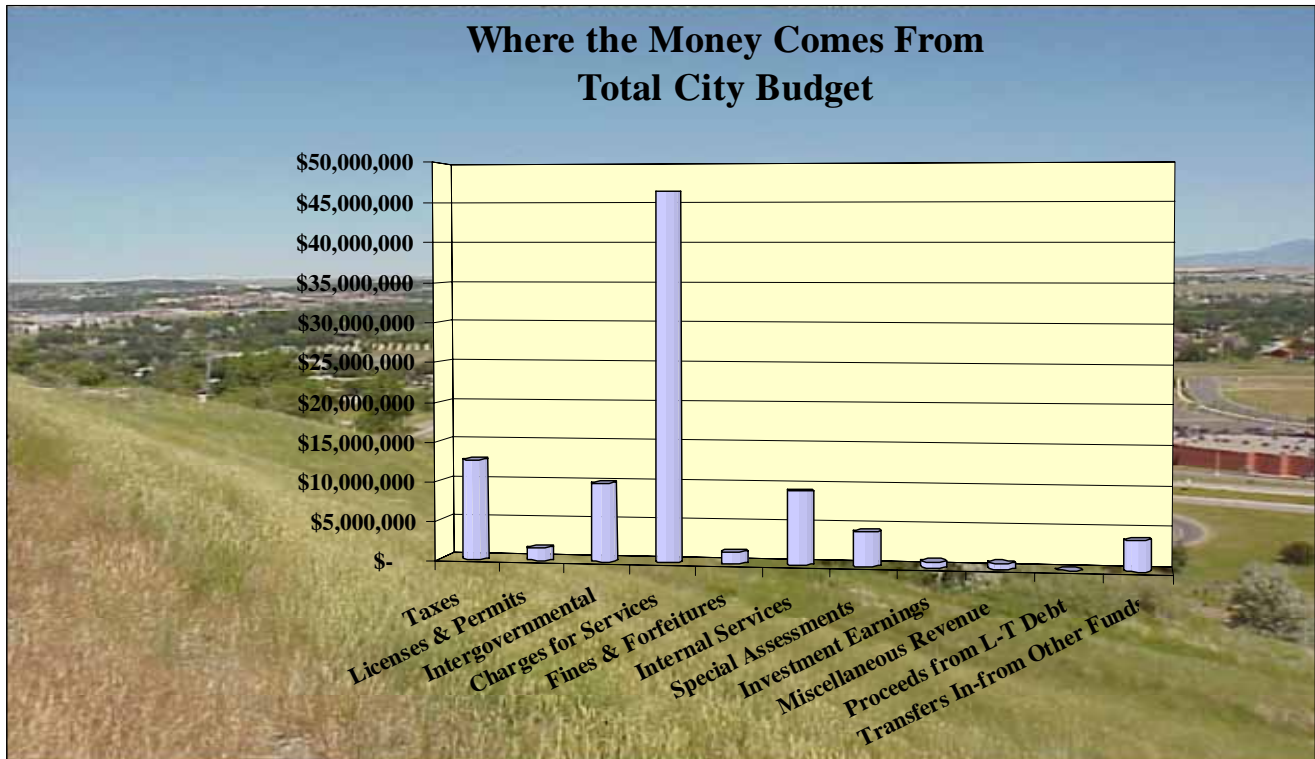


Where the Money Comes From

This chart and table show the source of funds for the City as a whole.

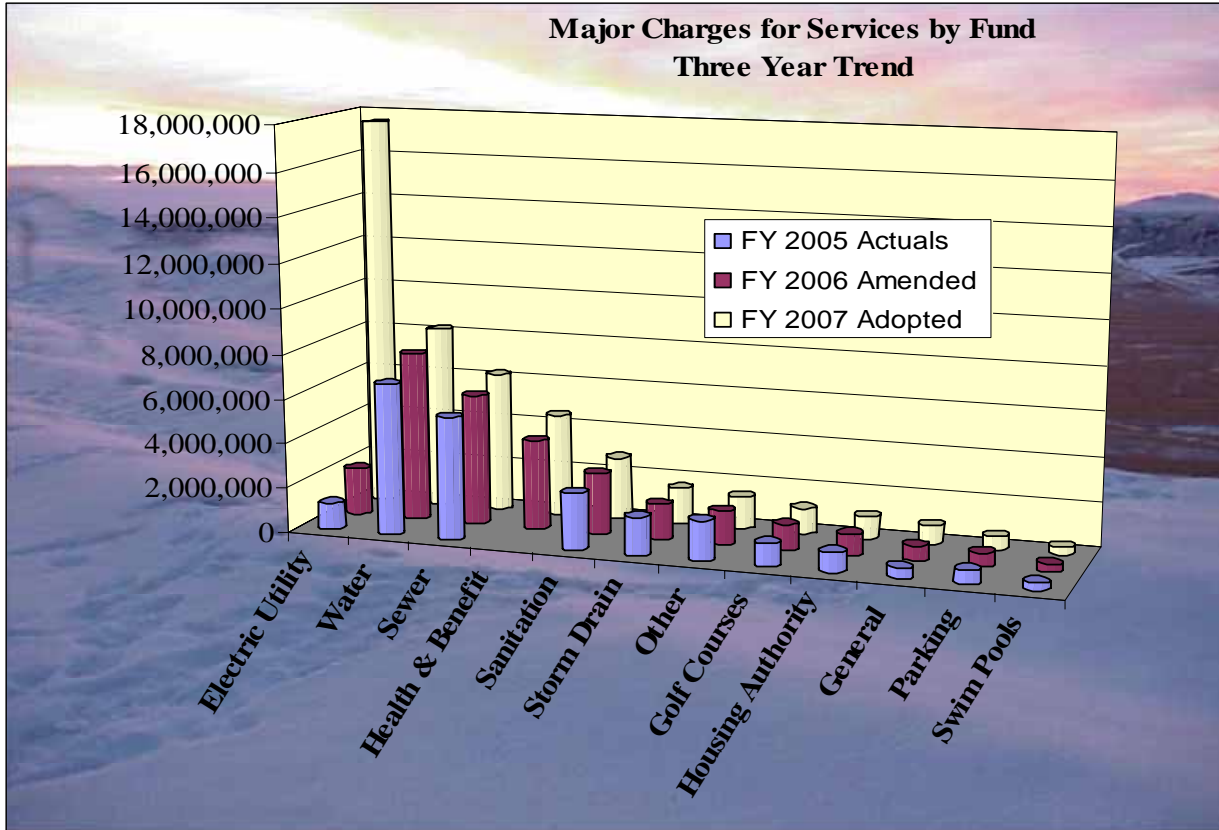


	FY 2005 Actual	FY 2006 Amended	FY 2007 Adopted	Adopted Difference
Taxes	\$ 11,537,954	\$ 12,261,644	\$ 12,661,975	\$ 400,331
Licenses & Permits	1,667,690	1,495,249	1,598,430	103,181
Intergovernmental	12,358,350	11,179,886	9,910,319	(1,269,567)
Charges for Services	22,834,607	29,159,982	46,427,371	17,267,389
Fines & Forfeitures	1,301,902	1,330,631	1,527,496	196,865
Internal Services	8,726,722	8,801,533	9,224,381	422,848
Special Assessments	4,156,267	3,989,682	4,293,084	303,402
Investment Earnings	746,868	741,302	742,315	1,013
Miscellaneous Revenue	5,673,814	954,774	710,116	(244,658)
Proceeds from L-T Debt	7,802,746	1,824,000	0	(1,824,000)
Transfers In-from Other Funds	5,259,393	4,436,015	3,837,949	(598,066)
	\$ 82,066,313	\$ 76,174,698	\$ 90,933,436	\$ 14,758,738

Major Revenues

Charges for Services

51.1% of Total City Revenue is Charges for Services. Charges for Services are fees collected to pay the cost of providing specific services. The majority of the charges for services revenues are for Water, Sewer, Storm Drain, Electricity, and Sanitation Utilities. Utility rates are reviewed and, if necessary, adjusted annually to pay full costs of providing services. It is City practice to keep up to date with regular incremental utility rate changes while keeping in mind the difficulty that many customers have in making ends meet. The material differences between the Fiscal Year 2006 Amended and Fiscal Year 2007 Adopted budgets are the initiation of the Electric Utility Fund and reclassifying premiums paid in the Health and Benefits Fund from contributions to charges for services in Fiscal Year 2006.



Fund Name	FY 2005 Actuals	FY 2006 Amended	FY 2007 Adopted	Adopted Difference
Electric Utility	1,199,608	2,124,857	17,521,000	15,396,143
Water	6,774,882	7,595,200	8,201,000	605,800
Sewer	5,510,556	5,884,000	6,274,000	390,000
Health & Benefit		4,021,053	4,582,365	561,312
Sanitation	2,543,242	2,748,825	2,804,075	55,250
Storm Drain	1,706,192	1,584,000	1,633,000	49,000
Other	1,781,841	1,521,427	1,448,784	0
Golf Courses	1,037,034	1,133,700	1,149,900	16,200
Housing Authority	888,639	942,283	1,012,510	70,227
General	455,684	657,652	854,657	197,005
Parking	603,473	601,100	604,400	3,300
Swim Pools	333,456	345,885	341,680	(4,205)
	\$22,834,607	\$29,159,982	\$46,427,371	\$17,340,032

Five Year History of Rate Changes

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<i>Utility Rates</i>					
Water	2.0%	2.0%	2.0%	2.0%	2.5% (1/07)
Sewer	8.1%	2.0%	1.0%	1.0%	5.0% (1/07)
Storm Drain	10.0%	8.0%	1.0%	1.0%	none
<i>Sanitation</i>					
Residential	none	3.0%	none	3.0%	3.0%
Commercial	3.0%	none	3.0%	3.0%	3.0%

All rate changes are subject to annual rate studies and additional separate public hearings are needed to adopt the budgeted rates.

Taxes and Special Assessments

Taxes and Special Assessments account for 18.6% of Total City Revenue and 50.1% of General Fund revenue. Taxpayers generally view taxes and special assessments as two names for the same thing; however, there are distinctions.

	Taxes and Assessments			
	FY 2005 Actual	FY 2006 Projected	FY 2007 Adopted	% of Total
Real & Personal Property Taxes	8,400,342	8,951,000	9,376,975	10.3%
Tax Increments	2,176,564	2,230,000	2,300,000	2.5%
Local Option MV Taxes	957,920	960,000	980,000	1.1%
Motor Vehicle Taxes	3,128	5,000	5,000	0.0%
Total Taxes	11,537,954	12,146,000	12,661,975	13.9%
Street Maintenance District Assessments	2,085,821	2,251,117	2,422,478	2.7%
Boulevard District Assessments	295,493	294,625	292,625	0.3%
Lighting District Assessments	1,150,944	1,111,609	1,169,970	1.3%
Special Improvement Distr. Assessments	385,125	238,127	213,051	0.2%
Other Special Assessments	238,884	193,805	194,960	0.2%
Total Assessments	4,156,267	4,089,283	4,293,084	4.7%
Total Taxes and Assessments	15,694,221	16,235,283	16,955,059	18.6%

Taxes - Real & Personal Property

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

In accordance with Montana state statute, the City will have limited real property tax revenues. The real property taxes are budgeted using historical analysis. The General Fund real property tax levy increased from \$7.2 million to \$7.6 million in this budget. This is a 6.0% increase in property taxes due to:

- new construction and improvements, and,
- a statutorily authorized 1.43% increase for inflation.

Tax Increments

Tax increments are a method of financing public improvements for a district. Money is borrowed to make public improvements. The public improvements encourage private taxable improvements. Taxable improvements result in new tax revenue (tax increments). Tax increments are first used to repay the public improvement debt. Any tax increment surplus is then released to the local taxing entities.

Special Assessments

Special assessments are charges needed to pay for a special improvement and/or related maintenance. A Special Improvement District is that group of properties benefited by, and paying for, a special improvement. Special assessments are typically charged on a square area basis in the City of Great Falls. The Street Maintenance District is the only district covering the whole city. The revenue for the Street Maintenance Assessment is deposited directly to the Street Fund. This is a reliable source of revenue restricted to the recovery of specific costs.

Five Year History of Rate Changes

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<i>Special Assessments</i>					
Street Maintenance District	3.2%	10.0%	10.0%	10.0%	10.0%
Boulevard District	none	none	none	none	none

Additional separate public hearings are needed to adopt the budgeted rates.

Intergovernmental Revenue

Intergovernmental Revenue is 10.9% of Total City Revenue and 28.1% of Total General Fund Revenue. Revenues from federal, state and other local governments are considered intergovernmental revenues. The major decrease in adopted Fiscal Year 2007 Intergovernmental Revenue is due to the CTEP Project Revenue of \$733,195 million that is carried over from year to next year and the intergovernmental Revenue received for the Lewis & Clark Signature Event and Aid to Firefighters in Fiscal Year 2005.

	Intergovernmental Revenue			
	FY 2005 Actual	FY 2006 Projected	FY 2007 Adopted	% of Total
State Gaming Licenses	166,025	170,000	170,000	0.2%
State Entitlements	5,070,400	5,499,003	5,668,614	6.2%
State and Federal for Law Enforcement	72,886	94,000	7,000	0.0%
State Property Tax Reimbursements	101,280	81,022	64,817	0.1%
State Gas Tax Apportionment	1,042,606	1,042,607	1,042,607	1.1%
State and Fed. Highway & Transport. Grants	0	0	187,927	0.2%
County and State Library Support	183,920	167,139	171,682	0.2%
Federal Block and Home Grants	2,104,499	1,528,221	1,390,963	1.5%
Other Intergovernmental Revenue	3,616,734	2,774,007	1,206,709	1.3%
Total Intergovernmental Revenue	12,358,350	11,355,999	9,910,319	10.9%

State Entitlements

Starting in Fiscal Year 2002, a number of revenue items were replaced by an entitlement share of the State General Fund. The entitlement had a growth factor of 3% for the first two years. This year’s growth is projected at 3.4%. The most significant revenues replaced by the entitlement were property tax reimbursements provided by the State for past property tax reductions, the gambling tax, and the motor vehicle tax. The amount for entitlement for Fiscal Year 2007 is approximately \$5.6 million.

State Gas Tax Apportionment

The revenue from the State tax on motor fuel sales is apportioned to local governments based on population and road mileage factors. Total Street Fund revenue of \$3.5 million includes \$1.0 million or 30% from State Gas Tax Apportionment.

Federal Community Development Block Grant and Home Grant Funds

The U.S. Department of Housing and Urban Development (HUD) provides grant funding for slum and blight removal, projects that benefit low income people, and other community projects. HOME grants provide funding for affordable housing. These have been stable revenue sources which have funded many valuable projects for the community. The estimated amount of federal grants from HUD is approximately \$1.3 million for Fiscal Year 2007.

Internal Charges and Transfers (Double Counting effect)

The City is made up of over 50 separate business entities. Separate accounting is required for each. Internal service operations include centralized accounting, budget, human resources, information technology, computer and city garage operations. Internal charges account for transactions among the entities within the City organization. The charges properly show financial activity within the City-as-a-whole, but the City does not actually pay out or receive any additional cash. Internal charges and transfers are 14.4% of total City revenue, and 6.0% of total General Fund revenue.

	Internal Charges and Transfers			
	FY 2005 Actual	FY 2006 Projected	FY 2007 Adopted	% of Total
Internal Charges	8,726,722	8,737,329	9,224,381	10.1%
Transfers In	5,259,393	4,511,275	3,837,949	4.2%
Total Internal Charges and Transfers	13,986,115	13,248,604	13,062,330	14.4%