		
Bond reserves	328,066		
Operating reserves	442,090		
Vehicle and equipment replacement	<u>935,514</u>		
Subtotal Water			2,033,736
Sewer			
Current debt service	1,109,609		
Bond reserves	2,241,398		
Operating reserves	442,686		
Vehicle and equipment replacement	<u>1,032,938</u>		
Subtotal Sewer			4,826,631
Storm Drain			
Current debt service	143,460		
Bond reserves	286,920		
Repair and replacement reserves	<u>150,000</u>		
Subtotal Storm Drain			580,380
Sanitation			
Bond reserves			36,816
Nonmajor enterprise funds			
Parking - vehicle and equipment replacement			49,026
Recreation - vehicle and equipment replacement			11,561
Civic Center Events - improvements			<u>14,496</u>
Total Business Activities			7,552,646
Total			<u>\$ 10,716,516</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

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, 2016 were within legal limits.

Taxes are due in semi-annual installments on November 30 and May 31 of each 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, 2016 consists of the following:

Federal Block Grant:		
Deferred payment loan program (a) (b)	\$	2,282,885
Nonmajor governmental funds:		
Home Grant - deferred payment loan program (a)		<u>40,000</u>
Total		<u>\$ 2,322,885</u>

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

4. Interfund Receivables, Payables, and Transfers

Due to/from Other City Funds

The due to other City funds balances reported in the fund financial statements represent credit cash balances in the individual funds at year-end with an offsetting due from other City funds in the corresponding funds. Due to the netting from types these are not part of the government-wide statement of net position.

Due to/from other City funds at June 30, 2016 consists of the following:

Receivable Fund	Payable Fund	
Nonmajor governmental fund - Police Special Revenue	Nonmajor governmental fund - HIDTA Special Revenue	\$ 32,053
Total		<u>\$ 32,053</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

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 general fund reported in the golf courses fund represents a long-term credit cash balance. The advance from the central garage fund reported in the general and nonmajor governmental fund - park & recreation resulted from a loan made for Centene Stadium improvements. The advances paid from the general and nonmajor governmental fund - park & recreation for the Centene Stadium improvements are being repaid in annual installments including interest. Due to the netting from types the general fund loaning to the golf courses fund is the only transaction that is part of the government-wide statement of net position.

Interfund loans receivable/payable at June 30, 2016 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund - Central Garage	General	\$ 72,518
Total		<u>\$ 72,518</u>

Advances to/from other funds at June 30, 2016 consists of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Courses	\$ 764,253
Internal service fund - Central Garage	General	\$ 105,743
Total		<u>\$ 869,996</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, 2016 consists of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Major governmentnal fund		
Street	\$ 1,337	Transfers from CTEP for refund of contribution for project.
Nonmajor governmental funds		
Library	371,137	Transfers from general fund to library for operation support.
Planning & Community Development	141,939	Transfer from general fund to planning & community development for operation support.
Natural Resources	164,918	Transfer from general fund to natural resources for operation support.
CTEP Projects	1,093	Transfer from street district fund for CTEP project
General Obligation Taxable Bonds	148,338	Transfer from general fund to general obligation taxable bonds for debt service.
General Capital Projects	131,912	Transfer from general fund for IT generator [\$72,000]. Transfer from general fund for animal shelter incenerator [\$40,000]. Transfer from general fund to sepearate capital project fund at animal shelter [\$19,912].
Hazard Removal	50,000	Transfers from general fund for future hazard removal projects.
	<u>1,009,337</u>	Subtotal of nonmajor governmental funds

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

4. Interfund Receivables, Payables, and Transfers - continued

Transfers - continued

Recipient Fund	Amount	Purpose
Major Enterprise fund		
Storm Drain	104,358	Transfer from Economic Revolving for reimbursement of prior year improvements at Med Tech lots.
Nonmajor enterprise funds		
Golf Courses	100,000	Transfer from general fund to golf courses for operations support
Swimming Pools	381,389	Transfer from general fund to swimming pools for operations support.
911 Dispatch Center	369,636	Transfer from nonmajor governmental fund - 911 special revenue to 911 dispatch center for dispatch services.
Recreation	59,226	Transfer from general fund to recreation for operation support.
Civic Center Events	187,761	Transfer from general fund to civic center events for operation support.
	<u>1,098,012</u>	Subtotal of nonmajor enterprise funds
Internal service funds		
Information Technology	26,327	Transfer from nonmajor governmental fund - 911 special revenue to information technology for mapping tech position [\$13,305]. Transfer from general fund to information technology for mapping tech position [\$13,022].
Engineering	76,078	Transfer from general fund to engineering for operation support [63,143]. Transfer from CTEP for engineering services [\$12,935].
	<u>102,405</u>	Subtotal of internal service funds
Total	<u><u>\$ 2,315,449</u></u>	

5. Due From Other Governments

Amounts due from other governments at June 30, 2016 were as follows:

Fund	Federal	State	County	Other	Total
General	\$ 5,325	\$ -	\$ 216,894	\$ -	\$ 222,219
Street District	-	-	5,773	-	5,773
Federal Block Grant	54,695	-	-	28,460	83,155
Nonmajor governmental funds	-	-	-	-	-
Library	-	-	89,307	-	89,307
Planning & Community Development	74,969	-	-	-	74,969
Downtown TID	-	-	141	-	141
Natural Resources	-	-	556	-	556
Portage Meadows	-	-	48	-	48
Support & Innovation	-	-	366	-	366
HIDTA Special Revenue	50,223	-	-	-	50,223
Home Grant	3,455	-	-	-	3,455
CTEP Projects	190,434	-	-	-	190,434
Housing Authority	-	-	-	56,078	56,078
Street Lighting Districts	-	-	1,902	-	1,902
Soccer Park GO Bond	-	-	180	-	180
Swimming Pool GO Bond	-	-	285	-	285
Master Debt SILD	-	-	50	-	50
Subtotal nonmajor governmental funds	<u>319,081</u>	<u>-</u>	<u>92,835</u>	<u>56,078</u>	<u>467,994</u>
Sewer	-	4,568	-	-	4,568
Sanitation	-	218,635	-	-	218,635
Nonmajor enterprise - 911 Dispatch Center	86,155	-	-	-	86,155
Totals	<u><u>\$ 465,256</u></u>	<u><u>\$ 223,203</u></u>	<u><u>\$ 315,502</u></u>	<u><u>\$ 84,538</u></u>	<u><u>\$ 1,088,499</u></u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 9,825,168	\$ -	\$ (71,822)	\$ 9,753,346
Intangible	218,276	-	-	218,276
Construction in Progress	503,887	1,780,614	(391,790)	1,892,711
	<u>10,547,331</u>	<u>1,780,614</u>	<u>(463,612)</u>	<u>11,864,333</u>
Capital assets, being depreciated:				
Buildings	15,218,466	-	(33,049)	15,185,417
Improvements	40,705,901	1,470,496	(1,809,920)	40,366,477
Machinery and equipment	20,842,086	1,495,960	(2,541,304)	19,796,742
Infrastructure	75,045,454	-	-	75,045,454
	<u>151,811,907</u>	<u>2,966,456</u>	<u>(4,384,273)</u>	<u>150,394,090</u>
Less accumulated depreciation for:				
Buildings	(8,314,795)	(400,595)	33,049	(8,682,341)
Improvements	(19,814,474)	(1,571,895)	1,809,921	(19,576,448)
Machinery and equipment	(15,122,313)	(1,009,855)	2,522,881	(13,609,287)
Infrastructure	(46,676,849)	(1,558,219)	-	(48,235,068)
	<u>(89,928,431)</u>	<u>(4,540,564)</u>	<u>4,365,851</u>	<u>(90,103,144)</u>
Total capital assets, being depreciated, net	<u>61,883,476</u>	<u>(1,574,108)</u>	<u>(18,422)</u>	<u>60,290,946</u>
Governmental activities capital assets, net	<u>\$ 72,430,807</u>	<u>\$ 206,506</u>	<u>\$ (482,034)</u>	<u>\$ 72,155,279</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 3,948,391	\$ -	\$ -	\$ 3,948,391
Construction in Progress	29,503,111	5,591,319	(27,747,941)	7,346,489
	<u>33,451,502</u>	<u>5,591,319</u>	<u>(27,747,941)</u>	<u>11,294,880</u>
Capital assets, being depreciated:				
Buildings	38,960,893	-	(4,456,434)	34,504,459
Improvements	95,369,009	33,885,765	(219,083)	129,035,691
Machinery and equipment	14,253,217	808,481	(1,939,497)	13,122,201
Infrastructure	86,888,278	-	-	86,888,278
	<u>235,471,397</u>	<u>34,694,246</u>	<u>(6,615,014)</u>	<u>263,550,629</u>
Less accumulated depreciation for:				
Buildings	(20,693,789)	(967,268)	4,288,862	(17,372,195)
Improvements	(43,868,740)	(4,496,619)	219,083	(48,146,276)
Machinery and equipment	(10,675,283)	(575,635)	1,921,924	(9,328,994)
Infrastructure	(44,344,429)	(1,879,462)	-	(46,223,891)
	<u>(119,582,241)</u>	<u>(7,918,984)</u>	<u>6,429,869</u>	<u>(121,071,356)</u>
Total capital assets, being depreciated, net	<u>115,889,156</u>	<u>26,775,262</u>	<u>(185,145)</u>	<u>142,479,273</u>
Business-type activities capital assets, net	<u>\$ 149,340,658</u>	<u>\$ 32,366,581</u>	<u>\$ (27,933,086)</u>	<u>\$ 153,774,153</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

6. Capital Assets - continued

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

<u>Governmental activities</u>	
General government	\$ 500,595
Public safety	176,236
Public works	2,720,357
Culture and recreation	731,235
Housing and development	412,141
Total governmental activities	<u>\$ 4,540,564</u>
<u>Business-type activities</u>	
Water	\$ 3,035,806
Sewer	2,429,975
Storm Drain	1,186,613
Sanitation	196,486
Port Authority	117,986
Special State Projects	277,767
Other	674,351
Total business-type activities	<u>\$ 7,918,984</u>

Discretely Presented Component Unit

Capital assets activity for the Business Improvement District for the year ended June 30, 2016 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 562,919	\$ -	\$ -	\$ 562,919
Equipment	25,163	10,313	-	35,476
	588,082	10,313	-	598,395
Less accumulated depreciation for	(199,218)	(16,643)	-	(215,861)
Total capital assets, being depreciated, net	<u>388,864</u>	<u>(6,330)</u>	<u>-</u>	<u>382,534</u>
Business Improvement District				
capital assets, net	<u>\$ 388,864</u>	<u>\$ (6,330)</u>	<u>\$ -</u>	<u>\$ 382,534</u>

7. 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, 2016 were as follows:

Governmental activities	
Business-type activities	\$ 3,551,075
Total	<u>531,739</u>
	<u>\$ 4,082,814</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt - continued

Loans and Contracts Payable

Major Governmental – General Fund

The City Commission on December 1, 2015, authorized the borrowing of \$801,098 with only \$796,859 being drawn in Intercap funds for the purchase of two (2) fire trucks. The term of the loan was ten (10) years with an initial interest rate of 1.25%.

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 General Fund revenue. The interest calculations are projected based on the current interest rate charged of 1.55%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 75,093	\$ 10,907	\$ 86,000
2018	76,303	9,697	86,000
2019	77,491	8,509	86,000
2020	78,699	7,301	86,000
2021	79,924	6,076	86,000
2022-2026	334,055	11,671	345,726
Totals	<u>\$ 721,565</u>	<u>\$ 54,162</u>	<u>\$ 775,727</u>

Nonmajor Governmental - Master Debt SILD Fund

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

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

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

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

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Loans and Contracts Payable- continued
Nonmajor Governmental - Master Debt SILD Fund-continued

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

The City Commission, on June 16, 2015, authorized the borrowing of \$58,000 in InterCap funds by the General Fund for the purpose of designing and installing city street lights in Stone Meadows Addition Phase II. The term of the loan was fifteen (15) years with an initial interest rate of 1.25%.

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 1.55%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 12,383	\$ 1,410	\$ 13,793
2018	8,863	1,218	10,081
2019	9,144	1,080	10,224
2020	9,409	938	10,347
2021	8,762	792	9,554
2022-2026	26,955	2,367	29,322
2027-2031	17,692	659	18,351
Totals	<u>\$ 93,208</u>	<u>\$ 8,464</u>	<u>\$ 101,672</u>

The City follows the policy of early redemption on these loans resulting in the larger debt service requirement in Fiscal Year 2017.

Internal Service Fund - Engineering

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

The rates for these InterCap loans are adjusted annually on February 16th. The interest rate varies based on the underlying bond rate of the Montana Board of Investments Municipal Finance Consolidation Act Bonds. The loan will be repaid from the Engineering internal service fund. The interest calculations are projected based on the current interest rate charged of 1.55%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 89,185	\$ 2,676	\$ 91,861
2018	39,953	1,292	41,245
2019	40,736	669	41,405
2020	12,583	98	12,681
Totals	<u>\$ 182,457</u>	<u>\$ 4,734</u>	<u>\$ 187,192</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Loans and Contracts Payable- continued
Major Enterprise Fund – Sanitation

The City Commission, on March 15, 2016, authorized the borrowing of \$1,540,000 in Intercap funds for the purpose of purchasing six (6) sanitation trucks. The term of the loan was six (6) years with an initial interest rate of 1.55%. The loan is on a reimbursement basis. As of June 30, 2016 the loan had not been reimbursed in full and the balance is based on the amount that has been reimbursed.

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 Sanitation enterprise fund. The interest calculations are projected based on the current interest rate charged of 1.55%. At the end of June 30, 2016, only \$404,981 of the loan was reimbursed.

The more significant provisions and covenants require that reserves be maintained for debt service 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. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2016 the City was in compliance with all significant provisions and covenants.

Shown below are the bond reserves of the Sanitation fund and the calculation of the coverage covenant as of June 30, 2016.

<u>Bond Reserves</u>	
Bond reserves	\$ 36,816
 <u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 3,473,605
Operating expenses	<u>(3,155,439)</u>
Net revenues	<u>\$ 318,166</u>
Maximum annual debt service requirement	<u>\$ 74,913</u>
Percent coverage	<u>424.71%</u>
Percent coverage required	<u>125.00%</u>

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 31,000	\$ 4,667	\$ 35,667
2018	69,686	5,227	74,913
2019	70,288	4,144	74,432
2020	70,900	3,052	73,952
2021	71,520	1,951	73,471
2022-2027	91,587	840	92,427
Totals	<u>\$ 404,981</u>	<u>\$ 19,881</u>	<u>\$ 424,862</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Loans and Contracts Payable- continued

Major Enterprise Fund – Sanitation - continued

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

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.

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

Special State Projects Fund

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

Notes payable outstanding at June 30, 2016 are as follows:

	Business-Type Activities					
	Start Date	Interest Rate	Term (Years)	Maturity Date	Loan Issued	Balance June 30, 2016
Port Authority Improvements	03-02-2005	4.00%	20	10-01-2025	\$ 1,075,000	\$ 607,946
Port Authority Improvements	11-30-2007	4.43%	18 ¼	09-30-2025	4,763,794	2,953,744
Special State Projects Improvements	04-18-2014	1.98%	15	04-15-2029	4,999,800	4,366,205
Total						<u><u>\$ 7,927,895</u></u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Notes Payable- continued

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2017	\$ 615,919	\$ 232,670	\$ 848,589
2018	635,960	212,629	848,589
2019	656,746	191,844	848,590
2020	677,892	170,697	848,589
2021	700,660	147,929	848,589
2022-2026	3,555,051	377,666	3,932,717
2027-2029	1,085,667	32,589	1,118,256
Totals	<u>\$ 7,927,895</u>	<u>\$ 1,366,024</u>	<u>\$ 9,293,919</u>

General Obligation Bonds

Nonmajor Governmental - Soccer Park GO Bond

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

Nonmajor Governmental - Swimming Pool GO Bond

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

General obligation bonds outstanding at June 30, 2016, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2016
Series 2014A Soccer	04-03-2014	2.00 - 2.55%	10	07-01-2024	\$ 1,480,000	\$ 1,190,000
Series 2014A Swimming Pools	04-03-2014	2.00%	4	07-01-2017	\$ 870,000	255,000
Total						<u>\$ 1,445,000</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

General Obligation Bonds-continued

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 395,000	\$ 31,249	\$ 426,249
2018	140,000	23,349	163,349
2019	145,000	20,549	165,549
2020	145,000	17,649	162,649
2021	150,000	14,749	164,749
2022-2024	470,000	23,090	493,090
Totals	<u>\$ 1,445,000</u>	<u>\$ 130,635</u>	<u>\$ 1,575,635</u>

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

General Obligation Taxable Bonds

Nonmajor Governmental - General Obligation Taxable Bonds

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

Limited tax general obligation bonds (taxable) outstanding at June 30, 2016, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2016
Series 2014B Limited Tax General Obligation Bonds (Taxable)	04-03-2014	1.00 - 3.60%	8	07-01-2022	\$1,065,000	\$ 790,000

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

General Obligation Taxable Bonds - continued

Nonmajor Governmental - General Obligation Taxable Bonds - continued

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 125,000	\$ 21,550	\$ 146,550
2018	125,000	19,550	144,550
2019	130,000	16,925	146,925
2020	135,000	13,545	148,545
2021	135,000	9,495	144,495
2022	140,000	5,040	145,040
Totals	<u>\$ 790,000</u>	<u>\$ 86,105</u>	<u>\$ 876,105</u>

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

Urban Renewal Tax Increment Bonds Payable

Nonmajor Governmental - West Bank Tax Increment District Bonds

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

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

Tax increment bonds outstanding at June 30, 2016 are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2016
Series 2009A	07-30-2009	3.00 - 5.80%	25	07-01-2034	\$ 2,000,000	\$ 1,690,000
Series 2012	03-01-2012	2.00 - 4.00%	20	07-01-2032	855,000	715,000
Total						<u>\$ 2,405,000</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Urban Renewal Tax Increment Bonds Payable - continued

Nonmajor Governmental - West Bank Tax Increment District Bonds - continued

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 95,000	\$ 117,118	\$ 212,118
2018	95,000	113,718	208,718
2019	100,000	110,175	210,175
2020	110,000	106,165	216,165
2021	110,000	101,405	211,405
2022-2026	630,000	427,346	1,057,346
2027-2031	795,000	258,668	1,053,668
2032-2034	470,000	51,120	521,120
Totals	<u>\$ 2,405,000</u>	<u>\$ 1,285,715</u>	<u>\$ 3,690,715</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 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 increments taxes received. At June 30, 2016, 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.

	Parity
<u>Bond reserves</u>	
Debt service account	\$ 88,762
Bond covenant reserve account	216,165
Total bond reserves	<u>\$ 304,927</u>
<u>Coverage covenant calculation</u>	
Increment taxes collected and available	\$ 348,904
Maximum annual debt service	\$ 216,165
Debt service coverage	1.61x
Debt Service coverage required	1.25x

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. 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, 2016 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, 2016</u>
1301	05-15-2005	3.50 - 5.00%	15	08-01-2020	\$ 630,000	\$ 125,000

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

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

Revenue Bonds Payable

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

Revenue bonds issued to make capital improvements outstanding at June 30, 2016 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, 2016</u>
Water 2000, Amended & Restated	01-16-2013	2.00%	8	01-01-2021	\$ 1,487,000	\$ 864,000
Water 2008, Amended & Restated	01-16-2013	3.00%	16	07-01-2028	3,225,000	2,621,000
Water 2009	07-16-2009	1.75%	20	07-01-2029	333,700	230,000
Water 2014	12-05-2014	2.50%	20	01-01-2034	2,700,893	2,487,893
Sewer 2002, Amended & Restated	01-16-2013	2.00%	9	01-01-2022	5,590,000	3,532,000
Sewer 2005	02-01-2005	3.00 - 4.15%	20	08-01-2024	5,005,000	2,510,000
Sewer 2009	10-01-2009	1.75%	20	07-01-2029	309,816	211,000
Sewer 2012	08-03-2012	3.00%	20	07-01-2032	3,800,000	2,950,553
Sewer 2013A	06-26-2013	3.00%	20	07-01-2033	7,084,000	6,269,000
Sewer 2013B	06-26-2013	3.00%	20	07-01-2034	7,084,000	5,776,000
Storm Drain 2004, Amended & Restated	01-16-2013	2.25%	11	01-01-2024	2,776,000	1,966,000
Total						<u>\$ 29,417,446</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Revenue Bonds Payable- continued

The Sewer revenue bonds issued August 3, 2012 are on reimbursement basis. As of June 30, 2016 the bonds had not been reimbursed in full and the balance is based on the amount that has been reimbursed.

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2017	\$ 2,702,000	\$ 834,485	\$ 3,536,485
2018	2,401,000	754,334	3,155,334
2019	2,466,000	708,768	3,174,768
2020	2,540,000	642,359	3,182,359
2021	2,504,000	574,605	3,078,605
2022-2026	8,003,000	1,948,367	9,951,367
2027-2031	6,372,553	839,576	7,212,129
2032-2034	2,428,893	108,416	2,537,309
Totals	<u>\$ 29,417,446</u>	<u>\$ 6,410,910</u>	<u>\$ 35,828,356</u>

Water Bond Covenants

The City issued the water system bonds pursuant to resolutions authorizing each debt issue, which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 110% 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, 2016 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, 2016.

Bond Reserves

Operating account	\$ 442,090
Debt service account	328,066
Bond covenant reserve account	328,066
Total revenue bond reserves	<u>\$ 1,098,222</u>
Repair and replacement account	935,514
Total reserves	<u>\$ 2,033,736</u>

Coverage Covenant Calculation

Gross revenues	\$ 11,174,098
Operating expenses	<u>(5,184,456)</u>
Net revenues	<u>\$ 5,989,642</u>
Maximum annual debt service requirement	<u>\$ 656,075</u>
Percent coverage	<u>912.95%</u>
Percent coverage required	<u>110.00%</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Revenue Bonds Payable - continued
Water Bond Covenants – continued

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

Sewer Bond Covenants

The City issued the sewer system bonds pursuant to resolutions authorizing each debt issue, which includes the various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2016, 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, 2016.

<u>Bond Reserves</u>	
Operating account	\$ 442,686
Debt service account	1,109,609
Bond covenant reserve account	2,241,398
Total revenue bond reserves	<u>\$ 3,793,693</u>
Repair and replacement account	1,032,938
Total reserves	<u><u>\$ 4,826,631</u></u>
<u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 10,604,406
Operating expenses	(4,790,402)
Net revenues	<u>\$ 5,814,004</u>
Maximum annual debt service requirement	<u>\$ 2,594,536</u>
Percent coverage	<u>224.09%</u>
Percent coverage required	<u><u>125.00%</u></u>

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

Storm Drain Bond Covenants

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Revenue Bonds Payable - continued

Storm Drain Bond Covenants - continued

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, 2016, 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, 2016.

Bond Reserves

Bond covenant reserve account	\$ 430,380
Total revenue bond reserves	\$ 430,380
Repair and replacement account	150,000
Total reserves	\$ 580,380

Coverage Covenant Calculation

Gross revenues	\$ 2,120,599
Operating expenses	(412,388)
Net revenues	\$ 1,708,211
Maximum annual debt service requirement	\$ 286,920
Percent coverage	595.36%
Percent coverage required	125.00%

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

Capitalized Interest Expense

During the year ended June 30, 2016 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 \$109,432, the sewer fund incurred a net of \$78,356, and the storm drain fund incurred a net of \$20,718 in such capitalized interest expenses during the year ended June 30, 2016.

Net Pension Liability

Public Employees' Retirement System (PERS)

At June 30, 2016, the City recorded a liability \$18,745,848 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the Total Pension Liability to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on the employer's contributions received by PERS during the measurement period July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of PERS' participating employers. At June 30, 2016 the City's proportion was 1.34%.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Net Pension Liability – continued

Firefighters' Unified Retirement System (FURS)

At June 30, 2016, the City recorded a liability of \$3,266,908 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the Total Pension Liability to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on the employer's contributions received by FURS during the measurement period July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of FURS' participating employers. At June 30, 2016 the City's proportion was 3.19%.

Municipal Police Officers' Retirement System (MPORS)

At June 30, 2016, the City recorded a liability of \$6,951,884 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the Total Pension Liability to the measurement date of June 30, 2015. The City's proportion of the net pension liability was based on the employer's contributions received by MPORS during the measurement period July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of MPORS' participating employers. At June 30, 2016 the City's proportion was 4.20%.

Other Post Employment Benefits (OPEB) Payable

Internal Service - Health & Benefits

OPEB payable, representing benefits earned by employees but payable after retirement, as of June 30, 2016 were as follows:

Governmental activities - internal service - health & benefits fund	\$1,644,923
---	-------------

No governmental fund has been used to liquidate the net pension obligation or net other post employment benefit obligations.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

7. Long-Term Debt- continued

Changes in Noncurrent liabilities

During the year ended June 30, 2016 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 3,404,485	\$ 388,824	\$ (242,234)	\$ 3,551,075	\$ 258,320
Loans and contracts payable					
General Fund	-	796,859	(75,294)	721,565	75,093
Master Debt SILD	69,003	55,807	(31,602)	93,208	12,383
Engineering	220,888	-	(38,431)	182,457	89,185
General obligation bonds payable					
Soccer Park Bond	1,325,000	-	(135,000)	1,190,000	140,000
Swim Pools Bond	510,000	-	(255,000)	255,000	255,000
General obligation taxable bonds payable	915,000	-	(125,000)	790,000	125,000
Urban renewal tax increment bonds payable					
West Bank TID Series 2009A	1,745,000	-	(55,000)	1,690,000	60,000
West Bank TID Series 2012	750,000	-	(35,000)	715,000	35,000
Special assessment debt					
SID No. 1301	175,000	-	(50,000)	125,000	40,000
Net pension liability	22,083,601	1,146,222	-	23,229,823	-
OPEB claims payable	1,455,312	189,611	-	1,644,923	-
Totals	<u>\$ 32,653,289</u>	<u>\$ 2,577,323</u>	<u>\$ (1,042,561)</u>	<u>\$ 34,188,051</u>	<u>\$ 1,089,981</u>
<u>Business-type activities</u>					
Compensated absences	\$ 533,403	\$ 76,920	\$ (78,584)	\$ 531,739	\$ 61,706
Capital leases - Swim Pools	157,464	-	(157,464)	-	-
Loans and contracts payable					
Sanitation	-	404,981	-	404,981	31,000
Notes payable					
Port Authority Improvements 2005	660,983	-	(53,037)	607,946	54,848
Port Authority Improvements 2007	3,203,496	-	(249,752)	2,953,744	261,417
State Special Projects Improvements	4,659,751	-	(293,546)	4,366,205	299,654
Revenue bonds payable					
Water 2000, Amended & Restated	1,046,000	-	(182,000)	864,000	185,000
Water 2008, Amended & Restated	2,800,000	-	(179,000)	2,621,000	185,000
Water 2009	246,000	-	(16,000)	230,000	16,000
Water 2014	881,686	1,714,207	(108,000)	2,487,893	111,000
Sewer 2002, Amended & Restated	4,135,000	-	(603,000)	3,532,000	615,000
Sewer 2005	3,145,000	-	(635,000)	2,510,000	630,000
Sewer 2009	225,000	-	(14,000)	211,000	14,000
Sewer 2012	2,805,633	299,920	(155,000)	2,950,553	159,000
Sewer 2013A	6,549,000	-	(280,000)	6,269,000	288,000
Sewer 2013B	5,971,017	67,227	(262,244)	5,776,000	256,000
Storm Drain 2004, Amended & Restated	2,204,000	-	(238,000)	1,966,000	243,000
Golf Courses 1998	45,000	-	(45,000)	-	-
Golf Courses 1999	205,000	-	(205,000)	-	-
Net pension liability	5,281,389	453,428	-	5,734,817	-
Totals	<u>\$ 44,754,822</u>	<u>\$ 3,016,683</u>	<u>\$ (3,754,627)</u>	<u>\$ 44,016,878</u>	<u>\$ 3,410,625</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans

Public Employees' Retirement System (PERS)

Plan Description

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

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature.

Summary of Benefits

Eligibility for benefit

Service retirement:

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

Hired on or after July 1, 2011:	Age 65, 5 years of membership service; Age 70, regardless of membership service.
---------------------------------	---

Early Retirement

Early retirement, actuarially reduced:

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

Hired on or after July , 2011:	Age 55, 5 years of membership service.
--------------------------------	--

Vesting

5 years of membership service

Member's highest average compensation (HAC):

Hired prior to July 1, 2011 - the highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 - the highest average compensation during any consecutive 60 months;

Compensation Cap

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

The monthly benefit formula is:

1) Members hired prior to July 1, 2011:

i) Less than 25 years of membership service: 1.785% of HAC per year of service credit;

ii) 25 years of membership service or more: 2% of HAC per year of service credit.

2) Members hired on or after July 1, 2011:

i) Less than 10 years of membership service: 1.5% of HAC per year of service credit;

ii) 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;

iii) 30 years or more of membership service: 2% of HAC per year of service credit.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans- continued

Public Employees' Retirement System (PERS)- continued
Summary of Benefits – continued

Guaranteed Annual Benefit Adjustment (GABA)

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

3% for members hired prior to July 1, 2007;

1.5% for members hired on or after July 1, 2007 and June 30, 2013

Members hired on or after July 1, 2013:

- a) 1.5% for each year PERS is funded at or above 90%;
- b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
- c) 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state legislature has the authority to establish and amend contribution rates to the plan. Member and employer contributions rates are shown in the table below.

- 1) Member contributions to the system of 7.90% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years following the reduction of both the additional employer and additional member contribution rates.
- 2) Employer contribution to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
- 3) Non Employer contributions:
 - a) Special funding
 - The State contributes 0.1% of members' compensation on behalf of local government entities.
 - The State contributes 0.37% of members' compensation on behalf of school district entities.
 - b) Not special funding
 - The State contributes a portion of Coal Tax Severance income and earnings from the Coal Trust Permanent Trust fund.

Fiscal Year	Member		State &			School Districts		
			Universities	Local Government		Employer	State	
	Hired <7/01/11	Hired >7/01/11	Employer	Employer	State	Employer	State	
2016	7.9%	7.9%	7.9%	8.370%	8.270%	0.10%	8.00%	0.370%
2015	7.9%	7.9%	7.9%	8.270%	8.170%	0.10%	7.90%	0.370%
2014	7.9%	7.9%	7.9%	8.170%	8.070%	0.10%	7.80%	0.370%
2012-2013	6.9%	7.9%	7.9%	7.170%	7.070%	0.10%	6.80%	0.370%
2010-2011	6.9%			7.170%	7.070%	0.10%	6.80%	0.370%
2008-2009	6.9%			7.035%	6.935%	0.10%	6.80%	0.235%
2000-2007	6.9%			6.900%	6.800%	0.10%	6.80%	0.100%

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans-continued

Public Employees' Retirement System (PERS)- continued
Overview of Contributions - continued

Stand-Alone Statements

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including stand alone financial statements can be found at <http://mpera.mt.gov/annualReports.shtml>. The latest actuarial valuation and experience study can be found at <http://mpera.mt.gov/actuarialvaluations.shtml>.

Actuarial Assumptions

The Total Pension Liability used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with updated procedures to roll forward to TPL to June 30, 2015. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July, 2003 to June 30, 2009. Among those assumptions were the following:

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	.27%
General Wage Growth*	4.00%
*includes inflation at	3.00%
Merit increases	0% to 6%

Postretirement benefit increases

Guaranteed Annual Benefit Adjustment (GABA)

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

3% for members hired prior to July 1, 2007

1.5% for members hired on or after July 1, 2007 and June 30, 2013

Members hired on or after July 1, 2013:

- a) 1.5% for each year PERS is funded at or above 90%;
- b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
- c) 0% whenever the amortization period for PERS is 40 years or more.

Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA. Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Public Employees' Retirement System (PERS)- continued

Target Allocations

The long-term expected return on pension plan assets is reviewed as part of the regular experience study prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated June 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Summarized in the table below are the best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
City of Great Falls' proportion	28,902,040	18,745,848	10,169,178

The above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the employers. Due to the existence of this special funding situation, the State is required to report a proportionate share of the local government or school district's collective Net Pension Liability associated with pensions.

The State of Montana also has a funding situation that is not Special Funding whereby the State General Fund provides contributions from the Coal Severance Tax and interest. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Public Employees' Retirement System (PERS)- continued

The Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with updated procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30, 2016 reporting will use the 2016 reporting values presented in these notes.

	Net Pension Liability as of 6/30/16	Net Pension Liability as of 6/30/15	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
City Proportionate Share	\$18,745,848	\$17,266,156	1.3410%	1.3857%	-0.0446%
State of Montana Proportionate Share associated with City	\$230,260	210,846	.0164%	.0169%	-0.0004%
Total	\$18,976,108	\$17,477,002	1.3574%	1.4002%	-0.0450%

The Table above displays the City's proportionate share of the NPL, and City's proportion of NPL for June 30, 2015 and 2016.. The City's proportion of the net pension liability was based on the City's contributions received by PERS during the measurement period July 1, 2014 through June 30, 2015, relative to the total City's contributions received from all of PERS' participating employers. As of the City's reporting date the employer recorded a liability of \$18,745,848 and the City's proportion was 1.34%.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

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

Changes in proportionate share: There were no changes between the measurement date of the collective Net Pension Liability and the City's reporting date that are expected to have a significant effect on the City's proportionate share of the collective NPL.

Pension Expense

	Pension Expense as of 6/30/16
City's Proportionate Share	\$1,039,377
State of Montana Proportionate Share associated with City	\$14,308
Total	\$1,053,684

At June 30, 2016, the City recognized a Pension Expense of \$1,053,684 for its proportionate share of the PERS' Pension Expense. The City also recognized grant revenue of \$14,308 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the City, and grant revenue of \$449,880 from the Coal Tax Fund.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans- continued

Public Employees' Retirement System (PERS)- continued
Recognition of Deferred Inflows and Outflows

At June 30, 2016, the City reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$113,413
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	-	1,587,035
Changes in proportion differences between City contributions and proportionate share of contributions	-	552,048
Difference between actual and expected contributions	-	-
# Contributions paid to PERS subsequent to the measurement date - FY 2016 contributions	1,363,530	-
Total	\$1,363,530	\$2,252,496

Amounts reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2017	\$(890,146)
2018	(890,146)
2019	(884,961)
2020	412,757
2021	-
Thereafter	-

Plan Description

The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This plan provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries.

Summary of Benefits

Eligibility for Benefits

20 years of membership service, regardless of age.
Age 50, 5 years of membership service.

Vesting

Death and disability rights are vested immediately
5 years of membership service for all other rights

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Firefighters' Unified Retirement System (FURS)

Member's compensation is defined as

- Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC);
- Hired after June 30, 1981 and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.

Compensation Cap

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

Monthly benefit formula

1. Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of: 2.5% of HMC per year of service, or
 - if less than 20 years of service - 2% of HMC for each year of service;
 - if more than 20 years of service - 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years.
2. Members hired on or after July 1, 1981 and those electing GABA:
 - 2.5% of HAC per year of membership service

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997, and member did not elect GABA - the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service).

Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and employer contributions rates are shown in the table below.

Fiscal Year	Member		Employer	State
	Non-GABA	GABA		
1998 - 2016	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

Stand-Alone Statements

The FURS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including FURS stand alone financial statements can be found at <http://mpera.mt.gov/annualReports.shtml>. The latest actuarial valuation and experience study can be found at <http://mpera.mt.gov/actuarialvaluations.shtml>.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Firefighters' Unified Retirement System (FURS) - continued

Summary of Benefits - continued

Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	.19%
General Wage Growth*	4.00%
*includes inflation at	3.00%
Merit increases	0% to 7.3%

Post retirement Benefit Increases

- **Guaranteed Annual Benefit Adjustment (GABA)**
 Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.
- **Minimum Benefit Adjustment (non-GABA)**
 If hired before July 1, 1997, and member did not elect GABA - the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service).
- **Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.**
- **Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.**

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 32.61% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Firefighters' Unified Retirement System (FURS) - continued

Target Allocations - continued

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated June 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Summarized in the table above are best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015.

Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
City of Great Falls' proportion	5,270,327	3,266,908	1,634,275

The above table presents the NPL calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Firefighters' Unified Retirement System (FURS). Statement 68 became effective June 30, 2016 and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

FURS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to FURS on behalf of the employers. Due to the existence of this special funding situation, the State is required to report a proportionate share of a local government's collective NPL that is associated with the City.

The Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2014 with update procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30, 2016 reporting will use the 2016 reporting values presented in these notes.

	Net Pension Liability as of 6/30/16	Net Pension Liability as of 6/30/15	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
City Proportionate Share	\$3,266,908	\$3,276,335	3.1941%	3.3563%	-0.1621%
State of Montana Proportionate Share associated with City	7,276,274	7,391,251	7.1142%	7.5717%	-0.4574%
Total	\$10,543,182	\$10,667,586	10.3083%	10.9333%	-0.6195%

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Firefighters' Unified Retirement System (FURS) - continued

Net Pension Liability - continued

The Table above displays the City's proportionate share of the NPL and the City's proportion of NPL for June 30, 2015 and 2016. The City's proportion of the NPL was based on the City's contributions received by the FURS during the measurement period of July 1, 2014, through June 30, 2015 relative to the total City's contribution received from all of FURS' participating employers. At the City's report date of the employer recorded a liability of \$3,266,909 and the City's proportionate share was 3.1914 percent.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the total pension liability.

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

Changes in proportionate share: There were no changes between the measurement date of the collective net pension liability and the City's reporting date that are expected to have a significant effect on the City's proportionate share of the collective NPL.

Pension Expense

	Pension Expense as of 6/30/16
City's Proportionate Share	\$328,050
State of Montana Proportionate Share associated with City	787,757
Total	\$1,115,807

At June 30, 2016, the City recognized a Pension Expense of \$1,115,807 for its proportionate share of the FURS' Pension Expense. The City also recognized grant revenue of \$787,757 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the City.

Recognition of Deferred Inflows and Outflows

At June 30, 2016, the City reported its proportionate share of FURS' deferred outflows of resources and deferred inflows of resources related to FURS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$4,255
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	-	197,472
Changes in proportion differences between City contributions and proportionate share of contributions	-	158,106
Difference between actual and expected contributions	-	-
City Contributions paid to FURS subsequent to the measurement date - # FY 2016 contributions	646,791	-
Total	\$646,791	\$359,833

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Firefighters' Unified Retirement System (FURS) - continued

Amounts reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2017	\$(120,547)
2018	(120,547)
2019	(120,547)
2020	34,280
2021	(32,472)
Thereafter	-

Municipal Police Officers' Retirement System (MPORS)

Plan Description

The Municipal Police Officers' Retirement System (MPORS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan that was established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members and their beneficiaries.

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the Board. The DROP is governed by Title 19, Chapter 9, Part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. The balance held by MPERA for MPORS DROP participations as of June 30, 2016, was approximately \$7 million.

Summary of Benefits

Eligibility for benefits

- 20 years of membership service, regardless of age.
- Age 50, 5 years of membership service.

Vesting

- Death and disability rights are vested immediately
- 5 years of membership service for all other rights

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. **Employee Benefit Plans – continued**

Municipal Police Officers' Retirement System (MPORS)

Summary of Benefits

Member's final average compensation (FAC) is:

- Hired prior to July 1, 1977 - average monthly compensation of final year of service;
- Hired on or after July 1, 1977 - final average compensation (FAC) for last consecutive 36 months;

Compensation Cap

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

Monthly benefit formula

2.5% of FAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997, and the member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed officer employed in the city that the member was last employed.

Overview of Contributions

Rates are specified by state law for periodic member and City contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and City contribution rates are shown in the table below.

Fiscal Year	Member						Employer	State
	Hired	Hired >6/30/97			GABA			
	<7/1/75	Hired >6/30/75	Hired >6/30/79					
2000-2016	5.80%	7.00%	8.50%	9.00%	14.41%	29.37%		
1998-1999	7.80%	9.00%	10.50%	11.00%	14.41%	29.37%		
1997	7.80%	9.00%	10.50%		14.36%	29.37%		

Stand-Alone Statements

The MPORS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including MPORS stand alone financial statements can be found at <http://mpera.mt.gov/annualReports.shtml>. The latest actuarial valuation and experience study can be found at <http://mpera.mt.gov/actuarialvaluations.shtml>.

Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015 valuation were based on

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Municipal Police Officers' Retirement System (MPORS) - continued

Actuarial Assumptions - continued

the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	.20%
General Wage Growth*	4.00%
*includes inflation at	3.00%
Merit increases	0% to 7.3%

Post retirement Benefit Increases

- **Guaranteed Annual Benefit Adjustment (GABA)**
 Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.
- **Minimum Benefit Adjustment (non-GABA)**
 If hired before July 1, 1997, and member did not elect GABA - the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed officer by the city that last employed.

Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.

Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 29.37% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

The long-term expected return on pension plan assets is reviewed as part of the regular experience study prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated June 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Municipal Police Officers' Retirement System (MPORS) – continued

Target Allocations

real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Summarized in the table above are best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015.

Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
City of Great Falls' proportion	\$9,815,000	\$6,951,884	\$4,410,151

The above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Municipal Police Officers' Retirement System (MPORS). GASB Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability (NPL), Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

MPORS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to MPORS on behalf of the employers. Due to the existence of this special funding situation, the State is required to report a proportionate share of a local government's collective NPL that is associated with the non-State employer.

The Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30, 2016 reporting will use the 2016 reporting values presented in these notes.

	Net Pension Liability as of 6/30/16	Net Pension Liability as of 6/30/15	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
City Proportionate Share	\$6,951,884	\$6,822,498	4.2025%	4.3417%	-0.1392%
State of Montana Proportionate Share associated with City	14,085,177	13,782,261	8.5147%	8.7709%	-0.2561%
Total	\$21,037,061	\$20,604,759	12.7172%	13.1126%	-0.3953%

The Table above displays the City's proportionate share of the NPL and the City's proportion of NPL for June 30, 2015 and 2016. The City's proportion of the NPL was based on the City's contributions received by the MPORS during the measurement period of July 1, 2014, through June 30, 2015 relative to the total City's contribution received from all of MPORS participating employers. At the City's report date of the employer recorded a liability of \$6,951,884 and the City's proportionate share was 4.2025 percent.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

8. Employee Benefit Plans - continued

Municipal Police Officers' Retirement System (MPORS) - continued

Net Pension Liability -continued

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the total pension liability.

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

Changes in proportionate share: There were no changes between the measurement date of the collective net pension liability and the City's reporting date that are expected to have a significant effect on the City's proportionate share of the collective NPL.

Pension Expense

	Pension Expense as of 6/30/16
City's Proportionate Share	\$643,804
State of Montana Proportionate Share associated with City	1,432,503
Total	\$2,076,307

At June 30, 2016, the City recognized a pension expense of \$2,076,307 for its proportionate share of the MPORS' pension expense. The City also recognized grant revenue of \$1,432,503 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the City.

Recognition of Deferred Inflows and Outflows

At June 30, 2016, the employer reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources related to MPORS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$63,489
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	-	261,168
Changes in proportion differences between City contributions and proportionate share of contributions	-	184,236
Difference between actual and expected contributions	-	-
City Contributions paid to MPORS subsequent to the measurement date - # FY 2016 contributions	875,870	-
Total	\$875,870	\$508,893

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2017	\$(198,539)
2018	(198,539)
2019	(198,539)
2020	86,724
2021	-
Thereafter	-

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

9. Other Postemployment Benefits

The City allows its retired employees to continue to participate in its group health insurance plan at a premium rate that does not cover all of the related healthcare costs. This results in an OPEB referred to as an "implicit rate subsidy." OPEB is considered to be a long-term liability and is recorded on the accrual basis for proprietary funds and the government-wide Statements of Net Position and Activities.

Plan Description

The City is a member of the Montana Municipal Interlocal Authority (MMIA), a local government risk retention pool which administers the City's group health insurance plan, an agent multiple-employer defined benefit plan. In accordance with MCA 2-18-704 optional postemployment benefits are provided to employees who retire and their eligible dependents, under applicable retirement provisions and who elect to continue coverage and pay administratively established premiums. The City allows its retired employees to continue their health care insurance coverage through the City's group health plan until death. To continue this health insurance coverage, the retirees are required to pay the full amount of their premium. State law does not require that the City provide the same premium rates to retirees as it pays for its active employees, nor does it require that the City pay any portion of the retiree premiums. Premium rates and healthcare benefits may be administratively altered at the end of any contract year.

MMIA issues an annual financial report that can be obtained at Montana Municipal Interlocal Authority, PO Box 6669, Helena, MT 59604-6669.

Funding Policy

The plan is unfunded by the City, and retirees receiving benefits contribute 100% of their premium on a pay-as-you-go basis. For the current fiscal year, premiums for the City's retirees varied between \$444.87 and \$1,409.11 per month depending on the medical plan selected, family coverage, and Medicare eligibility. As of June 30, 2016, 123 retirees (policyholders) were enrolled in the plan. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for health insurance is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Shown below is the City's annual OPEB cost as of June 30, 2016 and the related information:

Annual Required Contribution	\$	570,637
Interest on net OPEB obligation		62,433
Adjustment to annual required contribution		(87,149)
Annual OPEB cost		545,921
Contributions made		(356,309)
Increase (Decrease) in net OPEB obligation		189,612
Net OPEB obligation beginning of year		1,455,311
Net OPEB obligation end of year	\$	<u>1,644,923</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

9. Other Postemployment Benefits - continued

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 6,644,751
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 6,644,751
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 22,255,522
UAAL as a percentage of covered payroll	30%

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

Actuarial Methods and Assumptions

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

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.29% discount rate; the RP-2000 Combined Mortality Tables were used; a premium trend rate of 4.00%; 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; and the effect of aging has been estimated using tables from a 2013 Society of Actuaries (SOA) study, *Health Care Costs from Birth to Death*. 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

10. Construction Commitments

The City has entered into contracts for the design, construction or renovation of various facilities at June 30, 2016, some of which are as follows:

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
25th St N Bridge	\$177,342	\$15,658	August 1, 2016
Sidewalk 1st Ave S	616,582	836,323	September 1, 2015
Public Works Building Facility Plan & Repairs	27,281	178,134	October 1, 2017
18th St Storm Drain Imp Phase 4 - UGF Detention Pond	807,491	13,509	September 1, 2016
WTP Phase 1 UV and Chem Bld	439,903	10,000,000	December 1, 2018
Water Storage Tank Evaluation	410,745	416,255	December 1, 2016
Lift Stations #2, #20 & #24 CAN replacement	800,255	118,946	December 1, 2016
WWTP DRAFT rehab Phase 2	11,400	1,193,050	January 1, 2017
West Bank Park Landscaping and Irrigation	23,602	235,703	December 1, 2016
Gore Hill Pump Station Electrical Imp	380,687	4,998	November 1, 2016
DAFT LS#2, #20, #24 can replace misc imp	411,654	42,062	June 30, 2016
N GF Sewage Lift Station and Force Main	919,748	245,643	December 1, 2015
Lower S side Water Main Phase II	775,531	84,469	June 1, 2017
Sanitary Sewer Trenchless Rehab Phase 18	448,971	198,280	October 1, 2016
30" Water Main Offellows to Broadwater Bay	1,275,533	174,467	November 1, 2016
4th Ave N Water Main 15th to 27th St	318,835	191,165	June 1, 2017

11. Operating Lease

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 noncancelable operating leases as of June 30, 2016, were not significant.

Bulk Water Service

The City issued Cascade County a license to operate bulk water service dispensing stations for Cascade County residents. The term of this agreement is for the period of fifteen (15) years from July 1, 2010, through June 30, 2025. The 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 noncancelable operating leases as of June 30, 2016, were not significant.

12. 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 current term of this agreement is for the period of three (3) years from October 1, 2015 to September 30, 2018. The agreement is renewed every three years.

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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

12. Contracted Services - continued

Library

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

Health Department

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

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

Housing Authority

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

Parking Facilities

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

Solid Waste

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

Soccer Park

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

Wastewater Treatment Plant

The City's wastewater treatment plant is operated by Veolia Water North America Operating Services. The contract was renewed on September 1, 2015 through December 31, 2020.

13. 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.

14. Risk Management

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, Public Official errors and omissions, environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. The City participates in four state-wide public risk pools operated by the Montana Municipal Interlocal Authority (MMIA), for workers' compensation, tort liability coverage, property coverage, employment practices liability

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

14. Risk Management - continued

coverage and health insurance. In 2006/2007 the MMIA added pollution coverage at no additional cost to the members.

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

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

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".

In 2013, the City became a member of the MMI health insurance plan. This is a local government risk retention pool which is administered by MMIA. The group health insurance plan is considered an agent multiple-employer defined benefit plan.

15. Net Positions and Fund Balances

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2016

15. Net Positions and Fund Balances - continued

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.

The fund balance categories are as follows:

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

The City has a policy for minimum fund balance of 17% of annual appropriations for the tax levy supported funds (General and Library) and fund balances of 8 to 17% of annual appropriations for all other operating funds. Such balances shall be used to meet extended revenue cycles, meet short term economic difficulties, respond to unique opportunities, provide for one-time expenditures, and respond to emergency and disaster situations. The City has elected to show the different fund balance categories in aggregate on the face of the financial statements for the governmental funds. The detail of the composition of the different categories is shown below:

	<u>Major Special Revenue Funds</u>			Other Governmental Funds	Total
	General	Street District	Federal Block Grant		
Fund balances:					
Nonspendable:					
Land held for resale	\$ -	\$ 9,734	\$ -	\$ 15,615	\$ 25,349
Restricted for:					
Library projects	-	-	-	139,809	139,809
Federal block grant	-	-	868,696	-	868,696
Home grant	-	-	-	8,948	8,948
CTEP projects	-	-	-	-	-
Special assessment purposes	-	3,579,614	-	2,715,437	6,295,051
Tax increment districts projects	-	-	-	805,812	805,812
General obligation debt	-	-	-	97,125	97,125
General obligation taxable debt	-	-	-	5,428	5,428
Tax increment debt	-	-	-	903,927	903,927
Special assessment debt	-	-	-	64,424	64,424
Assigned for:					
General government - planning	-	-	-	150,426	150,426
General government - economic development	-	-	-	567,919	567,919
General government -support & innovation	-	-	-	66,000	66,000
Public safety - fire projects	-	-	-	90,510	90,510
Public safety - police projects	-	-	-	796,542	796,542
Park and recreation - parkland	-	-	-	510,038	510,038
Housing and development	-	-	-	1,220,687	1,220,687
Capital outlay for general government	-	-	-	491,412	491,412
Library operations	-	-	-	632,290	632,290
Unassigned:	7,026,833	-	-	(71,364)	6,955,469
	<u>\$ 7,026,833</u>	<u>\$ 3,589,348</u>	<u>\$ 868,696</u>	<u>\$ 9,210,985</u>	<u>\$ 20,695,862</u>

City of Great Falls, Montana
Notes to Financial Statements (Concluded)
June 30, 2016

15. Net Positions and Fund Balances – continued

The unassigned in the Other Governmental Funds category is the deficit fund balances of the HIDTA Special Revenue, and CTEP Projects.

16. Deficit Fund Balances and Net Positions

The HIDTA Special Revenue special revenue fund has a fund balance deficit of \$59,964. This fund is used to account for High Intensity Drug Trafficking Area task force. The deficit is due to the timing of reimbursement of the drug seizures.

The CTEP Projects special revenue fund has a fund balance deficit of \$11,400. This fund is used to account for the Community Transportation Enhancement Program federal grant funds received by the City from the Montana Department of Transportation. The deficit is due to the timing of reimbursement for the match portion of the federal grants.

The Information Technology internal service fund has a net position deficit of \$151,912. This is due to the GASB 68 required recording of the unfunded net pension liability.

The Health and Benefit internal service fund has a net position deficit of \$610,722. This is due to the GASB 45 required recording of the unfunded liability OPEB obligation.

The Human Resources internal service fund has a net position deficit of \$178,188. This is due to the GASB 68 required recording of the unfunded net pension liability.

The Fiscal Services internal service fund has a net position deficit of \$839,349. This is due to the GASB 68 required recording of the unfunded net pension liability.

The Engineering internal service fund has a net position deficit of \$119,316. This is due to the GASB 68 required recording of the unfunded net pension liability.

17. Subsequent Events

The City Commission, on June 21, 2016, authorized the borrowing of \$28,600,000 from the Montana Department of Natural Resources Drinking Water State Loan Program for the Phase I remodel of the Water Plant. The loan will be paid for using user fees from the Water Fund. The term of the loan was twenty years (20) years with an initial interest rate of 2.5%. Closing of this loan did not occur until Fiscal Year 2017.

The City Commission, on July 19, 2016, authorized the borrowing of \$5,600,000 from the Montana Department of Natural Resources Drinking Water Pollution Control State Revolving Loan Program for two storm drain construction projects. The loan will be paid for using user fees from the Water Fund. The term of the loan was twenty years (20) years with an initial interest rate of 2.5%. Closing of this loan did not occur until Fiscal Year 2017.

The City Commission on September 6, 2016 approved a memorandum of understanding between the City and the Upper Lower River Road Water and Sewer District for Service District #5.

Management has evaluated subsequent events through December 12, 2016, the date on which the financial statements were available to be issued.



Required Supplementary Information
City of Great Falls, Montana
Actuarial Valuation of Postretirement Benefits
For the Year Ended June 30, 2016

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, 2013	-	\$ 7,209,742	\$ 7,209,742	0%	\$ 21,144,873	34%
July 1, 2014	-	6,644,751	6,644,751	0%	21,355,802	31%
July 1, 2015	-	6,644,751	6,644,751	0%	22,255,521	30%

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

² Actuarial liability less actuarial value of assets if any.

Required Supplementary Information
City of Great Falls, Montana
Schedule of the City's Proportionate Share of the Net Pension Liability
All Fiscal Years *

Public Employees' Retirement System

	2015	2016
City's proportionate share of the net pension liability associated with the City	1.39%	1.34%
City's proportion of the net pension liability	\$ 17,266,157	\$ 18,745,848
State of Montana proportionate share of the net pension liability associated with the City	210,846	230,260
Total	\$ 17,477,003	\$ 18,976,108
City's covered-employee payroll	\$ 15,686,268	\$ 15,650,061
City's proportionate share of the net pension liability as of its covered-employee payroll	110.07%	119.78%
Plan fiduciary net position as a percentage of the total pension liability	79.90%	78.40%

Firefighters' Unified System

	2015	2016
City's proportionate share of the net pension liability associated with the City	3.36%	3.20%
City's proportion of the net pension liability	\$ 3,276,335	\$ 3,266,908
State of Montana proportionate share of the net pension liability associated with the City	7,391,251	7,276,274
Total	\$ 10,667,586	\$ 10,543,182
City's covered-employee payroll	\$ 4,359,771	\$ 4,292,501
City's proportionate share of the net pension liability as of its covered-employee payroll	75.15%	76.11%
Plan fiduciary net position as a percentage of the total pension liability	76.70%	76.90%

Municipal Police Officers' Retirement System

	2015	2016
City's proportionate share of the net pension liability associated with the City	4.34%	4.20%
City's proportion of the net pension liability	\$ 6,822,498	\$ 6,951,884
State of Montana proportionate share of the net pension liability associated with the City	13,782,261	14,085,177
Total	\$ 20,604,759	\$ 21,037,061
City's covered-employee payroll	\$ 5,825,529	\$ 5,816,404
City's proportionate share of the net pension liability as of its covered-employee payroll	117.11%	119.52%
Plan fiduciary net position as a percentage of the total pension liability	67.00%	66.90%

* GASB Statement #68 was implemented in Fiscal Year 2015.

Required Supplementary Information
City of Great Falls, Montana
Schedule of the City Retirement Systems Contributions
All Fiscal Years *

Public Employees' Retirement System

	2015	2016
Contractually required contribution	\$ 1,319,344	\$ 1,363,529
Contributions in relation to the contractually required contributions	(1,319,344)	(1,363,529)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 15,686,268	\$ 15,936,803
Contributions of covered-employee payroll	8.41%	8.56%

Firefighters' Unified Retirement System

	2015	2016
Contractually required contribution	\$ 630,134	\$ 646,789
Contributions in relation to the contractually required contributions	(630,134)	(646,789)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 4,359,771	\$ 4,523,854
Contributions of covered-employee payroll	14.45%	14.30%

Municipal Police Officers' Retirement System

	2015	2016
Contractually required contribution	\$ 847,013	\$ 875,869
Contributions in relation to the contractually required contributions	(847,013)	(875,869)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 5,825,529	\$ 5,971,869
Contributions of covered-employee payroll	14.54%	14.67%

* GASB Statement #68 was implemented in Fiscal Year 2015.

City of Great Falls, Montana
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

1. Employee Benefit Plan

The following changes to the plan provision were made as identified:

2013 Legislative Changes:

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, All Systems, effective July 1, 2013

All PERS, FURS, and MPORS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.

All bonuses paid to PERS, FURS, and MPORS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

House Bill 454 - Permanent Injunction Limits Application of the GABA Reduction passed under HB 454.

Guaranteed Annual Benefit Adjustment (GABA) for PERS

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

- 3% for members hired prior to July 1, 2007;
- 1.5% for members hired on or after July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - a) 1.5% for each year PERS is funded at or above 90%;
 - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - c) 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:

- refund of member's contributions from second employment plus regular interest (currently 0.25%);
- no service credit for second employment;
- start same benefit amount the month following termination; and
- GABA starts again in the January immediately following second retirement.

City of Great Falls, Montana
Notes to Required Supplementary Information (Continued)
For the Year Ended June 30, 2016

1. Employee Benefit Plan - continued

2) For members who retire **before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:**

- member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
- GABA starts in the January after receiving recalculated benefit for 12 months.

3) For members who retire **on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:**

- refund of member's contributions from second employment plus regular interest (currently 0.25%);
- no service credit for second employment;
- start same benefit amount the month following terminations; and,
- GABA starts again in the January immediately following second retirement.

4) For members who retire **on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:**

- member receives same retirement benefit as prior to return to service;
- member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
- GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

MPORS DROP Survivor Benefits - for MPORS

Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment. 19-9-1206(1), MCA.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following addition to the actuarial assumptions was adopted in 2014 based upon implementation of GASB Statement 68:

PERS

Admin Expense as % of Payroll	0.27%
-------------------------------	-------

City of Great Falls, Montana
Notes to Required Supplementary Information (Concluded)
For the Year Ended June 30, 2016

1. Employee Benefit Plan - continued

FURS

Admin Expense as % of Payroll	0.19%
-------------------------------	-------

MPORS

Admin Expense as % of Payroll	0.20%
-------------------------------	-------

The following changes were adopted in 2013 based on the 2013 Economic Experience study:

General Wage Growth*	4.00%
*Includes inflation at	3.00%
Investment rate of return	7.75 percent, net of pension plan investment expense, and including inflation

The following Actuarial Assumptions are from the June 2010 Experience Study:

General Wage Growth*	4.25%
*Includes inflation at	3.00%
Merit increase	0% to 7.3%
Investment rate of return	8.00 percent, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open

Required Supplementary Information
City of Great Falls, Montana
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 15,988,970	\$ 15,988,970	\$ 16,171,756	\$ 182,786
Licenses and permits	874,364	874,364	876,743	2,379
Intergovernmental	7,804,380	8,121,494	7,797,655	(323,839)
Charges for services	1,058,805	1,058,805	1,129,046	70,241
Fines and forfeitures	866,000	866,000	828,763	(37,237)
Internal services	817,202	882,664	882,664	-
Investment income	-	-	35,099	35,099
Other	97,248	119,182	102,864	(16,318)
Total revenues	27,506,969	27,911,479	27,824,590	(86,889)
Expenditures				
Current				
General government				
Personal services	2,049,716	2,049,716	2,138,257	(88,541)
Operations and maintenance	1,668,955	1,721,057	1,608,940	112,117
Public safety				
Personal service	15,434,351	15,449,351	15,281,679	167,672
Operation and maintenance	3,625,077	3,797,411	3,441,583	355,828
Culture and recreation				
Personal services	1,491,565	1,491,565	1,470,818	20,747
Operations and maintenance	863,531	863,531	795,121	68,410
Debt service				
Principal	101,720	122,014	75,294	46,720
Interest	3,006	4,871	4,870	1
Capital outlay	25,000	1,128,212	857,787	270,425
Total expenditures	25,262,921	26,627,728	25,674,349	953,379
Revenues over (under) expenditures	2,244,048	1,283,751	2,150,241	866,490
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,792,873)	(1,812,785)	(1,812,785)	-
Issuance of debt		801,098	796,859	4,239
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	(1,792,873)	(1,011,687)	(1,015,926)	4,239
Net changes in fund balance	\$ 451,175	\$ 272,064	1,134,315	\$ 870,729
Fund balance - beginning			5,892,518	
Fund balance - ending			\$ 7,026,833	

Required Supplementary Information
City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds
For the Year Ended June 30, 2016

Street District

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 7,146	\$ 7,146	\$ 9,571	\$ 2,425
Intergovernmental	1,415,468	1,415,468	1,408,399	(7,069)
Charges for services	97,700	97,700	187,634	89,934
Internal services	112,517	112,517	94,204	(18,313)
Special assessments	4,583,265	4,583,265	4,638,201	54,936
Investment income	-	-	18,514	18,514
Other	5,000	5,000	103,250	98,250
Total revenues	6,221,096	6,221,096	6,459,773	238,677
Expenditures				
Current				
Public works				
Personal services	2,265,338	2,265,338	2,147,909	117,429
Operations and maintenance	3,146,069	3,213,204	2,596,880	616,324
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Capital outlay	818,616	855,076	255,000	600,076
Total expenditures	6,230,023	6,333,618	4,999,789	1,333,829
Revenues over (under) expenditures	(8,927)	(112,522)	1,459,984	1,572,506
Other financing sources (uses)				
Transfers in	-	1,337	1,337	-
Transfers out	-	(1,093)	(1,093)	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources	-	244	244	-
Net changes in fund balance	\$ (8,927)	\$ (112,278)	\$ 1,460,228	\$ 1,572,506
Fund balance - beginning			2,129,120	
Fund balance - ending			\$ 3,589,348	

Continued on next page

Required Supplementary Information
City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds (Concluded)
For the Year Ended June 30, 2016

	Federal Block Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	715,840	715,840	557,524	(158,316)
Charges for services	-	-	515,801	515,801
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	25	25
Other	-	-	-	-
Total revenues	715,840	715,840	1,073,350	357,510
Expenditures				
Current				
Public works				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	196,641	196,641	170,090	26,551
Operations and maintenance	673,439	1,206,922	399,946	806,976
Capital outlay	103,183	102,384	65,064	37,320
Total expenditures	973,263	1,505,947	635,100	870,847
Revenues over (under) expenditures	(257,423)	(790,107)	438,250	1,228,357
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balance	\$ (257,423)	\$ (790,107)	\$ 438,250	\$ 1,228,357
Fund balance - beginning			430,446	
Fund balance - ending			\$ 868,696	

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2016

1. Summary of Significant Accounting Policies

a. Budgets and Budgetary Accounting

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

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

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

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

Fund	Amount	Purpose
<u>Revenues</u>		
General Fund	\$801,098	Issuance of debt for purchase of 2 Fire Trucks
General Fund	\$302,114	Assist to Firefighters Self Contained Breathing Apparatus grant
General Fund	\$65,462	Increased revenue from Licenses fund for reimbursement of Fire Department safety inspections
Library Foundation Fund	\$88,088	Additional contributions from the Library Foundation for special projects
Economic Revolving Fund	\$670,426	Sale of City-owned lots at Med-Tech
Storm Drain Fund	\$104,358	Transfer from Economic Revolving Fund for reimbursement of prior year improvements after sale of lots at Mec-Tech
Support & Innovation Fund	\$126,607	Increased revenue from BID & TBID assessments - passed through to BID & TBID
HIDTA Special Revenue Fund	\$204,371	HIDTA Federal grant received
Sanitation Fund	\$1,540,000	Purchase and financing of six sanitation trucks
911 Dispatch Center	\$200,000	Grant for remodel of 911 Dispatch Center

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule (Concluded)
June 30, 2016

1. Summary of Significant Accounting Policies – continued

a. Budgets and Budgetary Accounting – continued

<u>Expenses/ Expenditures (Continued)</u>		
General Fund	\$801,098	Capital Outlay for purchase of 2 Fire Trucks
General Fund	\$302,114	Assist to Firefighters Self Contained Breathing Apparatus grant
Library Foundation Fund	\$88,000	Additional contributions from the Library Foundation for special projects
Economic Revolving Fund	\$670,426	Sale of lots at Med- Tech
Economic Revolving Fund	\$104,358	Transfer from Economic Revolving Fund for reimbursement of prior year improvements after sale of lots at Mec-Tech
Licenses Fund		Increased revenue from Licenses fund for reimbursement of Fire Department safety inspections
	\$65,462	
Support & Innovation Fund	\$126,607	Increased revenue from BID & TBID assessments - passed through to BID & TBID
HIDTA Special Revenue Fund	\$204,371	HIDTA Federal grant received
Sanitation Fund	\$1,540,000	Purchase and financing of six sanitation trucks
911 Dispatch Center	\$200,000	Grant for remodel of 911 Dispatch Center

b. Excess of Expenditures Over Appropriations

There were no excess expenditures over appropriations in the Governmental Funds.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Parkland Trust Fund – This fund is used to account for payments in lieu of parkland that are received.

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

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

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

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

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

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

East Industrial Ag Tech Park TID Fund - This fund is used to account for revenue derived from the East Industrial Ag Tech Park Tax Increment District.

Economic Revolving Fund – This fund is used to account for economic development activities including the pass-through grants from the Big Sky Economic Development grants.

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. This includes the assessments raised by the Business Improvement District and the Tourism Business Improvement District.

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)

Special Revenue Funds (Continued)

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

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. The bonds were refinanced in 2014 and are now General Obligation Bonds Series 2014A.

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. The bonds were refinanced in 2014 and are now General Obligation Bonds Series 2014A.

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

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

SID Bonds Fund – This fund is used to account for bonded indebtedness on Special Improvement Districts (SIDs).

Master Debt SILD Fund – This fund is used to account for City owned and operated new lighting districts debt.

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.

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

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

City of Great Falls
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds

	Park & Recreation	Parkland Trust	Library	Library Foundation	Planning & Community Development
Assets					
Cash and investments	\$ 523,557	\$ 19,178	\$ 460,439	\$ 144,559	\$ 187,938
Restricted cash and investments	-	-	110,880	-	-
Receivables					
Taxes	-	-	27,335	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	720	-	-	-	-
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	89,307	-	74,969
Other assets	-	-	-	-	-
Total assets	\$ 524,277	\$ 19,178	\$ 687,961	\$ 144,559	\$ 262,907
Liabilities					
Accounts payable	\$ 33,417	\$ -	\$ 48,565	\$ 4,750	\$ 48,067
Due to other city funds	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Other liabilities	-	-	-	-	64,414
Total liabilities	33,417	-	48,565	4,750	112,481
Deferred inflows of resources					
Unavailable revenue-property taxes	-	-	7,106	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Unavailable revenue-liens	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-	-
Total deferred inflows of resources	-	-	7,106	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	139,809	-
Assigned	490,860	19,178	632,290	-	150,426
Unassigned	-	-	-	-	-
Total fund balances	490,860	19,178	632,290	139,809	150,426
Total liabilities, deferred inflows of resources, and fund balances	\$ 524,277	\$ 19,178	\$ 687,961	\$ 144,559	\$ 262,907

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds

	Central		Downtown	East	
	Montana Ag Tech Park TID	Airport TID		Industrial Ag Tech Park TID	Economic Revolving
Assets					
Cash and investments	\$ 501,776	\$ 52,777	\$ 177,665	\$ 1,217	\$ 567,919
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	44,531	6,209	29,427	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	141	-	-
Other assets	-	-	-	-	15,615
Total assets	\$ 546,307	\$ 58,986	\$ 207,233	\$ 1,217	\$ 583,534
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other city funds	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred inflows of resources					
Unavailable revenue-property taxes	-	24	7,907	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Unavailable revenue-liens	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-	-
Total deferred inflows of resources	-	24	7,907	-	-
Fund Balances					
Nonspendable	-	-	-	-	15,615
Restricted	546,307	58,962	199,326	1,217	-
Assigned	-	-	-	-	567,919
Unassigned	-	-	-	-	-
Total fund balances	546,307	58,962	199,326	1,217	583,534
Total liabilities, deferred inflows of resources, and fund balances	\$ 546,307	\$ 58,986	\$ 207,233	\$ 1,217	\$ 583,534

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds

	Permits	Licenses	Natural Resources	Portage Meadows	Support & Innovation
Assets					
Cash and investments	\$ 1,215,555	\$ 37,340	\$ 176,320	\$ 20,840	\$ 52,579
Restricted cash and investments	-	-	31,886	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	16,804	1,084	26,271
Accounts	-	-	3,425	-	5,361
Accrued interest	1,675	-	-	-	-
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	556	48	366
Other assets	-	-	-	-	-
Total assets	\$ 1,217,230	\$ 37,340	\$ 228,991	\$ 21,972	\$ 84,577
Liabilities					
Accounts payable	\$ 30,962	\$ 2,921	\$ 18,977	\$ 1,434	\$ 2,444
Due to other city funds	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	30,962	2,921	18,977	1,434	2,444
Deferred inflows of resources					
Unavailable revenue-property taxes	-	-	-	-	-
Unavailable revenue-special assessments	-	-	2,700	-	16,133
Unavailable revenue-liens	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-	-
Total deferred inflows of resources	-	-	2,700	-	16,133
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	207,314	20,538	-
Assigned	1,186,268	34,419	-	-	66,000
Unassigned	-	-	-	-	-
Total fund balances	1,186,268	34,419	207,314	20,538	66,000
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,217,230	\$ 37,340	\$ 228,991	\$ 21,972	\$ 84,577

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds

	911 Special Revenue	Police Special Revenue	HIDTA Special Revenue	Fire Special Revenue	Home Grant
Assets					
Cash and investments	\$ 612,598	\$ 210,710	\$ -	\$ 105,853	\$ 6,823
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	484	-
Accrued interest	-	-	-	-	-
Loans	-	-	-	-	40,000
Due from other city funds	-	32,053	-	-	-
Due from other governments	-	-	50,223	-	3,455
Other assets	-	-	-	-	-
Total assets	\$ 612,598	\$ 242,763	\$ 50,223	\$ 106,337	\$ 50,278
Liabilities					
Accounts payable	\$ -	\$ 66	\$ 30,491	\$ 15,827	\$ 1,330
Due to other city funds	-	-	32,053	-	-
Interfund loans payable	-	-	-	-	-
Other liabilities	-	39,801	47,643	-	-
Total liabilities	-	39,867	110,187	15,827	1,330
Deferred inflows of resources					
Unavailable revenue-property taxes	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Unavailable revenue-liens	-	-	-	-	-
Unavailable revenue-grants	-	18,952	-	-	40,000
Unavailable revenue-security agreement	-	-	-	-	-
Total deferred inflows of resources	-	18,952	-	-	40,000
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	8,948
Assigned	612,598	183,944	-	90,510	-
Unassigned	-	-	(59,964)	-	-
Total fund balances	612,598	183,944	(59,964)	90,510	8,948
Total liabilities, deferred inflows of resources, and fund balances	\$ 612,598	\$ 242,763	\$ 50,223	\$ 106,337	\$ 50,278

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			Debt Service Funds	
	CTEP Projects	Housing Authority	Street Lighting Districts	Soccer Park GO Bond	Swimming Pool GO Bond
Assets					
Cash and investments	\$ 18,649	\$ -	\$ 2,601,535	\$ 52,252	\$ 29,634
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	10,210	17,022
Special assessments	-	-	61,127	-	-
Accounts	-	-	6,786	-	-
Accrued interest	-	-	2,259	-	-
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	190,434	56,078	1,902	180	285
Other assets	-	-	-	-	-
Total assets	\$ 209,083	\$ 56,078	\$ 2,673,609	\$ 62,642	\$ 46,941
Liabilities					
Accounts payable	\$ 220,483	\$ 56,078	\$ 173,828	\$ -	\$ -
Due to other city funds	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	220,483	56,078	173,828	-	-
Deferred inflows of resources					
Unavailable revenue-property taxes	-	-	-	4,492	7,966
Unavailable revenue-special assessments	-	-	12,196	-	-
Unavailable revenue-liens	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-
Unavailable revenue-security agreement	-	-	-	-	-
Total deferred inflows of resources	-	-	12,196	4,492	7,966
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	2,487,585	58,150	38,975
Assigned	-	-	-	-	-
Unassigned	(11,400)	-	-	-	-
Total fund balances	(11,400)	-	2,487,585	58,150	38,975
Total liabilities, deferred inflows of resources, and fund balances	\$ 209,083	\$ 56,078	\$ 2,673,609	\$ 62,642	\$ 46,941

Continued on next page

City of Great Falls
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

Debt Service Funds

	West Bank TID Bonds	General Obligation Taxable Bonds	SID Bonds	Master Debt SILD
Assets				
Cash and investments	\$ 596,347	\$ 5,428	\$ 42,678	\$ 20,467
Restricted cash and investments	304,927	-	179,687	-
Receivables				
Taxes	39,532	-	-	-
Special assessments	-	-	162,109	116,970
Accounts	-	-	-	-
Accrued interest	820	-	-	-
Loans	-	-	-	-
Due from other city funds	-	-	-	-
Due from other governments	-	-	-	50
Other assets	-	-	-	-
Total assets	\$ 941,626	\$ 5,428	\$ 384,474	\$ 137,487
Liabilities				
Accounts payable	\$ 784	\$ -	\$ -	\$ -
Due to other city funds	-	-	-	-
Interfund loans payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	784	-	-	-
Deferred inflows of resources				
Unavailable revenue-property taxes	36,915	-	-	-
Unavailable revenue-special assessments	-	-	162,109	115,741
Unavailable revenue-liens	-	-	-	-
Unavailable revenue-grants	-	-	-	-
Unavailable revenue-security agreement	-	-	179,687	-
Total deferred inflows of resources	36,915	-	341,796	115,741
Fund Balances				
Nonspendable	-	-	-	-
Restricted	903,927	5,428	42,678	21,746
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	903,927	5,428	42,678	21,746
Total liabilities, deferred inflows of resources, and fund balances	\$ 941,626	\$ 5,428	\$ 384,474	\$ 137,487

Continued on next page

City of Great Falls
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Improvement District Projects	Street Lighting Construction	Hazard Removal	
Assets					
Cash and investments	\$ 479,686	\$ 5,507	\$ -	\$ 50,169	\$ 8,977,995
Restricted cash and investments	-	-	-	-	627,380
Receivables					
Taxes	-	-	-	-	174,266
Special assessments	-	-	-	47,105	431,470
Accounts	-	-	-	-	16,056
Accrued interest	-	-	-	-	5,474
Loans	-	-	-	-	40,000
Due from other city funds	-	-	-	-	32,053
Due from other governments	-	-	-	-	467,994
Other assets	-	-	-	-	15,615
Total assets	\$ 479,686	\$ 5,507	\$ -	\$ 97,274	\$ 10,788,303
Liabilities					
Accounts payable	\$ 43,950	\$ -	\$ -	\$ -	\$ 734,374
Due to other city funds	-	-	-	-	32,053
Interfund loans payable	-	-	-	-	-
Other liabilities	-	-	-	-	151,858
Total liabilities	43,950	-	-	-	918,285
Deferred inflows of resources					
Unavailable revenue-property taxes	-	-	-	-	64,410
Unavailable revenue-special assessments	-	-	-	-	308,879
Unavailable revenue-liens	-	-	-	47,105	47,105
Unavailable revenue-grants	-	-	-	-	58,952
Unavailable revenue-security agreement	-	-	-	-	179,687
Total deferred inflows of resources	-	-	-	47,105	659,033
Fund Balances					
Nonspendable	-	-	-	-	15,615
Restricted	-	-	-	-	4,740,910
Assigned	435,736	5,507	-	50,169	4,525,824
Unassigned	-	-	-	-	(71,364)
Total fund balances	435,736	5,507	-	50,169	9,210,985
Total liabilities, deferred inflows of resources, and fund balances	\$ 479,686	\$ 5,507	\$ -	\$ 97,274	\$ 10,788,303

City of Great Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Park & Recreation	Parkland Trust	Library	Library Foundation	Planning & Community Development
Revenues					
Taxes	\$ -	\$ -	\$ 760,126	\$ -	\$ -
Licenses and permits	-	-	-	-	42,385
Intergovernmental	-	-	236,281	-	324,035
Charges for services	-	19,091	32,311	-	84,546
Fines and forfeitures	-	-	19,764	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	4,132	87	1,876	955	1,127
Other	117,060	-	725	196,338	9,596
Total revenues	121,192	19,178	1,051,083	197,293	461,689
Expenditures					
Current					
General government	-	-	-	-	613,979
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	107,503	-	1,167,438	14,925	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	1,250	-	-	-	-
Capital outlay	126,757	-	77,877	182,983	-
Total expenditures	235,510	-	1,245,315	197,908	613,979
Excess (deficiency) of revenues over (under) expenditures	(114,318)	19,178	(194,232)	(615)	(152,290)
Other financing sources (uses)					
Transfers in	-	-	371,137	-	141,939
Transfers out	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Proceeds of capital assets	-	-	-	-	-
Total other financing sources (uses)	-	-	371,137	-	141,939
Net change in fund balances	(114,318)	19,178	176,905	(615)	(10,351)
Fund balances - beginning	605,178	-	455,385	140,424	160,777
Fund balances - ending	\$ 490,860	\$ 19,178	\$ 632,290	\$ 139,809	\$ 150,426

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, 2016

Special Revenue Funds

	Central Montana Ag Tech Park TID	Airport TID	Downtown TID	East Industrial Ag Tech Park TID	Economic Revolving
Revenues					
Taxes	\$ 331,620	\$ 27,532	\$ 124,265	\$ 28,068	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	3,517	23	-	-	533,455
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	2,476	232	595	(465)	272
Other	-	-	-	-	-
Total revenues	<u>337,613</u>	<u>27,787</u>	<u>124,860</u>	<u>27,603</u>	<u>533,727</u>
Expenditures					
Current					
General government	76,423	-	-	48,000	533,560
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	188,699	-	-	-	-
Total expenditures	<u>265,122</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>533,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72,491</u>	<u>27,787</u>	<u>124,860</u>	<u>(20,397)</u>	<u>167</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(104,358)
Issuance of debt	-	-	-	-	-
Proceeds of capital assets	-	-	-	-	670,427
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>566,069</u>
Net change in fund balances	72,491	27,787	124,860	(20,397)	566,236
Fund balances - beginning	<u>473,816</u>	<u>31,175</u>	<u>74,466</u>	<u>21,614</u>	<u>17,298</u>
Fund balances - ending	<u>\$ 546,307</u>	<u>\$ 58,962</u>	<u>\$ 199,326</u>	<u>\$ 1,217</u>	<u>\$ 583,534</u>

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, 2016

Special Revenue Funds

	Permits	Licenses	Natural Resources	Portage Meadows	Support & Innovation
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,290,951	278,023	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	11,924	-	23,714	-	-
Special assessments	-	-	358,584	59,500	743,790
Investment income	8,228	582	579	(17)	375
Other	19,680	20	10,738	-	5,361
Total revenues	1,330,783	278,625	393,615	59,483	749,526
Expenditures					
Current					
General government	-	-	-	-	746,401
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	494,183	46,975	-
Housing & development	816,757	278,625	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	816,757	278,625	494,183	46,975	746,401
Excess (deficiency) of revenues over (under) expenditures	514,026	-	(100,568)	12,508	3,125
Other financing sources (uses)					
Transfers in	-	-	164,918	-	-
Transfers out	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Proceeds of capital assets	-	-	-	-	-
Total other financing sources (uses)	-	-	164,918	-	-
Net change in fund balances	514,026	-	64,350	12,508	3,125
Fund balances - beginning	672,242	34,419	142,964	8,030	62,875
Fund balances - ending	\$ 1,186,268	\$ 34,419	\$ 207,314	\$ 20,538	\$ 66,000

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, 2016

Special Revenue Funds

	911 Special Revenue	Police Special Revenue	HIDTA Special Revenue	Fire Special Revenue	Home Grant
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	622,597	39,491	186,270	40,815	485,467
Charges for services	-	8,980	-	5,015	-
Fines and forfeitures	-	6,842	10,809	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	3,002	1,408	(1,003)	596	-
Other	-	10,593	10,294	200	-
Total revenues	625,599	67,314	206,370	46,626	485,467
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	56,920	90,333	274,990	44,325	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	485,467
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	56,920	90,333	274,990	44,325	485,467
Excess (deficiency) of revenues over (under) expenditures	568,679	(23,019)	(68,620)	2,301	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(382,941)	-	-	-	-
Issuance of debt	-	-	-	-	-
Proceeds of capital assets	-	-	-	-	-
Total other financing sources (uses)	(382,941)	-	-	-	-
Net change in fund balances	185,738	(23,019)	(68,620)	2,301	-
Fund balances - beginning	426,860	206,963	8,656	88,209	8,948
Fund balances - ending	\$ 612,598	\$ 183,944	\$ (59,964)	\$ 90,510	\$ 8,948

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, 2016

	Special Revenue Funds			Debt Service Funds	
	CTEP Projects	Housing Authority	Street Lighting Districts	Soccer Park GO Bond	Swimming Pool GO Bond
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 167,452	\$ 265,153
Licenses and permits	-	-	-	-	-
Intergovernmental	841,768	-	-	316	502
Charges for services	-	1,273,818	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	-	1,460,504	-	-
Investment income	419	-	15,322	531	622
Other	31,591	-	6,058	-	-
Total revenues	<u>873,778</u>	<u>1,273,818</u>	<u>1,481,884</u>	<u>168,299</u>	<u>266,277</u>
Expenditures					
Current					
General government	2,555	1,273,818	1,281,938	3,167	4,772
Public safety	-	-	-	-	-
Public works	-	-	20,607	-	-
Culture and recreation	-	-	-	-	-
Housing & development	-	-	-	-	-
Debt service					
Principal	-	-	-	135,000	255,000
Interest	-	-	-	29,024	10,375
Capital outlay	965,063	-	-	-	-
Total expenditures	<u>967,618</u>	<u>1,273,818</u>	<u>1,302,545</u>	<u>167,191</u>	<u>270,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(93,840)</u>	<u>-</u>	<u>179,339</u>	<u>1,108</u>	<u>(3,870)</u>
Other financing sources (uses)					
Transfers in	1,093	-	-	-	-
Transfers out	(14,272)	-	-	-	-
Issuance of debt					
Proceeds of capital assets					
Total other financing sources (uses)	<u>(13,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(107,019)	-	179,339	1,108	(3,870)
Fund balances - beginning	95,619	-	2,308,246	57,042	42,845
Fund balances - ending	<u>\$ (11,400)</u>	<u>\$ -</u>	<u>\$ 2,487,585</u>	<u>\$ 58,150</u>	<u>\$ 38,975</u>

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, 2016

	Debt Service Funds			
	West Bank TID Bonds	General Obligation Taxable Bonds	SID Bonds	Master Debt SILD
Revenues				
Taxes	\$ 348,904	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,684	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	51,062	26,931
Investment income	5,785	391	962	69
Other	450	-	-	-
Total revenues	<u>359,823</u>	<u>391</u>	<u>52,024</u>	<u>27,000</u>
Expenditures				
Current				
General government	2,856	-	6,141	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Housing & development	-	-	-	-
Debt service				
Principal	90,000	125,000	50,000	31,601
Interest	120,828	23,338	9,008	757
Capital outlay	220,030	-	-	-
Total expenditures	<u>433,714</u>	<u>148,338</u>	<u>65,149</u>	<u>32,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,891)</u>	<u>(147,947)</u>	<u>(13,125)</u>	<u>(5,358)</u>
Other financing sources (uses)				
Transfers in	-	148,338	-	-
Transfers out	-	-	-	-
Issuance of debt				
Proceeds of capital assets				
Total other financing sources (uses)	<u>-</u>	<u>148,338</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(73,891)	391	(13,125)	(5,358)
Fund balances - beginning	<u>977,818</u>	<u>5,037</u>	<u>55,803</u>	<u>27,104</u>
Fund balances - ending	<u>\$ 903,927</u>	<u>\$ 5,428</u>	<u>\$ 42,678</u>	<u>\$ 21,746</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, 2016

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Improvement District Projects	Street Lighting Construction	Hazard Removal	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,053,120
Licenses and permits	-	-	-	-	1,611,359
Intergovernmental	-	-	-	-	3,319,221
Charges for services	-	-	-	-	1,423,761
Fines and forfeitures	-	-	-	-	37,415
Internal services	-	-	-	-	35,638
Special assessments	-	-	-	-	2,700,371
Investment income	2,606	31	-	157	51,932
Other	102,454	-	-	-	521,158
Total revenues	105,060	31	-	157	11,753,975
Expenditures					
Current					
General government	2,497	-	-	-	4,596,107
Public safety	-	-	-	-	466,568
Public works	-	-	-	-	20,607
Culture and recreation	-	-	-	-	1,831,024
Housing & development	-	-	-	-	1,580,849
Debt service					
Principal	-	-	-	-	686,601
Interest	-	-	-	-	194,580
Capital outlay	99,465	-	53,207	-	1,914,081
Total expenditures	101,962	-	53,207	-	11,290,417
Excess (deficiency) of revenues over (under) expenditures	3,098	31	(53,207)	157	463,558
Other financing sources (uses)					
Transfers in	131,912	-	-	50,000	1,009,337
Transfers out	-	-	-	-	(501,571)
Issuance of debt	-	-	55,807	-	55,807
Proceeds of capital assets	-	-	-	-	670,427
Total other financing sources (uses)	131,912	-	55,807	50,000	1,234,000
Net change in fund balances	135,010	31	2,600	50,157	1,697,558
Fund balances - beginning	300,726	5,476	(2,600)	12	7,513,427
Fund balances - ending	\$ 435,736	\$ 5,507	\$ -	\$ 50,169	\$ 9,210,985

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Park & Recreation		Parkland Trust	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,000	-	-	19,091
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	4,132	-	87
Other	68,121	117,060	-	-
Total revenues	<u>69,121</u>	<u>121,192</u>	<u>-</u>	<u>19,178</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	159,187	107,503	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	45,405	-	-	-
Interest	1,250	1,250	-	-
Capital outlay	235,278	126,757	-	-
Total expenditures	<u>441,120</u>	<u>235,510</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(371,999)</u>	<u>(114,318)</u>	<u>-</u>	<u>19,178</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (371,999)</u>	<u>(114,318)</u>	<u>\$ -</u>	<u>19,178</u>
Fund balance - beginning		<u>605,178</u>		<u>-</u>
Fund balance - ending		<u>\$ 490,860</u>		<u>\$ 19,178</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Library		Library Foundation	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ 664,934	\$ 760,126	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	206,926	236,281	-	-
Charges for services	35,800	32,311	-	-
Fines and forfeitures	23,000	19,764	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	1,000	1,876	400	955
Other	-	725	196,638	196,338
Total revenues	931,660	1,051,083	197,038	197,293
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	974,657	943,919	-	-
Operations and maintenance	245,024	223,519	15,000	14,925
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	78,200	77,877	183,826	182,983
Total expenditures	1,297,881	1,245,315	198,826	197,908
Revenues over (under) expenditures	(366,221)	(194,232)	(1,788)	(615)
Other financing sources (uses)				
Transfers in	371,137	371,137	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	371,137	371,137	-	-
Net changes in fund balance	\$ 4,916	176,905	\$ (1,788)	(615)
Fund balance - beginning		455,385		140,424
Fund balance - ending		\$ 632,290		\$ 139,809

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Planning & Community Development		Central Montana Ag Tech Park TID	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ 240,000	\$ 331,620
Licenses and permits	42,155	42,385	-	-
Intergovernmental	471,429	324,035	-	3,517
Charges for services	92,895	84,546	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,127	-	2,476
Other	13,450	9,596	-	-
	<u>619,929</u>	<u>461,689</u>	<u>240,000</u>	<u>337,613</u>
Total revenues				
	<u>619,929</u>	<u>461,689</u>	<u>240,000</u>	<u>337,613</u>
Expenditures				
Current				
General government				
Personal services	456,273	390,371	-	-
Operations and maintenance	305,595	223,608	737	76,423
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	268,322	188,699
	<u>761,868</u>	<u>613,979</u>	<u>269,059</u>	<u>265,122</u>
Total expenditures				
	<u>761,868</u>	<u>613,979</u>	<u>269,059</u>	<u>265,122</u>
Revenues over (under) expenditures	<u>(141,939)</u>	<u>(152,290)</u>	<u>(29,059)</u>	<u>72,491</u>
Other financing sources (uses)				
Transfers in	141,939	141,939	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
	<u>141,939</u>	<u>141,939</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	<u>141,939</u>	<u>141,939</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>(10,351)</u>	<u>\$ (29,059)</u>	<u>72,491</u>
Fund balance - beginning		<u>160,777</u>		<u>473,816</u>
Fund balance - ending		<u>\$ 150,426</u>		<u>\$ 546,307</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Airport TID		Downtown TID	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ 27,532	\$ -	\$ 124,265
Licenses and permits	-	-	-	-
Intergovernmental	-	23	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	232	-	595
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	27,787	-	124,860
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	27,787	-	124,860
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ -	27,787	\$ -	124,860
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund balance - beginning		31,175		74,466
		<hr/>		<hr/>
Fund balance - ending		\$ 58,962		\$ 199,326
		<hr/> <hr/>		<hr/> <hr/>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	East Industrial Ag		Economic Revolving	
	Tech Park TID			
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ 28,066	\$ 28,068	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	872,201	533,455
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	(465)	-	272
Other	-	-	-	-
Total revenues	<u>28,066</u>	<u>27,603</u>	<u>872,201</u>	<u>533,727</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	50,250	48,000	1,542,647	533,560
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>50,250</u>	<u>48,000</u>	<u>1,542,647</u>	<u>533,560</u>
Revenues over (under) expenditures	<u>(22,184)</u>	<u>(20,397)</u>	<u>(670,446)</u>	<u>167</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(104,358)	(104,358)
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	670,426	670,427
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>566,068</u>	<u>566,069</u>
Net changes in fund balance	<u>\$ (22,184)</u>	<u>(20,397)</u>	<u>\$ (104,378)</u>	<u>566,236</u>
Fund balance - beginning		<u>21,614</u>		<u>17,298</u>
Fund balance - ending		<u>\$ 1,217</u>		<u>\$ 583,534</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	<u>Permits</u>		<u>Licenses</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	933,550	1,290,951	225,000	278,023
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	11,924	11,924	-	-
Special assessments	-	-	-	-
Investment income	-	8,228	200	582
Other	1,000	19,680	100	20
	<u>946,474</u>	<u>1,330,783</u>	<u>225,300</u>	<u>278,625</u>
Total revenues				
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	643,641	621,335	62,193	53,353
Operations and maintenance	192,321	195,422	228,557	225,272
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>835,962</u>	<u>816,757</u>	<u>290,750</u>	<u>278,625</u>
Total expenditures				
Revenues over (under) expenditures	<u>110,512</u>	<u>514,026</u>	<u>(65,450)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ 110,512</u>	<u>514,026</u>	<u>\$ (65,450)</u>	<u>-</u>
Fund balance - beginning		<u>672,242</u>		<u>34,419</u>
Fund balance - ending		<u>\$ 1,186,268</u>		<u>\$ 34,419</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Natural Resources		Portage Meadows	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	20,500	23,714	-	-
Special assessments	376,447	358,584	58,079	59,500
Investment income	-	579	-	(17)
Other	3,518	10,738	-	-
Total revenues	400,465	393,615	58,079	59,483
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	393,066	372,569	13,768	9,880
Operations and maintenance	178,793	121,614	36,342	37,095
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	571,859	494,183	50,110	46,975
Revenues over (under) expenditures	(171,394)	(100,568)	7,969	12,508
Other financing sources (uses)				
Transfers in	164,918	164,918	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	164,918	164,918	-	-
Net changes in fund balance	\$ (6,476)	64,350	\$ 7,969	12,508
Fund balance - beginning		142,964		8,030
Fund balance - ending		\$ 207,314		\$ 20,538

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Support & Innovation		911 Special Revenue	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	622,597	622,597
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	737,672	743,790	-	-
Investment income	-	375	-	3,002
Other	-	5,361	-	-
	<u>737,672</u>	<u>749,526</u>	<u>622,597</u>	<u>625,599</u>
Total revenues				
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	746,402	746,401	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	56,920	56,920
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>746,402</u>	<u>746,401</u>	<u>56,920</u>	<u>56,920</u>
Total expenditures				
Revenues over (under) expenditures	<u>(8,730)</u>	<u>3,125</u>	<u>565,677</u>	<u>568,679</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(382,941)	(382,941)
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(382,941)</u>	<u>(382,941)</u>
Net changes in fund balance	<u>\$ (8,730)</u>	<u>3,125</u>	<u>\$ 182,736</u>	<u>185,738</u>
Fund balance - beginning		<u>62,875</u>		<u>426,860</u>
Fund balance - ending		<u>\$ 66,000</u>		<u>\$ 612,598</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Police Special Revenue		HIDTA Special Revenue	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	60,724	39,491	247,936	186,270
Charges for services	8,780	8,980	-	-
Fines and forfeitures	6,842	6,842	-	10,809
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,408	-	(1,003)
Other	10,593	10,593	-	10,294
Total revenues	86,939	67,314	247,936	206,370
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	159,028	97,319
Operation and maintenance	90,365	90,333	125,184	177,671
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	90,365	90,333	284,212	274,990
Revenues over (under) expenditures	(3,426)	(23,019)	(36,276)	(68,620)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ (3,426)	(23,019)	\$ (36,276)	(68,620)
Fund balance - beginning		206,963		8,656
Fund balance - ending		\$ 183,944		\$ (59,964)

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	Fire Special Revenue		Home Grant	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	40,816	40,815	482,012	485,467
Charges for services	5,015	5,015	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	596	-	-
Other	-	200	-	-
Total revenues	45,831	46,626	482,012	485,467
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	45,831	44,325	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	17,558	17,895
Operations and maintenance	-	-	657,978	467,572
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	45,831	44,325	675,536	485,467
Revenues over (under) expenditures	-	2,301	(193,524)	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ -	2,301	\$ (193,524)	-
Fund balance - beginning		88,209		8,948
Fund balance - ending		\$ 90,510		\$ 8,948

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Special Revenue Funds

	CTEP Projects		Housing Authority	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,062,522	841,768	-	-
Charges for services	-	-	1,346,480	1,273,818
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	419	-	-
Other	152,331	31,591	-	-
	<u>2,214,853</u>	<u>873,778</u>	<u>1,346,480</u>	<u>1,273,818</u>
Total revenues	<u>2,214,853</u>	<u>873,778</u>	<u>1,346,480</u>	<u>1,273,818</u>
Expenditures				
Current				
General government				
Personal services	-	-	1,324,149	1,251,487
Operations and maintenance	-	2,555	22,331	22,331
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	2,314,177	965,063	-	-
	<u>2,314,177</u>	<u>967,618</u>	<u>1,346,480</u>	<u>1,273,818</u>
Total expenditures	<u>2,314,177</u>	<u>967,618</u>	<u>1,346,480</u>	<u>1,273,818</u>
Revenues over (under) expenditures	<u>(99,324)</u>	<u>(93,840)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	1,093	1,093	-	-
Transfers out	(14,273)	(14,272)	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(13,180)</u>	<u>(13,179)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (112,504)</u>	<u>(107,019)</u>	<u>\$ -</u>	<u>-</u>
Fund balance - beginning		95,619		-
Fund balance - ending		<u>\$ (11,400)</u>		<u>\$ -</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	
	<u>Street Lighting Districts</u>		<u>Soccer Park GO Bond</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues				
Taxes	\$ -	\$ -	\$ 171,000	\$ 167,452
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	316
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	1,430,607	1,460,504	-	-
Investment income	-	15,322	-	531
Other	-	6,058	-	-
	<u>1,430,607</u>	<u>1,481,884</u>	<u>171,000</u>	<u>168,299</u>
Total revenues				
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	1,366,662	1,281,938	3,167	3,167
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	55,624	20,607	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	135,000	135,000
Interest	-	-	29,199	29,024
Capital outlay	-	-	-	-
	<u>1,422,286</u>	<u>1,302,545</u>	<u>167,366</u>	<u>167,191</u>
Total expenditures				
Revenues over (under) expenditures	<u>8,321</u>	<u>179,339</u>	<u>3,634</u>	<u>1,108</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ 8,321</u>	<u>179,339</u>	<u>\$ 3,634</u>	<u>1,108</u>
Fund balance - beginning		<u>2,308,246</u>		<u>57,042</u>
Fund balance - ending		<u>\$ 2,487,585</u>		<u>\$ 58,150</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Debt Service Funds

	Swimming Pool GO Bond		West Bank TID Bonds	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ 271,500	\$ 265,153	\$ 410,000	\$ 348,904
Licenses and permits	-	-	-	-
Intergovernmental	-	502	-	4,684
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	622	-	5,785
Other	-	-	-	450
	<u>271,500</u>	<u>266,277</u>	<u>410,000</u>	<u>359,823</u>
Total revenues				
	<u>271,500</u>	<u>266,277</u>	<u>410,000</u>	<u>359,823</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	4,772	4,772	2,856	2,856
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	255,000	255,000	90,000	90,000
Interest	10,550	10,375	120,828	120,828
Capital outlay	-	-	445,932	220,030
	<u>270,322</u>	<u>270,147</u>	<u>659,616</u>	<u>433,714</u>
Total expenditures				
	<u>270,322</u>	<u>270,147</u>	<u>659,616</u>	<u>433,714</u>
Revenues over (under) expenditures	<u>1,178</u>	<u>(3,870)</u>	<u>(249,616)</u>	<u>(73,891)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ 1,178</u>	<u>(3,870)</u>	<u>\$ (249,616)</u>	<u>(73,891)</u>
Fund balance - beginning		<u>42,845</u>		<u>977,818</u>
Fund balance - ending		<u>\$ 38,975</u>		<u>\$ 903,927</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Debt Service Funds				
General Obligation Taxable				
Bonds				
SID Bonds				
Final Budget	Actual	Final Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	51,062	51,062
Investment income	-	391	-	962
Other	-	-	-	-
Total revenues	<u>-</u>	<u>391</u>	<u>51,062</u>	<u>52,024</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	5,391	6,141
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	125,000	125,000	50,000	50,000
Interest	23,338	23,338	9,008	9,008
Capital outlay	-	-	-	-
Total expenditures	<u>148,338</u>	<u>148,338</u>	<u>64,399</u>	<u>65,149</u>
Revenues over (under) expenditures	<u>(148,338)</u>	<u>(147,947)</u>	<u>(13,337)</u>	<u>(13,125)</u>
Other financing sources (uses)				
Transfers in	148,338	148,338	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	<u>148,338</u>	<u>148,338</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>391</u>	<u>\$ (13,337)</u>	<u>(13,125)</u>
Fund balance - beginning				
		<u>5,037</u>		<u>55,803</u>
Fund balance - ending				
		<u>\$ 5,428</u>		<u>\$ 42,678</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<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	19,148	26,931	-	-
Investment income	-	69	-	2,606
Other	-	-	33,725	102,454
	<u>19,148</u>	<u>27,000</u>	<u>33,725</u>	<u>105,060</u>
Total revenues	<u>19,148</u>	<u>27,000</u>	<u>33,725</u>	<u>105,060</u>
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	6,883	2,497
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	34,443	31,601	-	-
Interest	2,145	757	-	-
Capital outlay	-	-	389,475	99,465
	<u>36,588</u>	<u>32,358</u>	<u>396,358</u>	<u>101,962</u>
Total expenditures	<u>36,588</u>	<u>32,358</u>	<u>396,358</u>	<u>101,962</u>
Revenues over (under) expenditures	<u>(17,440)</u>	<u>(5,358)</u>	<u>(362,633)</u>	<u>3,098</u>
Other financing sources (uses)				
Transfers in	-	-	131,912	131,912
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds of capital assets				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>131,912</u>	<u>131,912</u>
Net changes in fund balance	<u>\$ (17,440)</u>	<u>(5,358)</u>	<u>\$ (230,721)</u>	<u>135,010</u>
Fund balance - beginning		<u>27,104</u>		<u>300,726</u>
Fund balance - ending		<u>\$ 21,746</u>		<u>\$ 435,736</u>

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Capital Projects Funds

	Improvement District Projects		Street Lighting Construction	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	31	-	-
Other	-	-	-	-
Total revenues	-	31	-	-
Expenditures				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Personal services	-	-	-	-
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	58,000	53,207
Total expenditures	-	-	58,000	53,207
Revenues over (under) expenditures	-	31	(58,000)	(53,207)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	58,000	55,807
Proceeds of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	58,000	55,807
Net changes in fund balance	\$ -	31	\$ -	2,600
Fund balance - beginning		5,476		(2,600)
Fund balance - ending		\$ 5,507		\$ -

Continued on next page

City of Great Falls, Montana
Combining Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Concluded)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>	
	<u>Hazard Removal</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues				
Taxes	\$ -	\$ -	\$ 1,785,500	\$ 2,053,120
Licenses and permits	-	-	1,200,705	1,611,359
Intergovernmental	-	-	5,067,163	3,319,221
Charges for services	-	-	1,489,970	1,423,761
Fines and forfeitures	-	-	29,842	37,415
Internal services	-	-	32,424	35,638
Special assessments	-	-	2,673,015	2,700,371
Investment income	-	157	1,600	51,932
Other	-	-	479,476	521,158
	<u>-</u>	<u>157</u>	<u>12,759,695</u>	<u>11,753,975</u>
Expenditures				
Current				
General government				
Personal services	-	-	1,780,422	1,641,858
Operations and maintenance	-	-	4,057,693	2,954,249
Public safety				
Personal services	-	-	159,028	97,319
Operation and maintenance	-	-	318,300	369,249
Public works				
Operations and maintenance	-	-	55,624	20,607
Culture and recreation				
Personal services	-	-	1,381,491	1,326,368
Operations and maintenance	-	-	634,346	504,656
Housing and development				
Personal services	-	-	723,392	692,583
Operations and maintenance	-	-	1,078,856	888,266
Debt service				
Principal	-	-	734,848	686,601
Interest	-	-	196,318	194,580
Capital outlay	-	-	3,973,210	1,914,081
	<u>-</u>	<u>-</u>	<u>15,093,528</u>	<u>11,290,417</u>
Revenues over (under) expenditures	<u>-</u>	<u>157</u>	<u>(2,333,833)</u>	<u>463,558</u>
Other financing sources (uses)				
Transfers in	50,000	50,000	1,009,337	1,009,337
Transfers out	-	-	(501,572)	(501,571)
Issuance of debt	-	-	58,000	55,807
Proceeds of capital assets	-	-	670,426	670,427
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>1,236,191</u>	<u>1,234,000</u>
Net changes in fund balance	<u>\$ 50,000</u>	<u>50,157</u>	<u>\$ (1,097,642)</u>	<u>1,697,558</u>
Fund balance - beginning		<u>12</u>		<u>7,513,427</u>
Fund balance - ending		<u>\$ 50,169</u>		<u>\$ 9,210,985</u>

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.

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

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

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

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

Recreation Fund – This fund is used to account for revenues and expenses related to the recreation center, recreation programs, the annual Ice-Breaker road race, and other miscellaneous fee-based recreation programs administered by the Parks and Recreation Department. In FY 2017 the Ice Breaker Run was separated out and became a fund.

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, 2016

	<u>Golf Courses</u>	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>
Assets and deferred outflows of resources				
Assets				
Current assets				
Cash and investments	\$ 1,600	\$ 192,308	\$ 505,930	\$ 397,898
Receivables				
Accounts	-	2,185	-	120
Due from other governments	-	-	86,155	-
Inventories	68,296	-	-	-
Total current assets	<u>69,896</u>	<u>194,493</u>	<u>592,085</u>	<u>398,018</u>
Noncurrent assets				
Restricted cash and investments	-	-	-	49,026
Non-depreciable capital assets	1,362,597	-	-	863,397
Depreciable capital assets, net	1,299,396	500,233	1,004,515	2,007,261
Total noncurrent assets	<u>2,661,993</u>	<u>500,233</u>	<u>1,004,515</u>	<u>2,919,684</u>
Total assets	<u>2,731,889</u>	<u>694,726</u>	<u>1,596,600</u>	<u>3,317,702</u>
Deferred outflows of resources				
Deferred charge-pension	33,247	11,967	80,593	4,736
Total deferred outflows of resources	<u>33,247</u>	<u>11,967</u>	<u>80,593</u>	<u>4,736</u>
Total assets and deferred outflows of resources	<u>\$ 2,765,136</u>	<u>\$ 706,693</u>	<u>\$ 1,677,193</u>	<u>\$ 3,322,438</u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities				
Accounts payable	\$ 43,656	\$ 42,690	\$ 70,777	\$ 32,680
Capital lease obligation	-	-	-	-
Other liabilities	55,007	3,168	-	-
Total current liabilities	<u>98,663</u>	<u>45,858</u>	<u>70,777</u>	<u>32,680</u>
Noncurrent liabilities				
Advances from other funds	764,253			
Compensated absences	55,181	31,112	61,586	-
Net pension liability	440,607	158,812	1,073,411	61,485
Total noncurrent liabilities	<u>1,260,041</u>	<u>189,924</u>	<u>1,134,997</u>	<u>61,485</u>
Total liabilities	<u>1,358,704</u>	<u>235,782</u>	<u>1,205,774</u>	<u>94,165</u>
Deferred inflows of resources				
Deferred revenue - pension	54,414	19,114	120,729	10,406
Total deferred inflows of resources	<u>54,414</u>	<u>19,114</u>	<u>120,729</u>	<u>10,406</u>
Net position				
Net investment in capital assets	2,661,993	500,233	1,004,515	2,870,657
Unrestricted	(1,309,975)	(48,436)	(653,825)	347,210
Total net position	<u>1,352,018</u>	<u>451,797</u>	<u>350,690</u>	<u>3,217,867</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,765,136</u>	<u>\$ 706,693</u>	<u>\$ 1,677,193</u>	<u>\$ 3,322,438</u>

Continued on next page

City of Great Falls
Combining Statement of Net Position (Concluded)
Nonmajor Enterprise Funds
June 30, 2016

	<u>Recreation</u>	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets and deferred outflows of resources				
Assets				
Current assets				
Cash and investments	\$ 268,119	\$ 105,073	\$ 224,588	\$ 1,695,516
Receivables				
Accounts	73,797	4,754	61	80,917
Due from other governments	-	-	-	86,155
Inventories	-	-	-	68,296
Total current assets	<u>341,916</u>	<u>109,827</u>	<u>224,649</u>	<u>1,930,884</u>
Noncurrent assets				
Restricted cash and investments	11,561	-	14,496	75,083
Non-depreciable capital assets	5,449	-	-	2,231,443
Depreciable capital assets, net	297,542	-	152,837	5,261,784
Total noncurrent assets	<u>314,552</u>	<u>-</u>	<u>167,333</u>	<u>7,568,310</u>
Total assets	<u>656,468</u>	<u>109,827</u>	<u>391,982</u>	<u>9,499,194</u>
Deferred outflows of resources				
Deferred charge-pension	8,791	2,830	15,675	157,839
Total deferred outflows of resources	<u>8,791</u>	<u>2,830</u>	<u>15,675</u>	<u>157,839</u>
Total assets and deferred outflows of resources	<u>\$ 665,259</u>	<u>\$ 112,657</u>	<u>\$ 407,657</u>	<u>\$ 9,657,033</u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities				
Accounts payable	\$ 31,164	\$ 10,616	\$ 9,697	\$ 241,280
Capital lease obligation	-	-	-	-
Other liabilities	3,200	-	64,644	126,019
Total current liabilities	<u>34,364</u>	<u>10,616</u>	<u>74,341</u>	<u>367,299</u>
Noncurrent liabilities				
Advances from other funds				764,253
Compensated absences	21,315	1,865	35,661	206,720
Net pension liability	117,751	36,848	208,220	2,097,134
Total noncurrent liabilities	<u>139,066</u>	<u>38,713</u>	<u>243,881</u>	<u>3,068,107</u>
Total liabilities	<u>173,430</u>	<u>49,329</u>	<u>318,222</u>	<u>3,435,406</u>
Deferred inflows of resources				
Deferred revenue - pension	11,772	6,001	24,652	247,088
Total deferred inflows of resources	<u>11,772</u>	<u>6,001</u>	<u>24,652</u>	<u>247,088</u>
Net position				
Net investment in capital assets	302,991	-	152,837	7,493,226
Unrestricted	177,066	57,327	(88,054)	(1,518,687)
Total net position	<u>480,057</u>	<u>57,327</u>	<u>64,783</u>	<u>5,974,539</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 665,259</u>	<u>\$ 112,657</u>	<u>\$ 407,657</u>	<u>\$ 9,657,033</u>

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Golf Courses</u>	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>
Operating revenues				
Charges for services	\$ 1,274,194	\$ 454,546	\$ 1,570,474	\$ 560,396
Operating expenses				
Personal services	619,942	387,541	1,270,092	42,864
Supplies and materials	152,158	94,285	8,268	1,872
Purchased services	147,278	147,081	287,304	409,222
Internal services	144,319	52,755	123,231	53,722
Other	54	16	-	485
Depreciation	186,914	69,212	114,749	249,387
Total operating expenses	<u>1,250,665</u>	<u>750,890</u>	<u>1,803,644</u>	<u>757,552</u>
Operating income (loss)	<u>23,529</u>	<u>(296,344)</u>	<u>(233,170)</u>	<u>(197,156)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	(47,962)	668	1,752	2,340
Interest expense	(6,554)	(10,471)	-	-
Proceeds (loss) on sale of capital assets	866	-	-	-
Net pension on-behalf revenue	10,649	3,927	28,048	985
Other	14,755	-	23,826	310
Total nonoperating revenues (expenses)	<u>(28,246)</u>	<u>(5,876)</u>	<u>53,626</u>	<u>3,635</u>
Income (loss) before contributions and transfers	<u>(4,717)</u>	<u>(302,220)</u>	<u>(179,544)</u>	<u>(193,521)</u>
Transfers in	<u>100,000</u>	<u>381,389</u>	<u>369,636</u>	<u>-</u>
Change in net position	95,283	79,169	190,092	(193,521)
Total net position - beginning	<u>1,256,735</u>	<u>372,628</u>	<u>160,598</u>	<u>3,411,388</u>
Total net position - ending	<u>\$ 1,352,018</u>	<u>\$ 451,797</u>	<u>\$ 350,690</u>	<u>\$ 3,217,867</u>

Continued on next page

City of Great Falls
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Concluded)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Recreation</u>	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues				
Charges for services	\$ 448,747	\$ 135,520	\$ 321,756	\$ 4,765,633
Operating expenses				
Personal services	242,067	48,733	251,135	2,862,374
Supplies and materials	20,637	41,467	5,158	323,845
Purchased services	138,862	28,986	57,466	1,216,199
Internal services	39,327	6,750	184,164	604,268
Other	25,673	-	5,660	31,888
Depreciation	17,534	-	36,555	674,351
Total operating expenses	484,100	125,936	540,138	5,712,925
Operating income (loss)	(35,353)	9,584	(218,382)	(947,292)
Nonoperating revenues (expenses)				
Investment income (loss)	1,188	458	1,536	(40,020)
Interest expense	-	-	-	(17,025)
Proceeds (loss) on sale of capital assets	-	-	-	866
Net pension on-behalf revenue	3,339	632	5,221	52,801
Other	2,734	-	28,897	70,522
Total nonoperating revenues (expenses)	7,261	1,090	35,654	67,144
Income (loss) before contributions and transfers	(28,092)	10,674	(182,728)	(880,148)
Transfers in	59,226	-	187,761	1,098,012
Change in net position	31,134	10,674	5,033	217,864
Total net position - beginning	448,923	46,653	59,750	5,756,675
Total net position - ending	<u>\$ 480,057</u>	<u>\$ 57,327</u>	<u>\$ 64,783</u>	<u>\$ 5,974,539</u>

City of Great Falls, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Golf Courses</u>	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 1,308,460	\$ 459,855	\$ 546,864	\$ 570,893
Receipts from interfund services provided	-	-	937,456	-
Receipts from others	14,755	-	23,826	310
Receipts from other govts	-	-	-	-
Payments to suppliers	(297,046)	(248,725)	(302,881)	(410,497)
Payments to employees	(619,205)	(383,920)	(1,288,152)	(43,483)
Payments for interfund services used	(144,319)	(52,755)	(123,231)	(53,722)
Payments to others	(54)	(16)	-	(485)
Net cash provided by (used for) operating activities	<u>262,591</u>	<u>(225,561)</u>	<u>(206,118)</u>	<u>63,016</u>
Cash flows from noncapital financing activities				
Transfers in	100,000	381,389	369,636	-
Transfers out	-	-	-	-
Interfund cash flow loans	(147,699)	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(47,699)</u>	<u>381,389</u>	<u>369,636</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	-	-	-	-
Principal payments received - capital leases	-	-	-	-
New borrowing - loans	-	-	-	-
Principal payments - loans	-	-	-	-
Principal payments - advances	-	-	-	-
Proceeds from sale of assets	866	-	-	-
Principal payments - revenue bonds	(250,000)	-	-	-
Principal payments - capital leases	-	(157,462)	-	-
Discount/premium	-	-	-	-
Interest paid	(6,554)	(10,471)	-	-
Acquisition/construction of capital assets	-	-	(75,125)	-
Net cash provided by (used for) capital and related financing activities	<u>(255,688)</u>	<u>(167,933)</u>	<u>(75,125)</u>	<u>-</u>
Cash flows from investing activities				
Interest and dividends on investments	(47,963)	667	1,750	2,340
Net cash provided by (used for) investing activities	<u>(47,963)</u>	<u>667</u>	<u>1,750</u>	<u>2,340</u>
Net increase (decrease) in cash	(88,759)	(11,438)	90,143	65,356
Cash, beginning of year	<u>90,359</u>	<u>203,746</u>	<u>415,787</u>	<u>381,568</u>
Cash, end of year (a)	<u>\$ 1,600</u>	<u>\$ 192,308</u>	<u>\$ 505,930</u>	<u>\$ 446,924</u>
(a) Shown on the statement of net position as:				
Cash and investments	\$ 1,600	\$ 192,308	\$ 505,930	\$ 397,898
Restricted cash and investments	-	-	-	49,026
	<u>\$ 1,600</u>	<u>\$ 192,308</u>	<u>\$ 505,930</u>	<u>\$ 446,924</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Recreation</u>	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 420,796	\$ 137,418	\$ 321,825	\$ 3,766,111
Receipts from interfund services provided	-	-	-	937,456
Receipts from others	2,734	-	28,897	70,522
Receipts from other govts	-	-	-	-
Payments to suppliers	(153,048)	(73,681)	(118,329)	(1,604,207)
Payments to employees	(232,493)	(47,989)	(257,248)	(2,872,490)
Payments for interfund services used	(39,327)	(6,750)	(184,164)	(604,268)
Payments to others	(25,673)	-	(5,660)	(31,888)
Net cash provided by (used for) operating activities	<u>(27,011)</u>	<u>8,998</u>	<u>(214,679)</u>	<u>(338,764)</u>
Cash flows from noncapital financing activities				
Transfers in	59,226	-	187,761	1,098,012
Transfers out	-	-	-	-
Interfund cash flow loans	-	-	-	(147,699)
Net cash provided by (used for) noncapital financing activities	<u>59,226</u>	<u>-</u>	<u>187,761</u>	<u>950,313</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	-	-	-	-
Principal payments received - capital leases	-	-	-	-
New borrowing - loans	-	-	-	-
Principal payments - loans	-	-	-	-
Principal payments - advances	-	-	-	-
Proceeds from sale of assets	-	-	-	866
Principal payments - revenue bonds	-	-	-	(250,000)
Principal payments - capital leases	-	-	-	(157,462)
Discount/premium	-	-	-	-
Interest paid	-	-	-	(17,025)
Acquisition/construction of capital assets	-	-	-	(75,125)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(498,746)</u>
Cash flows from investing activities				
Interest and dividends on investments	1,188	457	1,536	(40,025)
Net cash provided by (used for) investing activities	<u>1,188</u>	<u>457</u>	<u>1,536</u>	<u>(40,025)</u>
Net increase (decrease) in cash	33,403	9,455	(25,382)	72,778
Cash, beginning of year	<u>246,277</u>	<u>95,618</u>	<u>264,466</u>	<u>1,697,821</u>
Cash, end of year (a)	<u>\$ 279,680</u>	<u>\$ 105,073</u>	<u>\$ 239,084</u>	<u>\$ 1,770,599</u>
(a) Shown on the statement of net position as:				
Cash and investments	\$ 268,119	\$ 105,073	\$ 224,588	\$ 1,695,516
Restricted cash and investments	11,561	-	14,496	75,083
	<u>\$ 279,680</u>	<u>\$ 105,073</u>	<u>\$ 239,084</u>	<u>\$ 1,770,599</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Golf Courses</u>	<u>Swimming Pools</u>	<u>911 Dispatch Center</u>	<u>Parking</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 23,529	\$ (296,344)	\$ (233,170)	\$ (197,156)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
GASB 68 pension expense	(7,121)	(2,626)	(18,757)	(660)
Depreciation expense	186,914	69,212	114,749	249,387
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	11,575	5,308	-	10,497
(Increase) decrease in due from other governments	-		(86,155)	-
(Increase) decrease in inventories	22,689	-	-	-
(Decrease) increase in accounts payable	(14,596)	(7,963)	(7,308)	638
(Decrease) increase in other liabilities	17,973	2,318	-	-
(Decrease) increase in compensated absences payable	6,873	4,534	697	-
Other nonoperating revenue	14,755	-	23,826	310
Total adjustments	\$ 239,062	\$ 70,783	\$ 27,052	\$ 260,172
Net cash provided by (used for) operating activities	\$ 262,591	\$ (225,561)	\$ (206,118)	\$ 63,016

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Recreation</u>	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (35,353)	\$ 9,584	\$ (218,382)	\$ (947,292)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
GASB 68 pension expense	(2,233)	(423)	(3,492)	(35,312)
Depreciation expense	17,534	-	36,555	674,351
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	(27,954)	1,896	68	1,390
(Increase) decrease in due from other governments	-	-	-	(86,155)
(Increase) decrease in inventories	-	-	-	22,689
(Decrease) increase in accounts payable	8,070	(2,024)	642	(22,541)
(Decrease) increase in other liabilities	3,200	-	(55,742)	(32,251)
(Decrease) increase in compensated absences payable	6,991	(35)	(3,225)	15,835
Other nonoperating revenue	2,734	-	28,897	70,522
Total adjustments	\$ 8,342	\$ (586)	\$ 3,703	\$ 608,528
Net cash provided by (used for) operating activities	<u>\$ (27,011)</u>	<u>\$ 8,998</u>	<u>\$ (214,679)</u>	<u>\$ (338,764)</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.

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

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

Health & Benefits Fund – This fund is used to account for fleet operations for the City. Functions include maintenance, fuel dispensing, and replacement services for all major vehicles and motor equipment owned by the City.

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

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

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

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

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

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

City of Great Falls
Combing Statement of Net Position
Internal Services Fund
June 30,2016

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Assets and deferred outflows of resources				
Assets				
Current assets				
Cash and investments	\$ 509,882	\$ 236,890	\$ 789,359	\$ 1,031,853
Receivables				
Accounts	1,349	-	-	927
Accrued interest	701	-	1,087	1,421
Due from other city funds	-	-	-	-
Interfund loans receivable	72,518	-	-	-
Inventories	165,303	-	-	-
Total current assets	<u>749,753</u>	<u>236,890</u>	<u>790,446</u>	<u>1,034,201</u>
Noncurrent assets				
Restricted cash and investments	2,157,899	213,953	-	-
Advance to other funds	105,743	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	4,808,023	59,615	3,533	-
Total noncurrent assets	<u>7,071,665</u>	<u>273,568</u>	<u>3,533</u>	<u>-</u>
Total assets	<u>7,821,418</u>	<u>510,458</u>	<u>793,979</u>	<u>1,034,201</u>
Deferred outflows of resources				
Deferred charge-pension	43,855	41,615	4,273	-
Total deferred outflows of resources	<u>43,855</u>	<u>41,615</u>	<u>4,273</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 7,865,273</u>	<u>\$ 552,073</u>	<u>\$ 798,252</u>	<u>\$ 1,034,201</u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities				
Accounts payable	\$ 63,630	\$ 30,139	\$ 10,221	\$ -
Due to other city funds	-	-	-	-
Loans payable	-	-	-	-
Other liabilities	-	-	-	-
Total current liabilities	<u>63,630</u>	<u>30,139</u>	<u>10,221</u>	<u>-</u>
Noncurrent liabilities				
Loans payable	-	-	-	-
Compensated absences	44,999	55,763	1,385	-
Net pension liability	583,832	552,899	56,702	-
Other liabilities	-	-	-	1,644,923
Total noncurrent liabilities	<u>628,831</u>	<u>608,662</u>	<u>58,087</u>	<u>1,644,923</u>
Total liabilities	<u>692,461</u>	<u>638,801</u>	<u>68,308</u>	<u>1,644,923</u>
Deferred inflows of resources				
Deferred revenue-pension	66,262	65,184	6,851	-
Total deferred inflows of resources	<u>66,262</u>	<u>65,184</u>	<u>6,851</u>	<u>-</u>
Net position				
Net investment in capital assets	4,808,023	59,615	3,533	-
Unrestricted	2,298,527	(211,527)	719,560	(610,722)
Total net position	<u>7,106,550</u>	<u>(151,912)</u>	<u>723,093</u>	<u>(610,722)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,865,273</u>	<u>\$ 552,073</u>	<u>\$ 798,252</u>	<u>\$ 1,034,201</u>

Continued on next page

City of Great Falls
Combing Statement of Net Position (Continued)
Internal Services Funds
June 30, 2016

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Assets and deferred outflows of resources				
Assets				
Current assets				
Cash and investments	\$ 126,858	\$ 4,154	\$ 182,941	\$ 126,405
Receivables				
Accounts	-	-	1,000	308,740
Accrued interest	-	-	-	-
Due from other city funds	-	-	-	-
Interfund loans receivable	-	-	-	-
Inventories	-	-	-	-
Total current assets	<u>126,858</u>	<u>4,154</u>	<u>183,941</u>	<u>435,145</u>
Noncurrent assets				
Restricted cash and investments	-	-	-	62,251
Advance to other funds	-	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	1,174	50,219	13,915	718,329
Total noncurrent assets	<u>1,174</u>	<u>50,219</u>	<u>13,915</u>	<u>780,580</u>
Total assets	<u>128,032</u>	<u>54,373</u>	<u>197,856</u>	<u>1,215,725</u>
Deferred outflows of resources				
Deferred charge-pension	19,906	1,139	66,835	68,998
Total deferred outflows of resources	<u>19,906</u>	<u>1,139</u>	<u>66,835</u>	<u>68,998</u>
Total assets and deferred outflows of resources	<u>\$ 147,938</u>	<u>\$ 55,512</u>	<u>\$ 264,691</u>	<u>\$ 1,284,723</u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities				
Accounts payable	\$ 8,355	\$ 668	\$ 45,169	\$ 53,469
Due to other city funds	-	-	-	-
Loans payable	-	-	-	89,185
Other liabilities	-	-	-	9,026
Total current liabilities	<u>8,355</u>	<u>668</u>	<u>45,169</u>	<u>151,680</u>
Noncurrent liabilities				
Loans payable	-	-	-	93,272
Compensated absences	20,260	-	63,132	135,113
Net pension liability	262,765	15,105	885,147	917,479
Other liabilities	-	-	-	-
Total noncurrent liabilities	<u>283,025</u>	<u>15,105</u>	<u>948,279</u>	<u>1,145,864</u>
Total liabilities	<u>291,380</u>	<u>15,773</u>	<u>993,448</u>	<u>1,297,544</u>
Deferred inflows of resources				
Deferred revenue-pension	34,746	1,851	110,592	106,495
Total deferred inflows of resources	<u>34,746</u>	<u>1,851</u>	<u>110,592</u>	<u>106,495</u>
Net position				
Net investment in capital assets	1,174	50,219	13,916	535,873
Unrestricted	(179,362)	(12,331)	(853,265)	(655,189)
Total net position	<u>(178,188)</u>	<u>37,888</u>	<u>(839,349)</u>	<u>(119,316)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 147,938</u>	<u>\$ 55,512</u>	<u>\$ 264,691</u>	<u>\$ 1,284,723</u>

Continued on next page

City of Great Falls
Combing Statement of Net Position (Concluded)
Internal Services Funds
June 30, 2016

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Assets and deferred outflows of resources			
Assets			
Current assets			
Cash and investments	\$ 330,327	\$ 238,241	\$ 3,576,910
Receivables			
Accounts	-	-	312,016
Accrued interest	-	-	3,209
Due from other city funds	-	-	-
Interfund loans receivable	-	-	72,518
Inventories	-	-	165,303
Total current assets	<u>330,327</u>	<u>238,241</u>	<u>4,129,956</u>
Noncurrent assets			
Restricted cash and investments	5,271	97,116	2,536,490
Advance to other funds	-	-	105,743
Non-depreciable capital assets	27,281	-	27,281
Depreciable capital assets, net	41,301	395,768	6,091,877
Total noncurrent assets	<u>73,853</u>	<u>492,884</u>	<u>8,761,391</u>
Total assets	<u>404,180</u>	<u>731,125</u>	<u>12,891,347</u>
Deferred outflows of resources			
Deferred charge-pension	17,112	16,662	280,395
Total deferred outflows of resources	<u>17,112</u>	<u>16,662</u>	<u>280,395</u>
Total assets and deferred outflows of resources	<u>\$ 421,292</u>	<u>\$ 747,787</u>	<u>\$ 13,171,742</u>
Liabilities, deferred inflows of resources, and net position			
Liabilities			
Current liabilities			
Accounts payable	\$ 18,815	\$ 15,342	\$ 245,808
Due to other city funds	-	-	-
Loans payable	-	-	89,185
Other liabilities	-	-	9,026
Total current liabilities	<u>18,815</u>	<u>15,342</u>	<u>344,019</u>
Noncurrent liabilities			
Loans payable	-	-	93,272
Compensated absences	40,364	15,488	376,504
Net pension liability	230,391	220,927	3,725,247
Other liabilities	-	-	1,644,923
Total noncurrent liabilities	<u>270,755</u>	<u>236,415</u>	<u>5,839,946</u>
Total liabilities	<u>289,570</u>	<u>251,757</u>	<u>6,183,965</u>
Deferred inflows of resources			
Deferred revenue-pension	20,483	27,038	439,502
Total deferred inflows of resources	<u>20,483</u>	<u>27,038</u>	<u>439,502</u>
Net position			
Net investment in capital assets	68,582	395,768	5,936,703
Unrestricted	42,657	73,224	611,572
Total net position	<u>111,239</u>	<u>468,992</u>	<u>6,548,275</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 421,292</u>	<u>\$ 747,787</u>	<u>\$ 13,171,742</u>

City of Great Falls
Combining State of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Operating revenues				
Charges for services	\$ 2,707,591	\$ 1,333,188	\$ 1,016,550	\$ 7,563,916
Operating expenses				
Personal services	770,984	623,554	62,484	-
Supplies and materials	722,368	173,451	5,020	-
Purchased services	70,169	250,987	766,343	7,531,837
Internal services	114,276	56,044	6,271	-
Other	9,010	-	-	-
Depreciation	632,784	18,173	467	-
Total operating expenses	<u>2,319,591</u>	<u>1,122,209</u>	<u>840,585</u>	<u>7,531,837</u>
Operating income (loss)	<u>388,000</u>	<u>210,979</u>	<u>175,965</u>	<u>32,079</u>
Nonoperating revenues (expenses)				
Investment income (loss)	19,357	2,483	6,350	7,249
Interest expense	-	-	-	-
Proceeds (loss) on sale of capital assets	47,942	-	-	-
Net pension on-behalf revenue	15,149	13,914	1,397	-
Other	4,816	3,034	3,420	3,000
Total nonoperating revenues (expenses)	<u>87,264</u>	<u>19,431</u>	<u>11,167</u>	<u>10,249</u>
Income (loss) before contributions and transfers	<u>475,264</u>	<u>230,410</u>	<u>187,132</u>	<u>42,328</u>
Transfers in	<u>-</u>	<u>26,327</u>	<u>-</u>	<u>-</u>
Change in net position	475,264	256,737	187,132	42,328
Total net position - beginning	<u>6,631,286</u>	<u>(408,649)</u>	<u>535,961</u>	<u>(653,050)</u>
Total net position - ending	<u>\$ 7,106,550</u>	<u>\$ (151,912)</u>	<u>\$ 723,093</u>	<u>\$ (610,722)</u>

Continued on next page

City of Great Falls
Combining State of Revenues, Expenses and
Changes in Fund Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Operating revenues				
Charges for services	\$ 348,037	\$ 46,805	\$ 1,528,242	\$ 1,436,600
Operating expenses				
Personal services	265,019	15,751	939,417	1,094,099
Supplies and materials	1,232	1,459	28,422	29,444
Purchased services	33,328	20,355	329,996	35,456
Internal services	32,833	832	162,614	177,033
Other	771	-	-	75
Depreciation	214	6,087	480	49,816
Total operating expenses	<u>333,397</u>	<u>44,484</u>	<u>1,460,929</u>	<u>1,385,923</u>
Operating income (loss)	<u>14,640</u>	<u>2,321</u>	<u>67,313</u>	<u>50,677</u>
Nonoperating revenues (expenses)				
Investment income (loss)	639	9	612	679
Interest expense	-	-	-	(2,641)
Proceeds (loss) on sale of capital assets	-	-	-	-
Net pension on-behalf revenue	5,942	368	21,165	23,386
Other	357	-	1,043	-
Total nonoperating revenues (expenses)	<u>6,938</u>	<u>377</u>	<u>22,820</u>	<u>21,424</u>
Income (loss) before contributions and transfers	<u>21,578</u>	<u>2,698</u>	<u>90,133</u>	<u>72,101</u>
Transfers in	-	-	-	76,078
Change in net position	21,578	2,698	90,133	148,179
Total net position - beginning	<u>(199,766)</u>	<u>35,190</u>	<u>(929,482)</u>	<u>(267,495)</u>
Total net position - ending	<u>\$ (178,188)</u>	<u>\$ 37,888</u>	<u>\$ (839,349)</u>	<u>\$ (119,316)</u>

Continued on next page

City of Great Falls
Combining State of Revenues, Expenses and Changes in
Fund Net Position (Concluded)
Internal Service Funds
For the Year Ended June 30, 2016

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 519,577	\$ 513,123	\$ 17,013,629
Operating expenses			
Personal services	336,517	281,602	4,389,427
Supplies and materials	21,071	25,114	1,007,581
Purchased services	115,599	146,126	9,300,196
Internal services	35,332	15,567	600,802
Other	-	-	9,856
Depreciation	10,259	52,224	770,504
Total operating expenses	<u>518,778</u>	<u>520,633</u>	<u>16,078,366</u>
Operating income (loss)	<u>799</u>	<u>(7,510)</u>	<u>935,263</u>
Nonoperating revenues (expenses)			
Investment income (loss)	1,957	1,877	41,212
Interest expense	-	-	(2,641)
Proceeds (loss) on sale of capital assets	(1,884)	-	46,058
Net pension on-behalf revenue	6,986	5,383	93,690
Other	1,283	-	16,953
Total nonoperating revenues (expenses)	<u>8,342</u>	<u>7,260</u>	<u>195,272</u>
Income (loss) before contributions and transfers	<u>9,141</u>	<u>(250)</u>	<u>1,130,535</u>
Transfers in	<u>-</u>	<u>-</u>	<u>102,405</u>
Change in net position	9,141	(250)	1,232,940
Total net position - beginning	<u>102,098</u>	<u>469,242</u>	<u>5,315,335</u>
Total net position - ending	<u>\$ 111,239</u>	<u>\$ 468,992</u>	<u>\$ 6,548,275</u>

City of Great Falls, Montana
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 180,050	\$ 106,729	\$ 96,110	\$ 1,252,735
Receipts from interfund services provided	2,552,543	1,230,487	920,440	6,310,253
Receipts from others	4,816	3,034	3,420	3,000
Receipts from other govts	-	-	-	-
Payments to suppliers	(809,424)	(484,520)	(763,952)	(7,342,225)
Payments to employees	(775,391)	(625,614)	(61,883)	-
Payments for interfund services used	(114,276)	(56,044)	(6,271)	-
Payments to others	(9,010)	-	-	-
Net cash provided by (used for) operating activities	<u>1,029,308</u>	<u>174,072</u>	<u>187,864</u>	<u>223,763</u>
Cash flows from noncapital financing activities				
Transfers in	-	26,327	-	-
Interfund cash flow loans	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>26,327</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	55,157	-	-	-
Principal payments received - advances	92,123	-	-	-
Principal payments - loans	-	-	-	-
Interest paid	-	-	-	-
Acquisition/construction of capital assets	(1,132,549)	(25,187)	(4,000)	-
Net cash provided by (used for) capital and related financing activities	<u>(985,269)</u>	<u>(25,187)</u>	<u>(4,000)</u>	<u>-</u>
Cash flows from investing activities				
Interest and dividends on investments	19,640	2,483	5,537	6,193
Net cash provided by (used for) investing activities	<u>19,640</u>	<u>2,483</u>	<u>5,537</u>	<u>6,193</u>
Net increase (decrease) in cash	63,679	177,695	189,401	229,956
Cash, beginning of year	<u>2,604,102</u>	<u>273,148</u>	<u>599,958</u>	<u>801,897</u>
Cash, end of year (a)	<u>\$ 2,667,781</u>	<u>\$ 450,843</u>	<u>\$ 789,359</u>	<u>\$ 1,031,853</u>
(a) Shown on the statement of net position as:				
Cash and investments	\$ 509,882	\$ 236,890	\$ 789,359	\$ 1,031,853
Restricted cash and investments	2,157,899	213,953	-	-
	<u>\$ 2,667,781</u>	<u>\$ 450,843</u>	<u>\$ 789,359</u>	<u>\$ 1,031,853</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Cash flows from operating activities				
Receipts from customers and users	\$ -	\$ -	\$ 1,527,002	\$ 173,687
Receipts from interfund services provided	348,037	46,805	240	1,163,139
Receipts from others	357	-	1,043	-
Receipts from other govts	-	-	-	-
Payments to suppliers	(34,563)	(21,814)	(359,475)	(135,651)
Payments to employees	(293,158)	(15,987)	(945,592)	(1,101,863)
Payments for interfund services used	(32,833)	(832)	(162,614)	(177,033)
Payments to others	(771)	-	-	(75)
Net cash provided by (used for) operating activities	<u>(12,931)</u>	<u>8,172</u>	<u>60,604</u>	<u>(77,796)</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	-	76,078
Interfund cash flow loans	-	(4,028)	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(4,028)</u>	<u>-</u>	<u>76,078</u>
Cash flows from capital and related financing activities				
Proceeds from sale of assets	-	-	-	-
Principal payments received - advances	-	-	-	-
Principal payments - loans	-	-	-	(38,432)
Interest paid	-	-	-	(2,641)
Acquisition/construction of capital assets	-	-	(14,395)	(32,283)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(14,395)</u>	<u>(73,356)</u>
Cash flows from investing activities				
Interest and dividends on investments	<u>638</u>	<u>10</u>	<u>613</u>	<u>679</u>
Net cash provided by (used for) investing activities	<u>638</u>	<u>10</u>	<u>613</u>	<u>679</u>
Net increase (decrease) in cash	(12,293)	4,154	46,822	(74,395)
Cash, beginning of year	<u>139,151</u>	<u>-</u>	<u>136,119</u>	<u>263,051</u>
Cash, end of year (a)	<u><u>\$ 126,858</u></u>	<u><u>\$ 4,154</u></u>	<u><u>\$ 182,941</u></u>	<u><u>\$ 188,656</u></u>
(a) Shown on the statement of net position as:				
Cash and investments	\$ 126,858	\$ 4,154	\$ 182,941	\$ 126,405
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,251</u>
	<u><u>\$ 126,858</u></u>	<u><u>\$ 4,154</u></u>	<u><u>\$ 182,941</u></u>	<u><u>\$ 188,656</u></u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 519,577	\$ 387	\$ 3,856,277
Receipts from interfund services provided	-	512,736	13,084,680
Receipts from others	1,283	-	16,953
Receipts from other govts	-	-	-
Payments to suppliers	(136,073)	(172,739)	(10,260,436)
Payments to employees	(330,067)	(286,723)	(4,436,278)
Payments for interfund services used	(35,332)	(15,567)	(600,802)
Payments to others	-	-	(9,856)
Net cash provided by (used for) operating activities	<u>19,388</u>	<u>38,094</u>	<u>1,650,538</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	102,405
Interfund cash flow loans	-	-	(4,028)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>98,377</u>
Cash flows from capital and related financing activities			
Proceeds from sale of assets	-	-	55,157
Principal payments received - advances	-	-	92,123
Principal payments - loans	-	-	(38,432)
Interest paid	-	-	(2,641)
Acquisition/construction of capital assets	(38,081)	(16,852)	(1,263,347)
Net cash provided by (used for) capital and related financing activities	<u>(38,081)</u>	<u>(16,852)</u>	<u>(1,157,140)</u>
Cash flows from investing activities			
Interest and dividends on investments	1,957	1,878	39,628
Net cash provided by (used for) investing activities	<u>1,957</u>	<u>1,878</u>	<u>39,628</u>
Net increase (decrease) in cash	(16,736)	23,120	631,403
Cash, beginning of year	<u>352,334</u>	<u>312,237</u>	<u>5,481,997</u>
Cash, end of year (a)	<u>\$ 335,598</u>	<u>\$ 335,357</u>	<u>\$ 6,113,400</u>
(a) Shown on the statement of net position as:			
Cash and investments	\$ 330,327	\$ 238,241	\$ 3,576,910
Restricted cash and investments	5,271	97,116	2,536,490
	<u>\$ 335,598</u>	<u>\$ 335,357</u>	<u>\$ 6,113,400</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Central Garage</u>	<u>Information Technology</u>	<u>Insurance & Safety</u>	<u>Health & Benefits</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 388,000	\$ 210,979	\$ 175,965	\$ 32,079
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
GASB 68 pension expense	(10,131)	(9,306)	(934)	-
Depreciation expense	632,784	18,173	467	-
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	(1,135)	4,028	-	(927)
(Increase) decrease in inventories	26,138	-	-	-
(Decrease) increase in accounts payable	(18,030)	(58,622)	7,562	189,611
(Decrease) increase in compensated absences payable	6,866	5,786	1,384	-
Other nonoperating revenue	4,816	3,034	3,420	3,000
Total adjustments	<u>\$ 641,308</u>	<u>\$ (36,907)</u>	<u>\$ 11,899</u>	<u>\$ 191,684</u>
Net cash provided by (used for) operating activities	<u>\$ 1,029,308</u>	<u>\$ 174,072</u>	<u>\$ 187,864</u>	<u>\$ 223,763</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Human Resources</u>	<u>City Telephone</u>	<u>Fiscal Services</u>	<u>Engineering</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 14,640	\$ 2,321	\$ 67,313	\$ 50,677
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
GASB 68 pension expense	(3,974)	(246)	(14,154)	(15,639)
Depreciation expense	214	6,087	480	49,816
Cash provided (used) by changes in operating assets and liabilities				
(Increase) decrease in accounts receivable	-	-	(1,000)	(99,773)
(Increase) decrease in inventories	-	-	-	-
(Decrease) increase in accounts payable	(4,985)	10	(659)	(67,157)
(Decrease) increase in compensated absences payable	(19,183)	-	7,581	4,280
Other nonoperating revenue	357	-	1,043	-
Total adjustments	<u>\$ (27,571)</u>	<u>\$ 5,851</u>	<u>\$ (6,709)</u>	<u>\$ (128,473)</u>
Net cash provided by (used for) operating activities	<u>\$ (12,931)</u>	<u>\$ 8,172</u>	<u>\$ 60,604</u>	<u>\$ (77,796)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
For the Year Ended June 30, 2016

	Public Works Admin	Civic Center Facility Service	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 799	\$ (7,510)	\$ 935,263
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
GASB 68 pension expense	(4,672)	(3,599)	(62,655)
Depreciation expense	10,259	52,224	770,504
Cash provided (used) by changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	-	-	(98,807)
(Increase) decrease in inventories	-	-	26,138
(Decrease) increase in accounts payable	6,296	(1,681)	52,345
(Decrease) increase in compensated absences payable	5,423	(1,340)	10,797
Other nonoperating revenue	1,283	-	16,953
Total adjustments	\$ 18,589	\$ 45,604	\$ 715,275
Net cash provided by (used for) operating activities	<u>\$ 19,388</u>	<u>\$ 38,094</u>	<u>\$ 1,650,538</u>

Private Purpose Trust Funds

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

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

City of Great Falls
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2016

	Castle Pines Trust
Assets	
Cash and investments	\$ 128,262
Due from agency fund	81,065
Total Assets	209,327
 Liabilities	 -
 Net Position	 \$ 209,327
Held in trust	

City of Great Falls
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2016

	Castle Pines Trust
Additions	
Private contributions	\$ 2,738
Investment income	1,165
Total additions	3,903
Deductions	
Refunds of contributions	-
Change in net position	3,903
Net position - beginning	205,424
Net position - ending	\$ 209,327

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, 2016

	ULRRWSD				Total Agency
	Agency	Court Agency	Flex 1 Plans	Payroll	Funds
Assets					
Cash and investments	\$ 169,224	\$ 36,160	\$ 36,956	\$ -	\$ 242,340
Special assessments receivable	899,862	-	-	-	899,862
Payroll receivable	-	-	-	994,331	994,331
Due from other governments	147	-	-	-	147
Total Assets	1,069,233	36,160	36,956	994,331	2,136,680
Liabilities					
Accounts payable	-	-	-	913,266	913,266
Assets held for others	1,069,233	-	-	-	1,069,233
Other liabilities	-	36,160	36,956	-	73,116
Due to trust fund	-	-	-	81,065	81,065
Total Liabilities	\$ 1,069,233	\$ 36,160	\$ 36,956	\$ 994,331	\$ 2,136,680

City of Great Falls, Montana
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ULRRWSD Agency				
ASSETS				
Cash and investments	\$ 162,481	\$ 93,021	\$ (86,278)	\$ 169,224
Special assessments receivable	960,345	74,665	(135,148)	899,862
Due from other governments	556	177	(586)	147
Total assets	<u>1,123,382</u>	<u>167,863</u>	<u>(222,012)</u>	<u>1,069,233</u>
LIABILITIES				
Assets held for others	<u>1,123,382</u>	<u>156,688</u>	<u>(210,836)</u>	<u>1,069,233</u>
Total liabilities	<u>\$ 1,123,382</u>	<u>\$ 156,688</u>	<u>\$ (210,836)</u>	<u>\$ 1,069,233</u>
Court Agency				
ASSETS				
Cash and investments	\$ 25,939	\$ 10,221	\$ -	\$ 36,160
Total assets	<u>25,939</u>	<u>10,221</u>	<u>-</u>	<u>36,160</u>
LIABILITIES				
Other liabilities	<u>25,939</u>	<u>10,221</u>	<u>-</u>	<u>36,160</u>
Total liabilities	<u>\$ 25,939</u>	<u>\$ 10,221</u>	<u>\$ -</u>	<u>\$ 36,160</u>
Flex 1 Plans				
ASSETS				
Cash and investments	\$ 39,077	\$ 19,353	\$ (21,474)	\$ 36,956
Total assets	<u>39,077</u>	<u>19,353</u>	<u>(21,474)</u>	<u>36,956</u>
LIABILITIES				
Other liabilities	<u>39,077</u>	<u>118,972</u>	<u>(121,093)</u>	<u>36,956</u>
Total liabilities	<u>\$ 39,077</u>	<u>\$ 118,972</u>	<u>\$ (121,093)</u>	<u>\$ 36,956</u>
Payroll				
ASSETS				
Cash and investments	\$ 319,919	\$ 36,184,220	\$ (36,504,139)	\$ -
Accounts receivable	942,737	1,721,730	(1,670,136)	994,331
Total assets	<u>1,262,656</u>	<u>37,905,950</u>	<u>(38,174,275)</u>	<u>994,331</u>
LIABILITIES				
Accounts payable	1,262,656	41,433,544	(41,782,934)	913,266
Due to trust fund	-	81,065	-	81,065
Total liabilities	<u>\$ 1,262,656</u>	<u>\$ 41,514,609</u>	<u>\$ (41,782,934)</u>	<u>\$ 994,331</u>
Total - All Agency Funds				
ASSETS				
Cash and investments	\$ 547,416	\$ 36,306,815	\$ (36,611,891)	\$ 242,340
Special assessments receivable	960,345	74,665	(135,148)	899,862
Accounts receivable	942,737	1,721,730	(1,670,136)	994,331
Due from other governments	556	177	(586)	147
Total assets	<u>2,451,054</u>	<u>38,103,387</u>	<u>(38,417,761)</u>	<u>2,136,680</u>
LIABILITIES				
Accounts payable	1,262,656	41,433,544	(41,782,934)	913,266
Assets held for others	1,123,382	156,688	(210,836)	1,069,233
Other liabilities	65,016	129,193	(121,093)	73,116
Total liabilities	<u>\$ 2,451,054</u>	<u>\$ 41,719,424</u>	<u>\$ (42,114,863)</u>	<u>\$ 2,055,615</u>



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.	164
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	169
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.	174
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.	196
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.	198

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General government	\$ 7,551,204	\$ 6,113,949	\$ 6,280,562	\$ 6,896,504	\$ 8,333,483	\$ 9,528,095	\$ 8,696,774	\$ 9,116,629	\$ 9,175,818	\$ 8,951,277
Public safety	13,707,939	15,703,112	16,053,948	16,826,227	17,238,592	17,821,137	18,473,368	18,452,067	18,925,163	21,047,599
Public works	4,032,194	4,395,673	4,794,550	4,966,357	3,986,960	5,643,757	6,823,866	6,609,221	7,176,330	6,319,333
Culture and recreation	4,190,877	4,568,967	5,607,567	4,866,669	4,695,547	5,211,517	5,280,872	4,908,524	5,018,301	5,309,937
Housing and development	2,788,802	3,141,049	2,958,565	4,725,478	3,088,617	2,599,225	2,986,916	2,100,706	3,285,664	1,985,526
Interest and Fees	311,447	405,626	332,216	329,874	360,667	312,101	286,266	275,752	213,945	202,091
Total governmental activities expenses	32,582,463	34,328,376	36,027,408	38,611,109	37,703,866	41,115,832	42,548,062	41,462,899	43,795,221	43,815,763
Business-type activities										
Golf courses	1,421,903	1,384,226	1,460,828	1,414,297	1,393,793	1,371,666	1,393,735	1,274,279	1,286,360 *	-
Water	6,791,109	7,223,313	7,313,512	7,336,143	7,279,507	8,066,706	8,360,315	8,260,040	8,192,979	8,265,032
Sewer	6,620,414	7,215,076	7,281,065	7,340,178	7,395,670	7,265,547	7,676,489	7,823,272	7,856,343	7,802,738
Storm drain	1,215,422	1,227,116	1,245,318	1,252,472	1,262,923	1,243,172	1,358,316	1,322,246	1,485,612	1,626,546
Sanitation	3,072,465	3,330,166	3,231,635	3,165,548	3,222,473	3,464,588	3,406,713	3,367,323	3,249,148	3,351,925
Electric	6,711,809	9,441,675	10,724,225	11,050,768	11,777,771	3,648,328	2,606,675	854,118	175,481 *	-
Port authority	-	87,046	340,881	332,034	321,387	310,766	298,960	325,092	312,659	299,366
State Special Projects	-	-	-	-	-	-	-	63,680	373,134	367,623
Other	4,045,283	4,273,470	4,271,610	4,253,145	4,381,134	4,523,324	4,598,631	4,597,136	4,570,909	5,729,950
Total business-type activities expenses	29,878,405	34,182,088	35,869,074	36,144,585	37,034,658	29,894,097	29,699,834	27,887,186	27,502,625	27,443,180
Total primary government expenses	\$ 62,460,868	\$ 68,510,464	\$ 71,896,482	\$ 74,755,694	\$ 74,738,524	\$ 71,009,929	\$ 72,247,896	\$ 69,350,085	\$ 71,297,846	\$ 71,258,943
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 2,584,146	\$ 2,773,279	\$ 2,895,553	\$ 3,024,023	\$ 5,648,041	\$ 5,856,691	\$ 7,176,911	\$ 5,864,755	\$ 6,466,937	\$ 6,371,925
Public safety	2,096,607	2,280,255	2,486,246	2,458,773	2,556,209	1,594,501	1,488,048	1,638,667	1,698,851	1,607,759
Public works	2,801,439	3,075,156	3,451,404	3,686,549	3,769,809	5,503,781	4,884,645	4,770,651	5,440,670	5,911,491
Culture and recreation	496,740	517,337	510,812	504,279	1,103,631	1,267,802	745,946	750,894	730,995	799,487
Housing and development	3,235,059	3,594,034	3,105,833	3,082,734	1,084,434	1,347,775	1,311,128	1,387,925	1,813,459	2,096,699
Operating grants and contributions	867,359	922,426	825,758	609,709	1,469,801	1,081,039	2,277,090	1,171,027	2,236,251	1,675,205
Capital grants and contributions	1,945,499	2,190,536	2,174,440	5,098,770	674,013	458,821	499,861	616,593	1,211,232	1,399,292
Total governmental activities program revenues	14,026,849	15,353,023	15,450,046	18,464,837	16,305,938	17,110,410	18,383,629	16,200,512	19,598,395	19,861,858

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities										
Charges for services										
Golf Courses	\$ 1,168,802	\$ 1,254,453	\$ 1,309,590	\$ 1,421,216	\$ 1,347,695	\$ 1,404,894	\$ 1,379,693	\$ 1,314,324	\$ 1,350,398	* \$ -
Water	7,578,259	8,301,295	8,116,362	8,020,720	7,697,120	9,586,179	10,585,717	9,872,232	11,038,165	11,117,378
Sewer	7,089,612	7,656,887	7,788,927	7,762,817	8,110,507	8,972,566	10,230,776	10,446,285	10,904,305	10,541,575
Storm Drain	1,929,820	1,824,052	1,863,553	1,980,588	1,851,161	1,864,490	1,930,203	1,867,201	1,993,861	2,105,174
Sanitation	2,881,638	3,224,927	3,173,768	3,193,631	3,196,563	3,263,001	3,149,008	3,257,465	3,465,672	3,453,572
Electric	6,440,336	8,867,623	9,500,725	9,778,199	10,095,151	3,292,906	2,472,625	1,849,794	3,692	*
Port Authority	-	440,364	465,187	465,187	465,187	465,188	465,187	465,187	465,187	465,187
State Special Projects	-	-	-	-	-	-	-	-	383,402	383,402
Other	2,800,943	2,841,539	3,027,285	2,962,335	2,898,573	3,288,579	3,421,754	3,152,726	3,647,316	4,588,459
Operating grants and contributions	-	3,570	3,082	500	-	-	-	870,461	11,119	177,174
Capital grants and contributions	1,258,171	28,409	433,792	1,040,067	5,612	-	42,130	-	-	-
Total business-type activities program revenues	31,147,581	34,443,119	35,682,271	36,625,260	35,667,569	32,137,803	33,677,093	33,095,675	33,263,117	32,831,921
Total primary government program revenues	\$ 45,174,430	\$ 49,796,142	\$ 51,132,317	\$ 55,090,097	\$ 51,973,507	\$ 49,248,213	\$ 52,060,722	\$ 49,296,187	\$ 52,861,512	\$ 52,693,779
Net (Expense)/Revenue										
Governmental activities	\$ (18,555,614)	\$ (18,975,353)	\$ (20,577,362)	\$ (20,146,272)	\$ (21,397,928)	\$ (24,005,422)	\$ (24,164,433)	\$ (25,262,387)	\$ (24,196,826)	\$ (23,953,905)
Business-type activities	1,269,176	261,031	(186,803)	480,675	(1,367,089)	2,243,706	3,977,259	5,208,489	5,760,492	5,388,741
Total primary government net expense	\$ (17,286,438)	\$ (18,714,322)	\$ (20,764,165)	\$ (19,665,597)	\$ (22,765,017)	\$ (21,761,716)	\$ (20,187,174)	\$ (20,053,898)	\$ (18,436,334)	\$ (18,565,164)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property taxes	\$ 12,601,752	\$ 14,634,494	\$ 16,004,331	\$ 14,313,622	\$ 15,196,868	\$ 15,520,772	\$ 16,238,131	\$ 17,124,467	\$ 17,982,474	\$ 18,224,876
Grants and contributions not restricted to specific	7,809,913	8,190,388	8,532,724	8,559,609	10,223,824	6,727,541	7,612,104	8,042,009	8,578,380	8,624,074
Unrestricted investment earnings	697,066	666,468	294,352	250,613	131,130	96,731	48,395	8,681	97,419	146,782
Miscellaneous	683,004	887,591	728,078	1,066,106	344,436	1,132,493	475,503	463,284	2,831,946	3,489,764
Transfers	(1,327,408)	(2,520,767)	(2,292,865)	(1,527,849)	(1,280,271)	(1,209,727)	(10,017,773)	(1,875,441)	(569,896)	(1,202,370)
Total governmental activities general revenues	20,464,327	21,858,174	23,266,620	22,662,101	24,615,987	22,267,810	14,356,360	23,763,000	28,920,323	29,283,126
Business Type Activities:										
Grants and contributions not restricted to specific	-	-	-	-	-	-	50,488	89	24,960	2,632
Unrestricted investment earnings	997,854	664,264	308,639	255,765	165,930	64,538	26,276	13,487	91,417	109,398
Miscellaneous	224,678	571,884	19,240	172	273,282	537,209	120,976	787,181	114,395	710,061
Transfers	1,327,408	2,520,767	2,292,865	1,527,849	1,280,271	1,209,727	10,017,773	1,875,441	569,896	1,202,370
Extraordinary item	-	-	-	-	-	(1,400,000)	(4,117,122)	-	-	-
Total business-type activities general revenues	2,549,940	3,756,915	2,620,744	1,783,786	1,719,483	411,474	6,098,391	2,676,198	800,668	2,024,461
Total primary government general revenues	\$ 23,014,267	\$ 25,615,089	\$ 25,887,364	\$ 24,445,887	\$ 26,335,470	\$ 22,679,284	\$ 20,454,751	\$ 26,439,198	\$ 29,720,991	\$ 31,307,587
Change in Net Assets										
Governmental activities	\$ 1,908,713	\$ 2,882,821	\$ 2,689,258	\$ 2,515,829	\$ 3,218,059	\$ (1,737,612)	\$ (9,808,073)	\$ (1,499,387)	\$ 4,723,497	\$ 5,329,221
Business-type activities	3,819,116	4,017,946	2,433,941	2,264,461	352,394	2,655,180	10,075,650	7,884,687	6,561,160	7,413,202
Total primary government	\$ 5,727,829	\$ 6,900,767	\$ 5,123,199	\$ 4,780,290	\$ 3,570,453	\$ 917,568	\$ 267,577	\$ 6,385,300	\$ 11,284,657	\$ 12,742,423

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

* Golf Courses was moved to the other category for Fiscal Year 2016. The Electric Fund was closed in FY 2015.

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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 63,427,216	\$ 67,957,014	\$ 69,299,156	\$ 72,695,192	\$ 74,391,543	\$ 72,430,194	\$ 71,608,711	\$ 69,788,446	\$ 69,736,173	\$ 66,393,049
Restricted	8,111,215	5,329,260	2,217,136	825,860	7,671,970	10,536,256	8,702,271	7,528,842	10,075,593	16,712,699
Unrestricted	13,732,946	14,867,924	19,327,164	19,838,233	14,512,551	11,872,002	4,666,887	6,161,194	(16,610,550)	(14,575,311)
Total governmental activities net assets	<u>\$ 85,271,377</u>	<u>\$ 88,154,198</u>	<u>\$ 90,843,456</u>	<u>\$ 93,359,285</u>	<u>\$ 96,576,064</u>	<u>\$ 94,838,452</u>	<u>\$ 84,977,869</u>	<u>\$ 83,478,482</u>	<u>\$ 63,201,216</u>	<u>\$ 68,530,437</u>
Business-Type activities										
Net investment in capital assets	\$ 79,077,768	\$ 84,029,556	\$ 86,137,271	\$ 87,603,446	\$ 89,541,681	\$ 93,789,614	\$ 100,276,282	\$ 104,871,641	\$ 110,400,631	\$ 116,023,829
Restricted	9,100,250	9,668,238	10,182,501	10,717,102	12,402,105	10,824,265	5,803,799	4,653,658	7,682,782	7,477,563
Unrestricted	9,935,789	8,433,959	8,245,922	8,509,607	5,238,763	5,223,850	13,467,886	17,907,355	9,515,712	11,510,935
Total business-type activities net assets	<u>\$ 98,113,807</u>	<u>\$ 102,131,753</u>	<u>\$ 104,565,694</u>	<u>\$ 106,830,155</u>	<u>\$ 107,182,549</u>	<u>\$ 109,837,729</u>	<u>\$ 119,547,967</u>	<u>\$ 127,432,654</u>	<u>\$ 127,599,125</u>	<u>\$ 135,012,327</u>
Primary government										
Net investment in capital assets	\$ 142,504,984	\$ 151,986,570	\$ 155,436,427	\$ 160,298,638	\$ 163,933,224	\$ 166,219,808	\$ 171,884,993	\$ 174,660,087	\$ 180,136,804	\$ 182,416,878
Restricted	17,211,465	14,997,498	12,399,637	11,542,962	20,074,075	21,360,521	14,506,070	12,182,500	17,758,375	24,190,262
Unrestricted	23,668,735	23,301,883	27,573,086	28,347,840	19,751,314	17,095,852	18,134,773	24,068,549	(7,094,838)	(3,064,376)
Total primary government net assets	<u>\$ 183,385,184</u>	<u>\$ 190,285,951</u>	<u>\$ 195,409,150</u>	<u>\$ 200,189,440</u>	<u>\$ 203,758,613</u>	<u>\$ 204,676,181</u>	<u>\$ 204,525,836</u>	<u>\$ 210,911,136</u>	<u>\$ 190,800,341</u>	<u>\$ 203,542,764</u>

In Fiscal Year 2015, GASB 68 was implemented which resulted in the negative unrestricted balance in the governmental activities.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 59,696	\$ -	\$ -	\$ -	\$ -
Unassigned	2,948,716	2,500,265	3,352,228	4,564,282	5,755,325	6,636,339	1,520,000	3,068,392	5,892,518	7,026,833
Total general fund	<u>\$ 3,108,412</u>	<u>\$ 2,659,961</u>	<u>\$ 3,511,924</u>	<u>\$ 4,723,978</u>	<u>\$ 5,915,021</u>	<u>\$ 6,696,035</u>	<u>\$ 1,520,000</u>	<u>\$ 3,068,392</u>	<u>\$ 5,892,518</u>	<u>\$ 7,026,833</u>
All Other Governmental Funds										
Nonspendable	\$ 687,666	\$ 687,666	\$ 687,666	\$ 687,666	\$ 713,907	\$ 713,907	\$ 25,349	\$ 25,349	\$ 25,349	\$ 25,349
Restricted	7,244,867	4,237,775	2,160,462	2,494,129	6,798,367	6,829,759	6,079,675	4,986,807	7,020,783	9,189,220
Assigned	1,989,475	2,548,444	2,503,994	2,488,739	2,877,564	2,932,894	2,597,247	2,516,686	3,029,461	4,525,824
Unassigned	(125,651)	(114,411)	(5,892)	(2,388)	(18,680)	(38,601)	(13,163)	(4,242)	(2,600)	(71,364)
Total all other governmental funds	<u>\$ 9,796,357</u>	<u>\$ 7,359,474</u>	<u>\$ 5,346,230</u>	<u>\$ 5,668,146</u>	<u>\$10,371,158</u>	<u>\$10,437,959</u>	<u>\$ 8,689,108</u>	<u>\$ 7,524,600</u>	<u>\$10,072,993</u>	<u>\$ 13,669,029</u>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 12,932,609	\$ 14,197,988	\$ 15,280,089	\$ 14,665,459	¹ \$ 15,196,868	\$ 15,575,895	\$ 16,238,131	\$ 17,124,467	\$ 17,982,474	\$ 18,224,876
Licenses & permits	1,797,639	2,060,296	1,815,363	1,680,221	1,761,023	2,122,096	2,045,169	2,055,879	2,495,048	2,497,673
Intergovernmental	10,250,929	10,946,651	11,179,465	13,931,704	⁵ 12,535,101	11,195,580	11,864,173	11,387,609	13,224,455	13,082,799
Charges for services	2,699,858	2,674,751	3,081,602	2,889,083	2,893,084	2,934,191	2,904,088	2,910,944	2,906,916	3,256,242
Fines & forfeitures	1,465,106	1,477,982	1,502,122	1,452,672	1,440,067	1,264,402	1,147,959	939,146	1,052,578	866,178
Internal service	1,133,596	1,180,411	1,166,834	1,266,559	1,106,690	1,014,815	1,058,730	1,068,809	1,061,100	1,012,506
Special assessments	4,456,879	4,762,317	5,079,030	5,616,689	² 6,138,832	² 6,358,146	6,665,671	6,654,478	6,834,965	7,338,572
Other	492,258	441,304	381,030	756,110	1,133,152	1,714,371	716,288	917,119	776,643	727,272
Investment income	560,508	448,583	156,404	129,967	74,683	55,573	25,862	321	⁷ 65,782	105,570
Total revenues	<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>	<u>43,058,772</u>	<u>46,399,961</u>	<u>47,111,688</u>
Expenditures										
General government	6,813,067	6,884,548	7,254,140	6,995,847	6,752,078	7,518,860	7,779,966	8,116,341	7,992,378	8,343,304
Public safety	13,391,537	15,336,682	15,792,570	16,565,115	17,208,800	17,360,185	18,271,958	18,263,076	18,535,967	19,189,830
Public works	3,192,983	3,516,983	3,843,043	4,000,607	4,106,622	4,475,802	4,731,856	4,773,496	4,767,232	4,765,396
Culture & recreation	3,562,237	3,820,102	3,816,577	4,196,819	4,190,657	4,521,930	4,397,868	4,233,348	4,018,480	4,096,963
Housing & development	2,395,756	2,714,537	2,548,111	4,361,695	³ 2,584,976	2,181,794	2,605,288	1,797,475	2,485,943	2,150,885
Debt service										
Principal	1,302,531	1,434,620	1,603,535	1,625,954	463,998	1,269,759	444,479	558,887	642,516	761,895
Interest & fees	327,021	388,524	320,830	356,530	360,294	312,101	282,232	272,889	211,806	199,450
Capital outlay	2,175,938	4,696,802	2,666,399	3,941,814	⁴ 3,413,384	2,417,859	2,899,085	2,637,817	1,726,777	3,091,932
Total expenditures	<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>	<u>40,653,329</u>	<u>40,381,099</u>	<u>42,599,655</u>
Excess of revenues over (under) expenditures	<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>	<u>2,405,443</u>	<u>6,018,862</u>	<u>4,512,033</u>
Other financing sources (uses)										
Transfers in	2,362,396	2,858,289	2,199,261	2,442,925	1,559,931	990,377	924,746	844,012	1,092,415	1,010,674
Transfers out	(4,089,753)	(5,864,248)	(4,680,775)	(4,157,016)	(2,912,592)	(2,319,341)	(9,072,667)	⁶ (2,695,291)	(1,738,759)	(2,315,449)
Issuance of debt	2,311,675	41,562	47,560	2,802,021	⁵ -	-	-	-	-	852,666
Issuance of refunding bonds	-	-	-	-	-	-	-	2,349,720	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	(2,520,000)	-	-
Proceeds of capital assets	195,886	560,650	635,451	678,690	2,184	-	-	-	-	670,427
Total other financing sources (uses)	<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>	<u>(2,021,559)</u>	<u>(646,344)</u>	<u>218,318</u>
Net change in fund balance	<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>	<u>\$ 383,884</u>	<u>\$ 5,372,518</u>	<u>\$ 4,730,351</u>
Debt service as a percentage of noncapital expenditures	5.26%	5.35%	5.47%	5.20%	2.31%	4.20%	1.89%	2.19%	2.21%	2.43%

¹ This year's decrease in taxes is due primarily to the completion of debt payments in the Tax Increment Bond Fund.

² This year's increase in special assessment is due primarily to an increase in Street District fund and Lighting Districts fund assessments.

³ 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.

⁴ 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.

⁵ This year's increase in issuance of debt is due primarily to West Bank Tax Increment District debt.

⁶ This year's increase in transfers out is due to one-time transfers to the Electric Fund cash deficit and settlement payment.

⁷ This year's decrease in investment income is due to adjustments which 'mark investments to market' and interest receivable.

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								
2007	\$ 2,022,021,187	\$ 66,155,226	\$ 148,813,371	\$ 4,394,817	\$ 2,170,834,558	\$ 70,550,043	3.25%	140.94
2008	2,136,035,079	68,941,143	162,329,143	4,835,189	2,298,364,222	73,776,332	3.21%	158.21
2009	2,235,699,855	70,959,944	183,294,177	5,445,746	2,418,994,032	76,405,690	3.16%	162.76
2010	2,300,579,974	71,021,098	197,087,531	5,841,602	2,497,667,505	76,862,700	3.08%	169.04
2011	2,286,266,340	63,422,541	335,049,320	14,853,161	2,621,315,660	78,275,702	2.99%	173.10
2012	2,353,657,366	62,915,536	343,605,243	15,793,499	2,697,262,609	78,709,035	2.92%	183.24
2013	2,562,754,623	71,724,719	217,648,518	6,128,272	2,780,403,141	77,852,991	2.80%	193.57
2014	2,645,842,533	71,466,672	233,291,897	6,587,918	2,879,134,430	78,054,590	2.71%	198.74
2015	2,695,548,826	69,510,436	233,291,897	6,587,918	2,928,840,723	76,098,354	2.60%	204.54
2016	4,902,476,643	78,823,672	363,583,585	9,754,099	5,266,060,228	88,577,771	1.68%	190.29
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - NET OF TAX INCREMENT DISTRICTS (TID)								
2007	\$ 1,758,314,047	\$ 56,758,308	\$ 141,894,158	\$ 4,189,503	\$ 1,900,208,205	\$ 60,947,811	3.21%	140.94
2008	1,878,082,643	59,238,458	155,612,446	4,636,065	2,033,695,089	63,874,523	3.14%	158.21
2009	1,942,828,004	60,841,989	174,548,420	5,185,463	2,117,376,424	66,027,452	3.12%	162.76
2010	2,257,663,616	69,759,972	187,864,866	5,567,746	2,445,528,482	75,327,718	3.08%	169.04
2011	2,232,576,531	61,903,579	333,352,184	14,800,836	2,565,928,715	76,704,415	2.99%	173.10
2012	2,299,416,422	61,430,953	341,552,897	15,728,446	2,640,969,319	77,159,399	2.92%	183.24
2013	2,510,700,401	70,256,694	216,731,371	6,108,978	2,727,431,772	76,365,672	2.80%	193.57
2014	2,467,468,606	66,426,926	219,254,983	5,723,343	2,686,723,589	72,150,269	2.69%	198.74
2015	2,490,914,189	63,996,012	219,292,261	5,750,115	2,710,206,450	69,746,127	2.57%	204.54
2016	4,602,793,224	72,787,958	343,909,919	8,832,202	4,946,703,143	81,620,160	1.65%	190.29
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL TAX INCREMENT DISTRICTS (TID) ¹								
2007	\$ 247,948,856	\$ 9,396,918	\$ 6,919,213	\$ 205,314	\$ 254,868,069	\$ 9,602,232	3.77%	134.94
2008	276,137,655	9,702,685	6,716,697	199,124	282,854,352	9,901,809	3.50%	152.21
2009	292,871,851	10,117,955	8,745,757	260,283	301,617,608	10,378,238	3.44%	156.76
2010	42,916,358	1,261,126	9,222,665	273,856	52,139,023	1,534,982	2.94%	163.04
2011	53,689,809	1,518,962	1,697,136	52,325	55,386,945	1,571,287	2.84%	167.10
2012	54,240,944	1,484,583	2,052,346	65,053	56,293,290	1,549,636	2.75%	177.24
2013	52,054,222	1,468,025	917,147	19,294	52,971,369	1,487,319	2.81%	187.57
2014	178,373,927	5,039,746	14,036,914	864,575	192,410,841	5,904,321	3.07%	192.74
2015	204,634,637	5,514,424	13,999,636	837,803	218,634,273	6,352,227	2.91%	198.54
2016	299,683,419	6,035,714	19,673,666	921,897	319,357,085	6,957,611	2.18%	184.29

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	East Industrial Ag Tech Park TID Market Value	East Industrial Ag Tech Park TID TAV Value
Base Value	N/A	\$ 3,643,575	N/A	\$ 362,124	N/A	\$292,250	N/A	\$ 107,149	N/A	\$ 2,322
2007	\$ 247,948,856	8,902,107	N/A	\$ 494,811	N/A	N/A	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	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	N/A	N/A
2010	-	-	22,359,576	656,851	16,933,172	498,107	\$ 3,623,610	106,168	N/A	N/A
2011	-	-	19,259,823	543,160	30,601,803 ¹	867,844	3,828,183	107,958	N/A	N/A
2012	-	-	19,258,904	523,995	30,791,048	846,591	4,190,992	113,997	N/A	N/A
2013	-	-	19,198,044	504,908	28,541,803	849,635	4,314,375	113,482	N/A	N/A
2014	123,431,697	3,646,875	19,953,345	502,683	30,330,227	771,868	4,658,658	118,320	N/A	N/A
2015	128,594,319	3,685,340	34,752,393	809,138	35,118,927	867,572	4,801,702	118,600	1,367,296	33,774
2016	195,391,550	4,087,891	46,763,872	866,920	46,788,808	886,845	8,374,742	149,179	2,364,447	44,879
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	East Industrial Ag Tech Park TID Market Value	East Industrial Ag Tech Park TID TAV Value
2007	\$ 6,919,213	\$ 205,314	N/A	N/A	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	N/A	N/A
2009	6,288,391	186,562	\$ 2,457,366	\$ 73,721	N/A	N/A	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	N/A	N/A
2011	-	-	18,106 ²	543	1,679,030 ¹	51,782	N/A	N/A	N/A	N/A
2012	-	-	13,757	527	2,038,589	64,526	N/A	N/A	N/A	N/A
2013	-	-	-	-	917,147 ²	19,294	N/A	N/A	N/A	N/A
2014	12,583,883	834,448	765,763	15,310	684,712 ²	14,766	2,556	51	N/A	N/A
2015	12,583,384	816,242	925,650	13,885	489,792 ²	7,664	810	12	N/A	N/A
2016	16,625,748	875,948	1,484,318	22,265	952,066 ²	14,511	611,534	9,173	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					
	State University	State School Equalization	Cascade County	County-Wide School	Great Falls School Districts	Transit District	City of Great Falls	Permissive Medical Levy	Soccer Park Debt Service	Swimming Pool Debt Service	Total Direct	Total
2007	6.00	40.00	121.55	102.18	188.23	15.80	128.86	8.34	3.74	-	140.94	614.70
2008	6.00	40.00	122.02	103.87	184.34	16.40	138.87	12.61	2.70	4.03	158.21	630.84
2009	6.00	40.00	122.54	94.32	178.89	16.35	140.85	15.07	2.25	4.59	162.76	620.86
2010	6.00	40.00	120.99	100.82	174.68	17.22	147.70	14.21	2.12	5.01	169.04	628.75
2011	6.00	40.00	122.83	101.31	179.93	17.84	151.28	15.54	2.45	3.83	173.10	641.01
2012	6.00	40.00	126.23	95.72	180.11	19.09	161.52	15.44	2.56	3.72	183.24	650.39
2013	6.00	40.00	131.02	102.63	186.38	20.00	169.13	17.93	2.58	3.93	193.57	679.60
2014	6.00	40.00	131.36	103.48	186.59	20.24	172.19	20.06	2.57	3.92	198.74	686.41
2015	6.00	40.00	133.56	106.45	200.28	21.17	175.77	22.87	2.28	3.62	204.54	712.00
2016	6.00	40.00	121.87	101.86	186.60	19.61	162.17	23.03	1.97	3.12	190.29	666.23

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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Calumet Montana Refining, LLC ³	\$ 5,672,576	1	6.40%	\$ 665,956	6	0.94%
Northwestern Energy, LLC	4,842,736	2	5.47%	3,665,683	1	5.20%
Bresnan Communications (Charter)	1,227,710	3	1.39%			
Great Falls Gas Co. (Energy West)	1,196,760	4	1.35%	1,146,209	3	1.62%
GK Development Inc ¹	828,144	5	0.93%	839,104	4	1.19%
Burlington Northern Santa Fe Railroad	623,346	6	0.70%			
Centurylink, Inc ²	585,119	7	0.66%	1,222,621	2	1.73%
Pasta Montana	571,005	8	0.64%	712,912	5	1.01%
Verizon Wireless	504,194	9	0.57%			
Orix Great Falls, LLC	477,307	10	0.54%	522,808	9	0.74%
General Mills, Inc				635,229	7	0.90%
International Malting Company LLC				556,870	8	0.79%
Federal Express Corp				474,961	10	0.67%
	<u>\$16,528,897</u>		<u>18.66%</u>	<u>\$10,442,353</u>		<u>14.80%</u>
Total Assessed Value	<u>\$88,577,771</u>			<u>\$70,550,043</u>		

Source: Treasurer's Office, Cascade County, Montana

¹ In Fiscal Year 2014, Holiday Village Partners LLC changed to GK Development Inc

² In Fiscal Year 2015, Qwest Corporation changed to Centurylink, Inc.

³ In Fiscal Year 2015, Montana Refining Corp. changed to Calumet Montana Refining, LLC

**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						
2006	\$ 11,168,847	\$ 10,171,657	91.07%	\$ 996,903	\$ 11,168,560	100.00%
2007	11,951,767	10,940,702	91.54%	1,003,958	11,944,660	99.94%
2008	13,431,139	12,002,811	89.37%	1,419,720	13,422,531	99.94%
2009	14,199,478	13,089,535	92.18%	1,101,360	14,190,895	99.94%
2010	12,939,188	12,232,966	94.54%	699,414	12,932,380	99.95%
2011	13,996,931	12,809,614	91.52%	1,174,012	13,983,626	99.90%
2012	14,722,663	13,104,833	89.01%	1,602,814	14,707,647	99.90%
2013	15,921,285	13,820,468	86.80%	2,085,898	15,906,366	99.91%
2014	15,877,678	14,442,695	90.96%	1,414,716	15,857,411	99.87%
2015	16,499,453	14,897,755	90.29%	1,460,132	16,357,887	99.14%
2016	17,481,060	15,536,927	88.88%	1,621,759	17,158,686	98.16%
PROPERTY TAX LEVIES AND COLLECTIONS - NET OF TAX INCREMENT DISTRICTS ¹						
2006	\$ 9,119,393	\$ 8,327,389	91.32%	\$ 791,717	\$ 9,119,106	100.00%
2007	9,624,311	8,862,777	92.09%	754,427	9,617,204	99.93%
2008	10,891,406	9,799,479	89.97%	1,084,547	10,884,026	99.93%
2009	11,481,132	10,749,613	93.63%	723,411	11,473,024	99.93%
2010	12,623,877	11,924,011	94.46%	693,058	12,617,069	99.95%
2011	13,510,828	12,423,862	91.95%	1,073,661	13,497,523	99.90%
2012	14,257,354	12,659,663	88.79%	1,582,675	14,242,338	99.89%
2013	15,450,077	13,351,783	86.42%	2,083,375	15,435,158	99.90%
2014	15,324,979	13,928,320	90.89%	1,376,392	15,304,712	99.87%
2015	15,671,690	14,087,159	89.89%	1,443,834	15,530,993	99.10%
2016	16,490,112	14,728,958	89.32%	1,569,925	16,298,883	98.84%
PROPERTY TAX LEVIES AND COLLECTIONS - TAX INCREMENT DISTRICTS ¹						
2006	\$ 2,049,454	\$ 1,844,268	89.99%	\$ 205,186	\$ 2,049,454	100.00%
2007	2,327,456	2,077,925	89.28%	249,531	2,327,456	100.00%
2008	2,539,733	2,203,332	86.75%	335,173	2,538,505	99.95%
2009	2,718,346	2,339,922	86.08%	377,949	2,717,871	99.98%
2010	315,311	308,955	97.98%	6,356	315,311	100.00%
2011	486,103	385,752	79.36%	100,351	486,103	100.00%
2012	465,309	445,170	95.67%	20,139	465,309	100.00%
2013	471,208	468,685	99.46%	2,523	471,208	100.00%
2014	552,699	514,375	93.07%	38,324	552,699	100.00%
2015	827,763	810,596	97.93%	16,298	826,894	99.90%
2016	990,948	807,969	81.53%	51,834	859,803	86.77%

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, 2016**

	SID Number	Issue Date	Original Issue	Accumulated Cash Balance	Maturity Date	Outstanding Balance	C/Y Principal and Interest Assessments Outstanding	Delinquent Principal and Interest Assessments
Special Improvement District (SID)								
Medical Tech Park	1301	05/15/2005	\$ 630,000	\$ 26,374	06/30/2021	\$ 125,000	\$ 162,109	\$ -
Total Bonds Outstanding			<u>\$ 630,000</u>	<u>\$ 26,374</u>		<u>\$ 125,000</u>	<u>\$ 162,109</u>	<u>\$ -</u>

Source: City of Great Falls

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Beginning fund balance, July 1	\$ 315,688	\$ 178,756	\$ 143,817	\$ 98,851	\$ 176,388	\$ 152,712	\$ 125,176	\$ 95,923	\$ 50,980	\$ 21,591
Receipts over (under) disbursements	(136,932)	(34,939)	(44,966)	77,537	(23,676)	(27,536)	(29,253)	(44,943)	(29,389)	(5,287)
Ending fund balance, June 30	<u>\$ 178,756</u>	<u>\$ 143,817</u>	<u>\$ 98,851</u>	<u>\$ 176,388</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>	<u>\$ 21,591</u>	<u>\$ 16,304</u>
Assets										
Cash	\$ 177,516	\$ 142,540	\$ 98,419	\$ 175,881	\$ 152,468	\$ 124,950	\$ 95,731	\$ 50,980	\$ 21,591	\$ 16,304
Assessments receivable	10,385	5,805	1,333	1,770	-	-	-	-	-	-
Accrued interest	1,240	1,277	432	507	244	226	192	-	-	-
Due from Other City Funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>	<u>\$ 21,591</u>	<u>\$ 16,304</u>
Liabilities										
Deferred revenue	10,385	5,805	1,333	1,770	-	-	-	-	-	-
Total Fund Balance	178,756	143,817	98,851	176,388	152,712	125,176	95,923	50,980	21,591	16,304
Total Liabilities/Fund Balances	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>	<u>\$ 95,923</u>	<u>\$ 50,980</u>	<u>\$ 21,591</u>	<u>\$ 16,304</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
2007	\$ 177,516	\$ 875,000	20.29%
2008	142,540	765,000	18.63%
2009	98,419	555,000	17.73%
2010	175,881	490,000	35.89%
2011	152,468	420,000	36.30%
2012	124,950	370,000	33.77%
2013	95,731	370,000	25.87%
2014	50,980	215,000	23.71%
2015	21,591	175,000	12.34%
2016	16,304	125,000	13.04%

Individual Special Improvement Districts - Continuing Disclosure

	SID 1301
Properties with assessments outstanding	
Number	1
Amount	\$ 162,109
Market Value	1,664,150

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
2007 ²	\$ 202,864	\$ 213,286	105.1%	\$ 226,922	111.9%
2008	188,397	187,304	99.4%	194,251	103.1%
2009	180,620	160,166	88.7%	168,616	93.4%
2010 ²	109,811	137,848	125.5%	139,665	127.2%
2011 ²	78,994	80,672	102.1%	80,729	102.2%
2012	74,280	73,378	98.8%	73,708	99.2%
2013 ²	71,469	71,183	99.6%	71,946	100.7%
2014 ²	55,276	55,276	100.0%	55,579	100.5%
2015	53,169	53,169	100.0%	53,169	100.0%
2016	51,062	51,062	100.0%	51,062	100.0%

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
2007	\$ 4,372,241	\$ 4,071,459	93.1%	\$ 1,848,516
2008	4,654,945	4,342,412	93.3%	1,615,882
2009	5,134,365	4,756,416	92.6%	1,628,591
2010	5,628,452	5,145,297	91.4%	1,890,561
2011	6,151,041	5,844,531	95.0%	2,167,736
2012	6,384,737	5,788,307	90.7%	2,014,226
2013	6,621,680	6,246,345	94.3%	1,913,383
2014	6,638,541	6,604,245	99.5%	1,342,209
2015	6,848,321	6,783,380	99.1%	1,289,795
2016	7,210,595	7,168,045	99.4%	1,169,446

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

Source: City of Great Falls

City of Great Falls, Montana
West Bank Urban Renewal District Principal Taxpayers
Fiscal Year 2016

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Mitchell Development & Investments LLC	Courthouse	\$ 300,207	1	33.85%
West Bank Properties LLC	Hotel	224,846	2	25.35%
Talcott Properties LLC	Retail	58,787	4	6.63%
Stockman Bank of Montana	Bank	64,055	3	7.22%
Daza Properties LLC	Retail	43,346	5	4.89%
Henderson, Michael S & William L	Retail	31,114	6	3.51%
O'Reilly Automotive Inc	Retail	20,379	7	2.30%
Burlington Northern Santa Fe	Railroad	20,374	8	2.30%
Montana Electric Cooperatives	Montana Electric Coop	17,726	10	2.00%
Baumbarger, Fred & Patricia S	Retail	17,874	9	2.02%
		<u>\$ 798,708</u>		<u>90.06%</u>
Total Assessed Value		<u>\$ 886,845</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>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues							
Taxes	\$ 108,124	\$ 350,619	\$ 364,984	\$ 371,310	\$ 394,485	\$ 411,464	\$ 348,904
Investment Income	1,911	1,534	1,117	1,093	1,173	4,629	5,785
Other	-	-	812,776	-	13	4,684	5,134
Total revenues	<u>110,035</u>	<u>352,153</u>	<u>1,178,877</u>	<u>372,403</u>	<u>395,671</u>	<u>420,777</u>	<u>359,823</u>
Expenditures							
General Government	42,500	440	1,795	18,536	18,759	19,176	2,856
Debt Service							
Principal	-	50,000	855,659	85,000	85,000	90,000	90,000
Interest & fees	130,778	174,951	140,368	128,528	126,228	123,728	120,828
Capital Outlay	-	-	-	2,440	-	4,068	220,030
Total Expenditures	<u>173,278</u>	<u>225,391</u>	<u>997,822</u>	<u>234,504</u>	<u>229,987</u>	<u>236,972</u>	<u>433,714</u>
Revenues over (under) expenditures	(63,243)	126,762	181,055	137,899	165,684	183,805	(73,891)
Other Financing Sources (Uses)	<u>234,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing uses over (under) expenditures	170,787	126,762	181,055	137,899	165,684	183,805	(73,891)
Fund balances, beginning of year	-	170,787	297,549	490,338	628,329	794,013	977,818
Transfers in (out)	-	-	11,734	92	-	-	-
Fund balances, end of year	<u>\$ 170,787</u>	<u>\$ 297,549</u>	<u>\$ 490,338</u>	<u>\$ 628,329</u>	<u>\$ 794,013</u>	<u>\$ 977,818</u>	<u>\$ 903,927</u>
	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>
<u>Bond reserves</u>							
Debt service account	\$ 13,729	\$ 21,785	\$ 115,065	\$ 17,548	\$ 17,752	\$ 88,762	\$ 88,762
<u>Coverage covenant calculation</u>							
Increment taxes collected and available	\$ 108,124	\$ 350,285	\$ 364,984	\$ 371,310	\$ 394,485	\$ 411,464	\$ 348,904
Maximum annual debt service	156,530	156,530	216,165	216,165	216,165	216,165	216,165
Debt service coverage	.69x	2.24x	1.69x	1.72x	1.82x	1.90x	1.61x
Debt service coverage required	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

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

Source: City of Great Falls, Montana

City of Great Falls, Montana
Major Water, Sanitary Sewerage, and Storm Drain System Users
June 30, 2016

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	\$ 672,478	1	0.060182	\$ 420,360	2	3.96%			
Calumet Montana Refining, LLC	324,558	2	0.029046	166,789	4	1.57%	\$ 11,992	7	0.005655
City of Great Falls	250,226	3	0.022393				17,694	4	0.008344
Great Falls Public Schools	167,587	4	0.014998	95,802	6	0.90%	98,982	1	0.046676
Benefis Healthcare	167,260	5	0.014969	214,257	3	2.02%	26,995	2	0.01273
Black Eagle Cascade County Water District	140,670	6	0.012589	57,873	8	0.55%			
Cascade County	105,678	7	0.009457	68,240	7	0.64%			
Great Falls Housing Authority	91,223	8	0.008164	135,975	5	1.28%	11,580	8	0.005461
University of Great Falls	66,878	9	0.005985				10,977	10	0.005176
Malt Europ North America, Inc	44,422	10	0.003975	996,608	1	9.40%			
Missouri River Manor				44,116	9	0.42%			
Meadow Gold Dairies				42,021	10	0.40%			
BN Santa Fe Railway Co.							25,607	3	0.012075
Holiday Village Partners							17,374	5	0.008193
Orix Real Estate Capital							16,854	6	0.007948
Highwood Trailer Park							11,439	9	0.005394
	<u>\$ 2,030,980</u>		<u>18.18%</u>	<u>\$ 2,242,041</u>		<u>21.14%</u>	<u>\$ 249,494</u>		<u>11.77%</u>

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

In 2014, City Park bills were added to City of Great Falls water charges.

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

City of Great Falls, Montana
Current Water Rate Structure
June 30, 2016

	<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	\$ 6.88	\$ 6.19	\$ 6.88	\$ -	\$ -
1	7.33	6.59	7.33	-	-
1 1/4	13.28	11.95	13.29	-	-
1 1/2	13.28	11.95	13.29	-	-
2	16.83	15.14	16.83	-	-
3	44.88	40.38	44.88	-	-
4	64.94	58.46	64.94	-	-
6	130.89	117.81	130.89	-	-
8	197.03	177.33	197.03	197.03	197.03
10	278.61	250.76	278.61	-	278.61
12	411.14	370.03	411.14	-	-
Monthly consumption charge					
First 300 cf	\$ 1.34	\$ 1.21	\$ 1.66	\$ 1.72	\$ 1.91
Over 300 cf	2.23	2.01	1.66	1.72	1.91
Monthly fire hydrant charge					
Meter size (in inches)					
3/4	\$ 2.45	\$ 2.45	\$ 2.45		
1	2.81	2.81	2.81		
1 1/4	7.78	7.78	7.78		
1 1/2	7.78	7.78	7.78		
2	10.76	10.76	10.76		
3	34.10	34.10	34.10		
4	50.93	50.93	50.93		
6	105.93	105.93	105.93		
Annual fire line charge					
Line size (in inches)					
2			\$ 31.44		
3			47.75		
4			73.86		
6			131.35		
8			177.96		
12			458.04		

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

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

<u>Fiscal Year</u>	<u>Residential Customers</u>	<u>Commercial /Industrial Customers</u>	<u>Total Customers</u>	<u>% of Residential Customers</u>	<u>Debt per connection</u>
2007	18,706	2,235	20,941	89.3%	\$ 333
2008	18,767	2,187	20,954	89.6%	299
2009	18,798	2,387	21,185	88.7%	316
2010	18,882	2,142	21,024	89.8%	406
2011	18,123	2,371	20,494	88.4%	379
2012	18,325	2,362	20,687	88.6%	325
2013	18,604	2,832	21,436	86.8%	225
2014	18,307	2,406	20,713	88.4%	215
2015	18,357	2,602	20,959	87.6%	214
2016	18,409	2,430	20,839	88.3%	298

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Water charges for services ¹	\$7,748,991	\$8,649,041	\$8,116,362	\$8,020,720	\$7,697,120	\$9,586,179	\$ 10,551,476	\$ 9,857,288	\$ 11,027,200	\$ 11,107,594
Investment income	343,622	222,131	92,126	76,365	39,264	27,400	15,089	21,555	42,582	65,942
Gain on disposal of assets	-	3,874	4,635	-	-	1,681	8,124	12,298	1,459	562
Total operating revenues	<u>8,092,613</u>	<u>8,875,046</u>	<u>8,213,123</u>	<u>8,097,085</u>	<u>7,736,384</u>	<u>9,615,260</u>	<u>10,574,689</u>	<u>9,891,141</u>	<u>11,071,241</u>	<u>11,174,098</u>
Operating Expenses:²										
Personal services	1,783,197	1,910,008	1,951,263	2,091,070	2,041,140	2,196,201	2,264,051	2,321,012	2,296,225	2,287,701
Supplies and materials	492,161	567,907	660,000	541,209	545,963	985,185	824,822	872,711	870,907	912,383
Purchased services	822,079	725,945	814,849	764,256	658,518	848,400	943,415	799,501	706,909	692,198
Internal services	1,164,990	1,229,012	1,243,040	1,292,350	1,270,871	1,239,423	1,332,709	1,394,791	1,385,165	1,244,844
Other	-	-	-	-	47,423	45,594	45,806	50,551	45,877	47,330
Total operating expenses	<u>4,262,427</u>	<u>4,432,872</u>	<u>4,669,152</u>	<u>4,688,885</u>	<u>4,563,915</u>	<u>5,314,803</u>	<u>5,410,803</u>	<u>5,438,566</u>	<u>5,305,083</u>	<u>5,184,456</u>
Net revenue available for debt service	<u>\$3,830,186</u>	<u>\$4,442,174</u>	<u>\$3,543,971</u>	<u>\$3,408,200</u>	<u>\$3,172,469</u>	<u>\$4,300,457</u>	<u>\$ 5,163,886</u>	<u>\$ 4,452,575</u>	<u>\$ 5,766,158</u>	<u>\$ 5,989,642</u>
Net revenue	\$3,830,186	\$4,442,174	\$3,543,971	\$3,408,200	\$3,172,469	\$4,300,457	\$ 5,163,886	\$ 4,452,575	\$ 5,766,158	\$ 5,989,642
Depreciation expense	(2,338,936)	(2,559,465)	(2,387,934)	(2,426,177)	(2,470,702)	(2,532,581)	(2,755,971)	(2,759,952)	(2,857,431)	(3,035,806)
Total non-operating income	512,291	27,284	419,702	353,690	67,815	286,084	50,307	49,847	69,164	159,102
Total non-operating expenses	(188,386)	(230,974)	(256,426)	(221,081)	(244,890)	(219,322)	(193,541)	(61,522)	(30,465)	(44,770)
Transfers in (out)	(20,939)	350,870	109,265	-	-	-	(300,477)	-	-	-
Net income (loss)	<u>\$1,794,216</u>	<u>\$2,029,889</u>	<u>\$1,428,578</u>	<u>\$1,114,632</u>	<u>\$ 524,692</u>	<u>\$1,834,638</u>	<u>\$ 1,964,204</u>	<u>\$ 1,680,948</u>	<u>\$ 2,947,426</u>	<u>\$ 3,068,168</u>
Reserve cash account balances:										
Reserve account	\$1,005,668	\$1,005,668	\$1,319,066	\$1,340,595	\$1,337,490	\$1,337,490	\$ 485,055	\$ 485,055	\$ 328,066	\$ 328,066
Current debt service reserve account	760,805	779,335	934,078	956,220	981,922	1,001,297	40,413	40,421	314,021	328,066
Operating reserve account	437,403	437,403	584,856	584,856	592,922	773,434	521,109	527,204	527,204	442,090
Repair/replacement reserve account	673,260	722,801	972,857	916,484	1,092,514	975,582	975,582	935,514	935,514	935,514
Total reserves	<u>\$2,877,136</u>	<u>\$2,945,207</u>	<u>\$3,810,857</u>	<u>\$3,798,155</u>	<u>\$4,004,848</u>	<u>\$4,087,803</u>	<u>\$ 2,022,159</u>	<u>\$ 1,988,194</u>	<u>\$ 2,104,805</u>	<u>\$ 2,033,736</u>
* Maximum future principal and interest	\$1,005,668	\$1,319,066	\$1,319,066	\$1,340,595	\$1,340,595	\$1,329,511	\$ 485,055	\$ 485,055	\$ 656,075	\$ 656,075
Debt service coverage	380.86%	336.77%	268.67%	254.23%	236.65%	323.46%	1064.60%	917.95%	878.89%	912.95%

Source: City of Great Falls, Montana

Note: Water Revenue Bonds issued in Fiscal Year 2009; Water Revenue Bonds amended and restated Fiscal Year 2013; Water Revenue Bonds issued in Fiscal Year 2015.

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.

* As of Fiscal Year 2015, the maximum future principal and interest required is 110% of the maximum future principal and interest payment.

City of Great Falls, Montana
Current Sanitary Sewerage Rate Structure
June 30, 2016

	<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	\$ 8.41	\$ 7.56	\$ 8.41	\$ 8.41	\$ 8.41	\$ 7.64
First 300 cf	1.80	1.63	2.57	2.57	2.23	1.79
Over 300 cf	2.99	2.69	2.57	2.57	2.23	1.79

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

Sewer Extra-Strength:

BOD>200 mg/L	0.529 /lb
TSS>250mg/L	0.362 /lb

Pre-Treatment:

Monthly service charge	\$ 8.41
Volume charge/ccf	1.25
BOD>200 mg/L	0.529 /lb
TSS>250mg/L	0.362 /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>
2007	18,549	2,177	20,726	89.5%	\$ 851
2008	17,945	2,325	20,270	88.5%	809
2009	18,646	2,088	20,734	89.9%	730
2010	18,744	2,094	20,838	90.0%	669
2011	17,945	2,325	20,270	88.5%	627
2012	18,083	2,316	20,399	88.6%	552
2013	18,634	2,774	21,408	87.0%	486
2014	18,165	2,343	20,508	88.6%	967
2015	18,199	2,359	20,558	88.5%	1,033
2016	18,256	2,378	20,634	88.5%	1,030

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues: ¹										
Sanitary sewer charges for services	\$7,089,612	\$7,656,887	\$7,788,927	\$7,762,817	\$8,110,507	\$8,972,566	\$10,264,207	\$10,445,901	\$10,903,714	\$10,541,575
Investment income	317,819	263,675	116,421	99,044	47,896	31,724	13,662	8,712	45,462	62,831
Gain on disposal of assets	15,300	3,500	-	-	-	2,505	147	-	-	-
Total operating revenues	<u>7,422,731</u>	<u>7,924,062</u>	<u>7,905,348</u>	<u>7,861,861</u>	<u>8,158,403</u>	<u>9,006,795</u>	<u>10,278,016</u>	<u>10,454,613</u>	<u>10,949,176</u>	<u>10,604,406</u>
Operating Expenses: ²										
Personal services	684,626	720,032	739,643	767,490	798,163	832,920	838,822	827,825	894,692	898,041
Supplies and materials	71,241	76,143	67,212	51,251	70,782	83,847	77,330	70,796	65,554	70,751
Purchased services	2,682,808	3,072,287	3,090,253	3,122,179	3,137,508	2,979,993	3,352,392	3,543,057	3,318,492	2,762,614
Internal services	756,072	811,469	825,744	875,184	872,795	844,275	843,699	842,952	1,001,671	1,030,174
Other	-	-	-	-	29,373	42,214	34,432	154,369	31,820	28,822
Total operating expenses	<u>4,194,747</u>	<u>4,679,931</u>	<u>4,722,853</u>	<u>4,816,104</u>	<u>4,908,621</u>	<u>4,783,249</u>	<u>5,146,675</u>	<u>5,438,999</u>	<u>5,312,229</u>	<u>4,790,402</u>
Net revenue available for debt service	<u>\$3,227,984</u>	<u>\$3,244,131</u>	<u>\$3,182,496</u>	<u>\$3,045,757</u>	<u>\$3,249,782</u>	<u>\$4,223,546</u>	<u>\$ 5,131,341</u>	<u>\$ 5,015,614</u>	<u>\$ 5,636,947</u>	<u>\$ 5,814,004</u>
Net revenue	\$3,227,984	\$3,244,131	\$3,182,496	\$3,045,757	\$3,249,782	\$4,223,546	\$ 5,131,341	\$ 5,015,614	\$ 5,636,947	\$ 5,814,004
Depreciation expense	(1,764,017)	(1,830,452)	(1,877,884)	(1,912,143)	(1,964,477)	(2,043,243)	(2,209,363)	(2,332,859)	(2,378,678)	(2,429,975)
Total non-operating income	805,134	18,917	3,992	702,395	9,766	2,091	14,266	22,501	24,875	471,173
Total non-operating expenses	(661,746)	(703,538)	(680,329)	(611,931)	(522,572)	(439,055)	(320,451)	(51,414)	(165,437)	(753,049)
Transfers in (out)	2,819	59,319	72,849	-	-	-	(278,802)	110,973	-	-
Net income (loss)	<u>\$1,610,174</u>	<u>\$ 788,377</u>	<u>\$ 701,124</u>	<u>\$1,224,078</u>	<u>\$ 772,499</u>	<u>\$1,743,339</u>	<u>\$ 2,336,991</u>	<u>\$ 2,764,815</u>	<u>\$ 3,117,707</u>	<u>\$ 3,102,153</u>
Reserve cash account balances:										
Reserve account	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,956,105	\$ 1,766,857	\$ 2,281,282	\$ 2,287,583	\$ 2,241,398
Current debt service reserve account	1,266,142	1,282,053	1,296,623	1,326,604	1,339,518	1,365,971	147,238	189,650	1,141,423	1,109,609
Operating reserve account	406,426	406,426	542,532	542,532	560,687	572,758	398,604	428,890	428,890	442,686
Repair/replacement reserve account	648,286	781,670	750,369	900,052	1,005,695	765,777	765,777	1,032,938	1,032,938	1,032,938
Total reserves	<u>\$4,246,819</u>	<u>\$4,396,114</u>	<u>\$4,515,489</u>	<u>\$4,695,153</u>	<u>\$4,853,951</u>	<u>\$4,660,611</u>	<u>\$ 3,078,476</u>	<u>\$ 3,932,760</u>	<u>\$ 4,890,834</u>	<u>\$ 4,826,631</u>
Maximum future principal and interest	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,943,004	\$ 1,766,857	\$ 2,050,230	\$ 2,287,583	\$ 2,594,536
Debt service coverage	167.60%	168.44%	165.24%	158.14%	166.82%	217.37%	290.42%	244.64%	246.41%	224.09%

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 issued in 2012; Sewer Revenue Bonds amended and restated in Fiscal Year 2013; Sewer Revenue Bonds issued in 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, 2016

Classification	Rate
<p>Group A 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>\$0.4791121 (per 1,000 sq. ft.) + \$1.59704028</p>
<p>Group B Accounts in this group include Two Family Residential; Townhouse Residential; Three/Four Family Residential; Condominium Residential; & Mobile Homes and Trailer Courts.</p>	<p>\$0.5988901 (per 1,000 sq. ft.) + \$1.59704028</p>
<p>Group C Accounts in this group include Multiple Dwellings; Boarding and Rooming Houses; Retirement and Nursing; Condominium General Business/Office; Financial Institution Bank; Hotel/Motel (1-10 units); Light Industry; Day Care (owner not living on premises); Railroad/Public Utilities; Schools Public/Private; Churches; & Semi-Public.</p>	<p>\$0.7785572 (per 1,000 sq. ft.) + \$1.59704028</p>
<p>Group D Accounts in this group include Hotel/Motel (over 10 units); Heavy Industry; General Business; Shopping Centers; Office Buildings/Banks/Financial Cos.; Public Buildings (Governmental Services); Parking Lots; Parks; & Vacant Land (residential and commercial).</p>	<p>\$1.0780022 (per 1,000 sq. ft.) + \$1.59704028</p>
<p>Group E Accounts in this group consist of developed property that does not discharge storm water runoff into an underground storm drainage system.</p>	<p>\$0.1197780 (per 1,000 sq. ft.) + \$1.59704028</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	
2007	16,750	\$ 857,775	1,675	\$ 110,014	804	\$ 361,996	1,089	\$ 392,990	972	\$ 63,818	21,290	\$1,786,593	\$ 243
2008	16,195	868,741	1,604	108,042	904	371,851	1,121	390,343	941	66,943	20,765	1,805,921	233
2009	16,936	881,156	1,547	105,756	785	368,042	1,070	401,543	1,064	69,451	21,402	1,825,948	209
2010	17,088	891,025	1,466	107,442	778	369,093	1,066	413,898	993	69,429	21,391	1,850,887	192
2011	16,195	895,632	1,604	104,641	904	370,134	1,121	412,229	941	69,689	20,765	1,852,325	179
2012	16,283	897,674	1,603	104,687	907	369,932	1,134	421,749	969	71,705	20,896	1,865,747	159
2013	16,246	881,899	1,561	101,145	911	377,750	1,156	422,334	1,000	67,882	20,874	1,851,010	128
2014	16,280	904,190	1,565	102,333	913	384,942	1,180	434,586	1,002	76,875	20,940	1,902,926	116
2015	16,311	914,469	1,586	104,025	920	394,355	1,182	444,347	1,049	78,517	21,048	1,935,713	93
2016	17,373	1,001,773	1,687	115,637	968	431,272	1,275	502,529	1,113	87,975	22,416	2,139,186	88

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues ¹	<u>\$1,942,207</u>	<u>\$1,834,834</u>	<u>\$1,863,553</u>	<u>\$2,048,274</u>	<u>\$1,891,363</u>	<u>\$1,893,445</u>	<u>\$1,938,535</u>	<u>\$1,857,326</u>	<u>\$2,005,166</u>	<u>\$2,120,599</u>
Operating Expenses:										
Personal services	14,045	10,960	41,947	42,478	43,990	44,393	46,357	45,917	30,757	27,614
Supplies	3,533	855	5,732	3,926	5,183	7,037	3,609	3,609	3,379	4,439
Other services	27,674	32,421	18,416	32,806	31,222	42,016	100,305	47,293	62,590	61,356
Internal support	<u>248,268</u>	<u>262,009</u>	<u>267,405</u>	<u>270,524</u>	<u>272,348</u>	<u>270,109</u>	<u>281,801</u>	<u>293,276</u>	<u>328,981</u>	<u>318,979</u>
Total operating expenses	<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>	<u>390,095</u>	<u>425,707</u>	<u>412,388</u>
Net operating income	<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>	<u>\$1,467,231</u>	<u>\$1,579,459</u>	<u>\$1,708,211</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 335,000	\$ 352,000	\$ 358,000	\$ 370,000	\$ 382,000	\$ 410,472	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000
Interest	<u>183,381</u>	<u>187,908</u>	<u>179,534</u>	<u>172,444</u>	<u>157,818</u>	<u>117,735</u>	<u>7,920</u>	<u>7,920</u>	<u>7,920</u>	<u>7,920</u>
Total	<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>	<u>\$ 286,920</u>	<u>\$ 286,920</u>	<u>\$ 286,920</u>
Operating year coverage	318.05%	283.12%	284.64%	313.13%	285.03%	289.64%	525.05%	511.37%	550.49%	595.36%
Maximum future principal and interest	\$ 476,910	\$ 475,710	\$ 475,710	\$ 475,710	\$ 531,824	\$ 528,207	\$ 286,920	\$ 286,920	\$ 286,920	\$ 286,920
Bond covenant coverage	345.70%	321.33%	321.64%	357.05%	289.31%	289.64%	525.05%	511.37%	550.49%	595.36%

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
Sanitation Historical Operating Results and Intercap Loan
Coverage
First Fiscal Year

	Fiscal Year
	2016
Operating Revenues ¹	
Sanitation charges for services	\$3,452,468
Investment income	4,945
Proceeds on sale of capital items	100
Other	16,092
Total operating revenues	3,473,605
Operating Expenses:	
Personal services	1,264,476
Supplies	307,095
Purchased services	874,432
Internal support	706,236
Other	3,200
Total operating expenses	3,155,439
Net operating income	\$ 318,166
Maximum annual debt service requirement	\$ 74,913
Intercap Loan covenant coverage	424.71%

Source: City of Great Falls

Note: The loan is on a reimbursement basis. As of June 30, 2016 the loan had not been reimbursed in full and the balance is based on the amount that has been reimbursed.

¹ Includes all operating revenues and interest income.

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	General Obligation Taxable Bonds	Special Improvement Districts Bonds	Tax Incremental Bonds	Notes Payable	Loans and Contracts Payable	Capital Leases	Loans and Contracts Payable	Revenue Bonds Payable				
2007	\$ 4,526,927	\$ -	\$ 875,000	\$3,197,288	\$ -	\$ 257,415	\$1,147,372	\$ 6,862,180	\$31,469,157	\$ 48,335,339	19.84%	\$ 1,577	
2008	4,259,037	-	765,000	2,166,538	-	274,357	^b 1,041,795	7,129,885	29,035,071	44,671,682	17.19%	1,407	
2009	3,961,366	-	555,000	1,104,126	-	288,380	^b 929,222	6,860,149	27,697,993	41,396,236	14.71%	1,203	
2010	3,653,944	-	490,000	2,000,000	-	177,984	^b 809,192	6,573,648	27,796,528	41,501,296	13.85%	1,136	
2011	3,331,785	-	420,000	1,950,000	761,463	524,003	^b 695,067	6,257,235	25,245,095	39,184,648	12.74%	1,047	
2012	2,994,899	-	370,000	2,755,000	-	456,696	^b 573,355	5,904,784	22,169,649	35,224,383	11.14%	908	
2013	2,640,000	-	370,000	2,670,000	-	410,959	^b 443,548	5,538,024	19,117,404	31,189,935	9.66%	791	
2014	2,220,000	1,035,000	215,000	2,585,000	-	335,102	^b 305,109	9,102,195	27,191,243	42,988,649	12.89%	1,053	
2015	1,835,000	915,000	175,000	2,495,000	-	289,892	^b 157,464	8,524,230	30,258,336	44,649,922	13.30%	1,095	
2016	1,445,000	790,000	125,000	2,405,000	-	997,230	-	8,332,876	29,417,446	43,512,552	12.84%	1,057	

^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
Summary of Limited General Obligations
June 30, 2016**

Date of Issue	Original Amount	Fund	Purpose	Final Maturity	Principal Amount Outstanding
12-11-2015	\$ 802,000	General Fund	Purchase of FireTrucks - Intercap Loan	2026	\$ 721,565
10-21-2005	20,000	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1302	2021	2,162
10-21-2005	56,000	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1304	2021	7,173
10-22-2006	23,000	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1306	2022	3,678
03-28-2008	46,600	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1308	2023	8,174
05-03-2008	29,900	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1310	2024	7,068
04-17-2009	36,346	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1303	2024	5,070
09-15-2009	20,516	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1305	2025	4,136
07-31-2015	58,000	Nonmajor Governmental Fund - Master Debt SILD	Design/Install City Street Lights - Intercap Loan #1309	2030	55,747
06-15-2010	600,000	Internal Service Fund - Engineering	Public Works Addition & Remodel -Intercap Loan	2020	182,456
03-25-2014	1,065,000	Nonmajor Governmental Fund - General Obligation Taxable Bonds	2014B LTGO Bonds - Refund 2005 Note Payable	2023	790,000
	<u>\$ 2,757,362</u>				<u>\$ 1,787,229</u>

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
2007	\$6,284,342	70,550,043	8.91%	\$ 205	\$54,270,864	\$ 6,284,342	\$ 47,986,522	11.58%
2008	6,011,212	73,776,332	8.15%	189	57,459,106	6,011,212	51,447,894	10.46%
2009	5,681,236	76,405,690	7.44%	165	60,474,851	5,681,236	54,793,615	9.39%
2010	5,210,247	76,862,700	6.78%	143	62,441,688	5,210,247	57,231,441	8.34%
2011	5,161,387	78,275,702	6.59%	138	65,532,892	5,161,387	60,371,505	7.88%
2012	4,658,775	78,709,035	5.92%	120	67,431,565	4,658,775	62,772,790	6.91%
2013	4,156,979	77,852,991	5.34%	105	69,510,079	4,156,979	65,353,100	5.98%
2014	3,590,102	78,054,590	4.60%	88	71,978,361	3,590,102	68,388,259	4.99%
2015	3,039,892	76,098,354	3.99%	75	73,221,018	3,039,892	70,181,126	4.15%
2016	3,232,230	88,577,771	3.65%	79	131,651,506	3,232,230	128,419,276	2.46%

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

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

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

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

The general obligation debt does not require any reserves.

City of Great Falls, Montana
Computation of Direct And Overlapping Long Term Debt
June 30, 2016

Jurisdiction	General Obligation Debt Outstanding¹	Percent Allocable to City¹	Amount Allocable to City
Elementary School District No. 1	\$ 4,770,718	58.34%	\$ 2,783,429
High School District No. 1	1,359,398	67.31%	915,039
Cascade County	-	68.76%	-
Total overlapping debt			<u>3,698,469</u>
Total direct debt ²			<u>5,762,230</u>
Total direct and overlapping debt			<u><u>\$ 9,460,699</u></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
2007	58,536 ⁵	\$ 2,436,097	\$ 30,647	10,474	2.5%
2008	58,827	2,599,000	31,740	10,410	3.4%
2009	59,251	2,814,771	34,417	10,336	4.4%
2010	59,366	2,996,541	36,533	10,159	5.8%
2011	58,505	3,076,502	37,437	10,127	6.4%
2012	58,950	3,161,768	38,790	10,109	5.4%
2013	58,893	3,228,329	39,448	10,198	5.1%
2014	59,351	3,336,106	40,822	10,347	4.0%
2015	59,152	3,357,888	40,759	10,193	3.9%
2016	59,638	3,389,496	41,163	10,520	4.1%

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	2016			2007		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Malmstrom Air Force Base	3,590 ²	1	10%	4,097 ²	1	14%
Benefis Health Care Center	3,107	2	8%	2,300	2	8%
Great Falls Public Schools	2,048	3	6%	1,620	3	5%
Montana Air National Guard	1,229 ²	4	3%	1,264 ²	4	4%
City of Great Falls	575	5	2%	521	8	2%
Great Falls Clinic	541	6	1%	773	5	3%
Cascade County	500	7	1%	500	9	2%
Wal-Mart	413	8	1%	550	7	2%
Centene Corporaton	319	9	1%			
Albertsons	285	10	1%	280	10	1%
Asurion (formerly N.E.W. Customer Services Cos.)				600	6	2%

Source: Great Falls Tribune, Great Falls Montana Outlook 2016 printed February 21, 2016
www.greatfallstribune.com

List completed February 2015. 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Mayor/City Commission	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Housing Authority	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
City Manager	4.25	4.29	3.29	3.29	3.17	4.17	4.17	4.17	4.17	4.16
City Clerk	1.25	1.29	1.29	1.29	1.51	1.51	1.51	1.51	1.51	1.84
Cable 7	1.00	1.00	0.50	0.50	0.50	0.50	-	-	-	-
Human Resources	3.66	3.66	3.66	3.66	3.60	3.60	3.60	3.60	3.60	4.60
Insurance & Safety	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Animal Shelter Operations	-	-	-	-	-	8.50	5.00	5.00	9.00	9.00
Events	-	-	-	-	-	-	-	-	4.54	4.54
City Planning	7.60	7.60	7.60	7.60	-	-	-	-	-	-
Community Development	20.94	20.94	21.94	20.94	-	-	-	-	-	-
Planning & Community Development	-	-	-	-	27.10	25.60	25.60	24.70	25.12	24.92
Fire	67.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	69.00	71.00
Fiscal Services	37.90	38.40	38.40	36.90	36.90	36.00	35.00	33.56	26.06	26.06
Legal	5.80	6.30	6.30	6.25	6.45	7.75	7.75	7.25	7.25	7.25
Library	21.05	21.30	21.30	20.78	20.54	21.54	21.54	21.54	17.47	17.47
Municipal Court	-	-	-	-	-	-	-	-	7.50	7.50
Park & Recreation	77.50	76.77	86.22	89.72	85.98	85.98	85.98	84.31	74.43	73.18
Police	119.00	133.50	129.50	129.00	134.00	126.00	126.00	128.00	127.00	129.00
Public Works	132.33	132.75	133.95	132.57	134.15	135.95	133.95	133.95	134.63	131.50
Total	519.03	535.55	541.70	540.25	541.65	544.85	538.85	536.34	532.03	532.77

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.

The number of employees listed on the major employers listing, page 191, is different from this total due to the calculations of FTE's.

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.

In 2015 the Events employees were separated from the Park and Recreation Department and listed on their own.

In 2015 the Municipal Court employees were separated from the Fiscal Services Department and listed on their own.

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

Function/Program	Calendar Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire Department											
Number of Stations	4	4	4	4	4	4	4	4	4	4	4
Number of Training Centers	1	1	1	1	1	1	1	1	1	1	1
Number of Fire Vehicles	18	18	18	18	19	19	21	21	23	23	24
Police Department											
Number of Stations	1	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	63	63	64	64	64	64	68	69	71	77	83
Sanitation											
Number of Collection Trucks	18	21	21	21	21	21	22	22	23	23	24
Streets											
Miles of Streets/Alleys	361	361	366	366	366	366	377	377	383	383	383
Miles of Street Striping	50	50	65	65	71	71	100	100	100	78	50
Street Signs	11,000	11,000	11,400	11,770	11,770	11,985	12,237	12,764	12,913	12,995	13,690
City/State Street Signals	89	89	89	89	89	89	89	89	89	89	89
Housing Authority											
Affordable Housing Units	16	16	16	16	16	24	24	32	32	32	32
Public Housing Units	490	490	490	490	490	490	490	490	490	490	490
Water											
Water mains (miles)	291.96	296.75	303.38	305.38	307.38	307.88	309.51	311.40	312.82	313.64	314.51
Fire hydrants	2,925	2,986	3,054	3,085	3,108	3,110	3,125	3,139	3,154	3,169	3,185
¹ Storage capacity (million gallons)	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	10.75	10.75	10.75
Sanitary Sewer											
Sanitary sewers (miles)	229.34	233.99	238.82	240.32	241.64	241.81	242.78	244.07	246.59	247.34	249.02
Storm sewers (miles)	109.23	111.10	114.00	114.65	115.27	116.01	117.70	118.50	119.09	120.36	120.36
² Treatment capacity (million gallons)	21	21	21	21	21	21	21	21	13	13	13
Parks and recreation											
Number of parks	74	74	64	64	64	64	64	64	66	66	66
Acreage of parks	1,138	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,155	1,155	1,215
Trees (approximately)	46,139	46,139	47,083	47,083	47,083	45,000	45,000	42,500	42,500	42,000	41,500
Pools	4	4	4	4	4	4	4	4	4	4	4
Golf Courses	2	2	2	2	2	2	2	2	2	2	2
Skate Park	1	1	1	1	1	1	1	1	1	1	1
	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parking											
Parking lots	6	6	6	6	6	6	6	6	6	6	6
Parking garages	2	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	1,122	1,122
Metered parking spaces	1,050	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,092	1,092
Library											
Number of Books Purchased	9,342	9,415	7,639	11,014	9,033	9,425	8,924	9,367	9,793	9,703	10,491

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

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

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

We have audited, in accordance with the 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, 2016, 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 12, 2016. Our report includes a reference to other auditors who audited the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation, as described in our report on the City of Great Falls, Montana's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Great Falls Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


Great Falls, Montana
December 12, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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

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 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, 2016. 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's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Great Falls, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2016.

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 the Uniform Guidance, 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.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Great Falls, Montana
December 12, 2016

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Grant Revenues	Expenditures
Department of Housing and Urban Development					
Direct Program					
Community Development Block Grant					
	14.218	B12-MC-30-0002	\$ 718,203	\$ 2,795	\$ 2,795
	14.218	B13-MC-30-0002	744,287	-	-
	14.218	B14-MC-30-0002	720,280	44,534	44,534
	14.218	B15-MC-30-0002	715,840	510,194	510,194
	14.239	M10-MC-30-0218	438,016	-	-
	14.239	M11-MC-30-0218	385,454	144,530	144,530
	14.239	M12-MC-30-0218	232,508	-	-
	14.239	M13-MC-30-0218	230,146	74,795	74,795
	14.239	M14-MC-30-0218	215,300	134,530	134,530
	14.239	M15-MC-30-0218	191,970	20,422	20,422
Pass Through Montana Department of Commerce					
	14.239	M13-SG3001-14	750,000	111,190	111,190
Total Department of Housing and Urban Development				1,042,990	1,042,990
Department of Transpiration					
Direct Programs					
	20.205	N/A	\$ 755,200	\$ 229,084	\$ 229,084
	20.205	N/A		841,768	841,768
	20.505	N/A	125,252	84,378	84,378
Pass Through Montana Department of Transportation					
	20.703	HM-HMP-0441-14-01-00	9,600	5,513	5,513
	20.607		15,000	3,700	3,700
Total Department of Transportation				1,164,443	1,164,443
Department of Health and Human Services					
Direct Programs					
	95.001	G15RM0045A	\$ 194,584	\$ 89,951	\$ 89,951
	95.001	G16RM0045A	204,371	96,319	96,319
Total Department of Health and Human Services				186,270	186,270

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2016

<u>Funding Agency</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Program or Award Amount</u>	<u>Grant Revenues</u>	<u>Expenditures</u>
Department of Justice					
Direct Programs					
Bulletproof Vest Program	16.607	2015-BUBX14074090	\$ 6,792	\$ 3,604	\$ 3,604
Pass Through Montana Board of Crime Control					
Justice Assistance Grant	16.738	2013-DJ-BX-0780	30,898	1,076	1,076
Justice Assistance Grant	16.738	2014-DJ-BX-1064	31,013	27,657	27,657
Justice Assistance Grant	16.738	2015-DJ-BX-0363	29,711	10,759	10,759
Total Department of Justice				<u>43,096</u>	<u>43,096</u>
National Park Service					
Pass Through State of Montana Historic Preservation Office					
Historic Preservation Fund	15.904	MT-15-017	\$ 5,500	\$ 4,125	\$ 4,125
Historic Preservation Fund	15.904	MT-16-017	5,500	1,375	1,375
Total National Park Service				<u>5,500</u>	<u>5,500</u>
Department of Homeland Security					
Pass Through State of Montana					
HAZMAT Trailer Equipment	97.067	2015-GE-T6-0062	\$ 49,861	\$ 49,861	\$ 49,861
EMPG Grant 2015	97.043	EMX-2014-00006	18,142	4,368	4,368
DES Homeland Security	97.107	EMW-2014-SS-00019-S01	63,503	7,981	7,981
Pass Through Cascade County					
911 Call Center PH 2	97.067	N/A	200,000	177,172	177,172
Total Department of Homeland Security				<u>239,382</u>	<u>239,382</u>
Environmental Protection Agency					
Direct Programs					
SRF Revolving Loan	66.458	SRF-15329	\$ 2,700,893	\$ 1,714,207	\$ 1,714,207
Total Environmental Protection Agency				<u>1,714,207</u>	<u>1,714,207</u>
Total Expenditures of Federal Awards				<u>\$ 4,395,888</u>	<u>\$ 4,395,888</u>

City of Great Falls, Montana
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

NOTE 1. REPORTING ENTITY

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all federal financial assistance of the City of Great Falls, Montana (the City). The City's reporting entity is defined in Note 1 to the City's financial statements. Federal financial assistance received directly from federal agencies and passed through other government agencies is included in the schedule.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditure of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some of the amounts presented in this schedule may differ from amounts presented or used in the preparation of the general purpose financial statements.

NOTE 3. COST PRINCIPLES

The accompanying Schedule of Expenditure of Federal Awards is presented using the cost principles from Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Subpart E Cost Principles* and OMB Circular A-87.

NOTE 4. INDIRECT COSTS

The City did not elect to use the 10% de minimus indirect cost rate from Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Subpart E Cost Principles*.

City of Great Falls, Montana
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2016

Summary of Auditor Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? None

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements? No

Federal Awards:

Internal control over major programs:

Material weakness identified? None

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? None

The major programs for the year ended June 30, 2016, are as follows:

	<u>CFDA#</u>
Highway Planning and Construction	20.205

Dollar threshold used to distinguish Type A programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Findings Relating to Financial Statements

None

Findings Relating to Federal Awards

None

City of Great Falls, Montana
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

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



To the Honorable Mayor,
City Commissioners and City Manager
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 (the City) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 August 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

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 are described in Note 1 to the financial statements. During 2016, the City adopted the following new accounting standards:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 82, *Pension Issues, an amendment of GASB No. 67, 68, and 73*

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: (i) depreciation expense, which is based on management's estimate of useful lives of fixed assets; (ii) the liability for the other post-employment benefits which is based on an actuarial study; and (iii) the liability for net pension costs which is based on actuarial studies of the respective plans. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

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 Employee Benefit Plans disclosure in Note 8 and the Other Post Employment Benefit disclosure in Note 9 to the financial statements.

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

Difficulties Encountered in Performing the Audit

We encountered no significant 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. We noted no such adjustments.

Disagreements with Management

For purposes of this letter, 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 12, 2016.

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, actuarial valuation of postretirement benefits, the schedule of the City's proportionate share of the net pension liability, schedule of the City's retirement systems contributions, and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to 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.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the City Commissioners and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zurmuehlen & Co., P.C.
Great Falls, Montana
December 12, 2016

CITY OF GREAT FALLS, MONTANA
Financial and Compliance Audit
For the Year Ended June 30, 2016

RESPONSE TO INDEPENDENT AUDITORS' REQUIRED CLIENT COMMUNICATION LETTER:

CURRENT COMMENTS AND RECOMMENDATIONS

None

PRIOR YEAR COMMENTS AND THEIR CURRENT STATUS

None