

*City of Great Falls,
Montana
Annual Report to the Citizens
For the fiscal year 2009*



*Prepared by the Fiscal Services
Department*

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**This report is available on our website or contact the
Department for additional copies.**

The information for this report was taken from the City of Great Falls' Comprehensive Annual Financial Report (CAFR), which was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and applicable legal requirements for the year ended June 30, 2009.

Message from the Mayor

December 2009

To the Citizens of Great Falls,

On behalf of the City Commission and city staff, it is my pleasure to provide the citizens of Great Falls with the 2009 Annual Report.

This report reflects the financial condition of the City at year's end and the progress made over the past fiscal year. Despite the recession, the City had a relatively stable year with continued development in both the residential and commercial sectors. The Commission and staff worked to tighten City spending during the development of the budget, balancing the desire to continue providing excellent services while effectively using tax dollars. Even in the midst of these challenging economic times, the City was able to re-build its general fund reserve account which had fallen below levels stated in City policy.

In August, voters were asked to consider supporting public safety levies that would increase the number of police officers and firefighters on duty. Even though both requests failed, the City will endeavor to provide efficient and effective public safety services.

The City is excited about new development in the West Bank Urban Renewal District. With the completion of 3rd Avenue NW, the roadway will open additional development opportunities in a blighted area creating new jobs, park development opportunities, and trail access along the mighty Missouri River. Already, residents can see the area enhanced with the addition of the Missouri River Federal Courthouse and the Staybridge Suites.

The City Commission wishes to thank the citizens of Great Falls for their participation in city government. Together we can make Great Falls even greater.

Sincerely,



Dona Stebbins

Mayor

City Services and Costs

This report is intended to keep citizens informed about City services and the costs to provide these services. Information about calendar year 2008 service activity and the City's June 30, 2009 financial condition are provided. All discussions in this report exclude the Business Improvement District and the Library Foundation which are component units of the City. For information about those component units, please refer to the Comprehensive Annual Financial Report (CAFR) that is available on the City's website or from the City. Contact us at (406) 455-8423 for information. City services provided in calendar year 2008 include the following areas:

366 miles of streets and alleys, 11,770 street signs, 305.38 miles of water mains, 3,054 fire hydrants, 240.32 miles of sewer mains, 64 parks, and 47,083 trees maintained
303 residential building permits issued at a value of \$23,995,370
109 commercial building permits issued at a value of \$43,959,047
16 annexation applications reviewed
16 subdivision applications reviewed
25 zoning applications reviewed
64,789 library patrons using the internet for 226,954 searches
76,607 calls to the 911 call center
45,394 police department calls
5,685 fire department calls
17,529 violations issued at the municipal court
Total of 9,860 monthly parking permits issued
63,530 rounds of golf played at two municipal golf courses
Investment in capital assets net of related debt increased \$3,449,857



Sunrise at
Eagle
Falls Golf
Club

City Services and Costs (continued)

To manage the diverse activities of the City several different funds or accounting entities are used to manage City finances. Following are the types of funds and activities included within each fund:

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

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

Debt Service Funds – account for the accumulation of resources for the payment of principal and interest on debt such as general obligation, tax increment, and special assessment.

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

Enterprise Funds – account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

Internal Service Funds – account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.



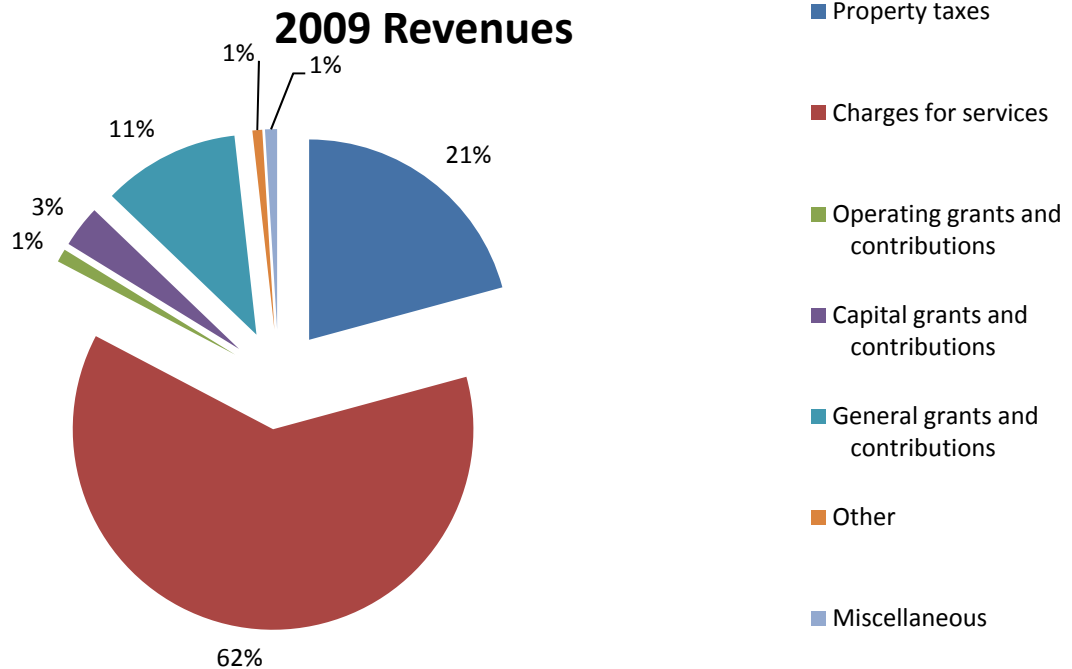
Sculpture
at West
Bank Park

City Services and Costs (continued)

Where the money came from

For the fiscal year ended June 30, 2009, the government-wide total revenues equaled \$77,019,681 as represented in Management's Discussion and Analysis in the CAFR. A comparative summary of the revenues are provided below:

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 16,004,331	\$ 14,634,494
Charges for services	47,695,245	46,651,201
Operating grants and contributions	828,840	925,996
Capital grants and contributions	2,608,232	2,218,945
General grants and contributions	8,532,724	8,190,388
Other	602,991	1,330,732
Miscellaneous	<u>747,318</u>	<u>1,459,475</u>
Total revenues	\$ 77,019,681	\$ 75,411,231



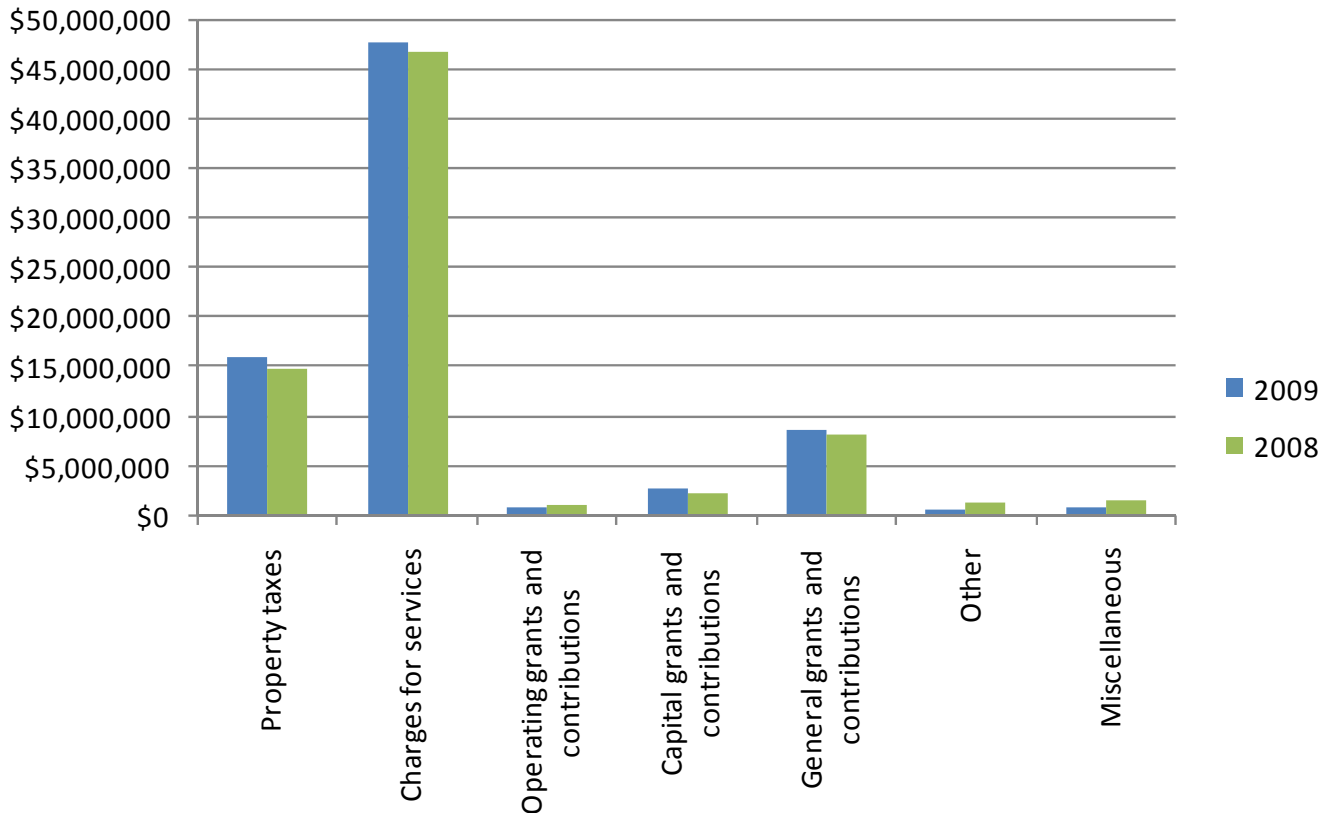
City Services and Costs (continued)

Revenue items of note

Taxes increased by \$1,369,837 primarily due to an increase in taxable property with newly taxable property additions and a statutorily authorized four mill increase for “Permissive Health Insurance”. General grants and contributions revenues increased by \$342,336 primarily due to new Montana Board of Crime Control and Justice Assistance grants being awarded for public safety.

Overall revenue derived from charges for services increased \$1,044,044 primarily due to rate increases in the Water, Sewer, Storm Drain, Sanitation and Electric funds.

Revenue Comparison by Year

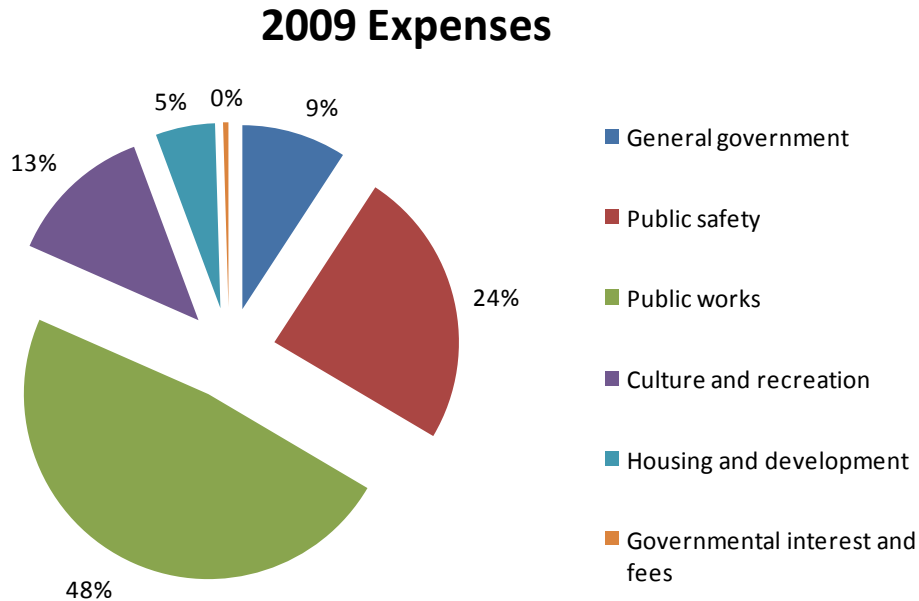


City Services and Costs (continued)

Where the money went

For the fiscal year ended June 30, 2009, government-wide total expenses equaled \$71,896,482 as represented in the Management's Discussion and Analysis in the CAFR. A comparative summary of the expenses are summarized below:

	<u>2009</u>	<u>2008</u>
General government	\$ 6,621,443	\$ 6,450,394
Public safety	17,448,756	17,052,199
Public works	34,590,305	32,833,019
Culture and recreation	9,158,945	7,804,402
Housing and development	3,744,817	3,964,824
Governmental interest and fees	<u>332,216</u>	<u>405,626</u>
	\$71,896,482	\$ 68,510,464

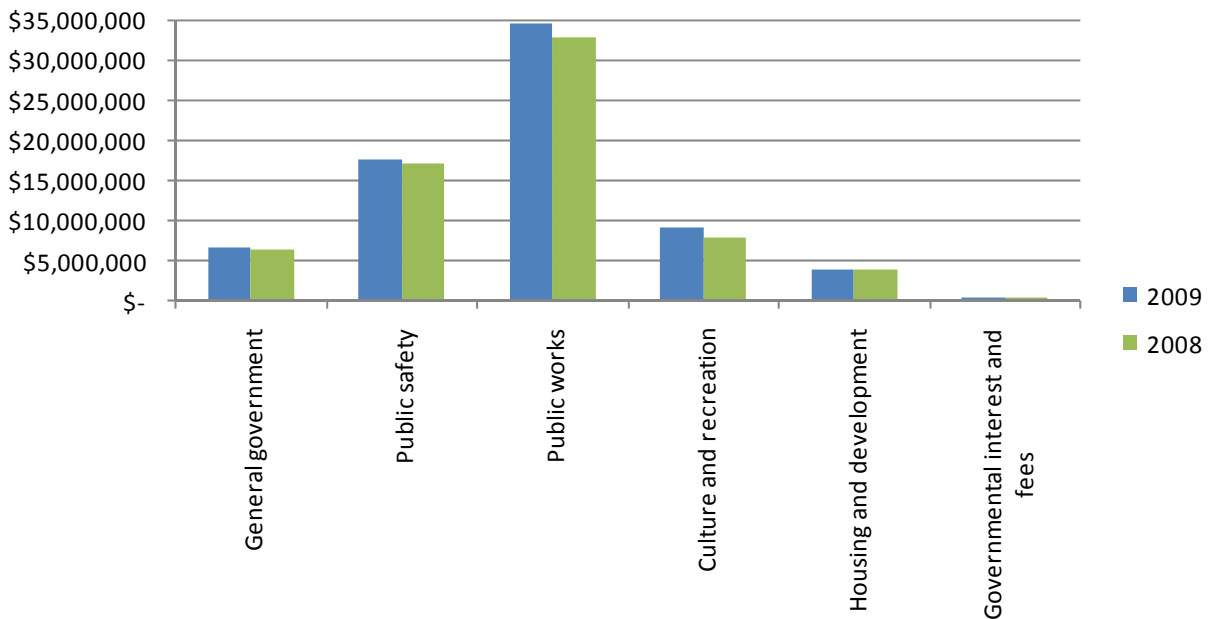


City Services and Costs (continued)

Expense items of note

General government related expenses increased by \$171,049 primarily due to an increase in expenses in the CTEP Projects Special Revenue Fund and first time posting of GASB 45 required Other Post Employment Benefits in the Health and Insurance Fund. Public safety related expenses increased by \$395,557 primarily due to increased expenses activity in the police and fire operations in the General Fund and 911 Special Revenue fund. Public works related expenses increased by \$1,757,286 primarily due to increased activity in the Street, Water, and Electric Funds for operations. Housing and development expenses decreased by \$220,007 primarily due to decreased activity in the Community Development Block Grant and HOME Grant programs. Interest and fees decreased by \$73,410 due to retirement of debt.

Expense Comparison by Year



City Departments

The City Commission serves as the legislative and governing body of the City of Great Falls. It is responsible for establishing City policies and goals. The City Commission has the authority to adopt laws, ordinances, and resolutions as needed to conduct the business of the City.

City Administration includes:

The City Manager and Staff are responsible for assuring the City Commission's policy direction is carried out and oversee management of all city functions. The staff is also responsible for a wide variety of special projects, such as developing intergovernmental agreements, measuring organizational efficiency, annual budget development, and management studies. They also provide staff to the Great Falls Housing Authority Board of Commissioners to manage and operate 490 units of public housing, 16 units of unsubsidized affordable housing in Great Falls, and 200 Section 8 Vouchers.

The City Clerk is responsible for the history of the City as an organization. The accomplishments and accountability of municipal governments is documented by the creation, maintenance, and preservation of public records.

The Human Resource Division is responsible for recruitment, organizational training, labor relations, and development of City personnel.

The Legal Services Division provides legal advice for the City Commission and City Staff, assists departments in preparing new ordinances or changes to existing ones, represents the City in civil litigation and prosecutes misdemeanor violations in Municipal Court.

The Community Development Department serves the citizens of Great Falls by facilitating, promoting, and ensuring quality development for our community. The Department has seven primary functions:

Building Permits

Federal Block & Home Grants

Licensing

Civic Center Maintenance

Neighborhood Councils

Parking and Zoning

City Departments (continued)

The Fire Department's primary responsibility is to protect lives and property through fire prevention, fire suppression and investigation, emergency pre-hospital medical service.

The Fiscal Services Department provides and accounts for services in support of other City operations. Fiscal Service operations encompass:

Financial Reporting	Utility Billing/Customer Service
Information Technology	Payroll
Accounts Payable/Receivable	Banking and Investments
Debt Issuance	City Assessments
Mapping	Safety/Insurance
City Mail	

The Municipal Court Division is a court of record with an elected judge.

The Park and Recreation Department is responsible for the City's parks and trees, swim pools, golf courses, City implemented recreation programs, Civic Center events, and the Visitor Center.

The Planning Department provides services associated with land development, subdivision review, transportation planning, rezoning, annexations, and land use planning.

The Police Department's main objectives are to prevent and suppress crime. The 911 Dispatch Center located in the Police facility is managed by the Department and receives calls for the City of Great Falls, Cascade County, and four bordering counties. Beginning in 2008, the Animal Control operations reside in the Police Department.

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

City Departments (continued)

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

Utilities – Water, Sewer, and Storm Drain

Operations – Sanitation, Street, and Central Garage

Engineering – Technical support for Utilities and Operations



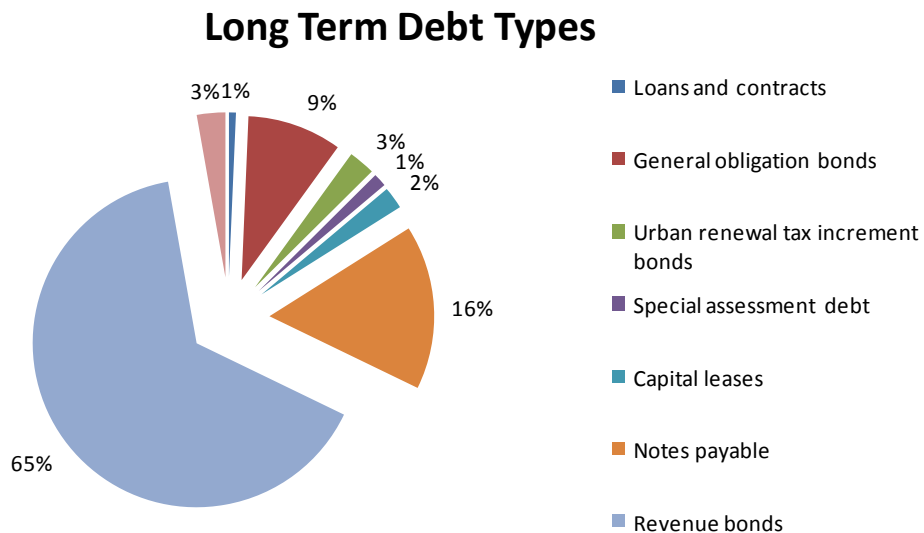
City Snow Plow

Debt

The issuance of long-term bonds has historically provided a major source of funding for capital needs. Due to the high cost of constructing or replacing infrastructure assets, the City of Great Falls is generally not able to accumulate enough cash from current receipts to pay for the necessary improvements. Borrowing money permits governments to acquire assets as needed rather than wait until a sufficient amount of cash has been built up. The issuance of bonds also spreads the costs of a capital asset to those who benefit from it, both now and in the future.

Amount of different types of long-term debt the City has:

Type of Debt	Balance due as of June 30, 2009	Amount due within one year
Loans and contracts	\$ 288,380	\$ 137,455
General obligation bonds	3,961,366	307,422
Urban renewal tax increment bonds	1,104,126	1,104,126
Special assessment debt	555,000	-
Capital leases	929,222	120,030
Notes payable	6,860,149	282,577
Revenue bonds	27,697,993	2,797,839
Other liabilities	1,186,062	-
Total debt	\$ 42,582,298	\$ 4,749,449



Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of three years.

Depreciation is the expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence. Land and Construction in progress are not depreciable.

<u>Capital asset net of depreciation</u>	<u>Amount as of June 30, 2009</u>
Land	\$ 14,045,634
Construction in progress	3,886,326
Buildings	23,066,667
Improvements	71,702,273
Machinery and equipment	7,910,367
Infrastructure	74,467,117
Total	\$ 195,078,384



City
Police
Traffic
Van



City
Fire
Truck



City Street
Sweepers



Capital Assets (continued)

The following contracts are for capital assets under construction (construction in progress) but not yet completed as of June 30, 2009.

	Amount Expended to Date	Remaining Construction Commitment	Expected Date of Completion
5 th Street S Streetscape and Sidewalk	\$ 693	\$ 163,511	Dec. 2009
Engineers Office Remodel	28,239	55,761	June 2010
BNRR/River Drive	661,025	627,707	Dec. 2009
Prairie Ridge Estates	14,021	143,979	June 2010
1 st Avenue N – 5 th Avenue S	395,193	554,807	Dec. 2009
Valley Gutters	522	59,478	Dec. 2009
Lift Station #30 Lift Pad	6,925	52,075	Dec. 2009
Great Falls North Sanitary & Storm Drain	137,220	88,575	June 2010
Sanitary Sewer Phase 12	120,672	119,328	June 2010
Grande Vista 2	125	219,874	June 2010
Backwash/Screen	234,313	94,001	Dec. 2009
Park Improvements	12,500	132,500	Dec. 2009



Work on
water
distribution
main

Fund Equity (Fund balance)

Simply put, a fund's equity or fund balance, which is divided into reserved and unreserved portions, is the difference between their assets and liabilities. Reserved fund balance differentiates the portion of fund balance that is not available for the year's budget, so that unreserved fund balance can serve as a measure of current available financial resources. Unreserved fund balance may be subdivided into designated and undesignated portions. A designation represents the City's intended future use of resources (e.g., contingencies, equipment replacement) and generally reflects actual plans approved by the City Commission.

Below is a summary of the types of funds and their total fund balances:

<u>Type of Fund</u>	<u>Fund balance June 30, 2009</u>	<u>Fund balance June 30, 2008</u>
General	\$ 3,511,924	\$ 2,659,961
Special revenue	6,591,215	6,132,570
Debt service	1,912,650	2,899,879
Capital projects	311,473	636,621
Enterprise	18,428,423	18,102,197
Internal Service	<u>6,300,682</u>	<u>5,704,176</u>
Total	\$ 37,056,367	\$ 36,135,404



City view
from
Visitors
Center

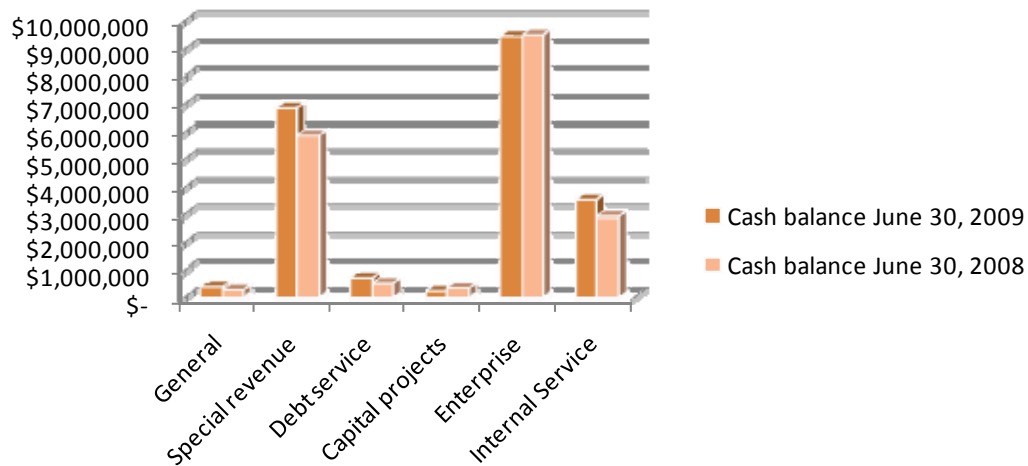
Cash and Cash Investments

As mentioned earlier, fund equity is defined as the difference between fund assets and fund liabilities. Because cash is a fund asset, it enters into this equation and has an effect upon fund equity. Cash, however, is only one of a number of fund assets and liabilities. Therefore, it is possible for fund equity to remain unchanged while cash balances decline or increase. The increase in the General Fund is primarily due to the receipt of protested taxes. The increase in the Internal Service funds is primarily due to an increase in the Health and Benefits Internal Service Fund.

Below is a summary of the types of funds and their cash balances:

Type of Fund	Cash balance June 30, 2009	Cash balance June 30, 2008
General	\$ 395,584	\$ 284,132
Special revenue	6,845,346	5,886,681
Debt service	720,309	534,551
Capital projects	241,477	355,870
Enterprise	9,474,733	9,527,488
Internal Service	3,539,690	2,919,725
Total	\$ 21,217,139	\$ 19,508,447

Cash Balance Comparison by Year



Contracted Services

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

Fire Districts

The City provides fire protection for 16 rural fire districts. The term of this agreement is for the period of four (4) years from July 1, 2005 to September 30, 2009.

Bulk Water Service

The City and Cascade County entered into an interlocal agreement for the City to provide bulk water service to Cascade County residents. The term of this agreement is for the period of fifteen (15) years from July 1, 1995, through June 20, 2010. The City will supply bulk water and storm drain service to the three (3) City dispensing station sites presently located within the City of Great Falls.

Dispatch and Communication Services

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

Library

The County contributes to the operations of the City/County Library. The County assesses a rural mill levy for the purpose of making contributions to the City library operating costs.

Health Department

On November 22, 1999, the County and the City entered into an interlocal agreement establishing management authority, maintenance responsibilities, and ownership of record for the new City-County Health Department building. The City contributes to the operations of the City-County Health Department as approved during the annual budget process.

Contracted Services (continued)

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

Electric City Power

Electric City Power (ECP) is licensed through the Public Service Commission to supply electricity. On November 1, 2005, the City created and organized a nonprofit corporation under Ordinance 2925, to own, operate and take all other actions necessary or desirable in connection with the municipal electric utility of the City, including the provision of electricity supply services to consumers and others located within or outside of the City. The City has contracted with Southern for its energy supply contracts necessary to serve the City's electric utility customers.

On March 15, 2005 the City Commission approved the water service agreement with Southern outlining the rates charged for water service through June 30, 2010 for raw water, and applicable fees. The agreement also outlines the responsibilities of the parties in regards to the reporting of data, the ownership of the meters and system, and the payment requirements, along with addressing the water rights transfer application necessary to utilize available municipal raw water.

On June 17, 2008 the City Commission approved a fire protection and emergency services agreement between the City and Southern related to City services to be provided to the Highwood Generating Station facility.

Housing Authority

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

Solid Waste

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

Contracted Services (continued)

Parking Facilities

The City has a management agreement with APCOA for operation of all the City's parking facilities and for enforcement of parking violations. The contract runs through December 31, 2010, with an option for the City to renew for an additional three years.

Soccer Park

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

Wastewater Treatment Plant

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



Parking
Garage

Full-Time Equivalent Employees by Function/Program

Full-time equivalent is a measure of authorized personnel positions, indicating the percentage of time a position or group of positions are funded. It is calculated by equating 2,080 hours of work per year with the full-time equivalent of one position. The hours of several part time employees may add up to one FTE. In 2008 the City took over operating at the Animal Shelter and the employees were added to the Police Department.

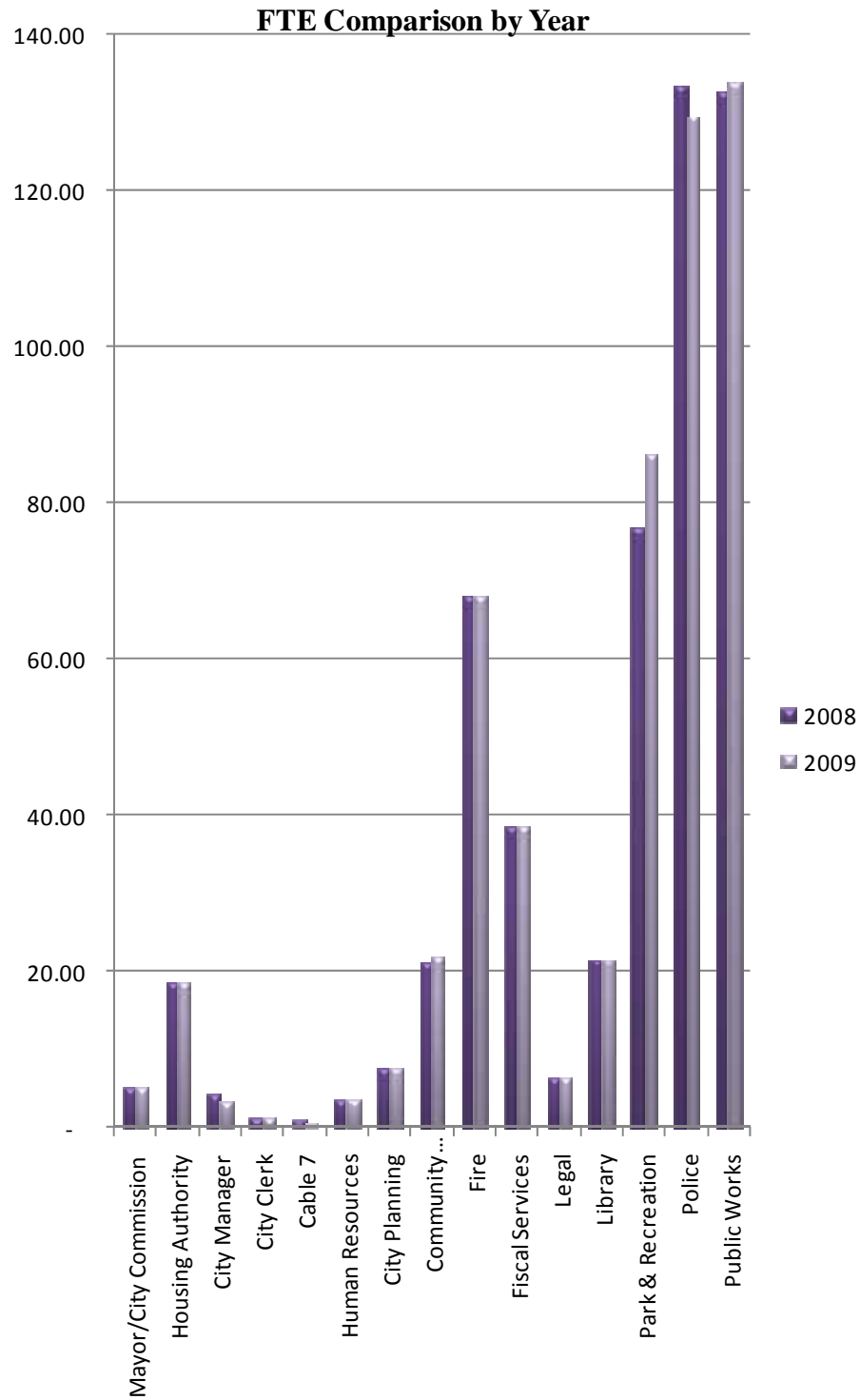
Function/Program	Fiscal Year				
	2005	2006 *	2007	2008	2009
Mayor/City Commission	5.00	5.00	5.00	5.00	5.00
Housing Authority	18.50	18.50	18.50	18.50	18.50
City Manager	4.40	4.25	4.25	4.29	3.29
City Clerk	2.25	1.25	1.25	1.29	1.29
Cable 7	-	-	1.00	1.00	0.50
Human Resources	3.66	3.66	3.66	3.66	3.66
City Planning	8.60	7.60	7.60	7.60	7.60
Community Development	22.44	23.43	20.94	20.94	21.94
Fire	67.00	67.00	67.00	68.00	68.00
Fiscal Services	38.12	38.05	37.90	38.40	38.40
Legal	4.60	5.80	5.80	6.30	6.30
Library	22.52	21.76	21.05	21.30	21.30
Park & Recreation	40.98	78.17	77.50	76.77	86.22
Police	115.00	117.00	119.00	133.50	129.50
Public Works	119.15	130.93	132.33	132.75	133.95
Total	472.22	522.40	522.78	539.30	545.45

* In 2006 seasonal employees were included in the totals.



Civic Center

Full-Time Equivalent Employees by Function/Program (continued)





Two Towers in Great Falls

The purpose of this information is to inform citizens of the City's financial activity. This information does not replace the CAFR; it is meant as a supplement to provide each of you with a better understanding of the City's overall financial condition. A CAFR is a financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, and 3) statistical, and whose financial section provides information on each individual fund and component unit. For a complete review of the City's financial position for 2009, consult the CAFR, available on the City's website or from the City. Contact us at (406) 455-8423 for information.



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