

Fiscal Year 2023 Adopted Budget

City of Great Falls, Montana

- Founded: 1884
- Incorporated: 1888
- County: Cascade
- Class: First Class



www.greatfallsmt.net

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Great Falls
Montana**

For the Fiscal Year Beginning

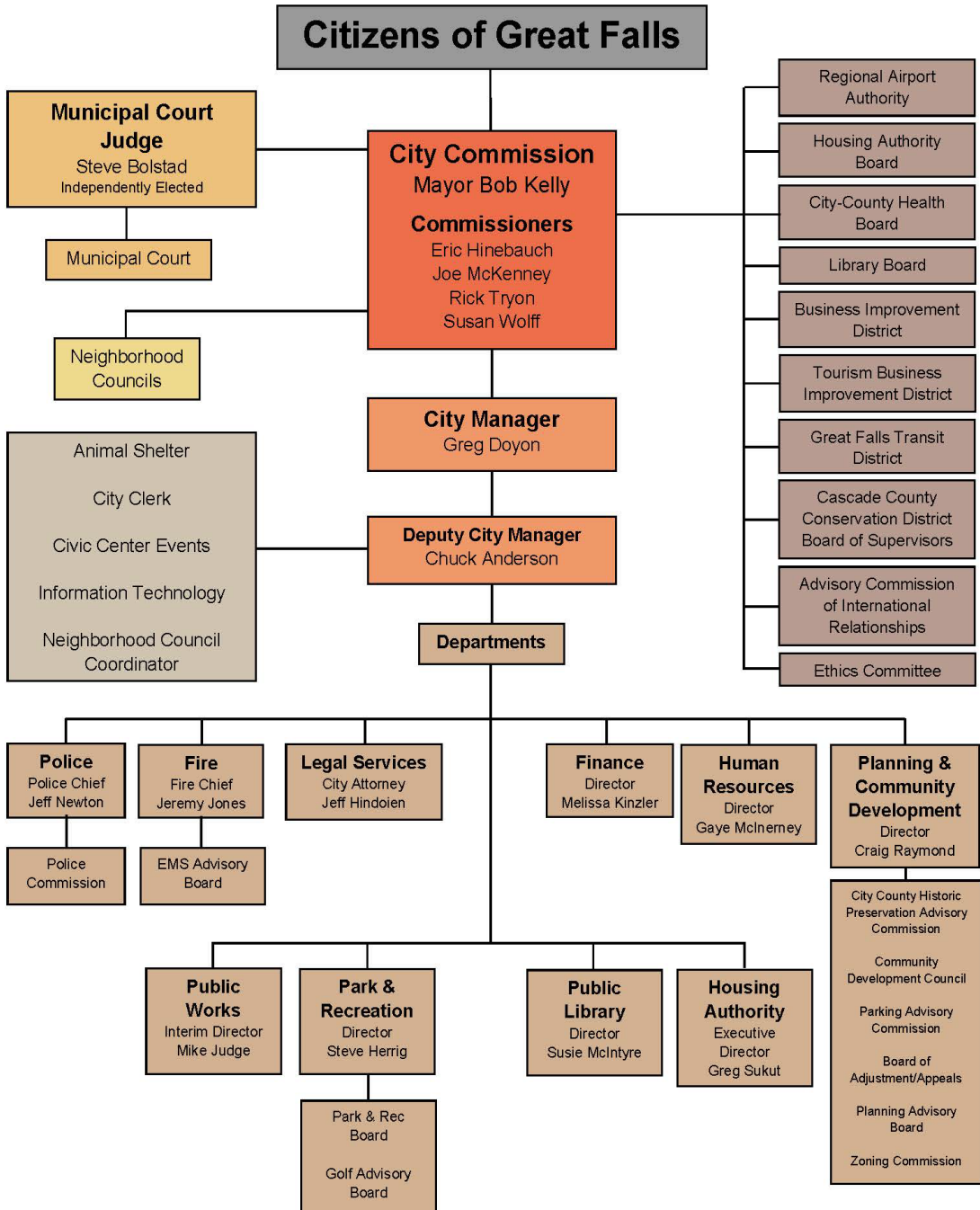
July 01, 2021

Christopher P. Morill

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Great Falls, Montana, for its Annual Budget for the fiscal year beginning July 01, 2021. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



**Bob Kelly
Mayor**



**Greg Doyon
City Manager**



**Eric Hinebauch
Commissioner**



**Joe McKenney
Commissioner**



**Rick Tryon
Commissioner**



**Susan Wolff
Commissioner**



Elected Officials

Bob Kelly	Mayor	870-0212
Eric Hinebauch	Commissioner	788-8904
Joe McKenney	Commissioner	788-8904
Rick Tryon	Commissioner	788-8904
Susan Wolff	Commissioner	788-8904
Steve Bolstad	Municipal Judge	771-1380

Appointed Positions

Greg Doyon	City Manager	455-8450
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Department Positions

Chuck Anderson	Deputy City Manager	455-8450
Lisa Kunz	City Clerk	455-8451
Lanni Klasner	Communication Specialist	455-8496
Owen Grubenhoff	Civic Center Events Supervisor	455-8510
Jon Legan	Information Tech Operations Manager	455-8483
Melissa Kinzler	Finance Director	455-8476
Kirsten Myre	Deputy Finance Director	455-8423
Jeremy Jones	Fire Chief	791-8968
Bob Shupe	Assistant Fire Chief	791-8965
Greg Sukut	Housing Authority Executive Director	453-4311
Gaye McInerney	Human Resource Director	455-8447
Jeff Hindoien	City Attorney	455-8478
David Dennis	Deputy City Attorney	455-8422
Neil Anthon	Chief Prosecutor	455-8449
Steve Herrig	Park and Recreation Director	791-8980
Patty Rearden	Deputy Park and Recreation Director	791-8981
Lonnie Dalke	Parks Supervisor	791-8982
Todd Seymanski	City Forester	791-8983
Craig Raymond	Planning and CD Director	455-8530
Tom Micuda	Deputy Planning and CD Director	455-8432
Bruce Haman	Building Official	455-8404
Jeff Newton	Chief of Police	455-8410
Susie McIntyre	Library Director	453-9706
Mike Judge	Interim Public Works Director	455-8136
Mike Judge	Public Works/ Utility Systems Supervisor	455-8124
Jesse Patton	Public Works/ Interim City Engineer	727-8390
Jason Fladland	Public Works/Water Plant Supervisor	455-8587

All phone numbers listed above are preceded by area code 406.
 Bolded positions denote Elected Officials and Department Heads.



*City of Great Falls
Office of the City Manager*

P.O. Box 5021
Great Falls, Montana 59403
Office (406) 455-8450
Fax (406) 727-0005

July 19, 2022

City Manager's Budget Message

Honorable Mayor, City Commission, and Taxpayers:

It is my pleasure to present the Fiscal Year 2023 (FY23) City of Great Falls Annual Budget.

Since 2021, every tax payer in Great Falls has been impacted by the COVID-19 pandemic. COVID-19 changed the economic landscape significantly, leading to mass retirements, personal/business economic hardship, supply chain problems, and massive changes in the workforce. During the pandemic, City leadership attempted to reduce the impact to residents and businesses by suspending ordinances and certain enforcement and by not raising taxes for two years because of the economic impact of the pandemic. COVID-19 continues to linger and have a negative impact on the community. Now, with inflation and a recession, it is unclear when the nation, state, and community will return to "normal".

The City, as an organization designed to provide public services, is not immune from world and national economic trends. City government cannot escape the impacts of labor shortages, inflation, supply chain problems, and higher interest rates. Like any business or homeowner, the City needs to live within its means and provide consistent levels of service as expected by taxpayers. Constant budget performance/monitoring, a well thought out capital plan, goal setting, and balancing the annual budget is always paramount. In addition, running efficiently as possible without creating spikes in property taxes or fees is critical to stabilizing tax impact on residents.

When the City Commission adopted the FY21 and FY22 budgets, they did not raise taxes or fees. To compensate for the lost revenue, staff recommended using undesignated fund balance. Since there was no mechanism to replenish that reserve amount for cash flow, it was depleted below City policy. It was made clear to the community during the FY22 budget process that it would be highly unlikely that the City could go a third year without raising taxes. Property taxation, which is capped by the half of the three year average rate of inflation, is the primary source of funding for fire, police, administration, and other city departments.

The General Fund (where all the property taxes reside) also carries an undesignated fund balance for cash flow between tax receipt periods and is to be used in times of an emergency. It was utilized for a two year economic emergency, but in FY23, needs to be rehabilitated to weather some unanticipated offshoots of COVID-19. The City is now challenged by a recession, higher energy

rates, interest rates, and inflation. In order to maintain the same level of service, leadership recommended utilizing the capped inflationary factor (raise taxes) for FY23.

By way of example, the cost of essential items that departments need to provide services to taxpayers increased significantly. From the previous fiscal year, City departments have reported three-digit percentage increases. Chlorine increased over 205%, liquid asphalt increased over 110%, and fertilizer increased over 140%. In addition, gasoline increased over 150% and diesel fuel, over 250% year over year. Inflation hit a 40-year high, and it does not appear to be subsiding anytime soon.

Furthermore, employee wages have significantly increased due to a tight labor market. This has made it more difficult for public entities to compete with private companies. Recruiting and retaining qualified employees in the City has become a primary challenge. Formerly, government was known for providing robust health insurance plans which would often offset low wages and retain employees. This is not the case anymore, as health insurance is not always a key factor for employment decisions. Local government now must consider more flexibility, remote work, and incentives to attract and retain employees at all levels of the City organization.

The City Commission holds an annual retreat to establish goals for the year. Most of those goals have a direct impact on the annual City budget. In February 2022, the City Commission set the following priorities:

1. Public safety
2. Economic development utilizing CARES/ARPA funds
3. Housing
4. Focusing on City facilities and resources

The City Commission currently uses what is commonly called a baseline budget. The City begins its budget process by reviewing revenues, prior year expenditures, programs/services and begins with the adopted budget from the prior year. All this is reviewed, keeping in mind the goals established by the governing body.

The City Manager utilizes these priorities to develop a proposed budget. Once the proposed budget is transmitted, it is the City Commission's responsibility to accept, reject or amend. This proposed budget attempts to meet Commission priorities and balance operational needs and maintain expected taxpayer service levels.

As previously discussed, no taxes were raised in the two previously adopted City budgets. In FY21 and FY22 the City used a total of \$1.1M of fund balance to cover the two-year cost of not utilizing the inflationary factor or any rate adjustments. In this budget, the following have been adopted to keep the City in a healthy financial position. This is largely as a result of the current and anticipated economic picture over the next year. Staff recommended to the City Commission to:

- Use inflationary factor
- Use permissive medical levy
- Use fund balance to balance the General Fund – projected ending balance below 22% recommended policy
- Use CARES money to balance the General Fund
- Use ARPA money to fund one-time purchases from the Above & Beyond Requests

As a whole, the City's financial condition is stable at this time and its financial position continues to be moderately healthy. The Commission and City staff will need to continue to monitor performance of department funds throughout the year. The projected ending unrestricted fund balance for FY23 is 20.8% in the General Fund, despite the use of \$1,205,000 of CARES to balance the FY23 budget. The policy for General Fund unrestricted fund balance is 22%. A strong fund balance is critical for two reasons. First, the City needs to meet this policy minimum for cash flow needs, and secondly, the City needs to maintain its quality, low risk credit rating of Aa3.

Typically in the budget process, departments are asked to outline essential operational and capital needs to be considered as budget revenues allow. This year, departments requested additional budget items that came out to \$3.6 million. After review with department heads, a large amount of these requests were just for operational needs, to keep providing general services to the taxpayers. It was recommended that \$2.1 million, or 58.5%, of these requests be funded. It was also recommended that \$163,410 be funded by American Rescue Plan Act (ARPA) dollars for one-time department purchases. The ARPA purchases for FY23 included:

- Bunkers/protective gear for six new fire department hires (\$30,000),
- SCBA fire department bottles to replace failing ones (\$26,650),
- Fire department hose washer and testers to replace unsafe ones (\$17,000),
- Fire departments Sensit multi-gas monitor to replace a failing one (\$2,000),
- Fire department instructional supplies (\$5,560),
- Fire departments forcible entry door (\$8,000), and
- Park and Recreation conversion of administrative building restroom to be ADA compliant (\$75,000).

Any further funding adjustments will not be considered until January 2023, half way through the upcoming fiscal year.

The adopted Park Maintenance District #1 continues to help address deferred capital projects in Parks and Recreation. The district allows the City to assess up to \$1.5 million annually for improvements. In FY21, the City received a federal grant to build a new aquatics and recreation facility. The new recreation facility broke ground in September, 2021 and is estimated to be completed by the fall of 2023. The match requirement for the grant will be paid for by bonds from the Park Maintenance District. With the remaining annual assessments after debt service is paid,

the following projects are budgeted for this year. Some Park District projects may be rescheduled to allow Park District funds to be used towards the new facility as it is completed.

- Carter Park Pavilion Roof
- Irrigation Upgrades in Various Parks
- Warden Park Disc Golf Tee Boxes
- Various surface upgrades for Outdoor Fitness Equipment
- Rivers Edge Trail Improvements
- Turf Maintenance & Labor
- Tree Replacement
- Sports Courts (basketball/tennis/pickle ball)

Fiscal Year 2023 Budget Highlights

Property Tax Detail

Property Tax	FY21 Increase per \$100,000 Home	FY22 Increase per \$100,000 Home	FY23 Increase per \$100,000 Home	Increase %
Permissive Medical Levy	\$0.00	\$0.00	\$ 3.23	1.43%
Inflationary Factor	\$0.00	\$0.00	\$ 8.36	3.75%
Total	\$0.00	\$0.00	\$ 11.59	5.18%

Operations

The City’s overall expenditures budget decreased by 2.25% from the FY22 Amended Budget, and total revenues decreased by 11.88%. The large decrease in revenues is mainly due to the one time federal COVID relief money received in FY22.

Total General Fund expenditures increased 6.52%, while General Fund revenues (primarily dollars raised from property taxes) were up by 5.50%. Tax increases include newly taxable property (reflects new property growth over prior year), which has an annual 21-year average of approximately \$400,000. The final amount of newly taxable property will not be known until the City receives its Certified Taxable Values from the Montana Department of Revenue in August, 2022. Again, after taking a two year pause from increasing property taxes due to COVID-19, the City cannot move forward with the same level of service and maintain its moderately healthy financial status without increasing property taxes.

This year’s overall budget could best be described as the aforementioned baseline budget, based on expenditures from last year’s adopted budget. However, after a “status quo” budget for two

years, new funding requests from City departments were considered and many were funded to maintain services to the taxpayers. Some of these requests that were funded in the General Fund were supplies and operating costs for the police department, fire department, legal department, park and recreation department, municipal court, and animal shelter. There was also an increase to overtime for the fire department.

The FY23 budget provides funding across the organization for ongoing operations including supplies, training, and equipment replacement. The largest category of ongoing operation expenses is personnel. All union contracts will be expiring on June 30th, 2023. The City will start negotiations during this fiscal year. Union and City negotiations will be included in the FY24 budget. In FY22, all employees moved to a new health insurance contribution rate (85%/15%) cost sharing method. The City also shifted to a self-insured medical plan as of July 1, 2021. This year’s health insurance increase is only 3%, although the City’s consultants recommended a 5.7% increase.

The City has 58 different funds. Annually, the City Manager and Finance Director classify each fund as “meets requirements” and “does not meet requirements”. This classification is based off of each of the FY23 fund balance percentage requirements. Each of these funds has a specific purpose, revenue source, and provides funding for various City operations. In FY23, there are 51 out of 58 funds that are considered to meet the fund balance percentage requirement. There are seven that are, at this time, classified as “does not meet requirements”. Below is the summary of the funds that do not meet fund balance requirements for FY23:

- Does not meet fund balance percentage requirement:
 - General Fund
 - Planning and Community Development Fund
 - Parking Fund
 - Golf Courses Fund
 - Recreation Fund
 - Health & Benefits Fund – This is only as a result of unfunded OPEB liability obligation; the cash balance is sufficient.
 - Human Resources Fund – This was spent down for a union wage study and costs will be recouped the following year through Internal Services Charges.

Personnel

The FY23 budget did not increase total full time equivalents, or FTEs. The City decreased FTEs by 3.06 overall. The Police department added three new positions that are funded by the COPS Grant. Planning and Community Development removed a development engineer, CDBG/Housing Authority turned a part-time fair Housing Specialist in to full-time, Library turned a part-time clerk/custodian in to full-time, Park and Recreation moved some of their pool hours to temporary/seasonal, Civic Center Facilities reorganized from PCD to Administration, and Engineering re-instated a Summer intern position.

Capital Maintenance, Equipment Replacement, and Facilities

The adopted budget includes funding for current and future capital needs. Certain capital items receive funding with a direct allocation; some require funding over time (capital reserve fund). Certain capital items, due to their cost, require funding through a loan or bond.

For the FY23 budget, the following capital items are included:

- Street/BaRSAA East Fiesta & Giant Springs Rd: \$1,268,369
- Water Plant Filter Replacement Phases 2 & 3: \$6,000,000
- Water Main Replacements: \$2,900,000
- Sewer Lift Station #1: \$5,000,000
- Sewer Plant Clarifier Repair: \$2,000,000
- Central Ave & 3rd St Storm Drain: \$1,200,000
- Year 5 Park District Projects: \$494,220
- Six Patrol Cars: \$239,760
- Street Equipment (Sweeper, roller, dump truck): \$666,160
- Sanitation Sideloaders: \$362,310
- Various ARPA Projects: \$5,663,724

Water, Sewer, Storm Drain, and Sanitation Utilities

No utility fee increases were adopted by the Commission in FY21 and FY22 for water, sewer, storm drain, or sanitation rates. Again, this was recommended to help the community recover from the economic impacts of COVID-19. Similar to the City’s property taxes, the utility services could not effectively operate without an increase for the third year in a row.

- Water, Sewer, and Storm Drain: 5% increase
- Commercial and Residential Sanitation: 10% increase (this took effect in May, 2022)

Rates are established by determining the cost for operating the utility, addressing ongoing system maintenance needs, and capital projects. Capital projects are paid either by direct cash payment or debt financing.

A major external driver for utility rates is the regulatory environment in the state. When rate setting occurs for utilities in the fall of each year, there is much discussion regarding the maintenance of these systems in order to meet the operational requirements of the Environmental Protection Agency/Montana Department of Environmental Quality.

Street, Park, Boulevard, and Lighting Special Assessments

The budget does not recommend increases for Park Maintenance District and Street Maintenance. However, the budget is recommending an increase in the City’s Street Lighting District assessments of 4.5%, Natural Resources assessments of 12%, and Portage Meadows

assessments of 5%. It is important to point out that the prior 2 years for Park Maintenance District, Street Maintenance, Boulevard District, Portage Meadows, and Street Lighting Districts did not include any increases.

Debt Service

The City of Great Falls has a high debt capacity, but very low debt. The remaining General Obligation debt service is in the chart below:

<i>Original Issuance Information</i>	<i>Issuance Date</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Bonds/ Loans Issued</i>	<i>Balance, 6/30/2023</i>
Soccer Park Bonds, Series 2014A	04/03/2014	2.0 - 2.5%	07/01/2024	\$1,480,000	\$160,000
Fire Trucks InterCap	12/11/2015	Variable	02/15/2026	\$820,000	\$223,727
Public Safety Radios Lease-Purchase	03/27/2020	2.87%	03/01/2030	\$1,992,461	\$1,449,837

ARPA and CARES

The City received Federal COVID relief money of \$10.1 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act usage to date is about \$2.8 million and has a remaining balance of approximately \$7.3 million. In FY22, CARES helped replenish funds impacted by COVID-19 (\$1,141,151). Additional replenishments were adopted in the FY23 budget including Planning (\$297,500), Recreation (\$140,000), and Multi-sports (\$34,500). It was also used to balance the General fund budget (\$1,205,000).

The City received Federal COVID-19 relief money under the American Recovery Plan Act (ARPA) of \$19.5 million. For FY23, \$5.8 million in ARPA usage for City departments’ tier 1 projects and the community was identified (outlined below). The remaining ARPA balance is about \$13.7 million.

- Community grants: \$3,000,000
- IT Network Security: \$140,270
- Civic Center AV Upgrades: \$171,331
- Fire Station Doors: \$425,000
- Fire Truck Refurbishment: \$1,299,337
- HR Office Remodel: \$500,000
- Parking Garage Security Improvements: \$52,786
- Miscellaneous Fire Department Equipment: \$88,410
- Park & Rec Admin Building ADA Restroom: \$75,000

The use of the remainder of the CARES Act and ARPA money will be decided by the Commission at a future time.

Future Challenges and Opportunities

Management outlined for the City Commission several challenges on the horizon for Great Falls' local government. These areas include:

- Police Operations and Violent Crime Reduction
- Employee total compensation, including health insurance costs
- Employee retention and recruitment
- Unknown economic conditions
- Newly negotiated CBAs

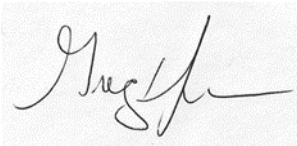
In Closing

The City Manager's budget presentation to the City Commission will be available for viewing on the City's web site at <https://greatfallsmt.net>.

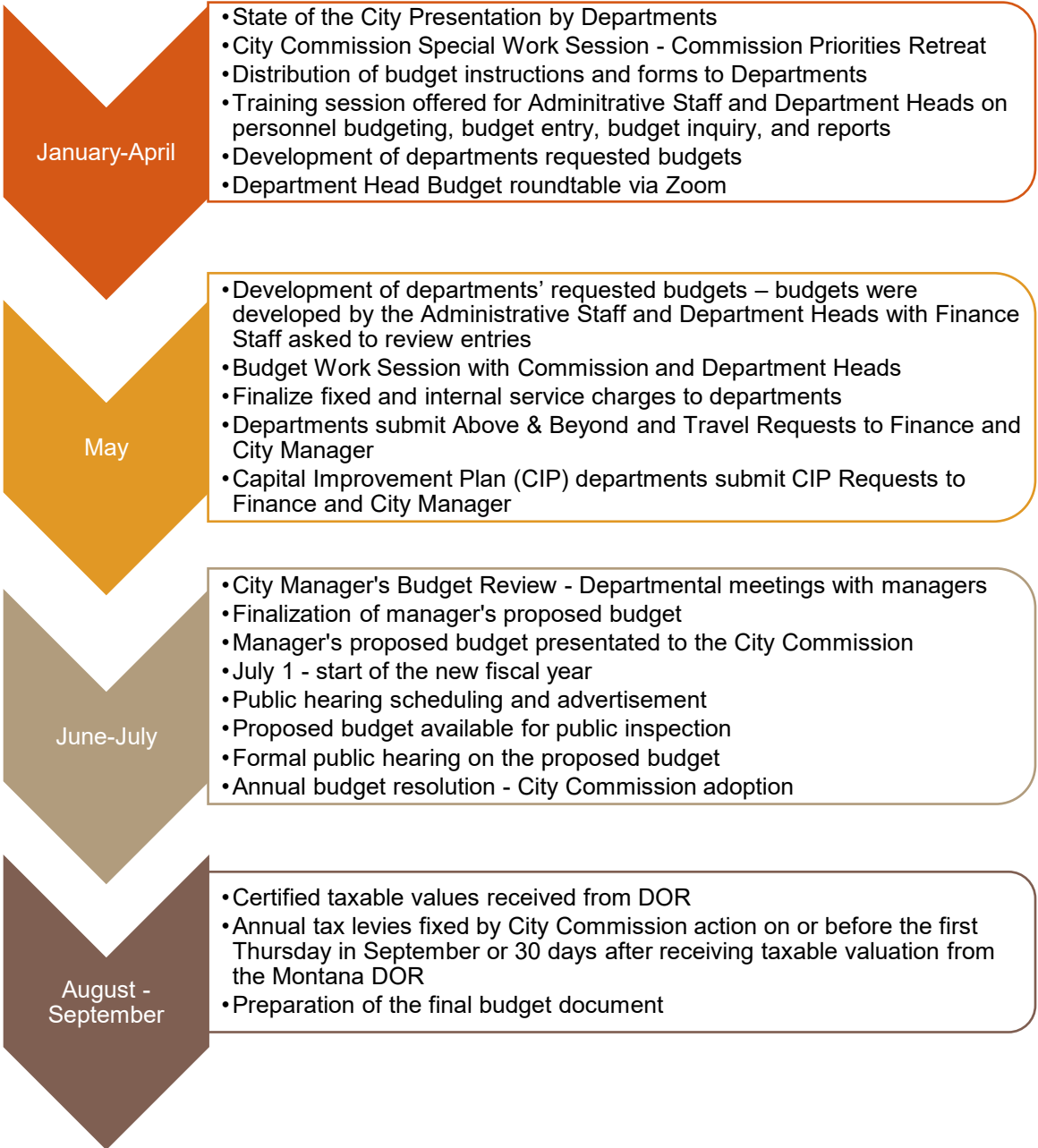
Numerous supplemental budget documents are available for viewing on the City's web site at <https://greatfallsmt.net/finance/fy-2022-23-budget>. The City also has an online budget tool through Balancing Act that can be accessed from the City's finance webpage.

Despite the ongoing challenges described in this year's budget, the City of Great Falls' financial position is sound thanks to a dedicated City Commission and department head team. I want to thank the department heads for their focus and diligence in preparing the budget. I especially want to thank Deputy City Manager Chuck Anderson, Finance Director Melissa Kinzler, Deputy Finance Director Kirsten Myre, and Budget Analyst Andrea McCracken for their assistance.

Respectfully submitted,



Gregory T. Doyon
City Manager



Budget Documents

There are two bound documents prepared by the Finance Department each year.

1. Manager’s Proposed Budget

The Manager’s proposed budget is presented to the City Commission and made available to the public in June or July. This document is the basis for the public hearing on the budget. Various resources are created to aid in preparation, which include:

- Department Requested Budgets
- Above & Beyond Requests
- General Fund Subsidies
- Fund Health: Meets or Does not Meet Requirements
- Internal Service Charges
- Capital Improvement Plans (CIPs)

2. Final Budget

This document is the City Commission's adopted budget document and is made available in September.

Budget Finalization

The formal conclusion of the budget development process occurs on or before the second Monday in August. For this FY2022/2023 budget:

- The annual proposed budget will be presented on June 21, 2022.
- The budget hearing on the proposed budget is scheduled to be set on July 5, 2022.
- The budget hearing on the proposed budget is scheduled for July 19, 2022.
- The annual budget is proposed to be adopted July 19, 2022, or thereafter.
- Subsequent tax valuation information may require mid-year budget revisions.
- The resolution to fix annual tax levy adoption is scheduled for August 16, 2022.

State statutes, 7-6-4024 and 7-6-4036, MCA require the City Commission to adopt the final budget, and then fix the tax levy on or before the first Thursday in September or within 30 calendar days after receiving certified taxable values from the Montana Department of Revenue. This is one month after the beginning of the year being budgeted. The reason for this late legal finalization of the budget/tax levy is the timing of tax valuation information. Budget revenue estimates and tax levies are dependent upon tax valuation information. Accordingly, the budget is subject to revision, and not considered legally finalized, until the tax levy is fixed by City Commission resolution.

Budget Amendment Procedure

The budget may be amended as authorized by the annual budget resolution. The City Manager has budget amendment authority for the expenditure of funds for any or all of the following:

- Appropriation carry-overs
- Appropriated reserves
- Contingency allocations
- Special assessments, grants, donations, trusts, agencies.



Administration

- The **City Commission** is the legislative and governing body of the City. It is responsible for establishing City policies and goals. It has the authority to adopt laws, ordinances, and resolutions as needed to conduct the business of the City.
- The **City Manager’s Office** is responsible for assuring the city commission’s policy direction is carried out and for overall management of all city functions. The staff is also responsible for a wide variety of special projects such as developing intergovernmental agreements, measuring organizational efficiency, and budget development.
- The **City Clerk’s Office** is responsible for the history of the city as an organization. The accomplishments and accountability of municipal governments is documented by the creation, maintenance, and preservation of public records.
- **Information Technology** is an internal service fund. This fund and division is responsible for managing the central computer systems, networks, and software of the city. Mapping and telephone services are also included.
- The **Neighborhood Council** Coordinator provides technical and general information among Neighborhood Councils, Council of Councils, City staff, the City Commission, and citizens of Great Falls.
- The **Animal Shelter** ensures the health, safety, and welfare of the animals and citizens of our community.
- The **Civic Center Events** division handles operations of the Mansfield Center for the Performing Arts.

Finance

The Finance Department provides and accounts for services in support of other city operations. Finance operations include:

- | | |
|--------------------------------------|-----------------------------------|
| ▪ Accounts Payable | ▪ City Tax and Assessment Billing |
| ▪ Accounts Receivable | ▪ Budget and Analysis |
| ▪ Utility Billing & Customer Service | ▪ City Mail Processing |

<p><i>Fire</i></p>	<p>The Fire Department’s primary responsibility is to protect lives and property through fire prevention, fire suppression and investigation, emergency pre-hospital medical service, and maintenance of fire hydrants.</p>
<p><i>Housing Authority</i></p>	<p>The Housing Authority provides staff and management to the Great Falls Housing Authority Board of Commissioners to manage and operate 490 units of public housing and 32 units of affordable housing in seven locations and manage 265 Section Eight Vouchers.</p>
<p><i>Human Resources</i></p>	<p>The Human Resources department is responsible for recruitment, benefits administration, compensation, policy development, collective bargaining negotiations, and organizational training and development of personnel.</p>
<p><i>Legal</i></p>	<p>The Legal Department provides legal advice for the City Commission and City staff, assists departments in preparing new ordinances or changes to existing ones, represents the City in civil litigation, and prosecutes misdemeanor violations in Municipal Court.</p>
<p><i>Municipal Court</i></p>	<p>Municipal Court provides for direct courtroom proceedings and the record and receipt functions necessary to follow through with dispositions and for jail alternatives. Court operations are administered by the elected municipal court judge.</p>
<p><i>Park & Recreation</i></p>	<p>The Park & Recreation Department is responsible for the City’s parks and trees, swimming pools, golf courses, and recreation programs.</p>

Planning & Community Development

The Planning & Community Development Department serves Great Falls by facilitating, promoting, and ensuring quality planning development for our community. Services include land development, subdivision review, transportation planning, rezoning, annexations, and land use planning.

Police

The Police Department’s main objectives are to prevent and suppress crime. The 911 Dispatch Center is managed by the Department and receives calls for the City of Great Falls, Cascade County, and four bordering counties.

Public Library

The Public Library provides residents with access to information through books, internet access, interlibrary loan services, and the bookmobile. The library also provides programming for children and adults as well as exhibits of art and culture. The library is governed by a Board of Trustees appointed to five year terms by the City Commission.

Public Works

The Public Works Department is responsible for the planning, organization, and coordination of three branches:

- Utilities – Water, Sewer, and Storm Drain
- Operations – Sanitation, Street, and Central Garage
- Engineering – Technical support for utilities and operations

Special Districts

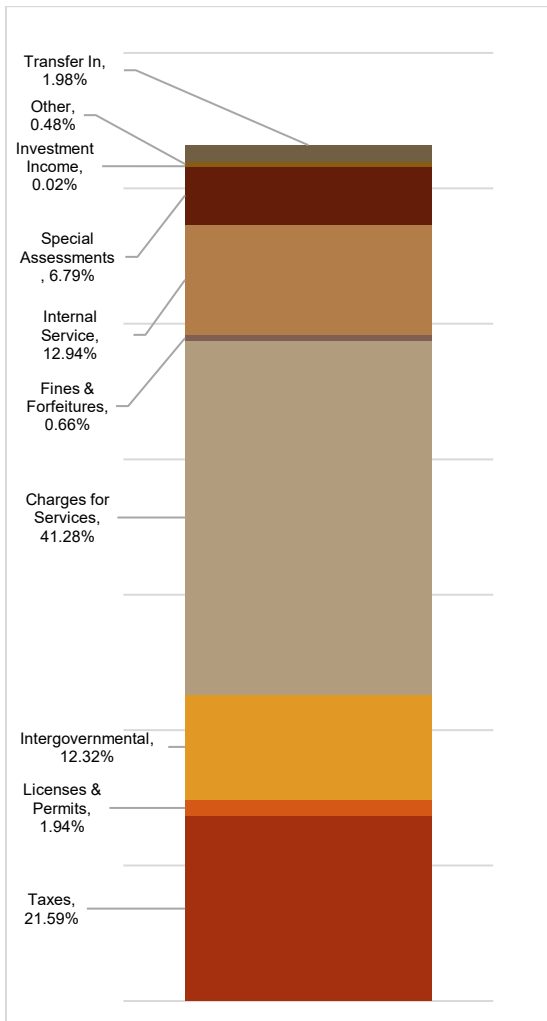
These funds are not assigned to a City Department.

Funds	Departments													
	City Commission	Administration	Fire	Finance	Housing Authority	Human Resources	Legal Services	Municipal Court	Public Library	Park and Rec	Planning & CD	Police	Public Works	Special Districts
General	x	x	x				x	x		x		x		
Special Revenue Funds														
COVID Recovery		x												
Park & Rec Special Revenue										x				
Parkland Trust										x				
Library									x					
Library Foundation									x					
Planning & Community Develop.											x			
Central MT Ag Tech TID														x
Airport TID														x
Downtown TID														x
East Industrial Ag Tech TID														x
Economic Revolving														x
Permits											x			
Natural Resources										x				
Portage Meadow										x				
Park Maintenance District										x				
Street District													x	
Support & Innovation														x
Gas Tax BaRSAA													x	
911 Special Revenue												x		
Police Special Revenue												x		
HIDTA Special Revenue												x		
Fire Special Revenue			x											
Federal Block Grant											x			
Federal HOME Grant											x			
Housing Authority					x									
Street Lighting Districts														x
Debt Service Funds														
Soccer Park GO Bond														x
West Bank TID														x
Downtown TID Bonds														x
Improvement District Revolving														x
Master Debt SILD														x
General Obligation Taxable Bond														x

Funds - Continued	Departments													
	City Commission	Administration	Fire	Finance	Housing Authority	Human Resources	Legal Services	Municipal Court	Public Library	Park and Rec	Planning & CD	Police	Public Works	Special Districts
Capital Projects Funds														
General Capital Projects		x		x						x			x	
Improvement Districts Projects														x
Downtown TID Projects														x
Street Lighting Construction														x
Hazard Removal											x			
Enterprise Funds														
Golf Courses										x				
Water													x	
Sewer													x	
Storm Drain													x	
Sanitation													x	
Swimming Pools										x				
911 Dispatch												x		
Parking											x			
Recreation										x				
Multi-sports										x				
Ice Breaker Run										x				
Civic Center Events		x												
Internal Service Funds														
Central Garage													x	
Information Technology		x												
Insurance & Safety						x								
Health & Benefits						x								
Human Resources						x								
City Telephone		x												
Finance				x										
Engineering													x	
Public Works Admin													x	
Civic Center Facility		x												

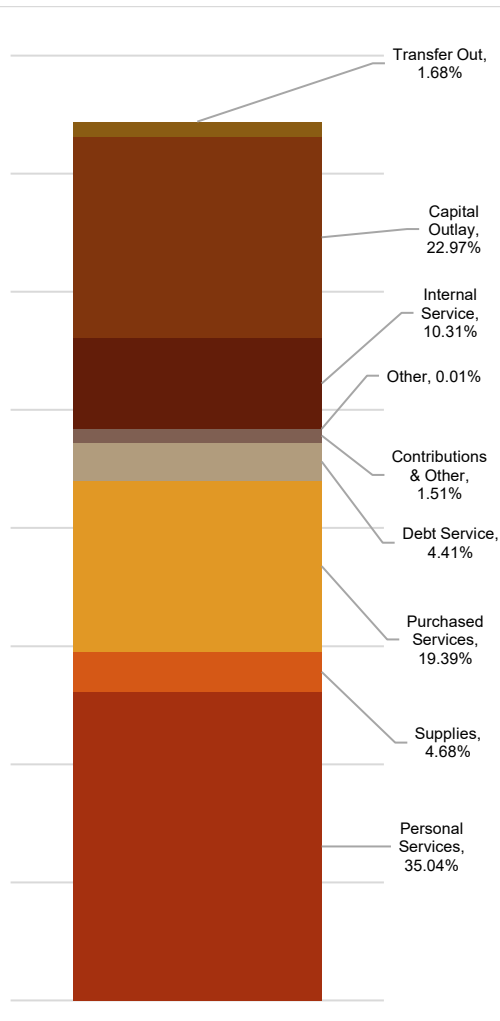
Total City-Wide Budget

Where the Money Comes From



Revenues
\$126.4 Million

Where the Money Goes



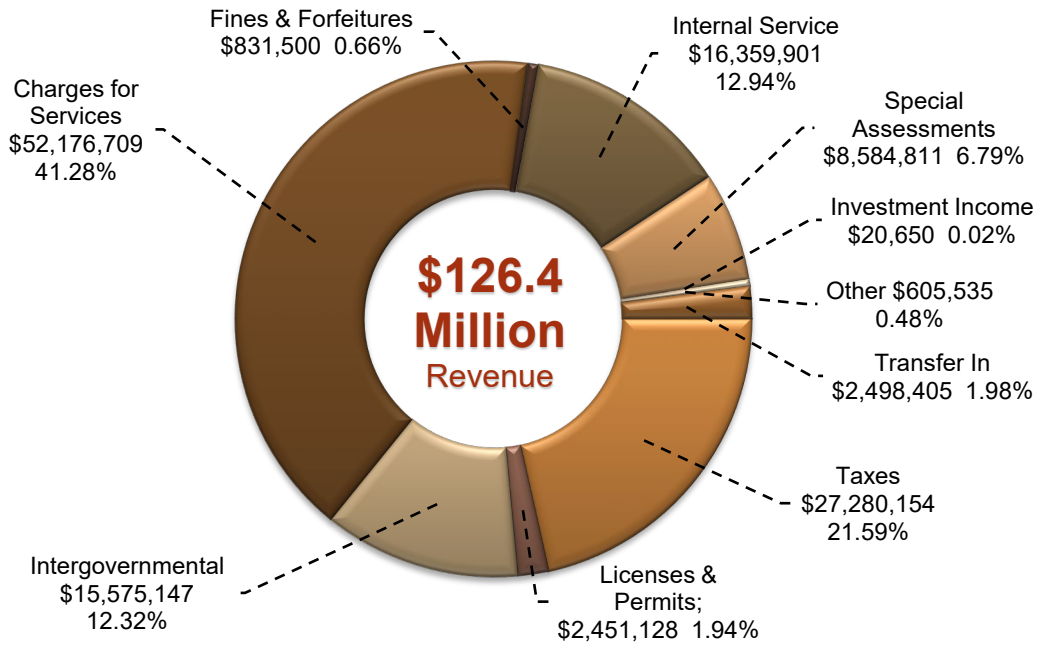
Expenditures
\$148.8 Million

Where the Money Comes From

Total city-wide revenue for Fiscal Year 2023 is \$126.4 million. Charges for service is the largest revenue source at 41.28% percent. The majority of charges for services are generated from utility services, which includes water, sewer, storm drain, and sanitation charges.

The next largest revenue source is taxes making up 21.59% of city-wide revenue. The State of Montana does not have a sales tax. Therefore, the majority of city taxes are generated from real and personal property. Since the City of Great Falls does not have a sales tax, the downturn or upturn in the national economy does not have a direct effect on tax revenue. During the COVID-19 pandemic, the City did not experience a decrease in tax revenue like local governments in states with a sales tax. It does have an indirect effect in such that the City of Great Falls' newly taxable property may be decreased or increased year over year depending on economic activity. 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. During FY2021 and FY2022, in response to the pandemic, the City did not raise property taxes. The City will be raising property taxes in FY2023.

The third and fourth largest revenue sources are internal service (12.94%) and intergovernmental (12.32%). Internal service charges occur when an internal City department charges another department for services provided. Examples include human resources, finance, and information technology. Total city-wide internal service charges for FY2023 amount to \$16.4 million. A major intergovernmental revenue is the HB 124 State Entitlement of \$9.486 million (\$9.059 million for the General Fund and \$427,000 for the Street Fund), which is primarily from the state gambling tax. The City receives various grants that make up the remaining of intergovernmental revenue in the General Fund. The fifth largest source is special assessments totaling \$8.6 million or 6.79%. Examples of special assessments include the street district, park maintenance district, boulevard districts, and street lighting districts.



2021 Actual Amount	2022 Adopted Budget	2022 Amended Budget	2022 Projected Amount as of 06/01/2022	2023 Adopted Budget
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Revenue

Taxes	\$25,474,917	\$26,001,617	\$26,001,617	\$25,833,021	\$27,280,154
Licenses & Permits	\$2,116,652	\$2,185,276	\$2,185,276	\$2,431,209	\$2,451,128
Intergovernmental	\$28,158,870	\$24,313,600	\$24,896,097	\$24,716,564	\$15,575,147
Charges for Services	\$50,309,799	\$49,379,237	\$49,379,237	\$49,940,390	\$52,176,709
Fines & Forfeitures	\$857,643	\$817,500	\$817,500	\$837,086	\$831,500
Internal Service	\$14,328,381	\$15,324,240	\$15,324,240	\$15,806,831	\$16,359,901
Special Assessments	\$8,622,693	\$8,472,176	\$8,472,176	\$7,878,864	\$8,584,811
Investment Income	\$115,826	\$20,650	\$20,650	\$160,304	\$20,650
Other	\$1,932,478	\$613,808	\$800,576	\$1,039,892	\$605,535
Transfer In	\$2,892,679	\$2,055,852	\$5,589,121	\$5,518,694	\$2,498,405
Issuance of Debt	\$6,423,758	\$0	\$9,940,000	\$9,972,002	\$0
Sale of Assets	(\$41,528)	\$0	\$0	\$72,797	\$0

Revenue Totals

\$141,192,169	\$129,183,956	\$143,426,490	\$144,207,653	\$126,383,940
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Major Revenues

Charges for Services

Charges for services is 41.28% of total city revenue and 3.27% of General Fund revenue. Charges for services are fees collected to pay the cost of providing specific services. The majority of the charges for services revenues are for water, sewer, storm drain, and sanitation utilities. Another large charge for services revenue is in the Health & Benefits Fund, which are the charges for employees’ health insurance plans.

It is City practice to keep up to date with regular incremental utility rate changes while keeping in mind the difficulty that many customers have with utility affordability. Utility rates are reviewed and, if necessary, adjusted annually to pay full costs of providing services. In FY2021 and FY2022, the City did not raise utility rates to aid in economic recovery from the pandemic. To maintain the same level of service, the City cannot go a third year without rate increases. In May, 2022 the City Commission approved a 10% increase for both the residential and commercial sanitation rates. Other utility rates for water, sewer, and storm drain will be increased by 5% each in FY2023. Past utility rate increases are noted in the “Five Year History of Utility Rate Charges” table below and require an additional separate public hearing and approval by the City Commission.

Five Year History of Utility Rate Changes Requires Separate Commission Action					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water	5%	5%	0%	0%	5%
Sewer	2%	2%	0%	0%	5%
Storm Drain	10%	5%	0%	0%	5%
Sanitation					
Residential	0%	7.5%	0%	0%	10%
Commercial	5%	7.5%	0%	0%	10%

Taxes and Special Assessments

Taxes and Special Assessments account for 28.38% of Total City Revenue and 62.69% of General Fund revenue. Taxpayers generally view taxes and special assessments as two names for the same thing; however, there are distinctions.

	2021 Actual	2022 Amended Budget	2023 Adopted Budget	% of Total City Revenue
Taxes				
Real & Personal Property	\$16,960,429	\$17,716,907	\$18,779,598	14.86%
Permissive Medical Health Mill	\$3,358,513	\$3,447,210	\$3,695,056	2.92%
GO Bond Payments	\$169,247	\$164,500	\$164,500	0.13%
Tax Increments	\$3,508,387	\$3,423,000	\$3,241,000	2.56%
Local Option Motor Vehicle	\$1,478,341	\$1,250,000	\$1,400,000	1.11%
Total Taxes Revenue	\$25,474,917	\$26,001,617	\$27,280,154	21.59%
Special Assessments				
Street Maintenance District	\$4,600,495	\$4,583,265	\$4,583,265	3.63%
Park Maintenance District	\$1,507,598	\$1,500,000	\$1,500,000	1.19%
Street Lighting District	\$1,132,503	\$1,111,842	\$1,161,507	0.92%
Boulevard District	\$410,365	\$431,617	\$480,324	0.38%
Portage Meadows	\$65,193	\$65,252	\$68,515	0.05%
Master Debt SILD	\$14,341	\$15,984	\$15,984	0.01%
TBID	\$632,909	\$511,216	\$511,216	0.40%
BID	\$259,280	\$253,000	\$264,000	0.21%
Other	\$9	\$0	\$0	0.00%
Total Special Assessments	\$8,622,693	\$8,472,176	\$8,584,811	6.79%
Total Taxes and Special Assessments	\$34,097,610	\$34,473,793	\$35,864,965	28.38%

Taxes - Real & Personal Property

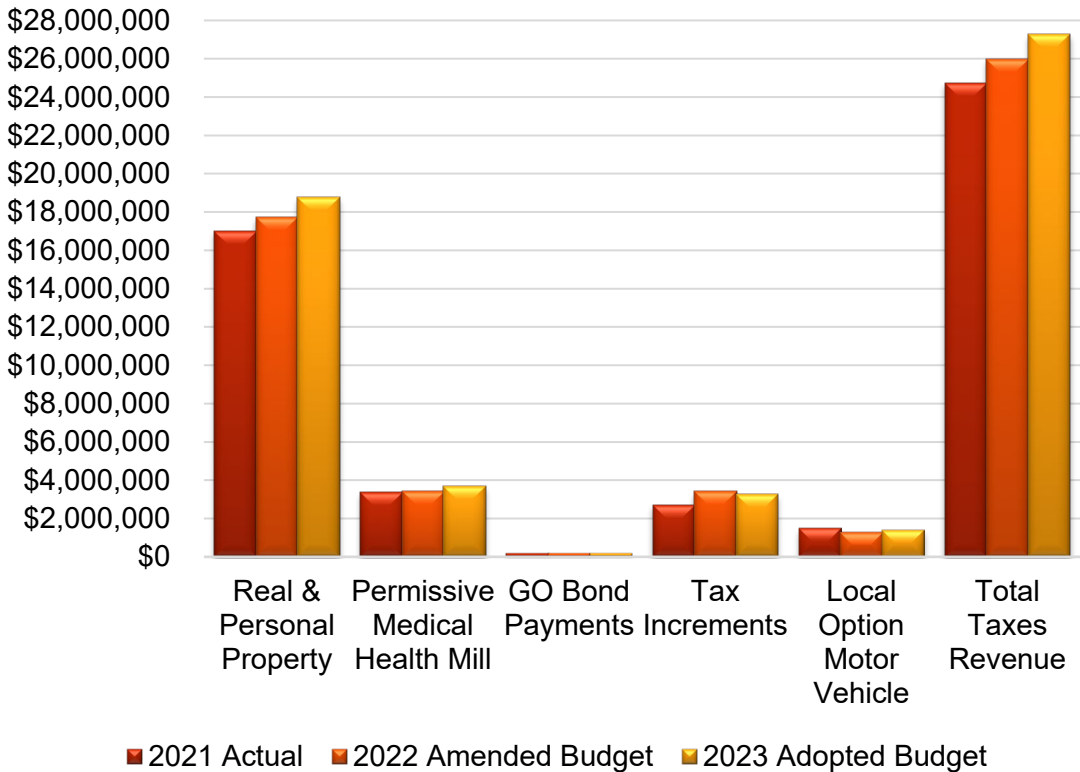
Real and personal property is the tax on property values which is authorized for general purposes. It is no longer informative or valid to compare mill levies from year to year. The 1999 State Legislature created declining taxable property valuations, which are to be offset by increased local mill levies, to achieve the same property tax revenue as the local governments levied for in Tax Year 1998. Mill levies will be adjusted each year as a formula change.

In accordance with Montana state statute, the City will have limited real property tax revenues. The real property taxes are budgeted using historical analysis. Tax revenue increased from \$26.0 million to \$27.2 million in this budget. This increase in property taxes is due to new construction and improvements estimated at \$400,000 in the General Fund. There is also an increase to tax revenue from the Permissive Medical Levy of \$248,305 and an increase from the inflationary factor of 3.75%, or \$641,691. There were no tax increases in FY2021 and FY2022 to assist the community in recovering from the COVID-19 pandemic. Other tax revenues are received in the tax increment districts. This tax revenue does not come into the General Fund, and is slightly down for FY2023.

Tax Increments

Tax increments are a method of financing public improvements for a district. Money is borrowed to make public improvements, which will in turn encourage private taxable improvements. Taxable improvements result in new tax revenue (tax increments) that stays within the district.

**City-Wide Total Taxes Revenue
3 Year Trend**



Special Assessments

Special assessments are charges needed to pay for a special improvement and/or related maintenance. A Special Improvement District is that group of properties benefited by, and paying for, a special improvement. Special assessments are typically charged on a square area basis in the City of Great Falls, with the exception of the Park Maintenance District which is based on taxable value. The Street Maintenance District and the Park

Maintenance District are the only districts covering the whole city. The revenue for the Street Maintenance Assessment is deposited directly to the Street Fund. Likewise, the revenue for the Park Maintenance District is deposited directly into that fund. This is a reliable source of revenue restricted to the recovery of specific costs. Additional separate public hearings are needed to adopt the budgeted rates.

Five Year History of Special Assessment Rate Changes					
Requires Separate Commission Action					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Street Maintenance District	0%	0%	0%	0%	0%
Boulevard District	3%	5%	0%	0%	12%
Portage Meadows District	7%	5%	0%	0%	5%
Street Lighting	0%	0.5%	-4%	-1%	4.5%
Park Maintenance District	NEW	0%	0%	0%	0%

Intergovernmental Revenue

Intergovernmental Revenue is 12.32% of total city revenue and 25.82% of total General Fund revenue. Revenues from federal, state and other local governments are considered intergovernmental revenues. The City has received federal funding for COVID relief from the CARES Act and American Rescue Plan Act (ARPA). A total of \$10.1 million was received from the CARES Act. A total of \$19.5 million has been received from ARPA. The State Entitlement payments for HB 124 increased 3.2% in FY2023. Revenue from Federal Block and Home Grants continues to be greater than usual because of extra COVID funding.

Federal COVID Relief Allocations

Starting in FY2020, the City received a total of \$10.1 million from the CARES Act, which can be used for any general government purpose. \$4.6 million was received in the General Fund, and the remaining \$5.5 million is in the COVID Recovery Fund. The City’s allocation from the American Rescue Plan Act (ARPA) is \$19.5 million. Half was received in FY2021, and the second half was received in FY2022. The total amount received (\$19.5 million) is in the COVID Recovery Fund. The ARPA funding has many restrictions for its uses. The City Commission decided in FY2022 that they would allocate \$3 million to outside entities in a competitive selection process. Applications for entities were due July 15th, 2022. Awards will be allocated to the selected entities in FY2023, and is in the budget for FY2023. The ARPA allocation must be obligated by December 31, 2024, whereas the CARES allocation has no spending time limits.

State Entitlements

Starting in FY2002, a number of revenue items were replaced by an entitlement share of the State General Fund. These were past property tax reductions, the gambling tax, and the motor vehicle tax. The year over year increase in this payment can vary greatly. The increase for FY2023 was about 1.44%.

State Gas Tax Apportionment

The revenue from the State tax on motor fuel sales is apportioned to local governments based on population and road mileage factors. Total Street District Fund and Gas Tax BaRSAA Fund revenues include \$2,148,331 from state gas taxes. BaRSAA funding has made a significant positive impact on the street department’s ability to complete projects since being passed by the 2017 Montana State Legislature.

Federal Community Development Block Grant and HOME Grant Funds

The U.S. Department of Housing and Urban Development (HUD) provides grant funding for slum and blight removal, projects that benefit low income people, and other community projects. HOME grants provide funding for affordable housing. These grants have been funding many valuable projects for the community. Between the two grants, there is \$1,559,569 available in FY2023. This includes additional funding made available to respond to the COVID-19 pandemic. There is some concern about future funding of these grants.

Library and Other Culture & Recreation Grants

The Library receives \$177,000 annually from Cascade County to help fund operations. In addition, State funding for the library is \$29,716 annually to help fund operations. The Park & Recreation department receives grants for special projects as well.

Internal Service Charges and Transfers in (Double Counting Effect)

Internal service operations include human resources, city telephone, health and benefits, insurance and safety, finance, information technology, central garage, engineering, public works administration, and civic center facility services. Internal charges account for transactions among the departments within the City organization. The charges properly show financial activity within the total City budget, but the City does not actually pay out or receive any additional cash. Hence, this creates a double counting effect. Internal charges and transfers are 14.92% of total City revenue, and 2.89% of total General Fund revenue. A listing of all interfund transfers is located on page 43.

	2021 Actual Budget	2022 Amended Budget	2023 Adopted Budget	% of Total City Revenue
Internal Service and Transfers In				
Internal Service Charges	\$14,328,381	\$15,324,240	\$16,359,901	12.94%
Transfer In	\$2,892,679	\$5,589,121	\$2,498,405	1.98%
Total	\$17,221,060	\$20,913,361	\$18,858,306	14.92%

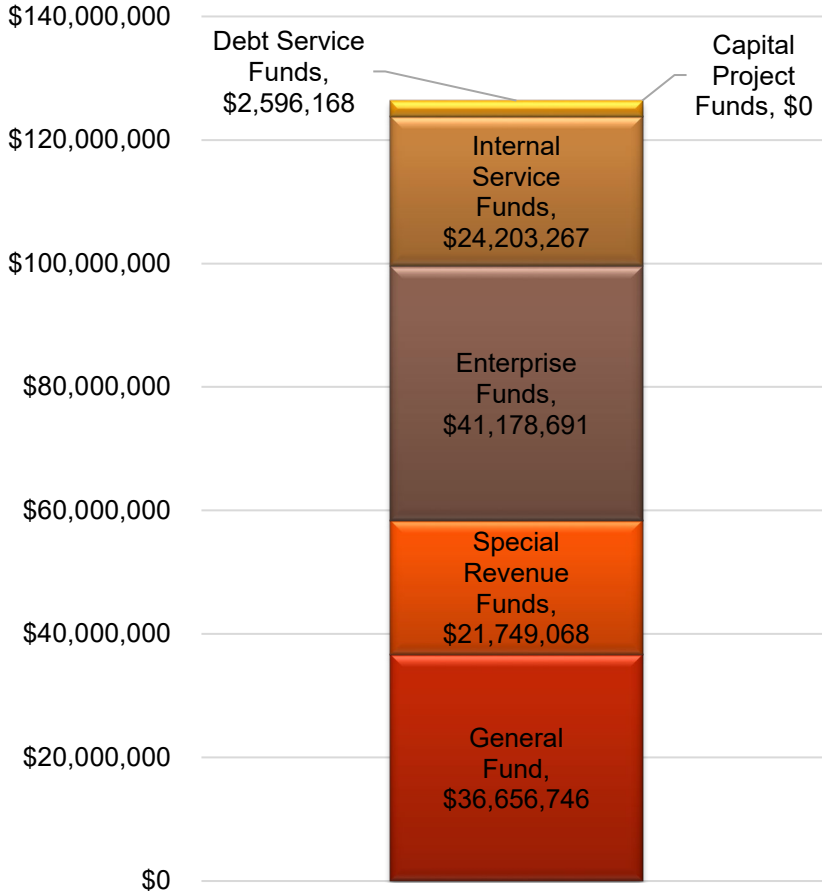
Issuance of Debt

Issuance of Debt fluctuates from year to year depending on projects in the pipeline for capital improvements, especially in the enterprise funds for utilities. There is no debt issuance budgeted for FY2023.

	2021 Actual Budget	2022 Amended Budget	2023 Adopted Budget	% of Total City Revenue
Issuance of Debt				
Issuance of Debt	\$6,423,758	\$9,940,000	\$0	0.00%
Total Issuance of Debt	\$6,423,758	\$9,940,000	\$0	0.00%



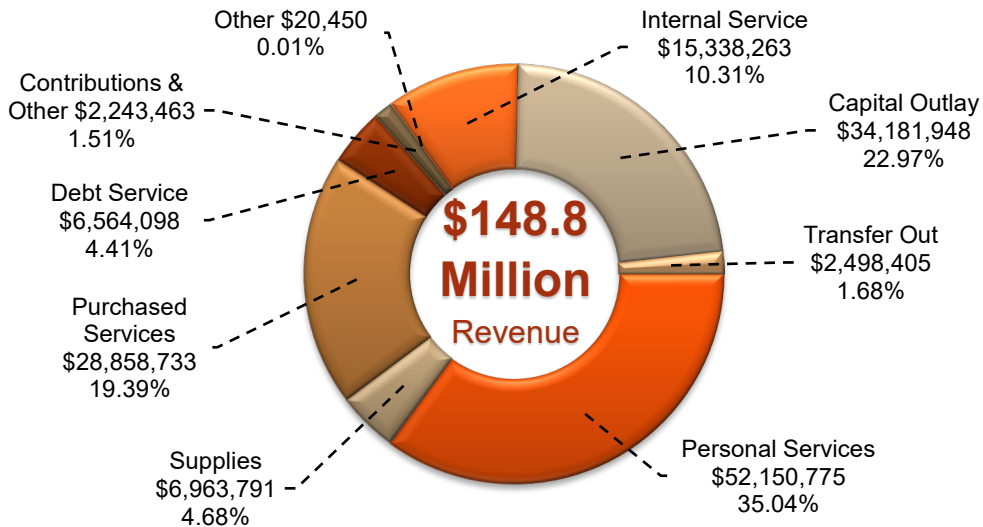
FY2023 City-Wide Revenue by Fund Type



	2021 Actual Budget	2022 Amended Budget	2023 Adopted Budget
Fund Types			
General Fund	\$33,973,714	\$34,745,387	\$36,656,746
Special Revenue Funds	\$35,356,889	\$40,931,217	\$21,749,068
Debt Service Funds	\$2,662,840	\$5,165,132	\$2,596,168
Capital Project Funds	\$5,686,376	\$21,603	\$0
Enterprise Funds	\$40,429,193	\$38,741,561	\$41,178,691
Internal Service Funds	\$23,083,156	\$23,821,590	\$24,203,267
Total All Fund Types	\$141,192,169	\$143,426,490	\$126,383,940

Where the Money Goes

Total city-wide expenditures for Fiscal Year 2023 are \$148.8 million. The largest City expenditure is for Personal Services at 35.04%. This includes salaries and benefits. The next largest expenditures are Capital Outlay at 22.97% and Purchased Services at 19.39%. Capital Outlay includes equipment and improvements. The majority of the improvements are budgeted in the Water, Sewer, and Storm Drain Funds. The fourth largest expenditure is for internal service at 10.31%. Following internal service is supplies, 4.68%, debt payments, 4.41%, transfer out, 1.68%, and contributions and donations, 1.51%.



	2021 Actual Amount	2022 Adopted Budget	2022 Amended Budget	2022 Projected Amount as of 06/01/2022	2023 Adopted Budget
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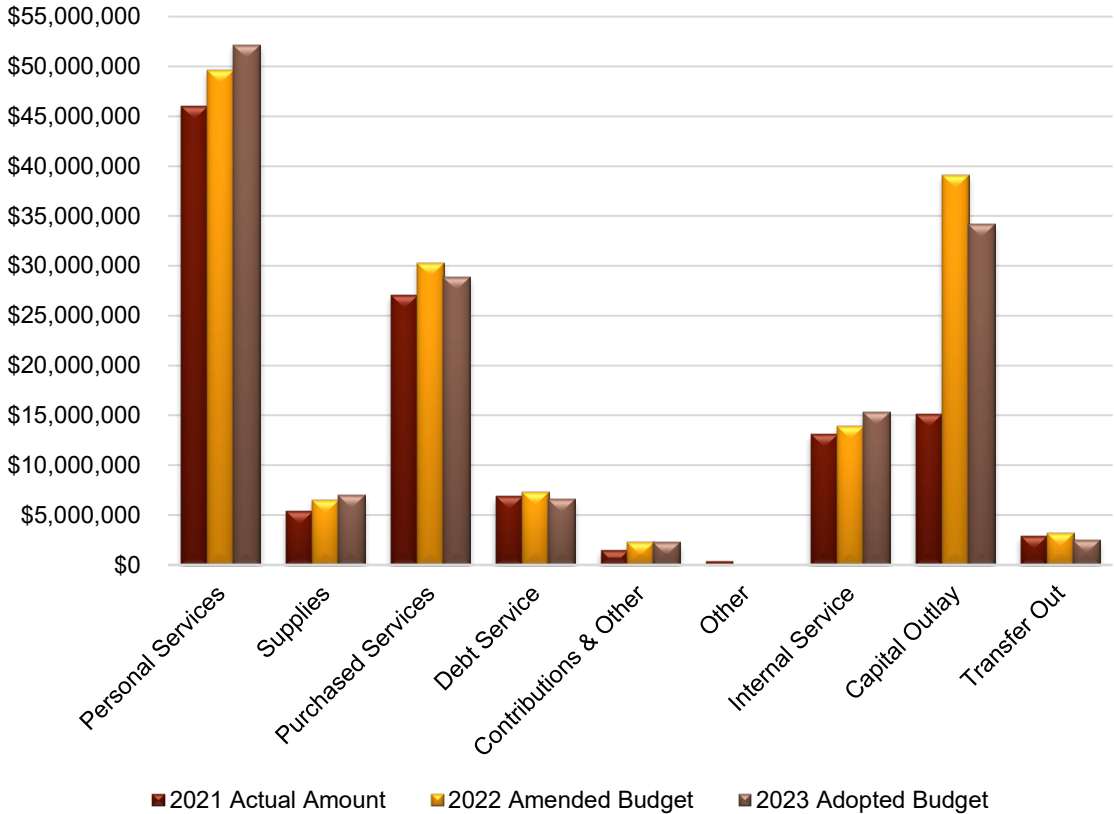
Expenditures

Personal Services	\$46,026,184	\$49,595,721	\$49,595,721	\$46,859,595	\$52,150,775
Supplies	\$5,341,426	\$6,118,090	\$6,537,444	\$5,612,253	\$6,963,791
Purchased Services	\$27,012,864	\$28,635,371	\$30,286,621	\$25,817,091	\$28,858,733
Debt Service	\$6,851,385	\$7,321,282	\$7,321,282	\$7,293,010	\$6,564,098
Contributions & Other	\$1,406,733	\$2,207,301	\$2,296,872	\$1,449,091	\$2,243,463
Other	\$333,998	\$30,450	\$31,610	\$249,112	\$20,450
Internal Service	\$13,063,616	\$13,902,078	\$13,902,078	\$14,422,026	\$15,338,263
Capital Outlay	\$15,114,623	\$21,102,133	\$39,030,310	\$22,166,142	\$34,181,948
Transfer Out	\$2,905,963	\$2,055,852	\$3,197,003	\$5,589,119	\$2,498,405

Expenditure Totals

	\$118,056,792	\$130,968,278	\$152,198,940	\$129,457,439	\$148,819,926
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City-Wide Expenditures 3yr Trend



Major Expenditures

Personal Services

Overall personal services in the FY2023 Adopted Budget, including salaries and benefits, increased 5.15% over the FY2022 Amended Budget amount and are 35.04% of the City’s total expenditure budget. All union contracts were re-negotiated starting July 1, 2021 for a 2 year period. They expire June 30, 2023. Newly negotiated agreements will be included in the FY2024 budget. The City negotiated with all employees to move to an 85%/15% cost sharing for health insurance from 90%/10% starting July 1, 2021.

The personnel budgets reflect a total of 509.60 full time equivalents (FTEs) in full and part time positions (not including seasonal and temporary workers). Compared to the proposed budget, the final FY2023 Adopted Budget has an additional approval of 0.25 FTE for CDBG fair housing specialist. The proposed budget presented total FTEs of 509.35. This budget is a decrease of 3.08 FTEs from the FY2022 budget. Additional information about employee counts is available on page 42, employee summary page.

General Fund

Police	COPS Grant - Added 3 positions	3.00
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Civic Center Facility Fund

	Reorganization from PCD Dept to Administration	(0.10)
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Library

	Part-time clerk/custodian to full-time	0.38
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Park & Recreation

Recreation	Hours moved to temporary/seasonal	(1.19)
Swimming Pools	No full-time positions allocated, hours moved to temporary/seasonal	(4.65)

Planning & CD

	Removed 1 development engineer	(1.00)
	Part-time Fair Housing Specialist to full-time	0.25

Public Works

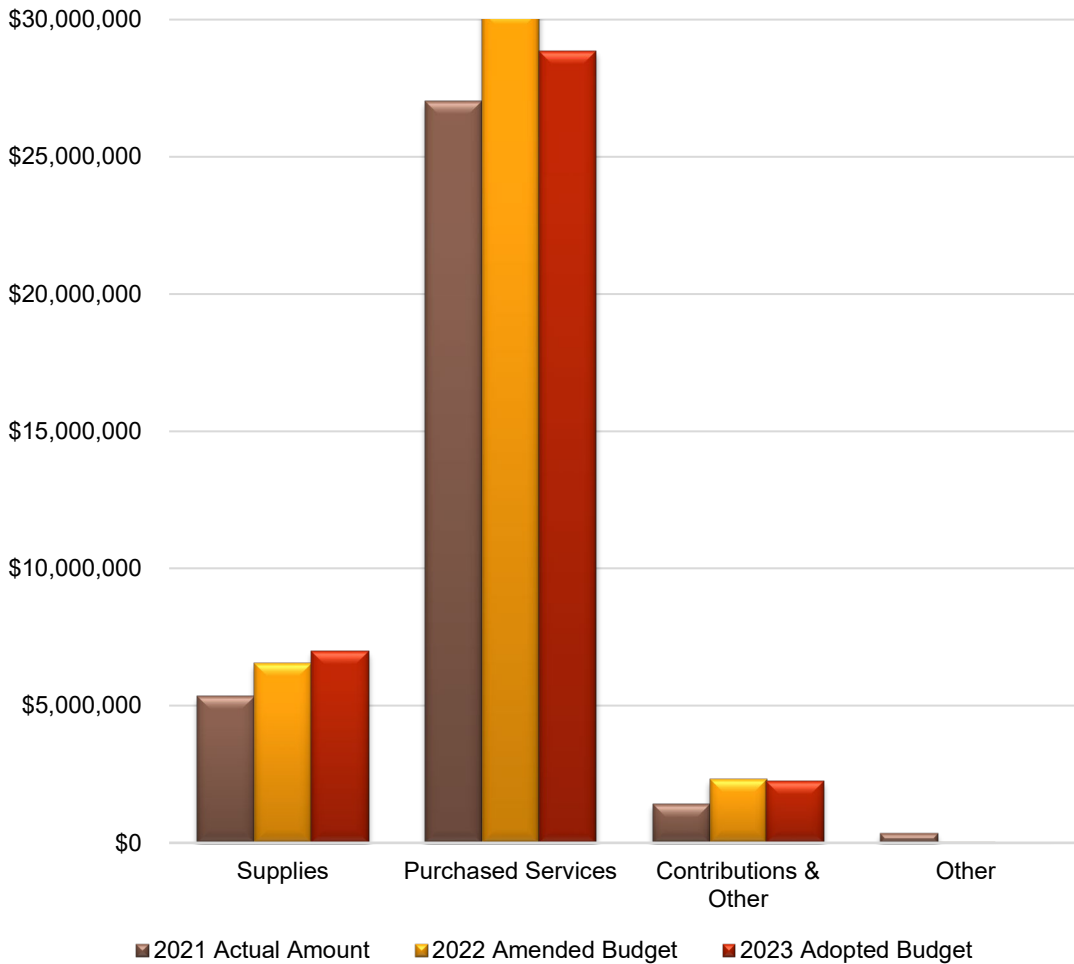
Engineering	Re-instated Summer intern position	0.25
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Total Change in FTEs	(3.08)
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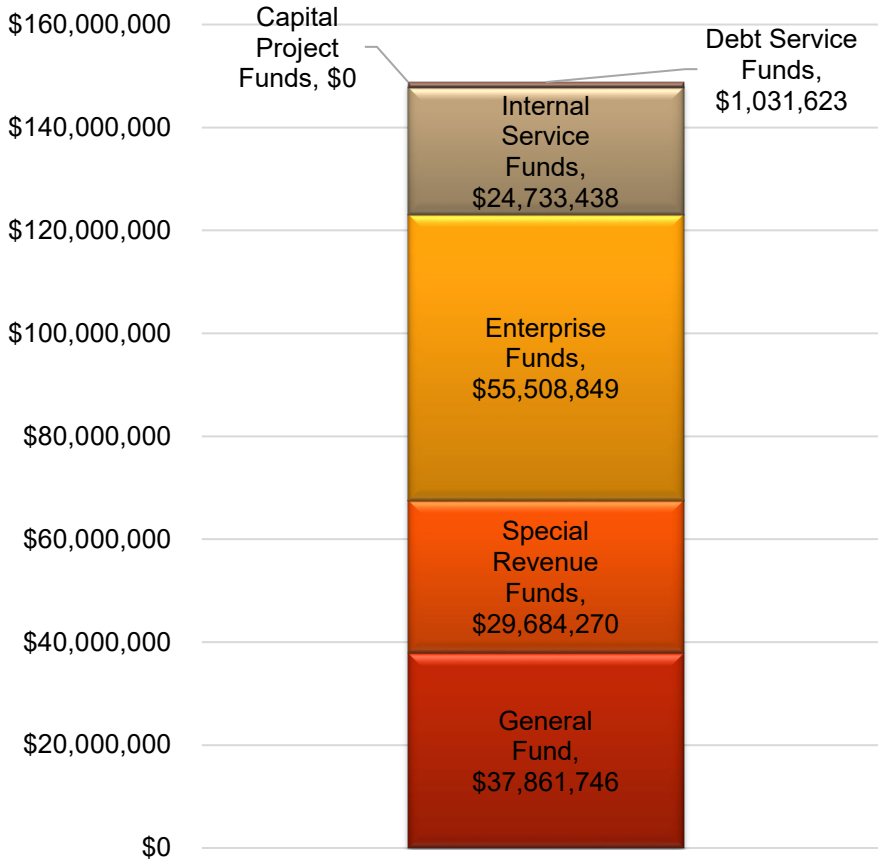
Operations

Operations are considered to be supplies, purchased services, contributions, and other expenditures. The operations portion of expenditures includes an overall 2.72% decrease from the FY2022 Amended Budget. There was an increase of 6.52% for supplies. Followed by a decrease of 4.71% in purchased services, a decrease of 2.33% in contributions, and a decrease of 35.31% in other costs from the FY2022 Amended Budget. Expenditure operations equate to 25.59% of the total expenditure budget.

City-Wide Operating Costs 3yr Trend



FY2023 City-Wide Expenditures by Fund Type



	2021 Actual Budget	2022 Amended Budget	2023 Adopted Budget
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Fund Types

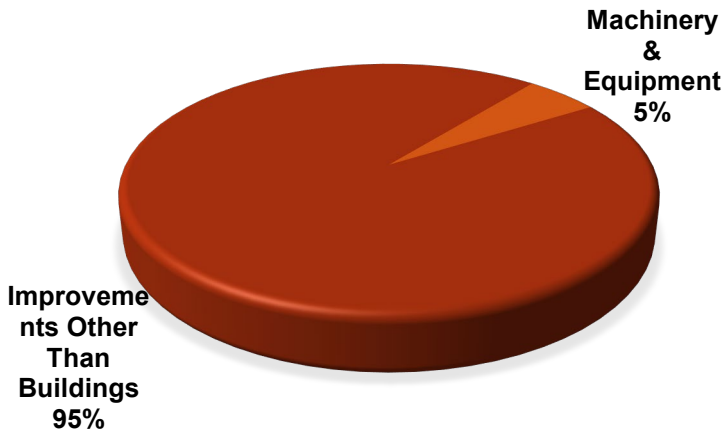
General Fund	\$34,526,216	\$35,544,845	\$37,861,746
Special Revenue Funds	\$22,436,840	\$37,970,421	\$29,684,270
Debt Service Funds	\$1,739,864	\$1,346,909	\$1,031,623
Capital Project Funds	\$1,275,317	\$5,212,261	\$0
Enterprise Funds	\$35,976,932	\$47,230,681	\$55,508,849
Internal Service Funds	\$22,101,624	\$24,893,823	\$24,733,438
Total All Fund Types	\$118,056,792	\$152,198,940	\$148,819,926

FY 2023 Capital Expenditures by Category

Fund	TOTAL	Improvements	Machinery & Equipment
COVID Recovery ARPA	\$5,663,724	\$5,663,724	\$0
COVID Recovery Totals	\$5,663,724	\$5,663,724	\$0
Park Maintenance District Park Maintenance	\$27,791	\$0	\$27,791
Park Maintenance District Totals	\$27,791	\$0	\$27,791
Street District Street Maintenance	\$1,650,252	\$1,650,252	\$0
Street District Totals	\$1,650,252	\$1,650,252	\$0
Gas Tax BaRSAA Street Maintenance	\$1,268,369	\$1,268,369	\$0
Gas Tax BaRSAA Totals	\$1,268,369	\$1,268,369	\$0
East Industrial Ag Tech Park Special Districts	\$323,000	\$323,000	\$0
East Industrial Ag Tech Park Totals	\$323,000	\$323,000	\$0
Federal Block Grant Block Grant Projects	\$190,176	\$190,176	\$0
Federal Block Grant Totals	\$190,176	\$190,176	\$0
Water Water - Purification	\$6,471,902	\$6,427,122	\$44,780
Water - Distribution	\$4,068,189	\$3,780,529	\$287,660
Water Totals	\$10,540,091	\$10,207,651	\$332,440
Sewer Sewer - Treatment	\$7,677,164	\$7,638,894	\$38,270
Sewer - Collection	\$1,467,465	\$1,467,465	\$0
Sewer Totals	\$9,144,629	\$9,106,359	\$38,270
Storm Drain MS 4 Phase II Upgrades	\$400,000	\$400,000	\$0
Storm Drain - Collection	\$3,442,426	\$3,442,426	\$0
Storm Drain Totals	\$3,842,426	\$3,842,426	\$0
Sanitation Central Garage	\$408,550	\$0	\$408,550
Sanitation Totals	\$408,550	\$0	\$408,550

FY 2023 Capital Expenditures by Category - Continued

Fund	TOTAL	Improvements	Machinery & Equipment
Central Garage Equipment Revolving	\$1,072,940	\$100,000	\$972,940
Central Garage Totals	\$1,072,940	\$100,000	\$972,940
Finance Utility Billing	\$25,000	\$0	\$25,000
Finance Totals	\$25,000	\$0	\$25,000
Engineering Engineering	\$7,000	\$0	\$7,000
Engineering Totals	\$7,000	\$0	\$7,000
Public Works Admin Public Works Admin	\$18,000	\$18,000	\$0
Public Works Admin Totals	\$18,000	\$18,000	\$0
Total All Budgeted Funds	\$34,181,948	\$32,369,957	\$1,811,991



FY 2023 Capital Projects

	<u>Project Budget</u>
COVID Recovery Fund	
IT Network Security	\$140,270
Community Grants	\$3,000,000
Civic Center AV Upgrades	\$171,331
Fire Station Doors	\$425,000
Fire Truck Refurbishment	\$1,299,337
Park & Rec Admin Building ADA Restroom	\$75,000
Human Resources Office Remodel	\$500,000
Parking Garage Security Improvements	\$52,786
Total COVID Recovery Fund	<u>\$5,663,724</u>
Street Fund	
3rd Ave N 9th to 11th Street Reconstruction	\$500,000
52nd St N 7th to 10th Ave N Reconstruction	\$600,000
Internal Engineering	\$200,252
PW Complex Building Improvements	\$100,000
Unscheduled Development	\$250,000
Total Street Fund	<u>\$1,650,252</u>
Gas Tax BaRSAA Fund	
East Fiesta	\$1,000,000
Giant Springs Rd (Bank Slump)	\$268,369
Total Gas Tax BaRSAA Fund	<u>\$1,268,369</u>
Water Fund - Purification	
Filter Main Replacement Phase 2	\$4,500,000
Filter Main Replacement Phase 3	\$1,500,000
Unscheduled Development	\$150,000
Misc. Water Treatment Plant Improvements	\$200,000
Internal Engineering	\$77,122
Total Water Purification	<u>\$6,427,122</u>
Water Fund - Distribution	
Water Main Replacements	\$2,900,000
Water Master Plan/ Capacity Model	\$350,000
Internal Engineering	\$380,529
Unscheduled Development	\$150,000
Total Water Distribution	<u>\$3,780,529</u>
Total Water Fund	<u>\$10,207,651</u>
Sewer Fund - Collection	
Manhole Rehab	\$100,000
Miscellaneous Sewer Rehab	\$1,000,000
Sanitary Sewer Capacity Model	\$150,000
Internal Engineering	\$117,465
Unscheduled Development	\$100,000
Total Sewer Collection	<u>\$1,467,465</u>

FY 2023 Capital Projects - Continued

Sewer Fund - Treatment	<u>Project Budget</u>
Lift Station 1	\$5,000,000
Clarifier Repair	\$2,000,000
Solids Building HVAC & Lighting	\$450,000
Miscellaneous Capital (Veolia Contract)	\$150,000
Internal Engineering	\$38,894
Total Sewer Treatment	<u>\$7,638,894</u>
Total Sewer Fund	<u>\$9,106,359</u>

Storm Drain Fund - MS4 Phase II Upgrades	
MS-4 Phase II Regional Facilities	\$400,000
Total Storm Drain MS4 Phase II Upgrades	<u>\$400,000</u>

Storm Drain Fund - Collection	
3rd St NE and Westgate (Phase 2)	\$700,000
Miscellaneous Inlet & Valley Gutter	\$50,000
Central Ave & 3rd St Design & Construction	\$1,200,000
Storm Drain Master Plan	\$500,000
Valeria Way Phase 3 Lining	\$600,000
Internal Engineering	\$192,426
Unscheduled Development	\$200,000
Total Storm Drain Collections	<u>\$3,442,426</u>
Total Storm Drain Fund	<u>\$3,842,426</u>

Park Maintenance District*	
Carter Park Pavilion Roof	\$14,000
Irrigation Upgrades	\$200,000
Sports Courts (basketball and tennis/pickle ball)	\$149,220
Surface for Outdoor Fitness Equipment	\$55,000
Warden Park, Disc Golf Tee Boxes	\$6,000
River's Edge Trail Improvements	\$20,000
Tree Replacement	\$10,000
Turf Maintenance (pesticide, herbicide, rodent control, etc.)	\$40,000
Total Park Maintenance Projects	<u>\$494,220</u>

*Park Maintenance District projects are budgeted under Professional Services, not Capital Outlay.

FY 2023 Equipment Purchases

Units Purchased from Central Garage Fund

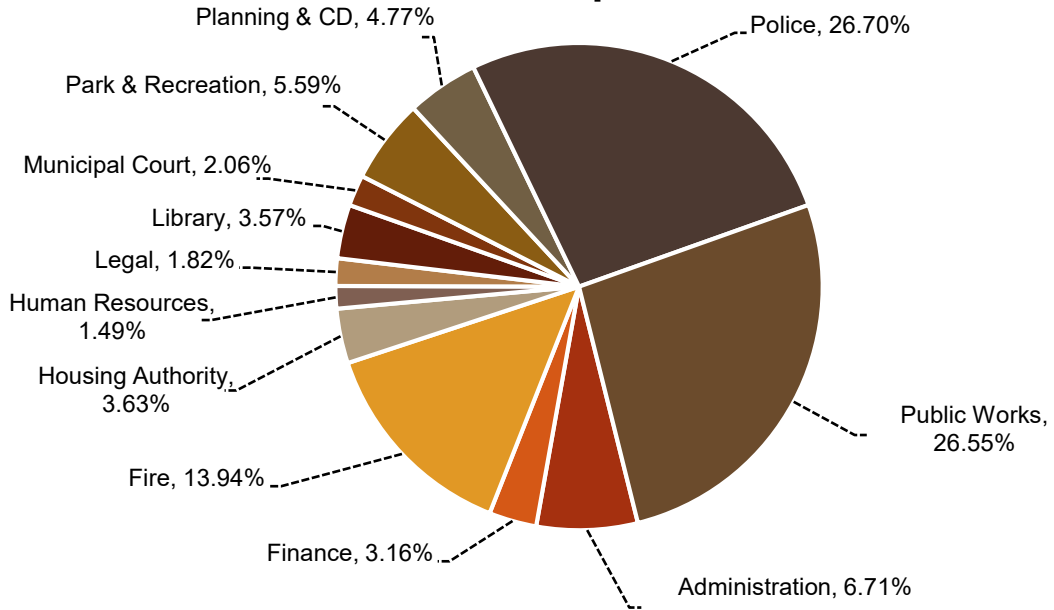
<u>Department</u>	<u>Number of Units</u>	<u>Description of Unit</u>	<u>Years Deferred</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Capital Purchases					
Police	6	Patrol Units	0	\$39,960	\$239,760
Parks	1	1/4 Ton Pickup	0	\$28,100	\$28,100
	1	3/4 Ton 4x4	0	\$38,920	\$38,920
Street	1	Tandem Axle Dump Truck	0	\$182,710	\$182,710
	1	Double Drum Steel Roller	1	\$204,230	\$204,230
	1	Pickup 3/4 Ton 4x4 Traffic	1	\$38,560	\$38,560
	1	Street Sweeper	2	\$240,660	\$240,660
	12	Total Capital Purchases			\$972,940
Non Capital Purchases					
	1	Police Equipment	0	\$40,170	\$40,170
	1	Air Compressor Central Garage	2	\$12,980	\$12,980
	1	Work Cart Multi-Sports	0	\$15,000	\$15,000
	1	Flatbed 3/4 Ton Pick Up Park (Used)	0	\$5,000	\$5,000
	1	Equipment Trailer	7	\$19,530	\$19,530
	1	Commercial Mower Multi-Sports	0	\$9,000	\$9,000
	2	Used Water Truck	0	\$19,425	\$38,850
	2	3/4 Ton Truck Snow Plows	0	\$9,500	\$19,000
	10	Total Non Capital Purchases			\$159,530
	22	Total Central Garage Purchases			\$1,132,470

Units Purchased from Other Funds

<u>Department</u>	<u>Number of Units</u>	<u>Description of Unit</u>	<u>Years Deferred</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Water Distribution	1	Mini Excavator with Thumb	6	\$208,890	\$208,890
	1	Trailer for Mini Excavator	6	\$40,000	\$40,000
	1	1/2 Ton 4x4 Truck	1	\$38,770	\$38,770
Water Purification	1	Plumber Van	1	\$44,780	\$44,780
Storm Drain	1	1/2 Ton 4x4 Truck	0	\$38,270	\$38,270
Sanitation	1	Automated Sideloader	0	\$362,310	\$362,310
	1	3/4 Ton 4x4 Truck	0	\$46,240	\$46,240
	7	Units Purchased from Other Funds			\$779,260
	29	Total Equipment Purchased			\$1,911,730

FY 2023 FTE Count – Full and Part-Time Positions

FY2023 Adopted FTE Count



	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted
Administration	30.07	30.07	34.17
Finance	16.10	16.10	16.10
Fire	71.00	71.00	71.00
Housing Authority	18.50	18.50	18.50
Human Resources	5.60	7.60	7.60
Legal	9.29	9.29	9.29
Library	17.80	17.80	18.18
Municipal Court	10.49	10.49	10.49
Park & Recreation	34.33	34.33	28.49
Planning & CD	29.50	29.50	24.28
Police	133.00	133.00	136.00
Public Works	131.00	135.00	135.25
Total Full & Part-Time Positions	506.68	512.68	509.35*

*Temporary and seasonal employees not included.

Interfund Transfers

Interfund transfers are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In FY2023, there is an overall decrease of \$39,846 to transfers between General Fund and other funds for operations from the FY2022 Adopted Budget. The Planning Fund received an additional \$105,000 transfer in from the General Fund and there is no longer a transfer needed in the General Obligation Bonds Fund because the debt has been paid off. The COVID Recovery Fund transferred out one-time CARES funds to replenish Planning (\$297,500), Recreation (\$140,000), and Multi-Sports (\$34,500). The transfer in to the Gas Tax BaRSSA Fund is a match required by the State from the Street District Fund.

Operating Transfers

- Authorized transfers from a fund receiving revenue to the expended fund.
- Operating subsidy transfers from the General Fund to special revenue, enterprise, debt service or internal service funds.
- Contribution of capital financing to establish an operation.
- Subsequent return of all or part of such a contribution.
- Transfers of residual balances of discontinued funds to the General or debt service funds.

Fund	2021 Actual Amount	2022 Adopted Budget	2022 Amended Budget	2022 Projected Amount as of 06/01/2022	2023 Adopted Budget
Transfers In					
Library	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Planning & Comm Development	\$271,932	\$271,932	\$271,932	\$271,932	\$674,432
Natural Resources	\$256,277	\$256,277	\$256,277	\$256,277	\$256,277
Downtown TID	\$0	\$0	\$2,392,118	\$2,392,118	\$0
Gas Tax BaRSSA	\$50,000	\$50,000	\$50,000	\$5,000	\$60,399
General Obligation Taxable Bond	\$144,846	\$144,846	\$144,846	\$144,846	\$0
Water	\$76,324	\$0	\$0	\$0	\$0
Sewer	\$322,330	\$0	\$0	\$0	\$0
Storm Drain	\$193,270	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$265,361	\$265,361	\$0
Multi-Sports	\$0	\$0	\$65,000	\$65,000	\$34,500
Ice Breaker	\$0	\$0	\$23,361	\$23,361	\$0
Swimming Pools	\$267,861	\$267,861	\$309,031	\$309,031	\$267,861
911 Dispatch	\$344,591	\$346,674	\$346,674	\$346,674	\$346,674
Recreation	\$39,206	\$39,206	\$265,359	\$262,092	\$179,206
Civic Center Events	\$267,220	\$265,913	\$786,019	\$763,860	\$265,913
Central Garage	\$222,440	\$0	\$0	\$0	\$0
Information Technology	\$15,206	\$0	\$0	\$0	\$0
Insurance & Safety	\$6,000	\$0	\$0	\$0	\$0
Human Resources	\$2,034	\$0	\$0	\$0	\$0
Engineering	\$63,143	\$63,143	\$63,143	\$63,143	\$63,143
Total Transfers In	\$2,892,679	\$2,055,852	\$5,589,121	\$5,518,694	\$2,498,405

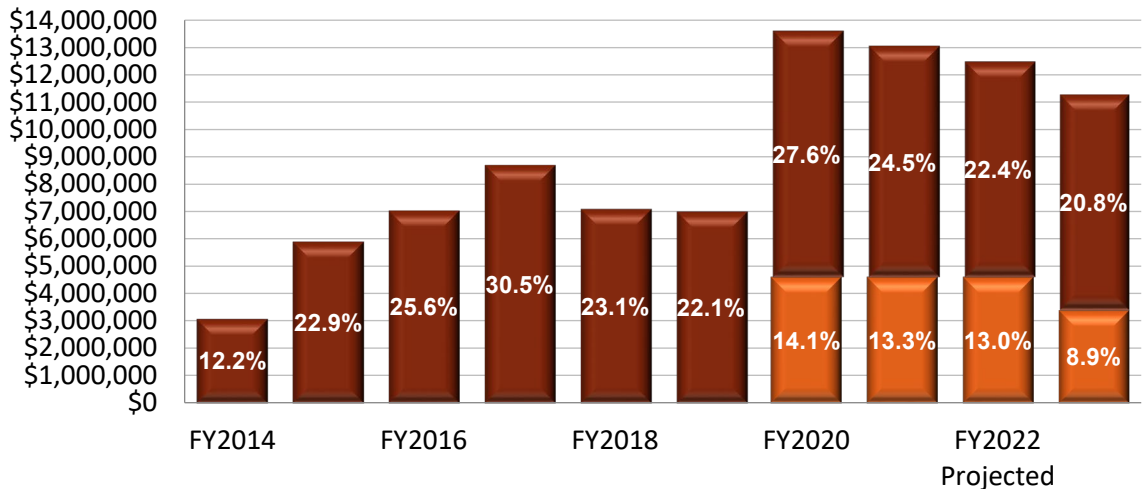
Fund Balance

Fund Balance is defined as the difference between the assets and liabilities of a fund. The balance is divided into reserved and unreserved portions. The City of Great Falls maintains unreserved fund balance, to provide for unforeseen expenditures or emergencies and to provide working capital in the first several months of the fiscal year, until sufficient revenues are available to fund operations.

General Fund

In FY2014, the City’s General Fund balance was at 12.2% after the one-time transfer in FY2013 into the Electric Fund to cover its cash deficit. The City of Great Falls has been working on rebuilding the unreserved General Fund balance since then. The fund balance increased substantially in FY2020 because of a settlement of a large outstanding tax protest and money received from the federal CARES Act for COVID recovery. Due to economic recovery needed from the pandemic, the City did not raise property taxes in the General Fund in FY2021 or FY2022. This caused the unreserved fund balance to decrease to lower than the recommended minimum of 22% in the FY2023 budget. The City Commission adopted to utilize the available tax increases in FY2023 (permissive medical levy and inflationary factory). Also, \$1,205,000 was used of the reserved CARES Act funds to balance the General Fund budget and bring the unreserved fund balance to 20.8%. The reserved CARES Act balance is now \$3.4 million, or 8.9%.

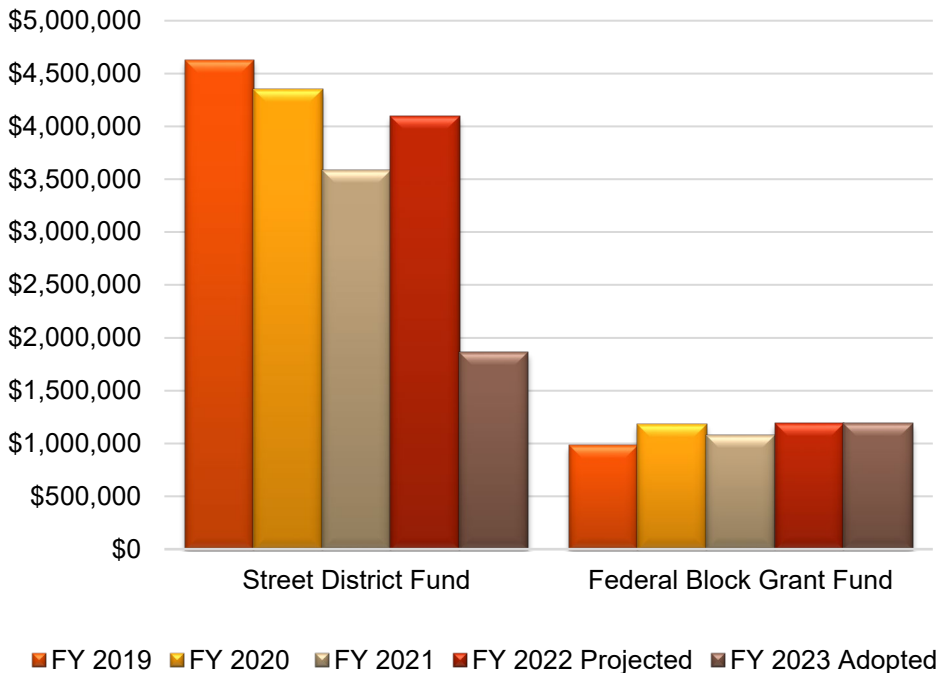
22% Recommended Minimum Policy



Other Governmental Funds

The two other major governmental funds are: the Federal Block Grants Fund and the Street District Fund. The five year trend for the Federal Block Grants Fund shows a stabilized fund balance for the last five years. The fund balance is from the Revolving Loan programs that have generated program income. The Street District Fund had a high and growing balance in previous years and will be lowered in FY 2023 with the use of funds on street capital improvement projects. The Street District Fund balance is dependent on the timing of capital projects and typically not all capital outlay occurs in the year it is budgeted.

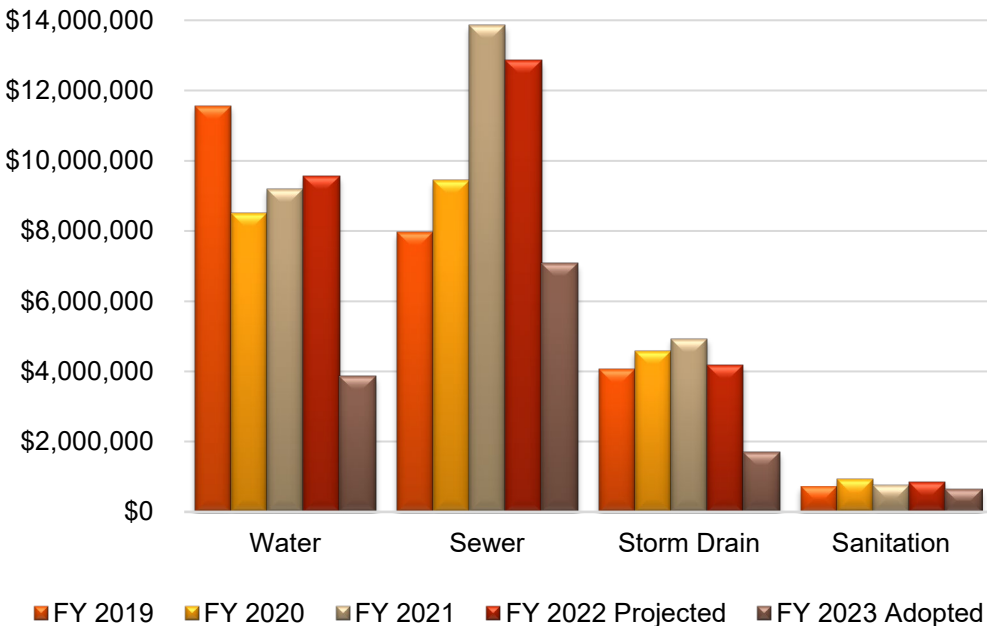
**Other Major Governmental Fund Balances
5 Year Trend**



Proprietary Funds

The chart below shows the five year trend of the major proprietary funds' unreserved fund balances. The decline in the fund balances in water, sewer, and storm drain funds are due to the use of unreserved fund balances for current capital improvement projects. The immediate need to purchase trucks for Sanitation has kept the balance low in most recent years for the Sanitation Fund. All of the other funds are showing a decline in fund balance in FY2023 due to capital projects budgeted. The actual spending of fund balance is dependent on the timing of the engineering and construction of each project. In FY2023 water, sewer, and storm drain budgets have a 5% increase. In May 2022, the City Commission approved a 10% increase in sanitation.

Unreserved Major Proprietary Fund Balances 5 Year Trend



Computation of Legal Debt Margin

The legal debt margin is the excess of the amount of debt legally authorized over the amount of debt outstanding. MCA 7-7-4201 states that the debt limitation may not exceed 2.5% of the total assessed value of taxable property within the City as ascertained by the last assessment for state and county taxes. The majority of the unused legal debt capacity would require voter approval to issue.

General Obligation Debt Capacity

Market Valuations - Real & Personal Property (Based on Certified

Taxable Valuation dated July 26, 2021) \$ 6,393,578,644

General Obligation Debt

Debt Limit - 2.5% of Total Assessed Value \$ 159,839,466

General Obligation Bonded Debt Outstanding 637,159

Unused Legal Debt Capacity \$ 159,202,307

Non-Voted GO Debt Capacity

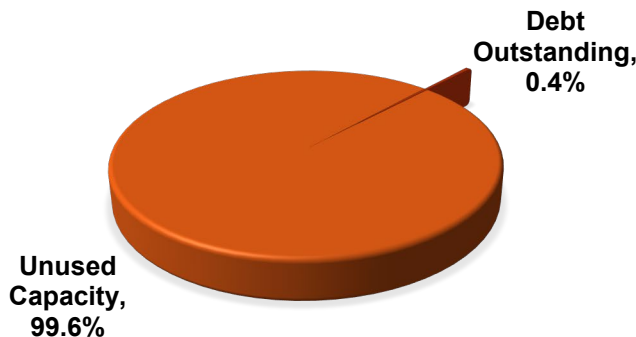
2 Criteria for Issuing Non-Voted GO Debt

1. Maximum Principal Amount of Obligation Allowed \$ 3,178,466

2. Maximum Annual Debt Service Allowed \$ 679,474

Current Annual Debt Service \$ 91,413

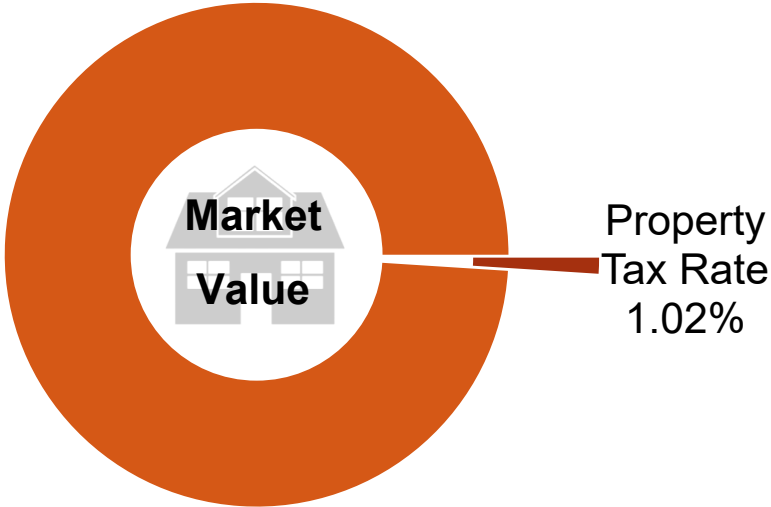
Unused Annual Debt Service Capacity \$ 588,061



Where do Your Property Taxes Go?



What Percent of Market Value are Property Taxes?



How to Calculate Residential Home Property Taxes

Multiply your home's market value by: **1.021%**

Example				
\$ 100,000	X	1.021%	=	\$ 1,021

OR

The following steps may be used to calculate property taxes.

Example				
Taxable Market Value, "Market"		\$ 100,000		(From Assessment Notice)
Multiply By: 2021 Taxable Rate (%)	X	<u>1.35000%</u>		(From Assessment Notice)
Current Taxable Value, "Taxable"		\$ 1,350		(From Assessment Notice)
Divide By: 1,000		<u>1,000</u>		(Mill Equivalent)
Taxable Value per Mill		\$ 1.3500		
Multiply By: Total Levy in Mills	X	<u>756.50</u>		(See Below)
Calculated Total Property Tax		<u>\$ 1,021.28</u>		

The FY 2022 Tax Levies for the example are below. FY 2023 mills have not yet been finalized for all districts.

	Total	School (State and District)	City	County	Transit
Mill Levy	756.50	404.34	201.35	129.07	21.74
Property Tax	\$1,021.28	\$545.86	\$271.82	\$174.24	\$29.35
Tax as a Percent of Market Value	1.02%	0.55%	0.27%	0.17%	0.03%
Share of Total	100%	53.45%	26.62%	17.06%	2.87%

The Example is a residential property with a \$100,000 taxable market value. A tax payer can go to: <https://itax.tylertech.com/cascademt/> to review individual parcels property taxes for Cascade County. The tax example does not include special assessments or other special districts.

History of City Tax Levies, in Mills

Fiscal Year	2023	2022	2021	2020	2019	2018
General Purpose	175.54	165.33	170.84	163.99	167.62	163.41
Library	2.00	2.00	2.00	2.00	2.00	2.00
Permissive Medical Levy	34.94	32.44	34.23	33.11	29.86	27.63
Swimming Pool Debt	0.00	0.00	0.00	0.00	0.00	0.00
Soccer Park Debt	1.57	1.58	1.72	1.68	1.76	1.74
Total Mill Levy	214.05	201.35	208.79	200.78	201.24	194.78
Net Mill Value \$	\$103,300	\$103,622	\$98,197	\$101,525	\$97,185	\$94,164
Tax Levy \$	\$22,111,402	\$20,864,249	\$20,502,570	\$20,384,444	\$19,557,045	\$18,341,320

History of Overlapping Mill Levies on Property in the City

Fiscal Year	2023	2022	2021	2020	2019	2018
In Mills:						
Schools						
District Levied	TBD	260.37	274.18	243.93	249.97	231.99
State Levied	TBD	143.97	146.21	148.53	150.24	151.57
Total Schools	TBD	404.34	420.39	392.46	400.21	383.56
City of Great Falls	214.05	201.35	208.79	200.78	201.24	194.78
Cascade County	TBD	129.07	131.62	126.92	129.64	127.28
Transit District	TBD	21.74	22.52	21.33	19.65	19.31
Total Overlapping Levy	TBD	756.50	783.32	741.49	750.74	724.93
As a Percent:						
District Levied	TBD	34.42%	35.00%	32.90%	33.30%	32.00%
State Levied	TBD	19.03%	18.67%	20.03%	20.01%	20.91%
Total Schools	TBD	53.45%	53.67%	52.93%	53.31%	52.91%
City of Great Falls	TBD	26.62%	26.65%	27.08%	26.81%	26.87%
Cascade County	TBD	17.06%	16.80%	17.12%	17.27%	17.56%
Transit District	TBD	2.87%	2.87%	2.88%	2.62%	2.66%
Total Overlapping Levy	TBD	100%	100%	100%	100%	100%

Demographic Statistics – Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Personal Income</u> ²	<u>Per Capita Income</u> ²	<u>School Enrollment</u> ³	<u>Unemployment Rate</u> 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%
2017	59,178	3,460,063	42,053	10,549	3.8%
2018	58,876	3,546,163	43,375	10,476	3.9%
2019	58,701	3,752,800	45,959	10,416	3.4%
2020	58,434	3,879,504	47,518	10,491	6.9%
2021	60,442	4,052,262	49,803	10,461	3.9%

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 Great Falls, 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.

Major Employers – Current Year and Nine Years Ago

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Malmstrom Air Force Base	4,121	1	11%	4,095	1	11%
Benefis Health Care Center	3,322	2	9%	2,639	2	7%
Great Falls Public Schools	1,963	3	5%	2,015	3	6%
Wal-Mart	818	4	2%	540	6	1%
Great Falls Clinic Speciality Center	688	5	2%	432	9	1%
Montana Air National Guard	547	6	2%	1,095	4	3%
Pacific Hide & Fur Depot Inc.	500	7	1%			
City of Great Falls	487	8	1%	538	7	1%
Cascade County	450	9	1%	523	8	1%
US Government	350	10	1%			
Easter Seals - Goodwill	201	11	1%	383	10	1%
Asurion (formerly N.E.W. Customer Services Cos.)	-			550	5	2%

Source: 2020: DatabaseUSA Exported from: JobsEQ

2012: Great Falls Tribune, Great Falls Montana Outlook 2012 printed February 26, 2012

**Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Calumet Montana Refining, LLC	⁴ \$ 8,210,160	1	8.08%	\$ 1,675,080	2	2.13%
Northwestern Energy, LLC	6,613,469	2	6.51%	4,022,549	1	5.11%
Energy West Montana Inc	² 1,899,330	3	1.87%	816,479	5	1.04%
Burlington Northern Santa Fe Railroad Co	1,243,262	4	1.22%	637,450	8	
Pasta Montana LLC	779,353	5	0.77%	640,907	7	0.81%
Verizon Wireless	688,997	6	0.68%			
DOC Great Falls Holding LLC	675,352	7	0.66%			
Bresnan Communications (Charter)	717,541	8	0.71%	1,595,332	3	2.03%
GK Development Inc	¹ 622,090	9	0.61%	700,946	6	0.89%
Walmart Real Estate Business Trust	537,061	10	0.53%			
Centurylink, Inc		³		948,562	4	1.21%
General Mills, Inc				554,168	10	0.70%
Benefis Health System, Inc				581,912	9	0.74%
	<u>\$ 21,986,615</u>		<u>21.63%</u>	<u>\$ 12,173,385</u>		<u>14.66%</u>
Total Assessed Taxable Value	<u>\$ 101,651,616</u>			<u>\$ 78,709,035</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 2014, Great Falls Gas Co. changed to Energy West Montana Inc.

³ In Fiscal Year 2015, Qwest Corporation changed to Centurylink, Inc.

⁴ In Fiscal Year 2015, Montana Refining Corp. changed to Calument Montana Refining, LLC

The City of Great Falls is the county seat of Cascade County and is the third largest city in Montana. Situated on the Missouri River, the City is approximately 50 miles east of the Continental Divide and 120 miles south of the Canadian border. The City serves as a gateway to Glacier National Park and is on a main thoroughfare to Yellowstone National Park. Great Falls is fortunate to have several pedestrian/bicycle facilities including the nationally recognized River’s Edge Trail system which follows the Missouri River from Gibson Park to Giant Springs. The 48 mile trail wanders through the City of Great Falls area, connecting parks and other points of interest along the Missouri River including Black Eagle Falls, Rainbow Falls, Crooked Falls and “The Great Falls of the Missouri” just below Ryan Dam. Malmstrom Air Force Base is the state’s largest military installation and the Montana Air National Guard is located near the Great Falls International Airport. The City encompasses an area of over 22 square miles with a population of 60,403 according to the U.S. Census Bureau population estimates.

The present Great Falls townsite was first noted in the journals of Lewis and Clark in 1805 as they portaged around “the thundering Great Falls of the Missouri”. In 1882, Paris Gibson, a Minneapolis City planner and engineer, recognized the potential of the area’s abundant resources and central location. Gibson’s legacy was a carefully planned City that makes Great Falls unique today.

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

Great Falls has nine neighborhood councils comprised of five members each. Members are elected to two-year terms. The councils act in an advisory capacity to the City Commission, the City Manager and to other City advisory bodies.

Services provided by the City of Great Falls include police, fire, planning, library, parks & recreation, street repair and maintenance, water, sanitary sewer, storm drain, and sanitation.

Class of City:	First Class
County of location:	Cascade
Year Incorporated:	1888
Form of Government:	Commission/Manager
Population (2021):	60,403
Active Voters:	33,000+
Nickname(s):	The Electric City; River City; Western Art Capital of the World

