

City of Great Falls, Montana
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Street</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 165,411	\$ 1,162,636	\$ 336,402	\$ 4,726,024	\$ 6,390,473
Restricted cash and investments	-	-	-	2,707,216	2,707,216
Receivables					
Taxes	1,187,954	-	-	281,067	1,469,021
Special assessments	-	164,476	-	1,253,039	1,417,515
Accounts	142,898	16,943	-	76,397	236,238
Accrued interest	3,915	3,680	-	105,345	112,940
Loans	-	-	2,505,342	356,088	2,861,430
Due from other city funds	2,530,359	-	-	30,582	2,560,941
Due from other governments	38,629	-	38,500	338,910	416,039
Inventories	19,751	-	-	-	19,751
Other current assets	-	-	-	100,349	100,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,088,917</u>	<u>\$ 1,347,735</u>	<u>\$ 2,880,244</u>	<u>\$ 9,975,017</u>	<u>\$ 18,291,913</u>
LIABILITIES					
Accounts payable	\$ 26,949	\$ 108,477	\$ 3,574	\$ 186,701	\$ 325,701
Due to other city funds	30,582	-	-	115,055	145,637
Deferred revenue	615,622	131,816	2,505,212	2,147,138	5,399,788
Interfund loans payable	60,262	-	-	-	60,262
Advances from other funds	371,372	-	-	-	371,372
Other liabilities	61,586	-	-	791	62,377
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,166,373</u>	<u>240,293</u>	<u>2,508,786</u>	<u>2,449,685</u>	<u>6,365,137</u>
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	3,408,692	3,408,692
Capital projects	-	-	-	125,762	125,762
Unreserved reported in:					
General fund					
Designated	301,032	-	-	-	301,032
Undesignated	2,621,512	-	-	-	2,621,512
Special revenue funds					
Designated	-	-	-	659,288	659,288
Undesignated	-	1,107,442	371,458	2,793,534	4,272,434
Capital project funds					
Undesignated	-	-	-	538,056	538,056
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,922,544</u>	<u>1,107,442</u>	<u>371,458</u>	<u>7,525,332</u>	<u>11,926,776</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 4,088,917</u>	<u>\$ 1,347,735</u>	<u>\$ 2,880,244</u>	<u>\$ 9,975,017</u>	<u>\$ 18,291,913</u>

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

City of Great Falls, Montana
Reconciliation of the Balance Sheet
To the Statement of Net Assets - Governmental Funds
June 30, 2006

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

Fund balances - total governmental funds (page 22)		\$ 11,926,776
<p>Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 75,489,479	
Less: accumulated depreciation	<u>(28,854,101)</u>	
Capital assets - net		46,635,378
<p>Bond issuance costs are amortized over the life of the bonds in the statement of net assets.</p>		
		31,241
<p>Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.</p>		
		7,074,869
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		5,399,788
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	(2,383,018)	
Loans and contracts payable	(265,197)	
General obligation bonds payable	(2,330,000)	
Tax increment bonds payable	(4,191,420)	
Special assessment bonds payable	<u>(1,055,000)</u>	
Total long-term liabilities		<u>(10,224,635)</u>
Net assets of governmental activities (page 19)		<u>\$ 60,843,417</u>

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

City of Great Falls, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2006

	<u>General</u>	<u>Street District</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES					
Taxes	\$9,497,292	\$ -	\$ -	\$ 2,452,140	\$11,949,432
Licenses and permits	580,724	4,481	-	971,131	1,556,336
Intergovernmental	5,610,776	1,369,711	875,082	2,822,427	10,677,996
Charges for services	733,096	160,640	283,251	1,200,137	2,377,124
Fines and forfeitures	1,440,134	-	-	91,444	1,531,578
Internal services	637,171	81,352	-	210,059	928,582
Special assessments	-	2,221,454	-	1,983,657	4,205,111
Investment income	41,544	12,264	-	188,866	242,674
Other	65,709	44,440	165	429,703	540,017
	<u>18,606,446</u>	<u>3,894,342</u>	<u>1,158,498</u>	<u>10,349,564</u>	<u>34,008,850</u>
EXPENDITURES					
Current					
General government	2,277,854	-	-	4,642,492	6,920,346
Public safety	12,387,503	-	-	325,777	12,713,280
Public works	-	3,181,459	-	8,741	3,190,200
Culture and recreation	1,333,154	-	-	1,995,990	3,329,144
Housing and development	-	-	875,730	1,812,546	2,688,276
Debt service					
Principal	-	-	-	1,336,433	1,336,433
Interest	18,443	-	-	365,142	383,585
Capital outlay	-	435,361	452,602	1,731,826	2,619,789
	<u>16,016,954</u>	<u>3,616,820</u>	<u>1,328,332</u>	<u>12,218,947</u>	<u>33,181,053</u>
Revenues over (under) expenditures	<u>2,589,492</u>	<u>277,522</u>	<u>(169,834)</u>	<u>(1,869,383)</u>	<u>827,797</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	235,260	91,164	-	2,656,760	2,983,184
Transfers out	(3,182,565)	(83,984)	(1,955)	(1,209,896)	(4,478,400)
Issuance of debt	-	-	-	73,093	73,093
Proceeds of general capital asset dispositions	-	-	-	52,038	52,038
	<u>(2,947,305)</u>	<u>7,180</u>	<u>(1,955)</u>	<u>1,571,995</u>	<u>(1,370,085)</u>
Net changes in fund balance	(357,813)	284,702	(171,789)	(297,388)	(542,288)
Fund balance -- beginning	3,280,357	822,740	543,247	7,822,529	12,468,873
Prior period adjustment	-	-	-	191	191
Fund Balance -- ending	<u>\$2,922,544</u>	<u>\$1,107,442</u>	<u>\$ 371,458</u>	<u>\$ 7,525,332</u>	<u>\$11,926,776</u>

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

City of Great Falls, Montana
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities pages (pages 20-21) are different because:

Net change in fund balances - total governmental funds (page 24) \$ (542,288)

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is depreciated over the asset's useful life.

Expenditures for capital assets	\$ 2,619,789	
Less: current year's depreciation	(2,164,693)	
Total capital asset related expenditures	<u>455,096</u>	455,096

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets (180,938)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities 748,417

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds, funds. 280,033

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt		
General obligation bonds	(73,093)	
Principal repayments		
Loans and contracts	26,433	
General obligation bonds	90,000	
Tax increment bonds	970,000	
Special assessment debt	250,000	
Compensated absences	(139,230)	
Amortization of bond discounts	(24,566)	
Total debt related transactions	<u>1,099,544</u>	<u>1,099,544</u>

Change in net assets of governmental activities (pages 20-21) \$ 1,859,864

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

City of Great Falls, Montana
Statement of Net Assets
Proprietary Funds
June 30, 2006

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
ASSETS					
Current assets					
Cash and cash investments	\$ 3,568,436	\$ 2,031,784	\$ 3,957,960	\$ 9,329	\$ -
Receivables					
Accounts	1,028,316	946,872	379,405	285,459	805,703
Accrued interest	44,529	52,895	29,831	3,147	772
Interfund loans receivable	-	-	-	-	-
Inventories	261,525	-	-	-	-
Prepaid items	63,150	197,429	116,338	-	49,861
Total current assets	<u>4,965,956</u>	<u>3,228,980</u>	<u>4,483,534</u>	<u>297,935</u>	<u>856,336</u>
Long-term assets					
Restricted cash and investments	3,632,768	6,735,100	1,111,806	480,173	278,091
Advance to other funds	-	-	-	-	-
Investment in joint venture	-	-	-	-	514,997
Non-depreciable capital assets	1,062,981	1,699,078	435,228	342,071	1,070,809
Depreciable capital assets, net	37,487,667	39,139,818	13,969,458	1,330,369	-
Total long-term assets	<u>42,183,416</u>	<u>47,573,996</u>	<u>15,516,492</u>	<u>2,152,613</u>	<u>1,863,897</u>
Total assets	<u>47,149,372</u>	<u>50,802,976</u>	<u>20,000,026</u>	<u>2,450,548</u>	<u>2,720,233</u>
LIABILITIES					
Current liabilities					
Account payable	55,958	48,671	12,472	94,625	1,122,480
Due to other city funds	-	-	-	-	466,267
Interfund loan payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Notes payable	-	-	-	-	-
Revenue bonds payable	687,768	1,172,490	332,587	-	-
Other liabilities	204,281	-	-	-	-
Total current liabilities	<u>948,007</u>	<u>1,221,161</u>	<u>345,059</u>	<u>94,625</u>	<u>1,588,747</u>
Long-term liabilities					
Advances from other funds	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Notes payable	-	-	-	-	1,500,000
Compensated absences	279,302	22,943	-	111,122	-
Revenue bonds payable	6,973,191	17,627,715	5,178,771	-	-
Total long-term liabilities	<u>7,252,493</u>	<u>17,650,658</u>	<u>5,178,771</u>	<u>111,122</u>	<u>1,500,000</u>
Total liabilities	<u>8,200,500</u>	<u>18,871,819</u>	<u>5,523,830</u>	<u>205,747</u>	<u>3,088,747</u>
NET ASSETS					
Invested in capital assets, net of related debt	30,889,690	24,649,999	8,893,327	1,672,440	43,761
Restricted for:					
Bonded construction	-	2,611,308	-	-	278,091
Revenue bond reserves	2,937,291	3,589,715	961,806	-	-
Equipment replacement reserves	695,477	534,077	-	480,173	-
Repair and replacement	-	-	150,000	-	-
Unrestricted	4,426,415	546,058	4,471,062	92,188	(690,366)
Total net assets	<u>\$ 38,948,872</u>	<u>\$ 31,931,157</u>	<u>\$ 14,476,196</u>	<u>\$ 2,244,801</u>	<u>\$ (368,514)</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Net Assets (Concluded)
Proprietary Funds
June 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Golf Courses	Other Enterprise Funds	Totals	
ASSETS				
Current assets				
Cash and cash investments	\$ -	\$ 663,752	\$ 663,752	\$ 1,188,105
Receivables				
Accounts	-	77,218	77,218	75,378
Accrued interest	-	3,911	3,911	16,222
Interfund loans receivable	-	-	-	123,293
Inventories	-	-	-	139,058
Prepaid items	9,948	-	9,948	-
Total current assets	<u>9,948</u>	<u>744,881</u>	<u>14,587,570</u>	<u>1,542,056</u>
Long-term assets				
Restricted cash and investments	237,717	80,672	318,389	1,397,898
Advance to other funds	-	-	-	1,971,311
Investment in joint venture	-	-	-	-
Non-depreciable capital assets	1,362,597	1,299,623	2,662,220	-
Depreciable capital assets, net	3,221,974	10,601,668	13,823,642	3,690,741
Total long-term assets	<u>4,822,288</u>	<u>11,981,963</u>	<u>16,804,251</u>	<u>7,059,950</u>
Total assets	<u>4,832,236</u>	<u>12,726,844</u>	<u>17,559,080</u>	<u>8,602,006</u>
LIABILITIES				
Current liabilities				
Account payable	46,846	37,938	1,418,990	579,510
Due to other city funds	1,141,883	265,400	1,873,550	541,754
Interfund loan payable	-	63,031	63,031	-
Capital lease obligations	-	99,018	99,018	-
Notes payable	-	357,849	357,849	-
Revenue bonds payable	142,519	-	2,335,364	-
Other liabilities	-	8,329	212,610	-
Total current liabilities	<u>1,331,248</u>	<u>831,565</u>	<u>6,360,412</u>	<u>1,121,264</u>
Long-term liabilities				
Advances from other funds	-	1,599,939	1,599,939	-
Capital lease obligations	-	1,147,373	1,147,373	-
Notes payable	-	3,801,875	5,301,875	-
Compensated absences	32,733	62,688	508,788	405,873
Revenue bonds payable	1,689,480	-	31,469,157	-
Total long-term liabilities	<u>1,722,213</u>	<u>6,611,875</u>	<u>40,027,132</u>	<u>405,873</u>
Total liabilities	<u>3,053,461</u>	<u>7,443,440</u>	<u>46,387,544</u>	<u>1,527,137</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,752,572	4,832,206	7,584,778	3,690,741
Restricted for:				
Bonded construction	-	-	-	-
Revenue bond reserves	237,717	-	237,717	-
Equipment replacement reserves	-	80,391	80,391	3,492,502
Repair and replacement	-	-	-	-
Unrestricted	(1,211,514)	370,807	(840,707)	(108,374)
Total net assets	<u>\$ 1,778,775</u>	<u>\$ 5,283,404</u>	<u>\$ 7,062,179</u>	<u>\$ 7,074,869</u>

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

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets
Proprietary Funds
Year Ended June 30, 2006

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
OPERATING REVENUES					
Charges for services	\$ 7,428,136	\$ 6,516,115	\$ 2,086,414	\$ 2,735,958	\$ 4,051,244
OPERATING EXPENSES					
Personal services	1,673,142	634,562	10,264	1,084,089	-
Supplies and materials	481,424	62,143	3,668	173,438	12
Purchased services	622,985	2,278,659	38,638	812,738	4,455,257
Internal services	930,470	693,128	234,873	581,372	948
Other	-	-	-	36	-
Depreciation	2,379,231	1,727,250	662,419	339,470	-
Total operating expenses	<u>6,087,252</u>	<u>5,395,742</u>	<u>949,862</u>	<u>2,991,143</u>	<u>4,456,217</u>
Operating income (loss)	<u>1,340,884</u>	<u>1,120,373</u>	<u>1,136,552</u>	<u>(255,185)</u>	<u>(404,973)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	242,145	281,611	146,656	15,661	(4,922)
Interest expense	(347,365)	(710,387)	(214,373)	-	(15,493)
Proceeds (loss) of capital asset dispositions	(2,964)	(14,035)	-	(1,073)	-
Other	172,711	102	27,416	34,234	-
Total nonoperating revenues (expenses)	<u>64,527</u>	<u>(442,709)</u>	<u>(40,301)</u>	<u>48,822</u>	<u>(20,415)</u>
Change in net assets before transfers	1,405,411	677,664	1,096,251	(206,363)	(425,388)
Transfers in	-	-	-	12,408	-
Transfers out	<u>(90,320)</u>	<u>(16,789)</u>	<u>(67,642)</u>	<u>(13,490)</u>	<u>-</u>
Changes in net assets	1,315,091	660,875	1,028,609	(207,445)	(425,388)
Net assets, beginning of year	37,633,781	31,270,282	13,447,587	2,452,246	131,874
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Net assets, end of year	<u>\$ 38,948,872</u>	<u>\$ 31,931,157</u>	<u>\$ 14,476,196</u>	<u>\$ 2,244,801</u>	<u>\$ (368,514)</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Revenues, Expenses and Changes in
Fund Net Assets (Concluded)
Proprietary Funds
Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Golf Courses	Other Enterprise Funds	Totals	
OPERATING REVENUES				
Charges for services	\$ 1,090,309	\$ 2,587,631	\$ 26,495,807	\$ 11,339,901
OPERATING EXPENSES				
Personal services	604,479	1,448,798	5,455,334	3,423,337
Supplies and materials	143,979	181,289	1,045,953	692,081
Purchased services	165,143	891,036	9,264,456	5,933,120
Internal services	119,379	509,914	3,070,084	797,728
Other	357	1,052	1,445	(239)
Depreciation	329,071	395,589	5,833,030	581,969
Total operating expenses	1,362,408	3,427,678	24,670,302	11,427,996
Operating income (loss)	(272,099)	(840,047)	1,825,505	(88,095)
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	(29,054)	8,880	660,977	141,233
Interest expense	(101,686)	(249,475)	(1,638,779)	-
Proceeds (loss) of capital asset dispositions	(205)	(4,093)	(22,370)	(4,873)
Other	-	9,000	243,463	270,158
Total nonoperating revenues (expenses)	(130,945)	(235,688)	(756,709)	406,518
Change in net assets before transfers	(403,044)	(1,075,735)	1,068,796	318,423
Transfers in	99,600	1,177,262	1,289,270	582,048
Transfers out	(9,786)	(26,021)	(224,048)	(152,054)
Changes in net assets	(313,230)	75,506	2,134,018	748,417
Net assets, beginning of year	2,092,005	5,207,898	92,235,673	6,335,590
Prior period adjustment	-	-	(75,000)	(9,138)
Net assets, end of year	<u>\$ 1,778,775</u>	<u>\$ 5,283,404</u>	<u>\$ 94,294,691</u>	<u>\$ 7,074,869</u>

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

City of Great Falls, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2006

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 7,120,601	\$ 6,075,388	\$ 1,849,866	\$ 2,666,946	\$ 3,446,201
Receipts from interfund services provided	-	-	-	-	(199,131)
Receipts from others	67,499	102	27,416	34,234	-
Receipts from other governments	-	-	-	-	-
Payments to suppliers	(1,138,894)	(2,443,536)	(27,225)	(1,053,793)	(3,841,291)
Payments to employees	(1,632,485)	(648,337)	(10,264)	(1,072,973)	-
Payments for interfund services used	(930,470)	(693,128)	(234,873)	(581,372)	-
Payments to others	18,358	-	-	-	950
Net cash provided (used) by operating activities	<u>3,504,609</u>	<u>2,290,489</u>	<u>1,604,920</u>	<u>(6,958)</u>	<u>(593,271)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES					
Transfers in	-	-	-	12,408	-
Transfers out	(90,320)	(16,789)	(67,642)	(13,490)	-
Net cash provided (used) by noncapital financing activities	<u>(90,320)</u>	<u>(16,789)</u>	<u>(67,642)</u>	<u>(1,082)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Proceeds from sale of assets	31,512	-	-	-	-
Principal payments received - advances	-	-	-	-	-
New borrowing - general obligation note	-	-	-	-	1,500,000
Principal payments - revenue bonds	(705,000)	(1,207,041)	(329,491)	-	-
Discount/premium	41,362	35,246	2,697	-	-
Principal payments - advances	-	-	-	-	-
Principal payments - capital leases	-	-	-	-	-
Interest paid	(347,365)	(710,387)	(214,373)	-	(15,493)
Acquisition/construction of capital assets	(3,534,720)	(1,326,917)	(226,689)	(57,968)	(607,451)
Net cash provided (used) by capital and related financing activities	<u>(4,514,211)</u>	<u>(3,209,099)</u>	<u>(767,856)</u>	<u>(57,968)</u>	<u>877,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	240,601	279,226	139,295	15,132	(5,694)
Net cash provided (used) by investing activities	<u>240,601</u>	<u>279,226</u>	<u>139,295</u>	<u>15,132</u>	<u>(5,694)</u>
Net increase (decrease) in cash	(859,321)	(656,173)	908,717	(50,876)	278,091
Cash, beginning of year	<u>8,060,525</u>	<u>9,423,057</u>	<u>4,161,049</u>	<u>540,378</u>	<u>-</u>
Cash, end of year (a)	<u>\$ 7,201,204</u>	<u>\$ 8,766,884</u>	<u>\$ 5,069,766</u>	<u>\$ 489,502</u>	<u>\$ 278,091</u>
(a) Shown on the statement of net assets as:					
Cash and cash equivalents	\$ 3,568,436	\$ 2,031,784	\$ 3,957,960	\$ 9,329	\$ -
Restricted cash and investments	3,632,768	6,735,100	1,111,806	480,173	278,091
	<u>\$ 7,201,204</u>	<u>\$ 8,766,884</u>	<u>\$ 5,069,766</u>	<u>\$ 489,502</u>	<u>\$ 278,091</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Golf Courses</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,092,718	\$ 2,588,313	\$ 3,681,031	\$ 7,277,445
Receipts from interfund services provided	230,587	(162,915)	67,672	111,448
Receipts from others	-	9,000	9,000	4,181,725
Receipts from other governments	-	-	-	(9,138)
Payments to suppliers	(281,807)	(1,081,675)	(1,363,482)	(6,621,632)
Payments to employees	(601,362)	(1,483,359)	(2,084,721)	(3,434,382)
Payments for interfund services used	(119,379)	(509,914)	(629,293)	(666,736)
Payments to others	-	(13,970)	(13,970)	-
Net cash provided (used) by operating activities	<u>320,757</u>	<u>(654,520)</u>	<u>(333,763)</u>	<u>838,730</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES				
Transfers in	99,600	1,177,262	1,289,270	582,048
Transfers out	<u>(9,786)</u>	<u>(26,021)</u>	<u>(224,048)</u>	<u>(152,054)</u>
Net cash provided (used) by noncapital financing activities	<u>89,814</u>	<u>1,151,241</u>	<u>1,065,222</u>	<u>429,994</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES				
Proceeds from sale of assets	2,857	-	34,369	10,149
Principal payments received - advances	-	-	-	127,217
New borrowing - general obligation note	-	-	1,500,000	-
Principal payments - revenue bonds	(140,000)	-	(2,381,532)	-
Discount/premium	2,699	-	82,004	-
Principal payments - advances	-	(66,223)	(66,223)	-
Principal payments - capital leases	-	(92,866)	(92,866)	-
Interest paid	(101,686)	(249,475)	(1,638,779)	-
Acquisition/construction of capital assets	<u>(145,387)</u>	<u>(90,233)</u>	<u>(5,989,365)</u>	<u>(695,847)</u>
Net cash provided (used) by capital and related financing activities	<u>(381,517)</u>	<u>(498,797)</u>	<u>(8,552,392)</u>	<u>(558,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	<u>(29,054)</u>	<u>8,379</u>	<u>647,885</u>	<u>137,844</u>
Net cash provided (used) by investing activities	<u>(29,054)</u>	<u>8,379</u>	<u>647,885</u>	<u>137,844</u>
Net increase (decrease) in cash	-	6,303	(7,173,048)	848,087
Cash, beginning of year	<u>237,717</u>	<u>738,121</u>	<u>23,160,847</u>	<u>1,737,916</u>
Cash, end of year (a)	<u>\$ 237,717</u>	<u>\$ 744,424</u>	<u>\$ 15,987,799</u>	<u>\$ 2,586,003</u>
(a) Shown on the statement of net assets as:				
Cash and cash equivalents	\$ -	\$ 663,752	\$ 10,231,261	\$ 1,188,105
Restricted cash and investments	<u>237,717</u>	<u>80,672</u>	<u>12,556,327</u>	<u>1,397,898</u>
	<u>\$ 237,717</u>	<u>\$ 744,424</u>	<u>\$ 22,787,588</u>	<u>\$ 2,586,003</u>

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

Continued on next page

City of Great Falls, Montana
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2006

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Electric</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,340,884	\$ 1,120,373	\$ 1,136,552	\$ (255,185)	\$ (404,973)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	2,379,231	1,727,250	662,419	339,470	-
Cash provided (used) by changes in operating assets and liabilities					
Accounts receivable	(412,747)	(440,727)	(236,548)	(69,012)	(605,043)
Other receivables	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expense	10,789	66,378	20,342	-	(48,911)
Inventories	20,573	-	-	-	-
Accounts payable	(65,847)	(169,112)	(5,261)	(67,581)	664,787
Due to other city funds	-	-	-	-	(199,131)
Other liabilities	18,358	-	-	-	-
Compensated absences payable	40,657	(13,775)	-	11,116	-
Other nonoperating revenue	172,711	102	27,416	34,234	-
Total adjustments	<u>2,163,725</u>	<u>1,170,116</u>	<u>468,368</u>	<u>248,227</u>	<u>(188,298)</u>
Net cash provided (used) by operating activities	<u>\$ 3,504,609</u>	<u>\$ 2,290,489</u>	<u>\$ 1,604,920</u>	<u>\$ (6,958)</u>	<u>\$ (593,271)</u>

City of Great Falls, Montana
Statement of Cash Flows (Concluded)
Proprietary Funds
Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Golf Courses</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (272,099)	\$ (840,047)	\$ 1,825,505	\$ (88,095)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	329,071	395,589	5,833,030	581,969
Cash provided (used) by changes in operating assets and liabilities				
Accounts receivable	2,409	(1,808)	(1,763,476)	(19,297)
Other receivables	-	2,490	2,490	-
Due from other governments	-	-	-	(9,138)
Prepaid expense	1,934	-	50,532	-
Inventories	-	-	20,573	(21,963)
Accounts payable	25,738	(8,298)	374,426	24,693
Due to other city funds	230,587	(162,915)	(131,459)	111,448
Other liabilities	-	(13,970)	4,388	-
Compensated absences payable	3,117	(34,561)	6,554	(11,045)
Other nonoperating revenue	-	9,000	243,463	270,158
Total adjustments	<u>592,856</u>	<u>185,527</u>	<u>4,640,521</u>	<u>926,825</u>
Net cash provided (used) by operating activities	<u>\$ 320,757</u>	<u>\$ (654,520)</u>	<u>\$ 6,466,026</u>	<u>\$ 838,730</u>

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

City of Great Falls, Montana
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 44,757	\$ 99,044
Accrued interest	251	-
Total assets	45,008	\$ 99,044
LIABILITIES		
Accounts payable	-	\$ 62,182
Other liabilities	-	36,862
Total liabilities	-	\$ 99,044
NET ASSETS		
Held in trust for private purpose	\$ 45,008	

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

City of Great Falls, Montana
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2006

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Private contributions	\$ 14,120
Investment income	<u>1,127</u>
Total additions	15,247
DEDUCTIONS	
Change in net assets	<u>-</u>
Net assets, beginning of year	<u>29,761</u>
Net assets, end of year	<u><u>\$ 45,008</u></u>

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