

Comprehensive
Annual
Financial Report
Fiscal Year
2012



City of Great Falls,
Montana

July 1, 2011 - June 30, 2012

Comprehensive Annual Financial Report

City of Great Falls, Montana

Fiscal Year 2012

July 1, 2011 – June 30, 2012



**Prepared by the
City of Great Falls Fiscal Services Department
Melissa Kinzler, Fiscal Services Director**



**City of Great Falls, Montana
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

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P O Box 5021, 59403-5021

December 14, 2012

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, 2012. 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, 2012. Management is responsible for the content of the report, the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures. It is believed that the data presented is accurate in all material aspects, presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This belief is based on a comprehensive system of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary for the readers to gain maximum understanding of the City's financial affairs have been included.

Junkermier, Clark, Campanella, Stevens, P. C., have issued an unqualified ("clean") opinion on the City of Great Falls' financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report (page 7).

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

PROFILE OF GOVERNMENT

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

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

The City has had an audit committee since fiscal year 1992. Members include the Mayor, a City Commissioner, the City Manager, the City Fiscal Services Director, and one private citizen. During the annual audit, committee members are kept apprised of the audit schedules' progression and any special events that may come to light during the audit. Committee members may make suggestions for additional information to be included in the letter of transmittal or the statistical section.

Montana statutes require the Commission to approve and adopt by resolution the budget by the later of the second Monday in August or 45 calendar days after receiving certified taxable values from the Montana Department of Revenue. The legal spending limits of the City of Great Falls are established at the fund level. Funds with appropriated budgets are the General Fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds.

GREAT FALLS AND CASCADE COUNTY ECONOMIC OUTLOOK

The base economy of Great Falls is predominantly agricultural, medical services, and military. The job sector for Cascade County is diversified with 9.2% of the workforce in public administration, 22.6% in educational services, health care and social assistance, 14.1% in retail trade, 10.9% in arts, entertainment, recreation, accommodation and food services, 8.2% in construction, 4.1% in military and 3.7% in manufacturing. The economic downturn over the past year has created a challenging environment for cities and towns across the country. Fortunately, Great Falls has not experienced the significant revenue declines requiring deep service cuts as experienced by other Montana communities. The fiscal year 2012 unemployment rate of 5.4% compares favorably to the fiscal year 2011 Great Falls rate of 6.4% and to the September 2012 State of Montana rate of 5.7% and national rate of 8.1%. Benefis Health System has broken ground on the first phase of its \$67 million Grandview at Benefis continuing-care retirement community. The project will allow residents to move seamlessly from independent living to various levels of care as they age. In addition, Benefis and partner Mountain Plains Equity Group's project for the \$4 million, 40-unit Cascade Ridge Senior Living housing complex designed for low- and moderate-income seniors, is slated for completion this fall. Major renovation is expected to be done next summer on a large brick, 1913-era building between Electric City Water Park and the Civic Center that Pacific Steel and Recycling is converting to its new headquarters building. Pacific Steel needed more space for their corporate office, which is expected to grow from 40 to 60 employees in five years. Pacific Steel operates in several states but want to keep their headquarters in Great Falls because they like what Great Falls has to offer their employees. Montana Refining Co. is converting part of the former Westgate Mall property that it purchased in 2011 to industrial storage space.

BUDGET OBJECTIVES FOR FISCAL YEAR 2013

The City Commission has set priorities for the City. The goals are 1) Long term investment in infrastructure to attract economic development; 2) Promote a positive image in the community; 3) Total commitment to supporting Malmstrom Air Force Base and Montana Air National Guard; 4) Commitment to Public Safety; 5) Prepare for the impact of oil and gas development; 6) Capital improvement planning; 7) Resolve the City's involvement with Electric City Power.

ACCOMPLISHMENTS IN FISCAL YEAR 2012

The City implemented a volunteer program at the Great Falls Animal Shelter. The City conducted the first fire/rescue civilian academy known as the Fire Rescue Xchange (FRX) program and received a \$40,000 State Farm grant for an Arson Detection Canine, Yancy. The City completed a one-year marketing plan for the Library to more effectively serve various demographics in the community. The City received a River Fund grant of \$21,500 to develop a River's Edge Trail Maintenance Plan. The City obtained two new K9's and K9 handler training through community funding activities. The City started the design phase of three major capital projects – the Wastewater Treatment Plant Permit Required Upgrades; the Water Treatment Plant Main Switchgear Replacement, Bulk Ammonia Facilities, and Administration Building/Machine Shop; and the South Great Falls Storm Drain Improvements.

LONG-TERM FINANCIAL PLANNING

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

RELEVANT FINANCIAL POLICIES

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

AWARDS

Comprehensive Annual Financial Report Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Great Falls, Montana for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the eighteenth consecutive year that the government has achieved this prestigious award (fiscal years ended 1994-2011). 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, 2012.

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, 2011. This was the twenty-first consecutive year that the government has achieved this prestigious award (fiscal years beginning 1991-2011). 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

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, 2011

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



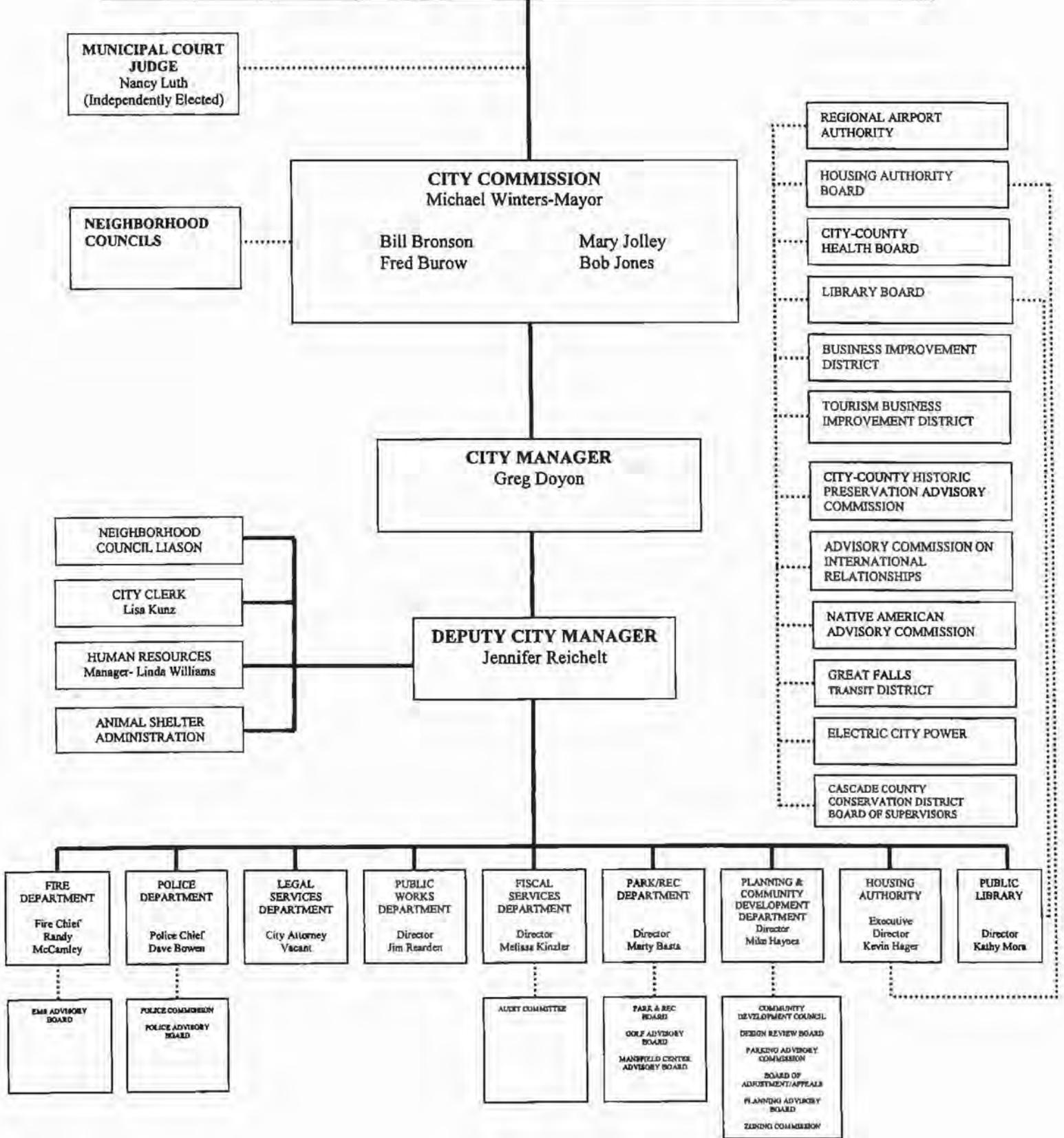
Linda C. Sandson

President

Jeffrey R. Emmer

Executive Director

CITIZENS OF GREAT FALLS



City of Great Falls, Montana
List of Elected and Appointed Officials
June 30, 2012

Policy Making and Administrative Officials

Name	Elected Positions	Phone Number
Michael Winters	Mayor	452-5679
Bill Bronson	Commissioner	452-5921
Fred Burow	Commissioner	727-0930
Mary Jolley	Commissioner	727-2829
Bob Jones	Commissioner	453-5005
Nancy Luth	Municipal Judge	771-1380
Appointed Positions		
Gregory Doyon	City Manager	455-8450
Department Positions		
Jennifer Reichelt	Deputy City Manager	455-8450
Lisa Kunz	City Clerk	455-8451
Melissa Kinzler	City Controller/Fiscal Services Director	455-8476
Randy McCamley	Fire Chief	727-8070
Vacant	City Attorney	455-8535
Marty Basta	Park & Recreation Director	771-1265
Mike Haynes	Planning and Community Development	455-8433
Dave Bowen	Chief of Police	455-8410
Kathy Mora	Public Library Director	453-9706
Jim Rearden	Public Works Director	727-8390

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



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

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Certified Public Accountants and Business Advisors

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

INDEPENDENT AUDITORS' REPORT

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Great Falls, Montana's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Great Falls, Montana, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012, on our consideration of the City of Great Falls, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and actuarial valuation of postretirement benefits and budgetary comparison information on pages 9 through 17 and 75 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Great Falls, Montana's, financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Great Falls, Montana's, financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Great Falls, Montana
December 13, 2012

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, 2012. We encourage readers to consider the information presented here in combination with additional information that we have furnished in the accompanying letter of transmittal found on pages 1 - 3 and the City's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The assets of the City of Great Falls exceeded its liabilities at the close of the most recent fiscal year by \$204,676,181. Of this amount, \$17,095,852 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$917,568 in comparison with the prior year. The majority of this increase is attributable to an increase in capital assets, net of related debt, primarily in the business type activities with the decrease in debt. This increase is less than in prior years due to an extraordinary item in the Electric Fund.
- As of the close of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$17,133,994, an increase of \$847,815 in comparison with the prior year. Approximately 55.6% of this total amount, \$9,530,632, is available for spending at the government's discretion.
- At the close of the most recent fiscal year, unreserved fund balance for the general fund was \$6,636,339, or 27.0% of total general fund expenditures and transfers out.
- The City of Great Falls' bonded debt decreased by \$2,657,332 (8.6%) during the most recent fiscal year. The key factor in this decrease was the retirement of debt for utility revenue bonds. The City's legal debt margin availability is \$64,436,666.

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

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

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

The government-wide financial statements include not only the primary government of the City of Great Falls but also three component units, the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District and the Great Falls Library Foundation. The exclusion of the component units would cause the City of Great Falls' financial statements to be misleading and should, therefore, be included in the City of Great Falls' financial reports.

Consolidated financial information for these component units is reported separately from the financial information presented for the primary government itself. Requests for additional information for the component units should be addressed to Great Falls Business Improvement District, 13 5th Street North, Great Falls, MT 59401; Great Falls Tourism Business Improvement District, P.O. Box 648, Great Falls, MT 59403; and Great Falls Public Library Foundation, PO Box 742, Great Falls, MT 59403.

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

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

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

The City of Great Falls maintains thirty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street District fund, and the Community Development Block Grant fund, all of which are considered to be major funds. Data for the basic governmental fund financial statements is presented on pages 22 – 25. Data from the other twenty-nine governmental funds are combined into a single, aggregated presentation, on pages 80 – 108.

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Storm Drain, Sanitation, Electric, Port Authority and Golf Courses operations funds, all of which are considered to be major funds of the City of Great Falls. Data for these major funds is presented on pages 26 – 33. The other six proprietary funds are combined into a single, aggregated presentation, presented on pages 109 – 117. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements, presented on pages 118 – 130.

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 131 – 136.

NOTES TO THE FINANCIAL STATEMENTS. The notes, presented on pages 36 – 73, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Other Post Employment Benefits and the City of Great Falls' budgetary control, on pages 74 – 79.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the City of Great Falls exceeded its liabilities by \$204,676,181.

By far the largest portion of the City of Great Falls' net assets, \$166,219,808, (81.2%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) net of related debt used to acquire those assets that is still outstanding. The City of Great Falls uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Great Falls' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Great Falls' Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 31,398,580	\$ 30,196,885	\$ 20,940,564	\$ 23,728,101	\$ 52,339,144	\$ 53,924,986
Capital assets	77,297,709	79,321,365	121,230,222	120,433,480	198,527,931	199,754,845
Total assets	108,696,289	109,518,250	142,170,786	144,161,581	250,867,075	253,679,831
Liabilities:						
Noncurrent liabilities	10,417,372	10,256,648	26,699,264	30,352,511	37,116,636	40,609,159
Current liabilities	3,440,465	2,685,538	5,633,793	6,626,521	9,074,258	9,312,059
Total liabilities	13,857,837	12,942,186	32,333,057	36,979,032	46,190,894	49,921,218
Net assets:						
Invested in capital assets, net of related debt	72,430,194	74,391,543	93,789,614	89,541,681	166,219,808	163,933,224
Restricted	10,536,256	7,671,970	10,824,265	12,402,105	21,360,521	20,074,075
Unrestricted	11,872,002	14,512,551	5,223,850	5,238,763	17,095,852	19,751,314
Total net assets	\$ 94,838,452	\$ 96,576,064	\$109,837,729	\$107,182,549	\$204,676,181	\$203,758,613

An additional portion of the City of Great Falls' net assets, \$21,360,521, represents resources that are subject to external restrictions on how they may be used. Restricted assets reported for the business-type activities were \$10,824,265. The majority of these assets are related to the debt service reserve required for the issuance of revenue related debt. The remaining balance of unrestricted net assets, \$17,095,852, may be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities capital assets decreased by \$2,023,657 due to the retirement of capital assets. The governmental activities current liabilities increased by \$754,927, due to the increase of internal payroll payables that are due to the payroll agency fund.

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

City of Great Falls' Changes in Net Assets

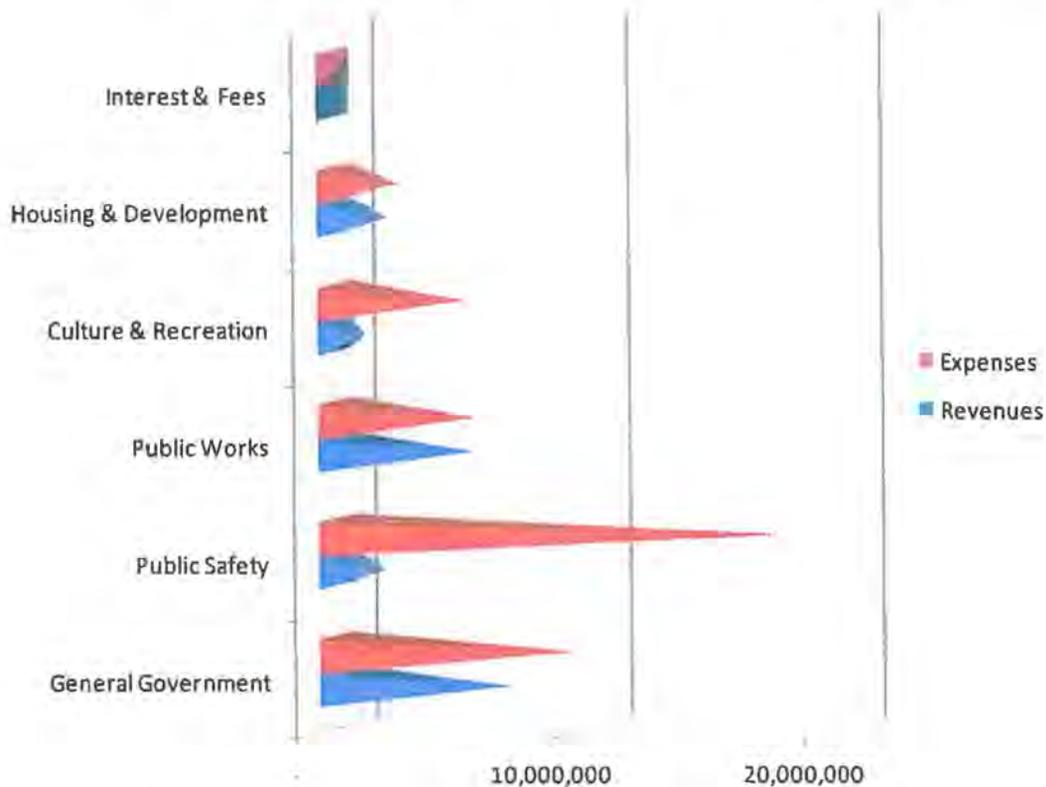
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$15,570,550	\$14,162,124	\$ 32,137,803	\$ 35,661,957	\$ 47,708,353	\$ 49,824,081
Operating grants and contributions	1,081,039	1,469,801	-	-	1,081,039	1,469,801
Capital grants and contributions	458,821	674,013	-	5,612	458,821	679,625
General revenues:						
Property taxes, levied for general purposes	15,520,772	15,196,868	-	-	15,520,772	15,196,868
Grants and contributions, unrestricted	6,727,541	10,222,544	-	-	6,727,541	10,222,544
Other	96,731	131,130	64,538	165,930	161,269	297,060
Miscellaneous	1,132,493	344,436	537,209	273,282	1,669,702	617,718
Total revenues	<u>40,587,947</u>	<u>42,200,916</u>	<u>32,739,550</u>	<u>36,106,781</u>	<u>73,327,497</u>	<u>78,307,697</u>
Expenses:						
General government	9,528,095	8,333,483	-	-	9,528,095	8,333,483
Public safety	17,821,137	17,238,592	-	-	17,821,137	17,238,592
Public works	5,643,757	3,986,960	-	-	5,643,757	3,986,960
Culture and recreation	5,211,517	4,695,547	-	-	5,211,517	4,695,547
Housing and development	2,599,225	3,088,617	-	-	2,599,225	3,088,617
Interest and fees	312,101	360,667	-	-	312,101	360,667
Water	-	-	8,066,706	7,279,507	8,066,706	7,279,507
Sewer	-	-	7,265,547	7,395,670	7,265,547	7,395,670
Storm Drain	-	-	1,243,172	1,262,923	1,243,172	1,262,923
Sanitation	-	-	3,464,588	3,222,473	3,464,588	3,222,473
Electric	-	-	3,648,328	11,777,771	3,648,328	11,777,771
Port Authority	-	-	310,766	321,387	310,766	321,387
Golf Courses	-	-	1,371,666	1,393,793	1,371,666	1,393,793
Other	-	-	4,523,324	4,381,134	4,523,324	4,381,134
Total expenses	<u>41,115,832</u>	<u>37,703,866</u>	<u>29,894,097</u>	<u>37,034,658</u>	<u>71,009,929</u>	<u>74,738,524</u>
Increase in net assets before transfers	(527,885)	4,497,050	2,845,453	(927,877)	2,317,568	3,569,173
Extraordinary Item - Loss of Reserve	-	-	(1,400,000)	-	(1,400,000)	-
Transfers	(1,209,727)	(1,280,271)	1,209,727	1,280,271	-	-
Increase in net assets	<u>(1,737,612)</u>	<u>3,216,779</u>	<u>2,655,180</u>	<u>352,394</u>	<u>917,568</u>	<u>3,569,173</u>
Net assets - beginning	96,576,064	93,359,285	107,182,549	106,830,155	203,758,613	200,189,440
Net assets - ending	<u>\$94,838,452</u>	<u>\$96,576,064</u>	<u>\$ 109,837,729</u>	<u>\$107,182,549</u>	<u>\$ 204,676,181</u>	<u>\$ 203,758,613</u>

The City of Great Falls' revenues totaled \$73,327,497. The total cost of all programs and services was \$71,009,929. 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 \$40,587,947 while expenses were \$41,115,832. Net assets thus decreased by \$527,885 before transfers. Charges for services increased \$1,408,426 due to increases in charges for services in the lighting districts, support and innovation, and internal service funds. Taxes increased by \$323,904 primarily due to newly taxable property. Capital grants and contributions decreased by \$215,192 primarily due to the decrease of stimulus grants being awarded. Grants and contributions (such as State of Montana Entitlement House Bill 124) that are unrestricted decreased by \$3,495,003 primarily due to the decrease of intergovernmental income not received for a specific program. The miscellaneous revenue increased due to the issuance of debt in the West Bank Tax Increment District debt service fund.

General government related expenses increased by \$1,194,612 primarily due to an increase in expenses in the Health and Benefit fund and the refunding of debt in the West Bank Tax Increment District debt service fund. Public safety related expenses increased by \$582,545 primarily due to the increased activity in the police and fire operations in the General Fund and the Police Special Revenue fund. Public works related expenses increased by \$1,656,797 primarily due to increased activity in Street fund depreciation and decreased revenue received in Central Garage internal service fund which is netted against expenses. Housing and development expenses decreased by \$489,392 due to decreased activity in the stimulus grant programs. Interest and fees decreased by \$48,566 due to repayment of debt.

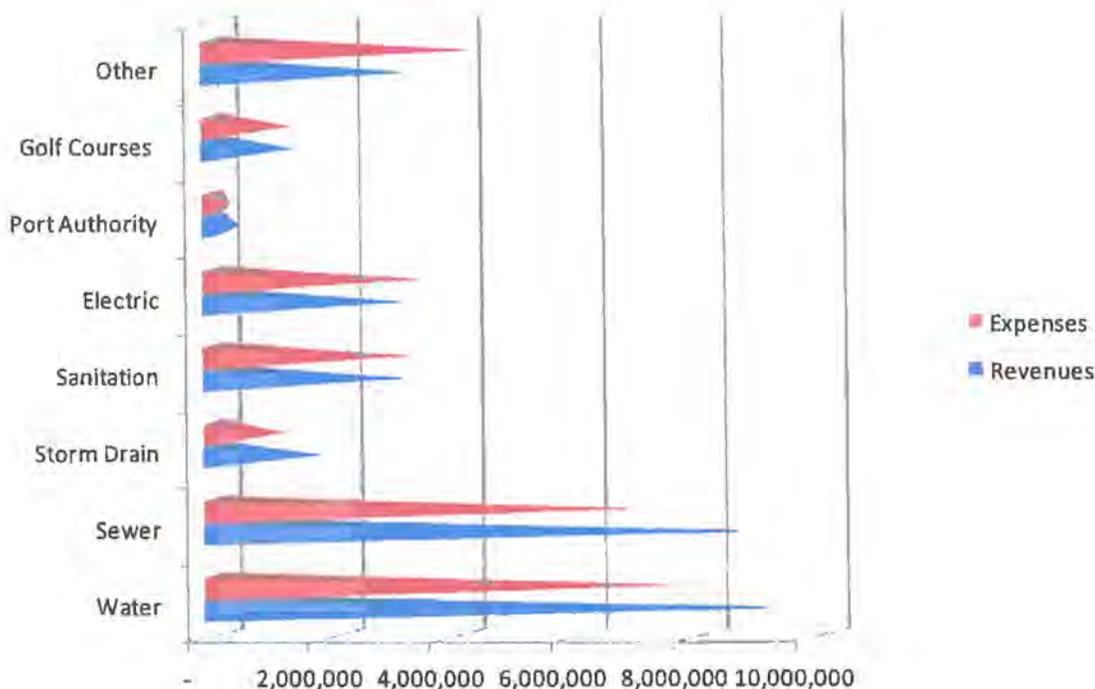
Program Revenues and Expenses - Governmental Activities



Business-type activities. Revenues for the most recent year from business-type activities were \$32,739,550 while expenses were \$29,894,097. Net assets thus increased by \$2,845,453 before transfers and extraordinary item – Loss of Reserve. Overall revenue derived from charges for services decreased \$3,524,154 primarily due to decreased activity in the Electric fund. The business-type activities expenses decreased by \$7,140,561, primarily due to decreased activity in the Electric fund. Other business-type fund expenses were \$1,234,745 more than the revenues primarily due to the Safety

Services fund, the Parking fund, the Swim Pools fund, the Recreation fund, and the Civic Center Events fund. The majority of these funds are subsidized by transfers in.

Program Revenues and Expenses - Business-type Activities



CITY OF GREAT FALLS' FUND FINANCIAL ANALYSIS

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

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

As of the end of the most recent fiscal year, the City of Great Falls' governmental funds reported combined ending fund balances of \$17,133,994, an increase of \$847,815 in comparison with the previous year. Approximately 55.6% of this total amount, \$9,530,632, constitutes unreserved 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 is the chief operating fund of the City of Great Falls. At the end of the most recent fiscal year, unreserved fund balance in the General fund was \$6,636,339. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 27.0% of total General fund expenditures and transfers out, in compliance with internally set requirements of 17%. During the most recent fiscal year, the fund balance of the City of Great Falls' General fund increased by \$781,014. Elements of this increase include an increase in taxes revenue collected due to newly taxable property and under spending in expenditure budget.

The Street fund reports operations of the Street Division. At the end of the most recent fiscal year, restricted fund balance in the Street fund was \$3,595,434. Fund balance represents 61.8% of total Street fund expenditures, in compliance with

internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Street fund decreased by \$246,982. A primary element of this decrease is from an increase in capital outlay for the street maintenance.

The Community Development Block Grant fund accounts for federal funds received to assist in the development of the urban community. At the end of the most recent fiscal year, restricted fund balance in the Community Development Block Grant fund was \$280,810. Fund balance represents 26.0% of total Community Development Block Grant fund expenditures, in compliance with internally set requirements. During the most recent fiscal year, the fund balance of the City of Great Falls' Community Development Block Grant fund decreased by \$155,096. Elements of this decrease include a decrease in the amount of grants received and additional loans being issued from the revolving loan program.

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

Restricted net assets of the enterprise funds totaled \$10,824,265. Restricted assets decreased by \$1,577,840 from the previous year. The majority of this decrease is due to the extraordinary item – Loss of Reserve which resulted in a loss of a security agreement of \$1,400,000 in the Electric fund. Unrestricted net assets of the enterprise funds totaled \$5,223,850. The total increase in net assets for the enterprise funds is \$2,655,180 primarily due to an increase in invested in capital assets, net of related debt in the Sewer and Storm Drain funds because of the retirement of debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget netted an increased budget of \$329, 974. The major difference was due to the carryovers from Fiscal Year 2011 to Fiscal Year 2012 for specific projects such as repairs at the animal shelter, a play structure and needed fire equipment. 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, 2012, is \$198,527,931, 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 decrease in the City of Great Falls' investments in capital assets for the most recent fiscal year was 1.0%.

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

	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,853,958	\$ 9,853,958	\$ 4,115,316	\$ 4,115,316	\$ 13,969,274	\$ 13,969,274
Intangible	471,182	471,182	-	-	471,182	471,182
Buildings	8,213,271	8,042,876	13,831,013	14,447,584	22,044,284	22,490,460
Improvements	19,237,570	20,417,419	44,844,138	46,440,084	64,081,708	66,857,503
Machinery and equipment	6,201,887	6,338,395	3,696,093	2,873,218	9,897,980	9,211,613
Infrastructure	32,868,595	32,556,751	47,225,806	45,578,797	80,094,401	78,135,548
Construction in progress	451,246	1,640,784	7,517,856	6,978,481	7,969,102	8,619,265
Total capital assets	\$ 77,297,709	\$ 79,321,365	\$ 121,230,222	\$ 120,433,480	\$ 198,527,931	\$ 199,754,845

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

Long-term debt. At the end of the most recent fiscal year, the City of Great Falls had total bonded debt of \$28,289,548. Of this amount, \$2,994,899 is general obligation bonds, \$370,000 is special assessment debt for which the City is obligated to pay up to the amount available in the Special Improvement District Revolving fund; \$2,755,000 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

\$22,169,649 are bonds secured solely by specified revenue sources. Further information on long-term debt is presented in Note 8 on pages 54 – 64.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ -	\$ -	\$ 22,169,649	\$ 25,245,095	\$22,169,649	\$ 25,245,095
General obligation	2,994,899	3,331,785	-	-	2,994,899	3,331,785
Special assessment	370,000	420,000	-	-	370,000	420,000
Urban renewal tax increment bonds	2,755,000	1,950,000	-	-	2,755,000	1,950,000
Total	\$ 6,119,899	\$ 5,701,785	\$ 22,169,649	\$ 25,245,095	\$28,289,548	\$ 30,946,880

During the most recent fiscal year, the City of Great Falls' bonded debt decreased by \$2,657,332 (8.6%). This is primarily due to the retirement of debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.50% of its total assessed valuation. The current legal debt capacity for the City of Great Falls is \$67,431,565, of which \$64,436,666 is unused by the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The unemployment rate in August 2012 for Cascade County, Montana, of which the City of Great Falls is the county seat, was 5.4%, which decreased 1.0% from a year ago. This compares favorably with the national unemployment rate of 8.1% and the Montana unemployment rate of 5.7%.

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

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

1. Despite the current economy, there have been no personnel reductions at the City.
2. The City did use the inflationary factor allowed for assessing property taxes. This approach was needed to meet Public Safety goals and, specifically, a grant commitment made by the City to retain four police officer positions. Subsidies from the City's general fund to other departments were funded at the same level as the prior fiscal year.
3. A more robust capital funding program is needed. Two prominent facilities in need of capital maintenance include the Morony Natatorium and the Civic Center. It is unlikely that the City will be able to maintain these buildings properly without a taxpayer vote to fund necessary repairs to keep the facilities operational in the long term.
4. Both the Fire Department and Police Department also have capital needs and ongoing maintenance requirements. The Fire Department has identified the need for a new fire station in order to maintain an effective response times to all areas of the city. The Police Department has recently replaced an aging emergency generator to meet modern technology needs. The department, however, is running out of evidence space.
5. The City's challenges with Electric City Power continue. Last year the City/ECP filed a declaratory action in District Court to determine, among many things, the City's/ECP's obligations under its current contracts. Southern Montana Electric Generation and Transmission subsequently filed for bankruptcy. Southern's filing places the City's District Court action on hold which creates even more uncertainty about ECP's future.

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. Investments in the City's capital assets increased in fiscal year 2012.

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 Assets
June 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
ASSETS						
Current assets						
Cash and investments	\$13,348,903	\$ 11,273,992	\$ 24,622,895	\$ 144,970	\$ 281,301	\$ 1,778,645
Receivables						
Taxes	1,777,025	-	1,777,025	-	-	-
Special assessments	1,022,803	-	1,022,803	76,292	618,420	-
Accounts	775,065	3,954,837	4,729,902	1,199	116	-
Accrued interest	30,636	34,837	65,473	-	-	-
Loans	2,745,967	-	2,745,967	-	-	-
Other	827	-	827	-	-	-
Due (to) from other city funds	6,551,239	(6,551,239)	-	-	-	-
Due from other governments	729,174	-	729,174	-	-	-
Inventories	219,058	353,879	572,937	-	-	-
Prepaid items	-	131,671	131,671	2,503	-	-
Total current assets	<u>27,200,697</u>	<u>9,197,977</u>	<u>36,398,674</u>	<u>224,964</u>	<u>899,837</u>	<u>1,778,645</u>
Noncurrent assets						
Restricted cash and investments	3,343,268	11,277,669	14,620,937	-	10,125	50,870
Other assets	132,916	-	132,916	-	-	-
Advance to (from) other funds	721,699	(721,699)	-	-	-	-
Investment in joint venture	-	1,186,617	1,186,617	-	-	-
Capital assets						
Non-depreciable capital assets	10,776,386	11,633,172	22,409,558	-	-	-
Depreciable capital assets, net	66,521,323	109,597,050	176,118,373	430,181	-	-
Total noncurrent assets	<u>81,495,592</u>	<u>132,972,809</u>	<u>214,468,401</u>	<u>430,181</u>	<u>10,125</u>	<u>50,870</u>
Total assets	<u>108,696,289</u>	<u>142,170,786</u>	<u>250,867,075</u>	<u>655,145</u>	<u>909,962</u>	<u>1,829,515</u>
LIABILITIES						
Current liabilities						
Accounts payable	2,613,134	1,387,683	4,000,817	182,619	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	82,290	82,290	-	-	-
Compensated absences	170,496	58,046	228,542	-	-	-
Debt due within one year	482,336	3,717,061	4,199,397	-	-	-
Other liabilities	174,499	388,713	563,212	-	-	-
Total current liabilities	<u>3,440,465</u>	<u>5,633,793</u>	<u>9,074,258</u>	<u>182,619</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities						
Compensated absences	3,568,908	582,475	4,151,383	-	-	-
Debt due in more than one year	6,094,259	24,930,727	31,024,986	-	-	-
Other liabilities	754,205	1,186,062	1,940,267	-	-	-
Total noncurrent liabilities	<u>10,417,372</u>	<u>26,699,264</u>	<u>37,116,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,857,837</u>	<u>32,333,057</u>	<u>46,190,894</u>	<u>182,619</u>	<u>-</u>	<u>-</u>
NET ASSETS						
Invested in capital assets, net of related debt	72,430,194	93,789,614	166,219,808	430,181	-	-
Restricted for:						
Expendable:						
Debt service	810,567	-	810,567	-	-	-
Revenue bond reserves	-	8,066,339	8,066,339	-	-	-
Reserved for deposits with others	-	866,567	866,567	-	-	-
Repair and replacement	-	1,891,359	1,891,359	-	-	-
Other purposes	8,952,086	-	8,952,086	-	-	1,506,550
Nonexpendable:						
Programs and operations	773,603	-	773,603	-	-	50,870
Unrestricted	11,872,002	5,223,850	17,095,852	42,345	909,962	272,095
Total net assets	<u>\$94,838,452</u>	<u>\$109,837,729</u>	<u>\$204,676,181</u>	<u>\$ 472,526</u>	<u>\$ 909,962</u>	<u>\$ 1,829,515</u>

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

City of Great Falls, Montana
Statement of Activities
Year Ended June 30, 2012

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
General government	\$ 9,528,095	\$ 5,856,691	\$ -	\$ 290,238
Public safety	17,821,137	1,594,501	407,774	-
Public works	5,643,757	5,503,781	-	-
Culture and recreation	5,211,517	1,267,802	-	-
Housing and development	2,599,225	1,347,775	673,265	168,583
Interest and fees	312,101	-	-	-
Total governmental activities	41,115,832	15,570,550	1,081,039	458,821
Business-type activities				
Water	8,066,706	9,586,179	-	-
Sewer	7,265,547	8,972,566	-	-
Storm drain	1,243,172	1,864,490	-	-
Sanitation	3,464,588	3,263,001	-	-
Electric	3,648,328	3,292,906	-	-
Port Authority	310,766	465,188	-	-
Golf courses	1,371,666	1,404,894	-	-
Other	4,523,324	3,288,579	-	-
Total business-type activities	29,894,097	32,137,803	-	-
Total primary government	\$ 71,009,929	\$ 47,708,353	\$ 1,081,039	\$ 458,821
Component Units				
Great Falls Business Improvement District	\$ 220,483	\$ 202,158	\$ -	\$ -
Tourism Business Improvement District	\$ 237,022	\$ 414,514	\$ -	\$ -
Great Falls Public Library Foundation	\$ -	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Extraordinary item - Loss of Reserve				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
\$ (3,381,166)	\$ -	\$ (3,381,166)	\$ -	\$ -	\$ -
(15,818,862)	-	(15,818,862)	-	-	-
(139,976)	-	(139,976)	-	-	-
(3,943,715)	-	(3,943,715)	-	-	-
(409,602)	-	(409,602)	-	-	-
(312,101)	-	(312,101)	-	-	-
<u>(24,005,422)</u>	<u>-</u>	<u>(24,005,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,519,473	1,519,473	-	-	-
-	1,707,019	1,707,019	-	-	-
-	621,318	621,318	-	-	-
-	(201,587)	(201,587)	-	-	-
-	(355,422)	(355,422)	-	-	-
-	154,422	154,422	-	-	-
-	33,228	33,228	-	-	-
-	(1,234,745)	(1,234,745)	-	-	-
-	2,243,706	2,243,706	-	-	-
<u>\$ (24,005,422)</u>	<u>\$ 2,243,706</u>	<u>\$ (21,761,716)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,325)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,492</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,817)</u>
15,520,772	-	15,520,772	-	-	-
6,727,541	-	6,727,541	-	-	51,032
96,731	64,538	161,269	646	1,273	77,907
1,132,493	537,209	1,669,702	10,142	147	-
(1,209,727)	1,209,727	-	-	-	-
-	(1,400,000)	(1,400,000)	-	-	-
22,267,810	411,474	22,679,284	10,788	1,420	128,939
(1,737,612)	2,655,180	917,568	(7,537)	178,912	(13,878)
<u>96,576,064</u>	<u>107,182,549</u>	<u>203,758,613</u>	<u>480,063</u>	<u>731,050</u>	<u>1,843,393</u>
<u>\$ 94,838,452</u>	<u>\$ 109,837,729</u>	<u>\$ 204,676,181</u>	<u>\$ 472,526</u>	<u>\$ 909,962</u>	<u>\$ 1,829,515</u>

City of Great Falls, Montana
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Street</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 297,201	\$ 3,588,169	\$ 260,436	\$ 5,372,494	\$ 9,518,300
Restricted cash and investments	-	-	-	732,756	732,756
Receivables					
Taxes	1,471,567	-	-	305,458	1,777,025
Special assessments	-	308,887	-	713,916	1,022,803
Accounts	130,013	42,304	-	59,847	232,164
Accrued interest	6,219	4,643	159	9,154	20,175
Loans	-	-	2,697,967	48,000	2,745,967
Other	827	-	-	-	827
Due from other city funds	6,551,239	-	-	87,117	6,638,356
Due from other governments	323,441	113,741	139,702	152,290	729,174
Advances to other funds	59,696	16,507	-	597,051	673,254
Other assets	-	9,734	-	90,615	100,349
Total assets	<u>\$ 8,840,203</u>	<u>\$ 4,083,985</u>	<u>\$ 3,098,264</u>	<u>\$ 8,168,698</u>	<u>\$ 24,191,150</u>
LIABILITIES					
Accounts payable	\$ 824,847	\$ 242,224	\$ 119,567	\$ 238,088	\$ 1,424,726
Due to other city funds	22,125	-	-	64,992	87,117
Deferred revenue	854,534	206,521	2,697,887	1,206,105	4,965,047
Interfund loans payable	29,535	-	-	13,838	43,373
Advances from other funds	287,929	-	-	74,465	362,394
Other liabilities	125,198	13,565	-	35,736	174,499
Total liabilities	<u>2,144,168</u>	<u>462,310</u>	<u>2,817,454</u>	<u>1,633,224</u>	<u>7,057,156</u>
FUND BALANCES					
Nonspendable	59,696	26,241	-	687,666	773,603
Restricted	-	3,595,434	280,810	2,953,515	6,829,759
Assigned	-	-	-	2,932,894	2,932,894
Unassigned	6,636,339	-	-	(38,601)	6,597,738
Total fund balances	<u>6,696,035</u>	<u>3,621,675</u>	<u>280,810</u>	<u>6,535,474</u>	<u>17,133,994</u>
Total liabilities and fund balances	<u>\$ 8,840,203</u>	<u>\$ 4,083,985</u>	<u>\$ 3,098,264</u>	<u>\$ 8,168,698</u>	<u>\$ 24,191,150</u>

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

City of Great Falls, Montana
Reconciliation of the Balance Sheet
To the Statement of Net Assets - Governmental Funds
June 30, 2012

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

Fund balances - total governmental funds (page 22)		\$ 17,133,994
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 141,607,720	
Less: accumulated depreciation	<u>(70,414,205)</u>	
Capital assets - net		71,193,515
<p>Bond issuance costs are amortized over the life of the bonds in the statement of net assets.</p>		
		32,571
<p>Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.</p>		
		11,046,648
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds</p>		
		4,965,047
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	(3,288,538)	
Loans and contracts payable	(124,886)	
General obligation bonds payable	(2,994,899)	
Tax increment bonds payable	(2,755,000)	
Special assessment bonds payable	<u>(370,000)</u>	
Total long-term liabilities		<u>(9,533,323)</u>
Net assets of governmental activities (page 19)		<u>\$ 94,838,452</u>

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

City of Great Falls, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	<u>General</u>	<u>Street District</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES					
Taxes	\$ 14,067,789	\$ -	\$ -	\$ 1,508,106	\$ 15,575,895
Licenses and permits	901,742	6,971	-	1,213,383	2,122,096
Intergovernmental	6,972,566	1,657,590	724,120	1,841,304	11,195,580
Charges for services	1,282,444	176,349	193,034	1,282,364	2,934,191
Fines and forfeitures	1,221,372	-	-	43,030	1,264,402
Internal services	846,624	102,839	-	65,352	1,014,815
Special assessments	-	3,560,032	-	2,798,093	6,358,125
Investment income	18,880	12,161	358	24,195	55,594
Other	54,596	94,649	7,500	1,557,626	1,714,371
Total revenues	<u>25,366,013</u>	<u>5,610,591</u>	<u>925,012</u>	<u>10,333,453</u>	<u>42,235,069</u>
EXPENDITURES					
Current					
General government	3,426,444	-	-	4,086,736	7,513,180
Public safety	16,899,007	-	-	470,528	17,369,535
Public works	-	4,431,571	-	34,231	4,465,802
Culture and recreation	2,205,477	-	-	2,322,783	4,528,260
Housing and development	-	-	911,525	1,270,269	2,181,794
Debt service					
Principal	-	-	-	1,269,759	1,269,759
Interest	7,104	-	-	304,997	312,101
Capital outlay	96,944	1,426,002	168,583	726,330	2,417,859
Total expenditures	<u>22,634,976</u>	<u>5,857,573</u>	<u>1,080,108</u>	<u>10,485,633</u>	<u>40,058,290</u>
Revenues over (under) expenditures	<u>2,731,037</u>	<u>(246,982)</u>	<u>(155,096)</u>	<u>(152,180)</u>	<u>2,176,779</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	990,377	990,377
Transfers out	(1,950,023)	-	-	(369,318)	(2,319,341)
Total other financing sources (uses)	<u>(1,950,023)</u>	<u>-</u>	<u>-</u>	<u>621,059</u>	<u>(1,328,964)</u>
Net changes in fund balance	<u>781,014</u>	<u>(246,982)</u>	<u>(155,096)</u>	<u>468,879</u>	<u>847,815</u>
Fund balance -- beginning	<u>5,915,021</u>	<u>3,868,657</u>	<u>435,906</u>	<u>6,066,595</u>	<u>16,286,179</u>
Fund balance -- ending	<u>\$ 6,696,035</u>	<u>\$ 3,621,675</u>	<u>\$ 280,810</u>	<u>\$ 6,535,474</u>	<u>\$ 17,133,994</u>

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

City of Great Falls, Montana
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2012

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)	\$	847,815
Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is depreciated over the asset's useful life.		
Expenditures for capital assets	\$	2,417,859
Less: current year's depreciation		(2,771,621)
Total capital asset related expenditures		(353,762)
Donated capital assets		-
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets		(1,759,400)
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		(519,083)
Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.		(30,222)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment in the treatment of long-term debt and related items.		
Issuance of debt		(855,000)
Tax increment bonds		(855,000)
Principal repayments		29,100
Loans and contracts		335,000
General obligation bonds		50,000
Tax increment bonds		761,463
Tax increment notes		50,000
Special assessment debt		(286,746)
Compensated absences		(6,777)
Amortization of bond discounts		77,040
Total debt related transactions		77,040
Change in net assets of governmental activities (pages 20-21)	\$	<u>(1,737,612)</u>

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

City of Great Falls, Montana
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
ASSETS					
Current assets					
Cash and investments	\$ 2,526,646	\$ 1,968,909	\$ 4,897,179	\$ 132,620	\$ -
Receivables					
Accounts	1,239,828	1,064,410	554,547	350,043	588,057
Accrued interest	10,651	11,153	9,848	537	-
Interfund loans receivable	-	-	-	-	-
Inventories	292,536	-	-	-	-
Prepaid items	24,797	73,091	32,286	-	-
Total current assets	<u>4,094,458</u>	<u>3,117,563</u>	<u>5,493,860</u>	<u>483,200</u>	<u>588,057</u>
Long-term assets					
Restricted cash and investments	4,087,803	4,660,611	1,117,442	233,947	866,567
Advance to other funds	300,477	278,802	-	3,219	-
Investment in joint venture	-	-	-	-	1,186,617
Non-depreciable capital assets	2,504,696	2,483,086	1,919,331	348,571	-
Depreciable capital assets, net	44,284,946	39,941,114	14,204,935	1,163,620	-
Total long-term assets	<u>51,177,922</u>	<u>47,363,613</u>	<u>17,241,708</u>	<u>1,749,357</u>	<u>2,053,184</u>
Total assets	<u>55,272,380</u>	<u>50,481,176</u>	<u>22,735,568</u>	<u>2,232,557</u>	<u>2,641,241</u>
LIABILITIES					
Current liabilities					
Account payable	274,286	410,179	39,068	140,048	270,909
Due to other city funds	-	-	-	-	5,503,426
Unearned revenue	-	-	-	-	-
Capital lease obligation	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	100,912
Revenue bonds payable	1,088,021	1,527,953	410,472	-	-
Other liabilities	271,081	-	2,500	-	-
Total current liabilities	<u>1,633,388</u>	<u>1,938,132</u>	<u>452,040</u>	<u>140,048</u>	<u>5,875,247</u>
Long-term liabilities					
Advances from other funds	-	-	-	-	1,400,000
Capital lease obligations	-	-	-	-	-
Loans payable	-	-	-	-	-
Notes payable	-	-	-	-	1,106,268
Compensated absences	320,082	49,511	-	88,929	-
Revenue bonds payable	5,643,390	9,722,785	2,913,822	-	-
Other liabilities	-	-	-	-	1,186,062
Total long-term liabilities	<u>5,963,472</u>	<u>9,772,296</u>	<u>2,913,822</u>	<u>88,929</u>	<u>3,692,330</u>
Total liabilities	<u>7,596,860</u>	<u>11,710,428</u>	<u>3,365,862</u>	<u>228,977</u>	<u>9,567,577</u>
NET ASSETS					
Invested in capital assets, net of related debt	40,058,231	31,173,462	12,799,972	1,512,191	-
Restricted for:					
Revenue bond reserves	3,112,221	3,894,834	824,631	-	-
Reserved for deposits with others	-	-	-	-	866,567
Repair and replacement	975,582	765,777	150,000	-	-
Unrestricted	3,529,486	2,936,675	5,595,103	491,389	(7,792,903)
Total net assets	<u>\$ 47,675,520</u>	<u>\$ 38,770,748</u>	<u>\$ 19,369,706</u>	<u>\$ 2,003,580</u>	<u>\$ (6,926,336)</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Fund Net Assets (Concluded)
Proprietary Funds
June 30, 2012

	<u>Business Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Golf Courses</u>	<u>Port Authority</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
ASSETS					
Current assets					
Cash and investments	\$ 727	\$ 125,080	\$ 1,622,831	\$ 11,273,992	\$ 3,830,603
Receivables					
Accounts	17,064	33,703	107,185	3,954,837	542,901
Accrued interest	-	-	2,648	34,837	10,461
Interfund loans receivable	-	-	-	-	43,373
Inventories	61,343	-	-	353,879	219,058
Prepaid items	1,497	-	-	131,671	-
Total current assets	<u>80,631</u>	<u>158,783</u>	<u>1,732,664</u>	<u>15,749,216</u>	<u>4,646,396</u>
Long-term assets					
Restricted cash and investments	234,653	-	76,646	11,277,669	2,610,512
Advance to other funds	39,915	-	55,888	678,301	410,839
Investment in joint venture	-	-	-	1,186,617	-
Non-depreciable capital assets	1,362,597	2,077,009	937,882	11,633,172	-
Depreciable capital assets, net	2,023,060	3,473,206	4,506,169	109,597,050	6,104,194
Total long-term assets	<u>3,660,225</u>	<u>5,550,215</u>	<u>5,576,585</u>	<u>134,372,809</u>	<u>9,125,545</u>
Total assets	<u>3,740,856</u>	<u>5,708,998</u>	<u>7,309,249</u>	<u>150,122,025</u>	<u>13,771,941</u>
LIABILITIES					
Current liabilities					
Account payable	63,488	-	189,705	1,387,683	1,188,408
Due to other city funds	1,047,813	-	-	6,551,239	-
Unearned revenue	-	-	82,290	82,290	-
Capital lease obligation	-	-	129,807	129,807	-
Loans payable	-	-	-	-	36,258
Notes payable	-	265,802	-	366,714	-
Revenue bonds payable	194,094	-	-	3,220,540	-
Other liabilities	26,424	-	88,708	388,713	-
Total current liabilities	<u>1,331,819</u>	<u>265,802</u>	<u>490,510</u>	<u>12,126,986</u>	<u>1,224,666</u>
Long-term liabilities					
Advances from other funds	-	-	-	1,400,000	-
Capital lease obligations	-	-	443,548	443,548	-
Loans payable	-	-	-	-	295,552
Notes payable	-	4,431,802	-	5,538,070	-
Compensated absences	55,301	-	126,698	640,521	450,870
Revenue bonds payable	669,112	-	-	18,949,109	-
Other liabilities	-	-	-	1,186,062	754,205
Total long-term liabilities	<u>724,413</u>	<u>4,431,802</u>	<u>570,246</u>	<u>28,157,310</u>	<u>1,500,627</u>
Total liabilities	<u>2,056,232</u>	<u>4,697,604</u>	<u>1,060,756</u>	<u>40,284,296</u>	<u>2,725,293</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,522,451	852,611	4,870,696	93,789,614	5,772,384
Restricted for:					
Revenue bond reserves	234,653	-	-	8,066,339	-
Reserved for deposits with others	-	-	-	866,567	-
Repair and replacement	-	-	-	1,891,359	-
Unrestricted	(1,072,480)	158,783	1,377,797	5,223,850	5,274,264
Total net assets	<u>\$ 1,684,624</u>	<u>\$ 1,011,394</u>	<u>\$ 6,248,493</u>	<u>\$ 109,837,729</u>	<u>\$ 11,046,648</u>

The accompanying notes are an integral part of the:

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets
Proprietary Funds
Year Ended June 30, 2012

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
OPERATING REVENUES					
Charges for services	\$ 9,586,179	\$ 8,972,566	\$ 1,864,490	\$ 3,263,001	\$ 3,292,906
OPERATING EXPENSES					
Personal services	2,196,201	832,920	44,393	1,249,836	-
Supplies and materials	985,185	83,847	7,037	376,472	-
Purchased services	848,400	2,979,993	42,016	899,988	3,571,378
Internal services	1,239,423	844,275	270,109	681,718	5,127
Other	45,594	42,214	18,294	-	-
Depreciation	2,532,581	2,043,243	782,969	256,574	-
Total operating expenses	<u>7,847,384</u>	<u>6,826,492</u>	<u>1,164,818</u>	<u>3,464,588</u>	<u>3,576,505</u>
Operating income (loss)	<u>1,738,795</u>	<u>2,146,074</u>	<u>699,672</u>	<u>(201,587)</u>	<u>(283,599)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	27,400	31,724	28,955	1,133	(27,389)
Interest expense	(219,322)	(439,055)	(75,999)	-	(71,823)
Proceeds (loss) on sale of capital assets	1,681	2,505	(2,355)	15,510	-
Other	286,084	2,091	23,743	46,791	126,052
Total nonoperating revenues (expenses)	<u>95,843</u>	<u>(402,735)</u>	<u>(25,656)</u>	<u>63,434</u>	<u>26,840</u>
Change in net assets before transfers	1,834,638	1,743,339	674,016	(138,153)	(256,759)
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total transfers in (out)	-	-	-	-	-
Extraordinary item - Loss of Reserve	-	-	-	-	(1,400,000)
Changes in net assets	1,834,638	1,743,339	674,016	(138,153)	(1,656,759)
Net assets, beginning of year	<u>45,840,882</u>	<u>37,027,409</u>	<u>18,695,690</u>	<u>2,141,733</u>	<u>(5,269,577)</u>
Net assets, end of year	<u>\$47,675,520</u>	<u>\$38,770,748</u>	<u>\$ 19,369,706</u>	<u>\$ 2,003,580</u>	<u>\$ (6,926,336)</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets (Concluded)
Proprietary Funds
Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Golf Courses</u>	<u>Port Authority</u>	<u>Other Enterprise Funds</u>		
OPERATING REVENUES					
Charges for services	\$ 1,404,894	\$ 465,188	\$ 3,288,579	\$ 32,137,803	\$ 15,592,500
OPERATING EXPENSES					
Personal services	605,367	-	2,210,064	7,138,781	3,972,259
Supplies and materials	193,148	-	235,443	1,881,132	1,125,780
Purchased services	130,172	544	1,040,902	9,513,393	9,670,638
Internal services	136,941	-	565,778	3,743,371	777,183
Other	18,754	-	54,268	179,124	50,551
Depreciation	227,692	80,739	368,860	6,292,658	770,044
Total operating expenses	<u>1,312,074</u>	<u>81,283</u>	<u>4,475,315</u>	<u>28,748,459</u>	<u>16,366,455</u>
Operating income (loss)	<u>92,820</u>	<u>383,905</u>	<u>(1,186,736)</u>	<u>3,389,344</u>	<u>(773,955)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	(4,560)	198	7,077	64,538	41,137
Interest expense	(52,452)	(229,483)	(46,222)	(1,134,356)	(6,865)
Proceeds (loss) on sale of capital assets	(7,140)	-	(1,787)	8,414	69,400
Other	3,506	-	29,246	517,513	31,963
Total nonoperating revenues (expenses)	<u>(60,646)</u>	<u>(229,285)</u>	<u>(11,686)</u>	<u>(543,891)</u>	<u>135,635</u>
Change in net assets before transfers	32,174	154,620	(1,198,422)	2,845,453	(638,320)
Transfers in	100,000	-	1,109,727	1,209,727	154,659
Transfers out	-	-	-	-	(35,422)
Total transfers in (out)	<u>100,000</u>	<u>-</u>	<u>1,109,727</u>	<u>1,209,727</u>	<u>119,237</u>
Extraordinary item - Loss of Reserve	-	-	-	(1,400,000)	-
Changes in net assets	132,174	154,620	(88,695)	2,655,180	(519,083)
Net assets, beginning of year	<u>1,552,450</u>	<u>856,774</u>	<u>6,337,188</u>	<u>107,182,549</u>	<u>11,565,731</u>
Net assets, end of year	<u>\$ 1,684,624</u>	<u>\$ 1,011,394</u>	<u>\$ 6,248,493</u>	<u>\$109,837,729</u>	<u>\$ 11,046,648</u>

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

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 9,112,190	\$ 8,559,039	\$ 1,875,218	\$ 3,255,116	\$ 4,449,891
Receipts from interfund services provided	18,657	136,530	-	1,627	-
Receipts from others	286,084	2,091	23,743	46,792	126,052
Payments to suppliers	(1,657,430)	(2,676,623)	(17,020)	(1,297,698)	(5,602,424)
Payments to employees	(2,076,664)	(793,617)	(42,501)	(1,186,235)	-
Payments for interfund services used	(1,239,423)	(844,275)	(270,109)	(681,718)	(5,127)
Payments to others	(45,594)	(42,214)	(18,293)	-	(1,400,000)
Net cash provided (used) by operating activities	<u>4,397,820</u>	<u>4,340,931</u>	<u>1,551,038</u>	<u>137,884</u>	<u>(2,431,608)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interfund cash flow loans	-	-	-	-	1,240,916
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,240,916</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	6,119	3,995	-	16,411	-
Principal payments received - advances	-	-	-	-	-
Principal payments paid - advances	-	-	-	-	(100,000)
New borrowing	-	-	-	-	-
Principal payments - revenue bonds	(1,050,000)	(1,466,000)	(400,000)	-	-
Principal payments - notes	-	-	-	-	(98,419)
Principal payments - capital leases	-	-	-	-	-
Principal payments - loans	-	-	-	-	-
Interest paid	(219,322)	(439,055)	(75,999)	-	(38,918)
Acquisition/construction of capital assets	(1,977,437)	(2,991,821)	(1,781,164)	(27,432)	-
Net cash provided (used) by capital and related financing activities	<u>(3,240,640)</u>	<u>(4,892,881)</u>	<u>(2,257,163)</u>	<u>(11,021)</u>	<u>(237,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	25,564	30,559	29,097	1,288	(22,627)
Net cash provided (used) by investing activities	<u>25,564</u>	<u>30,559</u>	<u>29,097</u>	<u>1,288</u>	<u>(22,627)</u>
Net increase (decrease) in cash	1,182,744	(521,391)	(677,028)	128,151	(1,450,656)
Cash, beginning of year	5,431,705	7,150,911	6,691,649	238,416	2,317,223
Cash, end of year (a)	<u>\$ 6,614,449</u>	<u>\$ 6,629,520</u>	<u>\$ 6,014,621</u>	<u>\$ 366,567</u>	<u>\$ 866,567</u>
(a) Shown on the statement of net assets as:					
Cash and investments	\$ 2,526,646	\$ 1,968,909	\$ 4,897,179	\$ 132,620	\$ -
Restricted cash and investments	4,087,803	4,660,611	1,117,442	233,947	866,567
	<u>\$ 6,614,449</u>	<u>\$ 6,629,520</u>	<u>\$ 6,014,621</u>	<u>\$ 366,567</u>	<u>\$ 866,567</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Golf Courses	Port Authority	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,407,815	\$ 469,058	\$ 2,439,933	\$ 31,568,260	\$ 322,252
Receipts from interfund services provided	-	-	848,081	1,004,895	14,986,580
Receipts from others	3,506	-	29,103	517,371	5,698
Payments to suppliers	(346,858)	(544)	(1,300,416)	(12,899,013)	(11,024,111)
Payments to employees	(569,116)	-	(2,100,881)	(6,769,014)	(3,769,874)
Payments for interfund services used	(136,941)	-	(565,778)	(3,743,371)	(777,183)
Payments to others	(18,754)	-	-	(1,524,855)	(50,224)
Net cash provided (used) by operating activities	<u>339,652</u>	<u>468,514</u>	<u>(649,958)</u>	<u>8,154,273</u>	<u>(306,862)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	100,000	-	1,109,727	1,209,727	154,659
Transfers out	-	-	-	-	(35,422)
Interfund cash flow loans	(72,253)	-	-	1,168,663	94,938
Net cash provided (used) by noncapital financing activities	<u>27,747</u>	<u>-</u>	<u>1,109,727</u>	<u>2,378,390</u>	<u>214,175</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	727	-	-	27,252	82,702
Principal payments received - advances	-	-	-	-	42,275
Principal payments paid - advances	-	-	-	(100,000)	-
New borrowing	-	-	-	-	20,631
Principal payments - revenue bonds	(185,000)	-	-	(3,101,000)	-
Principal payments - notes	-	(254,032)	-	(352,451)	-
Principal payments - capital leases	-	-	(121,713)	(121,713)	-
Principal payments - loans	-	-	-	-	(34,840)
Interest paid	(52,452)	(215,025)	(46,222)	(1,086,993)	(6,865)
Acquisition/construction of capital assets	(126,852)	-	(217,986)	(7,122,692)	(872,852)
Net cash provided (used) by capital and related financing activities	<u>(363,577)</u>	<u>(469,057)</u>	<u>(385,921)</u>	<u>(11,857,597)</u>	<u>(768,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	(4,695)	198	6,450	65,834	40,684
Net cash provided (used) by investing activities	<u>(4,695)</u>	<u>198</u>	<u>6,450</u>	<u>65,834</u>	<u>40,684</u>
Net increase (decrease) in cash	(873)	(345)	80,298	(1,259,100)	(820,952)
Cash, beginning of year	236,253	125,425	1,619,179	23,810,761	7,262,067
Cash, end of year (a)	<u>\$ 235,380</u>	<u>\$ 125,080</u>	<u>\$ 1,699,477</u>	<u>\$ 22,551,661</u>	<u>\$ 6,441,115</u>
(a) Shown on the statement of net assets as:					
Cash and investments	\$ 727	\$ 125,080	\$ 1,622,831	\$ 11,273,992	\$ 3,830,603
Restricted cash and investments	234,653	-	76,646	11,277,669	2,610,512
	<u>\$ 235,380</u>	<u>\$ 125,080</u>	<u>\$ 1,699,477</u>	<u>\$ 22,551,661</u>	<u>\$ 6,441,115</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2012

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ 1,738,795</u>	<u>\$ 2,146,074</u>	<u>\$ 699,672</u>	<u>\$ (201,587)</u>	<u>\$ (283,599)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	2,532,581	2,043,243	782,969	256,574	-
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	(469,226)	(276,999)	10,729	(5,977)	1,156,985
Extraordinary item	-	-	-	-	(1,400,000)
Prepaid expense	7,041	15,564	9,217	-	-
Inventories	17,867	-	-	-	-
Accounts payable	243,956	406,722	24,708	29,948	(2,031,046)
Other liabilities	13,894	-	-	(285)	-
Compensated absences payable	26,828	4,236	-	12,420	-
Other nonoperating revenue	<u>286,084</u>	<u>2,091</u>	<u>23,743</u>	<u>46,791</u>	<u>126,052</u>
Total adjustments	<u>\$ 2,659,025</u>	<u>\$ 2,194,857</u>	<u>\$ 851,366</u>	<u>\$ 339,471</u>	<u>\$(2,148,009)</u>
Net cash provided (used) by operating activities	<u>\$ 4,397,820</u>	<u>\$ 4,340,931</u>	<u>\$ 1,551,038</u>	<u>\$ 137,884</u>	<u>\$(2,431,608)</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
Year Ended June 30, 2012

Business-Type Activities - Enterprise Funds

	<u>Golf Courses</u>	<u>Port Authority</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 92,820	\$ 383,905	\$(1,186,736)	\$ 3,389,344	\$ (773,955)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	227,692	80,739	368,860	6,292,658	770,044
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	3,413	3,870	(23,025)	399,770	(309,936)
Extraordinary item	-	-	-	(1,400,000)	-
Prepaid expense	1,025	-	-	32,847	-
Inventories	(20,285)	-	-	(2,418)	(30,222)
Accounts payable	29,913	-	153,798	(1,142,001)	(277,389)
Other liabilities	(492)	-	(11,146)	1,971	257,510
Compensated absences payable	2,060	-	19,045	64,589	25,123
Other nonoperating revenue	3,506	-	29,246	517,513	31,963
Total adjustments	<u>\$ 246,832</u>	<u>\$ 84,609</u>	<u>\$ 536,778</u>	<u>\$ 4,764,929</u>	<u>\$ 467,093</u>
Net cash provided (used) by operating activities	<u>\$ 339,652</u>	<u>\$ 468,514</u>	<u>\$ (649,958)</u>	<u>\$ 8,154,273</u>	<u>\$ (306,862)</u>
The accompanying notes are an integral part of these financial statements.					

City of Great Falls, Montana
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 195,379	\$ 180,872
Special assessments receivable	-	1,053,608
Due from other governments	-	55
Accrued interest	314	189
 Total assets	 \$ 195,693	 \$ 1,234,724
LIABILITIES		
Accounts payable	\$ -	\$ 31,170
Assets held for others	-	1,166,226
Other liabilities	-	37,328
 Total liabilities	 -	 \$ 1,234,724
 NET ASSETS		
Held in trust	\$ 195,693	

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

City of Great Falls, Montana
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2012

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Private contributions	\$ 16,027
Investment income	<u>892</u>
Total additions	<u>16,919</u>
DEDUCTIONS	
Refunds of contributions	<u>-</u>
Change in net assets	16,919
Net assets, beginning of year	<u>178,774</u>
Net assets, end of year	<u><u>\$ 195,693</u></u>

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

City of Great Falls, Montana
Notes to Financial Statements
June 30, 2012

1. **Summary of Significant Accounting Policies**

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

a. **Background**

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

b. **Reporting Entity**

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

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

On November 1, 2005, the City created and organized a nonprofit corporation under Ordinance 2925, to own, operate and take all other actions necessary or desirable in connection with the municipal electric utility of the City, including the provision of electricity supply services to customers located within the City. In 2007 the City contracted with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern) for its energy supply contracts. The City Commission comprises the ECP board. ECP is a blended component unit of the City of Great Falls. This component unit is blended as a proprietary fund presented in these financial statements as the Electric Fund. On October 2, 2007, an assignment and assumption agreement between the City and ECP was executed. The Assignment and Assumption Agreement was to assign all of the City's right, title, and interest in and to the Southern's contract to ECP. ECP agreed to assume all of the City's duties under the Southern wholesale power contracts.

Great Falls Port Authority (the Port Authority)

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

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

Great Falls Business Improvement District (the Business Improvement District)

The objective of the Business Improvement District is to oversee and manage the appearance, security, and cleanliness of a designated area within Great Falls to make that area appealing to shoppers, office workers, area residents, and tourists as a viable shopping and tourist destination. The Business Improvement 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, 2012

1. Summary of Significant Accounting Policies - continued

b. Reporting Entity – continued

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

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

Great Falls Public Library Foundation (the Public Library Foundation)

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

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

During the year ended March 31, 2012, the Public Library Foundation distributed \$112,414 to the City for both restricted and unrestricted purposes. Complete financial statements for the Public Library Foundation can be obtained by writing the Public Library Foundation at P.O. Box 742, Great Falls, Montana, 59403.

c. Investment in Joint Venture

During fiscal year 2004, the City entered into an agreement (joint venture) with Southern Montana Electric Generation and Transmission Cooperative, Inc (Southern). Southern was organized by five electric cooperatives and the City of Great Falls to provide electric services to its members and to construct Highwood Generating Station (HGS), a 250 MW coal-fired plant. Four of Southern's member cooperatives then formed another cooperative called SME and pursued the construction of a gas fired electric generation facility. A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. This joint venture does not meet the criteria for inclusion in the City's financial report as a component unit since the City does not exercise administrative control. Southern pledged the wholesale power supply contract between the City and Southern as collateral for Phase 1 (\$85,000,000) of the HGS. The City does report its equity interest in the joint venture using the equity method. An equity interest in a joint venture is manifest in the government having an explicit, measurable right to the net present or future resources of the joint venture. The \$1,186,617 investment in joint venture in the statement of net assets (page 26) is included in the unrestricted portion of the total net assets. The City is evaluating its share of Southern's change in net position. As more information becomes available, the City's investment in joint venture will be adjusted accordingly. The corporate office of Southern is located at the following address: 7250 Entryway Dr., Billings, Montana 59102. It is uncertain whether the corporation offices will remain at this location. On October 21, 2011, Southern filed bankruptcy. The U.S. Bankruptcy Court has appointed a Debtor Trustee who has taken over all operations and management.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

1. Summary of Significant Accounting Policies - continued

d. Basis of Presentation

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

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

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

e. Fund Accounting

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

Governmental Funds

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

General Fund

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

Street Fund

The Street Fund accounts for all financial operations of the Street Division, which includes 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 Traffic Division.

Community Development Block Grant Fund

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. Following are the City's major proprietary funds:

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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

1. Summary of Significant Accounting Policies - continued

e. Fund Accounting – continued

Sewer Fund

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

Storm Drain Fund

The Storm Drain Fund accounts for all aspects of safeguarding community health, providing pollution protection for the Missouri River and reducing flooding and damage to property and life.

Sanitation Fund

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

Electric Fund

The Electric Fund accounts for all aspects of the City electric system operations; providing electricity for City operations, other government agencies, and small commercial customers as a blended component unit of the City of Great Falls.

Golf Courses Fund

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

Port Authority Fund

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

Internal Service Funds

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

Private-Purpose Trust Funds

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

Agency Funds

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

f. Measurement Focus/Basis of Accounting

Measurement Focus

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

1. Summary of Significant Accounting Policies - continued

f. Measurement Focus/Basis of Accounting – continued

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenues, and in the presentation of expenses versus expenditures. Under the accrual method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, aside from the fines, permits, and parking meter revenues mentioned below.

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

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

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

1. **Summary of Significant Accounting Policies - continued**

g. **Encumbrances**

The City does not utilize a formal encumbrance accounting system.

h. **Cash and Investments**

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

The City has a comprehensive investment policy addressing safety, liquidity and yield priorities. This investment policy is more restricted than State Law. The City has a policy of holding its investments to maturity. This is often referred to as 'passive investing'. The City follows this policy for a number of reasons. First, the two main priorities when investing City funds are safety and liquidity. Investing in government securities and agencies (bonds) meet these priorities. A more active approach to investing requires additional staff time and more intensive continuing education and training. Also, 'active investing' exposes the City to risks related to timing the buying and selling of investments in the market.

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

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

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

i. **Receivables**

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

j. **Interfund Receivables/Payables**

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

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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

1. Summary of Significant Accounting Policies - continued

j. Interfund Receivables/Payables – continued

Interfund Loans Receivable/Payable

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

Advances To/From Other Funds

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

k. Inventories and Prepaid Items

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

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

l. Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost where historical cost records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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 assets, 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, 2012

1. Summary of Significant Accounting Policies - continued

m. Equipment Replacement Reserves

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

n. Compensated Absences

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

o. Contributions

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

p. Statement of Cash Flows

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

q. Estimates

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

2. Cash and Investments

The composition of the City's cash and investments, including restricted cash and investments, on June 30, 2012 was as follows:

	Component Units			
	Primary Government	Business Improvement District	Tourism Business Improvement District	Public Library Foundation
Cash on hand	\$ 9,445	\$ 31,864	\$ 281,301	\$ -
Deposits in banks	1,319,923	-	-	11,852
Savings deposits	-	-	-	50,763
Certificates of deposit	43,200	-	10,125	105,000
Repurchase agreements	9,326,114	-	-	-
U.S. government securities	5,374,340	-	-	-
Short term investment pool (STIP)	1,786,128	-	-	-
Money market funds	21,760,933	113,106	-	-
Mutual funds	-	-	-	1,613,267
Equity securities	-	-	-	48,633
Totals	\$ 39,620,083	\$ 144,970	\$ 291,426	\$ 1,829,515

The City's cash and investments for the primary government at June 30, 2012, are reported as:

	Governmental	Business-Type	Fiduciary	Total
	Activities	Activities	Funds	
Cash and investments	\$ 13,348,903	\$ 11,273,992	\$ 376,251	\$ 24,999,146
Restricted cash and investments	3,343,268	11,277,669	-	14,620,937
Totals	\$ 16,692,171	\$ 22,551,661	\$ 376,251	\$ 39,620,083

At June 30, 2012, the carrying amount of the City's bank deposits was \$1,319,923 and the bank balance was \$1,464,725. Of the bank balance, \$409,802 was covered by federal depository insurance and \$1,054,923 was covered by collateral held by the pledging bank's trustee in the City's name.

At June 30, 2012, the carrying amount of deposits for the Great Falls Business Improvement District, a discretely presented component unit, was \$144,970 and the bank balance was \$144,970. Of the bank balance, \$144,970 was covered by federal depository insurance.

At June 30, 2012, the carrying amount of deposits for the Great Falls Tourism Business Improvement District, a discretely presented component unit, was \$281,301 and the bank balance was \$281,301. Of the bank balance, \$250,000 was covered by federal depository insurance and \$31,301 was covered by collateral held by an approved third party financial institution in the name of the District.

At March 31, 2012 the carrying amount of deposits for the Great Falls Public Library Foundation, a discretely presented component unit, was \$62,615 and the bank balance was \$67,016. Of the carrying amount of deposits, \$16,253 was covered by federal depository insurance and \$50,763 was covered by Securities Investors Protection Corporation.

Montana statutes require that the City have pledged securities equal to 50% of its total deposits that are not insured or guaranteed, held in the City's name by the pledging bank's trustee. The City was in compliance with this statute at June 30, 2012. The City's policy is to have pledged securities equal to 100% of its insured or guaranteed yield in the City's name.

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

2. Cash and Investments – continued

The City received interest revenue of \$181,848 on invested cash during fiscal year 2012. The annualized rate of return for the year is 0.64% prior to adjustments which ‘mark investments to market’ and 0.50% after the adjustment. Even though the City’s investment policy is to hold investments to maturity, the City must reflect a bookkeeping valuation adjustment that decreased interest income for all City funds in the amount of \$33,575 for the year ended June 30, 2012. This adjustment decreased the cash and investments by \$33,575.

At June 30, 2012, the City had the following investments. Investments are in an internal investment pool. It is a common practice for governments to pool the cash and investments of funds to improve investment performance. Unless restricted by bonds, grants, etc., the City pools cash and investments of all funds.

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Cash on hand, deposits in banks, savings deposits	\$ 1,329,368	\$ 1,329,368	\$ -
Certificates of deposit	43,200	43,200	-
Repurchase agreements	9,326,114	9,326,114	-
U.S. treasuries	523,905	-	523,905
U.S. agencies	4,850,435	823,278	4,027,157
Short term investment pool (STIP)	1,786,128	1,786,128	-
Money market funds	21,760,933	21,760,933	-
Totals	\$ 39,620,083	\$ 35,069,021	\$ 4,551,062

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. The credit quality rating of the STIP investments is A1. The U.S. Government Treasury Securities are not considered to have credit risk and do not require disclosure of credit quality. The U.S. Government Agencies Securities are 62.65% in Federal National Mortgage Association which had a credit rating of “AAA” at June 30, 2012; 20.65% in Federal Home Loan Mortgage Corporation which had a credit rating of “AAA” at June 30, 2012; 10.33% in Federal Farm Credit Banks which have a credit rating of “AAA” ; and 6.37% in Federal Home Loan Banks which have a credit rating of “AAA”.

Concentration of credit risk

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

2. Cash and Investments – continued

Repurchase agreements

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

Short-Term Investment Pool

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

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

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

Restricted Cash and Investments

Cash and investments of \$14,620,937 are restricted by bond covenants, state statute, or for specific purposes as follows:

Governmental Activities

Nonmajor governmental funds

Library - improvements	\$	115,580
Improvement District Revolving - security reserves		209,972
West Bank Tax Increment District - current debt service	\$	115,065
West Bank Tax Increment District - bond reserves		<u>216,165</u>
Subtotal West Bank Tax Increment District		331,230
General Capital Projects - suit related retainage		75,974

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

2. Cash and Investments – continued

Restricted Cash and Investments – continued

Internal Service funds

Central Garage - vehicle and equipment replacement	1,979,604
Engineering - vehicle and equipment replacement	117,081
Facility Services - improvements	97,116
Information Tech - information systems	407,629
Information Tech - vehicle and equipment replacement	<u>5,568</u>
Subtotal Information Tech	413,197
Public Works Admin - vehicle and equipment replacement	<u>3,514</u>

Total Governmental Activities 3,343,268

Business Activities

Water

Current debt service	1,001,297
Bond reserves	1,337,490
Operating reserves	586,218
Vehicle and equipment replacement	<u>1,162,798</u>
Subtotal Water	4,087,803

Sewer

Current debt service	1,365,971
Bond reserves	1,956,105
Operating reserves	572,758
Vehicle and equipment replacement	<u>765,777</u>
Subtotal Sewer	4,660,611

Storm Drain

Current debt service	281,412
Bond reserves	531,824
Operating reserves	29,395
Repair and replacement reserves	<u>274,811</u>
Subtotal Storm Drain	1,117,442

Sanitation

Vehicle and equipment replacement 233,947

Electric

Cash on deposit with others 866,567

Golf Courses

Bond reserves 234,653

Nonmajor enterprise funds

Parking - vehicle and equipment replacement	30,006
Recreation - vehicle and equipment replacement	32,144
Civic Center Events - improvements	<u>14,496</u>

Total Business Activities 11,277,669

Total \$ 14,620,937

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

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, 2012 were within legal limits.

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

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

Loans Receivable

Loans receivable at June 30, 2012, consists of the following:

Federal Block Grant Fund:

CDBG loan program	\$	80
Deferred payment loan program (a)		<u>2,697,887</u>
Subtotal Federal Block Grant Fund		\$ 2,697,967

Nonmajor governmental funds:

Home Grant - deferred payment loan program (a)		47,200
Hazard Removal - loan program		<u>800</u>

Total		<u>\$ 2,745,967</u>
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- (a) The primary objective of the Community Development Block Grant (CDBG) program is the development of viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The CDBG loan program has been developed by the City to accomplish these objectives. The CDBG loan program is used to promote and support opportunities for economic development within the community, specifically those opportunities that create employment for low and moderate income people. The deferred payment loan program was established to provide opportunities for lower income homeowners to rehabilitate, weatherize, maintain, or improve the quality of existing housing. No interest is charged on these loans. Repayment of the loan is required only if the property is sold, or upon satisfaction of the original mortgage, at which time the property owner begins making monthly payments equal to the principal and interest payment on the original mortgage. The 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 revenue 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. The due from general fund to library fund represent tax payments received into general fund for the library fund.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

4. Interfund Receivables, Payables, and Transfers – continued

Due to/from Other City Funds – continued

Due to/from other City funds at June 30, 2012, consists of the following:

	Payable Fund	
Nonmajor governmental fund - Library	General	22,125
Nonmajor governmental fund - CTEP	Nonmajor governmental fund - Planning	64,992
General	Electric	5,503,426
General	Golf Courses	<u>1,047,813</u>
Subtotal business-type activities funds		6,551,239
Total		<u>\$ 6,638,356</u>

Interfund Loans

The interfund loans represent the current portion due from the advances from other funds which represent the long term portion. The advances to the electric fund reported in the general fund, street fund, lighting districts fund, library fund, natural resources fund, water fund, sewer fund, sanitation fund, golf fund, safety services fund, parking fund, swim pools fund, recreation fund, public works admin fund, and facility services fund resulted from an interfund liability. The advance from the central garage fund reported in the general and nonmajor governmental park special revenue funds resulted from a loan made for Centene Stadium improvements. The advances paid from the general and nonmajor governmental park special revenue funds for the Centene Stadium improvements are being repaid in annual installments including interest.

Interfund loans receivable/payable at June 30, 2012 consists of the following:

Receivable Fund	Payable Fund	Amount
Internal service fund - Central Garage	General	\$ 29,535
	Nonmajor governmental fund Park Special Revenue	13,838
Total		<u>43,373</u>

Advances to/from other funds at June 30, 2012, consists of the following:

Receivable Fund	Payable Fund	Amount
General	Electric	\$ 59,696
Street		16,507
Nonmajor governmental funds		
Lighting Districts		\$ 577,514
Library		19,382
Natural Resources		<u>155</u>
Subtotal nonmajor governmental funds		597,051
Water		300,477
Sewer		278,802
Sanitation		3,219
Golf		39,915
Nonmajor enterprise funds		
Safety Services		3,483
Parking		20,581
Swim Pools		21,054
Recreation		<u>10,770</u>
Subtotal nonmajor enterprise funds		55,888

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

4. Interfund Receivables, Payables, and Transfers – continued

Interfund loans – continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Internal service funds</u>		
Public Works Admin	Electric	17,645
Facility Services		30,800
Subtotal internal service funds		48,445
Subtotal Electric fund payable		1,400,000
<u>Internal service fund - Central Garage</u>		
	General	287,929
	Nonmajor governmental fund Park Special Revenue	74,465
Subtotal General and nonmajor governmental Park Special Revenue fund payable		362,394
Total		<u>\$1,762,394</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. For example, property taxes are properly recorded as revenues in the general fund. However, part of the property taxes revenue is then transferred to the library fund as general support. Recurring transfers are authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Transfers to/from other funds for the year ended June 30, 2012, consists of the following:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Nonmajor governmental funds</u>		
Planning	\$ 168,148	Transfer from general fund to planning for operation support.
Library	492,053	Transfers from general fund to library for operation support.
Park Special Revenue	8,547	Transfers from general fund to park special revenue for tennis court maintenance [\$4,000]. Transfer from nonmajor governmental fund - CTEP projects for gibson park lighting project [\$4,547].
Natural Resources	264,918	Transfer from general fund to natural resources for operation support.
CTEP Projects	36,060	Transfer from internal service fund - fiscal services to CTEP projects for internal service charge reimbursement [\$35,422]. Transfer from nonmajor governmental fund - park special revenue for reimbursement for vinegar jones cabin project [\$638].
Fire Special Revenue	8,917	Transfer from nonmajor governmental fund - CCALS fire to fire special revenue for close of fund.
West Bank Tax Increment District	11,734	Transfer from nonmajor governmental fund - west bank urban renewal to west bank tax increment district for debt service.
	<u>990,377</u>	Subtotal of nonmajor governmental funds
Golf Course	100,000	Transfer from general fund to golf course for operation support.
<u>Nonmajor enterprise funds</u>		
Safety Services	326,882	Transfer from nonmajor governmental fund - 911 special revenue to safety services for dispatch services.
Swim Pools	414,389	Transfer from general fund to swim pools for operations support.
Recreation	153,729	Transfer from general fund to recreation for operation support.
Civic Center Events	214,727	Transfer from general fund to civic center events for operation support.
	<u>1,109,727</u>	Subtotal of nonmajor enterprise funds

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

4. Interfund Receivables, Payables, and Transfers – continued

Transfers – continued

<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
Internal service funds		
Information Tech	23,999	Transfer from general fund to information tech for mapping tech position [\$11,772]. Transfer from nonmajor governmental fund - 911 special revenue to information tech for mapping tech position [\$12,227].
Engineering	130,660	Transfer from general fund to engineering for operation support [\$126,287]. Transfer from CTEP projects for 20th street sidewalks [\$3,227]. Transfer from CTEP projects for gibson park lighting [\$1,146].
	<u>154,659</u>	Subtotal of internal service funds
Total	<u>\$ 2,354,763</u>	

5. Due From Other Governments

Amounts due from other governments at June 30, 2012, were as follows:

	<u>Federal</u>	<u>County</u>	<u>Other</u>	<u>Total</u>
General fund	\$ 88,612	\$ 234,829	\$ -	\$ 323,441
Street fund	110,787	2,954	-	113,741
Community Development Block Grant fund	139,702	-	-	139,702
Nonmajor governmental funds				
Planning	55,863	-	-	55,863
CTEP Projects	31,209	-	-	31,209
Lighting Districts	-	1,051	-	1,051
Support & Innovation	-	255	-	255
Police Special Revenue	7,100	-	-	7,100
Library	-	811	-	811
Natural Resources	-	221	-	221
Housing Authority	-	-	52,176	52,176
Home Grant	2,842	-	-	2,842
Master Debt SILD	-	11	-	11
Improvement District Revolving	-	4	-	4
Soccer Park Bonds	-	277	-	277
Swim Pool Rehab GO Bond	-	470	-	470
Subtotal nonmajor governmental funds	<u>97,014</u>	<u>3,100</u>	<u>52,176</u>	<u>152,290</u>
Totals	<u>\$ 436,115</u>	<u>\$ 240,883</u>	<u>\$ 52,176</u>	<u>\$ 729,174</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

6. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2012, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 9,853,958	\$ -	\$ -	\$ 9,853,958
Intangible	471,182	-	-	471,182
Construction in Progress	1,640,784	443,910	(1,633,448)	451,246
	<u>11,965,924</u>	<u>443,910</u>	<u>(1,633,448)</u>	<u>10,776,386</u>
Capital assets, being depreciated:				
Buildings	14,990,905	816,212	(431,076)	15,376,041
Improvements	37,721,758	1,778,985	(5,126,238)	34,374,505
Machinery and equipment	21,143,052	1,720,154	(2,773,177)	20,090,029
Infrastructure	73,800,693	1,074,557	-	74,875,250
	<u>147,656,408</u>	<u>5,389,908</u>	<u>(8,330,491)</u>	<u>144,715,825</u>
Less accumulated depreciation for:				
Buildings	(6,948,029)	(427,843)	213,102	(7,162,770)
Improvements	(17,304,339)	(1,299,624)	3,467,028	(15,136,935)
Machinery and equipment	(14,804,657)	(1,051,485)	1,968,000	(13,888,142)
Infrastructure	(41,243,942)	(762,713)	-	(42,006,655)
	<u>(80,300,967)</u>	<u>(3,541,665)</u>	<u>5,648,130</u>	<u>(78,194,502)</u>
Total capital assets, being depreciated, net	<u>67,355,441</u>	<u>1,848,243</u>	<u>(2,682,361)</u>	<u>66,521,323</u>
Governmental activities capital assets, net	<u>\$ 79,321,365</u>	<u>\$ 2,292,153</u>	<u>\$ (4,315,809)</u>	<u>\$ 77,297,709</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 4,115,316	\$ -	\$ -	\$ 4,115,316
Construction in Progress	6,978,481	4,331,633	(3,792,258)	7,517,856
	<u>11,093,797</u>	<u>4,331,633</u>	<u>(3,792,258)</u>	<u>11,633,172</u>
Capital assets, being depreciated:				
Buildings	32,154,427	233,648	(14,755)	32,373,320
Improvements	77,715,659	1,919,501	(2,507,867)	77,127,293
Machinery and equipment	13,138,174	1,686,614	(832,232)	13,992,556
Infrastructure	86,429,090	4,641,461	(5,070,372)	86,000,179
	<u>209,437,350</u>	<u>8,481,224</u>	<u>(8,425,226)</u>	<u>209,493,348</u>
Less accumulated depreciation for:				
Buildings	(17,706,843)	(835,760)	296	(18,542,307)
Improvements	(31,275,575)	(3,264,185)	2,256,605	(32,283,155)
Machinery and equipment	(10,264,956)	(238,232)	206,725	(10,296,463)
Infrastructure	(40,850,293)	(1,954,481)	4,030,401	(38,774,373)
	<u>(100,097,667)</u>	<u>(6,292,658)</u>	<u>6,494,027</u>	<u>(99,896,298)</u>
Total capital assets, being depreciated, net	<u>109,339,683</u>	<u>2,188,566</u>	<u>(1,931,199)</u>	<u>109,597,050</u>
Business-type activities capital assets, net	<u>\$ 120,433,480</u>	<u>\$ 6,520,199</u>	<u>\$ (5,723,457)</u>	<u>\$ 121,230,222</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

6. Capital Assets - continued

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

Governmental activities

General government	\$	491,427
Public safety		211,316
Public works		1,692,044
Culture and recreation		734,893
Housing and development		411,985
Total governmental activities	\$	3,541,665

Business-type activities

Water	\$	2,532,581
Sewer		2,043,243
Storm Drain		782,969
Sanitation		256,574
Golf Courses		227,692
Port Authority		80,739
Other		368,860
Total business-type activities	\$	6,292,658

Discretely Presented Component Unit

Capital assets activity for the Business Improvement District for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 556,744	\$ -	\$ -	\$ 556,744
Equipment	45,330	-	-	45,330
	<u>602,074</u>	<u>-</u>	<u>-</u>	<u>602,074</u>
Less accumulated depreciation for	<u>(154,906)</u>	<u>(16,987)</u>	<u>-</u>	<u>(171,893)</u>
Total capital assets, being depreciated, net	<u>447,168</u>	<u>(16,987)</u>	<u>-</u>	<u>430,181</u>
Business Improvement District				
capital assets, net	<u>\$ 447,168</u>	<u>\$ (16,987)</u>	<u>\$ -</u>	<u>\$ 430,181</u>

7. Capital Lease Obligations

Nonmajor Enterprise – Swim Pools Fund

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

The following is an analysis of the property under capital lease as of June 30, 2012:

		<u>Nonmajor Enterprise</u>
Improvements	\$	1,503,195
Less accumulated depreciation		<u>(726,282)</u>
Net leased property	\$	776,913

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

7. Capital Lease Obligations – continued

Nonmajor Enterprise – Swim Pools Fund – continued

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of net minimum lease payments at June 30, 2012:

Year Ending June 30	Nonmajor Enterprise
2013	\$ 167,935
2014	167,935
2015	167,935
2016	167,935
Total lease payments	671,740
Less amount representing interest	(98,385)
Present value of future minimum lease payments	\$ 573,355

8. Long-Term Debt

Compensated Absences Payable

Compensated absences payable, representing vested vacation and sick leave benefits earned by employees and payable upon termination, as well as additional salary-related charges payable by the City as the employer, as of June 30, 2012, were as follows:

Governmental activities	\$ 3,739,404
Business-type activities	640,521
Total	\$ 4,379,925

Loans and Contracts Payable

Nonmajor Governmental – Master Debt SILD Fund

The City Commission adopted Resolution No. 9512 on September 6, 2005, authorizing the borrowing of \$20,000 in Inter-cap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 3. The term of the loan was ten (10) years with an initial interest rate of 3.80%. On January 15, 2008 an extension of five (5) years to the term was granted.

The City Commission adopted Resolution No. 9527 on November 1, 2005, authorizing the borrowing of \$56,000 in Inter-cap funds by the General Fund for the purpose of designing and installing city street lights in Eagles Crossing Phase 1. The term of the loan was ten (10) years with an initial interest rate of 3.80%. On January 15, 2008 an extension of five (5) years to the term was granted.

The City Commission adopted Resolution No. 9572 on August 1, 2006, authorizing the borrowing of \$23,000 in Inter-cap funds by the General Fund for the purpose of designing and installing city street lights in Meadowlark Phase 4. The term of the loan was ten (10) years with an initial interest rate of 4.75%. On January 15, 2008 an extension of five (5) years to the term was granted.

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Loans and Contracts Payable – continued

Nonmajor Governmental – Master Debt SILD Fund – continued

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

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

The rates for these Intercap loans are adjusted annually on February 16th. The interest rate varies based on the underlying bond rate of the Montana Board of Investments Municipal Finance Consolidation Act Bonds. The loan will be repaid from assessments of the property owners of the Street Light districts in the Master Debt SILD Fund. The interest calculations are projected based on the current interest rate charged of 1.25%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 9,479	\$ 1,531	\$ 11,010
2014	9,887	1,412	11,299
2015	10,313	1,286	11,599
2016	10,757	1,157	11,914
2017	11,220	1,021	12,241
2018-2022	59,216	2,867	62,083
2023-2026	14,013	216	14,229
Totals	\$ 124,886	\$ 9,490	\$ 134,376

Internal Service Fund – Engineering

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

The rates for these Intercap loans are adjusted annually on February 16th. The interest rate varies based on the underlying bond rate of the Montana Board of Investments Municipal Finance Consolidation Act Bonds. The loan will be repaid from the Engineering internal service fund. The interest calculations are projected based on the current interest rate charged of 1.25%.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 36,258	\$ 4,034	\$ 40,292
2014	36,969	3,579	40,549
2015	37,694	3,115	40,809
2016	38,432	2,641	41,074
2017	39,185	2,159	41,344
2018-2021	143,272	3,616	146,887
Totals	\$ 331,810	\$ 19,145	\$ 350,955

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

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. 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 Board of Investments of the State of Montana for the purpose of financing infrastructure improvements to enhance economic development and create jobs in the basic sector of the economy. The term of the loan is eighteen (18) years with an annual rate of 4.43%. The loan will be repaid from operating funds of the Great Falls Port Authority.

Electric Fund

The City Commission adopted Resolution No. 9534 on December 6, 2005, authorizing the borrowing of \$1,500,000 from First Interstate Bank in the form of a taxable non-voted general obligation note by the electric fund for the purpose of preliminary design, engineering, feasibility and environmental review costs related to the construction of a 250 MW coal fired generation plant. The term of the note is twenty (20) years with a maximum interest rate of 7.21%.

This rate is adjusted on each fifth year anniversary date of the closing of the note. The interest rate varies equal to the constant rate of the Five Year US Treasury Index as reported in the Wall Street Journal on the adjustment date. The interest rate was adjusted in December 2010 to 3.78%. It was intended the debt would be repaid from operating funds of the electric utility. A pledge from the General fund provides backup security for the debt obligation.

Notes payable outstanding at June 30, 2012, are as follows:

	Business-Type Activities					
	Start Date	Interest Rate	Term (Years)	Maturity Date	Loan Issued	Balance June 30, 2012
Port Authority Improvements	03-02-2005	4.00%	20	10-01-2025	\$ 1,075,000	\$ 806,794
Port Authority Improvements	11-30-2007	4.43%	18 ¼	09-30-2025	4,763,794	3,890,810
Electric Improvements	12-15-2005	3.78%	20	01-01-2026	1,500,000	1,207,180
Total						\$ 5,904,784

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

	Business-Type Activities		
Year Ending June 30	Principal	Interest	Total
2013	\$ 366,714	\$ 244,144	\$ 610,858
2014	382,373	228,485	610,858
2015	398,703	212,154	610,857
2016	413,256	197,601	610,857
2017	431,648	179,210	610,858
2018-2022	2,454,065	598,616	3,052,681
2023-2026	1,458,025	110,243	1,568,268
Totals	\$ 5,904,784	\$ 1,770,453	\$ 7,675,237

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

General Obligation Bonds

Nonmajor Governmental – Soccer Park Bond

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

Nonmajor Governmental – Swim Pool Rehab Bond

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

General Obligation Bonds – continued

General obligation bonds outstanding at June 30, 2012, 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, 2012</u>
Series 2004	06-15-2004	3.75 - 4.65%	20	07-01-2024	\$ 2,500,000	\$ 1,730,000
Series 2007	05-15-2007	3.80 - 5.50%	10	07-01-2017	\$ 2,270,000	1,264,899
Total						<u>\$ 2,994,899</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 351,599	\$ 123,975	\$ 475,574
2014	366,300	110,263	476,563
2015	375,988	95,963	471,951
2016	390,671	81,088	471,759
2017	405,341	65,488	470,829
2018-2022	755,000	183,592	938,592
2023-2024	350,000	24,560	374,560
Totals	<u>\$ 2,994,899</u>	<u>\$ 684,929</u>	<u>\$ 3,679,828</u>

Additional Covenant Requirements: Annual information to be provided while the Series 2004 G/O Bonds and the Series 2008 G/O Bonds are outstanding includes audited financial statements, accompanied by the audit report and opinion of the accountant as required by the laws of the State of Montana. Additional information is provided in the statistical section of the annual report regarding property values, city indebtedness and city tax rates, levies, and collections.

Urban Renewal Tax Increment Bonds Payable

Nonmajor Governmental – West Bank Tax Increment District

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

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Urban Renewal Tax Increment Bonds Payable – continued

Nonmajor Governmental – West Bank Tax Increment District – continued

Tax increment bonds outstanding at June 30, 2012, are as follows:

	Issue Date	Interest Rate	Term (Years)	Maturity Date	Bonds Issued	Balance June 30, 2012
Series 2009A	07-30-2009	3.00 - 5.80%	25	07-01-2034	\$ 2,000,000	\$ 1,900,000
Series 2012	03-01-2012	2.00 - 4.00%	20	07-01-2032	855,000	855,000
Total						<u>\$ 2,755,000</u>

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 85,000	\$ 127,928	\$ 212,928
2014	85,000	125,578	210,578
2015	90,000	123,028	213,028
2016	90,000	120,128	210,128
2017	95,000	117,118	212,118
2018-2022	530,000	528,028	1,058,028
2023-2027	655,000	397,719	1,052,719
2028-2032	840,000	217,910	1,057,910
2033-2034	285,000	24,940	309,940
Totals	<u>\$ 2,755,000</u>	<u>\$ 1,782,377</u>	<u>\$ 4,537,377</u>

The City issued the West Bank Urban Renewal Tax Increment bonds pursuant to Resolution No. 9815 which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operating/development and debt service. The resolution also requires that the tax increment tax collected and available for debt service is at least 1.25 times coverage on total tax increment parity debt above the amount of tax increment taxes received. At June 30, 2012, 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	\$ 115,065
<u>Coverage covenant calculation</u>	
Increment taxes collected and available	\$ 364,984
Maximum annual debt service	\$ 216,165
Debt service coverage	1.69x
Debt Service coverage required	1.25x

Additional Covenant Requirements: Resolution No. 9815 requires information in addition to the operating results already provided within the Financial Section to be presented annually. The resolution does not require that information to be audited. As a result, the required information is provided in the Statistical Section of the City's Comprehensive Annual Financial Report. Required information includes figures for the appraised value, total taxable value, the incremental taxable value of property, and the ten major taxpayers within the West Bank Urban Renewal Area.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Special Assessment Debt

Nonmajor Governmental – Improvement District Revolving

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

Special assessment bonds outstanding at June 30, 2012, 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, 2012</u>
1275	10-30-1997	4.10 - 5.25%	15	08-01-2013	547,000	\$ 45,000
1301	05-15-2005	3.50 - 5.00%	15	08-01-2020	630,000	325,000
Total						\$ 370,000

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.

Special Improvement District No. 1275 and Special Improvement District No. 1301 Bond statements require additional information to be presented by the City, but do not require that information to be audited. As a result, the special improvement districts outstanding, statement of changes in fund balance of the revolving fund, special improvement district revolving fund, individual special improvement districts – continuing disclosure, market and taxable valuations, and tax collection information is presented in the Statistical Section of the City’s Comprehensive Annual Financial Report for the year ended June 30, 2012.

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, 2012, 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, 2012</u>
Water	12-21-2000	4.00%	20	01-01-2021	\$ 3,000,000	\$ 1,565,000
Water	05-15-2002	4.15%	10	02-01-2017	8,030,000	1,446,465
Water	05-01-2008	3.75%	20	07-01-2028	3,791,264	3,428,000
Water	07-16-2009	1.75%	20	07-01-2029	333,700	291,946
Sewer	05-15-2002	4.15%	10	08-01-2012	6,470,000	757,520
Sewer	05-15-2002	4.00%	20	01-01-2022	12,100,000	6,410,000
Sewer	02-01-2005	3.00 - 4.15%	20	08-01-2024	5,005,000	3,816,218
Sewer	10-01-2009	1.75%	20	07-01-2029	309,816	267,000
Storm Drain	07-24-2003	4.20 - 7.00%	10	01-01-2014	1,950,000	414,294
Storm Drain	04-06-2004	3.75%	20	01-01-2024	4,400,000	2,910,000
Golf Courses	03-01-1998	4.20 - 5.38%	18	09-01-2015	1,950,000	558,229
Golf Courses	04-01-1999	4.15 - 5.50%	20	09-01-2019	590,000	304,977
Total						\$ 22,169,649

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 3,220,540	\$ 813,929	\$ 4,034,469
2014	1,983,266	709,223	2,692,489
2015	1,845,167	633,169	2,478,336
2016	1,772,844	561,196	2,334,040
2017	1,799,475	490,923	2,290,398
2018-2022	8,239,548	1,440,510	9,680,058
2023-2027	2,955,863	284,732	3,240,595
2028-2029	352,946	9,463	362,409
Totals	<u>\$ 22,169,649</u>	<u>\$ 4,943,145</u>	<u>\$ 27,112,794</u>

Water Bond Covenants

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

The City issued the water system refunding bonds pursuant to Resolution No. 9226 which includes various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2012, 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, 2012.

Bond Reserves

Operating account	\$ 773,434
Debt service account	1,001,297
Reserve account	<u>1,337,490</u>
	\$ 3,112,221
Repair and replacement account	<u>975,582</u>
	<u>\$ 4,087,803</u>

Coverage Covenant Calculation

Gross revenues	\$ 9,615,260
Operating expenses	<u>5,314,803</u>
Net revenues	<u>\$ 4,300,457</u>
Maximum annual debt service requirement	<u>\$ 1,329,511</u>
Percent coverage	<u>323.46%</u>
Percent coverage required	<u>125.00%</u>

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Water Bond Covenants – continued

Additional Covenant Requirements: Resolution No. 9226 requires additional information to be presented by the City, but does not require that information to be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City's Comprehensive Annual Financial Report for the year ended June 30, 2012.

Sewer Bond Covenants

The City issued the sewer system refunding bonds pursuant to Resolution No. 9227 which includes the various restrictive provisions and covenants. The more significant provisions and covenants require that reserves be maintained for operations, debt service, and repair and replacement and that the net revenues for each fiscal year be at least equal to 125% of the maximum principal and interest to become due in any year. Net revenues are revenues for a specified period less the operating expenses for the same period. Revenues mean all revenues and receipts from rates, fees, charges and rentals, from penalties and interest, and from any sales of property and all income received from the investment of revenues and receipts, including interest earnings on all accounts excluding the Construction Account. Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2012, 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, 2012.

Bond Reserves

Operating account	\$ 572,758
Debt service account	1,365,971
Reserve account	1,956,105
	\$ 3,894,834
Repair and replacement account	765,777
	\$ 4,660,611
 <u>Coverage Covenant Calculation</u>	
Gross revenues	\$ 9,006,795
Operating expenses	4,783,249
Net revenues	\$ 4,223,546
Maximum annual debt service requirement	\$ 1,943,004
Percent coverage	217.37%
Percent coverage required	125.00%

Additional Covenant Requirements: Resolution No. 9227 requires additional information to be presented by the City, but does not require that information to be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City's Comprehensive Annual Financial Report for the year ended June 30, 2012.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Storm Drain Bond Covenants

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

Operating expenses include current expenses of operation, maintenance and minor repair of the system, excluding interest on bonds and depreciation. At June 30, 2012, 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, 2012.

Bond Reserves

Operating account	\$ 281,412
Debt service account	29,395
Reserve account	513,824

Repair and replacement account	\$ 824,631
	150,000

	\$ 974,631
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Coverage Covenant Calculation

Gross revenues	\$ 1,893,445
Operating expenses	363,555

Net revenues	\$ 1,529,890
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Maximum annual debt service requirement	\$ 528,207
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Percent coverage	289.64%
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Percent coverage required	125.00%
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Additional Covenant Requirements: Resolutions No. 9334 and 9360 require continuing information to be presented by the City. This includes audited financial statements for each fiscal year accompanied by the audit report and opinion of the independent accounting firm, as permitted by the laws of the State. Additional information is also required but it is not mandated that the information be audited. As a result, information including updated figures for the number of system connections, user rates, and major system users are presented in the Statistical Section to the City's Comprehensive Annual Financial Report for the year ended June 30, 2012.

Golf Course Bond Covenants

At June 30, 2012, the City was in compliance with the Rates and Charges Covenant set forth in Resolution No. 8931 and further modified through Resolution No. 9013. This covenant requires net revenues (gross revenues less operating expenses, exclusive of depreciation expense, and interest expense) to be at least equal to 140% of the principal of and interest on the Series 1998 Bonds and the Series 1999 Bonds.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

8. Long-Term Debt – continued

Revenue Bonds Payable – continued

Golf Course Bond Covenants – continued

Shown below are the bond reserves of the Golf Course Fund and the calculation of the coverage covenant as of June 30, 2012.

Bond Reserves

Reserve account	\$ 234,653
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Coverage Covenant Calculation

Gross revenues	\$ 1,404,894
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Operating expenses	1,065,628
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Net revenues	\$ 339,266
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Maximum annual debt service requirement	\$ 234,653
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Percent coverage	144.58%
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Percent coverage required	140.00%
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Additional Covenant Requirements: Resolution Nos. 8931 and 9013 require additional information to be presented by the City, but does not require that information to be audited. As a result, the additional information referred to in Resolution Nos. 8931 and 9013 under the captions “golf courses – pass holder rounds played, counts and fees” “golf courses non-pass holder rounds played and green fees,” and “golf courses – historical operating results” is presented in the Statistical Section to the City’s Comprehensive Annual Financial Report for the year ended June 30, 2012.

Capitalized Interest Expense

During the year ended June 30, 2012, 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 \$86,984, the sewer fund incurred a net of \$61,804, and the storm drain fund incurred a net of \$66,211 in such capitalized interest expenses during the year ended June 30, 2012.

Other Liabilities

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

The City became a member of Southern in fiscal year 2004. In fiscal year 2005, the City began supplying electricity to customers within the City. The first customer group included City, Housing Authority, School District, Airport Authority, Montana Air National Guard, and FedEx. Southern secured a five megawatt per hour block of power for the City at a cost of \$41.70 per megawatt hour. The 5 megawatt per hour block of power was the average energy demand of the customer base. Through December 31, 2008, payment for this block of power was comprised of a cash component of \$36 per megawatt hour, and credit towards future water purchases necessary for the operation of the HGS in the amount of \$5.70 per megawatt hour. Any surplus or shortage of energy consumed related to this block of power was sold or purchased on the energy imbalance market and recorded as a prepaid water credit.

Other Post Employment Benefits (OPEB) Payable

Internal Service – Health Insurance

OPEB payable, representing benefits earned by employees but payable after retirement, as of June 30, 2012 were as follows:

Governmental activities – internal service – health insurance fund	\$745,179
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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, 2012

8. Long-Term Debt – continued

Changes in Long-Term Liabilities

During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 3,427,536	\$ 445,570	\$ (133,702)	\$ 3,739,404	\$ 170,496
Loans and contracts payable	524,003	20,631	(87,938)	456,696	45,737
Notes payable	761,463	-	(761,463)	-	-
General obligation bonds payable	3,331,785	-	(336,886)	2,994,899	351,599
Urban renewal tax increment bonds payable	1,950,000	899,196	(94,196)	2,755,000	85,000
Special assessment debt	420,000	-	(50,000)	370,000	-
OPEB claims payable	487,669	257,510	-	745,179	-
Totals	\$ 10,902,456	\$ 1,622,907	\$ (1,464,185)	\$ 11,061,178	\$ 652,832
<u>Business-type activities</u>					
Compensated absences	\$ 575,931	\$ 113,497	\$ (48,907)	\$ 640,521	\$ 58,046
Capital leases	695,067	-	(121,712)	573,355	129,807
Notes payable	6,257,235	-	(352,451)	5,904,784	366,714
Revenue bonds payable	25,245,095	-	(3,075,446)	22,169,649	3,220,540
Other liabilities	1,186,062	-	-	1,186,062	-
Totals	\$ 33,959,390	\$ 113,497	\$ (3,598,516)	\$ 30,474,371	\$ 3,775,107

Conduit Debt

The City has participated in several issues of revenue bonds issued for the purposes of constructing privately operated facilities within the City. These bonds are not direct or contingent liabilities of the City. Revenues from lease agreements and property purchased with the bond proceeds are pledged for the total payment of principal and interest on the bonds and the bondholders can look only to these sources for repayment. As of June 30, 2012, there was one series of Bonds outstanding, with an aggregate principal amount payable of \$4,725,000. The total of the original issue amount of the outstanding bonds was \$5,500,000.

9. Employee Benefit Plans

Plan Description and Provisions

All City of Great Falls full-time employees participate in one of three statewide cost-sharing multiple-employer retirement benefit plans administered by the State of Montana Public Employees Retirement Division (PERD). Contributions to the three plans are as required by State statute. Fiscal year 2012, 2011 and 2010 required employer contributions received by the plans were \$2,595,598, \$2,529,929 and \$2,431,636, respectively. Financial information for all three plans is reported in the Public Employees' Retirement Board's published *Comprehensive Annual Financial Report* for the fiscal year end. It is available from the PERD at 100 North Park Avenue, Suite 220, P.O. Box 200131, Helena, MT 59620-0131. The authority to establish, amend and provide cost of living adjustments to all three plans is assigned to the Montana State legislature. The authority to establish and amend contribution rates to all three plans is also assigned to the State legislature.

Public Employees' Retirement System (PERS)

All City employees, except firefighters and police officers, are provided pension benefits by this multi-employer plan. Funding is provided by participating units of government and their covered employees. The City's contributions to this plan for the years ending June 30, 2012, 2011, and 2010, were \$1,168,412, \$1,138,959, and \$1,130,988, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 6.9% of monthly compensation for members hired before July 1, 2011 and 7.9% for members hired after July 1, 2011. The City is also required to contribute 7.07% of members' compensation. The State is required to contribute 0.10% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

9. Employee Benefit Plans – continued

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

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

A participant is eligible for early retirement benefits after age 50 and 5 years of service or after 25 years of service regardless of age. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2012, was 346.

Firefighters' Unified System (FURS)

Funding is provided by units of local government, their covered employees and the State of Montana. The City's contributions to this plan for the years ended June 30, 2012, 2011, and 2010, were \$613,792, \$600,492, and \$573,382, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 10.7% of monthly compensation for members who have elected to be covered under the guaranteed annual benefit adjustment (GABA), and 9.5% of monthly compensation for members who have not elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.36% of members' compensation. The State is required to contribute 32.61% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

Participants are eligible for benefits after 20 years of service and age 50. The benefit for participants hired prior to July 1, 1981, who have attained 50 years of age and 20 years of service is 50% of the monthly salary last received by the participant. Also, an additional 1% for each year of service in excess of 20 years, not to exceed a maximum of 60% of the recipient's latest monthly salary. A participant hired on or after July 1, 1981, or who retires prior to completion of 20 years of service, receives a benefit equal to 2% of average salary for each year of service, not to exceed 60%. Salary is averaged over the last 36 months for those hired on or after July 1, 1981. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2012, was 65.

Municipal Police Officers' Retirement System (MPORS)

Funding is provided by local units of government, their covered employees, and the State of Montana. The City's contributions to this plan for the years ended June 30, 2012, 2011, and 2010 were \$813,394, \$790,478, and \$727,266, respectively. One hundred percent of required contributions were made for all three years. Plan members are required to contribute 7.0% of monthly compensation for members hired after June 30, 1975, and prior to July 1, 1979; 8.5% of monthly compensation for members hired after June 30, 1979, and prior to July 1, 1997; and 9.0% of monthly compensation for members hired on or after July 1, 1997, and members who have elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.41% of members' compensation. The State is required to contribute 29.37% of members' compensation. The State's contribution is paid directly to the plan and does not flow through City accounts.

Participants are eligible for retirement benefits after 20 years of service and age 50. The minimum age requirement does not apply to participants first employed prior to July 1, 1975. The benefit is $\frac{1}{2}$ of average monthly salary during the highest 36 consecutive months of earnings plus 1% of average monthly salary for each additional year of service in excess of 20 years, to a maximum of 60%. Benefits are paid as a modified cash refund annuity. Rights become vested after 5 years of service. The total number of participating City employees at June 30, 2012, was 85.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

9. Employee Benefit Plans – continued

Funding Policy

	PERS	FURS	MPORS
Authority to establish and amend contribution rates to the plan:	State Legislature	State Legislature	State Legislature
Required plan member contributions:	6.9% ⁴ and 7.9% ⁵ of monthly compensation	9.5% ² and 10.7% ³ of monthly compensation	7.0% ¹ , 8.5% ² , 9.0% ³ of monthly compensation
	¹ for members hired after June 30, 1975, and prior to July 1, 1979		
	² for members hired after June 30, 1979 and prior to July 1, 1997		
	³ for members electing GABA; and those hired on or after July 1, 1997		
	⁴ for members hired before July 1, 2011		
	⁵ for members hired after July 1, 2011		
Required employer contributions:	7.07% of monthly compensation	14.36% of monthly compensation	14.41% of monthly compensation
Required state contributions:	0.10% of monthly compensation	32.61% of monthly compensation	29.37% of monthly compensation
Required employer contributions received and % of required amount:			
June 30, 2012	\$ 1,168,412 100%	\$ 613,792 100%	\$ 813,394 100%
June 30, 2011	\$ 1,138,959 100%	\$ 600,492 100%	\$ 790,478 100%
June 30, 2010	\$ 1,130,988 100%	\$ 573,382 100%	\$ 727,266 100%

10. Other Postemployment Benefits

Plan Description

The City provides medical insurance coverage for its employees via a single-employer defined benefit self-insured plan administered by BlueCross/Blue Shield. In accordance with MCA 2-18-702 optional postemployment benefits are provided to employees and dependents who retire under applicable retirement provisions and who elect to continue coverage and pay administratively established premiums. The City allows its retired employees to continue their health care insurance coverage through the City's group health plan until death. Benefit provisions are established through negotiations between the City and the unions representing City employees and are renegotiated each bargaining period.

Funding Policy

The City pays for postemployment health care benefits on a pay-as-you-go basis. Authority establishing the funding policy is given with MCA 2-18-702. The City does not make any contributions towards the cost of retiree health care premiums. The administratively established retiree medical premiums vary between \$362.05 and \$883.00 per month depending on the medical plan selected, family coverage, and Medicare eligibility. As of June 30, 2012, 115 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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

10. Other Postemployment Benefits – continued

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for health insurance is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Shown below is the City's annual OPEB cost as of June 30, 2012 and the related information:

Annual Required Contribution	\$	563,653
Interest on net OPEB obligation		19,507
Adjustment to annual required contribution		<u>(28,202)</u>
Annual OPEB cost		554,958
Contributions made		<u>(297,448)</u>
Increase (Decrease) in net OPEB obligation		257,510
Net OPEB obligation beginning of year		<u>487,669</u>
Net OPEB obligation end of year	\$	<u><u>745,179</u></u>

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

Year Ending June 30	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2010	\$ 286,982	57.11%	\$ 246,251
2011	541,845	55.45%	487,669
2012	554,958	53.60%	745,179

Funded status and funding progress

As of June 30, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$	5,614,345
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		<u>\$ 5,614,345</u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employees covered by the plan)	\$	18,433,003
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.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

10. Other Postemployment Benefits – continued

In the June 30, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate; the Sex Distinct 1994 Uninsured Pensioner Mortality Tables were used; an annual healthcare costs trend rate of 9.00% initially reduced to an ultimate rate of 4.20% in the year 2084; a participation rate of 20% of future retirees and all members are assumed to discontinue coverage at age 65; 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 administrative cost is included in the claims. The amortization of the City's unfunded actuarial accrued liability is being amortized over thirty level closed payments. All of the City's actuarial accrued liability is unfunded. No funding has been provided for the unfunded liability and no plans for future funding exist.

11. Construction Commitments

The City has entered into contracts for the design, construction or renovation of various facilities at June 30, 2012, some of which are as follows:

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
Public Works Building Addition	\$ 61,569	\$575,331	June 2014
Police Emergency Generator	69,036	240,864	December 2012
South Great Falls Storm Drain	72,008	332,992	June 2014
12 th and 14 th Street NE Connections	5,250	156,984	December 2013
Northwest Great Falls Storm Drainage	562,310	535,690	June 2015
Northeast Regional Storm Water Pond Pump Station	359,061	140,939	May 2013
Prairie Ridge Estates	15,821	144,971	October 2013
1 st Ave North Phase II	1,113,825	186,174	June 2013
6 th St Northeast and 7 th St S Water Main Replacement	344,525	115,696	September 2013
9 th St South Utility Install and Street Recon	102,303	1,265,073	September 2015
9 th St North Water Main Replacement	77,749	522,251	September 2013
Valeria Way Storm Main Replacement Phase 1	522,360	97,640	December 2012
Wastewater Treatment Plant Permit Required Upgrades	391,765	348,205	December 2013
Wastewater Treatment Plant Heating Line Repairs	28,148	281,582	October 2013
Street Drainage Improvements	52,354	117,646	October 2012
Street Mill and Overlays	481	559,519	October 2012
Upper Lower River Road Water and Sewer District 4	139,840	192,160	June 2014

12. Operating Leases

The City leases some of its property to others under operating leases expiring in future years. The current year rental costs and minimum future rentals on noncancellable operating leases as of June 30, 2012, were not significant.

Bulk Water Service

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

The City also leases certain office equipment from others under operating leases expiring in future years. The current year rental costs and minimum future rentals on noncancellable operating leases as of June 30, 2012, were not significant.

13. Contracted Services

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

Fire Districts

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

13. Contracted Services – continued

Dispatch and Communication Services

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

Library

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

Health Department

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

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

Electric City Power

On September 21, 2004, the City contracted with Southern to supply electricity. The result of the contract was to allow the City to provide enough electricity to supply the City's needs, and the needs of ECP customers located in Great Falls. On October 2, 2007, the City and Southern entered into a revised Wholesale Power Purchase Contract. The revisions extended the expiration date to December 30, 2048. The validity of the Wholesale Power Contract is disputed and the issue is in litigation. The City filed a declaratory judgment action against Southern in Cascade County District Court. This action has been stayed due to Southern filing for bankruptcy filing on October 21, 2011. On July 17, 2012, the City filed a declaratory judgment action against Southern in U. S. Bankruptcy Court asking the Court to declare the Wholesale Power Contract as void as well as for other relief. Southern filed multiple counterclaims against the City on September 24, 2012.

On March 15, 2005 the City Commission approved a 250 MW coal fired generating plant water service agreement with Southern outlining the rates charged for water service through June 30, 2010 for raw water, and applicable fees.

Housing Authority

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

Parking Facilities

The City has a management agreement with Standard Parking for operation of all the City's parking facilities and for enforcement of parking violations. The contract runs through December 31, 2013, with an option for the City to renew for an additional three years.

Soccer Park

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

Solid Waste

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

Wastewater Treatment Plant

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

14. Contingencies

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

In 2005, an action against the City was filed concerning the construction of Seibel Soccer Park. Damages are undetermined at this time, but a suit related retainage of \$75,974 was placed in the General Capital Projects fund.

In March 2011, the City filed a declaratory action lawsuit against Southern in Montana Eighth Judicial District Court. This action has been stayed by the Southern bankruptcy filing.

On October 21, 2011, Southern filed bankruptcy in US Bankruptcy Court. The filing of Southern's bankruptcy actions stays the declaratory action filed against Southern.

On July 17, 2012, the City filed a declaratory judgment action against Southern in U. S. Bankruptcy Court asking the Court to declare the Wholesale Power Contract as void as well as for other relief. Southern filed multiple counterclaims against the City on September 24, 2012.

15. Risk Management

The City faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omissions), environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. The City participates in three state-wide public risk pools operated by the Montana Municipal Insurance Authority (MMIA), for workers' compensation, tort liability coverage, and property coverage. In 2006/2007 the MMIA added pollution coverage at no additional cost to the members. Employee medical insurance is provided through a privately administered, self-insured plan.

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

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

15. Risk Management – continued

unreported exposure, eliminating the risk of a member not having coverage because a property was not on their "property list".

The City provides medical insurance coverage for its employees via a self-insured plan administered by Blue Cross/Blue Shield. It provides medical, dental and vision benefits and it is operated as an internal service fund, the Health and Benefits Fund. Rates are determined in consultation with Blue Cross/Blue Shield based on past claim experience. Included in the rates is a premium for a commercial "stop-loss" policy for any one claimant who exceeds \$175,000 in covered charges during a year.

Liabilities of the Health and Benefits Fund are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These claims are estimated, based on past claim experience, to represent 1.8 to 2 times the average monthly claims paid during the previous six months. At June 30, 2012, the amount of these claims was \$851,504. The City accrues as liabilities those claims that have been reported within sixty days of the date of the financial statements as being incurred prior to the date of the financial statements.

Changes in the claims payable amount during fiscal years 2012 and 2011 are as follows:

	Claims Payable Beginning of Fiscal Year	Claims Incurred	Claims Paid	Claims Payable End of Fiscal Year
2011/2012	\$ 1,083,935	\$ 6,283,626	\$ (6,516,057)	851,504
2010/2011	1,031,518	6,149,048	(6,096,631)	1,083,935

The cash available to pay claims at June 30, 2012 was \$1,239,674.

16. Net Assets and Fund Balances

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

Invested in capital assets, net of related debt

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

Restricted net assets

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

Unrestricted net assets

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Commission and Management and can be increased, reduced, or eliminated by similar actions. As of June 30, 2012, reservations of fund balance are described below:

Fiduciary Funds	
Designated for Castle Pines	\$ 195,693

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

1. Nonspendable fund balance – The net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

16. Net Assets and Fund Balances – continued

2. Restricted fund balance – Are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Fund balance committed by a City Commission adopted ordinance.
4. Assigned fund balance – Fund balance that has been appropriated by the City Commission through budget resolution for the upcoming fiscal year.
5. Unassigned fund balance – The remaining of fund balance not classified into other categories.

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

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

	Major Special Revenue Funds				Total
	General Fund	Street	Community Development Block Grant	Other Governmental Funds	
Fund balances:					
Nonspendable:					
Land held for resale	\$ -	\$ 9,734	\$ -	\$ 90,615	\$ 100,349
Long-term advance	59,696	16,507	-	597,051	673,254
Restricted for:					
Contributor restrictions	-	-	-	25,050	25,050
Grantor restrictions	-	-	280,810	7,311	288,121
Law restrictions	-	3,595,434	-	2,110,587	5,706,021
Bond restrictions	-	-	-	810,567	810,567
Assigned for:					
General government	-	-	-	251,276	251,276
Public safety	-	-	-	742,470	742,470
Park and recreation	-	-	-	488,225	488,225
Housing and development	-	-	-	227,168	227,168
Capital outlay	-	-	-	577,974	577,974
Library operations	-	-	-	645,781	645,781
Unassigned:	6,636,339	-	-	(38,601)	6,597,738
	<u>\$ 6,696,035</u>	<u>\$ 3,621,675</u>	<u>\$ 280,810</u>	<u>\$ 6,535,474</u>	<u>\$ 17,133,994</u>

17. Deficit Fund Balances and Net Assets

The CTEP Projects special revenue fund has a fund balance deficit of \$38,601. 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. The timing of the reimbursement requests resulted in the deficit.

The Electric enterprise fund has a net asset deficit of \$6,926,336. This is due, in part, to the account payable for electricity (prepaid water) from Southern in the amount of \$1,186,062. The Electric enterprise fund has an unrestricted net asset deficit of \$7,792,903. The \$866,567 variance between the net asset deficit and the unrestricted net asset deficit is due to the restriction of funds in the amount of \$866,567 that is held by Southern. Prior to Southern's bankruptcy, the City made a deposit of \$866,567. Due to the bankruptcy this deposit is in jeopardy.

City of Great Falls, Montana
Notes to Financial Statements (Continued)
June 30, 2012

17. Deficit Fund Balances and Net Assets – continued

On July 17, 2007 the City Commission approved a security agreement in the amount of \$1,400,000 on behalf of Electric City Power for Southern purchases. Southern requested a deposit equal to two months of energy supply costs. Subsequently, on August 6, 2007, the City assigned the \$1,400,000 cash to Southern to be used for PPL collateral requirements. On October 27, 2011 the City was notified of a draw against the \$1,400,000 security agreement with Southern for the full amount. On January 20, 2012 the City was notified that the full amount was applied to Southern's note obligation. This item is reported in the financial statements as an extraordinary item.

City of Great Falls Ordinance 2925, An Ordinance amending Title 5, Chapter 20, OCCGF, Authorizing and Approving the Creation of Electric City Power, Inc. Pursuant to the Montana Nonprofit Corporation Act in order to Secure and Provide reliable and economic supplies of Electricity for the City of Great Falls, its Residents and Other Consumers, was passed by the Commission November 1, 2005. Section 5.20.070 Rates. states "Such rates and charges shall be designed to enable the Corporation to operate on a self-sufficient and self-sustaining basis and to produce revenues at all times sufficient to pay all operating, maintenance, debt service, repair and replacement costs of the Corporation and to provide reserves necessary or desirable for working capital, capital improvements and replacements and rate stabilization purposes." Effective July 1, 2011, ECP, Inc. adopted a pass-through rate for all current ECP customers. Whatever rate is being charged by Southern will be the pass-through rate ECP charges its customers. In addition to the pass-through rate, there is an administrative and general charge and a debt recovery component charge (which is not charged to all customers). On October 21, 2011, Southern filed bankruptcy in US Bankruptcy Court.

The Health and Benefit internal service fund has a net asset deficit of \$81,815. This is due to the increase in claims paid and the GASB 45 required recording of the unfunded liability OPEB obligation.

18. Subsequent Events

On July 17, 2012, the City Commission authorized the issuance and fixed the terms and conditions for the sale of \$3,800,000 Sanitary Sewerage System Revenue Bonds (Department of Natural Resources Water Pollution Control State Revolving Loan Program), Series 2012.

On July 17, 2012, the City filed a declaratory judgment action against Southern in U. S. Bankruptcy Court asking the Court to declare the Wholesale Power Contract as void as well as for other relief. Southern filed multiple counterclaims against the City on September 24, 2012.

On August 7, 2012, the City Commission approved the sale of property. The sale of Parcel 1079544 to Bresnan Communications was approved in the amount of \$265,000. The sale of Parcel 1906600 to Erik Sletten was approved in the amount \$387,500.

On November 20, 2012, the City Commission authorized the amendment and restatement of Storm Drain System Revenue Bonds, Series 2004, lowering the interest rate on these bonds from 3.75% to 2.25%.

On November 20, 2012, the City Commission authorized the amendment and restatement of Sewer System Revenue Bonds, Series 2002B, lowering the interest rate on these bonds from 4.00% to 3.00%.

On November 20, 2012, the City Commission authorized the amendment and restatement of Water System Revenue Bonds, Series 2000 and Series 2008, lowering the interest rate on Series 2000 from 4.00% to 2.00% and Series 2008 from 3.75% to 3.00%.

Management has evaluated subsequent events through December 14, 2012, the date on which the financial statements were available to be issued.

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

City of Great Falls, Montana
Actuarial Valuation of Postretirement Benefits
Year Ended June 30, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Asset</u>	<u>Actuarial Liabilities (AAL)</u> ¹	<u>Unfunded Actuarial Liabilities (UAAL)</u> ²	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	-	\$ 3,011,242	\$ 3,011,242	0%	\$ 17,182,892	18%
July 1, 2010	-	5,472,114	5,472,114	0%	17,825,000	31%
July 1, 2011	-	5,614,345	5,614,345	0%	18,433,003	30%

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

² Actuarial liability less actuarial value of assets if any.

City of Great Falls, Montana
 Budgetary Comparison Schedule - General Fund
 Year Ended June 30, 2012

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 13,386,737	\$ 13,386,737	\$ 14,067,789	\$ 681,052
Licenses and permits	893,124	893,124	901,742	8,618
Intergovernmental	6,835,564	6,895,564	6,972,566	77,002
Charges for services	1,251,518	1,255,485	1,282,444	26,959
Fines and forfeitures	1,327,500	1,327,500	1,221,372	(106,128)
Internal services	870,051	870,051	846,624	(23,427)
Investment income	25,000	25,000	18,880	(6,120)
Other	32,330	40,330	54,596	14,266
Total revenues	<u>24,621,824</u>	<u>24,693,791</u>	<u>25,366,013</u>	<u>672,222</u>
EXPENDITURES				
Current				
General government				
Personal services	1,585,775	1,975,402	1,685,975	289,427
Operations and maintenance	1,521,295	1,849,167	1,740,469	108,698
Public safety				
Personal service	14,137,305	13,865,280	13,781,840	83,440
Operation and maintenance	3,202,725	3,096,254	3,117,167	(20,913)
Culture and recreation				
Personal services	1,513,322	1,513,322	1,488,289	25,033
Operations and maintenance	696,946	736,946	717,188	19,758
Debt service				
Principal	29,427	29,427	-	29,427
Interest	7,094	7,094	7,104	(10)
Capital outlay	14,000	36,938	96,944	(60,006)
Total expenditures	<u>22,707,889</u>	<u>23,109,830</u>	<u>22,634,976</u>	<u>474,854</u>
Revenues over (under) expenditures	<u>1,913,935</u>	<u>1,583,961</u>	<u>2,731,037</u>	<u>1,147,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,908,935)</u>	<u>(1,908,935)</u>	<u>(1,950,023)</u>	<u>(41,088)</u>
Total other financing sources (uses)	<u>(1,908,935)</u>	<u>(1,908,935)</u>	<u>(1,950,023)</u>	<u>(41,088)</u>
Net changes in fund balance	<u>\$ 5,000</u>	<u>\$ (324,974)</u>	<u>781,014</u>	<u>\$ 1,105,988</u>
Fund balances -- beginning			<u>5,915,021</u>	
Fund balance -- ending			<u>\$ 6,696,035</u>	

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

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds
Year Ended June 30, 2012

Street District

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 5,976	\$ 5,976	\$ 6,971	\$ 995
Intergovernmental	1,422,104	1,426,273	1,657,590	231,317
Charges for services	133,403	133,403	176,349	42,946
Internal services	114,736	114,736	102,839	(11,897)
Special assessments	3,630,779	3,630,779	3,560,032	(70,747)
Investment income	10,000	10,000	12,161	2,161
Other	-	-	94,649	94,649
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	5,316,998	5,321,167	5,610,591	289,424
EXPENDITURES				
Current				
Public works				
Personal services	2,079,327	2,079,327	2,008,385	70,942
Operations and maintenance	2,576,568	2,731,957	2,423,186	308,771
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Capital outlay	761,827	3,496,226	1,426,002	2,070,224
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	5,417,722	8,307,510	5,857,573	2,449,937
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(100,724)	(2,986,343)	(246,982)	2,739,361
Net changes in fund balance	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (100,724)	\$ (2,986,343)	(246,982)	\$ 2,739,361
Fund balances -- beginning			<hr/>	
			3,868,657	
Fund balance -- ending			<hr/>	
			\$ 3,621,675	

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

Continued on next page

City of Great Falls, Montana
Budgetary Comparison Schedule - Special Revenue Funds (Concluded)
Year Ended June 30, 2012

Community Development Block Grant

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	854,992	872,118	724,120	(147,998)
Charges for services	203,612	280,612	193,034	(87,578)
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	900	900	358	(542)
Other	-	-	7,500	7,500
Total revenues	<u>1,059,504</u>	<u>1,153,630</u>	<u>925,012</u>	<u>(228,618)</u>
EXPENDITURES				
Current				
Public works				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	161,433	166,733	161,030	5,703
Operations and maintenance	606,089	1,611,589	750,495	861,094
Capital outlay	<u>332,000</u>	<u>378,927</u>	<u>168,583</u>	<u>210,344</u>
Total expenditures	<u>1,099,522</u>	<u>2,157,249</u>	<u>1,080,108</u>	<u>1,077,141</u>
Revenues over (under) expenditures	<u>(40,018)</u>	<u>(1,003,619)</u>	<u>(155,096)</u>	<u>848,523</u>
Net changes in fund balance	<u>\$ (40,018)</u>	<u>\$ (1,003,619)</u>	<u>(155,096)</u>	<u>\$ 848,523</u>
Fund balances -- beginning			<u>435,906</u>	
Fund balance -- ending			<u>\$ 280,810</u>	

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

City of Great Falls, Montana
Notes to Budgetary Comparison Schedule
June 30, 2012

1. Summary of Significant Accounting Policies

a. Budgets and Budgetary Accounting

Annual budgets are legally required and are prepared for all funds except trust and agency funds. The budgets are prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds.

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

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

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

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Revenues</u>		
Police Special Revenue	\$50,459	Federal JAG recovery grant received
Fire Special Revenue	44,167	HAZMAT grant received
Natural Resources	352,217	Insurance settlement for tree damage
<u>Expenditures</u>		
Police Special Revenue	\$50,459	Federal JAG recovery grant received
Fire Special Revenue	44,167	HAZMAT grant received
Natural Resources	352,217	Insurance settlement for tree damage

b. Excess of Expenditures Over Appropriations

The special revenue and debt services funds that have excess expenditures over appropriations are: Support and Innovation, 911 Special Revenue, Police Special Revenue, Fire Special Revenue, Library Foundation, Economic Revolving, Permits, West Bank Urban Renewal, and West Bank Tax Increment. The Support and Innovation special revenue fund was over budget due to additional assessment revenue being passed through to the Tourism Business Improvement District. The 911 Special Revenue special revenue fund was over budget due to the purchase of needed capital improvements and telephone system upgrades. The Police Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for. The Fire Special Revenue special revenue fund was over budget due to additional revenue grants received and spent and not budgeted for. The CCALS Fire special revenue fund was over budget due to the residual equity transfer to close the fund to the Fire Special Revenue Fund. The Library Foundation special revenue fund was over budget due to needed book purchases. The Economic Revolving special revenue fund was over budget due to additional expenses for the Federal Aviation Flight Station. The Permits special revenue fund was over budget due to the increase in personal services. The West Bank Urban Renewal special revenue fund was over budget due to the refunding of the West Bank Improvement Note. The West Bank Tax Increment debt service fund was over budget due to the West Bank Improvement Note.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

CCALS (Charles C. Carrico Advanced Life Support) Fire Fund – This fund is used to account for donations used toward bringing advanced life support services to the greater Great Falls area. This fund was closed in FY 2012.

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

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

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

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.

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

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

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

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

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

Special Revenue Funds (Continued)

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

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

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

Debt Service Funds

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

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

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

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

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

West Bank Tax Increment District – This fund is used to account for the debt of the West Bank Park Urban Renewal District.

Capital Projects Funds

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

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

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

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

City of Great Falls, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds

	<u>Tax Increment</u>	<u>Planning</u>	<u>CTEP Projects</u>	<u>Lighting Districts</u>	<u>Support and Innovation</u>
ASSETS					
Cash and investments	\$ 185,568	\$ 116,892	\$ -	\$ 875,231	\$ 52,915
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	1,704	-	-	-	-
Special assessments	-	-	-	118,712	35,460
Accounts	-	-	-	919	-
Accrued interest	299	322	-	910	117
Loans	-	-	-	-	-
Due from other city funds	-	64,992	-	-	-
Due from other governments	-	55,863	31,209	1,051	255
Advances to other funds	-	-	-	577,514	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 187,571</u>	<u>\$ 238,069</u>	<u>\$ 31,209</u>	<u>\$ 1,574,337</u>	<u>\$ 88,747</u>
LIABILITIES					
Accounts payable	\$ -	\$ 44,564	\$ 4,818	\$ -	\$ -
Due to other city funds	-	-	64,992	-	-
Deferred revenue	1,704	-	-	75,758	27,881
Interfund loans payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Other liabilities	-	35,736	-	-	-
Total liabilities	<u>1,704</u>	<u>80,300</u>	<u>69,810</u>	<u>75,758</u>	<u>27,881</u>
FUND BALANCES					
Nonspendable	-	-	-	577,514	-
Restricted	185,867	-	-	921,065	-
Assigned	-	157,769	-	-	60,866
Unassigned	-	-	(38,601)	-	-
Total fund balances	<u>185,867</u>	<u>157,769</u>	<u>(38,601)</u>	<u>1,498,579</u>	<u>60,866</u>
Total liabilities and fund balances	<u>\$ 187,571</u>	<u>\$ 238,069</u>	<u>\$ 31,209</u>	<u>\$ 1,574,337</u>	<u>\$ 88,747</u>

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City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds

	<u>911 Special Revenue</u>	<u>Police Special Revenue</u>	<u>Fire Special Revenue</u>	<u>CCALS Fire</u>	<u>Library</u>
ASSETS					
Cash and investments	\$ 429,480	\$ 235,215	\$ 143,432	\$ -	\$ 539,243
Restricted cash and investments	-	-	-	-	115,580
Receivables					
Taxes	-	-	-	-	43,728
Special assessments	-	-	-	-	-
Accounts	-	-	542	-	-
Accrued interest	562	412	222	-	944
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	22,125
Due from other governments	-	7,100	-	-	811
Advances to other funds	-	-	-	-	19,382
Other assets	-	-	-	-	-
Total assets	<u>\$ 430,042</u>	<u>\$ 242,727</u>	<u>\$ 144,196</u>	<u>\$ -</u>	<u>\$ 741,813</u>
LIABILITIES					
Accounts payable	\$ 19,828	\$ 73	\$ 630	\$ -	\$ 47,289
Due to other city funds	-	-	-	-	-
Deferred revenue	-	53,964	-	-	29,361
Interfund loans payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>19,828</u>	<u>54,037</u>	<u>630</u>	<u>-</u>	<u>76,650</u>
FUND BALANCES					
Nonspendable	-	-	-	-	19,382
Restricted	-	-	-	-	-
Assigned	410,214	188,690	143,566	-	645,781
Unassigned	-	-	-	-	-
Total fund balances	<u>410,214</u>	<u>188,690</u>	<u>143,566</u>	<u>-</u>	<u>665,163</u>
Total liabilities and fund balances	<u>\$ 430,042</u>	<u>\$ 242,727</u>	<u>\$ 144,196</u>	<u>\$ -</u>	<u>\$ 741,813</u>

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City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds

	Library Foundation	Park Special Revenue	Natural Resources	Housing Authority Admin	HOME Grant
ASSETS					
Cash and investments	\$ 28,166	\$ 561,764	\$ 224,005	\$ -	\$ 6,007
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	-	-
Special assessments	-	-	27,874	-	-
Accounts	-	18,000	19,225	-	-
Accrued interest	73	878	266	-	-
Loans	-	-	-	-	47,200
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	221	52,176	2,842
Advances to other funds	-	-	155	-	-
Other assets	-	-	-	-	-
Total assets	\$ 28,239	\$ 580,642	\$ 271,746	\$ 52,176	\$ 56,049
LIABILITIES					
Accounts payable	\$ 3,189	\$ 4,114	\$ 20,392	\$ 52,176	\$ 1,538
Due to other city funds	-	-	-	-	-
Deferred revenue	-	-	18,617	-	47,200
Interfund loans payable	-	13,838	-	-	-
Advances from other funds	-	74,465	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	3,189	92,417	39,009	52,176	48,738
FUND BALANCES					
Nonspendable	-	-	155	-	-
Restricted	25,050	-	232,582	-	7,311
Assigned	-	488,225	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	25,050	488,225	232,737	-	7,311
Total liabilities and fund balances	\$ 28,239	\$ 580,642	\$ 271,746	\$ 52,176	\$ 56,049

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City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds

	<u>Economic Revolving</u>	<u>Permits</u>	<u>Licenses</u>	<u>Central Montana Ag Tech Park</u>	<u>West Bank Urban Renewal</u>
ASSETS					
Cash and investments	\$ 32,581	\$ 201,059	\$ 37,677	\$ 642,127	\$ 122,416
Restricted cash and investments	-	-	-	-	-
Receivables					
Taxes	-	-	-	77,647	-
Special assessments	-	-	-	-	-
Accounts	-	21,175	-	-	-
Accrued interest	60	296	108	1,037	209
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Other assets	90,615	-	-	-	-
Total assets	<u>\$ 123,256</u>	<u>\$ 222,530</u>	<u>\$ 37,785</u>	<u>\$ 720,811</u>	<u>\$ 122,625</u>
LIABILITIES					
Accounts payable	\$ -	\$ 29,953	\$ 3,194	\$ -	\$ -
Due to other city funds	-	-	-	-	-
Deferred revenue	-	-	-	77,647	-
Interfund loans payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>29,953</u>	<u>3,194</u>	<u>77,647</u>	<u>-</u>
FUND BALANCES					
Nonspendable	90,615	-	-	-	-
Restricted	-	-	-	643,164	122,625
Assigned	32,641	192,577	34,591	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>123,256</u>	<u>192,577</u>	<u>34,591</u>	<u>643,164</u>	<u>122,625</u>
Total liabilities and fund balances	<u>\$ 123,256</u>	<u>\$ 222,530</u>	<u>\$ 37,785</u>	<u>\$ 720,811</u>	<u>\$ 122,625</u>

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City of Great Falls, Montana
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds	Debt Service Funds			
	Airport Tax Increment	Master Debt SILD	Improvement District Revolving	Soccer Park Bond	Swim Pool Rehab Bond
ASSETS					
Cash and investments	\$ 5,276	\$ 15,282	\$ 168,621	\$ 72,233	\$ 9,310
Restricted cash and investments	-	-	209,972	-	-
Receivables					
Taxes	(6,877)	-	-	67,244	126,396
Special assessments	-	132,857	351,908	-	-
Accounts	(14)	-	-	-	-
Accrued interest	8	18	629	196	183
Loans	-	-	-	-	-
Due from other city funds	-	-	-	-	-
Due from other governments	-	11	4	277	470
Advances to other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ (1,607)	\$ 148,168	\$ 731,134	\$ 139,950	\$ 136,359
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other city funds	-	-	-	-	-
Deferred revenue	(6,891)	132,453	531,440	58,229	113,260
Interfund loans payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	(6,891)	132,453	531,440	58,229	113,260
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	5,284	15,715	199,694	81,721	23,099
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	5,284	15,715	199,694	81,721	23,099
Total liabilities and fund balances	\$ (1,607)	\$ 148,168	\$ 731,134	\$ 139,950	\$ 136,359

Continued on next page

City of Great Falls, Montana
Combining Balance Sheet (Concluded)
Nonmajor Governmental Funds
June 30, 2012

	Debt Service Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
	West Bank Tax Increment District	General Capital Projects	Improvement District Projects	Hazard Removal	
ASSETS					
Cash and investments	\$ 158,622	\$ 403,897	\$ 3,730	\$ 101,745	\$ 5,372,494
Restricted cash and investments	331,230	75,974	-	-	732,756
Receivables					
Taxes	(4,384)	-	-	-	305,458
Special assessments	-	-	-	47,105	713,916
Accounts	-	-	-	-	59,847
Accrued interest	486	745	9	165	9,154
Loans	-	-	-	800	48,000
Due from other city funds	-	-	-	-	87,117
Due from other governments	-	-	-	-	152,290
Advances to other funds	-	-	-	-	597,051
Other assets	-	-	-	-	90,615
Total assets	\$ 485,954	\$ 480,616	\$ 3,739	\$ 149,815	\$ 8,168,698
LIABILITIES					
Accounts payable	\$ -	\$ 6,330	\$ -	\$ -	\$ 238,088
Due to other city funds	-	-	-	-	64,992
Deferred revenue	(4,384)	1,961	-	47,905	1,206,105
Interfund loans payable	-	-	-	-	13,838
Advances from other funds	-	-	-	-	74,465
Other liabilities	-	-	-	-	35,736
Total liabilities	(4,384)	8,291	-	47,905	1,633,224
FUND BALANCES					
Nonspendable	-	-	-	-	687,666
Restricted	490,338	-	-	-	2,953,515
Assigned	-	472,325	3,739	101,910	2,932,894
Unassigned	-	-	-	-	(38,601)
Total fund balances	490,338	472,325	3,739	101,910	6,535,474
Total liabilities and fund balances	\$ 485,954	\$ 480,616	\$ 3,739	\$ 149,815	\$ 8,168,698

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

Special Revenue Funds

	<u>Tax Increment</u>	<u>Planning</u>	<u>CTEP Projects</u>	<u>Lighting Districts</u>	<u>Support and Innovation</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	75,794	-	-	-
Intergovernmental	-	378,286	290,238	-	-
Charges for services	-	31,371	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	31,000	-	-	-
Special assessments	-	-	-	1,753,264	570,673
Investment income	928	972	(888)	2,059	390
Other	-	19,215	5,720	(5,462)	5,337
Total revenues	<u>928</u>	<u>536,638</u>	<u>295,070</u>	<u>1,749,861</u>	<u>576,400</u>
EXPENDITURES					
Current					
General government	77,627	675,745	4,640	1,372,030	578,158
Public safety	-	-	-	-	-
Public works	-	-	-	34,231	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	337,491	-	-
Total expenditures	<u>77,627</u>	<u>675,745</u>	<u>342,131</u>	<u>1,406,261</u>	<u>578,158</u>
Revenues over (under) expenditures	<u>(76,699)</u>	<u>(139,107)</u>	<u>(47,061)</u>	<u>343,600</u>	<u>(1,758)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	168,148	36,060	-	-
Transfers out	-	-	(8,920)	-	-
Total other financing sources (uses)	<u>-</u>	<u>168,148</u>	<u>27,140</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(76,699)</u>	<u>29,041</u>	<u>(19,921)</u>	<u>343,600</u>	<u>(1,758)</u>
Fund balances -- beginning	<u>262,566</u>	<u>128,728</u>	<u>(18,680)</u>	<u>1,154,979</u>	<u>62,624</u>
Fund balances -- ending	<u>\$ 185,867</u>	<u>\$ 157,769</u>	<u>\$ (38,601)</u>	<u>\$ 1,498,579</u>	<u>\$ 60,866</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

Special Revenue Funds

	911 Special Revenue	Police Special Revenue	Fire Special Revenue	CCALS Fire	Library
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 606,942
Licenses and permits	-	-	-	-	-
Intergovernmental	582,636	43,654	52,730	-	223,326
Charges for services	-	7,712	27,582	-	37,290
Fines and forfeitures	-	16,764	-	-	26,266
Internal services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	1,629	1,251	640	41	2,472
Other	252	49,436	640	752	11,533
Total revenues	<u>584,517</u>	<u>118,817</u>	<u>81,592</u>	<u>793</u>	<u>907,829</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	228,395	132,800	99,983	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	1,238,219
Housing and development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	110,368
Total expenditures	<u>228,395</u>	<u>132,800</u>	<u>99,983</u>	<u>-</u>	<u>1,348,587</u>
Revenues over (under) expenditures	<u>356,122</u>	<u>(13,983)</u>	<u>(18,391)</u>	<u>793</u>	<u>(440,758)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	8,917	-	492,053
Transfers out	(339,109)	-	-	(8,917)	-
Total other financing sources (uses)	<u>(339,109)</u>	<u>-</u>	<u>8,917</u>	<u>(8,917)</u>	<u>492,053</u>
Net changes in fund balance	17,013	(13,983)	(9,474)	(8,124)	51,295
Fund balances – beginning	393,201	202,673	153,040	8,124	613,868
Fund balances – ending	<u>\$ 410,214</u>	<u>\$ 188,690</u>	<u>\$ 143,566</u>	<u>\$ -</u>	<u>\$ 665,163</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

Special Revenue Funds

	<u>Library Foundation</u>	<u>Park Special Revenue</u>	<u>Natural Resources</u>	<u>Housing Authority Admin</u>	<u>HOME Grant</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	1,000	21,500	-	-	117,728
Charges for services	-	2,112	1,152	1,170,345	4,800
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	22,000	-	-
Special assessments	-	-	371,492	-	-
Investment income	201	2,552	708	-	-
Other	107,986	53,458	357,663	-	-
Total revenues	<u>109,187</u>	<u>79,622</u>	<u>753,015</u>	<u>1,170,345</u>	<u>122,528</u>
EXPENDITURES					
Current					
General government	-	-	-	1,170,345	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	40,284	28,681	1,009,269	-	-
Housing and development	-	-	-	-	125,527
Debt service					
Principal	-	-	-	-	-
Interest	-	3,107	-	-	-
Capital outlay	77,644	87,072	-	-	-
Total expenditures	<u>117,928</u>	<u>118,860</u>	<u>1,009,269</u>	<u>1,170,345</u>	<u>125,527</u>
Revenues over (under) expenditures	<u>(8,741)</u>	<u>(39,238)</u>	<u>(256,254)</u>	<u>-</u>	<u>(2,999)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	8,547	264,918	-	-
Transfers out	-	(638)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,909</u>	<u>264,918</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(8,741)</u>	<u>(31,329)</u>	<u>8,664</u>	<u>-</u>	<u>(2,999)</u>
Fund balances – beginning	<u>33,791</u>	<u>519,554</u>	<u>224,073</u>	<u>-</u>	<u>10,310</u>
Fund balances – ending	<u>\$ 25,050</u>	<u>\$ 488,225</u>	<u>\$ 232,737</u>	<u>\$ -</u>	<u>\$ 7,311</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

Special Revenue Funds

	Economic Revolving	Permits	Licenses	Central Montana Ag Tech Park	West Bank Urban Renewal
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 55,124	\$ -
Licenses and permits	-	908,365	229,224	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	12,352	-	-	-
Special assessments	-	-	-	-	-
Investment income	187	936	212	2,898	614
Other	-	1,326	3,566	-	44,717
Total revenues	<u>187</u>	<u>922,979</u>	<u>233,002</u>	<u>58,022</u>	<u>45,331</u>
EXPENDITURES					
Current					
General government	18,804	-	-	37,645	50,950
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	941,515	198,714	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>18,804</u>	<u>941,515</u>	<u>198,714</u>	<u>37,645</u>	<u>50,950</u>
Revenues over (under) expenditures	<u>(18,617)</u>	<u>(18,536)</u>	<u>34,288</u>	<u>20,377</u>	<u>(5,619)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(11,734)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,734)</u>
Net changes in fund balance	(18,617)	(18,536)	34,288	20,377	(17,353)
Fund balances – beginning	<u>141,873</u>	<u>211,113</u>	<u>303</u>	<u>622,787</u>	<u>139,978</u>
Fund balances – ending	<u>\$ 123,256</u>	<u>\$ 192,577</u>	<u>\$ 34,591</u>	<u>\$ 643,164</u>	<u>\$ 122,625</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds			
	Airport TID	Master Debt SILD	Improvement District Revolving	Soccer Park Bond	Swim Pool Rehab Bond
REVENUES					
Taxes	\$ 1,160	\$ -	\$ -	\$ 195,327	\$ 284,569
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	371	580
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Internal services	-	-	-	-	-
Special assessments	-	28,972	73,692	-	-
Investment income	21	70	1,825	489	402
Other	-	-	-	-	-
Total revenues	<u>1,181</u>	<u>29,042</u>	<u>75,517</u>	<u>196,187</u>	<u>285,551</u>
EXPENDITURES					
Current					
General government	-	-	28,218	3,966	5,840
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service					
Principal	-	29,100	50,000	110,000	225,000
Interest	-	2,952	20,920	77,950	59,700
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>32,052</u>	<u>99,138</u>	<u>191,916</u>	<u>290,540</u>
Revenues over (under) expenditures	<u>1,181</u>	<u>(3,010)</u>	<u>(23,621)</u>	<u>4,271</u>	<u>(4,989)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>1,181</u>	<u>(3,010)</u>	<u>(23,621)</u>	<u>4,271</u>	<u>(4,989)</u>
Fund balances – beginning	<u>4,103</u>	<u>18,725</u>	<u>223,315</u>	<u>77,450</u>	<u>28,088</u>
Fund balances – ending	<u>\$ 5,284</u>	<u>\$ 15,715</u>	<u>\$ 199,694</u>	<u>\$ 81,721</u>	<u>\$ 23,099</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Concluded)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Debt Service Funds	Capital Project Funds			Total Nonmajor Governmental Funds
	West Bank Tax Increment District	General Capital Projects	Improvement District Projects	Hazard Removal	
REVENUES					
Taxes	\$ 364,984	\$ -	\$ -	\$ -	\$ 1,508,106
Licenses and permits	-	-	-	-	1,213,383
Intergovernmental	-	129,255	-	-	1,841,304
Charges for services	-	-	-	-	1,282,364
Fines and forfeitures	-	-	-	-	43,030
Internal services	-	-	-	-	65,352
Special assessments	-	-	-	-	2,798,093
Investment income	1,117	1,968	25	476	24,195
Other	812,776	88,711	-	-	1,557,626
Total revenues	1,178,877	219,934	25	476	10,333,453
EXPENDITURES					
Current					
General government	1,795	60,973	-	-	4,086,736
Public safety	-	9,350	-	-	470,528
Public works	-	-	-	-	34,231
Culture and recreation	-	6,330	-	-	2,322,783
Housing and development	-	-	-	4,513	1,270,269
Debt service					
Principal	855,659	-	-	-	1,269,759
Interest	140,368	-	-	-	304,997
Capital outlay	-	113,755	-	-	726,330
Total expenditures	997,822	190,408	-	4,513	10,485,633
Revenues over (under) expenditures	181,055	29,526	25	(4,037)	(152,180)
OTHER FINANCING SOURCES (USES)					
Transfers in	11,734	-	-	-	990,377
Transfers out	-	-	-	-	(369,318)
Total other financing sources (uses)	11,734	-	-	-	621,059
Net changes in fund balance	192,789	29,526	25	(4,037)	468,879
Fund balances – beginning	297,549	442,799	3,714	105,947	6,066,595
Fund balances – ending	\$ 490,338	\$ 472,325	\$ 3,739	\$ 101,910	\$ 6,535,474

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Tax Increment		Planning	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	77,215	75,794
Intergovernmental	-	-	404,582	378,286
Charges for services	-	-	23,400	31,371
Fines and forfeitures	-	-	-	-
Internal services	-	-	31,000	31,000
Special assessments	-	-	-	-
Investment income	-	928	-	972
Other	-	-	5,570	19,215
	<u>-</u>	<u>928</u>	<u>541,767</u>	<u>536,638</u>
Total revenues	-	928	541,767	536,638
EXPENDITURES				
Current				
General government				
Personal services	-	-	424,049	419,093
Operations and maintenance	-	77,627	285,861	256,652
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	253,754	-	-	-
	<u>253,754</u>	<u>77,627</u>	<u>709,910</u>	<u>675,745</u>
Total expenditures	253,754	77,627	709,910	675,745
Revenues over (under) expenditures	<u>(253,754)</u>	<u>(76,699)</u>	<u>(168,143)</u>	<u>(139,107)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	168,148	168,148
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>168,148</u>	<u>168,148</u>
Total other financing sources (uses)	-	-	168,148	168,148
Net changes in fund balance	<u>\$ (253,754)</u>	<u>(76,699)</u>	<u>\$ 5</u>	<u>29,041</u>
Fund balances -- beginning		262,566		128,728
Fund balance -- ending		<u>\$ 185,867</u>		<u>\$ 157,769</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	CTEP Projects		Lighting Districts	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,387,473	290,238	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	1,766,640	1,753,264
Investment income	-	(888)	-	2,059
Other	81,056	5,720	-	(5,462)
Total revenues	1,468,529	295,070	1,766,640	1,749,861
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	4,640	1,483,162	1,372,030
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	38,181	34,231
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,468,529	337,491	-	-
Total expenditures	1,468,529	342,131	1,521,343	1,406,261
Revenues over (under) expenditures	-	(47,061)	245,297	343,600
OTHER FINANCING SOURCES (USES)				
Transfers in	35,422	36,060	-	-
Transfers out	-	(8,920)	-	-
Total other financing sources (uses)	35,422	27,140	-	-
Net changes in fund balance	\$ 35,422	(19,921)	\$ 245,297	343,600
Fund balances – beginning		(18,680)		1,154,979
Fund balance – ending		\$ (38,601)		\$ 1,498,579

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Support and Innovation		911 Special Revenue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	640,000	582,636
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	525,000	570,673	-	-
Investment income	-	390	3,000	1,629
Other	-	5,337	-	252
Total revenues	<u>525,000</u>	<u>576,400</u>	<u>643,000</u>	<u>584,517</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	533,807	578,158	-	-
Public safety				
Operation and maintenance	-	-	140,848	228,395
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>533,807</u>	<u>578,158</u>	<u>140,848</u>	<u>228,395</u>
Revenues over (under) expenditures	<u>(8,807)</u>	<u>(1,758)</u>	<u>502,152</u>	<u>356,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(339,109)	(339,109)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(339,109)</u>	<u>(339,109)</u>
Net changes in fund balance	<u>\$ (8,807)</u>	<u>(1,758)</u>	<u>\$ 163,043</u>	<u>17,013</u>
Fund balances – beginning		<u>62,624</u>		<u>393,201</u>
Fund balance – ending		<u>\$ 60,866</u>		<u>\$ 410,214</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Police Special Revenue		Fire Special Revenue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	59,459	43,654	44,167	52,730
Charges for services	-	7,712	-	27,582
Fines and forfeitures	-	16,764	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,251	-	640
Other	-	49,436	-	640
	<u>59,459</u>	<u>118,817</u>	<u>44,167</u>	<u>81,592</u>
Total revenues	<u>59,459</u>	<u>118,817</u>	<u>44,167</u>	<u>81,592</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	79,641	132,800	44,167	99,983
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>79,641</u>	<u>132,800</u>	<u>44,167</u>	<u>99,983</u>
Total expenditures	<u>79,641</u>	<u>132,800</u>	<u>44,167</u>	<u>99,983</u>
Revenues over (under) expenditures	<u>(20,182)</u>	<u>(13,983)</u>	<u>-</u>	<u>(18,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	8,917
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,917</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,917</u>
Net changes in fund balance	<u>\$ (20,182)</u>	<u>(13,983)</u>	<u>\$ -</u>	<u>(9,474)</u>
Fund balances -- beginning		<u>202,673</u>		<u>153,040</u>
Fund balance -- ending		<u>\$ 188,690</u>		<u>\$ 143,566</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	CCALS Fire		Library	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 652,010	\$ 606,942
Licenses and permits	-	-	-	-
Intergovernmental	-	-	221,550	223,326
Charges for services	-	-	33,500	37,290
Fines and forfeitures	-	-	26,300	26,266
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	41	2,200	2,472
Other	-	752	25,200	11,533
Total revenues	-	793	960,760	907,829
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	983,964	979,717
Operations and maintenance	-	-	371,907	258,502
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	110,368
Total expenditures	-	-	1,355,871	1,348,587
Revenues over (under) expenditures	-	793	(395,111)	(440,758)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	450,965	492,053
Transfers out	-	(8,917)	-	-
Total other financing sources (uses)	-	(8,917)	450,965	492,053
Net changes in fund balance	\$ -	(8,124)	\$ 55,854	51,295
Fund balances -- beginning		8,124		613,868
Fund balance -- ending		\$ -		\$ 665,163

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Library Foundation		Park Special Revenue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,500	1,000	-	21,500
Charges for services	-	-	-	2,112
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	200	201	-	2,552
Other	50,000	107,986	29,300	53,458
Total revenues	51,700	109,187	29,300	79,622
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	153
Operations and maintenance	66,000	40,284	58,142	28,528
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	14,515	-
Interest	-	-	3,086	3,107
Capital outlay	-	77,644	133,680	87,072
Total expenditures	66,000	117,928	209,423	118,860
Revenues over (under) expenditures	(14,300)	(8,741)	(180,123)	(39,238)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,000	8,547
Transfers out	-	-	-	(638)
Total other financing sources (uses)	-	-	4,000	7,909
Net changes in fund balance	\$ (14,300)	(8,741)	\$ (176,123)	(31,329)
Fund balances – beginning		33,791		519,554
Fund balance – ending		\$ 25,050		\$ 488,225

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Natural Resources		Housing Authority Admin	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	5,000	1,152	1,215,771	1,170,345
Fines and forfeitures	-	-	-	-
Internal services	25,500	22,000	-	-
Special assessments	392,173	371,492	-	-
Investment income	1,000	708	-	-
Other	354,735	357,663	-	-
Total revenues	778,408	753,015	1,215,771	1,170,345
EXPENDITURES				
Current				
General government				
Personal services	-	-	1,198,625	1,153,199
Operations and maintenance	-	-	17,146	17,146
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	475,596	452,516	-	-
Operations and maintenance	591,844	556,753	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,067,440	1,009,269	1,215,771	1,170,345
Revenues over (under) expenditures	(289,032)	(256,254)	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	264,918	264,918	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	264,918	264,918	-	-
Net changes in fund balance	\$ (24,114)	8,664	\$ -	-
Fund balances – beginning		224,073		-
Fund balance – ending		\$ 232,737		\$ -

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	HOME Grant		Economic Revolving	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	388,168	117,728	-	-
Charges for services	4,800	4,800	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	187
Other	-	-	-	-
Total revenues	<u>392,968</u>	<u>122,528</u>	<u>-</u>	<u>187</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	3,725	18,804
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	32,405	32,315	-	-
Operations and maintenance	367,413	93,212	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>399,818</u>	<u>125,527</u>	<u>3,725</u>	<u>18,804</u>
Revenues over (under) expenditures	<u>(6,850)</u>	<u>(2,999)</u>	<u>(3,725)</u>	<u>(18,617)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (6,850)</u>	<u>(2,999)</u>	<u>\$ (3,725)</u>	<u>(18,617)</u>
Fund balances – beginning		<u>10,310</u>		<u>141,873</u>
Fund balance – ending		<u>\$ 7,311</u>		<u>\$ 123,256</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Permits		Licenses	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	686,500	908,365	219,533	229,224
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	12,352	12,352	-	-
Special assessments	-	-	-	-
Investment income	3,900	936	470	212
Other	850	1,326	3,000	3,566
	<u>703,602</u>	<u>922,979</u>	<u>223,003</u>	<u>233,002</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	638,780	665,722	65,033	65,100
Operations and maintenance	268,329	275,793	157,886	133,614
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>907,109</u>	<u>941,515</u>	<u>222,919</u>	<u>198,714</u>
Total expenditures				
Revenues over (under) expenditures	<u>(203,507)</u>	<u>(18,536)</u>	<u>84</u>	<u>34,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net changes in fund balance	<u>\$ (203,507)</u>	<u>(18,536)</u>	<u>\$ 84</u>	<u>34,288</u>
Fund balances – beginning		211,113		303
Fund balance – ending		<u>\$ 192,577</u>		<u>\$ 34,591</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds			
	Central Montana Ag Tech Park		West Bank Urban Renewal	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ 121,550	\$ 55,124	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	2,898	-	614
Other	-	-	-	44,717
	<u>121,550</u>	<u>58,022</u>	<u>-</u>	<u>45,331</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	653,665	37,645	17,167	50,950
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
	<u>653,665</u>	<u>37,645</u>	<u>17,167</u>	<u>50,950</u>
Revenues over (under) expenditures	<u>(532,115)</u>	<u>20,377</u>	<u>(17,167)</u>	<u>(5,619)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(11,734)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,734)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,734)</u>
Net changes in fund balance	<u>\$ (532,115)</u>	<u>20,377</u>	<u>\$ (17,167)</u>	<u>(17,353)</u>
Fund balances – beginning		<u>622,787</u>		<u>139,978</u>
Fund balance – ending		<u>\$ 643,164</u>		<u>\$ 122,625</u>

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City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue Funds		Debt Service Funds	
	Airport TID		Master Debt SILD	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ 450	\$ 1,160	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	20,680	28,972
Investment income	-	21	-	70
Other	-	-	-	-
Total revenues	450	1,181	20,680	29,042
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	29,102	29,100
Interest	-	-	3,029	2,952
Capital outlay	-	-	-	-
Total expenditures	-	-	32,131	32,052
Revenues over (under) expenditures	450	1,181	(11,451)	(3,010)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ 450	1,181	\$ (11,451)	(3,010)
Fund balances — beginning		4,103		18,725
Fund balance — ending		\$ 5,284		\$ 15,715

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Debt Service Funds			
	Improvement District Revolving		Soccer Park Bond	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ 205,900	\$ 195,327
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	371
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	103,280	73,692	-	-
Investment income	-	1,825	400	489
Other	-	-	-	-
Total revenues	103,280	75,517	206,300	196,187
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	28,218	28,218	3,966	3,966
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	50,000	50,000	110,000	110,000
Interest	21,220	20,920	77,950	77,950
Capital outlay	-	-	-	-
Total expenditures	99,438	99,138	191,916	191,916
Revenues over (under) expenditures	3,842	(23,621)	14,384	4,271
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	\$ 3,842	(23,621)	\$ 14,384	4,271
Fund balances -- beginning		223,315		77,450
Fund balance -- ending		\$ 199,694		\$ 81,721

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Debt Service Funds			
	Swim Pool Rehab GO Bond		West Bank Tax Increment District	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ 296,500	\$ 284,569	\$ 365,048	\$ 364,984
Licenses and permits	-	-	-	-
Intergovernmental	-	580	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	100	402	-	1,117
Other	-	-	-	812,776
Total revenues	296,600	285,551	365,048	1,178,877
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	5,840	5,840	1,795	1,795
Public safety				
Operation and maintenance	-	-	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	225,000	225,000	66,877	855,659
Interest	65,477	59,700	149,793	140,368
Capital outlay	-	-	-	-
Total expenditures	296,317	290,540	218,465	997,822
Revenues over (under) expenditures	283	(4,989)	146,583	181,055
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	11,734
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	11,734
Net changes in fund balance	\$ 283	(4,989)	\$ 146,583	192,789
Fund balances -- beginning		28,088		297,549
Fund balance -- ending		\$ 23,099		\$ 490,338

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Capital Projects Funds			
	General Capital Projects		Improvement District Projects	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	132,060	129,255	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Internal services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	1,968	-	25
Other	90,067	88,711	-	-
Total revenues	<u>222,127</u>	<u>219,934</u>	<u>-</u>	<u>25</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	-	-
Operations and maintenance	70,936	60,973	-	-
Public safety				
Operation and maintenance	-	9,350	-	-
Public works				
Operations and maintenance	-	-	-	-
Culture and recreation				
Personal services	-	-	-	-
Operations and maintenance	-	6,330	-	-
Housing and development				
Personal services	-	-	-	-
Operations and maintenance	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	635,747	113,755	-	-
Total expenditures	<u>706,683</u>	<u>190,408</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(484,556)</u>	<u>29,526</u>	<u>-</u>	<u>25</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (484,556)</u>	<u>29,526</u>	<u>\$ -</u>	<u>25</u>
Fund balances -- beginning		<u>442,799</u>		<u>3,714</u>
Fund balance -- ending		<u>\$ 472,325</u>		<u>\$ 3,739</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (Concluded)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	<u>Capital Projects Funds</u>			
	<u>Hazard Removal</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 1,641,458	\$ 1,508,106
Licenses and permits	-	-	983,248	1,213,383
Intergovernmental	-	-	3,278,959	1,841,304
Charges for services	-	-	1,282,471	1,282,364
Fines and forfeitures	-	-	26,300	43,030
Internal services	-	-	68,852	65,352
Special assessments	-	-	2,807,773	2,798,093
Investment income	-	476	11,270	24,195
Other	-	-	639,778	1,557,626
	<u>-</u>	<u>476</u>	<u>10,740,109</u>	<u>10,333,453</u>
EXPENDITURES				
Current				
General government				
Personal services	-	-	1,622,674	1,572,292
Operations and maintenance	-	-	3,105,288	2,514,444
Public safety				
Operation and maintenance	-	-	264,656	470,528
Public works				
Operations and maintenance	-	-	38,181	34,231
Culture and recreation				
Personal services	-	-	1,459,560	1,432,386
Operations and maintenance	-	-	1,087,893	890,397
Housing and development				
Personal services	-	-	736,218	763,137
Operations and maintenance	10,240	4,513	803,868	507,132
Debt service				
Principal	-	-	495,494	1,269,759
Interest	-	-	320,555	304,997
Capital outlay	-	-	2,491,710	726,330
	<u>10,240</u>	<u>4,513</u>	<u>12,426,097</u>	<u>10,485,633</u>
Revenues over (under) expenditures	<u>(10,240)</u>	<u>(4,037)</u>	<u>(1,685,988)</u>	<u>(152,180)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	923,453	990,377
Transfers out	-	-	(339,109)	(369,318)
	<u>-</u>	<u>-</u>	<u>584,344</u>	<u>621,059</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>584,344</u>	<u>621,059</u>
Net changes in fund balance	<u>\$ (10,240)</u>	<u>(4,037)</u>	<u>\$ (1,101,644)</u>	<u>468,879</u>
Fund balances – beginning		<u>105,947</u>		<u>6,066,595</u>
Fund balance – ending		<u>\$ 101,910</u>		<u>\$ 6,535,474</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.

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

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

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

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

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

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

City of Great Falls, Montana
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
ASSETS				
Current assets				
Cash and investments	\$ 346,568	\$ 323,004	\$ 429,709	\$ 160,712
Receivables				
Accounts	6,082	27,997	2,913	66,178
Accrued interest	669	507	565	255
Total current assets	<u>353,319</u>	<u>351,508</u>	<u>433,187</u>	<u>227,145</u>
Noncurrent assets				
Restricted cash and investments	-	30,006	-	32,144
Advance to other funds	3,483	20,581	21,054	10,770
Non-depreciable capital assets	69,036	863,397	-	5,449
Depreciable capital assets, net	121,243	3,009,195	777,209	335,896
Total noncurrent assets	<u>193,762</u>	<u>3,923,179</u>	<u>798,263</u>	<u>384,259</u>
Total assets	<u>547,081</u>	<u>4,274,687</u>	<u>1,231,450</u>	<u>611,404</u>
LIABILITIES				
Current liabilities				
Account payable	77,967	6,158	53,841	26,032
Unearned Revenue	-	-	-	82,290
Interfund loan payable	-	-	-	-
Capital lease obligation	-	-	129,807	-
Other liabilities	-	-	5,725	-
Total current liabilities	<u>77,967</u>	<u>6,158</u>	<u>189,373</u>	<u>108,322</u>
Noncurrent liabilities				
Capital lease obligations	-	-	443,548	-
Compensated absences	49,165	-	27,506	7,546
Total noncurrent liabilities	<u>49,165</u>	<u>-</u>	<u>471,054</u>	<u>7,546</u>
Total liabilities	<u>127,132</u>	<u>6,158</u>	<u>660,427</u>	<u>115,868</u>
NET ASSETS				
Invested in capital assets, net of related debt	190,279	3,872,592	203,854	341,345
Unrestricted	229,670	395,937	367,169	154,191
Total net assets	<u>\$ 419,949</u>	<u>\$ 4,268,529</u>	<u>\$ 571,023</u>	<u>\$ 495,536</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Fund Net Assets (Concluded)
Nonmajor Enterprise Funds
June 30, 2012

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
ASSETS			
Current assets			
Cash and investments	\$ 71,178	\$ 291,660	\$ 1,622,831
Receivables			
Accounts	4,015	-	107,185
Accrued interest	68	584	2,648
Total current assets	<u>75,261</u>	<u>292,244</u>	<u>1,732,664</u>
Noncurrent assets			
Restricted cash and investments	-	14,496	76,646
Advance to other funds	-	-	55,888
Non-depreciable capital assets	-	-	937,882
Depreciable capital assets, net	-	262,626	4,506,169
Total noncurrent assets	<u>-</u>	<u>277,122</u>	<u>5,576,585</u>
Total assets	<u>75,261</u>	<u>569,366</u>	<u>7,309,249</u>
LIABILITIES			
Current liabilities			
Account payable	15,314	10,393	189,705
Unearned Revenue	-	-	82,290
Interfund loan payable	-	-	-
Capital lease obligation	-	-	129,807
Other liabilities	-	82,983	88,708
Total current liabilities	<u>15,314</u>	<u>93,376</u>	<u>490,510</u>
Noncurrent liabilities			
Capital lease obligations	-	-	443,548
Compensated absences	296	42,185	126,698
Total noncurrent liabilities	<u>296</u>	<u>42,185</u>	<u>570,246</u>
Total liabilities	<u>15,610</u>	<u>135,561</u>	<u>1,060,756</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	262,626	4,870,696
Unrestricted	59,651	171,179	1,377,797
Total net assets	<u>\$ 59,651</u>	<u>\$ 433,805</u>	<u>\$ 6,248,493</u>

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
OPERATING REVENUES				
Charges for services	\$ 1,256,344	\$ 690,408	\$ 538,212	\$ 334,102
OPERATING EXPENSES				
Personal services	1,167,257	58,192	421,999	238,044
Supplies and materials	7,682	7,152	115,718	36,465
Purchased services	155,181	464,656	175,835	173,856
Internal services	217,004	57,018	61,023	36,892
Other	-	1,065	2,675	27,531
Depreciation	4,200	250,648	69,263	15,952
Total operating expenses	<u>1,551,324</u>	<u>838,731</u>	<u>846,513</u>	<u>528,740</u>
Operating income (loss)	<u>(294,980)</u>	<u>(148,323)</u>	<u>(308,301)</u>	<u>(194,638)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,793	1,353	1,490	672
Interest expense	-	-	(46,222)	-
Gain (loss) on disposal of assets	-	(1,533)	(171)	-
Other	-	1,034	-	1,982
Total nonoperating revenues (expenses)	<u>1,793</u>	<u>854</u>	<u>(44,903)</u>	<u>2,654</u>
Change in net assets before transfers	<u>(293,187)</u>	<u>(147,469)</u>	<u>(353,204)</u>	<u>(191,984)</u>
Transfers in	<u>326,882</u>	<u>-</u>	<u>414,389</u>	<u>153,729</u>
Change in net assets	<u>33,695</u>	<u>(147,469)</u>	<u>61,185</u>	<u>(38,255)</u>
Net assets, beginning of year	<u>386,254</u>	<u>4,415,998</u>	<u>509,838</u>	<u>533,791</u>
Net assets, end of year	<u>\$ 419,949</u>	<u>\$ 4,268,529</u>	<u>\$ 571,023</u>	<u>\$ 495,536</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Concluded)
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 116,594	\$ 352,919	\$ 3,288,579
OPERATING EXPENSES			
Personal services	25,212	299,360	2,210,064
Supplies and materials	35,065	33,361	235,443
Purchased services	21,867	49,507	1,040,902
Internal services	3,160	190,681	565,778
Other	(12)	23,009	54,268
Depreciation	-	28,797	368,860
Total operating expenses	<u>85,292</u>	<u>624,715</u>	<u>4,475,315</u>
Operating income (loss)	<u>31,302</u>	<u>(271,796)</u>	<u>(1,186,736)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	122	1,647	7,077
Interest expense	-	-	(46,222)
Gain (loss) on disposal of assets	-	(83)	(1,787)
Other	-	26,230	29,246
Total nonoperating revenues (expenses)	<u>122</u>	<u>27,794</u>	<u>(11,686)</u>
Change in net assets before transfers	31,424	(244,002)	(1,198,422)
Transfers in	<u>-</u>	<u>214,727</u>	<u>1,109,727</u>
Change in net assets	31,424	(29,275)	(88,695)
Net assets, beginning of year	<u>28,227</u>	<u>463,080</u>	<u>6,337,188</u>
Net assets, end of year	<u>\$ 59,651</u>	<u>\$ 433,805</u>	<u>\$ 6,248,493</u>

City of Great Falls, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 414,346	\$ 676,638	\$ 538,470	\$ 344,567
Receipts from interfund services provided	848,081	-	-	-
Receipts from others	-	1,034	-	1,839
Payments to suppliers	(136,974)	(472,445)	(293,607)	(241,873)
Payments to employees	(1,107,310)	(55,654)	(377,093)	(222,106)
Payments for interfund services used	(217,004)	(57,018)	(61,023)	(36,892)
Net cash provided (used) by operating activities	<u>(198,861)</u>	<u>92,555</u>	<u>(193,253)</u>	<u>(154,465)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	<u>326,882</u>	<u>-</u>	<u>414,389</u>	<u>153,729</u>
Net cash provided (used) by noncapital financing activities	<u>326,882</u>	<u>-</u>	<u>414,389</u>	<u>153,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments - capital leases	-	-	(121,713)	-
Interest paid	-	-	(46,222)	-
Acquisition/construction of capital assets	<u>(69,036)</u>	<u>(52,750)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(69,036)</u>	<u>(52,750)</u>	<u>(167,935)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>1,497</u>	<u>1,209</u>	<u>1,378</u>	<u>634</u>
Net cash provided (used) by investing activities	<u>1,497</u>	<u>1,209</u>	<u>1,378</u>	<u>634</u>
Net increase (decrease) in cash	60,482	41,014	54,579	(102)
Cash, beginning of year	<u>286,086</u>	<u>311,996</u>	<u>375,130</u>	<u>192,958</u>
Cash, end of year (a)	<u>\$ 346,568</u>	<u>\$ 353,010</u>	<u>\$ 429,709</u>	<u>\$ 192,856</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 346,568	\$ 323,004	\$ 429,709	\$ 160,712
Restricted cash and investments	-	30,006	-	32,144
	<u>\$ 346,568</u>	<u>\$ 353,010</u>	<u>\$ 429,709</u>	<u>\$ 192,856</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 112,994	\$ 352,918	\$ 2,439,933
Receipts from interfund services provided	-	-	848,081
Receipts from others	-	26,230	29,103
Payments to suppliers	(47,775)	(107,742)	(1,300,416)
Payments to employees	(18,756)	(319,962)	(2,100,881)
Payments for interfund services used	(3,160)	(190,681)	(565,778)
Net cash provided (used) by operating activities	<u>43,303</u>	<u>(239,237)</u>	<u>(649,958)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	214,727	1,109,727
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>214,727</u>	<u>1,109,727</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments - capital leases	-	-	(121,713)
Interest paid	-	-	(46,222)
Acquisition/construction of capital assets	-	(96,200)	(217,986)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(96,200)</u>	<u>(385,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	101	1,631	6,450
Net cash provided (used) by investing activities	<u>101</u>	<u>1,631</u>	<u>6,450</u>
Net increase (decrease) in cash	43,404	(119,079)	80,298
Cash, beginning of year	<u>27,774</u>	<u>425,235</u>	<u>1,619,179</u>
Cash, end of year (a)	<u>\$ 71,178</u>	<u>\$ 306,156</u>	<u>\$ 1,699,477</u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 71,178	\$ 291,660	\$ 1,622,831
Restricted cash and investments	-	14,496	76,646
	<u>\$ 71,178</u>	<u>\$ 306,156</u>	<u>\$ 1,699,477</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Safety Services</u>	<u>Parking</u>	<u>Swim Pools</u>	<u>Recreation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (294,980)	\$ (148,323)	\$ (308,301)	\$ (194,638)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	4,200	250,648	69,263	15,952
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	6,083	(13,770)	260	(11,998)
Accounts payable	76,680	2,966	37,535	13,338
Other liabilities	-	-	3,475	22,320
Compensated absences payable	9,156	-	4,515	(1,421)
Other nonoperating revenue	-	1,034	-	1,982
Total adjustments	<u>\$ 96,119</u>	<u>\$ 240,878</u>	<u>\$ 115,048</u>	<u>\$ 40,173</u>
Net cash provided (used) by operating activities	<u>\$ (198,861)</u>	<u>\$ 92,555</u>	<u>\$ (193,253)</u>	<u>\$ (154,465)</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
Year Ended June 30, 2012

	<u>Multi-Sports</u>	<u>Civic Center Events</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 31,302	\$ (271,796)	\$ (1,186,736)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	28,797	368,860
Cash provided (used) by changes in operating assets and liabilities			
Accounts receivable	(3,600)	-	(23,025)
Accounts payable	15,305	7,974	153,798
Other liabilities	-	(36,941)	(11,146)
Compensated absences payable	296	6,499	19,045
Other nonoperating revenue	-	26,230	29,246
Total adjustments	<u>\$ 12,001</u>	<u>\$ 32,559</u>	<u>\$ 536,778</u>
Net cash provided (used) by operating activities	<u>\$ 43,303</u>	<u>\$ (239,237)</u>	<u>\$ (649,958)</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.

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.

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

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

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

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

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

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

Engineering Fund – This fund is used to account for providing technical support for the Utilities and Operation branches of Public Works and other departments within the City. Public service is also rendered through providing information on City ordinances, assisting in the creation of special improvement districts and providing technical advice to various advisory boards appointed by the City Commission.

Public Works 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, Montana
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2012

	Human Resources	Central Communi- cations	Health and Benefit	Insurance and Safety
ASSETS				
Current assets				
Cash and investments	\$ 83,008	\$ 60,521	\$ 1,239,674	\$ 349,673
Receivables				
Accounts	-	-	335,889	-
Accrued interest	123	97	2,236	603
Interfund loans receivable	-	-	-	-
Inventories	-	-	-	-
Total current assets	<u>83,131</u>	<u>60,618</u>	<u>1,577,799</u>	<u>350,276</u>
Noncurrent assets				
Restricted cash and investments	-	-	-	-
Advance to other funds	-	-	-	-
Depreciable capital assets, net	2,028	13,008	-	82
Total noncurrent assets	<u>2,028</u>	<u>13,008</u>	<u>-</u>	<u>82</u>
Total assets	<u>85,159</u>	<u>73,626</u>	<u>1,577,799</u>	<u>350,358</u>
LIABILITIES				
Current liabilities				
Account payable	12,470	2,919	914,435	10,177
Loans payable	-	-	-	-
Total current liabilities	<u>12,470</u>	<u>2,919</u>	<u>914,435</u>	<u>10,177</u>
Non current liabilities				
Loans payable	-	-	-	-
Compensated absences payable	51,281	951	-	-
Other liabilities	-	-	745,179	-
Total noncurrent liabilities	<u>51,281</u>	<u>951</u>	<u>745,179</u>	<u>-</u>
Total liabilities	<u>63,751</u>	<u>3,870</u>	<u>1,659,614</u>	<u>10,177</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,028	13,008	-	82
Unrestricted	19,380	56,748	(81,815)	340,099
Total net assets	<u>\$ 21,408</u>	<u>\$ 69,756</u>	<u>\$ (81,815)</u>	<u>\$ 340,181</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Fund Net Assets (Continued)
Internal Service Funds
June 30, 2012

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
ASSETS				
Current assets				
Cash and investments	\$ 424,362	\$ 132,627	\$ 729,493	\$ 385,462
Receivables				
Accounts	-	45	3,708	203,259
Accrued interest	674	785	4,386	741
Interfund loans receivable	-	-	43,373	-
Inventories	-	-	219,058	-
Total current assets	<u>425,036</u>	<u>133,457</u>	<u>1,000,018</u>	<u>589,462</u>
Noncurrent assets				
Restricted cash and investments	-	413,197	1,979,604	117,081
Advance to other funds	-	-	362,394	-
Depreciable capital assets, net	1,557	42,542	4,671,744	755,996
Total noncurrent assets	<u>1,557</u>	<u>455,739</u>	<u>7,013,742</u>	<u>873,077</u>
Total assets	<u>426,593</u>	<u>589,196</u>	<u>8,013,760</u>	<u>1,462,539</u>
LIABILITIES				
Current liabilities				
Account payable	44,142	37,369	93,347	44,774
Loans payable	-	-	-	36,258
Total current liabilities	<u>44,142</u>	<u>37,369</u>	<u>93,347</u>	<u>81,032</u>
Non current liabilities				
Loans payable	-	-	-	295,552
Compensated absences payable	61,459	90,354	84,842	123,591
Other liabilities	-	-	-	9,026
Total noncurrent liabilities	<u>61,459</u>	<u>90,354</u>	<u>84,842</u>	<u>428,169</u>
Total liabilities	<u>105,601</u>	<u>127,723</u>	<u>178,189</u>	<u>509,201</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,557	42,542	4,671,744	424,186
Unrestricted	319,435	418,931	3,163,827	529,152
Total net assets	<u>\$ 320,992</u>	<u>\$ 461,473</u>	<u>\$ 7,835,571</u>	<u>\$ 953,338</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Fund Net Assets (Concluded)
Internal Service Funds
June 30, 2012

	Public Works Admin	Civic Center Facility Services	Totals
ASSETS			
Current assets			
Cash and investments	\$ 327,848	\$ 97,935	\$ 3,830,603
Receivables			
Accounts	-	-	542,901
Accrued interest	528	288	10,461
Interfund loans receivable	-	-	43,373
Inventories	-	-	219,058
Total current assets	328,376	98,223	4,646,396
Noncurrent assets			
Restricted cash and investments	3,514	97,116	2,610,512
Advance to other funds	17,645	30,800	410,839
Depreciable capital assets, net	28,181	589,056	6,104,194
Total noncurrent assets	49,340	716,972	9,125,545
Total assets	377,716	815,195	13,771,941
LIABILITIES			
Current liabilities			
Account payable	14,786	13,989	1,188,408
Loans payable	-	-	36,258
Total current liabilities	14,786	13,989	1,224,666
Non current liabilities			
Loans payable	-	-	295,552
Compensated absences payable	28,177	10,215	450,870
Other liabilities	-	-	754,205
Total noncurrent liabilities	28,177	10,215	1,500,627
Total liabilities	42,963	24,204	2,725,293
NET ASSETS			
Invested in capital assets, net of related debt	28,181	589,056	5,772,384
Unrestricted	306,572	201,935	5,274,264
Total net assets	\$ 334,753	\$ 790,991	\$ 11,046,648

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2012

	<u>Human Resources</u>	<u>Central Communi- cations</u>	<u>Health and Benefit</u>	<u>Insurance and Safety</u>
OPERATING REVENUES				
Charges for services	\$ 342,597	\$ 92,804	\$ 6,905,549	\$ 1,292,484
OPERATING EXPENSES				
Personal services	285,146	67,141	-	65,255
Supplies and materials	2,658	-	-	11,272
Purchased services	4,827	20,305	7,400,165	1,113,155
Internal services	35,946	3,074	-	3,526
Other	689	-	-	-
Depreciation	214	5,203	-	164
Total operating expenses	<u>329,480</u>	<u>95,723</u>	<u>7,400,165</u>	<u>1,193,372</u>
Operating income (loss)	<u>13,117</u>	<u>(2,919)</u>	<u>(494,616)</u>	<u>99,112</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	297	269	7,083	2,370
Interest expense	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-
Other	-	-	-	24,087
Total nonoperating revenues (expenses)	<u>297</u>	<u>269</u>	<u>7,083</u>	<u>26,457</u>
Change in net assets before transfers	13,414	(2,650)	(487,533)	125,569
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in net assets	13,414	(2,650)	(487,533)	125,569
Net assets, beginning of year	<u>7,994</u>	<u>72,406</u>	<u>405,718</u>	<u>214,612</u>
Net assets, end of year	<u>\$ 21,408</u>	<u>\$ 69,756</u>	<u>\$ (81,815)</u>	<u>\$ 340,181</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended June 30, 2012

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
OPERATING REVENUES				
Charges for services	\$ 1,652,693	\$ 1,259,909	\$ 1,976,945	\$ 1,167,799
OPERATING EXPENSES				
Personal services	904,639	599,960	669,955	926,709
Supplies and materials	11,549	378,232	662,583	28,459
Purchased services	287,380	469,402	67,898	35,284
Internal services	377,865	58,604	112,044	143,924
Other	40,623	152	9,087	-
Depreciation	4,611	38,208	628,091	27,891
Total operating expenses	<u>1,626,667</u>	<u>1,544,558</u>	<u>2,149,658</u>	<u>1,162,267</u>
Operating income (loss)	<u>26,026</u>	<u>(284,649)</u>	<u>(172,713)</u>	<u>5,532</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,794	2,024	23,299	1,828
Interest expense	-	-	-	(6,865)
Gain (loss) on disposal of assets	-	-	69,400	-
Other	43	5,553	2,213	-
Total nonoperating revenues (expenses)	<u>1,837</u>	<u>7,577</u>	<u>94,912</u>	<u>(5,037)</u>
Change in net assets before transfers	27,863	(277,072)	(77,801)	495
Transfers in	-	23,999	-	130,660
Transfers out	<u>(35,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(7,559)	(253,073)	(77,801)	131,155
Net assets, beginning of year	<u>328,551</u>	<u>714,546</u>	<u>7,913,372</u>	<u>822,183</u>
Net assets, end of year	<u>\$ 320,992</u>	<u>\$ 461,473</u>	<u>\$ 7,835,571</u>	<u>\$ 953,338</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Concluded)
Internal Service Funds
Year Ended June 30, 2012

	Public Works Admin	Civic Center Facility Services	Totals
OPERATING REVENUES			
Charges for services	\$ 398,869	\$ 502,851	\$ 15,592,500
OPERATING EXPENSES			
Personal services	208,810	244,644	3,972,259
Supplies and materials	8,722	22,305	1,125,780
Purchased services	114,439	157,783	9,670,638
Internal services	27,573	14,627	777,183
Other	-	-	50,551
Depreciation	5,285	60,377	770,044
Total operating expenses	364,829	499,736	16,366,455
Operating income (loss)	34,040	3,115	(773,955)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,450	723	41,137
Interest expense	-	-	(6,865)
Gain (loss) on disposal of assets	-	-	69,400
Other	-	67	31,963
Total nonoperating revenues (expenses)	1,450	790	135,635
Change in net assets before transfers	35,490	3,905	(638,320)
Transfers in	-	-	154,659
Transfers out	-	-	(35,422)
Changes in net assets	35,490	3,905	(519,083)
Net assets, beginning of year	299,263	787,086	11,565,731
Net assets, end of year	\$ 334,753	\$ 790,991	\$ 11,046,648

City of Great Falls, Montana
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012

	Human Resources	Central Communi- cations	Health and Benefit	Insurance and Safety
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ -	\$ 113,588	\$ 24,087
Receipts from interfund services provided	342,598	92,805	6,475,511	1,292,485
Receipts from others	-	-	-	-
Payments to suppliers	(7,485)	(20,305)	(7,313,797)	(1,128,965)
Payments to employees	(266,037)	(64,493)	-	(63,812)
Payments for interfund services used	(35,946)	(3,074)	-	(3,526)
Payments to others	(689)	-	-	-
Net cash provided (used) by operating activities	<u>32,441</u>	<u>4,933</u>	<u>(724,698)</u>	<u>120,269</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Interfund cash flow loans	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	-	-
Principal payments received - advances	-	-	-	-
New borrowing - loans	-	-	-	-
Principal payments - loans	-	-	-	-
Interest paid	-	-	-	-
Acquisition/construction of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>239</u>	<u>248</u>	<u>7,368</u>	<u>2,147</u>
Net cash provided (used) by investing activities	<u>239</u>	<u>248</u>	<u>7,368</u>	<u>2,147</u>
Net increase (decrease) in cash	32,680	5,181	(717,330)	122,416
Cash, beginning of year	<u>50,328</u>	<u>55,340</u>	<u>1,957,004</u>	<u>227,257</u>
Cash, end of year (a)	<u>\$ 83,008</u>	<u>\$ 60,521</u>	<u>\$ 1,239,674</u>	<u>\$ 349,673</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 83,008	\$ 60,521	\$ 1,239,674	\$ 349,673
Restricted cash and investments	-	-	-	-
	<u>\$ 83,008</u>	<u>\$ 60,521</u>	<u>\$ 1,239,674</u>	<u>\$ 349,673</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2012

	Fiscal Services	Information Tech	Central Garage	Engineering
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 6,174	\$ 38,249	\$ 14,433	\$ 125,721
Receipts from interfund services provided	1,646,519	1,233,589	1,962,193	1,039,234
Receipts from others	43	5,513	-	-
Payments to suppliers	(302,765)	(775,731)	(1,098,361)	(76,010)
Payments to employees	(854,629)	(568,274)	(633,402)	(883,065)
Payments for interfund services used	(377,865)	(58,604)	(112,044)	(143,924)
Payments to others	(40,448)	-	(9,087)	-
Net cash provided (used) by operating activities	<u>77,029</u>	<u>(125,258)</u>	<u>123,732</u>	<u>61,956</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	23,999	-	130,660
Transfers out	(35,422)	-	-	-
Interfund cash flow loans	-	-	94,938	-
Net cash provided (used) by noncapital financing activities	<u>(35,422)</u>	<u>23,999</u>	<u>94,938</u>	<u>130,660</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	-	-	82,702	-
Principal payments received - advances	-	-	42,275	-
New borrowing - loans	-	-	-	20,631
Principal payments - loans	-	-	-	(34,840)
Interest paid	-	-	-	(6,865)
Acquisition/construction of capital assets	-	-	(854,307)	(18,545)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(729,330)</u>	<u>(39,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>1,624</u>	<u>1,938</u>	<u>23,434</u>	<u>1,624</u>
Net cash provided (used) by investing activities	<u>1,624</u>	<u>1,938</u>	<u>23,434</u>	<u>1,624</u>
Net increase (decrease) in cash	43,231	(99,321)	(487,226)	154,621
Cash, beginning of year	<u>381,131</u>	<u>645,145</u>	<u>3,196,323</u>	<u>347,922</u>
Cash, end of year (a)	<u>\$ 424,362</u>	<u>\$ 545,824</u>	<u>\$ 2,709,097</u>	<u>\$ 502,543</u>
(a) Shown on the statement of net assets as:				
Cash and investments	\$ 424,362	\$ 132,627	\$ 729,493	\$ 385,462
Restricted cash and investments	-	413,197	1,979,604	117,081
	<u>\$ 424,362</u>	<u>\$ 545,824</u>	<u>\$ 2,709,097</u>	<u>\$ 502,543</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2012

	Public Works Admin	Civic Center Facility Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ -	\$ -	\$ 322,252
Receipts from interfund services provided	398,794	502,852	14,986,580
Receipts from others	75	67	5,698
Payments to suppliers	(120,635)	(180,057)	(11,024,111)
Payments to employees	(196,277)	(239,885)	(3,769,874)
Payments for interfund services used	(27,573)	(14,627)	(777,183)
Payments to others	-	-	(50,224)
Net cash provided (used) by operating activities	<u>54,384</u>	<u>68,350</u>	<u>(306,862)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	154,659
Transfers out	-	-	(35,422)
Interfund cash flow loans	-	-	94,938
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>214,175</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets	-	-	82,702
Principal payments received - advances	-	-	42,275
New borrowing - loans	-	-	20,631
Principal payments - loans	-	-	(34,840)
Interest paid	-	-	(6,865)
Acquisition/construction of capital assets	-	-	(872,852)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(768,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	<u>1,297</u>	<u>765</u>	<u>40,684</u>
Net cash provided (used) by investing activities	<u>1,297</u>	<u>765</u>	<u>40,684</u>
Net increase (decrease) in cash	55,681	69,115	(820,952)
Cash, beginning of year	<u>275,681</u>	<u>125,936</u>	<u>7,262,067</u>
Cash, end of year (a)	<u>\$ 331,362</u>	<u>\$ 195,051</u>	<u>\$ 6,441,115</u>
(a) Shown on the statement of net assets as:			
Cash and investments	\$ 327,848	\$ 97,935	\$ 3,830,603
Restricted cash and investments	3,514	97,116	2,610,512
	<u>\$ 331,362</u>	<u>\$ 195,051</u>	<u>\$ 6,441,115</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2012

	<u>Human Resources</u>	<u>Central Commun- ications</u>	<u>Health and Benefits</u>	<u>Insurance and Safety</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 13,117	\$ (2,919)	\$ (494,616)	\$ 99,112
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	214	5,203	-	164
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	-	-	(316,450)	-
Inventories	-	-	-	-
Accounts payable	12,470	2,920	(171,142)	(1,839)
Other liabilities	-	-	257,510	-
Compensated absences payable	6,640	(271)	-	(1,255)
Other nonoperating revenue	-	-	-	24,087
Total adjustments	<u>\$ 19,324</u>	<u>\$ 7,852</u>	<u>\$ (230,082)</u>	<u>\$ 21,157</u>
Net cash provided (used) by operating activities	<u>\$ 32,441</u>	<u>\$ 4,933</u>	<u>\$ (724,698)</u>	<u>\$ 120,269</u>

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City of Great Falls, Montana
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2012

	<u>Fiscal Services</u>	<u>Information Tech</u>	<u>Central Garage</u>	<u>Engineering</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 26,026	\$ (284,649)	\$ (172,713)	\$ 5,532
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	4,611	38,208	628,091	27,891
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	-	11,889	(2,531)	(2,844)
Inventories	-	-	(30,222)	-
Accounts payable	38,139	98,087	(309,938)	31,278
Other liabilities	-	-	-	-
Compensated absences payable	8,210	5,654	8,832	99
Other nonoperating revenue	43	5,553	2,213	-
Total adjustments	<u>\$ 51,003</u>	<u>\$ 159,391</u>	<u>\$ 296,445</u>	<u>\$ 56,424</u>
Net cash provided (used) by operating activities	<u>\$ 77,029</u>	<u>\$ (125,258)</u>	<u>\$ 123,732</u>	<u>\$ 61,956</u>

Continued on next page

City of Great Falls, Montana
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
Year Ended June 30, 2012

	<u>Public Works Admin</u>	<u>Civic Center Facility Services</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 34,040	\$ 3,115	\$ (773,955)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	5,285	60,377	770,044
Cash provided (used) by changes in operating assets and liabilities			
Accounts receivable	-	-	(309,936)
Inventories	-	-	(30,222)
Accounts payable	12,153	10,483	(277,389)
Other liabilities	-	-	257,510
Compensated absences payable	2,906	(5,692)	25,123
Other nonoperating revenue	-	67	31,963
Total adjustments	<u>\$ 20,344</u>	<u>\$ 65,235</u>	<u>\$ 467,093</u>
Net cash provided (used) by operating activities	<u>\$ 54,384</u>	<u>\$ 68,350</u>	<u>\$ (306,862)</u>

Private Purpose Trust Funds

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

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

City of Great Falls, Montana
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2012

	<u>Castle Pines</u>
ASSETS	
Cash and investments	\$ 195,379
Accrued interest receivable	<u>314</u>
Total assets	<u>195,693</u>
LIABILITIES	<u>-</u>
NET ASSETS	
Held in trust	<u>\$ 195,693</u>

City of Great Falls, Montana
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2012

	Castle Pines
ADDITIONS	
Private contributions	\$ 16,027
Investment income	892
	16,919
Total additions	16,919
DEDUCTIONS	
Refunds of contributions	-
	-
Changes in net assets	16,919
Net assets, beginning of year	178,774
	178,774
Net assets, end of year	\$ 195,693

Agency Funds

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

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

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

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

City of Great Falls, Montana
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

	<u>Court</u>	<u>Payroll</u>	<u>ULRRWSD</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 37,328	\$ 31,170	\$ 112,374	\$ 180,872
Accrued interest receivable	-	-	189	189
Special assessments receivable	-	-	1,053,608	1,053,608
Due from other governments	-	-	55	55
	<u>37,328</u>	<u>31,170</u>	<u>1,166,226</u>	<u>1,234,724</u>
LIABILITIES				
Accounts payable	-	31,170	-	31,170
Assets held for others	-	-	1,166,226	1,166,226
Other liabilities	<u>37,328</u>	<u>-</u>	<u>-</u>	<u>37,328</u>
	<u>\$ 37,328</u>	<u>\$ 31,170</u>	<u>\$ 1,166,226</u>	<u>\$ 1,234,724</u>

City of Great Falls, Montana
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
COURT AGENCY				
ASSETS				
Cash and investments	\$ 36,135	\$ 38,914	\$ (37,721)	\$ 37,328
Total assets	<u>36,135</u>	<u>38,914</u>	<u>(37,721)</u>	<u>37,328</u>
LIABILITIES				
Other liabilities	<u>36,135</u>	<u>(105)</u>	<u>1,298</u>	<u>37,328</u>
Total liabilities	<u>\$ 36,135</u>	<u>\$ (105)</u>	<u>\$ 1,298</u>	<u>\$ 37,328</u>
PAYROLL AGENCY				
ASSETS				
Cash and investments	\$ 49,291	\$ 23,358,557	\$ (23,376,678)	\$ 31,170
Total assets	<u>49,291</u>	<u>23,358,557</u>	<u>(23,376,678)</u>	<u>31,170</u>
LIABILITIES				
Accounts payable	<u>49,291</u>	<u>(48,961,314)</u>	<u>48,943,193</u>	<u>31,170</u>
Total liabilities	<u>\$ 49,291</u>	<u>\$ (48,961,314)</u>	<u>\$ 48,943,193</u>	<u>\$ 31,170</u>
ULRRWSD AGENCY				
ASSETS				
Cash and investments	\$ 111,045	\$ 79,884	\$ (78,555)	\$ 112,374
Special assessments receivable	1,086,140	184,147	(216,679)	1,053,608
Accrued interest receivable	176	175	(162)	189
Due from other governments	<u>24</u>	<u>54</u>	<u>(23)</u>	<u>55</u>
Total assets	<u>1,197,385</u>	<u>264,260</u>	<u>(295,419)</u>	<u>1,166,226</u>
LIABILITIES				
Assets held for others	<u>1,197,385</u>	<u>(375,383)</u>	<u>344,224</u>	<u>1,166,226</u>
Total liabilities	<u>\$ 1,197,385</u>	<u>\$ (375,383)</u>	<u>\$ 344,224</u>	<u>\$ 1,166,226</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 196,471	\$ 23,477,355	\$ (23,492,954)	\$ 180,872
Special assessments receivable	1,086,140	184,147	(216,679)	1,053,608
Accrued interest receivable	176	175	(162)	189
Due from other governments	<u>24</u>	<u>54</u>	<u>(23)</u>	<u>55</u>
Total assets	<u>1,282,811</u>	<u>23,661,731</u>	<u>(23,709,818)</u>	<u>1,234,724</u>
LIABILITIES				
Accounts payable	49,291	(48,961,314)	48,943,193	31,170
Assets held for others	1,197,385	(375,383)	344,224	1,166,226
Other liabilities	<u>36,135</u>	<u>(105)</u>	<u>1,298</u>	<u>37,328</u>
Total liabilities	<u>\$ 1,282,811</u>	<u>\$ (49,336,802)</u>	<u>\$ 49,288,715</u>	<u>\$ 1,234,724</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.	138
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	143
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.	148
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.	171
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.	173

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General government	\$ 7,733,417	\$ 7,968,020	\$ 8,651,809	\$ 7,219,070	\$ 7,551,204	\$ 6,113,949	\$ 6,280,562	\$ 6,896,504	\$ 8,333,483	\$ 9,528,095
Public safety	11,769,875	11,983,789	12,658,498	13,011,552	13,707,939	15,703,112	16,053,948	16,826,227	17,238,592	17,821,137
Public works	4,225,922	3,985,723	3,820,802	3,928,438	4,032,194	4,395,673	4,794,550	4,966,357	3,986,960	5,643,757
Culture and recreation	3,129,879	3,490,282	4,043,817	4,021,127	4,190,877	4,568,967	5,607,567	4,866,669	4,695,547	5,211,517
Housing and development	2,416,995	2,572,602	3,327,328	3,059,338	2,788,802	3,141,049	2,958,565	4,725,478	3,088,617	2,599,225
Interest and Fees	750,348	271,990	464,260	408,151	311,447	405,626	332,216	329,874	360,667	312,101
Total governmental activities expenses	30,026,436	30,272,406	32,966,514	31,647,676	32,582,463	34,328,376	36,027,408	38,611,109	37,703,866	41,115,832
Business-type activities										
Water	4,833,493	5,325,599	5,362,998	6,469,092	6,791,109	7,223,313	7,313,512	7,336,143	7,279,507	8,066,706
Sewer	4,629,286	5,416,556	5,484,053	6,120,164	6,620,414	7,215,076	7,281,065	7,340,178	7,395,670	7,265,547
Storm drain	694,124	662,616	622,512	1,164,236	1,215,422	1,227,116	1,245,318	1,252,472	1,262,923	1,243,172
Sanitation	2,641,732	2,806,848	2,773,495	2,992,216	3,072,465	3,330,166	3,231,635	3,165,548	3,222,473	3,464,588
Electric	-	30,888	1,674,686	4,471,710	6,711,809	9,441,675	10,724,225	11,050,768	11,777,771	3,648,328
Port authority	-	-	-	-	-	87,046	340,881	332,034	321,387	310,766
Golf courses	1,453,833	1,449,714	1,457,117	1,467,156	1,421,903	1,384,226	1,460,828	1,414,297	1,393,793	1,371,666
Other	5,178,355	3,356,510	3,359,635	3,677,162	4,045,283	4,273,470	4,271,610	4,253,145	4,381,134	4,523,324
Total business-type activities expenses	19,430,823	19,048,731	20,734,496	26,361,736	29,878,405	34,182,088	35,869,074	36,144,585	37,034,658	29,894,097
Total primary government expenses	\$ 49,457,259	\$ 49,321,137	\$ 53,701,010	\$ 58,009,412	\$ 62,460,868	\$ 68,510,464	\$ 71,896,482	\$ 74,755,694	\$ 74,738,524	\$ 71,009,929
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 1,990,173	\$ 2,260,293	\$ 2,358,059	\$ 2,770,849	\$ 2,584,146	\$ 2,773,279	\$ 2,895,553	\$ 3,024,023	\$ 5,648,041	\$ 5,856,691
Public safety	1,565,608	2,009,573	1,848,504	2,082,032	2,096,607	2,280,255	2,486,246	2,458,773	2,556,209	1,594,501
Public works	1,740,588	2,128,619	2,318,073	2,481,096	2,801,439	3,075,156	3,451,404	3,686,549	3,769,809	5,503,781
Culture and recreation	671,557	652,260	728,754	558,479	496,740	517,337	510,812	504,279	1,103,631	1,267,802
Housing and development	2,433,163	2,487,130	2,968,094	2,916,787	3,235,059	3,594,034	3,105,833	3,082,734	1,084,434	1,347,775
Operating grants and contributions	583,207	281,504	1,594,762	813,017	867,359	922,426	825,758	609,709	1,469,801	1,081,039
Capital grants and contributions	2,336,484	3,701,084	3,857,853	2,457,109	1,945,499	2,190,536	2,174,440	5,098,770	674,013	458,821
Total governmental activities program revenues	11,320,780	13,520,463	15,674,099	14,079,369	14,026,849	15,353,023	15,450,046	18,464,837	16,305,938	17,110,410

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities										
Charges for services										
Water	\$ 6,283,904	\$ 7,648,142	\$ 8,018,153	\$ 7,427,648	\$ 7,578,259	\$ 8,301,295	\$ 8,116,362	\$ 8,020,720	\$ 7,697,120	\$ 9,586,179
Sewer	5,260,591	5,836,954	5,661,367	6,516,115	7,089,612	7,656,887	7,788,927	7,762,817	8,110,507	8,972,566
Storm Drain	1,410,274	1,692,103	1,764,261	2,086,414	1,929,820	1,824,052	1,863,553	1,980,588	1,851,161	1,864,490
Sanitation	2,436,498	2,601,775	2,602,383	2,762,201	2,881,638	3,224,927	3,173,768	3,193,631	3,196,563	3,263,001
Electric	-	159,877	1,288,133	4,051,244	6,440,336	8,867,623	9,500,725	9,778,199	10,095,151	3,292,906
Port Authority	-	-	-	-	-	440,364	465,187	465,187	465,187	465,188
Golf Courses	1,080,084	1,084,129	1,049,535	1,090,309	1,168,802	1,254,453	1,309,590	1,421,216	1,347,695	1,404,894
Other	3,622,900	2,162,681	1,071,775	2,587,631	2,800,943	2,841,539	3,027,285	2,962,335	2,898,573	3,288,579
Operating grants and contributions	-	-	6,335	3,500	-	3,570	3,082	500	-	-
Capital grants and contributions	-	-	98,012	137,992	1,258,171	28,409	433,792	1,040,067	5,612	-
Total business-type activities program revenues	20,094,251	21,185,661	21,559,954	26,663,054	31,147,581	34,443,119	35,682,271	36,625,260	35,667,569	32,137,803
Total primary government program revenues	\$ 31,415,031	\$ 34,706,124	\$ 37,234,053	\$ 40,742,423	\$ 45,174,430	\$ 49,796,142	\$ 51,132,317	\$ 55,090,097	\$ 51,973,507	\$ 49,248,213
Net (Expense)/Revenue										
Governmental activities	\$(18,705,656)	\$(16,751,943)	\$(17,292,415)	\$(17,568,307)	\$(18,555,614)	\$(18,975,353)	\$(20,577,362)	\$(20,146,272)	\$(21,397,928)	\$(24,005,422)
Business-type activities	663,428	2,136,930	825,458	301,318	1,269,176	261,031	(186,803)	480,675	(1,367,089)	2,243,706
Total primary government net expense	\$(18,042,228)	\$(14,615,013)	\$(16,466,957)	\$(17,266,989)	\$(17,286,438)	\$(18,714,322)	\$(20,764,165)	\$(19,665,597)	\$(22,765,017)	\$(21,761,716)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property taxes	\$ 10,889,623	\$ 10,979,102	\$ 11,778,547	\$ 12,041,935	\$ 12,601,752	\$ 14,634,494	\$ 16,004,331	\$ 14,313,622	\$ 15,196,868	\$ 15,520,772
Grants and contributions not restricted to specific programs	7,218,956	7,906,709	7,801,713	7,755,847	7,809,913	8,190,388	8,532,724	8,559,609	10,223,824	6,727,541
Unrestricted investment earnings	538,257	228,687	336,545	383,907	697,066	666,468	294,352	250,613	131,130	96,731
Miscellaneous	2,328,926	620,169	233,695	311,702	683,004	887,591	728,078	1,066,106	344,436	1,132,493
Transfers	(1,560,421)	(685,734)	(1,676,415)	(1,065,222)	(1,327,408)	(2,520,767)	(2,292,865)	(1,527,849)	(1,280,271)	(1,209,727)
Total governmental activities general revenues	19,415,341	19,048,933	18,474,085	19,428,169	20,464,327	21,858,174	23,266,620	22,662,101	24,615,987	22,267,810
Business Type Activities:										
Unrestricted investment earnings	560,609	202,854	481,461	660,977	997,854	664,264	308,639	255,765	165,930	64,538
Miscellaneous	311,177	94,433	68,690	106,501	224,678	571,884	19,240	172	273,282	537,209
Transfers	1,560,421	685,734	1,676,415	1,065,222	1,327,408	2,520,767	2,292,865	1,527,849	1,280,271	1,209,727
Extraordinary item - Loss of Reserve	-	-	-	-	-	-	-	-	-	(1,400,000)
Total business-type activities general revenues	2,432,207	983,021	2,226,566	1,832,700	2,549,940	3,756,915	2,620,744	1,783,786	1,719,483	411,474
Total primary government general revenues	\$ 21,847,548	\$ 20,031,954	\$ 20,700,651	\$ 21,260,869	\$ 23,014,267	\$ 25,615,089	\$ 25,887,364	\$ 24,445,887	\$ 26,335,470	\$ 22,679,284
Change in Net Assets										
Governmental activities	\$ 709,685	\$ 2,296,990	\$ 1,181,670	\$ 1,859,862	\$ 1,908,713	\$ 2,882,821	\$ 2,689,258	\$ 2,515,829	\$ 3,218,059	\$ (1,737,612)
Business-type activities	3,095,635	3,119,951	3,052,024	2,134,018	3,819,116	4,017,946	2,433,941	2,264,461	352,394	2,655,180
Total primary government	\$ 3,805,320	\$ 5,416,941	\$ 4,233,694	\$ 3,993,880	\$ 5,727,829	\$ 6,900,767	\$ 5,123,199	\$ 4,780,290	\$ 3,570,453	\$ 917,568

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

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 39,469,877	\$ 36,396,557	\$ 40,668,483	\$ 42,200,941	\$ 63,427,216	\$ 67,957,014	\$ 69,299,156	\$ 72,695,192	\$ 74,391,543	\$ 72,430,194
Restricted	9,052,524	7,452,602	7,078,177	7,568,295	8,111,215	5,329,260	2,217,136	825,860	7,671,970	10,536,256
Unrestricted	7,605,744	14,674,981	11,245,840	11,074,181	13,732,946	14,867,924	19,327,164	19,838,233	14,512,551	11,872,002
Total governmental activities net assets	\$ 56,128,145	\$ 58,524,140	\$ 58,992,500	\$ 60,843,417	\$ 85,271,377	\$ 88,154,198	\$ 90,843,456	\$ 93,359,285	\$ 96,576,064	\$ 94,838,452
Business-Type activities										
Invested in capital assets, net of related debt	\$ 64,253,674	\$ 69,331,957	\$ 72,337,960	\$ 73,539,134	\$ 79,077,768	\$ 84,029,556	\$ 86,137,271	\$ 87,603,446	\$ 89,541,681	\$ 93,789,614
Restricted	9,050,791	8,835,470	12,266,972	12,556,046	9,100,250	9,668,238	10,182,501	10,717,102	12,402,105	10,824,265
Unrestricted	12,143,378	10,594,873	7,630,741	8,199,511	9,935,789	8,433,959	8,245,922	8,509,607	5,238,763	5,223,850
Total business-type activities net assets	\$ 85,447,843	\$ 88,762,300	\$ 92,235,673	\$ 94,294,691	\$ 98,113,807	\$ 102,131,753	\$ 104,565,694	\$ 106,830,155	\$ 107,182,549	\$ 109,837,729
Primary government										
Invested in capital assets, net of related debt	\$ 103,723,551	\$ 105,728,514	\$ 113,006,443	\$ 115,740,075	\$ 142,504,984	\$ 151,986,570	\$ 155,436,427	\$ 160,298,638	\$ 163,933,224	\$ 166,219,808
Restricted	18,103,315	16,288,072	19,345,149	20,124,341	17,211,465	14,997,498	12,399,637	11,542,962	20,074,075	21,360,521
Unrestricted	19,749,122	25,269,854	18,876,581	19,273,692	23,668,735	23,301,883	27,573,086	28,347,840	19,751,314	17,095,852
Total primary government net assets	\$ 141,575,988	\$ 147,286,440	\$ 151,228,173	\$ 155,138,108	\$ 183,385,184	\$ 190,285,951	\$ 195,409,150	\$ 200,189,440	\$ 203,758,613	\$ 204,676,181

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 100,000	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 159,696	\$ 59,696
Unassigned	4,232,030	3,944,843	3,280,357	2,822,542	2,948,716	2,500,265	3,352,228	4,564,282	5,755,325	6,636,339
Total general fund	<u>\$ 4,232,030</u>	<u>\$ 3,944,843</u>	<u>\$ 3,280,357</u>	<u>\$ 2,922,542</u>	<u>\$ 3,108,412</u>	<u>\$ 2,659,961</u>	<u>\$ 3,511,924</u>	<u>\$ 4,723,978</u>	<u>\$ 5,915,021</u>	<u>\$ 6,696,035</u>
All Other Governmental Funds										
Nonspendable	\$ 100,349	\$ 100,349	\$ 100,349	\$ 100,349	\$ 713,907	\$ 713,907	\$ 713,907	\$ 713,907	\$ 713,907	\$ 713,907
Restricted	9,531,489	9,702,135	6,433,033	6,776,982	9,611,871	6,514,023	5,579,732	6,515,228	6,798,367	6,829,759
Assigned	2,858,111	2,396,619	2,943,662	2,155,838	2,026,754	2,555,551	2,527,591	2,488,739	2,877,564	2,932,894
Unassigned	-	(23,046)	(288,528)	(28,937)	(125,651)	(114,411)	(5,892)	(3,887)	(18,680)	(38,601)
Total all other governmental funds	<u>\$12,489,949</u>	<u>\$12,176,057</u>	<u>\$ 9,188,516</u>	<u>\$ 9,004,232</u>	<u>\$12,226,881</u>	<u>\$ 9,669,070</u>	<u>\$ 8,815,338</u>	<u>\$ 9,713,987</u>	<u>\$10,371,158</u>	<u>\$10,437,959</u>

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

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

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

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

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

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

The 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$10,889,623	\$10,979,102	\$11,537,954	\$11,949,430	\$12,932,609	\$14,197,988	\$15,280,089	\$14,665,459 ⁴	\$15,196,868	\$15,575,895
Special Assessments	3,705,324	3,895,149	4,117,111	4,205,112	4,456,879	4,762,317	5,079,030	5,616,689 ⁵	6,138,832 ⁵	6,358,146
Licenses & Permits	1,361,798	1,430,941	1,589,688	1,556,336	1,797,639	2,060,296	1,815,363	1,680,221	1,761,023	2,122,096
Intergovernmental	10,338,056	11,458,997	12,321,287	10,677,996 ³	10,250,929	10,946,651	11,179,465	13,931,704 ⁶	12,535,101	11,195,580
Charges for Services	1,856,700	2,111,331	2,280,358	2,377,124	2,699,858	2,674,751	3,081,602	2,889,083	2,893,084	2,934,191
Fines & Forfeitures	1,135,743	1,299,754	1,301,902	1,531,578	1,465,106	1,477,982	1,502,122	1,452,672	1,440,067	1,264,402
Internal Service	868,762	950,850	888,307	928,582	1,133,596	1,180,411	1,166,834	1,266,559	1,106,690	1,014,815
Other	2,323,893	1,460,724	1,137,632	540,017	492,258	441,304	381,030	756,110	1,133,152	1,714,371
Investment Income	386,037	112,530 ¹	244,172 ¹	242,674	560,508	448,583	156,404	129,967	74,683	55,573
Total revenues	32,865,936	33,699,378	35,418,411	34,008,849	35,789,382	38,190,283	39,641,939	42,388,464	42,279,500	42,235,069
Expenditures										
General Government	7,303,040	7,720,091	7,385,712	6,920,346	6,813,067	6,884,548	7,254,140	6,995,847	6,752,078	7,518,860
Public Safety	11,198,867	11,523,420	12,378,962	12,713,281	13,391,537	15,336,682	15,792,570	16,565,115	17,208,800	17,360,185
Public Works	3,578,526	3,292,422	3,225,539	3,190,200	3,192,983	3,516,983	3,843,043	4,000,607	4,106,622	4,475,802
Culture & Recreation	2,766,316	3,096,873	3,630,589	3,329,144	3,562,237	3,820,102	3,816,577	4,196,819	4,190,657	4,521,930
Housing & Development	2,339,091	2,581,540	2,978,451	2,688,276	2,395,756	2,714,537	2,548,111	4,361,695 ⁶	2,584,976	2,181,794
Debt Service										
Principal	1,353,500	1,534,000	1,250,073	1,336,433	1,302,531	1,434,620	1,603,535	1,625,954	463,998	1,269,759
Interest & fees	799,474	330,282	434,638	383,585	327,021	388,524	320,830	356,530	360,294	312,101
Capital Outlay	3,089,452	5,704,265 ²	6,065,725 ²	2,619,789	2,175,938	4,696,802	2,666,399	3,941,814 ⁷	3,413,384	2,417,859
Total Expenditures	32,428,266	35,782,893	37,349,689	33,181,054	33,161,070	38,792,798	37,845,205	42,044,381	39,080,809	40,058,290
Excess of revenues over (under) expenditures	437,670	(2,083,515)	(1,931,278)	827,795	2,628,312	(602,515)	1,796,734	344,083	3,198,691	2,176,779
Other Financing Sources (Uses)										
Transfers In	2,583,925	3,215,676	3,271,637	2,983,184	2,362,396	2,858,289	2,199,261	2,442,925	1,559,931	990,377
Transfers Out	(4,054,975)	(4,357,346)	(5,432,223)	(4,478,400)	(4,089,753)	(5,864,248)	(4,680,775)	(4,157,016)	(2,912,592)	(2,319,341)
Issuance of debt	(84,287)	2,530,256	833,354	73,093	2,311,675	41,562	47,560	2,802,021 ⁸	-	-
Sale of capital assets	14,743	93,253	11,884	52,038	195,886	560,650	635,451	678,690	2,184	-
Total other financing sources (uses)	(1,540,594)	1,481,839	(1,315,348)	(1,370,085)	780,204	(2,403,747)	(1,798,503)	1,766,620	(1,350,477)	(1,328,964)
Net change in fund balance	\$ (1,102,924)	\$ (601,676)	\$ (3,246,626)	\$ (542,290)	\$ 3,408,516	\$ (3,006,262)	\$ (1,769)	\$ 2,110,703	\$ 1,848,214	\$ 847,815
Debt service as a percentage of noncapital expenditures	7.34%	6.20%	5.39%	5.63%	5.26%	5.35%	5.47%	5.20%	2.31%	4.20%

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

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

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

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

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

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

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

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

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								
2003	\$1,766,980,994	\$53,378,591	\$ 140,636,341	\$ 3,910,670	\$ 1,907,617,335	\$ 64,776,978	3.40%	119.00
2004	2,094,766,611	54,303,806	138,095,399	6,906,844	2,232,862,010	65,328,553	2.93%	124.33
2005	1,864,909,252	53,781,399	141,784,188	4,086,270	2,006,693,440	66,377,650	3.31%	131.64
2006	1,957,030,185	55,391,383	138,013,207	4,028,424	2,095,043,392	68,026,995	3.25%	138.27
2007	2,022,021,187	66,155,226	148,813,371	4,394,817	2,170,834,558	70,550,043	3.25%	140.94
2008	2,136,035,079	68,941,143	162,329,143	4,835,189	2,298,364,222	73,776,332	3.21%	158.21
2009	2,235,699,855	70,959,944	183,294,177	5,445,746	2,418,994,032	76,405,690	3.16%	162.76
2010	2,300,579,974	71,021,098	197,087,531	5,841,602	2,497,667,505	76,862,700	3.08%	169.04
2011	2,286,266,340	63,422,541	335,049,320	14,853,161	2,621,315,660	78,275,702	2.99%	173.10
2012	2,353,657,366	62,915,536	343,605,243	15,793,499	2,697,262,609	78,709,035	2.92%	183.24
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - NET OF TAX INCREMENT DISTRICTS (TID)								
2003	\$1,517,970,513	\$53,152,749	\$ 134,540,666	\$ 3,727,818	\$ 1,652,511,179	\$ 56,880,567	3.44%	119.00
2004	1,841,138,828	54,106,999	130,488,269	6,681,002	1,971,627,097	60,788,001	3.08%	124.33
2005	1,633,891,050	53,580,593	135,156,959	3,889,463	1,769,048,009	57,470,056	3.25%	131.64
2006	1,733,415,472	55,186,069	131,270,000	3,827,618	1,864,685,472	59,013,687	3.16%	138.27
2007	1,758,314,047	56,758,308	141,894,158	4,189,503	1,900,208,205	60,947,811	3.21%	140.94
2008	1,878,082,643	59,238,458	155,612,446	4,636,065	2,033,695,089	63,874,523	3.14%	158.21
2009	1,942,828,004	60,841,989	174,548,420	5,185,463	2,117,376,424	66,027,452	3.12%	162.76
2010	2,257,663,616	69,759,972	187,864,866	5,567,746	2,445,528,482	75,327,718	3.08%	169.04
2011	2,232,576,531	61,903,579	333,352,184	14,800,836	2,565,928,715	76,704,415	2.99%	169.04
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
TAXABLE ASSESSED AND MARKET VALUE OF TAXABLE PROPERTY - TOTAL TAX INCREMENT DISTRICTS (TID) ¹								
2003	\$ 249,010,481	\$ 7,717,385	\$ 6,095,675	\$ 182,852	\$ 255,106,156	\$ 7,900,237	3.10%	113.00
2004	253,627,783	7,135,284	7,607,130	225,842	261,234,913	7,361,126	2.82%	118.33
2005	231,018,202	8,768,633	6,627,229	196,807	237,645,431	8,965,440	3.77%	125.64
2006	223,614,713	8,446,109	6,743,207	200,806	230,357,920	8,646,915	3.75%	132.27
2007	247,948,856	9,396,918	6,919,213	205,314	254,868,069	9,602,232	3.77%	134.94
2008	276,137,655	9,702,685	6,716,697	199,124	282,854,352	9,901,809	3.50%	152.21
2009	292,871,851	10,117,955	8,745,757	260,283	301,617,608	10,378,238	3.44%	156.76
2010	42,916,358	1,261,126	9,222,665	273,856	52,139,023	1,534,982	2.94%	163.04
2011	53,689,809	1,518,962	1,697,136	52,325	55,386,945	1,571,287	2.84%	167.10
2012	54,240,944	1,484,583	2,052,346	65,053	56,293,290	1,549,636	2.75%	177.24

Source: Montana State Department of Revenue.

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

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

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

Real Property

	Downtown Urban Renewal TID Market Value	Downtown Urban Renewal TID TAV	Industrial International Malting Co. TID Market Value	Industrial International Malting Co. TID TAV	Urban Renewal West Bank TID Market Value	Urban Renewal West Bank TID TAV	International Airport TID Market Value	International Airport TID TAV Value
Base Value	N/A	\$ -	N/A	\$ 347,683	N/A	\$292,250	N/A	\$ 107,149
2003	\$ 249,010,481	7,717,385	N/A	N/A	N/A	N/A	N/A	N/A
2004	253,627,783	7,135,284	N/A	N/A	N/A	N/A	N/A	N/A
2005	231,018,202	8,768,633	N/A	N/A	N/A	N/A	N/A	N/A
2006	223,614,713	8,446,109	N/A	N/A	N/A	N/A	N/A	N/A
2007	247,948,856	8,902,107	N/A	494,811	N/A	N/A	N/A	N/A
2008	257,952,436	9,144,399	\$ 18,185,219	558,286	N/A	N/A	N/A	N/A
2009	261,528,098	9,167,952	20,839,374	627,020	\$ 10,504,379	322,983	N/A	N/A
2010	-	-	22,359,576	656,851	16,933,172	498,107	\$ 3,623,610	106,168
2011	-	-	19,259,823	543,160	30,601,803	867,844	3,828,183	107,958
2012	-	-	19,258,904	523,995	30,791,048	846,591	4,190,992	113,997

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
2003	\$ 6,095,675	\$ 182,852	N/A	N/A	N/A	N/A	N/A	N/A
2004	7,607,130	225,842	N/A	N/A	N/A	N/A	N/A	N/A
2005	6,627,229	196,807	N/A	N/A	N/A	N/A	N/A	N/A
2006	6,743,207	200,806	N/A	N/A	N/A	N/A	N/A	N/A
2007	6,919,213	205,314	N/A	N/A	N/A	N/A	N/A	N/A
2008	6,716,697	199,124	N/A	N/A	N/A	N/A	N/A	N/A
2009	6,288,391	186,562	\$ 2,457,366	\$ 73,721	N/A	N/A	N/A	N/A
2010	6,593,520	194,982	2,450,667	73,520	\$ 178,478	\$ 5,354	N/A	N/A
2011	-	-	18,106 ²	543	1,679,030 ¹	51,782	N/A	N/A
2012	-	-	13,757	527	2,038,589	64,526	N/A	N/A

Source: Montana State Department of Revenue.

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

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

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

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

Fiscal Year	Overlapping Governments						Direct	Total
	State University	State School Equalization	Cascade County	County-Wide School	Great Falls School Districts	Transit District	City of Great Falls	
2003	6.00	40.00	101.73	101.46	195.25	13.76	119.00	577.20
2004	6.00	40.00	111.22	99.60	208.17	14.07	124.33	603.39
2005	6.00	40.00	107.70	103.41	209.51	14.76	131.64	613.02
2006	6.00	40.00	107.96	102.09	199.47	15.06	138.27	608.85
2007	6.00	40.00	121.55	102.18	188.23	15.80	140.94	614.70
2008	6.00	40.00	122.02	103.87	184.34	16.40	158.21	630.84
2009	6.00	40.00	122.54	94.32	178.89	16.35	162.76	620.86
2010	6.00	40.00	120.99	100.82	174.68	17.22	169.04	628.75
2011	6.00	40.00	122.83	101.31	179.93	17.84	173.10	641.01
2012	6.00	40.00	126.23	95.72	180.11	19.09	183.24	650.39

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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Northwestern Energy, LLC	\$ 4,022,549	1	5.11%	\$ 1,943,477	1 ¹	3.00%
Montana Refining Co.	1,675,080	2	2.13%	688,679	4	1.06%
Bresnan Communications	1,595,332	3	2.03%	-	-	-
Qwest Corporation	948,562	4	1.21%	1,151,223	2 ²	1.78%
Great Falls Gas Co. (Energy West)	816,479	5	1.04%	705,108	3	1.09%
Holiday Village Partners LLC	700,946	6 ³	0.89%	-	-	-
Pasta Montana	640,907	7	0.81%	539,139	7	0.83%
Burlington Northern Santa Fe Railroad	637,450	8	0.81%	353,550	9	0.55%
Benefis Health System, Inc	581,912	9	0.74%	-	-	-
General Mills, Inc	554,168	10	0.70%	548,219	6	0.85%
Macerich Partnership, LP	-	-	-	660,002	5 ³	1.02%
Macerich Great Falls Limited Partnership	-	-	-	481,885	8	0.74%
Wal-Mart Real Estate Business Trust	-	-	-	311,588	10	0.48%
	<u>\$12,173,385</u>		<u>15.47%</u>	<u>\$ 7,382,870</u>		<u>11.40%</u>
Total Assessed Value	<u>\$78,709,035</u>			<u>\$64,776,978</u>		

Source: Treasurer's Office, Cascade County, Montana

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

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

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

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

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						
2003	\$ 9,682,109	\$ 9,011,269	93.07%	\$ 670,686	\$ 9,681,955	100.00%
2004	10,358,234	9,409,577	90.84%	948,499	10,358,076	100.00%
2005	10,747,814	9,500,571	88.40%	1,246,976	10,747,547	100.00%
2006	11,168,847	10,171,657	91.07%	985,981	11,157,638	99.90%
2007	11,951,767	10,940,702	91.54%	1,002,077	11,942,779	99.92%
2008	13,431,139	12,002,811	89.37%	1,412,683	13,415,494	99.88%
2009	14,199,478	13,089,535	92.18%	1,092,063	14,181,598	99.87%
2010	12,939,188	12,232,966	94.54%	655,973	12,888,939	99.61%
2011	13,996,931	12,809,614	91.52%	880,174	13,689,788	97.81%
2012	14,722,663	13,104,833	89.01%	-	13,104,833	89.01%
PROPERTY TAX LEVIES AND COLLECTIONS - NET OF TAX INCREMENT DISTRICTS ¹						
2003	\$ 7,189,079	\$ 6,523,929	90.75%	\$ 664,996	\$ 7,188,925	100.00%
2004	7,907,307	7,162,049	90.58%	745,100	7,907,149	100.00%
2005	8,731,041	7,720,601	88.43%	1,010,173	8,730,774	100.00%
2006	9,119,393	8,327,389	91.32%	780,795	9,108,184	99.88%
2007	9,624,311	8,862,777	92.09%	752,546	9,615,323	99.91%
2008	10,891,406	9,799,479	89.97%	1,076,532	10,876,011	99.86%
2009	11,481,132	10,749,613	93.63%	713,639	11,463,252	99.84%
2010	12,623,877	11,924,011	94.46%	651,462	12,575,473	99.62%
2011	13,510,828	12,423,862	91.95%	782,802	13,206,664	97.75%
2012	14,257,354	12,659,663	88.79%	-	12,659,663	88.79%
PROPERTY TAX LEVIES AND COLLECTIONS - TAX INCREMENT DISTRICTS ¹						
2003	\$ 2,493,030	\$ 2,487,340	99.77%	\$ 5,690	\$ 2,493,030	100.00%
2004	2,450,927	2,247,528	91.70%	203,399	2,450,927	100.00%
2005	2,016,773	1,779,970	88.26%	236,803	2,016,773	100.00%
2006	2,049,454	1,844,268	89.99%	205,186	2,049,454	100.00%
2007	2,327,456	2,077,925	89.28%	249,531	2,327,456	100.00%
2008	2,539,733	2,203,332	86.75%	336,151	2,539,483	99.99%
2009	2,718,346	2,339,922	86.08%	378,424	2,718,346	100.00%
2010	315,311	308,955	97.98%	4,511	313,466	99.41%
2011	486,103	385,752	79.36%	97,372	483,124	99.39%
2012	465,309	445,170	95.67%	-	445,170	95.67%

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, 2012

	<u>SID Number</u>	<u>Issue Date</u>	<u>Original Issue</u>	<u>Accumulated Cash Balance</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>	<u>C/Y Principal and Interest Assessments Outstanding</u>	<u>Delinquent Principal and Interest Assessments</u>
Special Improvement District (SID)								
Fairway Addition Roadway	1275	10/30/1997	\$ 547,000	\$ 9,576	08/01/2013	\$ 45,000	\$ 13,383	\$ 907
Medical Tech Park	1301	05/15/2005	630,000	33,097	06/30/2021	325,000	324,218	-
Total Bonds Outstanding			<u>\$ 1,177,000</u>	<u>\$ 42,673</u>		<u>\$ 370,000</u>	<u>\$ 337,601</u>	907
Assessments Outstanding								
Total assessments outstanding	Misc.							<u>\$ 907</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Beginning fund balance, July 1	\$ 469,467	\$ 469,136	\$ 434,664	\$ 289,528	\$ 315,688	\$ 178,756	\$ 143,817	\$ 98,851	\$ 176,388	\$ 152,712
Receipts over (under) disbursements	(330)	(34,472)	(145,136)	26,160	(136,932)	(34,939)	(44,966)	77,537	(23,676)	(27,536)
Ending fund balance, June 30	<u>\$ 469,137</u>	<u>\$ 434,664</u>	<u>\$ 289,528</u>	<u>\$ 315,688</u>	<u>\$ 178,756</u>	<u>\$ 143,817</u>	<u>\$ 98,851</u>	<u>\$ 176,388</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>
Assets										
Cash	\$ 433,300	\$ 432,266	\$ 287,401	\$ 291,718	\$ 177,516	\$ 142,540	\$ 98,419	\$ 175,881	\$ 152,468	\$ 124,950
Loans to districts	33,196	-	-	-	-	-	-	-	-	-
Assessments receivable	15,355	5,444	24,402	18,519	10,385	5,805	1,333	1,770	-	-
Accrued interest	2,641	2,398	1,440	1,709	1,240	1,277	432	507	244	226
Due from Other City Funds	-	-	-	21,006	-	-	-	-	-	-
Total assets	<u>\$ 484,492</u>	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>
Liabilities										
Deferred revenue	15,355	5,444	23,715	17,264	10,385	5,805	1,333	1,770	-	-
Total Fund Balance	469,137	434,664	289,528	315,688	178,756	143,817	98,851	176,388	152,712	125,176
Total Liabilities/Fund Balances	<u>\$ 484,492</u>	<u>\$ 440,108</u>	<u>\$ 313,243</u>	<u>\$ 332,952</u>	<u>\$ 189,141</u>	<u>\$ 149,622</u>	<u>\$ 100,184</u>	<u>\$ 178,158</u>	<u>\$ 152,712</u>	<u>\$ 125,176</u>

Source: City of Great Falls, Montana

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

<u>Fiscal Year</u>	<u>Revolving Fund Cash Balance</u>	<u>Principal Amount of Bonds</u>	<u>Percentage</u>
2003	\$ 433,300	\$ 1,184,000	36.60%
2004	432,266	880,000	49.12%
2005	287,401	1,305,000	22.02%
2006	291,718	1,055,000	27.65%
2007	177,516	875,000	20.29%
2008	142,540	765,000	18.63%
2009	98,419	555,000	17.73%
2010	175,881	490,000	35.89%
2011	152,468	420,000	36.30%
2012	124,950	370,000	33.77%

Individual Special Improvement Districts - Continuing Disclosure

	<u>SID 1275</u>	<u>SID 1301</u>
Properties with assessments outstanding		
Number	43	1
Amount	\$ 13,383	\$ 324,218
Market Value	4,840,349	311,516
Undeveloped properties with assessments outstanding		
Number	5	-
Amount	\$ 1,630	\$ -

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
2003	\$ 384,350	\$ 380,132	98.9%	\$ 428,319	111.4%
2004	354,498	352,851	99.5%	403,390	113.8%
2005 ²	269,538	298,808	110.9%	385,126	142.9%
2006 ²	242,501	306,408	126.4%	357,355	147.4%
2007 ²	202,864	213,286	105.1%	226,922	111.9%
2008	188,397	187,304	99.4%	194,251	103.1%
2009	180,620	160,166	88.7%	168,616	93.4%
2010 ²	109,811	137,848	125.5%	139,665	127.2%
2011 ²	78,994	80,672	102.1%	80,729	102.2%
2012	74,280	73,708	99.2%	73,378	98.8%

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

<u>Fiscal Year</u>	<u>Assessment Billing</u>	<u>Collections in Year Assessed</u>		<u>Total Outstanding Assessment</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
2003	\$ 3,651,915	\$ 3,330,659	91.2%	\$ 1,857,319
2004	3,811,871	3,512,490	92.1%	1,496,901
2005	3,847,285	3,597,062	93.5%	1,054,487
2006	4,155,885	3,859,436	92.9%	1,417,515 ¹
2007	4,372,241	4,071,459	93.1%	1,848,516
2008	4,654,945	4,342,412	93.3%	1,615,882
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

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

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

Source: City of Great Falls

City of Great Falls, Montana
 West Bank Urban Renewal District Principal Taxpayers
 Fiscal Year 2012

Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Mitchell Development & Investments LLC	Courthouse	\$ 288,157	1	35.12%
West Bank Properties LLC	Hotel	217,046	2	26.45%
Stockman Bank of Montana	Bank	53,739	3	6.55%
Daza Properties LLC	Walgreens	41,411	4	5.05%
Henderson, Michael & William	Johnson Distributing	31,007	5	3.78%
Montana Electric Cooperatives	Montana Electric Coop	20,062	6	2.44%
Talcott Properties LLC	Parking lot	18,675	7	2.28%
Prospector Catering Co. LLC	J Bar T	17,754	8	2.16%
Bumbarger, Fred and Patricia	Payless Furniture	17,033	9	2.08%
Burlington Northern Santa Fe Railroad Co	Railroad	16,875	10	2.06%
		<u>\$ 721,759</u>		<u>87.96%</u>
Total Assessed Value		<u>\$ 820,555</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>
Revenues			
Taxes	\$ 108,124	\$ 350,619	\$ 364,984
Investment Income	1,911	1,534	1,117
Other	-	-	812,776
Total revenues	<u>110,035</u>	<u>352,153</u>	<u>1,178,877</u>
Expenditures			
General Government	42,500	440	1,795
Debt Service			
Principal	-	50,000	855,659
Interest & fees	130,778	174,951	140,368
Total Expenditures	<u>173,278</u>	<u>225,391</u>	<u>997,822</u>
Revenues over (under) expenditures	(63,243)	126,762	181,055
Other Financing Sources (Uses)	<u>234,030</u>	<u>-</u>	<u>-</u>
Revenues and other financing uses over (under) expenditures	170,787	126,762	181,055
Fund balances, beginning of year	-	170,787	297,549
Transfers in (out)	-	-	11,734
Fund balances, end of year	<u>\$ 170,787</u>	<u>\$ 297,549</u>	<u>\$ 490,338</u>
	<u>Parity</u>	<u>Parity</u>	<u>Parity</u>
<u>Bond reserves</u>			
Debt service account	\$ 13,729	\$ 21,785	\$ 115,065
<u>Coverage covenant calculation</u>			
Increment taxes collected and available	\$ 108,124	\$ 350,285	\$ 364,984
Maximum annual debt service	156,530	156,530	216,165
Debt service coverage	.69x	2.24x	1.69x
Debt service coverage required	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, 2012

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	\$ 426,662	1	4.44%	\$ 260,120	2	3.19%			
Montana Refining Company, Inc	129,228	2	1.34%						
Benefis Healthcare	123,702	3	1.29%	169,934	3	2.08%	\$ 21,405	2	1.13%
Black Eagle	111,231	4	1.16%			0.00%			
Great Falls Housing Authority	63,993	5	0.67%	92,590	4	1.13%	10,333	6	0.55%
University of Great Falls	48,191	6	0.50%						
Highwood Trailer Park	34,001	7	0.35%	30,166	9	0.37%	10,168	7	0.54%
Meadowgold Dairies	25,520	8	0.27%	38,544	6	0.47%			
Sun Healthcare Group	25,496	9	0.27%	40,245	5	0.49%			
Great Falls High School	23,240	10	0.24%				8,003	9	0.42%
Malt Europ				525,095	1	6.44%			
Countryside Village				35,419	7	0.43%			
Cascade County				32,981	8	0.40%			
Heritage Inn				29,252	10	0.36%			
Burlington Northern							23,277	1	1.23%
Orix Real Estate Capital							15,322	3	0.81%
Holiday Village Mall							15,160	4	0.80%
CM Russell High School							11,788	5	0.62%
Wal-Mart							9,091	8	0.48%
Great Falls College MSU							7,883	10	0.42%
	<u>\$ 1,011,264</u>		<u>10.52%</u>	<u>\$ 1,254,346</u>		<u>15.37%</u>	<u>\$ 132,430</u>		<u>6.99%</u>

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

City of Great Falls, Montana
Current Water Rate Structure
June 30, 2012

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>
Monthly service charge					
Meter size (in inches)					
3/4	\$ 5.30	\$ 4.77	\$ 5.30	\$ -	\$ -
1	5.65	5.08	5.65	-	-
1 1/4	10.24	9.21	10.24	-	-
1 1/2	10.24	9.21	10.24	-	-
2	12.97	11.67	12.97	-	-
3	34.58	31.12	34.58	-	-
4	50.05	45.05	50.05	-	50.05
6	100.86	90.78	100.86	-	-
8	151.84	136.66	151.84	151.84	-
10	214.71	193.24	214.71	-	214.71
12	316.84	285.15	316.84	-	-
Monthly consumption charge					
First 300 cf	\$ 1.03	\$ 0.93	\$ 1.28	\$ 1.32	\$ 1.47
Over 300 cf	1.72	1.55	1.28	1.32	1.47
Monthly fire hydrant charge					
Meter size (in inches)					
3/4	\$ 1.89	\$ 1.89	\$ 1.89		
1	2.16	2.16	2.16		
1 1/4	6.00	6.00	6.00		
1 1/2	6.00	6.00	6.00		
2	8.30	8.30	8.30		
3	26.28	26.28	26.28		
4	39.25	39.25	39.25		
6	81.63	81.63	81.63		
Annual fire line charge					
Line size (in inches)					
2			\$ 24.26		
3			36.81		
4			56.89		
6			101.22		
8			137.19		
12			353.02		

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>
2003	18,488	2,237	20,725	89.2%	\$ 478
2004	18,480	2,262	20,742	89.1%	429
2005	18,460	2,231	20,691	89.2%	402
2006	18,560	2,274	20,834	89.1%	368
2007	18,706	2,235	20,941	89.3%	333
2008	18,767	2,187	20,954	89.6%	299
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

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues:										
Water charges for services ¹	\$6,283,904	\$7,613,068	\$6,789,945	\$7,428,136	\$7,748,991	\$8,649,041	\$8,116,362	\$8,020,720	\$7,697,120	\$9,586,179
Investment income	238,667	84,416	194,618	242,145	343,622	222,131	92,126	76,365	39,264	27,400
Gain on disposal of assets	-	-	-	-	-	3,874	4,635	-	-	1,681
Total operating revenues	6,522,571	7,697,484	6,984,563	7,670,281	8,092,613	8,875,046	8,213,123	8,097,085	7,736,384	9,615,260
Operating Expenses:²										
Personal services	1,388,858	1,462,948	1,586,949	1,673,142	1,783,197	1,910,008	1,951,263	2,091,070	2,041,140	2,196,201
Supplies and materials	360,320	444,514	422,377	481,424	492,161	567,907	660,000	541,209	545,963	985,185
Purchased services	518,322	746,515	555,964	622,985	822,079	725,945	814,849	764,256	658,518	848,400
Internal services	917,939	935,706	1,058,511	930,470	1,164,990	1,229,012	1,243,040	1,292,350	1,270,871	1,239,423
Other	12,792	-	-	-	-	-	-	-	47,423	45,594
Total operating expenses	3,198,231	3,589,683	3,623,801	3,708,021	4,262,427	4,432,872	4,669,152	4,688,885	4,563,915	5,314,803
Net revenue available for debt service	\$3,324,340	\$4,107,801	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,543,971	\$3,408,200	\$3,172,469	\$4,300,457
Net revenue	\$3,324,340	\$4,107,801	\$3,360,762	\$3,962,260	\$3,830,186	\$4,442,174	\$3,543,971	\$3,408,200	\$3,172,469	\$4,300,457
Depreciation expense	(1,415,469)	(1,506,868)	(1,625,040)	(2,379,231)	(2,338,936)	(2,559,465)	(2,387,934)	(2,426,177)	(2,470,702)	(2,532,581)
Total non-operating income	169,826	52,437	16,423	36,406	512,291	27,284	419,702	353,690	67,815	286,084
Total non-operating expenses	(144,476)	(99,885)	(57,727)	(347,364)	(188,386)	(230,974)	(256,426)	(221,081)	(244,890)	(219,322)
Transfers in (out)	2,100	(22,960)	(55,980)	(90,320)	(20,939)	350,870	109,265	-	-	-
Net income (loss)	\$1,936,321	\$2,530,525	\$1,638,438	\$1,181,751	\$1,794,216	\$2,029,889	\$1,428,578	\$1,114,632	\$ 524,692	\$1,834,638
Reserve cash account balances:										
Reserve account	\$1,748,457	\$1,748,457	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,340,595	\$1,337,490	\$1,337,490
Current debt service reserve account	1,399,476	737,262	744,577	751,431	760,805	779,335	934,078	956,220	981,922	1,001,297
Operating reserve account	371,855	384,481	424,713	437,403	437,403	437,403	584,856	584,856	592,922	773,434
Repair/replacement reserve account	626,570	694,668	795,233	695,477	673,260	722,801	972,857	916,484	1,092,514	975,582
Total reserves	\$4,146,358	\$3,564,868	\$3,712,980	\$3,632,768	\$2,877,136	\$2,945,207	\$3,810,857	\$3,798,155	\$4,004,848	\$4,087,803
Maximum future principal and interest	\$1,748,457	\$1,748,457	\$1,748,457	\$1,005,668	\$1,005,668	\$1,319,066	\$1,319,066	\$1,340,595	\$1,340,595	\$1,329,511
Debt service coverage	190.13%	234.94%	192.21%	393.99%	380.86%	336.77%	268.67%	254.23%	236.65%	323.46%

Source: City of Great Falls, Montana

Note: Water Revenue Bonds issued in Fiscal Year 2001; Water Revenue Bonds issued in Fiscal Year 2002; Water Revenue Bonds issued in Fiscal Year 2009.

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

² Total operating expense exclusive of depreciation.

City of Great Falls, Montana
Current Sanitary Sewerage Rate Structure
June 30, 2012

	<u>Residential</u>	<u>Low Income</u>	<u>Commercial</u>	<u>Black Eagle</u>	<u>Malmstrom AFB</u>	<u>MaltEurop</u>
Standard Sewer						
Monthly service charge	\$ 7.21	\$ 6.48	\$ 7.21	\$ 7.21	\$ 7.21	\$ 6.55
First 300 cf	1.55	1.40	2.20	2.20	1.91	1.53
Over 300 cf	2.56	2.31	2.20	2.20	1.91	1.53
Residential, low income and qualifying commercial customers are billed at a flat rate based on the winter quarter average for the usage in December, January, February and March.						
Sewer Extra-Strength:						
Monthly service charge	\$ 7.21	\$ 7.21	\$ 7.21	\$ 7.21	\$ 7.21	\$ 7.21
BOD>200 mg/L			0.453 /lb	0.453 /lb	0.453 /lb	0.276 /lb
TSS>250mg/L			0.310 /lb	0.310 /lb	0.310 /lb	0.260 /lb
Pre-Treatment:						
Monthly service charge			\$ 7.21	\$ 7.21	\$ 7.21	\$ 7.21
Volume charge/ccf			1.07	1.07	1.07	1.07
BOD>200 mg/L			0.453 /lb	0.453 /lb	0.453 /lb	0.453 /lb
TSS>250mg/L			0.310 /lb	0.310 /lb	0.310 /lb	0.310 /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>
2003	18,467	2,403	20,870	88.5%	\$ 803
2004	18,329	2,183	20,512	89.4%	779
2005	18,308	2,164	20,472	89.4%	976
2006	18,413	2,201	20,614	89.3%	912
2007	18,549	2,177	20,726	89.5%	851
2008	17,945	2,325	20,270	88.5%	809
2009	18,646	2,088	20,734	89.9%	730
2010	18,744	2,094	20,838	90.0%	669
2011	17,945	2,325	20,270	88.5%	627
2012	18,083	2,316	20,399	88.6%	552

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues:¹										
Sanitary sewer charges for services	\$5,260,591	\$5,947,791	\$5,661,367	\$6,516,115	\$7,089,612	\$7,656,887	\$7,788,927	\$7,762,817	\$8,110,507	\$8,972,566
Investment income	181,693	67,370	153,231	281,611	317,819	263,675	116,421	99,044	47,896	31,724
Gain on disposal of assets	-	-	-	-	15,300	3,500	-	-	-	2,505
Total operating revenues	5,442,284	6,015,161	5,814,598	6,797,726	7,422,731	7,924,062	7,905,348	7,861,861	8,158,403	9,006,795
Operating Expenses:²										
Personal services	552,594	571,135	570,725	634,562	684,626	720,032	739,643	767,490	798,163	832,920
Supplies and materials	42,993	37,759	53,478	62,143	71,241	76,143	67,212	51,251	70,782	83,847
Purchased services	1,932,950	2,053,530	2,127,854	2,278,659	2,682,808	3,072,287	3,090,253	3,122,179	3,137,508	2,979,993
Internal services	612,460	640,902	647,967	693,128	756,072	811,469	825,744	875,184	872,795	844,275
Other	14,600	12,702	-	-	-	-	-	-	29,373	42,214
Total operating expenses	3,155,597	3,316,028	3,400,024	3,668,492	4,194,747	4,679,931	4,722,853	4,816,104	4,908,621	4,783,249
Net revenue available for debt service	\$2,286,687	\$2,699,133	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$3,182,496	\$3,045,757	\$3,249,782	\$4,223,546
Net revenue	\$2,286,687	\$2,699,133	\$2,414,574	\$3,129,234	\$3,227,984	\$3,244,131	\$3,182,496	\$3,045,757	\$3,249,782	\$4,223,546
Depreciation expense	(1,232,829)	(1,441,745)	(1,477,084)	(1,727,250)	(1,764,017)	(1,830,452)	(1,877,884)	(1,912,143)	(1,964,477)	(2,043,243)
Total non-operating income	4,710	2,610	44,553	102	805,134	18,917	3,992	702,395	9,766	2,091
Total non-operating expenses	(215,530)	(668,862)	(606,945)	(724,442)	(661,746)	(703,538)	(680,329)	(611,931)	(522,572)	(439,055)
Transfers in (out)	-	(8,222)	(9,017)	(16,789)	2,819	59,319	72,849	-	-	-
Net income (loss)	\$ 843,038	\$ 582,914	\$ 366,081	\$ 660,855	\$1,610,174	\$ 788,377	\$ 701,124	\$1,224,078	\$ 772,499	\$1,743,339
Reserve cash account balances:										
Reserve account	\$1,662,660	\$1,662,660	\$1,929,835	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,956,105
Current debt service reserve account	1,042,081	1,051,599	1,247,340	1,253,454	1,266,142	1,282,053	1,296,623	1,326,604	1,339,518	1,365,971
Operating reserve account	336,700	365,702	396,481	406,426	406,426	406,426	542,532	542,532	560,687	572,758
Repair/replacement reserve account	619,771	662,520	768,028	534,077	648,286	781,670	750,369	900,052	1,005,695	765,777
Total reserves	\$3,661,212	\$3,742,481	\$4,341,684	\$4,123,792	\$4,246,819	\$4,396,114	\$4,515,489	\$4,695,153	\$4,853,951	\$4,660,611
Maximum future principal and interest	\$1,662,660	\$1,662,660	\$1,929,835	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,925,965	\$1,948,051	\$1,943,004
Debt service coverage	137.53%	162.34%	125.12%	162.48%	167.60%	168.44%	165.24%	158.14%	166.82%	217.37%

Source: City of Great Falls, Montana

Note: Sewer Revenue Bonds issued in Fiscal Year 2002; Sewer Revenue Bonds issued in Fiscal Year 2005

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

² Total operating expense exclusive of depreciation.

City of Great Falls, Montana
Current Storm Drain Land Use Classifications and Standard Monthly Service Charges
June 30, 2012

Classification	Rate
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.	\$0.3959604 (per 1,000 sq. ft.) + \$1.319868
Group B Accounts in this group include Two Family Residential; Townhouse Residential; Three/Four Family Residential; Condominium Residential; & Mobile Homes and Trailer Courts.	\$0.4949505 (per 1,000 sq. ft.) + \$1.319868
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.	\$0.6434357 (per 1,000 sq. ft.) + \$1.319868
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).	\$0.8909109 (per 1,000 sq. ft.) + \$1.319868
Group E Accounts in this group consist of developed property that does not discharge storm water runoff into an underground storm drainage system.	\$0.0989901 (per 1,000 sq. ft.) + \$1.319868

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

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

Fiscal Year	Group A		Group B		Group C		Group D		Group E		Total		Debt per Connection
	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues	Number of Accounts	Revenues	
2003	16,119	\$ 597,562	1,789	\$ 84,246	849	\$ 234,234	1,049	\$ 272,400	1,233	\$ 49,720	21,039	\$1,238,162	\$ 92
2004	16,362	781,715	1,813	104,158	825	305,089	1,071	355,275	1,232	62,530	21,303	1,608,767	192
2005	16,342	825,811	1,746	107,430	807	327,220	1,088	382,532	991	61,043	20,974	1,704,037	278
2006	16,505	844,909	1,729	109,664	804	349,839	1,092	390,739	975	63,672	21,105	1,758,822	261
2007	16,750	857,775	1,675	110,014	804	361,996	1,089	392,990	972	63,818	21,290	1,786,593	243
2008	16,195	868,741	1,604	108,042	904	371,851	1,121	390,343	941	66,943	20,765	1,805,921	233
2009	16,936	881,156	1,547	105,756	785	368,042	1,070	401,543	1,064	69,451	21,402	1,825,948	209
2010	17,088	891,025	1,466	107,442	778	369,093	1,066	413,898	993	69,429	21,391	1,850,887	192
2011	16,195	895,632	1,604	104,641	904	370,134	1,121	412,229	941	69,689	20,765	1,852,325	179
2012	16,283	897,674	1,603	104,687	907	369,932	1,134	421,749	969	71,705	20,896	1,865,747	159

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues ¹	<u>\$1,483,189</u>	<u>\$1,724,085</u>	<u>\$1,768,780</u>	<u>\$2,086,414</u>	<u>\$1,942,207</u>	<u>\$1,834,834</u>	<u>\$1,863,553</u>	<u>\$2,048,274</u>	<u>\$1,891,363</u>	<u>\$1,893,445</u>
Operating Expenses:										
Personal services	8,564	8,839	9,911	10,264	14,045	10,960	41,947	42,478	43,990	44,393
Supplies	4,558	572	7,680	3,668	3,533	855	5,732	3,926	5,183	7,037
Other services	22,562	20,122	27,984	38,638	27,674	32,421	18,416	32,806	31,222	42,016
Internal support	220,852	227,152	222,534	234,873	248,268	262,009	267,405	270,524	272,348	270,109
Total operating expenses	<u>256,536</u>	<u>256,685</u>	<u>268,109</u>	<u>287,443</u>	<u>293,520</u>	<u>306,245</u>	<u>333,500</u>	<u>349,734</u>	<u>352,743</u>	<u>363,555</u>
Net operating income	<u>\$1,226,653</u>	<u>\$1,467,400</u>	<u>\$1,500,671</u>	<u>\$1,798,971</u>	<u>\$1,648,687</u>	<u>\$1,528,589</u>	<u>\$1,530,053</u>	<u>\$1,698,540</u>	<u>\$1,538,620</u>	<u>\$1,529,890</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 130,000	\$ 170,000	\$ 319,000	\$ 329,491	\$ 335,000	\$ 352,000	\$ 358,000	\$ 370,000	\$ 382,000	\$ 410,472
Interest	104,195	66,203	173,689	199,127	183,381	187,908	179,534	172,444	157,818	117,735
Total	<u>\$ 234,195</u>	<u>\$ 236,203</u>	<u>\$ 492,689</u>	<u>\$ 528,618</u>	<u>\$ 518,381</u>	<u>\$ 539,908</u>	<u>\$ 537,534</u>	<u>\$ 542,444</u>	<u>\$ 539,818</u>	<u>\$ 528,207</u>
Operating year coverage	523.77%	621.25%	304.59%	340.32%	318.05%	283.12%	284.64%	313.13%	285.03%	289.64%
Maximum future principal and interest	\$ 234,628	\$ 530,161	\$ 530,161	\$ 476,910	\$ 476,910	\$ 475,710	\$ 475,710	\$ 475,710	\$ 531,824	\$ 528,207
Bond covenant coverage	522.81%	276.78%	283.06%	377.21%	345.70%	321.33%	321.64%	357.05%	289.31%	289.64%

Source: City of Great Falls

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Rounds Played									
Pass holders	55,606	53,909	47,869	47,157	39,733	38,411	37,912	36,967	33,208	36,056
	Number of Pass Holders									
Adult full	790	673	693	583	612	562	560	585	491	457
Adult restricted	334	317	283	265	232	208	207	204	189	176
Junior full	77	46	41	51	51	41	45	49	45	42
Junior restricted	13	19	11	8	14	4	5	9	11	10
Total passes	1,214	1,055	1,028	907	909	815	817	847	736	685
	Pass Fees									
Joint Both Courses Adult full	\$ 415	\$ 450	\$ 450	\$ 525	\$ 525	\$ 575	\$ 575	\$ 575	\$ 610	\$ 610
Joint Both Courses Adult restricted	310	340	340	400	400	450	450	450	480	480
Joint Both Courses Junior full	205	215	215	225	225	225	225	225	240	240
Joint Both Courses Junior restricted	155	165	165	170	170	170	170	170	180	180
Joint Both Courses Couple full	770	850	850	950	950	1,050	1,050	1,050	1,115	1,115
Joint Both Courses Couple restricted	575	630	630	700	700	800	800	800	850	850
Anaconda Hills Golf Course Adult full	415	450	450	400	400	450	450	450	480	480
Anaconda Hills Golf Course Adult restricted	310	340	340	300	300	350	350	350	370	370
Anaconda Hills Golf Course Junior full	205	215	215	190	190	190	190	190	200	200
Anaconda Hills Golf Course Junior restricted	155	165	165	150	150	150	150	150	160	160
Anaconda Hills Golf Course Couple full	770	850	850	750	750	850	850	850	900	900
Anaconda Hills Golf Course Couple restricted	575	630	630	550	550	650	650	650	690	690
Eagle Falls Golf Club Adult full	415	450	450	450	450	500	500	500	530	530
Eagle Falls Golf Club Adult restricted	310	340	340	350	350	400	400	400	425	425
Eagle Falls Golf Club Junior full	205	215	215	200	200	200	200	200	215	215
Eagle Falls Golf Club Junior restricted	155	165	165	160	160	160	160	160	170	170
Eagle Falls Golf Club Couple full	770	850	850	825	825	925	925	925	980	980
Eagle Falls Golf Club Couple restricted	575	630	630	625	625	725	725	725	770	770

Source: City of Great Falls, Montana

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Rounds Played									
Green fees - non-pass holders										
9-hole	8,782	9,549	9,098	9,872	12,103	11,483	12,157	15,052	14,269	15,104
18-hole	8,785	7,846	6,856	8,574	12,194	11,256	12,350	13,951	13,280	13,282
Junior	1,358	1,187	998	1,083	547	607	1,111	885	925	1,002
Total Green fees - non-pass holders	18,925	18,582	16,952	19,529	24,844	23,346	25,618	29,888	28,474	29,388
	Greens Fees									
Anaconda Hills Golf Course 9-hole Weekday	\$ 15	\$ 15	\$ 15	\$ 13	\$ 13	\$ 14	\$ 14	\$ 14	\$ 15	\$ 15
Anaconda Hills Golf Course 18-hole Weekday	24	25	25	21	21	23	23	23	24	24
Anaconda Hills Golf Course Junior Weekday	11	11	11	13	13	13	13	13	14	14
Anaconda Hills Golf Course Swingtime Weekday	15	15	15	16	16	16	16	16	17	17
Anaconda Hills Golf Course 9-hole Weekend	15	15	15	15	15	16	16	16	17	17
Anaconda Hills Golf Course 18-hole Weekend	24	25	25	24	24	26	26	26	28	28
Anaconda Hills Golf Course Junior Weekend	11	11	11	15	15	15	15	15	16	16
Anaconda Hills Golf Course Swingtime Weekend	15	15	15	19	19	19	19	19	20	20
Eagle Falls Golf Club 9-hole Weekday	15	15	15	15	15	16	16	16	17	17
Eagle Falls Golf Club 18-hole Weekday	24	25	25	24	24	26	26	26	28	28
Eagle Falls Golf Club Junior Weekday	11	11	11	15	15	15	15	15	16	16
Eagle Falls Golf Club Swingtime Weekday	15	15	15	18	18	18	18	18	19	19
Eagle Falls Golf Club 9-hole Weekend	15	15	15	16	16	17	17	17	18	18
Eagle Falls Golf Club 18-hole Weekend	24	25	25	27	27	29	29	29	31	31
Eagle Falls Golf Club Junior Weekend	11	11	11	16	16	16	16	16	17	17
Eagle Falls Golf Club Swingtime Weekend	15	15	15	22	22	22	22	22	23	23

Source: City of Great Falls, Montana

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues ¹	<u>\$1,107,247</u>	<u>\$1,084,129</u>	<u>\$1,049,533</u>	<u>\$ 1,090,309</u>	<u>\$ 1,168,802</u>	<u>\$ 1,256,900</u>	<u>\$ 1,309,590</u>	<u>\$ 1,421,216</u>	<u>\$ 1,347,695</u>	<u>\$ 1,396,700</u>
Operating Expenses:										
Personal services	580,635	608,222	598,332	604,479	540,444	543,976	569,879	596,703	623,407	605,367
Supplies	113,203	100,251	118,313	143,979	133,236	159,398	189,004	187,866	177,915	193,148
Other services	102,255	133,477	146,986	165,500	166,228	125,811	149,886	124,574	121,393	130,172
Internal support	166,834	139,983	158,005	119,379	154,015	143,746	151,384	143,867	146,230	136,941
Total operating expenses	<u>962,927</u>	<u>981,933</u>	<u>1,021,636</u>	<u>1,033,337</u>	<u>993,923</u>	<u>972,931</u>	<u>1,060,153</u>	<u>1,053,010</u>	<u>1,068,945</u>	<u>1,065,628</u>
Net operating income	<u>\$ 144,320</u>	<u>\$ 102,196</u>	<u>\$ 27,897</u>	<u>\$ 56,972</u>	<u>\$ 174,879</u>	<u>\$ 283,969</u>	<u>\$ 249,437</u>	<u>\$ 368,206</u>	<u>\$ 278,750</u>	<u>\$ 331,072</u>
Bonded Debt Service Requirements (per Operating Year):										
Principal	\$ 85,000	\$ 125,000	\$ 130,000	\$ 140,000	\$ 145,000	\$ 150,000	\$ 155,000	\$ 170,000	\$ 175,000	\$ 185,000
Interest	114,103	109,110	103,068	96,629	89,795	82,801	79,701	71,438	59,016	49,618
Discount and issuance expense ²	5,541	5,286	5,393	5,057	4,777	4,511	3,528	3,120	3,288	2,834
Total	<u>\$ 204,644</u>	<u>\$ 239,396</u>	<u>\$ 238,461</u>	<u>\$ 241,686</u>	<u>\$ 239,572</u>	<u>\$ 237,312</u>	<u>\$ 238,229</u>	<u>\$ 244,558</u>	<u>\$ 237,304</u>	<u>\$ 237,452</u>
Operating year coverage	70.52%	42.69%	11.70%	23.57%	73.00%	119.66%	104.70%	150.56%	117.47%	139.43%
Maximum future principal and interest	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 237,717	\$ 234,653	\$ 234,653	\$ 234,653
Bond covenant coverage	60.71%	42.99%	11.74%	23.97%	73.57%	119.46%	104.93%	156.92%	118.79%	141.09%

Source: City of Great Falls

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

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

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

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

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Special Improvement Districts Bonds	Tax Incremental Bonds	Notes Payable	Loans and Contracts Payable	Capital Leases	Loans and Contracts Payable	Revenue Bonds Payable				
2003	\$ -	\$ 1,184,000	\$ 7,044,499	\$ -	\$ 270,000	\$ 1,482,629	\$ -	\$ 30,819,962	\$40,801,090	20.07%	\$ 1,568	
2004	2,500,000	880,000	6,095,003	-	30,256	1,410,023	-	31,067,754	41,983,036	19.87%	1,582	
2005	2,420,000	1,305,000	5,153,978	-	218,537	1,339,256	3,813,366	36,104,048	50,354,184	22.93%	1,830	
2006	2,330,000	1,055,000	4,191,420	-	265,197	1,246,390	5,659,724	33,804,521	48,552,253	20.78%	1,661	
2007	4,526,927	875,000	3,197,288	-	257,415 ^b	1,147,372	6,862,180	31,469,157	48,335,339	19.84%	1,577	
2008	4,259,037	765,000	2,166,538	-	274,357 ^b	1,041,795	7,129,885	29,035,071	44,671,682	17.19%	1,407	
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	

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

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

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

Fiscal Year	General Obligation Bonds	Real and Personal Taxable Assessed Value	Percentage of 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
2003	\$ -	64,776,978	0.00%	\$ -	\$28,766,654	\$ -	\$ 28,766,654	0.00%
2004	2,500,000	65,328,553	3.83%	94	55,821,550	2,500,000	53,321,550	4.69%
2005	2,420,000	66,377,650	3.65%	88	50,167,336	2,420,000	47,747,336	5.07%
2006	2,330,000	68,026,995	3.43%	80	52,376,085	2,330,000	50,046,085	4.66%
2007	4,619,795 ^c	70,550,043	6.55%	151	54,270,864	4,526,927	49,743,937	9.29%
2008	4,259,037 ^c	73,776,332	5.77%	134	57,459,106	4,259,037	53,200,068	8.01%
2009	3,961,366 ^c	76,405,690	5.18%	115	60,474,851	3,961,366	56,513,485	7.01%
2010	3,653,944 ^c	76,862,700	4.75%	100	62,441,688	3,653,944	58,787,744	6.22%
2011	3,331,785 ^c	78,275,702	4.26%	89	65,532,892	3,331,785	62,201,107	5.36%
2012	2,994,899 ^c	78,709,035	3.81%	77	67,431,565	2,994,899	64,436,666	4.65%

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

The general obligation debt does not require any reserves.

City of Great Falls, Montana
Computation of Direct And Overlapping General Obligation Debt
June 30, 2012

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding¹</u>	<u>Percent Allocable to City¹</u>	<u>Amount Allocable to City</u>
Elementary School District No. 1	\$ -	0.00%	\$ -
High School District No. 1	-	0.00%	-
Cascade County	3,300,000	58.67%	1,936,110
Total overlapping debt			1,936,110
Total direct debt ²			2,994,899
Total direct and overlapping debt			<u>\$ 4,931,009</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
2003	56,046	\$ 2,033,430	\$ 26,016	11,007	4.3%
2004	56,155	2,112,966	26,546	10,891	3.9%
2005	56,503	2,195,749	27,523	10,727	3.9%
2006	56,338	2,336,656	29,231	10,625	3.4%
2007	58,536 ⁶	2,436,097	30,647	10,474	2.5%
2008	58,827	2,599,000	31,740	10,410	3.4%
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%

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 U.S. Census Bureau, 2000 Census.

⁶ Based on challenge by City of Great Falls accepted by U.S. Census Bureau on November 9, 2007.

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

Employer	2012			2003		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Malmstrom Air Force Base	4,095 ²	1	11%	4,572 ²	1	13%
Benefis Health Care Center	2,639	2	7%	2,010	2	6%
Great Falls Public Schools	2,015	3	6%	1,850	3	5%
Montana Air National Guard	1,095 ¹	4	3%	979 ²	4	3%
N.E.W. Customer Services Cos.	550	5	2%	500	6	1%
Wal-Mart	540	6	1%	480	8	1%
City of Great Falls	538	7	1%	480	7	1%
Cascade County	523	8	1%	-	-	-
Great Falls Clinic	432	9	1%	663	5	2%
Easter Seals - Goodwill	383	10	1%	-	-	-
Sletten Construction	-	-	-	375	9	1%
Albertsons	-	-	-	300	10	1%

Source: Great Falls Tribune, Great Falls Montana Outlook 2012 printed February 26, 2012
www.greatfallstribune.com.

List completed February 2012. 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mayor/City Commission	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Housing Authority	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
City Manager	3.00	4.00	4.40	4.25	4.25	4.29	3.29	3.29	3.17	4.17
City Clerk	3.00	3.00	2.25	1.25	1.25	1.29	1.29	1.29	1.51	1.51
Cable 7	-	-	-	-	1.00	1.00	0.50	0.50	0.50	0.50
Analysis & Budget	2.00	2.00	-	-	-	-	-	-	-	-
Human Resources	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.66	3.60	3.60
Animal Shelter Operations	-	-	-	-	-	-	-	-	-	8.50
City Planning	8.00	8.00	8.60	7.60	7.60	7.60	7.60	7.60	-	-
Community Development	19.44	20.44	22.44	23.43	20.94	20.94	21.94	20.94	-	-
Planning & Community Development	-	-	-	-	-	-	-	-	27.10	25.60
Fairgrounds	24.97	-	-	-	-	-	-	-	-	-
Fire	67.00	67.00	67.00	67.00	67.00	68.00	68.00	68.00	68.00	68.00
Fiscal Services	34.30	34.30	38.12	38.05	37.90	38.40	38.40	36.90	36.90	36.00
Legal	4.00	4.00	4.60	5.80	5.80	6.30	6.30	6.25	6.45	7.75
Library	23.56	22.27	22.52	21.76	21.05	21.30	21.30	20.78	20.54	21.54
Park & Recreation	36.43	39.43	40.98	78.17	77.50	76.77	86.22	89.72	85.98	85.98
Police	115.00	115.00	115.00	117.00	119.00	133.50	129.50	129.00	134.00	126.00
Public Works	112.50	116.00	119.15	130.93	132.33	132.75	133.95	132.57	134.15	135.95
Total	480.36	462.60	472.22	522.40	522.78	539.30	545.45	544.00	545.40	548.60

Source: City of Great Falls Budget Office

Full-time equivalent is a term used, whereby the number of scheduled hours is divided by the hours in a full work week. The hours of several part time employees may add up to one FTE.
 In 2006 seasonal employees were included in the totals.
 In 2008 the City took over operations at the Animal Shelter and the employees were added to the Police Department.
 In 2011 the City Planning and Community Development departments were combined.
 In 2012 the Animal Shelter Operations employees were separated from the Police Department and listed on their own.

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

Function/Program	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Building Permits										
Residential Permits Issued	509	537	465	395	407	455	303	283	369	366
Residential Permits Value	\$44,664,032	\$32,912,658	\$40,853,101	\$34,440,315	\$32,053,509	\$42,329,134	\$23,995,370	\$19,874,202	\$21,925,096	\$17,785,534
Commercial Permits Issued	25	21	29	121	134	111	109	125	240	231
Commercial Permits Value	\$44,007,013	\$14,264,095	\$31,453,650	\$31,833,901	\$61,666,304	\$92,458,267	\$43,959,047	\$53,637,162	\$16,379,679	\$51,889,436
Fire Department										
Structure Fires	N/A	N/A	N/A	86	91	82	70	65	54	49
Fire Calls	N/A	N/A	N/A	645	646	656	634	641	600	601
EMS/Rescue Calls	N/A	N/A	N/A	2,858	2,996	3,238	3,446	3,852	4,206	4,401
Haz-Mat Calls	N/A	N/A	N/A	58	67	82	57	108	78	87
Public Service Calls	N/A	N/A	N/A	492	555	616	669	633	598	738
Good Intent Calls	N/A	N/A	N/A	911	876	762	669	605	506	506
Out of City	N/A	N/A	N/A	132	170	147	126	99	100	105
Library										
Yearly Patrons	183,257	181,776	187,912	207,205	217,729	212,985	220,455	231,236	216,803	224,118
Yearly Circulation	367,871	384,207	383,839	384,019	356,651	350,542	342,348	351,420	355,502	339,267
Yearly Internet Users	N/A	N/A	N/A	N/A	75,995	64,459	226,954	165,556	113,428	65,657
Sanitation										
Residential Customers	13,415	13,626	13,743	14,018	14,189	14,512	14,760	14,836	14,996	14,836
Commercial Customers	1,450	1,447	1,466	1,471	1,486	1,614	1,649	1,600	1,699	1,658
Recycling Customers	17,115	16,166	17,800	19,000	22,290	17,800	19,892	18,917	18,048	14,192
Landfill Tonnage	38,265	37,198	36,545	36,446	37,269	39,750	39,937	38,576	39,075	39,777
Recycled Tonnage	811	664	1,100	897	851	810	776	797	1,036	360
Recycled Motor Oil (gallons)	6,205	5,975	6,800	6,400	6,500	6,400	4,250	6,390	6,745	4,135
Streets										
Weed Violations	1,560	2,055	3,059	2,660	2,684	2,527	2,645	2,958	2,185	2,329
Water Main Breaks										
Number of Breaks	90	77	74	63	55	72	50	35	43	38
Break Cost	\$ 206,590	\$ 254,008	\$ 212,086	\$ 200,215	\$ 153,777	\$ 312,648	\$ 152,657	\$ 136,895	\$ 285,711	\$ 154,845
911 Center Calls										
Police	36,400	36,143	35,522	32,823	30,885	40,130	45,394	45,120	46,807	46,188
Great Falls Fire	5,012	5,070	5,027	5,162	5,359	5,529	5,685	6,059	6,199	6,447
Cascade County	9,076	9,199	8,786	8,585	8,851	15,400	16,961	15,402	12,745	12,749
Medical Calls	4,180	4,327	4,346	4,412	4,565	4,676	7,816	5,228	5,443	5,703
Rural Fire	664	697	701	708	724	745	751	621	628	790
City Planning										
Annexation Applications	11	13	22	10	19	25	16	7	8	3
Subdivision Applications	10	19	19	17	20	19	16	10	10	5
Zoning Applications	15	17	30	9	17	29	25	7	12	7
Court										
Number of Violations	16,382	20,461	24,635	24,860	23,185	18,190	17,529	18,223	19,050	17,999
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parking										
Number of Violations	23,956	24,799	20,336	23,824	20,119	19,425	15,198	17,229	16,645	17,305
Number of Monthly Permits Issued	8,928	9,336	10,555	10,689	10,052	9,653	9,860	9,480	9,347	8,950

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

Source: City of Great Falls

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

Function/Program	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire Department										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Number of Training Centers	1	1	1	1	1	1	1	1	1	1
Number of Fire Vehicles	18	18	18	18	18	18	18	19	19	21
Police Department										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	56	59	59	63	63	64	64	64	64	68
Sanitation										
Number of Collection Trucks	21	21	21	18	21	21	21	21	21	22
Streets										
Miles of Streets/Alleys	352	353	365	361	361	366	366	366	366	377
Miles of Street Stripping	50	50	50	50	50	65	65	71	71	100
Street Signs	10,948	10,585	12,000	11,000	11,000	11,400	11,770	11,770	11,985	12,237
City/State Street Signals	84	84	87	89	89	89	89	89	89	89
Housing Authority										
Affordable Housing Units	16	16	16	16	16	16	16	16	24	24
Public Housing Units	490	490	490	490	490	490	490	490	490	490
Water										
Water mains (miles)	279.60	281.30	283.45	291.96	296.75	303.38	305.38	307.38	307.88	309.51
Fire hydrants	2,804	2,822	2,837	2,925	2,986	3,054	3,085	3,108	3,110	3,125
Storage capacity (million gallons)	12.25 ¹									
Sanitary Sewer										
Sanitary sewers (miles)	218.63	219.67	220.76	229.34	233.99	238.82	240.32	241.64	241.81	242.78
Storm sewers (miles)	106.20	106.51	106.77	109.23	111.10	114.00	114.65	115.27	116.01	117.70
Treatment capacity (million gallons)	21 ²									
Parks and recreation										
Number of parks	69	70	74	74	74	64	64	64	64	64
Acreage of parks	1,067	1,105	1,138	1,138	1,150	1,150	1,150	1,150	1,150	1,150
Trees (approximately)	37,000	37,000	41,817	46,139	46,139	47,083	47,083	47,083	45,000	45,000
Pools	4	4	4	4	4	4	4	4	4	4
Golf Courses	2	2	2	2	2	2	2	2	2	2
Skate Park	-	1	1	1	1	1	1	1	1	1
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parking										
Parking lots	6	6	6	6	6	6	6	6	6	6
Parking garages	2	2	2	2	2	2	2	2	2	2
Off street parking spaces	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Metered parking spaces	1,050	1,050	1,050	1,050	1,100	1,100	1,100	1,100	1,100	1,100
Library										
Number of Books Purchased	10,018	9,529	10,625	9,342	9,415	7,639	11,014	9,033	9,425	8,924

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.





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

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

We have audited the 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, 2012, which collectively comprise the City of Great Falls, Montana's basic financial statements and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Great Falls Business Improvement District, the Great Falls Tourism Business Improvement District, and the Great Falls Public Library Foundation. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report on compliance and on internal control over financial reporting, insofar as it relates to the Great Falls Business Improvement District and the Great Falls Tourism Business Improvement District, is based upon the reports of the other auditors. The financial statements of the Great Falls Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of City of Great Falls, Montana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Great Falls, Montana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Great Falls, Montana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Great Falls, Montana's internal control over financial reporting.

A *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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Great Falls, Montana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

We noted certain other matters that we have reported to the management of the City of Great Falls, Montana in a separate letter dated December 13, 2012.

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

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

Great Falls, Montana
December 13, 2012



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

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Certified Public Accountants and Business Advisors

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the City of Great Falls, Montana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Great Falls, Montana's major federal programs for the year ended June 30, 2012. The City of Great Falls, Montana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Great Falls, Montana's management. Our responsibility is to express an opinion on the City of Great Falls, Montana's compliance based on our audit.

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

In our opinion, the City of Great Falls, Montana complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

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

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

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Great Falls, Montana
December 13, 2012

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2011	Grant Revenues	Expenditures	Balance June 30, 2012
Department of Housing and Urban Development							
Direct Programs							
Community Development Block Grant Entitlement Program	14.218	B10-MC-30-0002	\$ 1,007,629	\$ -	\$ 63,648	\$ 63,648	\$ -
Community Development Block Grant Entitlement Program	14.218	B11-MC-30-0002	845,010	-	660,471	660,471	-
HOME Investment Partnership Program	14.239	M09-MC-30-0218	394,063	-	27,796	27,796	-
HOME Investment Partnership Program	14.239	M10-MC-30-0218	438,016	-	60,055	60,055	-
HOME Investment Partnership Program	14.239	M11-MC-30-0218	385,295	-	29,877	29,877	-
Total Department of Housing & Urban Development				-	841,847	841,847	-
Department of Transportation							
Direct Programs							
Highway Planning and Construction	20.205	N/A	\$ 482,562	\$ -	\$ 240,718	\$ 240,718	\$ -
Community Transportation Enhancement Program	20.205	N/A	332,478	-	278,167	278,167	-
Federal Transit Metropolitan Planning Funds	20.505	N/A	102,737	-	94,843	94,843	-
CTEP Recovery Program ARRA	20.205	N/A	1,000,000	-	12,070	12,070	-
Pass-through Montana Department of Transportation							
State Highway Safety-STEP	20.600	2010-05-04-34	30,000	-	20,649	20,649	-
State Highway Safety-STEP	20.600	2011-02-06-19	30,000	-	4,808	4,808	-
YCOP DroboServer	20.611	106309	5,000	-	5,000	5,000	-
HMEP Training	20.703	N/A	8,563	-	8,563	8,563	-
Total Department of Transportation				-	664,818	664,818	-
Department of Justice							
Direct Programs							
Bulletproof Vest Program 2010	16.607	N/A	\$ 17,175	\$ -	\$ 7,757	\$ 7,757	\$ -
Bulletproof Vest Program 2011	16.607	N/A	8,740	-	6,716	6,716	-
COPS Hiring Grant ARRA	16.710	2009RKWX0521	837,148	-	283,308	283,308	-
Pass-through Great Falls Weed and Seed Steering Committee							
Weed and Seed Program	16.595	N/A	28,000	-	16,333	16,333	-
Pass-through Montana Board of Crime Control							
Justice Assistance Grant	16.738	2009-DJ-BX-0190	26,365	-	3,063	3,063	-
Justice Assistance Grant	16.738	2010-DJ-BX-1021	63,047	-	15,195	15,195	-
Project Safe Neighborhoods	16.609	08-O01-90434	32,530	-	7,443	7,443	-
Project Safe Neighborhoods	16.609	10-O01-91036	8,500	-	8,500	8,500	-
Enforcing Underage Drinking Laws	16.727	09-U01-90731	64,517	-	27,107	27,107	-
Enforcing Underage Drinking Laws	16.727	10-U01-91057	30,000	-	24,596	24,596	-
Firearm Training Scenario	16.710	2009CKWX0468	282,700	-	5,006	5,006	-
Total Department of Justice				-	405,024	405,024	-

Continued on next page

City of Great Falls, Montana
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2011

Funding Agency	Federal CFDA Number	Program Number	Program or Award Amount	Balance July 1, 2011	Grant Revenues	Expenditures	Balance June 30, 2012
Department of the Interior							
Pass through Montana Historic Preservation Office							
Historic Preservation Fund	15.904	MT-11-016	\$ 5,500	\$ -	\$ 4,125	\$ 4,125	\$ -
Historic Preservation Fund	15.904	MT-12-016	5,500	-	1,375	1,375	-
Preserve America Grant	15.904	PA-IV-10-AP-008	21,500	-	21,500	21,500	-
Northside Walking Tours	15.904	MT-11-028	1,500	-	1,500	1,500	-
Total Department of the Interior				<u>-</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Department of Homeland Security							
Pass-through State of Montana							
HAZMAT Trailer Equipment	97.067	2012-GF-T6-0062	\$ 44,167	\$ -	\$ 44,167	\$ 44,167	\$ -
EMPG Grant	97.067	EMW-2011-EP-00035	20,066	-	20,066	20,066	-
FEMA Spring Flooding Grant	97.044	FEMA-1996-DR-MT	232,451	-	230,490	230,490	-
Total Department of Homeland Security				<u>-</u>	<u>294,723</u>	<u>294,723</u>	<u>-</u>
National Endowment for the Arts							
Pass-through Montana Committee for Humanities							
Festival of the Book	45.129	12R021	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -
Open Book Discussion Series	45.129	11R049	1,000	-	1,000	1,000	-
Privacy in the Digital Age	45.129	12R029	1,000	-	1,000	1,000	-
Total National Endowment for the Arts				<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Department of Energy							
Direct Program							
EECBG ARRA Stimulus Grant	81.128	DE-SC0003031	\$ 570,100	\$ -	\$ 74,503	\$ 74,503	\$ -
Total Department of Energy				<u>-</u>	<u>74,503</u>	<u>74,503</u>	<u>-</u>
Department of Commerce							
Downtown Master Plan	11.302	05-86-05025	\$ 25,647	\$ -	\$ 9,221	\$ 9,221	\$ -
Total Department of Commerce				<u>-</u>	<u>9,221</u>	<u>9,221</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 2,321,636</u>	<u>\$ 2,321,636</u>	<u>\$ -</u>

City of Great Falls, Montana
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

1. Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance of the City of Great Falls, Montana. The City of Great Falls, Montana's reporting entity is defined in Note 1 to the City's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

City of Great Falls, Montana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Great Falls, Montana.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the City of Great Falls, Montana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Great Falls, Montana expresses an unqualified opinion.
6. There were no audit findings related to federal award programs for the City of Great Falls, Montana that we are required to report.
7. The programs tested as a major program include:
 - a. Community Development Block Grant Entitlement Program – (CFDA #14.218)
8. The threshold for distinguishing Types A and B programs was \$300,000 in expenditures.
9. The City of Great Falls, Montana qualified as a low-risk auditee.

B. Findings – Financial Statement Audit

None.

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

None.

**City of Great Falls, Montana
Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Status of Prior Year Comments
June 30, 2012**

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

