



# Organizational Chart

## CITIZENS OF GREAT FALLS

**MUNICIPAL COURT  
JUDGE**  
Nancy Luth  
(Independently Elected)

**NEIGHBORHOOD  
COUNCILS**

**CITY COMMISSION**  
Dona Stebbins-Mayor

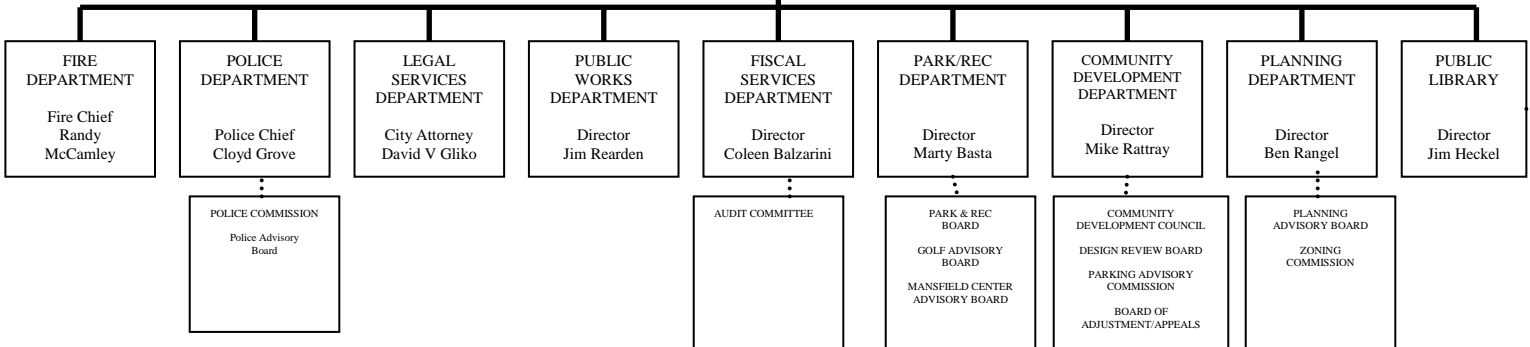
Bill Beecher                      Bill Bronson  
Mary Jolley                      John Rosenbaum

- REGIONAL AIRPORT AUTHORITY
- HOUSING AUTHORITY BOARD
- CITY-COUNTY HEALTH BOARD
- LIBRARY BOARD
- BUSINESS IMPROVEMENT DISTRICT
- G.F. DEVELOPMENT AUTHORITY
- CITY-COUNTY HISTORIC PRESERVATION ADVISORY COMMISSION
- ADVISORY COMMISSION ON INTERNATIONAL RELATIONSHIPS
- NATIVE AMERICAN ADVISORY COMMISSION
- GREAT FALLS TRANSIT DISTRICT
- ELECTRIC CITY POWER

**CITY MANAGER**  
Gregory T Doyon

- CITY CLERK  
Lisa Kunz
- HUMAN RESOURCES
- HOUSING AUTHORITY MANAGEMENT
- BUDGET AND ANALYSES

**ASSISTANT CITY MANAGER**  
Cheryl Patton





**Policy Making and Administration Officials**

**Mayor**



**Dona Stebbins**

**City Manager**



**Gregory Doyon**

**City Commission**



**Bill Bronson**



**Mary Jolley**



**John Rosenbaum**



**Bill Beecher**



## Policy Making and Administration Officials

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Name	Elected Positions	Phone Number
<b>Dona Stebbins</b>	<b>Mayor</b>	<b>761-4108</b>
<b>Bill Beecher</b>	<b>Commissioner</b>	<b>453-8741</b>
<b>Bill Bronson</b>	<b>Commissioner</b>	<b>761-4800</b>
<b>Mary Jolley</b>	<b>Commissioner</b>	<b>727-2829</b>
<b>John Rosenbaum</b>	<b>Commissioner</b>	<b>452-7467</b>
<b>Nancy Luth</b>	<b>Municipal Judge</b>	<b>771-1380</b>
<b>Appointed Positions</b>		
<b>Gregory Doyon</b>	<b>City Manager</b>	<b>455-8450</b>
<b>Department Positions</b>		
<b>Cheryl Patton</b>	<b>Assistant City Manager</b>	<b>455-8450</b>
Kevin Hager	Housing Authority/ Deputy Director	453-4311
Lisa Kunz	City Clerk	455-8451
Linda Williams	Human Resource Manager	455-8448
<b>Mike Rattray</b>	<b>Community Development Director</b>	<b>455-8415</b>
Jeff Jenkins	Building Official	455-8530
Kim McCleary	Parking & Zoning/Supervisor	455-8405
Patty Cadwell	Neighborhood Councils Coordinator	455-8496
<b>Coleen Balzarini</b>	<b>City Controller/Fiscal Services Director</b>	<b>455-8423</b>
Melissa Kinzler	Asst. Fiscal Director/Budget Officer	455-8476
Jon Legan	Information Technology Manager	455-8483
Martha Cappis	Fiscal Services Operations Supervisor	455-8484
<b>Randy McCamley</b>	<b>Fire Chief</b>	<b>727-8070</b>
Doug Bennyhoff	Fire Marshall	727-8070
<b>David Gliko</b>	<b>City Attorney</b>	<b>455-8441</b>
Chad Parker	Chief Prosecutor	455-8449
<b>Martin Basta</b>	<b>Park &amp; Recreation Director</b>	<b>771-1265</b>
Patty Rearden	Deputy Park & Recreation Director	771-1265
Dona Hughes	Civic Center Events Coordinator	455-8495
Giles Salyer	Parks Supervisor	771-1265
Jon Thompson	City Forester	771-1265
<b>Ben Rangel</b>	<b>Planning Director</b>	<b>455-8433</b>
<b>Corky Grove</b>	<b>Chief of Police</b>	<b>455-8410</b>
<b>Jim Heckel</b>	<b>Great Falls Public Library Director</b>	<b>453-9706</b>
<b>Jim Rearden</b>	<b>Public Works Director</b>	<b>727-8390</b>
David Dobbs	Public Works/City Engineer	771-1258

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



## Goals and Philosophy

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### **Leadership Philosophy**

We hold the common good of an enriched community as our highest goal. We lead by serving those around us, by maintaining honesty and integrity, and by fostering mutual trust, respect, and support. We reach our potential in a climate that encourages individual and community growth by listening, valuing our differences, and by engaging in the free flowing exchange of ideas.

### **Vision Statement**

Our vision is that of a responsive local government strategically prepared for change and challenge. We will build partnerships throughout the community. We will be recognized for our efficient, effective and caring delivery of service and products. Nurtured and inspired by this vision, we will create a passion for excellence. Our core values of honesty, respect, and openness will constantly guide our actions.

### **Mission Statement**

As a responsive and innovative local government, we strive to enrich our community by fostering partnerships and collaboration, by delivering superior service and products, and by acting as a catalyst for a dynamic future. We do this by valuing honesty and integrity, by empowering our employees to be the best they can be, and by listening to diverse opinions and ideas.

### **City Commission Goals**

1. Develop a visually appealing and culturally rich community.
2. Manage growth to preserve our resources, environment, and sense of community.
3. Provide excellent public services desired by the community within its financial means.
4. Strengthen and diversify our economy to provide job opportunities.
5. Anticipate future service needs, costs, and resources and plan ahead to address them.
6. Form partnerships with other governments and organizations to make better use of public resources in providing services.
7. Ensure open and accessible government.
8. Build a stronger team of staff, elected officials, and citizens by transforming our organization to meet the changing needs of the community.
9. Remain financially strong.
10. Provide leisure and recreational opportunities, which add to our quality of life.



## Goals and Philosophy

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### City Manager's Budget Objectives

1. Protect the City's investment in personnel.
2. Focus on maintaining efficient and effective core services.
3. Foster interdepartmental collaboration and long range planning in order to avoid significant increases in operating costs, resulting in property tax spikes.
4. Avoid overextending city programs and services that cannot be financially supported.
5. Explore privatization of services, public/private partnerships, and outside sources such as grant funding to reduce operating and debt costs.
6. Work toward establishing necessary fund reserves.
7. Eliminate programs, services, or policies that cannot be financially supported within reason or could be better performed by another entity.
8. Plan ahead for capital purchases and develop a maintenance program to preserve the asset.



City of Great Falls  
*Office of the City Manager*

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Fax (406) 727-0005

Honorable Mayor and City Commission,

It is my pleasure to present the 2008/2009 City of Great Falls Budget. Preparing a new city budget after only three months as your new City Manager was a challenge. I am thankful for the tremendous amount of staff assistance, particularly from Budget Officer, Melissa Kinzler, Assistant City Manager, Cheryl Patton and all the city's department heads.

Creating a budget that will meet the needs of a community is somewhat of an art. What initially begins with broad overall goals from the City's elected Commissioners must be translated into an assessment of how those goals fit within the city's operational needs, meets public expectations and is not financially burdensome to the taxpayer. It is also a process of balancing wants versus needs, being careful not to overextend city services.

Some of the initial goals articulated by the Commission namely, adding a Comprehensive Planner, providing additional police and fire personnel, and buying a new generator for the Police Department did not make it to the final budget adoption. Operationally, the City is challenged by rising fuel costs, raw materials costs, and personnel expenses.

This budget emphasizes the final priorities for this year established by the City Commission. These priorities are as follows:

1. ***Support Economic Development Initiatives*** – Balancing residential growth with new business and commercial development is important to maintaining a strong economic base. The City of Great Falls provides direct financial support to the Great Falls Development Authority. City officials also assist the GFDA with recruitment efforts and ensuring public infrastructure is available to encourage development. This is the first year that it has become necessary to fund GFDA from the City's General Fund.
2. ***Encourage Measured City Expansion*** – Great Falls continues to experience modest residential growth and has recently annexed some large tracts to its south, primarily to improve water and sewer services. While annexation can serve to improve the quality of life for residents just outside city limits, it also increases service demand. While the city tries to hold the cost down of personnel, adding services to the city without adequate resources can be problematic. New annexations should be thoughtful and measured to insure that city services will not become overly burdened.



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3. ***Support and Review Financial Assistance to City Parks*** - The Mitchell Pool at the Electric City Water Park received major rehabilitation this past year including new heating, chlorination, electrical and gutter systems. The two neighborhood pools at Dudley-Anderson (Water Tower) Park and Jaycee Park also were completely rebuilt. These improvements were made possible by a \$2.2 million voter authorized General Obligation Bond. Two new spray parks were also completed at the neighborhood pool locations funded through the sale of excess park land to the Great Falls Housing Authority for affordable housing apartments.
4. ***Maintain City Facilities*** - As with all physical properties, age, weather and use require ongoing maintenance of these assets. Several projects are proposed in this year's budget including a new addition to the Street and Sanitation building, a new roof at Fire Station #2, and Re-surfacing of the North Kiwanis Tennis Courts. Many more improvements were requested but not funded due to limited resources. We will work to develop a Facilities Improvement Plan with a realistic revenue picture.

### **Budget Impacts on Citizens and Taxpayers**

The FY 2008/2008 annual Budget proposes a property tax increase of 3.83%. This increase includes a statutorily permitted 1.67% increase for inflation and a 2.16% increase to help defray the cost of health insurance for city employees. This 3.83% increase will add approximately \$16 per year to the tax bill for a home with a taxable value of \$100,000.

To meet operational increases and continue system improvements, utility rates are proposed to increase marginally. Water and sewer rates propose to increase 5%. The street maintenance assessment is proposed to increase 10% but the boulevard district assessment will remain the same as the previous year. Staff is still evaluating the need for an increase in the sanitation rates due to the increasing gasoline costs.

Due to the increased costs of operating the City's Parking Program the budget anticipates an increase in citations from \$3 to \$5 and an increase in meter rates to \$.25 per half hour.



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**Future Challenges and Opportunities**

In my first six months of service to the City of Great Falls I have become aware of the challenges facing the City. I briefly describe the six most timely in the following paragraphs.

The two municipal-owned golf courses have been struggling financially for years. Although there appears to be some noted cash-flow improvement, the courses still receive a substantial subsidy from the City's General Fund. In light of requests for additional police and fire protection, it may not be practical to continue to operate both golf facilities in the coming years. The City has initiated several different programs to spur more use of the courses, but it can only do so much and ultimately, the users will determine whether or not both courses remain open.

Electric City Water Park, including the Wave Rider, is also heavily subsidized by the taxpayer. Parks and Recreation programs and facilities are often supported through General Fund expenditures because of they are activities that provide recreational opportunities for families and add to the quality of life of its citizens.

The City is exploring its options associated with its animal shelter operations. Last year, the City did not renew its contract with the Humane Society of Cascade County and began operating the facility under the direction of the Great Falls Police Department. It is apparent that the current facility is inadequate and will require extensive renovation or new construction. The City is considering partnering with a local-nonprofit group to consider providing animal control and adoption services under one roof.

The City is currently engaged with Great Falls Emergency Services, a local ambulance company, to finalize the provision of a contract for emergency medical and transport services. The City of Great Falls currently provides initial EMS response to all emergency medical calls, but does not transport patients to the hospital. The new EMS Ordinance adopted last year, will provide the structure to assist the City with ensuring efficient, consistent, and stable emergency medical services to the community.

The City is a member of Southern Montana Electric Generation and Transmission Cooperative and provides limited power electric service to both commercial and residential properties. Over the past year, the SME was unable to secure project funding through the Rural Utility Service and is seeking private investors to construct Highwood Generating Station, a proposed clean-coal electric generation plant near Great Falls. The State Legislature also limited Electric City Power's ability to sell power to residential customers. These two events will require the City to re-evaluate its future regarding energy efforts including the Highwood Generating Station.



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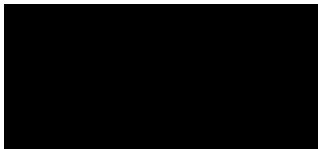
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There was discussion about the need for a Public Safety Mill Levy during the past budget cycle. Both the Fire and Police Departments are concerned with staffing – particularly recruitment, retention, training, and resources available to meet the expectations of the public. We will continue to review the need for the levy, but be mindful of the current economic climate. The City may need to review other services and re-prioritize to meet its core public safety functions more effectively.

Over the coming year, I will develop a better perspective on city operations. I am eager to work with the Commission, department heads, employees, residents and business owners to improve city services. Together, we can make Great Falls, *greater* together!

Respectfully,



Gregory T. Doyon  
City Manager



## **Annual Budget Resolution**

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**RESOLUTION NO. 9751**  
**ANNUAL BUDGET RESOLUTION**  
**A RESOLUTION RELATING TO FINAL BUDGETS AND ANNUAL**  
**APPROPRIATIONS FOR THE FISCAL YEAR**  
**BEGINNING JULY 1, 2008 AND ENDING JUNE 30, 2009**

- WHEREAS,** Montana Code Annotated (MCA), 7-6-4024, requires that the budget be approved and adopted by resolution by the later of the second Monday in August or within 45 calendar days of receiving certified taxable values from the Department of Revenue, and
- WHEREAS,** the notice of hearing on budget increase from property taxes was published in accordance with Section 15-10-203, MCA, and
- WHEREAS,** the notice of hearing on preliminary budget was published in accordance with Section 7-1-4127, MCA, as required by Section 7-6-4021, MCA, and
- WHEREAS,** the hearing on preliminary budget and budget increase from property taxes was held in accordance with Section 7-1-4131, MCA, and Section 7-6-4024 MCA, and,
- WHEREAS,** the Official City Code of the City of Great Falls, Title 2, Chapter 14, Sections 2.14.030 and 2.14.040 state the Municipal Court Judge and Municipal Court Clerk salaries shall be set by resolution, and,
- WHEREAS,** Resolution No. 8349 designated the policy of having balances for cash flow purposes at 33% of annual appropriations for tax levy supported funds (General, Library, and Planning) and seasonal operations; and 17% for all other operating funds, and Section 7-6-4034, MCA, allows the amount of reserve not to exceed one-half of the total amount appropriated and authorized to be spent from the fund during the current year, and,
- WHEREAS,** Resolution No. 8349 set the policy of designated balances of cash flow purposes at 33% of annual appropriations for tax levy supported funds (General, Library, and Planning) and seasonal operations has been reviewed and deemed unnecessarily high due to changes in revenue streams in these tax levy supported funds and seasonal operations, and,



## **Annual Budget Resolution**

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**WHEREAS**, the Government Finance Officers Association recommends an unreserved fund balance in the General Fund of “no less than five to 15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operation expenditures”,

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:**

### **Section 1. - Legal Spending Limits**

The legal spending limits of the City of Great Falls are established at the fund level. Appendix A establishes each fund’s level. (7-6-4030, MCA)

### **Section 2. - Implementation Authority**

- 2.1 The City Manager is hereby delegated appropriation authority for the expenditure of funds from any or all of the following:
- a. debt service funds;
  - b. trust funds;
  - c. federal, state, local or private grants accepted and approved by the governing body;
  - d. special assessments;
  - e. proceeds from the sale of land;
  - f. any fund for gifts or donations; and,
  - g. money borrowed during the fiscal year. (7-6-4006, MCA)
- 2.2 The City Manager is hereby delegated authority to adjust appropriations funded by fees throughout the fiscal year in any or all of the following:
- a. proprietary funds (enterprise and internal service funds);
  - b. general fund for fee supported services;
  - c. information technology fund for fee supported mapping services;
  - d. natural resources fund for fee supported forestry services;
  - e. permits fund; and,
  - f. licenses fund. (7-6-4012, MCA)
- 2.3 The authority to make transfers of appropriations between funds is retained by the City Commission.
- 2.4 The City Manager is hereby delegated the authority to make transfers or revisions within appropriations of any fund.



## **Annual Budget Resolution**

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- 2.5 The City Manager may delegate to his department directors the authority to make transfers or revisions within or among appropriations of specific operations within a fund, limited to the division level of accountability.
- 2.6 Joint operating agreements approved by the governing body; insurance recoveries or dividends; hazardous material recoveries and, refunds or reimbursements of expenditures shall automatically amend the annual appropriations or reduce recorded expenditures whichever is correct in accordance with Generally Accepted Accounting Principles (GAAP).

### **Section 3. - Appropriation Carryovers**

Generally accepted accounting principles (GAAP) require expenditures to be recognized in the fiscal year in which the goods or services are received.

- 3.1 Previous fiscal year appropriations for incomplete improvements in progress of construction, or segments thereof, are hereby declared authorized appropriations in addition to the appropriations set out in Appendix A., provided they meet the following criteria:
  - a. related financing was provided in the prior fiscal year;
  - b. the appropriations were not obligated by year end;
  - c. the purpose was not included, or rejected, in current budget financing or appropriations; and,
  - d. the City Manager determines the appropriation is still needed.
- 3.2 Outstanding purchase orders and other obligations, representing a City obligation to pay the claim after receipt of the goods or services, are recognized as "claims incurred". They are hereby declared authorized "carryover" appropriations in addition to the appropriations set out in Appendix A., provided they meet the following criteria:
  - a. related financing was provided in the prior fiscal year;
  - b. the appropriations were not otherwise obligated by year end;
  - c. the purpose was not included, or rejected, in current budget financing or appropriations; and,
  - d. the City Manager determines the appropriation is still needed.



## **Annual Budget Resolution**

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### **Section 4. - Appropriated Reserves**

Reserves which have been established for specific purposes, such as Equipment Revolving Scheduled (ERS) reserves, are hereby declared to be appropriations available for expenditure purpose. Unexpended reserves shall be carried forward to meet future needs in accordance with their purpose.

### **Section 5. Contingency Account**

- 5.1 Contingency account appropriations are provided by the City Commission as flexible appropriations. They are intended to provide the City Manager with an effective management tool for adjusting to changing circumstances throughout the budgetary year.
- 5.2 The City Manager is delegated the authority to transfer part or all of any contingency appropriation and related financing. Use of contingency appropriations is restricted to transfers of that appropriation authority to specific operating budgets. Proper classification of expenditures to specific operations is required. Accordingly, charging of expenditures directly to Contingency accounts is prohibited.
- 5.3 The Contingency appropriation is a two part authorization, determined on whether cash funding has been allocated in the General Fund during budget development:
  - a. General Fund financed; and,
  - b. Unfunded - a specific fund cash balance, additional revenue, or other funding source must be identified before the “unfunded” contingency appropriation may be used.

### **Section 6. - Classification and Pay Plan**

- 6.1 The objective of the City’s Classification and Pay Plan is to enable the City to retain, and when necessary, recruit competent employees. Therefore, the Plan must be a dynamic tool which is continuously updated.
- 6.2 The City Manager is authorized to administratively change the Classification and Pay Plan. Annual pay surveys, continual or periodic review of positions with changed duties or responsibilities, and additions to the classification plan of changed and new classes of work will assure that the Classification and Pay Plan remains current and equitably meets the needs of the City and its employees.



## **Annual Budget Resolution**

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### **Section 7. - Budgetary Authority**

References to statutes, or to consistency with statutory authority, are for information purposes only. Nothing in this resolution shall be considered to mitigate or compromise the City's self-governing authority.

### **Section 8. - Accounting Structure**

Staff is hereby directed to establish and maintain City accounting structure in accordance with Generally Accepted Accounting Principles (GAAP). Statutes, ordinances, resolutions or other authoritative sources shall be implemented according to their intent and GAAP. Staff shall provide for conformance with the Commission's limits for financing and appropriation under authorized budgets whenever making proper modifications to accounting structure.

### **Section 9. – Municipal Court Judge and Municipal Court Clerk Salaries**

The City Manager is authorized to administratively set the salaries of the Municipal Court Judge and Municipal Court Clerk using the following salary range:

Municipal Court Judge	\$54,777 to \$84,630
Municipal Court Clerk	\$32,773 to \$49,159

### **Section 10. – Designated for Cash Flow**

As permitted by Section 7-6-4034, MCA, a balance Designated for Cash Flow shall be considered adequate in tax levy supported funds (General, Library, and Planning) at 17% of annual appropriations. A balance Designated for Cash Flow for other operating funds of the City shall be considered adequate at 17% (2mo./12mo.) of annual appropriations for seasonal operations; and, 17% (2mo./12mo.) of annual appropriations for all other operating funds.

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.



## Annual Budget Resolution – Appendix A

	Estimated Beginning Balance	(+ Working Capital Sources			(-) Working Capital Uses			Estimated Ending Balance	Available	
		Revenue	Transfers In	Total Sources	Appropriations	Transfers Out	Total Uses		Reserved Balance	Balance
<b>General Fund</b>	2,466,915	22,349,785	236,000	22,585,785	20,354,503	2,230,087	22,584,590	2,468,110	0	2,468,110
<b>Special Revenue Funds</b>										
Tax Increment Fund	173	473,066	0	473,066	83,304	389,935	473,239	0	0	0
Planning Fund	84,685	571,334	165,714	737,048	752,098	0	752,098	69,635	0	69,635
CTEP Projects Fund	95,045	0	0	0	6,681	0	6,681	88,364	0	88,364
Lighting Districts Fund	753,275	1,297,388	0	1,297,388	1,293,083	0	1,293,083	757,580	0	757,580
Historic Bridge Fund	(24,098)	0	0	0	0	0	0	(24,098)	0	(24,098)
Support & Innovation Fund	40,493	163,060	0	163,060	165,686	0	165,686	37,867	0	37,867
911 Special Revenue Fund	310,952	446,000	0	446,000	38,652	328,209	366,861	390,091	0	390,091
Police Special Revenue Fund	172,752	31,000	0	31,000	97,764	0	97,764	105,988	105,988	0
Fire Special Revenue Fund	49,604	6,500	0	6,500	437	0	437	55,667	0	55,667
Public Works Special Revenue Fund	49,378	1,500	0	1,500	273	0	273	50,605	0	50,605
Street District Fund	130,239	4,561,232	0	4,561,232	4,479,439	0	4,479,439	212,032	0	212,032
Library Fund	318,703	420,900	746,201	1,167,101	1,253,752	0	1,253,752	232,052	115,580	116,472
Library Foundation Fund	140,395	172,700	0	172,700	148,021	0	148,021	165,074	0	165,074
Park & Recreation Special Revenue Fund	477,702	106,400	0	106,400	160,252	74,805	235,057	349,045	317,944	31,101
River's Edge Trail Special Revenue Fund	17,182	750	0	750	19	0	19	17,913	0	17,913
Natural Resources Fund	76,134	347,425	277,406	624,831	629,579	0	629,579	71,386	0	71,386
Portage Meadows Fund	20,517	22,990	0	22,990	33,565	0	33,565	9,942	0	9,942
Housing Authority Fund	0	1,099,829	0	1,099,829	1,099,829	0	1,099,829	0	0	0
Federal Block Grants Fund	419,055	1,217,174	0	1,217,174	1,325,983	0	1,325,983	310,246	0	310,246
Federal Home Grant Fund	1,010	397,563	0	397,563	395,730	0	395,730	2,843	0	2,843
Community Development Fund	75,411	197,339	0	197,339	245,065	0	245,065	27,685	0	27,685
Economic Revolving Fund	1,661	71,976	160,000	231,976	57,304	0	57,304	176,333	117,782	58,551
Permits Fund	567,365	870,317	0	870,317	908,220	0	908,220	529,462	0	529,462
Licenses Fund	3,533	226,375	0	226,375	226,375	0	226,375	3,533	0	3,533
Ag Tech Park Fund	0	147,000	0	147,000	147,000	0	147,000	0	0	0
West Bank Urban Renewal	0	20,000	0	20,000	20,000	0	20,000	0	0	0
<b>Total Special Revenue Funds</b>	<b>3,784,241</b>	<b>12,869,818</b>	<b>1,349,321</b>	<b>14,219,139</b>	<b>13,568,111</b>	<b>792,949</b>	<b>14,361,060</b>	<b>3,642,320</b>	<b>657,294</b>	<b>2,985,026</b>
<b>Debt Service Funds</b>										
Master Debt SILD	2,293	9,873	0	9,873	8,453	0	8,453	3,713	0	3,713
Improvement Districts Revolving Fund	389,000	176,832	0	176,832	94,668	0	94,668	471,164	471,164	0
Soccer Park Bonds	163,501	166,800	0	166,800	193,234	0	193,234	137,067	0	137,067
Swim Pool Rehab GO Bond	6,325	280,000	0	280,000	279,600	0	279,600	6,725	0	6,725
Tax Increment Bond Fund	3,009,354	2,352,000	0	2,352,000	2,512,948	236,000	2,748,948	2,612,406	2,612,406	0
<b>Total Debt Service Funds</b>	<b>3,570,473</b>	<b>2,985,505</b>	<b>0</b>	<b>2,985,505</b>	<b>3,088,903</b>	<b>236,000</b>	<b>3,324,903</b>	<b>3,231,075</b>	<b>3,083,570</b>	<b>147,505</b>
<b>Capital Project Funds</b>										
General Capital Fund	201,833	10,000	136,805	146,805	146,202	0	146,202	202,436	202,436	0
City Lighting Construction	2,810	0	0	0	0	0	0	2,810	0	2,810
Improvement District Projects Fund	4,246	0	0	0	0	0	0	4,246	0	4,246
Hazard Removal Fund	104,760	50,000	0	50,000	51,637	0	51,637	103,123	0	103,123
Sidewalk Hazard Removal Fund	0	0	0	0	0	0	0	0	0	0
<b>Total Capital Project Funds</b>	<b>313,649</b>	<b>60,000</b>	<b>136,805</b>	<b>196,805</b>	<b>197,839</b>	<b>0</b>	<b>197,839</b>	<b>312,615</b>	<b>202,436</b>	<b>110,179</b>



## Annual Budget Resolution – Appendix A

	Estimated Beginning Balance	(+ Working Capital Sources			(-) Working Capital Uses			Estimated Ending Balance	Reserved	
		Revenue	Transfers In	Total Sources	Appropriations	Transfers Out	Total Uses		Balance	Available Balance
<b>Enterprise Funds</b>										
Water Fund	4,057,837	8,109,766	0	8,109,766	9,264,271	0	9,264,271	2,903,332	2,877,136	26,196
Sewer Fund	5,184,123	10,579,893	0	10,579,893	9,960,871	0	9,960,871	5,803,145	4,246,819	1,556,326
Storm Drain Fund	4,224,431	1,852,800	0	1,852,800	3,601,409	0	3,601,409	2,475,822	957,978	1,517,844
Sanitation Fund	185,696	3,215,421	0	3,215,421	3,364,044	0	3,364,044	37,073	0	37,073
Electric Utility Fund	(1,750,926)	9,513,212	0	9,513,212	9,735,843	0	9,735,843	(1,973,557)	100,000	(2,073,557)
Safety Services Fund	130,608	1,074,507	317,119	1,391,626	1,414,674	0	1,414,674	107,560	0	107,560
Parking Fund	214,907	548,950	0	548,950	817,900	0	817,900	(54,043)	64,266	(118,309)
Golf Courses Fund	(629,076)	1,323,180	81,521	1,404,701	1,404,701	0	1,404,701	(629,076)	237,717	(866,793)
Swim Pools Fund	46,745	420,830	564,455	985,285	984,558	0	984,558	47,472	0	47,472
Recreation Fund	139,227	253,425	153,371	406,796	401,126	4,600	405,726	140,297	18,795	121,502
Multi-Sports Fund	6	136,400	21,038	157,438	157,432	0	157,432	12	0	12
Civic Center Events Fund	131,684	452,041	214,727	666,768	773,768	0	773,768	24,684	0	24,684
<b>Total Enterprise Funds</b>	<b>11,935,262</b>	<b>37,480,425</b>	<b>1,352,231</b>	<b>38,832,656</b>	<b>41,880,597</b>	<b>4,600</b>	<b>41,885,197</b>	<b>8,882,721</b>	<b>8,502,711</b>	<b>380,010</b>
<b>Internal Service Funds</b>										
Administrative Services Fund	(16,493)	316,786	0	316,786	313,575	0	313,575	(13,282)	0	(13,282)
Central Communications Fund	38,671	81,776	0	81,776	85,916	0	85,916	34,531	0	34,531
Health and Benefits Fund	(105,643)	5,512,967	0	5,512,967	5,512,967	0	5,512,967	(105,643)	0	(105,643)
Insurance & Safety Fund	81,164	1,326,793	0	1,326,793	1,326,329	0	1,326,329	81,628	0	81,628
Fiscal Services Fund	100,431	1,758,025	0	1,758,025	1,731,035	0	1,731,035	127,421	0	127,421
Information Tech Fund	185,334	1,233,523	22,180	1,255,703	1,172,931	0	1,172,931	268,106	279,809	(11,703)
Central Garage Fund	1,384,258	1,752,356	0	1,752,356	1,888,674	0	1,888,674	1,247,940	976,176	271,764
Engineering Fund	339,596	1,014,562	167,099	1,181,661	1,211,956	0	1,211,956	309,301	124,934	184,367
Public Works Administration Fund	133,444	407,400	0	407,400	444,102	0	444,102	96,742	6,000	90,742
Civic Center Facility Services Fund	74,320	468,518	0	468,518	484,093	0	484,093	58,745	37,116	21,629
<b>Total Internal Service Funds</b>	<b>2,215,082</b>	<b>13,872,706</b>	<b>189,279</b>	<b>14,061,985</b>	<b>14,171,578</b>	<b>0</b>	<b>14,171,578</b>	<b>2,105,489</b>	<b>1,424,035</b>	<b>681,454</b>
<b>Trust &amp; Agency Funds</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Trust & Agency Fund transactions are made in accordance with specific trust or agency agreements, covenants or other regulations. Accordingly, annual budgets are not prepared.										
<b>Total Trust &amp; Agency Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total All Budgeted Funds</b>	<b>24,285,622</b>	<b>89,618,239</b>	<b>3,263,636</b>	<b>92,881,875</b>	<b>93,261,531</b>	<b>3,263,636</b>	<b>96,525,167</b>	<b>20,642,330</b>	<b>13,870,046</b>	<b>6,772,284</b>



## **Budget Development Process**

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The City Commission has final authority and responsibility for budget development in the City. The City Charter requires the City Manager to "prepare and present the budget to the City Commission". The Budget was prepared by the Budget Officer under the direction of the City Manager's Office. Although the Budget Officer coordinates budget development and creates the budget document, it represents a major effort by all City departments.

### **The Budget Cycle**

#### **January - March**

- Commission work sessions - 2 public sessions
  - Financial trends analysis
  - Revenue forecasts
  - Department presentations
- City Commission provides its direction for budget development
- Distribution of budget instructions and forms
- Finalize fixed and internal service charges to departments
- Development of department requested budgets

#### **May**

- Manager's review – development of manager proposed budgets
- Commission work sessions - 3 public sessions

#### **June - July**

- Manager's proposed budget document presented to the City Commission
- Public hearing advertisement
- Proposed budget available for public inspection
- Formal public hearing on the proposed budget
- Annual budget resolution - City Commission adoption
- July 1 - start of new fiscal year

#### **August**

- Annual tax levies fixed by City Commission action on or before the 2nd Monday in August or 45 days after receiving taxable valuation from the Montana Department of Revenue

#### **August- September**

- Preparation of the final budget document



## **Budget Development Process**

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### **Budget Documents**

There are two bound documents prepared by the Analysis/Budget Division.

#### **1. Manager's Proposed Budget**

The Manager's proposed budget is presented to the Commission and made available to the public in June or July. This document is the basis for the public hearing on the budget.

#### **2. Final Budget**

This document is the Commission adopted budget document made available in September.

### **Budget Finalization**

The formal conclusion of the budget development process occurs on the third Tuesday in August when the resolution to fix the annual tax levy is adopted. For the FY 2009 budget:

- The annual proposed budget was presented July 1, 2008.
- The budget hearing on the proposed budget was held July 15, 2008.
- The annual budget was adopted July 15, 2008.
- The resolution to fix the annual tax levy was adopted August 19, 2008.
- Subsequent tax valuation information may require mid-year budget revisions.

State statutes, 7-6-4024 and 7-6-4036, MCA require the City Commission to adopt the final budget, and then fix the tax levy on or before the second Monday in August or within 45 calendar days after receiving certified taxable values from the Montana Department of Revenue. This is one month after the beginning of the year being budgeted. The reason for this late legal finalization of the budget/tax levy is the timing of tax valuation information. Tax valuation is typically unavailable until the middle of August of the year being budgeted. Budget revenue estimates and tax levies are dependent upon tax valuation information. Accordingly, the budget is subject to revision, and not considered legally finalized, until the tax levy is fixed by City Commission resolution.

### **Budget Amendment Procedure**

The budget may be amended as authorized by the annual budget resolution.



## **Public Opportunity in Budget Development**

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### **Public Notice**

#### **Public Budget Meetings**

In March and May the City Commission held a series of five public work sessions to review presentations of financial trends analyses, revenue forecasts, goals, major issues, performance indicators, and budget implications. A budget work session agenda is provided to the news media and made available to the public prior to the work session. All supporting documents are also available to the media and the public.

#### **Manager's Proposed Budget**

In June/July of each year the City Manager presents his "Manager's Proposed Budget Document" to the City Commission at a City Commission Work Session. Copies are immediately provided to the news media and made available to the public.

#### **Public Budget Hearing**

Following the City Manager's presentation of the proposed budget, notice of public hearing on the proposed budget is published. The Manager's proposed budget and any proposed changes are made available to the news media and the public before the hearing. The annual public hearing on the budget is scheduled for the first/second regular city commission meeting in July.

### **Public Participation**

#### **Regular Commission Meetings**

The City Commission meets regularly at 7:00 p.m. the first and third Tuesdays of each month. The public is invited to attend and participate. In addition to scheduled public hearings, time is set aside at the end of each commission meeting for open comment from the public.

#### **Advisory Boards**

The City Commission has nine neighborhood councils and a large number of advisory boards. These councils and boards routinely meet and make operation and budget recommendations to the City Commission and city staff. Any city resident may seek election to their neighborhood council or apply for appointment to an advisory board through the City Manager's office. For appointed boards, the city limits an individual's terms and appointments in order to encourage widespread citizen participation and fresh ideas on the advisory boards.



## **Public Opportunity in Budget Development**

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### **City Commission's Budget Development Meetings**

At the five public budget work sessions, each segment of the city operation and budget document is presented and discussed with the City Commission. These are open meetings, usually attended by the news media, at which additional public input is accepted.

### **Annual Budget Hearing**

In accordance with state statute, a public hearing on the budget is held following public notice. The meeting is held in conjunction with a regular City Commission meeting, usually at the second meeting in June.



## **Budget Presentation**

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### **Management Plans**

Full detail documentation underlying the budget are considered management plans. The plans are the basis of management control in the accounting records. Although only summary detail is presented in this budget document, full detail is available to the public through the Budget Office.

### **Budget Conforms to Accounting Structure**

The line item presentation in the budget document is actually a summary of the line items used in the City's accounting systems; thus, the budget document provides an overview of the City financial plan without the volume of full depth detail.

### **Basis of Budgeting**

- **Modified Accrual for Governmental Funds**

Governmental funds are the general fund, special revenue funds, debt service funds, and capital project funds. Revenues are recognized in the period they become susceptible to accrual by being measurable and available to finance expenditures. Expenditures rather than expenses are recorded to show the decreases in net financial resources of the current period. Debt service requirements are accounted for as expenditures in the year of payment. Depreciation allocations and compensated absence accruals are not included in the City's governmental fund budgets.

- **Accrual Basis for Proprietary Funds with Exceptions**

Proprietary Funds are the enterprise funds and internal service funds. Under accrual basis of accounting, most transactions are recorded when they occur, regardless of when cash is received or disbursed. This is essentially the same as in commercial accounting; however, there are budget basis exceptions as follows:

- Capital expenditures and debt principal are budgeted as appropriations,
- Debt issuance proceeds are budgeted as financing sources,
- Depreciation allocations and compensated absence accruals are not budgeted.

### **GAAP Presentation**

State and federal regulations require the City to follow Generally Accepted Accounting Principles (GAAP) for Governmental Entities. The Governmental Accounting Standards Board (GASB) is recognized as the authority for GAAP rules. The Codification of Governmental Accounting and Financial Reporting Standards (GASB Cod.) is the authoritative reference for governmental accounting published by GASB.



## **Budget Presentation**

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### **Fund Accounting**

The City's fund structure is summarized in:

- Appendix A. Balances and Changes by Fund
- Types and Descriptions of Funds

### **Double Counting**

Fund accounting clearly enhances the accountability of the City; however, when summaries are presented which combine total revenues and expenditures for the City as a whole, some costs are duplicated. These duplicated costs fall into the following two major categories:

### **Internal Service Transactions**

Internal Service Charges represent proper revenue and expenditure transactions between City funds and operations. The transactions must be recorded for proper cost accounting in the individual operations, but the City as a whole has not disbursed or received any additional cash. Internal service operations include centralized accounting, budget, human resources, information technology, computer, and central garage operations. It would be less efficient and more costly if each operation had to separately provide for these services. Internal service charges represent proper allocation of centrally provided service costs.

### **Interfund Transfers**

Interfund transfers are exchanges of assets between funds. The transfers do not represent interfund payment for services received, but are still transactions which must be recorded for proper accountability among funds. Again, the City as a whole has not dispersed or received any additional cash.

Interfund transfers generally occur:

- From the General Fund to provide property tax or other general purpose revenue support to operations accounted for within other funds, such as:
  - Library
  - Recreation
  - Natural Resources
  - Civic Center Events
- To properly return or distribute surplus funding which may accumulate in a support service.



## **Policy for Reserves, Designations, and Balanced Budget**

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### **Section 1. Mandatory Reserves**

Reserves mandated by requirements of bond covenants, federal, state or local laws, regulations, or contractual commitments.

#### **Bond Covenant Reserves**

Debt Service, Capital Project, Operating, and other reserves required by ordinances or resolutions establishing bond covenants shall be established and maintained in accordance with covenant intent and GAAP terminology and classification.

#### **SID Revolving**

All SID bonded projects shall include 5% of the debt issuance principal as a cost of improvement to be deposited in the SID Revolving Reserve. The SID Revolving Reserve minimum balance shall be 5% of the total outstanding SID debt. The SID Revolving Reserve accumulated balance shall be retained in excess of 5% whenever possible to protect the taxpayers of the City against the possibility of an additional tax levy in the event of SID payment delinquencies which threaten bond default.

#### **Other Mandatory Reserves**

Reserves shall be established and maintained according to statutory, regulatory, ordinance, or contractual requirements.

#### **Maintenance of Mandatory Reserves**

Maintenance of mandatory reserve balances shall be a priority consideration for City staff in budget proposals and management of operations. Interfund loans may be established to adequately fund mandatory reserves deficiencies.

### **Section 2. Designated Balances**

Reserved balances established at the discretion of the City Commission to assure continuity in City operations or provide for a specific future need. Designated Balances provide financial resources necessary to achieve Commission plans.

#### **Designated for Cash Flow**

As permitted by Section 7-6-4034, MCA, a balance Designated for Cash Flow shall be considered adequate in tax levy supported funds (General, Library, and Planning) at 17% of annual appropriations. A balance Designated for Cash Flow for other operating funds of the City shall be considered adequate at 17% (2mo./12mo.) of annual appropriations for seasonal operations; and, 17% (2mo./12mo.) of annual appropriations for all other operating funds.

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



## **Policy for Reserves, Designations, and Balanced Budget**

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expenditures, and respond to emergency and disaster situations. The balances shall not be available to meet recurring operating expenses.

### **Designated for Equipment (Revolving)**

Central internal service operations shall be established and maintained to coordinate major equipment for City operations. Ownership for all major equipment shall be recorded in the appropriate internal service operation. Operating departments shall make annual lease and maintenance payments to the internal service operation for their major equipment. The internal service operations shall maintain balances designated for equipment according to comprehensive Equipment Revolving Schedules (ERS). The ERS shall equate to funded depreciation schedules established on a replacement cost basis.

### **Section 3. Unreserved Balance**

The part of the working capital balances available to finance the cash flow needs of the various operations or the current operating appropriations.

### **Section 4. Balanced Budget**

A balanced budget is a budget in which expenditures for a given period are matched by expected revenues for the same period.

The City will live within its means. All agencies supported by the resources of this City must function within the limits of the financial resources identified or available specifically to them.

A balance must be struck between revenues and expenditures, so that the public can realize the benefits of a strong and stable government. It is important to understand that this policy is applied to budget entities over periods of time which extend beyond current appropriations. By law, budgets cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they are not tolerated as extended trends. The City cannot develop a legacy of shortages or a legacy of mixing onetime resources and expect the continued delivery of services, the very reason for which it exists.



## Debt Policy

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### Short-Term Operating Debt Policy

The expenses associated with day to day operations of the City will be covered by current revenues. However, because the City receives the majority of its property tax revenues at two (2) times during the year, the City may experience temporary cash shortfalls. In order to finance these temporary cash shortfalls, the City may incur short-term operating debt (typically, tax and revenues anticipation notes ([TRANS])). The amount of the short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and state regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible.

### Long-Term Capital Debt Policy

The 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 will consider the issuance of long-term obligations under the following conditions:

1. The City will use debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:
  - a. When the project is included in the City's five-year capital improvement program and 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.
2. The project priority process used in developing the City's various capital improvement programs, including criteria used in evaluating projects and project viability, will be reviewed by the City Commission annually as part of the budget process.
  - a. Project phasing is feasible.
  - b. Debt levels would adversely affect the City's credit rating.
  - c. Market conditions are unstable or present difficulties in marketing.



## Debt Policy

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3. The following criteria will be used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
  - a. Factors which favor pay-as-you-go:
    1. Current revenues and adequate fund balances are available.
  - b. Factors which favor long-term financing:
    1. Revenues available for debt service are considered sufficient and reliable so that long term financing may be marketed with an appropriate credit rating.
    2. The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.
    3. Market conditions present favorable interest rates and demand for municipal financings.
    4. A project is mandated by state or federal requirements, and current revenues and fund balances are insufficient to pay project costs.
    5. A project is immediately required to meet or relieve capacity needs.
    6. The life of the project or asset financed is five years or longer.
4. The following will be considered in evaluating appropriate debt levels:
  - a. General Fund supported debt service will not exceed 10% of total budgeted expenditures and transfers out.
  - b. The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue, but only if the General Fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:
    1. Volatility and collectability of the revenue source identified for repayment of the debt.
    2. The likelihood the General Fund would be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor.

If the City Commission determines the risk of loss of assets or impairment of liquidity to the General Fund to be relatively minimal, self-supported debt service for debt that relies on the General Fund as a back-up guarantor will not exceed 10% of General Fund budgeted expenditures and transfers out.

5. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
6. The City will select a financial advisor on a competitive basis; the advisor will be retained for at least four years to provide continuity and adequate time to develop an understanding of the



## Debt Policy

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- City's needs. Other outside service providers may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.
7. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration. Interfund borrowing may not be used when the lending of funds would violate restrictions imposed through bond covenants, Commission action or state and federal laws.
  8. The term of the long-term debt instrument will not exceed the legal life of the asset or thirty years, whichever is less.
  9. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.
  10. In choosing the appropriate long-term debt instrument: cost, economic equity, political acceptability, and flexibility will be considered. Refundings will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered as appropriate.
  11. There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:
    - a. General obligation debt
    - b. Revenue bonds
    - c. Tax increment bonds
    - d. Special improvement district
    - e. Park district bonds
    - f. Master lease agreements
    - g. Vendor-financed leases
    - h. Bond anticipation notes



## **Master Plans**

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Master plans are the formal studies of current and projected community needs. The plan generally addresses a single operational area or system and is typically created by contracting with independent consultants specializing in that operation or system. Master plan recommendations fall into two categories: administrative and capital improvement programs.

Master plan development is an expensive, time consuming effort. Master plan components, especially the capital improvement programs, are typically updated annually. Updated master plans are used as the basis for capital expenditure recommendations in annual budget development.

Eventually, simply updating master plans is not enough. The dynamic nature of the community, technology, and emerging demands requires a comprehensive reassessment. New master plans are usually developed from scratch every five to ten years, depending on circumstances.

The City of Great Falls has a number of Master Plans, including:

- Comprehensive Master Plan (statutorily prescribed)
- Water System Master Plan
- Sewer System Master Plan
- Storm Drain Master Plan
- Street System Master Plan
- Parks Master Plan



## **Facility Revolving Schedules (FRS)**

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Facility revolving schedules are currently under development and projected to be in place for the Fiscal Year 2010 budget development process. The schedules will include:

- A capital improvement program for facilities and facility equipment replacement,
- Comprehensive listings of each existing facility and equipment item subject to replacement,
- Replacement schedules for a period from current to over 20 years, and
- Provisions for replacement reserves to be consistently funded through annual budgets.

A preliminary listing of all facilities and their major integral components has been completed. This listing was compiled from insurance and fixed asset records. Initial replacement costs for the records are the insurance replacement costs and estimates based upon the City's most recent cost experience for similar facilities and facility equipment.

The primary difficulty will be establishing reserves from scratch for these FRS capital improvement schedules. They will include a number of facilities with immediate capital financing needs. Annual reserve financing for most facilities will involve two annual budget components:

- a) Straight-line funded depreciation on a replacement cost basis, and,
- b) Straight-line amortization of reserves which should have been contributed in prior years.



## **Equipment Revolving Schedules (ERS)**

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All City operations fund their Equipment Revolving Schedules out of annual operating budgets. Although the ERS amortize future replacement costs, they may be thought of as funded depreciation programs. This provides pay-as-you-go financing at consistent levels from year to year. Equipment Revolving Schedules in the General Fund were changed in Fiscal Year 2005 to even out lease charges from the General Fund by looking at the ERS funding for the whole General Fund instead of by individual pieces of equipment.

The Central Garage and Information Technology Division serve as records keepers, advisors, and purchasing agents. Each department is responsible for their own analysis of serviceability, projected needs, replacement costs, and replacement timing for the General Fund.

- Initial ERS records are established at time of original or replacement purchase.
- Every year, as a preliminary phase of annual budget development, the ERS for all equipment are analyzed and adjusted.
- Equipment scheduled for replacement in the upcoming budget year is reconsidered before it is included for budget appropriation.
- Before each replacement purchase, the serviceability and need for equipment is reconsidered.
- No equipment is automatically purchased just because it is on a schedule or budgeted for replacement.

There are two Equipment Revolving Schedule (ERS) Programs:

### **1. Vehicles & Equipment (V&E) ERS**

V&E ERS reserves are held in the Central Garage Fund for all governmental fund operations and in the individual fund for each proprietary fund. The Central Garage prepares specifications and administers the purchase process for all capital outlay financed from V&E ERS reserves. In governmental funds the annual internal service charge, paid to the Central Garage Fund for the ERS reserve, is recorded as an expenditure each year. In proprietary funds, the annual addition to the ERS reserve is kept within the fund, and is not charged as an expense.

### **2. Computer ERS**

Computer ERS reserves are held in the Information Technology (IT) Fund. The Information Technology Division prepares specifications and administers the purchase process for all purchases financed from the Computer ERS reserves. The annual internal service charge paid to the IT Fund for the ERS reserve is recorded as an expenditure each year. Central processing computer equipment is owned and purchased in the IT Fund. Computer equipment purchased for operations outside the IT Fund does not reach the \$5,000 capitalization limit per item; therefore does not require capital outlay and fixed asset records within the individual proprietary fund.



## **Equipment Revolving Schedules (ERS)**

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The detailed Equipment Revolving Schedules are not shown in this document, but are available from the Analysis/Budget Division. For each capital operating item, the detailed listings identify:

- Item description
- Years of estimated life
- Estimated year of replacement
- Reserve goal
- Annual reserve increment
- Reserve balance at the beginning of the year
- Scheduled replacements for the current year
- Projected reserve balances for future year ends
- Additional information



## Capital Improvement Programs (CIP)

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Capital improvement programs are the long-term plans for scheduling capital outlays and capital projects as needed for on-going operations and efficiency. They typically identify:

- Each item or project's description and justification
- Expected beginning and ending date for each item or project
- The expenditure amount for each year during projects
- The anticipated method of paying for those capital expenditures

For capital projects, the scope, cost, timetables and available funding can be readily analyzed for the next one or two years. After that, it becomes increasingly difficult to estimate costs, timetables, and funding sources.

There are many capital projects which take more than two years to complete. Capital improvement programs plan the multi-year, long-range projects so they can be realistically financed. It is necessary to have capital improvement programs which address projects and financing at least three to five years in the future. The City has used the following criteria to evaluate the relative merit of each capital project:

- Encourage projects which will enhance the sense of community and make Great Falls a better place to live and visit.
- Revise and renew the long-range comprehensive plan.
- Provide quality water, wastewater, sanitation and other services to meet or exceed federal and state standards.
- Provide and annually update long-range capital improvement programs for all City functions.
- Capital investments will foster the City's goals of economic vitality, neighborhood vitality, and preserving the infrastructure and heritage.
- Priority will be given to projects which: can be funded through alternative revenue sources, implement a component of an approved plan, are specifically included in an approved replacement schedule, directly support development efforts in low and moderate income household areas, reduce the cost of operations or energy consumption, and/or, are identified by a board or another department as priorities.
- Projects which duplicate other public and/or private services will not be considered.
- Create a capital improvement program document (separate document).
- Finalize the CIP by matching the project needs to the financing sources.



## Investment Policy

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# CITY OF GREAT FALLS INVESTMENT POLICY

## I. Scope

This policy applies to the investment of City controlled funds. Investments of employees' vested retirement funds are not controlled by the City and therefore are not covered under this policy.

- 1. Pooling of Funds** Except for cash in certain restricted and special funds, the City of Great Falls 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 will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Pooling cash assets eliminates the need to maintain uninvested contingency cash for each fund. Instead, 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.

## II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- 1. Safety** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
  - a. Credit Risk** The City of Great Falls will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
    - Limiting investments to the safest types of securities as described in MCA Title 7, Chapter 6, Part 2 and MCA Title 17, Chapter 6, Parts 1, 2 & 3. See Appendix III & IV.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City of Great Falls will do business.
    - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.



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- b. **Interest Rate Risk** The City of Great Falls will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
  - Investing operating funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
2. **Liquidity** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio also may be placed in local government investment pools which offer same-day liquidity for short-term funds.
3. **Yield** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
- A security with declining credit may be sold early to minimize loss of principal.
  - A security swap would improve the quality, yield, or target duration in the portfolio if clearly demonstrated by the broker/dealer.
  - Liquidity needs of the portfolio require that the security be sold.
  - Termination of Broker/Dealer Agreement.



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### III. Standards of Care

- 1. Prudence** The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

- 2. Ethics and Conflicts of Interest** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio
- 3. Delegation of Authority** Authority to manage the investment program is granted to the Director of Fiscal Services and derives from the City Ordinance 2825 and the City Charter. Responsibility for the operation of the investment program is hereby delegated to the Investment Committee, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Fiscal Services Director. The Fiscal Services Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.



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- 4. City of Great Falls Investment Committee** The management of the investment portfolio and investment policy shall be the responsibility of the City of Great Falls Investment Committee consisting of the Fiscal Services Director, Assistant Fiscal Services Director, Operations Supervisor, Risk Management Specialist and the Administrative Assistant for Fiscal Services.

### IV. Safekeeping and Custody

- 1. Authorized Financial Dealers and Institutions** A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Have FDIC or FSLIC or evidence of comparable adequate insurance coverage
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the City of Great Falls’ Investment Policy

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Investment Committee.

- 2. Broker/Dealer Questionnaires** A Broker/Dealer Questionnaire will be sent to all prospective broker/dealers wishing to do business with the City of Great Falls. These questionnaires will then be reviewed by the Investment Committee for approval. If approved, the broker/dealer will be placed on the approved list of broker/dealers for the City of Great Falls. No broker/dealer will be considered before filling out this questionnaire.



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The criteria will be as follows:

1. The number of broker/dealers on the approved list will be determined by the City of Great Falls Investment Committee. The limit shall be determined by the number of broker/dealers that staff can efficiently work with for investment purposes. In the event an Investment Advisor Agreement is in effect, the broker/dealer approved list will be limited to three.
2. Qualification
  - a. The acceptance of responses to questionnaire by the City of Great Falls Investment Committee.
  - b. From those accepted, preference shall be given as follows:

1st	-	Local
2nd	-	State
3rd	-	Regional
4th	-	National
3. **Authorized Investment Advisors** Investment Advisors who desire to manage the City of Great Falls' portfolio for the government operating and capital funds (non-pension funds) must supply the following as appropriate:
  - An understanding of the City of Great Falls' overall investment program and the investment objectives and constraints unique to the City of Great Falls.
  - Experience, resources, and qualifications of the firm and individuals assigned to this account.
  - Firm must be registered in the State of Montana.
  - Experience of the firm in managing state/local government operating funds. In evaluating the firm's experience, past performance data will be evaluated in the context of portfolio objectives and constraints, as well as risks.
  - Recommended approach to management of the City of Great Falls' portfolio.
  - Additional investment or financial services offered or available through affiliation.
  - Fees, relative to services.

At a minimum an annual review of the financial condition and registration of the qualified investment advisor will be conducted by the Investment Committee.



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4. **Request for Proposals (RFP) for Investment Advisory Firms** An RFP will be sent to all prospective investment advisory firms wishing to do business with the City of Great Falls. These RFP's will then be reviewed by the Investment Committee for approval. If approved, the investment advisory firm will be required to sign an Investment Advisory Agreement.
5. **Internal Controls** The Fiscal Services Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Great Falls are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Fiscal Services Director shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
  - Separation of transaction authority from accounting and recordkeeping
  - Custodial safekeeping
  - Avoidance of physical delivery securities
  - Clear delegation of authority to subordinate staff members
  - Written confirmation of transactions for investments and wire transfers
  - Dual authorizations of wire transfers
  - Development of a wire transfer agreement with the lead bank and third-party custodian
6. **Delivery vs. Payment** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
  7. **Safekeeping** Securities will be held by a third party custodian as evidenced by safekeeping receipts.



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- 8. Collateral Required** The City of Great Falls restricts acceptable collateral for deposits further than the statutory restrictions. (REF: 7-6-205 thru 208 MCA). City criteria for deposit collateral is to only permit collateral with a readily verifiable market value and established marketability. A summary of the major points or additional City requirements is as follows:
1. **INSURED BALANCE**  
Collateral is not required on the first \$100,000 deposited which is insured by the FDIC or FSLIC.
  2. **PERCENTAGE OF BALANCE COLLATERALIZED**  
All deposits over \$100,000 are required to be secured with collateral having a market value of at least 100% of the deposit balance regardless that statute requires 50% of such deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; or 100% if the institution in which the deposit is made has a net worth to total assets ratio of less than 6% (REF: 7-6-207, MCA). The security shall consist of those enumerated in statute or cashier's checks issued to the depository institution by any federal reserve bank (REF: 17-6-103, MCA).
  3. **ELIGIBLE COLLATERAL FOR TIME DEPOSITS**  
Collateral for time deposits must be:
    - a. U.S. Treasury bills, Bonds, Notes or Certificates of Indebtedness backed by the pledged full faith and credit of the U.S. Government; or
    - b. Obligations of agencies or instrumentalities of the U.S. Government such as the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Land Banks, the Federal Intermediate Credit Banks or the Banks of Cooperatives. (REF: 17-6-103, MCA)
  4. **COLLATERAL DEPOSIT CONDITIONS**
    - a. Collateral deposits shall be accompanied by an assignment thereof to the City. The assignment shall require the depository to pay on demand, free of exchange or any other charges, except for early withdrawal penalties on time deposits, all moneys deposited therein and shall pay the interest thereon when due at the agreed rate; and that, in case of any depository default, the City Controller may sell the collateral to realize the full amount due to the City.



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- b. A depository may withdraw excess collateral or substitute collateral on receipt by the City of written notice from the depository. (REF: 7-6-208 & 17-6-102, MCA)
- c. Interest on collateral shall be paid to the depository so long as it is not in default.
- d. All collateral shall be deposited with the City Controller or placed in safekeeping for the City in a financial institution approved by the City Controller. The collateral shall not be redeposited in the depository furnishing it.

### V. Authorized Investments and Interest Bearing Deposits

It is the policy of the City of Great Falls to limit investments to those authorized currently under Montana Code. The following portion of the policy shall be updated in accordance with code changes. Currently the Montana Code authorizes:

#### 1. MONTANA STATUTORY AUTHORITY

Montana Code (MCA) 17-6-103 states:

The following kinds of securities may be pledged or guarantees may be issued to secure deposits of public funds. MCA 17-6-103 outlines the permissible investments for public funds including:

- 1. Direct obligations of the United States;
- 2. Securities as to which the payment of principal and interest is guaranteed by the United States;
- 3. Securities issued or fully guaranteed by the following agencies of the United States or their successors, whether or not guaranteed by the United States:
  - a. commodity credit corporation;
  - b. federal intermediate credit banks;
  - c. federal land bank;
  - d. bank for cooperatives;
  - e. federal home loan banks, including a letter of credit from a federal home loan bank;
  - f. federal national mortgage association;
  - g. government national mortgage association;
  - h. small business administration;
  - i. federal housing administration; and
  - j. federal home loan mortgage corporation;



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4. Securities of or other interests in an open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 80a-64), as amended, if:
  - a. the portfolio of the investment company or investment trust is limited to United States government obligations and repurchase agreements fully collateralized by United States government obligations; and
  - b. the investment company or investment trust takes delivery of the collateral for any repurchase agreement, either directly or through an authorized custodian;
5. General obligation bonds of the state or of any county, city, school district, or other political subdivision of the state;
6. Revenue bonds of any county, city, or other political subdivision of the state, when backed by the full faith and credit of the subdivision or when the revenue pledged to the payment of the bonds is derived from a water or sewer system and the issuer has covenanted to establish and maintain rates and charges for the system in an amount sufficient to produce revenue equal to at least 125% of the average annual principal and interest due on all bonds payable from the revenue during the outstanding term of the bonds;
7. Interest-bearing warrants of the state or of any county, city, school district, or other political subdivision of the state issued in evidence of claims in an amount that, with all other claims on the same fund, does not exceed the amount validly appropriated in the current budget for expenditure from the fund in the year in which they are issued;
8. Obligations of housing authorities of the state secured by a pledge of annual contributions or by a loan agreement made by the United States or any agency of the United States providing for contributions or a loan sufficient with other funds pledged to pay the principal of and interest on the obligations when due. The bonds and other obligations made eligible for investment in 7-15-4505 and 32-1-424(1)(a) may be used as security for all deposits of public funds or obligations for which depository bonds or any kind of bonds or other securities are required or may by law be deposited as security.
9. General obligation bonds of other states and of municipalities, counties, and school districts of other states;
10. Undertaking or guarantees issued by a surety company authorized to do business in the state;
11. First mortgages and trust indentures on real property. The depository shall, on a quarterly basis, certify to the state treasurer that sufficient first mortgages and trust indentures on real property are available and segregated to secure deposits of public funds. The board of investments shall determine the amount of security required.



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12. Bonds issued pursuant to Title 7, chapter 12, parts 21, 41, and 42;
13. Bonds issued pursuant to Title 90, chapter 6, part 1;
14. Revenue bonds issued by any unit of the university system of the State of Montana; and
15. Advance refunded bonds secured by direct obligations of the United States treasury held in irrevocable escrow.

### CITY AUTHORIZATIONS (instruments & deposits)

The City authorizes the use of the following, as approved by the State, for investments offered by financial institutions and broker/dealers:

1. Federal Securities;
2. Federal Agency Securities;
3. Federal Instrumentality Securities;
4. Federally Registered Investment Companies;
5. Repo's related to items 1-4.
6. State of Montana General Obligation Securities;
7. Time (certificates of) deposit; and
8. Interest bearing deposits.

## VI. Investment Parameters

### 1. Diversification The investments shall be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), and
- Investing in securities with varying maturities.
- The City of Great Falls has six major categories of investments:
  1. Investment and Master Accounts – being the most liquid
  2. State STIPS's
  3. Money Market/Repurchase Agreements
  4. Treasury Notes and Bills
  5. Direct Obligations
  6. Agencies (FHLB, FNMA, FHLMC)

The City of Great Falls' portfolio will be split as follows:

- 20% minimum (approximately \$5 – 10 million) in categories 1, 2 & 3
- Balance in categories 1,2,3, 4 & 5
- 30% maximum in category 6



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- 2. Maximum Maturities** To the extent possible, the City of Great Falls shall attempt to match its investments with anticipated cash flow requirements. With the exception of bond reserve required funds, the City of Great Falls will not directly invest in securities maturing more than three (3) years from the date of purchase.

Bond Reserve required funds with longer-term investment horizons may be invested in securities up to five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds.

- 3. Buy & Hold Philosophy** Consistent with our General Standards Ranking – Safety and Liquidity above yield, to the extent possible, the City of Great Falls shall attempt to keep all investments to maturity.
- 4. Centralized Banking** An accounting system involves keeping accurate, internal, records for all funds and accounts. Banking capabilities, such as deposit clearing, warrant/check processing, temporary deposit imbalances, and investment capacity, can best be handled through centralized banking in a minimum of bank accounts. Accordingly, uninvested cash balances should be maintained in the fewest depository accounts possible.
- 5. Economic Development Linked Deposits** The City of Great Falls actively promotes local economic development through various programs, activities and facilities. Accordingly, where a DIRECT link can be established between City deposits and an increase in a local financial institution's commitment to Great Falls' economic growth, such Economic Development Linked Deposits are authorized exceptions to the requirement for competitive bidding of investments. Upon the recommendation of the City Manager, the Fiscal Services Director may make Economic Development Linked Deposits consistent with safety and liquidity priorities at a reasonably diminished investment yield. Such deposits are rewards for local financial institution commitment, but shall not secure or collateralize private-sector capital investment.

## VII. Reporting

- 1. Methods** An investment report shall be prepared at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the City of Great Falls to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Fiscal Services Director, the City Manager and the City Commission. The report will include the following:



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- Listing of individual securities held at the end of the reporting period.
  - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
  - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
  - Listing of investments by maturity date.
  - Percentage of the total portfolio which each type of investment represents.
- 2. Performance Standards** The investment portfolio will be managed in accordance with the parameters specified within this policy. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.
- 3. Marking to Market** The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on “Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools.”

### VIII. Policy Considerations

- 1. Exemption** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity, or liquidation, such monies shall be reinvested only as provided in this policy.
- 2. Amendments** This policy shall be reviewed on an annual basis. Any changes must be approved by the Investment Committee and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.

