

ANNUAL BUDGET IN BRIEF



CITY OF GREAT FALLS, MONTANA

FISCAL YEAR 2020



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Great Falls
Montana**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Great Falls, Montana, for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The City of Great Falls is the county seat of Cascade County and is the third largest city in Montana. Situated on the Missouri River, the City is approximately 50 miles east of the Continental Divide and 120 miles south of the Canadian border. The City serves as a gateway to Glacier National Park and is on a main thoroughfare to Yellowstone National Park. Great Falls is fortunate to have several pedestrian/bicycle facilities including the nationally recognized River's Edge Trail system which follows the Missouri River from Gibson Park to Giant Springs. The 48 mile trail wanders through the City of Great Falls area, connecting parks and other points of interest along the Missouri River including Black Eagle Falls, Rainbow Falls, Crooked Falls and "The Great Falls of the Missouri" just below Ryan Dam. Malmstrom Air Force Base is the state's largest military installation and the Montana Air National Guard is located near the Great Falls International Airport. The City encompasses an area of over 22 square miles with a population of 59,178 according to the U.S. Census Bureau population estimates.

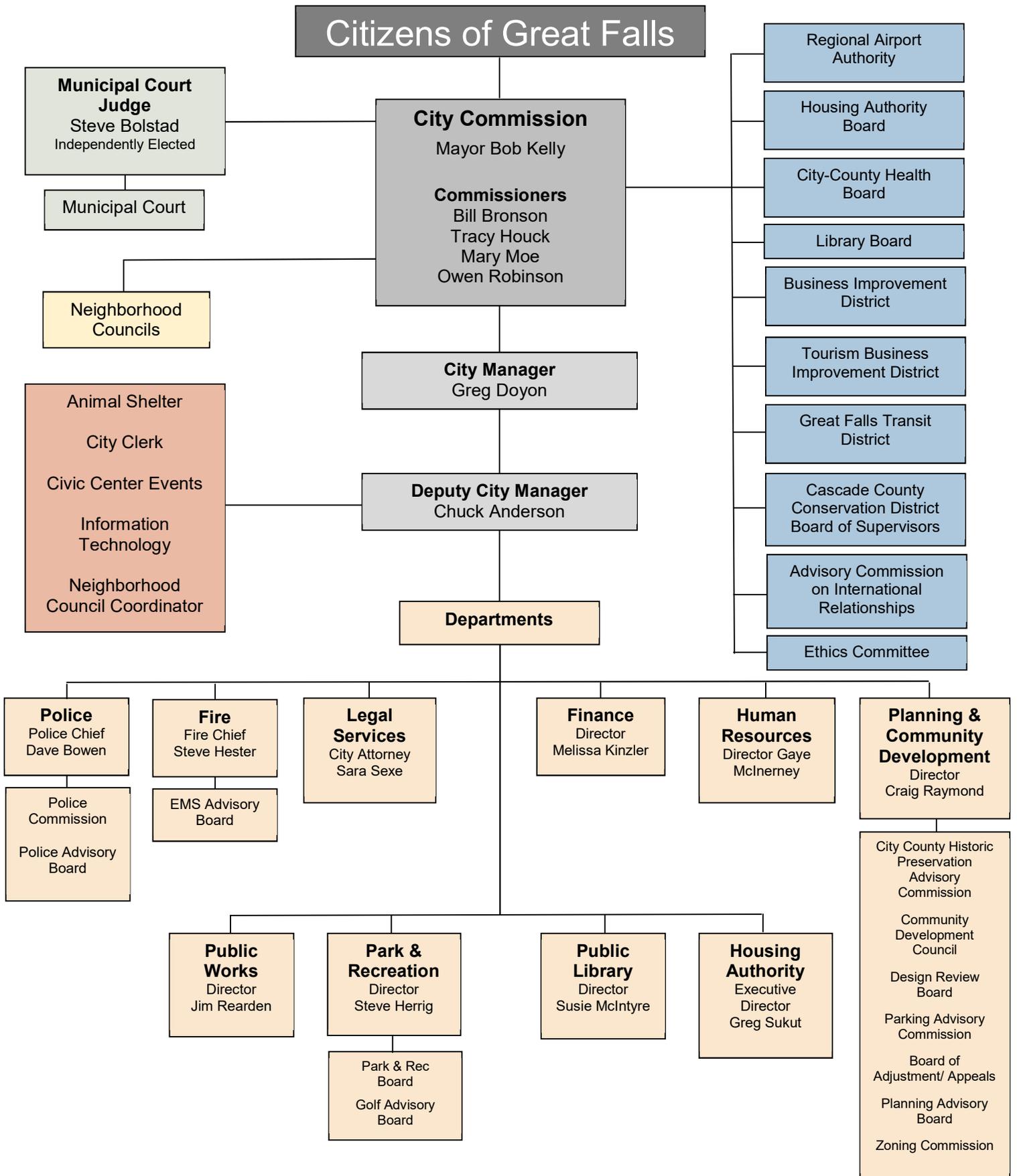
The present Great Falls townsite was first noted in the journals of Lewis and Clark in 1805 as they portaged around "the thundering Great Falls of the Missouri". In 1882, Paris Gibson, a Minneapolis City planner and engineer, recognized the potential of the area's abundant resources and central location. Gibson's legacy was a carefully planned City that makes Great Falls unique today.

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

Great Falls has nine neighborhood councils comprised of five members each. Members are elected to two-year terms. The councils act in an advisory capacity to the City Commission, the City Manager and to other City advisory bodies.

Services provided by the City of Great Falls include police, fire, planning, library, parks & recreation, street repair and maintenance, water, sanitary sewer, storm drain, and sanitation.





Bob Kelly, Mayor



Greg Doyon, City Manager



City Commissioners



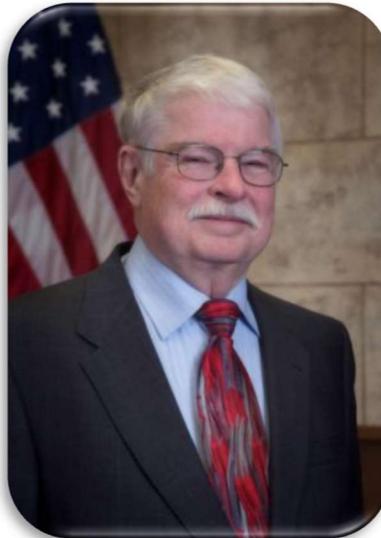
Bill Bronson



Tracy Houck



Mary Moe



Owen Robinson

Elected Positions

Bob Kelly	Mayor	870-0212
Bill Bronson	Commissioner	452-5921
Tracy Houck	Commissioner	781-8958
Mary Moe	Commissioner	868-9427
Owen Robinson	Commissioner	454-1063
Steve Bolstad	Municipal Judge	771-1380

Appointed Positions

Greg Doyon	City Manager	455-8450
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Department Positions

Chuck Anderson	Deputy City Manager	455-8450
Neil Anthon	Chief Prosecutor	455-8449
Dave Bowen	Chief of Police	455-8410
Lanni Klasner	Communications, Neighborhood Councils	455-8496
Lonnie Dalke	Parks Supervisor	791-8982
David Dobbs	Public Works/City Engineer	771-1258
Lynn Formell	Animal Shelter Manager	452-1358
Owen Grubenhoff	Civic Center Events Manager	455-8510
Greg Sukut	Housing Authority Executive Director	453-4311
Bruce Haman	Building Official	455-8404
Steve Herrig	Park & Recreation Director	791-8980
Steve Hester	Fire Chief	791-8965
Dirk Johnson	Fire Marshal	791-8970
Mike Judge	Public Works/Utility Systems Supervisor	727-8390
Melissa Kinzler	Finance Director/Budget Officer	455-8476
Lisa Kunz	City Clerk	455-8451
Jon Legan	Information Technology Manager	455-8483
Wayne Lovelis	Public Works/Water Plant Supervisor	455-8587
Gaye McInerney	Human Resources Director	455-8448
Tom Micuda	Deputy Planning and CD Director	455-8432
Susie McIntyre	Library Director	453-9706
Craig Raymond	Planning & CD Director	455-8530
Jim Rearden	Public Works Director	727-8390
Patty Rearden	Deputy Park & Recreation Director	791-8981
Sara Sexe	City Attorney	455-8422
Todd Seymanski	City Forester	791-8983

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

Bolded positions denote Elected Officials and Department Heads.



City Manager’s Budget Message

Honorable Mayor and City Commission:

It is my pleasure to present the Fiscal Year 2020 City of Great Falls Annual Budget.

The City’s financial position continues to be stable. Like many Montana communities, Great Falls struggles with fully funding its Capital Improvement Plans and fully supporting the public safety needs. Under the policy direction of the City Commission, city departments work to prioritize projects and maintain and support service levels.

The City Manager has a long-term budget strategy for the community. The chart below summarizes areas of primary focus over the past several years to meet taxpayer expectations of city services:

Focus Area	Action
Fund Management	<ul style="list-style-type: none"> • Ongoing evaluation of purpose, revenues, expenditures • Establishing and maintaining fund balance levels, provide annual status ranking
Utilities	<ul style="list-style-type: none"> • Measured rate increases, capital improvements, development expansion capacity • Regulatory compliance
Capital	<ul style="list-style-type: none"> • Immediate life safety needs first – strategic use of unspent appropriations • Facilities & Equipment
General Fund	<ul style="list-style-type: none"> • Property taxes capped, slow but steady growth • General Fund subsidy reductions, maintaining strong undesignated fund balance
Debt Services	<ul style="list-style-type: none"> • Asset preservation • Building Non-Voted General Obligation debt capacity, paying off debt early
Economic Development	<ul style="list-style-type: none"> • TIF Districts, invest in infrastructure and preventative maintenance to support growth, water right preservation • CDBG support
Park and Recreation	<ul style="list-style-type: none"> • Park Maintenance District • Operational changes and cost recovery model
Partnerships	<ul style="list-style-type: none"> • Housing, Military, Mental Health, Cascade County, Economic Development, Recreational, NGOs, Transportation

One of the primary challenges with the FY2019-2020 budget was projecting new tax revenues. A multi-year tax assessment appeal by a large industrial property owner in Great Falls impacted how management approached revenue projections and the City’s undesignated Fund Balance. This appeal began in FY 2018 and to date has resulted in the City not receiving \$3,232,509 in cash for funding of General Fund operations.

Specifically, due to lower property tax revenues, the adopted budget does not meet the revised financial policy of 22% minimum undesignated fund balance. The projected ending fund balance for FY 2020 is 17%. A strong fund balance is critical for two reasons. First, the city needs to meet its financial policy minimum for cash flow needs, and second, the City needs to maintain its quality, low risk credit rating.

Working toward stronger financial security means addressing several key needs and some recurring budget issues. In the coming budget years, the community will be asked to support long-term debt to address deterioration of the exterior panels of the Civic Center. The projected cost for Civic Center exterior rehabilitation is currently estimated to be \$5.5 million. The City does not have enough non-voted general obligation debt to secure financing. Therefore, the City Commission will decide when to seek voter approval to secure bonds for the repairs.

The overall budget challenge for FY 2020 continues to be balancing operational needs with deferred capital maintenance. Sometimes this means not adding personnel or new expenditures until a capital need is addressed. It also means not adding annual operational expenses that cannot be sustained. In other words, the City leadership needs to sometimes say "no" to requests from departments and the public.

City departments collectively requested over \$3,611,945 in additional spending from the prior budget. Out of this request, a total of \$1,426,591 was funded. For capital improvement requests, city departments requested funding in excess of \$4,294,470. This includes capital replacements items, capital maintenance, and equipment. Only \$1,250,370 was funded in the budget.

The newly adopted Park Maintenance District No. 1 helps to address some deferred capital projects in Parks and Recreation. The district allows the City to assess up to \$1.5 million for improvements annually for the first three years. In year one, these projects were started and/or completed:

- Electric City Water Park Bath House Improvements
- Gibson Park Asphalt Trail Overlay
- Gibson Park Restrooms
- Jaycee Park Sports Courts
- Multi-Sports Complex Dugout and Backstop
- Turf Maintenance
- Rivers Edge Trail Matching Funds
- ADA Sidewalks to Play Structures
- Irrigation Upgrades

The District is in its second year of operation. Details of the proposed budget for the district are available on the city's website.

Additionally, an increase in the statewide gas tax (first received in fiscal year 2018) provides a significant boost to the annual street maintenance allocation for street improvements and maintenance. The FY 2019 amount was \$720,822 which was used for the Encino Drive project. The projected amount for FY 2020 is \$760,000, which will be used to replace streets and sidewalks in conjunction with water main replacement projects.

FY 2020 Budget Highlights*Adopted Property Tax Detail*

<i>Property Tax</i>	<i>% Increase</i>	<i>Impact on Property Value of \$100,000</i>
Permissive Medical Levy	2.79%	\$6.38
Inflationary Factor	1.02%	\$2.33

Operations

The City's overall budget decreased by 7.30% from the FY 2019 Amended Budget, which is largely due to the timing of major Public Works projects. General Fund revenues (mostly money raised from property taxes) were up slightly by 4.09%. The increase reflects recent community growth and development in Great Falls. It is worth noting that the total taxable amount available to the city annually is limited by a statewide property tax cap. The cap allows the city to raise taxes by one-half of the prior three year consumer price index average on an annual basis. This does not include other special assessments including streets or utilities.

The overall budget could best be described as a "base-line budget". A base-line budget uses the previous year's funding levels as a starting point for FY 2020. New funding requests for the departments were separated from the budget and identified in the city manager's "FY 2020 Above and Beyond" request sheet. This practice assists the Commission and the public with understanding new requests and their associated costs.

The City has 59 different funds, each classified as stable, worth monitoring, or at-risk. Each of these funds has a specific purpose, revenue source, and provides funding for various city operations. The Golf Fund is one of five funds identified as "at-risk". In other words, it is not financially performing well and requires corrective action. A private management company, namely CourseCo., took over management of the two City courses in February of 2019. The remaining funds of concern include Civic Center Events, Swimming Pools, Recreation, and Multi-Sports.

The Parking Fund moved from "at-risk" to "requires monitoring" with this budget. This is largely due to the increased parking rates approved by the Commission and addressing deferred capital maintenance in the parking garages. This deferred maintenance is being addressed through the use of fund balance, increased revenue from rates, and support from the Downtown TIF. Consumer habits, downtown redevelopment, and enforcement efforts all impact the health of the fund. When a business moves into or out of the downtown, there is an impact on parking revenues. Efforts are underway by the Parking Advisory Board and City Commission to review current practices to chart new direction.

The FY 2020 budget provides funding across the organization for ongoing operations including equipment replacement, training, and supplies. In FY 2019, all seven of the city's collective bargaining groups negotiated two year contracts. The collective impact to the City's FY 2020 budget was over \$466,688. Another significant expense included health insurance for employees. The City's health insurance plan was subject to a 10.6% increase.

Other notable budget requests that were funded in the FY 2020 budget include a part-time municipal court judge and associated support staff (\$109,677), increased workers compensation premiums for firefighter presumption (\$123,904), and capital funding for the Library's HVAC system from Library reserves (\$250,000) and the Insurance & Safety Fund (\$65,000).

Personnel

The FY 2020 budget includes a 1.91 FTE *decrease* in personnel. Golf employees are now under the management of CourseCo, and the traffic division supervisor and a document management position were eliminated. The Park Maintenance District will fill two positions for arborists and a park maintenance worker. Municipal Court received not only a part-time judge, but support staff including a full-time clerk and a bailiff.

Capital Maintenance, Equipment Replacement, and Facilities

The adopted budget includes funding for current and future capital needs. Certain capital items receive funding with a direct allocation; some require funding over time (capital reserve fund). Due to their cost, certain capital items require funding through a loan or bond.

FY 2020 adopted budget included the following capital items:

- Library Air Handler (\$315,000)
- Various Park Maintenance District Projects (\$1,500,000 annual assessment)
- Various Public Works Projects Water, Sewer, Storm Drain, and Street including:
 - Water Treatment Plant Filter Upgrades (\$4,000,000)
 - Water Distribution River Crossings (\$6,500,000)

Water, Sewer, and Storm Water Utilities

Rates are established by determining the cost for operating the utility, addressing ongoing system maintenance needs, and capital projects. The rate increase process typically occurs in August/September of each year. The adopted FY 2020 budget recommends an increase in the water (5%), sewer (2%) and storm drain (5%) rates. In 2018, an independent consultant completed a rate study for the City of Great Falls.

The regulatory environment has a direct effect on all utility rates. When rate setting occurs for utilities in March/April of each year, there is much discussion regarding the maintenance of these systems in order to meet the operational requirements of the Environmental Protection Agency/Montana Department of Environmental Quality.

Street, Lighting, and Boulevard Special Assessments

The adopted budget also includes adjustments in various city assessments. The City's lighting districts assessment will increase by an aggregate 0.5% and the street assessment did not increase for FY 2020. The Portage Meadows assessment will increase by 5% to insure that the City fully

recovers its cost for maintaining the subdivision's common areas and pathways. Properties in the City's Boulevard District will see a 5% increase for tree trimming and planting.

Debt Service

The City of Great Falls has a high debt capacity, but very low debt. In FY 2016, the City retired the Swimming Pool General Obligation debt service (Mitchell Pool and neighborhood pool repairs). The remaining General Obligation debt service is in the chart below:

<i>Original Issuance Information</i>	<i>Issuance Date</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Bonds/ Loans Issued</i>	<i>Balance, 6/30/2020</i>
Soccer Park Bonds, Series 2014A	04/03/2014	2.0 - 2.5%	07/01/2024	\$1,480,000	\$620,000
Series 2014B, Limited Tax	04/02/2014	1.0–3.6%	04/01/2022	\$1,065,000	\$280,000
Fire Trucks Intercap	12/11/2015	Variable	02/15/2026	\$820,000	\$439,236

Future Challenges and Opportunities

Management outlined for the City Commission several challenges on the horizon for Great Falls' local government. These areas include:

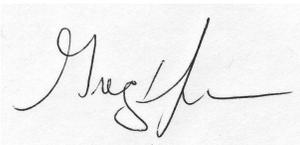
- Addressing hardware replacement and updating technology for the 911 Radio Network
- Police/Fire Service staffing levels
- Civic Center Façade Bond Request
- Employee total compensation, including Health Insurance Costs

In Closing

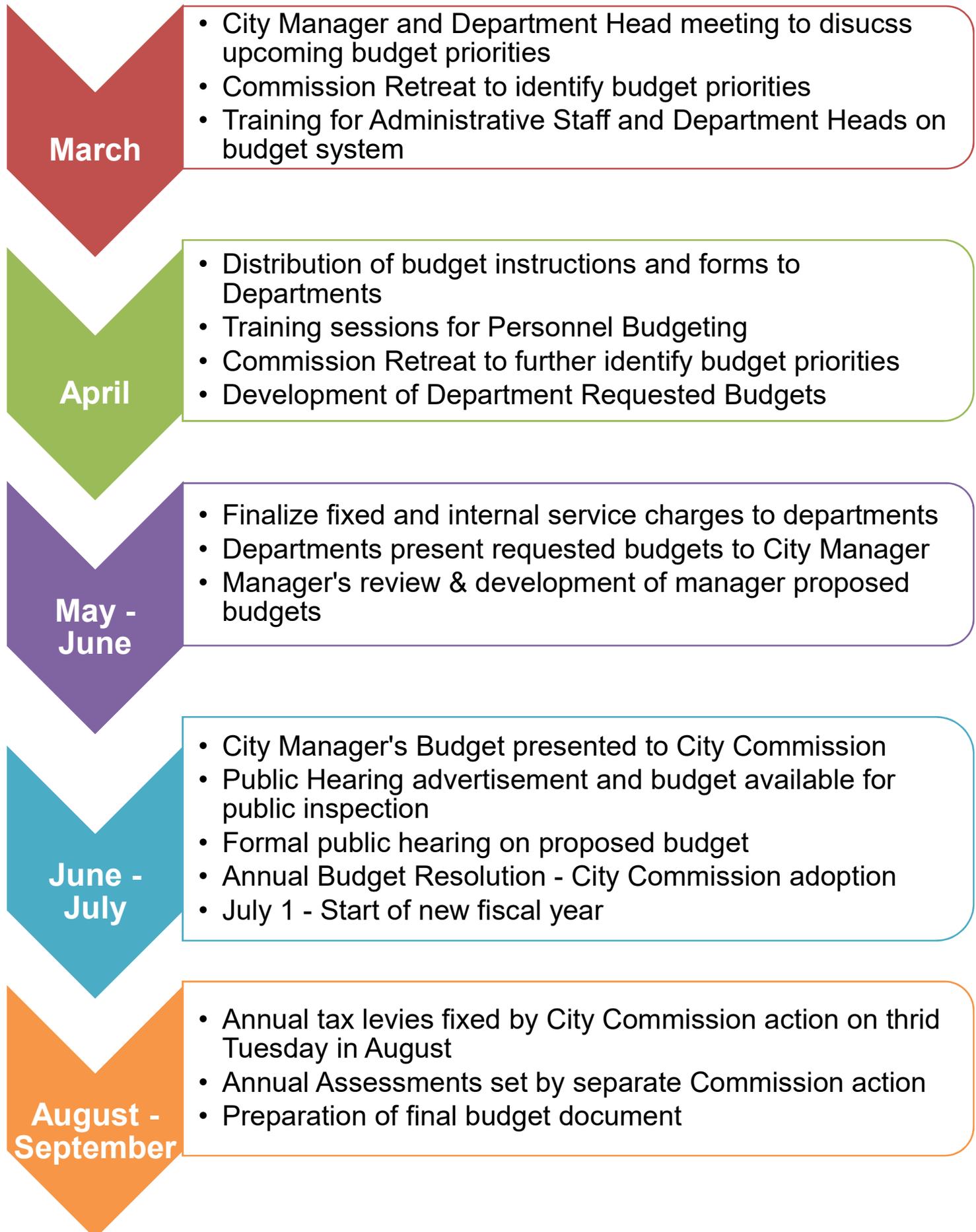
The City Manager's budget presentation to the City Commission is available for viewing on the City's web site at <https://greatfallsmt.net>. Numerous supplemental budget documents are available for viewing on the City's web site at <https://greatfallsmt.net/finance/2020-proposed-budget>. The City also has an online budget tool through Balancing Act that can be accessed from the City's webpage.

Despite some of the challenges described, the City of Great Falls financial position is sound thanks to a dedicated City Commission and department head team. I want to thank the department heads for their focus and diligence in preparing the budget. I especially want to thank Deputy City Manager Chuck Anderson, Finance Director Melissa Kinzler, and Budget Analyst Kirsten Myre for their assistance.

Respectfully submitted,



Gregory T. Doyon
City Manager



Budget Documents

There are two bound documents prepared by the Finance Department each year.

1. City Manager's Proposed Budget

The Manager's proposed budget is presented to the City Commission and made available to the public in June or July. This document is the basis for the public hearing on the budget. Various resources are created to aid in preparation, which include:

- Department Requested Budgets
- Above and Beyond Requests
- General Fund Subsidies
- Fund Health: Stable & At-Risk
- Internal Service Charges
- Capital Improvement Planning

2. Final Budget

This document is the City Commission's adopted budget and is made available in September.

Budget Finalization

The formal conclusion of the budget development process occurs on the third Tuesday in August. For this FY 2020 budget:

- The annual proposed budget was presented on June 27, 2019.
- The budget hearing on the proposed budget was set on July 2, 2019.
- The budget hearing on the proposed budget was July 16, 2019.
- The annual budget was adopted July 16, 2019.
- Subsequent tax valuation information may require mid-year budget revisions.
- The resolution to fix annual tax levy adoption was adopted August 20, 2019.

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 first Thursday in September or within 30 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. 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. The City Manager has budget amendment authority for the expenditure of funds for any or all of the following:

- Appropriation carry-overs
- Appropriated reserves
- Contingency allocations
- Special assessments, grants, donations, trusts, agencies.

Administration

- The **City Commission** is the legislative and governing body of the City. It is responsible for establishing City policies and goals. It has the authority to adopt laws, ordinances, and resolutions as needed to conduct the business of the City.
- The **City Manager’s Office** is responsible for assuring the city commission’s policy direction is carried out and for overall 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, and budget development.
- The **City Clerk’s Office** 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.
- **Information Technology** is an internal service fund. This fund and division is responsible for managing the central computer systems, networks, and software of the city. Mapping and telephone services are also included.
- The **Neighborhood Council** Coordinator provides technical and general information among Neighborhood Councils, Council of Councils, City staff, the City Commission, and citizens of Great Falls.
- The **Animal Shelter** ensures the health, safety, and welfare of the animals and citizens of our community.
- The **Civic Center Events** division handles operations of the Mansfield Center for the Performing Arts.

Finance

The Finance Department provides and accounts for services in support of other city operations. Finance operations include:

- Accounts Payable/Receivable
- Payroll
- Utility Billing & Customer Service
- City Tax and Assessment Billing
- Budget and Analysis
- City Mail Processing

Fire

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

Housing Authority

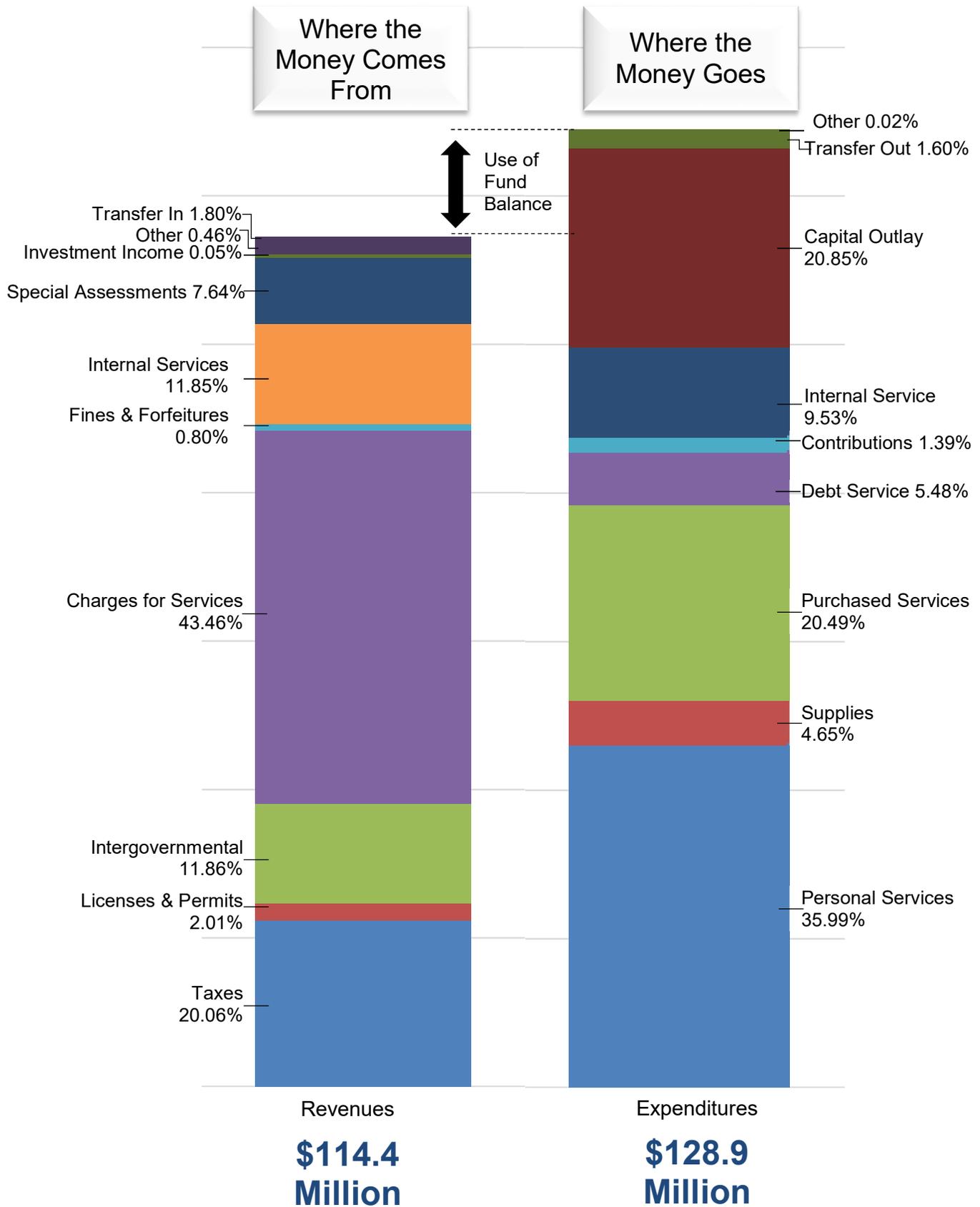
The Housing Authority provides staff and management to the Great Falls Housing Authority Board of Commissioners to manage and operate 490 units of public housing and 32 units of affordable housing in seven locations and manage 265 Section Eight Vouchers.

<i>Human Resources</i>	The Human Resources department is responsible for recruitment, benefits administration, compensation, policy development, collective bargaining negotiations, and organizational training and development of personnel.
<i>Legal</i>	The Legal Department 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.
<i>Municipal Court</i>	Municipal Court provides for direct courtroom proceedings and the record and receipt functions necessary to follow through with dispositions and for jail alternatives. Court operations are administered by the elected municipal court judge.
<i>Park & Recreation</i>	The Park & Recreation Department is responsible for the City’s parks and trees, swimming pools, golf courses, and recreation programs.
<i>Planning & Community Development</i>	The Planning & Community Development Department serves Great Falls by facilitating, promoting, and ensuring quality planning development for our community. Services include land development, subdivision review, transportation planning, rezoning, annexations, and land use planning.
<i>Police</i>	The Police Department’s main objectives are to prevent and suppress crime. The 911 Dispatch Center is managed by the Department and receives calls for the City of Great Falls, Cascade County, and four bordering counties.
<i>Public Library</i>	The Public Library provides residents 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 Commission.
<i>Public Works</i>	<p>The Public Works Department is responsible for the planning, organization, and coordination of three branches:</p> <ul style="list-style-type: none"> ▪ Utilities – Water, Sewer, and Storm Drain ▪ Operations – Sanitation, Street, and Central Garage ▪ Engineering – Technical support for utilities and operations
<i>Special Districts</i>	These funds are not assigned to a City Department.

Funds	Departments													
	City Commission	Administration	Fire	Finance	Housing Authority	Human Resources	Legal Services	Municipal Court	Public Library	Park and Rec	Planning & CD	Police	Public Works	Special Districts
General	x	x	x				x	x		x		x		
Special Revenue Funds														
Park & Rec Special Revenue										x				
Parkland Trust										x				
Library								x						
Library Foundation								x						
Planning & Community Develop.										x				
Central MT Ag Tech TID														x
Airport TID														x
Downtown TID														x
East Industrial Ag Tech TID														x
Economic Revolving														x
Permits											x			
Licenses											x			
Natural Resources										x				
Portage Meadow										x				
Park Maintenance District										x				
Street District													x	
Support & Innovation														x
Gas Tax BaRSAA													x	
911 Special Revenue												x		
Police Special Revenue												x		
HIDTA Special Revenue												x		
Fire Special Revenue			x											
Federal Block Grant											x			
Federal HOME Grant											x			
CTEP Projects											x			
Housing Authority					x									
Street Lighting Districts														x
Debt Service Funds														
Soccer Park GO Bond														x
Swimming Pool GO Bond														x
West Bank TID														x
Improvement District Revolving														x
Master Debt SILD														x
General Obligation Taxable Bond														x

	Departments													
	City Commission	Administration	Fire	Finance	Housing Authority	Human Resources	Legal Services	Municipal Court	Public Library	Park and Rec	Planning & CD	Police	Public Works	Special Districts
Funds - Continued														
Capital Projects Funds														
General Capital Projects		x		x						x			x	
Improvement Districts Projects														x
Street Lighting Construction														x
Hazard Removal											x			
Enterprise Funds														
Golf Courses										x				
Water													x	
Sewer													x	
Storm Drain													x	
Sanitation													x	
Swimming Pools										x				
911 Dispatch												x		
Parking											x			
Recreation										x				
Multi-sports										x				
Ice Breaker Run										x				
Civic Center Events		x												
Internal Service Funds														
Central Garage													x	
Information Tech		x												
Insurance & Safety						x								
Health & Benefits		x												
Human Resources						x								
City Telephone		x												
Finance				x										
Engineering													x	
Public Works Admin													x	
Civic Center Facility											x			

Total City-Wide Budget

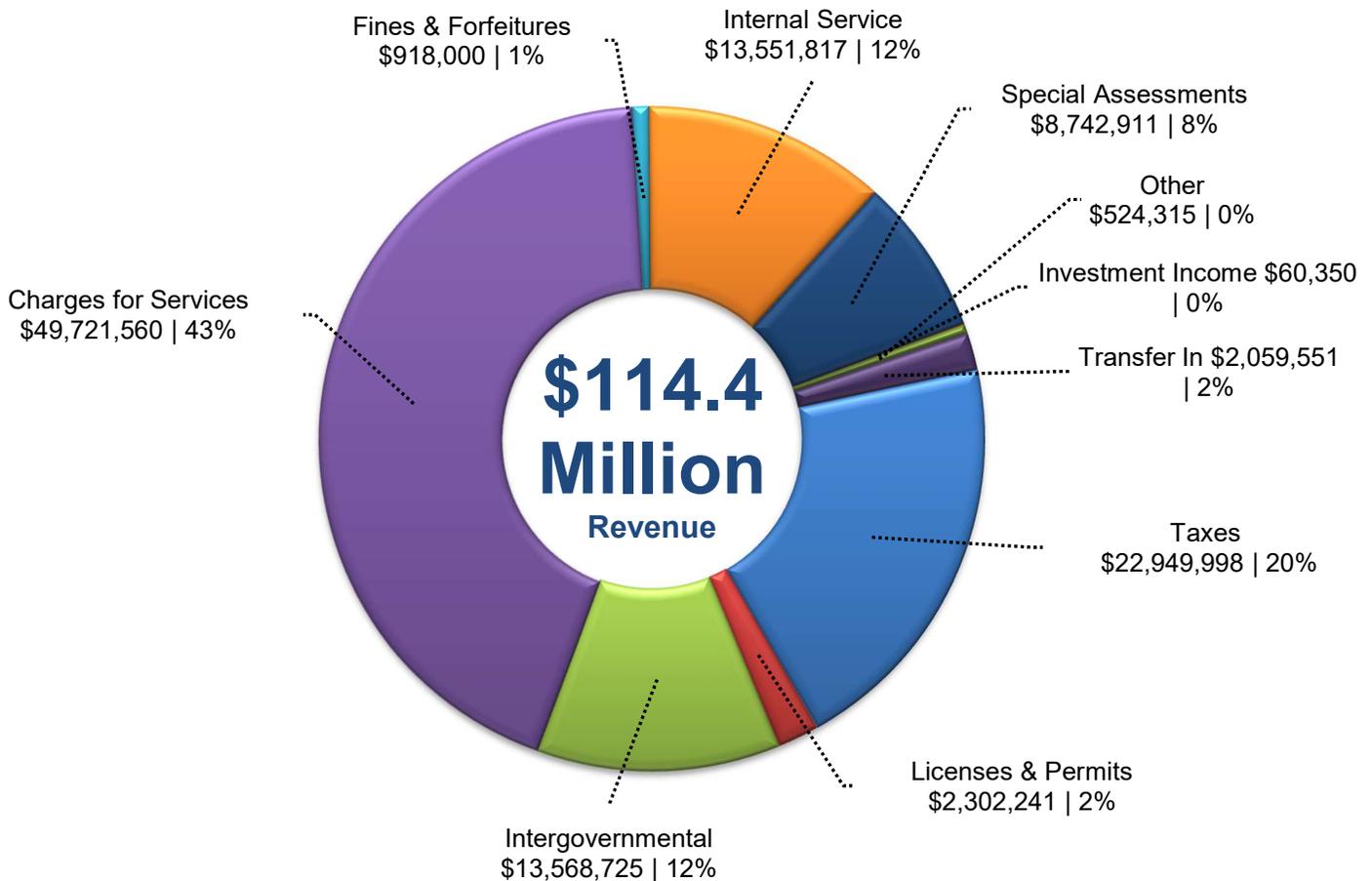


Where the Money Comes From

Total city-wide revenue for Fiscal Year 2020 is \$114.4 million. Forty-three (43%) percent comes from charges for services. The majority of charges for services are generated from utility services, which includes water, sewer, storm drain, and sanitation charges.

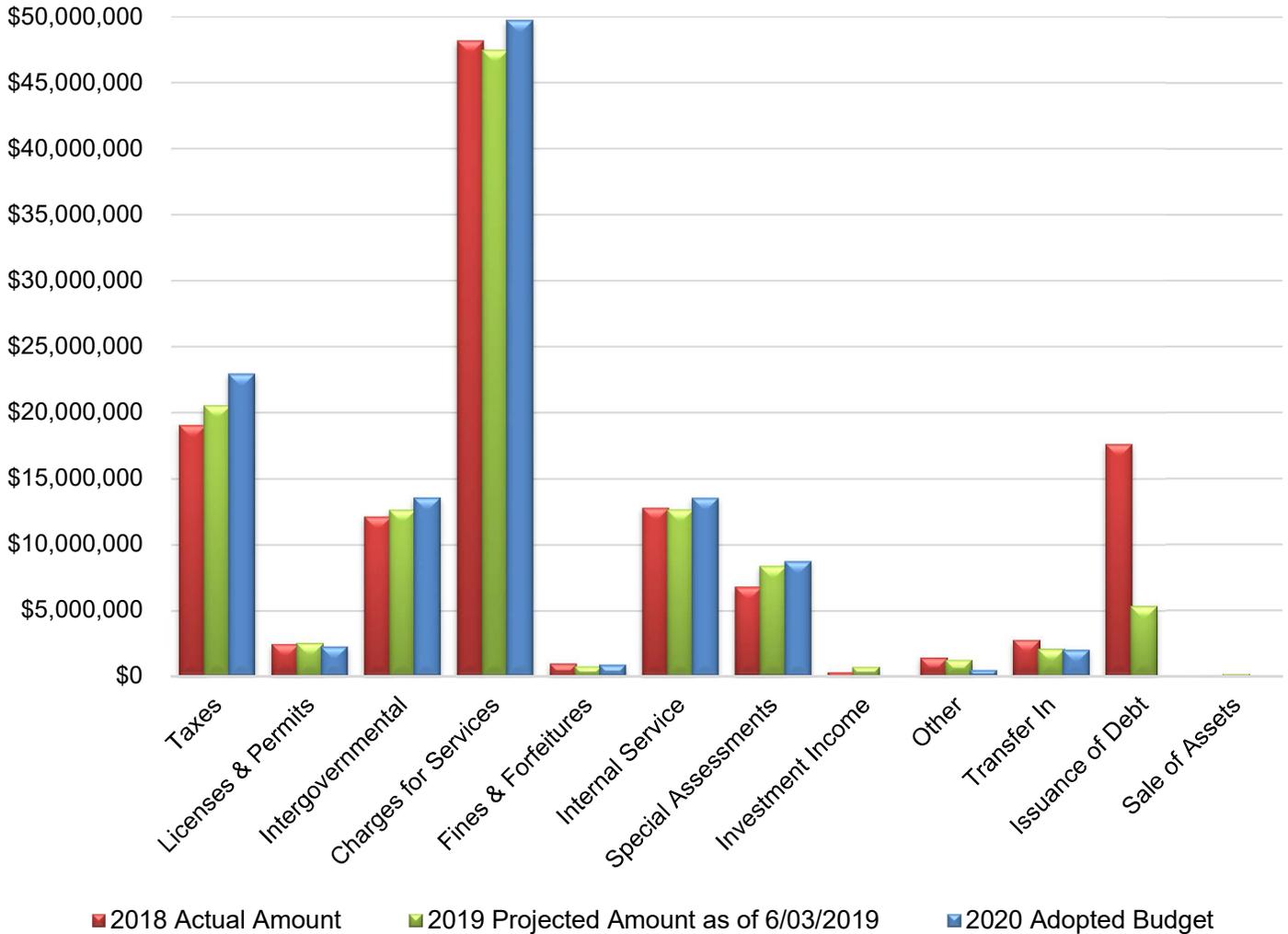
The next largest revenue source is taxes making up 20% of city-wide revenue. The State of Montana does not have a sales tax. Therefore, the majority of city taxes are generated from real and personal property. Since the City of Great Falls does not have a sales tax, the downturn or upturn in the national economy does not have a direct effect on tax revenue. It does have an indirect effect in such that the City of Great Falls newly taxable property may be decreased or increased year over year. If the mill value decreases with the “floating mill”, the City does have the ability to increase the amount of mills to make up the difference in lost value.

The third and fourth largest revenue sources are internal services (12%) and intergovernmental revenue (12%). Internal service charges occur when an internal City department charges another department for services provided. Examples include human resources and information technology. Total city-wide internal service charges for FY 2020 amount to \$13.6 million. A major intergovernmental revenue is the HB 124 State Entitlement of \$8.777 million (\$8.351 million for the General Fund and \$427k for the Street Fund), which is primarily from the state gambling tax. The City receives various grants that make up the remaining \$4.792 million of intergovernmental revenue. The fifth largest source is special assessments totaling \$8.743 million or 8%. Examples of special assessments include the street district, park maintenance district, and street lighting districts.



	2018 Actual Amount	2019 Adopted Budget	2019 Amended Budget	2019 Projected Amount as of 6/03/2019	2020 Adopted Budget
Revenue					
Taxes	\$19,042,056	\$21,375,738	\$21,602,350	\$20,527,517	\$22,949,998
Licenses & Permits	\$2,476,872	\$2,228,815	\$2,228,815	\$2,528,909	\$2,302,241
Intergovernmental	\$12,114,765	\$13,125,880	\$13,334,746	\$12,620,030	\$13,568,725
Charges for Services	\$48,162,718	\$47,850,382	\$47,862,327	\$47,466,514	\$49,721,560
Fines & Forfeitures	\$983,310	\$910,000	\$916,918	\$784,838	\$918,000
Internal Service	\$12,777,108	\$12,702,974	\$12,702,974	\$12,646,566	\$13,551,817
Special Assessments	\$6,811,674	\$8,430,312	\$8,430,312	\$8,378,056	\$8,742,911
Investment Income	\$337,975	\$53,250	\$53,490	\$731,828	\$60,350
Other	\$1,429,378	\$528,815	\$925,265	\$1,265,447	\$524,315
Transfer In	\$2,773,387	\$2,054,322	\$2,088,970	\$2,088,970	\$2,059,551
Issuance of Debt	\$17,603,760	\$0	\$5,329,427	\$5,329,427	\$0
Sale of Assets	\$74,628	\$0	\$0	\$152,316	\$0
Revenue Totals	\$124,587,630	\$109,260,488	\$115,475,594	\$114,520,418	\$114,399,468

**City-Wide Revenue
3 Year Trend**



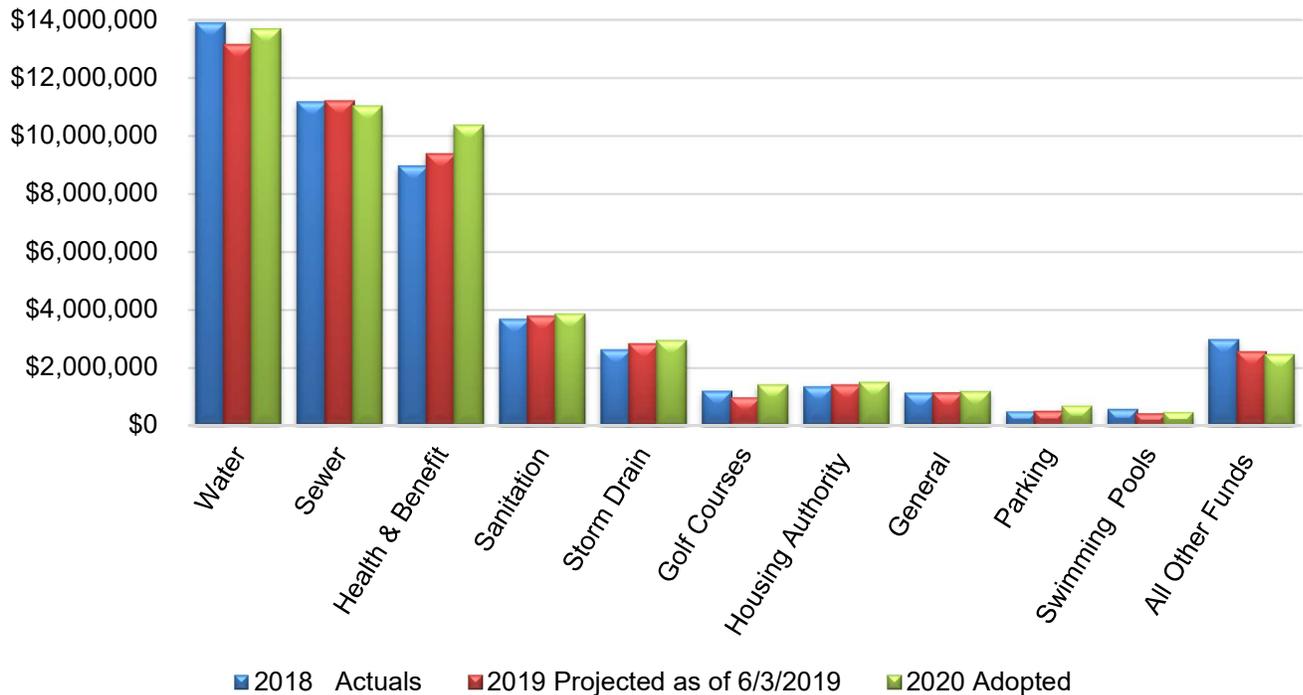
Major Revenues

Charges for Services

Charges for services is 43% percent of total city revenue and 4% of General Fund Revenue. Charges for services are fees collected to pay the cost of providing specific services. The majority of the charges for services revenues are for water, sewer, storm drain, and sanitation utilities. Utility rates are reviewed and, if necessary, adjusted annually to pay full costs of providing services. The charges for services revenues for health & benefits are the charges to employees for their health insurance plans. These rates increased 10.6% in FY 2020.

It is City practice to keep up to date with regular incremental utility rate changes while keeping in mind the difficulty that many customers have with utility affordability. Rate increases of 5% in the Water Fund, 2% in the Sewer Fund, and 5% in the Storm Drain Fund have been factored into the FY 2020 adopted budget. Past utility rate increases are noted in the “Five Year History of Utility Rate Charges” below and require an additional separate public hearing and approval by the City Commission.

**Charges for Services Revenue by Fund
3 Year Trend**



**Five Year History of Utility Rate Changes
Requires Separate Commission Action**

	FY 2016	FY 2017	FY 2018	FY 2019	Adopted FY 2020
Water	10% (6/2016)	10% (6/2017)	0%	5% (10/2018)	5%
Sewer	3% (6/2016)	3% (6/2017)	0%	2% (10/2018)	2%
Storm Drain	10% (6/2016)	10% (6/2017)	0%	10% (10/2018)	5%
Sanitation					
Residential	5% (10/2015)	0%	5% (12/2017)	5% (3/2019)	5%
Commercial	5% (10/2015)	0%	0%	0%	5%

Taxes and Special Assessments

Taxes and Special Assessments account for 28% of total city revenue and 62% of General Fund revenue. Taxpayers generally view taxes and special assessments as two names for the same thing; however, there are distinctions.

	2018 Actual Amount	2019 Amended Budget	2020 Adopted Budget	% of Total City Revenue
Taxes				
Real & Personal Property	\$14,177,147	\$16,183,790	\$16,816,932	14.70%
Permissive Medical Health Mill	\$2,360,487	\$2,987,210	\$3,447,210	3.01%
GO Bond Payments	\$151,744	\$171,000	\$171,000	0.15%
Tax Increments	\$1,220,596	\$1,160,350	\$1,414,856	1.24%
Local Option Motor Vehicle	\$1,132,083	\$1,100,000	\$1,100,000	0.96%
Total Taxes Revenue	\$19,042,057	\$21,602,350	\$22,949,998	20.06%
Special Assessments				
Street Maintenance District	\$4,503,261	\$4,583,265	\$4,583,265	4.01%
Park Maintenance District	\$0	\$1,500,000	\$1,500,000	1.31%
Street Lighting District	\$1,150,775	\$1,162,717	\$1,170,052	1.02%
Boulevard District	\$377,642	\$412,256	\$431,617	0.38%
Portage Meadows	\$58,589	\$61,564	\$65,252	0.06%
Special Improvement District	\$47,512	\$44,741	\$44,741	0.04%
Master Debt SILD	\$19,897	\$15,984	\$15,984	0.01%
TBID	\$390,194	\$400,250	\$692,000	0.60%
BID	\$242,536	\$248,000	\$240,000	0.21%
Total Special Assessments	\$6,790,404	\$8,428,777	\$8,742,911	7.64%
Total Taxes and Special Assessments	\$25,832,461	\$30,031,127	\$31,692,909	27.70%

Taxes - Real & Personal Property

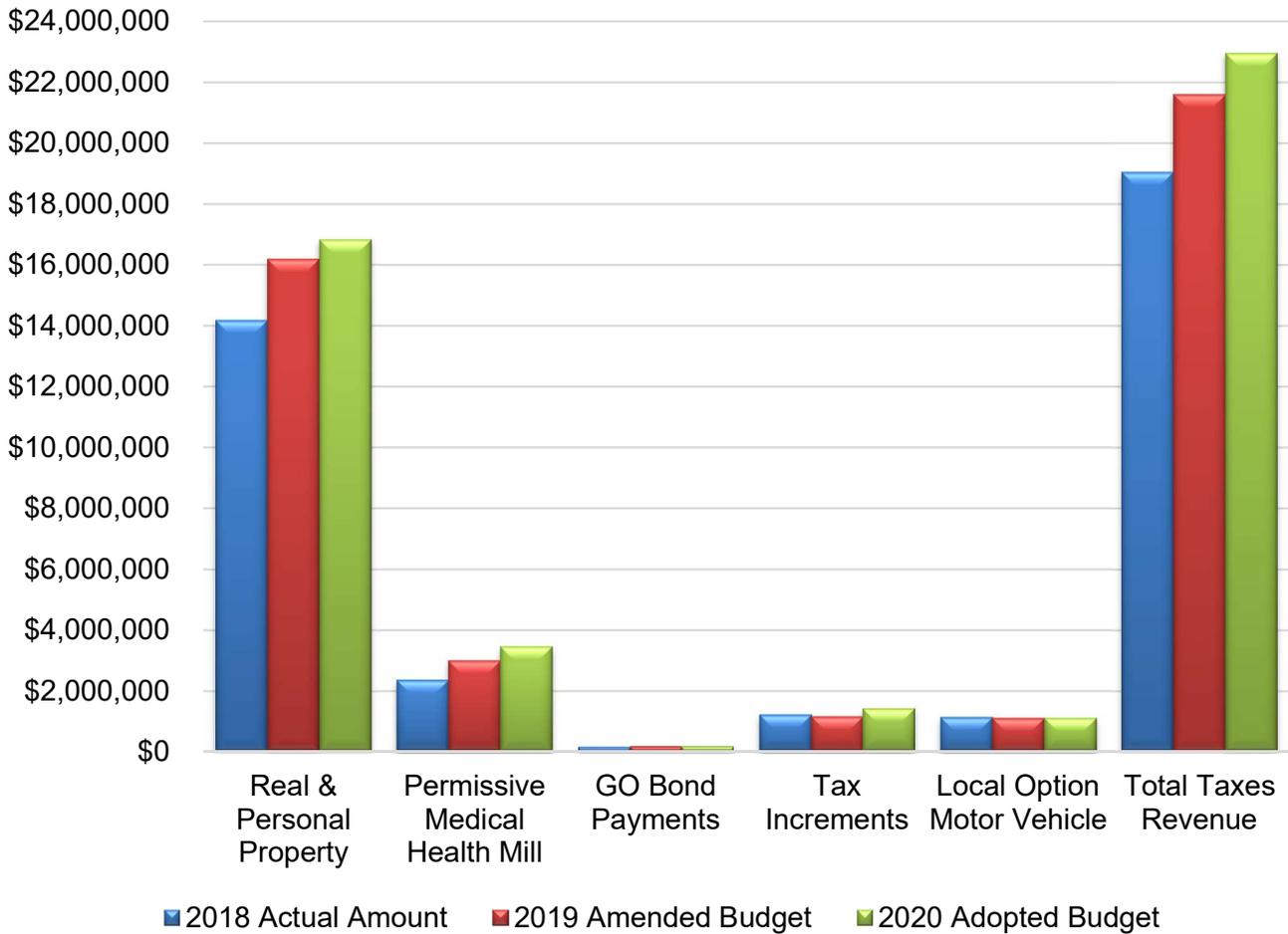
Real and personal property is the tax on property values which is authorized for general purposes. It is no longer informative or valid to compare mill levies from year to year. The 1999 State Legislature created declining taxable property valuations, which are to be offset by increased local mill levies,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

In accordance with Montana state statute, the City will have limited real property tax revenues. The real property taxes are budgeted using historical analysis. The General Fund tax revenue increased from \$20.3 million to \$21.4 million in this budget. This increase in property taxes is due to new construction and improvements estimated to over \$425k and an increase in the permissive medical health mill of \$460k. There is a large outstanding tax protest from a large industrial taxpayer that began in FY 2018 and to date has resulted in the City not receiving over \$3.2 million in General Fund cash.

Tax Increments

Tax increments are a method of financing public improvements for a district. Money is borrowed to make public improvements, which will in turn encourage private taxable improvements. Taxable improvements result in new tax revenue (tax increments) that stays within the district. Tax increments are first used to repay the public improvement debt.

**City-Wide Total Taxes Revenue
3 Year Trend**



Special Assessments

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

Five Year History of Special Assessment Rate Changes

Requires Separate Commission Action

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Street Maintenance District	10%	0%	0%	0%	0%
Boulevard District	10%	0%	7%	3%	5%
Portage Meadows District	0%	0%	0%	7%	5%
Street Lighting	-8%	-18%	-1%	0%	0.5%
Park Maintenance District	-	-	-	New	0%

Intergovernmental Revenue

Intergovernmental Revenue is 12% of total city revenue and 26% of total General Fund revenue. Revenues from federal, state and other local governments are considered intergovernmental revenues. The State Entitlement payments for HB 124 increased 3.0% in FY 2020. This is up from a 1.85% increase in FY 2019. Funds from the Bridge and Road Safety Accountability Act (BaRSAA) will be \$760k in FY 2020. Revenue from Federal Block and Home Grants is up just slightly from FY 2019 adopted amounts.

	2018 Actual Amount	2019 Adopted Budget	2020 Adopted Budget	% of Total City Revenue
Intergovernmental				
State Gaming Licenses	\$147,650	\$150,000	\$150,000	0.13%
State Entitlements	\$8,339,249	\$8,485,065	\$8,777,069	7.67%
State 911 Combined Revenue	\$634,477	\$612,447	\$612,447	0.54%
State Gas Tax Apportionment	\$968,588	\$976,319	\$976,319	0.85%
State Gas Tax BaRSAA	\$360,411	\$720,822	\$760,000	0.66%
State Historic Preservation	\$5,500	\$5,225	\$5,500	0.00%
State Library Support	\$0	\$0	\$28,216	0.02%
State Economic Dev Pass-through	\$128,000	\$0	\$20,000	0.02%
County Library Support	\$177,000	\$177,000	\$177,000	0.15%
Federal Highway & Transport. Grants	\$397,370	\$589,150	\$554,900	0.49%
Federal Public Safety Grants, Misc	\$85,970	\$55,211	\$55,211	0.05%
Federal HIDTA Grant	\$143,402	\$216,975	\$216,975	0.19%
Federal Block and Home Grants	\$595,231	\$1,062,452	\$1,067,754	0.93%
Miscellaneous Culture & Rec Grants	\$93,075	\$44,500	\$136,940	0.12%
Other Intergovernmental Revenue	\$38,842	\$30,714	\$30,394	0.03%
Total Intergovernmental Revenue	\$12,114,765	\$13,125,880	\$13,568,725	11.86%

State Entitlements

Starting in FY 2002, a number of revenue items were replaced by an entitlement share of the State General Fund. The revenues that were replaced by the entitlement share were past property tax reductions, the gambling tax, and the motor vehicle tax. The year over year increase in this payment can vary greatly. The increase in FY 2017 was 3.5% which decreased to only 0.05% in FY 2018. The increase for FY 2019 met in the middle at 1.85%. The General Fund will see an additional \$292,005 in FY 2020, or 3.0%.

State Gas Tax Apportionment

The revenue from the State tax on motor fuel sales is apportioned to local governments based on population and road mileage factors. Total Street District Fund and Gas Tax BaRSAA Fund revenues of \$7.02 million includes \$1,736,319 or 25% from state gas taxes. BaRSAA funding has made a significant positive impact on the street department's ability to complete projects since being passed by the 2017 Montana State Legislature.

Federal Community Development Block Grant and HOME Grant Funds

The U.S. Department of Housing and Urban Development (HUD) provides grant funding for slum and blight removal, projects that benefit low income people, and other community projects. HOME grants provide funding for affordable housing. These grants have been funding many valuable projects for the community. \$595,231 was spent in FY 2018. The amount for FY 2019 was \$1.062 million. There is \$1,067,754 available in FY 2020. There is some concern about future funding of these grants.

Library and Other Culture & Recreation Grants

The Library receives \$177,000 annually from Cascade County to help fund operations. In addition, funding for the library from the State that was suspended in FY 2018 will come back in FY 2020 to help fund operations. The Park & Recreation department will receive increased miscellaneous grants to fund projects at West Bank Park.

Internal Service Charges and Transfers In (Double Counting Effect)

Internal service operations include human resources, city telephone, health and benefits, insurance and safety, finance, information technology, central garage, engineering, public works administration, and civic center facility services. Internal charges account for transactions among the departments within the City organization. The charges properly show financial activity within the total City budget, but the City does not actually pay out or receive any additional cash. Hence, this creates a double counting effect. Internal charges and transfers are 14 % of total City revenue, and 3% of total General Fund revenue. A listing of all interfund transfers is located on page 52.

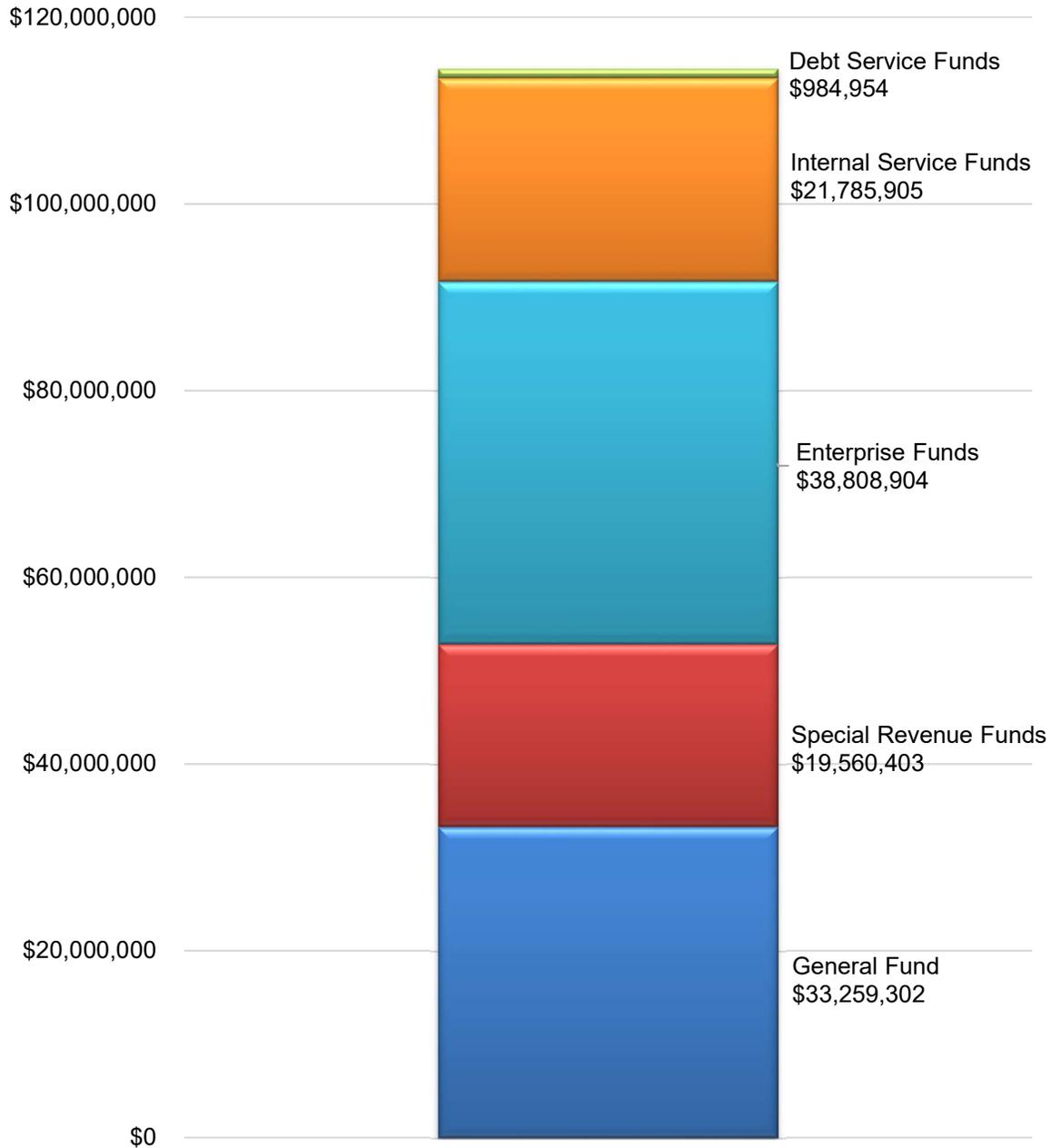
	2018 Actual Amount	2019 Amended Budget	2020 Adopted Budget	% of Total City Revenue
Internal Service and Transfers In				
Internal Service Charges	\$12,777,108	\$12,702,974	\$13,551,817	11.85%
Transfer In	\$2,773,387	\$2,088,970	\$2,059,551	1.80%
Total Internal Service and Transfers In	\$15,550,495	\$14,791,944	\$15,611,368	13.65%

Issuance of Debt

Issuance of Debt fluctuates from year to year depending on projects in the pipeline for capital improvements, especially in the enterprise funds for utilities. There is no debt issuance budgeted for FY 2020. This is largely due to the large improvements project at the water plant being completed in FY 2019. There were also some small Storm Drain debt issuances in the past 2 years.

	2018 Actual Amount	2019 Amended Budget	2020 Adopted Budget	% of Total City Revenue
Issuance of Debt				
Issuance of Debt	\$17,603,760	\$5,329,427	\$0	0.00%
Total Issuance of Debt	\$17,603,760	\$5,329,427	\$0	0.00%

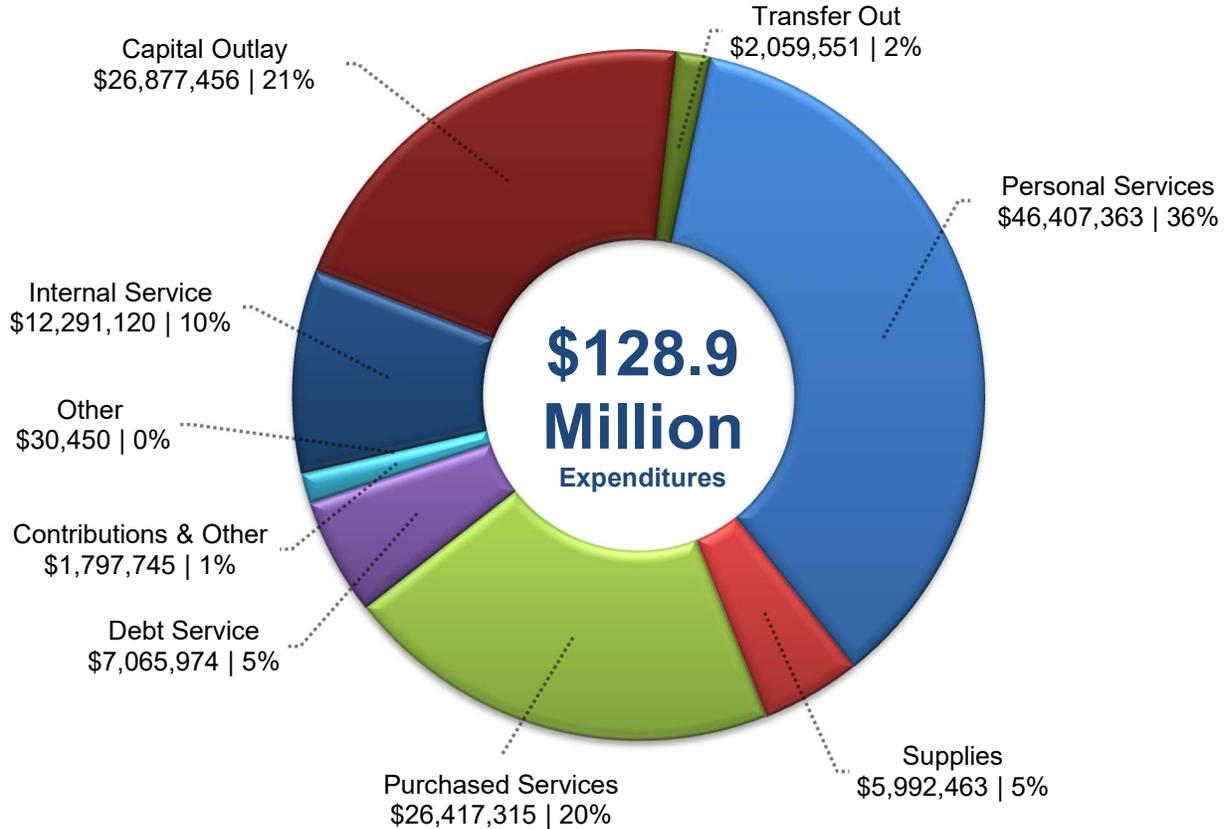
FY2020 City-Wide Revenue by Fund Type



	2018 Actual Amount	2019 Amended Budget	2020 Adopted Budget	Adopted Difference
Fund Types				
General Fund	\$29,145,195	\$31,951,277	\$33,259,302	\$1,308,025
Special Revenue Funds	\$17,374,583	\$19,311,714	\$19,560,403	\$248,689
Debt Service Funds	\$841,481	\$946,020	\$984,954	\$38,934
Capital Project Funds	\$833,204	\$0	\$0	\$0
Enterprise Funds	\$56,244,395	\$42,533,836	\$38,808,904	(\$3,724,932)
Internal Service Funds	\$20,148,923	\$20,732,747	\$21,785,905	\$1,053,158
Total All Fund Types	\$124,587,630	\$115,475,594	\$114,399,468	(\$1,076,126)

Where the Money Goes

Total city-wide expenditures for Fiscal Year 2020 are \$128.9 million. The largest City expenditure is for Personal Services at 36%. This includes salaries and benefits. The next largest expenditures are Operations at 26% and Capital Outlay at 27%. Operations expenditures include supplies and materials, purchased services, and other costs. Capital Outlay includes equipment and improvements. The majority of the improvements are budgeted in the Water, Sewer, and Storm Drain Funds. The fourth largest expenditure is for internal service at 10%. Following internal service is debt payments, 5% and transfer out, 2%.



	2018 Actual Amount	2019 Adopted Budget	2019 Amended Budget	2019 Projected Amount as of 6/03/2019	2020 Adopted Budget
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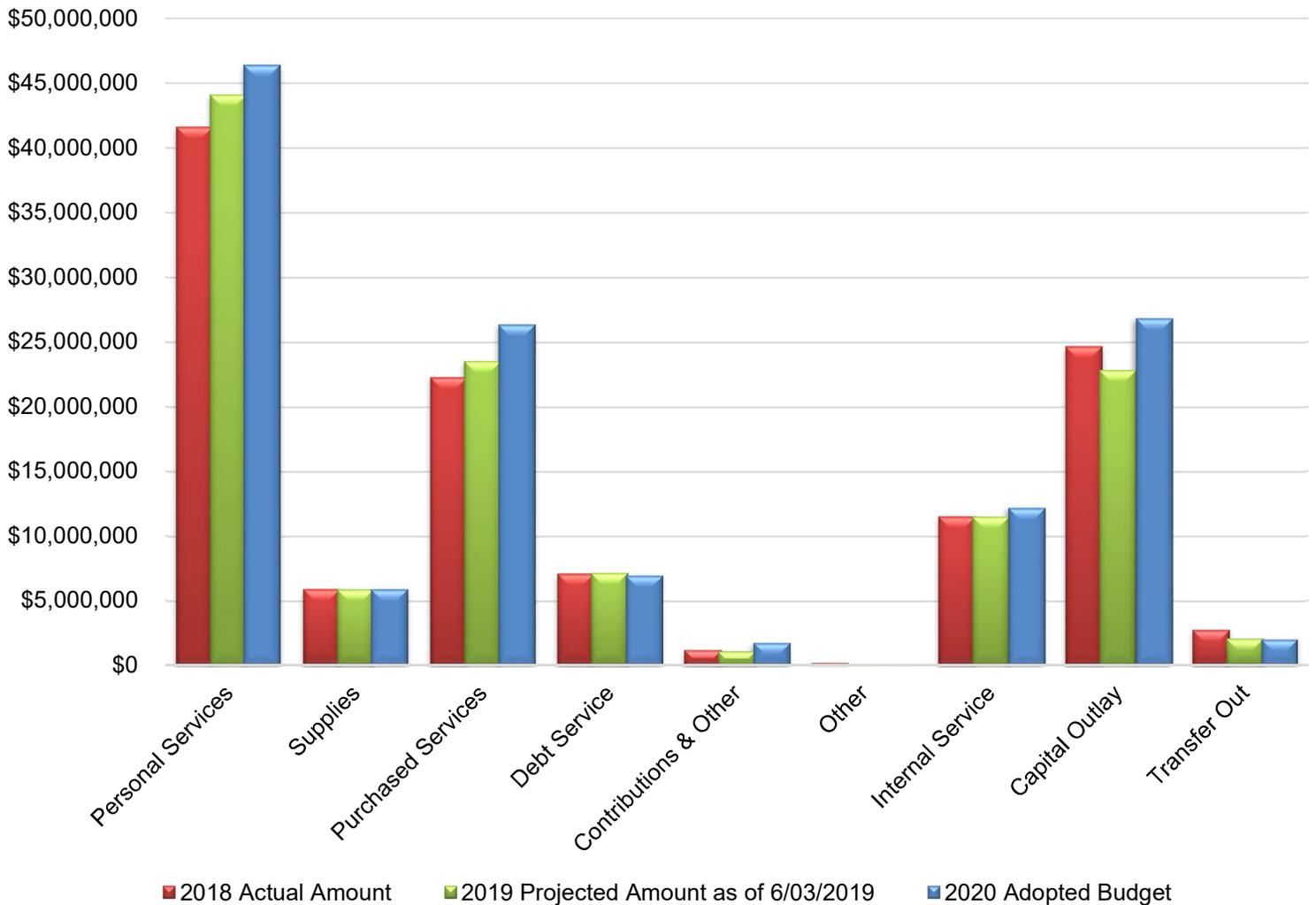
Expenditures

Personal Services	\$41,619,405	\$44,993,161	\$45,078,130	\$44,108,989	\$46,407,363
Supplies	\$5,915,484	\$6,013,196	\$6,284,328	\$5,896,026	\$5,992,463
Purchased Services	\$22,288,230	\$24,884,153	\$26,880,556	\$23,520,252	\$26,417,315
Debt Service	\$7,115,821	\$7,193,767	\$7,233,392	\$7,165,374	\$7,065,974
Contributions & Other	\$1,217,816	\$1,511,195	\$1,560,066	\$1,123,750	\$1,797,745
Other	\$210,397	\$30,500	\$76,485	\$35,029	\$30,450
Internal Service	\$11,542,082	\$11,518,739	\$11,518,739	\$11,513,020	\$12,291,120
Capital Outlay	\$24,675,771	\$19,727,153	\$38,367,581	\$22,821,894	\$26,877,456
Transfer Out	\$2,773,386	\$2,054,322	\$2,088,970	\$2,088,970	\$2,059,551

Expenditure Totals

	\$117,358,392	\$117,926,186	\$139,088,247	\$118,273,304	\$128,939,437
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City-Wide Expenditures 3 Year Trend



Major Expenditures

Personal Services

Overall personal services in the FY 2020 Adopted Budget, including salaries and benefits, increased 5.2% over the FY 2019 projected amount and were 36% of the City’s total expenditure budget. This was the first budget where the City implemented performance pay increases over a flat COLA increase for non-union staff. All union contracts were re-negotiated starting July 1, 2019 for a 2 year period. Health insurance premiums increased 10.6%. Starting July 1, 2013, the City changed from a self-funded health insurance plan to part of a self-funded health insurance pool, Montana Municipal Interlocal Authority (MMIA).

The personnel budgets reflect a total of 508.49 full time equivalents (FTEs) in full and part time positions (not including seasonal and temporary workers). This was a decrease of 1.91 FTEs from the FY 2019 budget. Additional information about employee counts is available under the employee summary tab.

Changes to FTE Counts in FY 2020

General

Municipal Court	Moved sub judges to personal services	0.09
	Added part-time Judge as of January 1, 2020	0.40
	Added full-time clerk as of January 1, 2020	1.00
	Total Change for Municipal Court	1.49
Police	Moved custodian from Dispatch	0.33
	Added full-time bailiff as of January 1, 2020	1.00
	Total Change for Police	1.33
Park & Recreation	Moved Pool Specialist, Carpenter, and Plumber from Natatorium	0.25
	Moved Park Maintenance Mechanic from Golf	0.08
	Total Change for Park & Recreation	0.33

Total General Fund Change in FTEs	3.15
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Park & Recreation

Park Maintenance District	Added 2 Arborists and 1 Park Maintenance Worker	3.00
Golf Courses	Removed Golf Courses FTE, transferred .08 to Parks General Fund	(5.20)
Recreation Center	Removed hours for DeMolay Café	(0.73)
Swimming Pool	Moved Pool Specialist, Carpenter, and Plumbers to Parks General Fund	(0.25)
	Total Change for Park & Recreation	(3.18)

Planning & CD

Permits	Removed office position	(1.00)
Federal Block Grant	Change of distribution of Director's salary	0.05
Federal Home Grant	Change of distribution of Director's salary	(0.05)
Parking	Change of distribution of Director's salary	0.10
Civic Center Facility	Change of distribution of Director's salary	(0.10)
	Total Change for Planning & CD	(1.00)

Police

Dispatch	Moved Custodian to Police Support Services	(0.33)
	Total Change for Police	(0.33)

Public Works

Street	Removed Traffic Division Supervisor position	(1.00)
Engineering	Removed part-time Engineer Intern	(0.11)
Water	Changed part-time Lab Tech position to full-time	0.56
	Total Change for Public Works	(0.55)

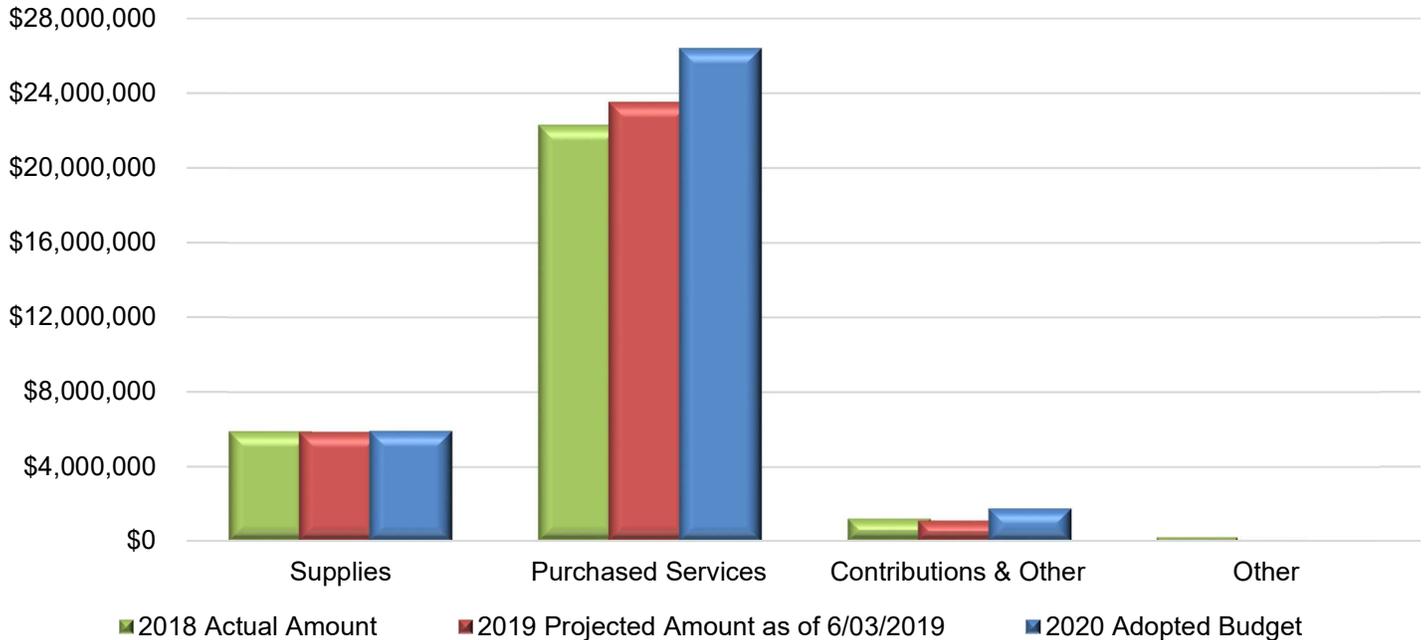
Total Other Funds Change in FTEs	(5.06)
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Total Change in FTEs	(1.91)
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Operations

The operations portion of expenditures includes supplies and materials, purchased services, and other costs. This is 26% of the total expenditure budget.

**City-Wide Operating Costs
3 Year Trend**



Capital Outlay

The City’s appropriations for capital outlay in FY 2020 totaled \$26,877,456 or 21% of the total budget. This is a decrease from the FY 2019 amended capital outlay amount. Capital outlay varies considerably from year to year according to the timing of debt issuance and the planned use of reserves. The major Capital Outlay in FY 2018 and FY 2019 was the improvements at the water treatment plant for \$28,600,000.

General Capital

The General Fund transfers money to the General Capital Projects Fund for general government facility and equipment needs. There is no budget for this in FY 2020. At this time, property tax uncertainties have not required debt be issued for adequate capital funding. In the coming fiscal year, the City Commission will decide if repairs amounting to more than \$5.0 million for the Civic Center façade will go to the taxpayers for a vote.

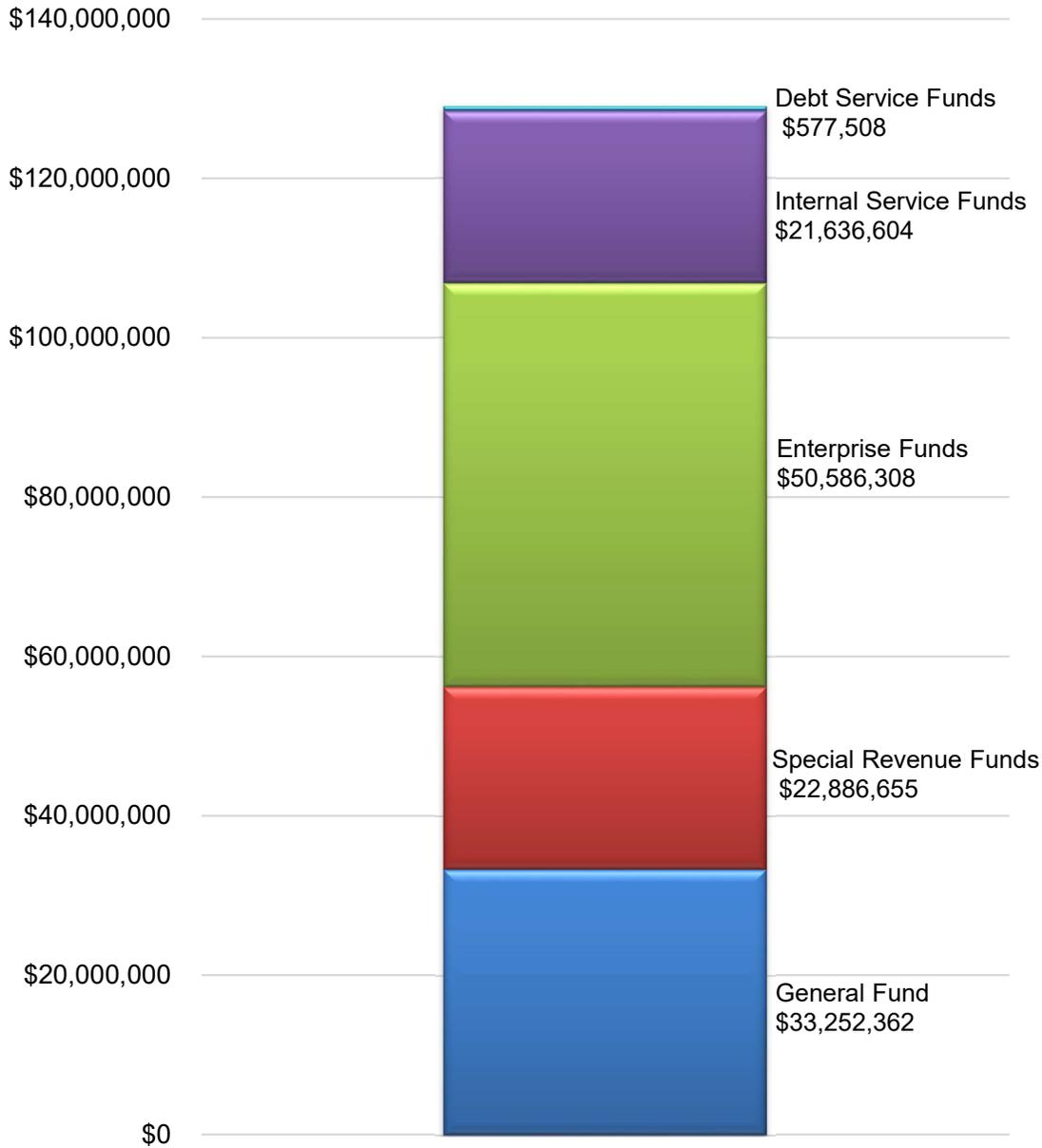
Major Capital Improvement Projects

- All Major Capital Improvement Projects for Water, Sewer, Storm Drain, Street, and Park Maintenance Funds for FY 2020 are listed on pages 58 and 59.

Debt Service

The City’s appropriations for debt service in FY 2020 total \$7,065,974 or 5% of the total budget. Pages 66 to 67 are the current debt service schedules. This is a slight decrease from FY 2019 because of debt being paid off.

FY2020 City-Wide Expenditures by Fund Type



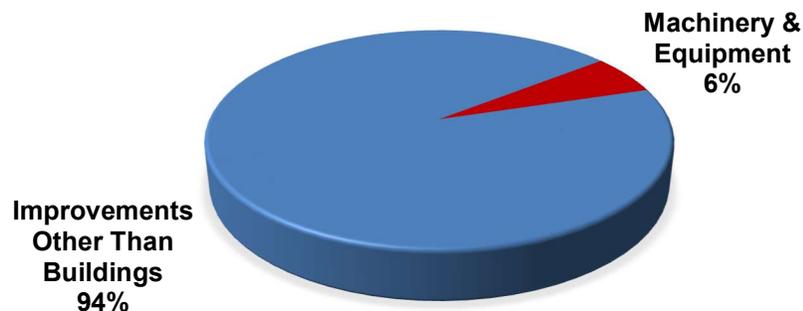
	2018 Actual Amount	2019 Amended Budget	2020 Adopted Budget	Adopted Difference
Fund Types				
General Fund	\$30,742,900	\$32,353,674	\$33,252,362	\$898,688
Special Revenue Funds	\$16,103,775	\$27,873,796	\$22,886,655	(\$4,987,141)
Debt Service Funds	\$712,989	\$1,316,275	\$577,508	(\$738,767)
Capital Project Funds	\$164,698	\$1,169,480	\$0	(\$1,169,480)
Enterprise Funds	\$50,067,443	\$54,997,997	\$50,586,308	(\$4,411,689)
Internal Service Funds	\$19,566,587	\$21,377,025	\$21,636,604	\$259,579
Total All Fund Types	\$117,358,392	\$139,088,247	\$128,939,437	(\$10,148,810)

FY 2020 Capital Expenditures by Category

Fund	TOTAL	Improvements	Machinery & Equipment
Street District			
Street Maintenance	\$3,363,989	\$3,363,989	\$0
Street District Totals	\$3,363,989	\$3,363,989	\$0
Gas Tax BaRSAA			
Street Maintenance	\$800,000	\$800,000	\$0
Gas Tax BaRSAA Totals	\$800,000	\$800,000	\$0
Park & Rec Special Revenue			
Park & Rec Special Revenue	\$136,940	\$136,940	\$0
Park & Rec Special Revenue Totals	\$136,940	\$136,940	\$0
Library			
Library	\$265,000	\$265,000	\$0
Library Totals	\$265,000	\$265,000	\$0
Natural Resources			
Natural Resources - Blvd	\$66,720	\$0	\$66,720
Natural Resources Totals	\$66,720	\$0	\$66,720
East Industrial Ag Tech Park			
General Admin	\$258,178	\$258,178	\$0
East Industrial Ag Tech Park Totals	\$258,178	\$258,178	\$0
Park Maintenance District			
Park Maintenance District	\$259,000	\$0	\$259,000
Park Maintenance District Totals	\$259,000	\$0	\$259,000
Federal Block Grant			
Block Grant Projects	\$190,176	\$190,176	\$0
Federal Block Grant Totals	\$190,176	\$190,176	\$0
Water			
Water - Equip Revolving Schedule	\$66,340	\$0	\$66,340
Water - Purification	\$4,577,831	\$4,577,831	\$0
Water - Distribution	\$9,108,890	\$9,108,890	\$0
Water Totals	\$13,753,061	\$13,686,721	\$66,340
Sewer			
Sewer - Equip Revolving Schedule	\$77,465	\$0	\$77,465
Sewer - Treatment	\$2,703,132	\$2,703,132	\$0
Sewer - Collection	\$1,469,069	\$1,469,069	\$0
Sewer Totals	\$4,249,666	\$4,172,201	\$77,465
Storm Drain			
MS 4 Phase II Upgrades	\$200,000	\$200,000	\$0
Storm Drain - Collection	\$1,945,986	\$1,945,986	\$0
Storm Drain Totals	\$2,145,986	\$2,145,986	\$0

FY 2020 Capital Expenditures by Category – Continued

Fund	TOTAL	Improvements	Machinery & Equipment
Sanitation			
Sanitation - Commercial	\$50,000	\$50,000	\$0
Sanitation - Residential	\$50,000	\$50,000	\$0
Sanitation Totals	\$100,000	\$100,000	\$0
Information Technology			
IT. - Equip Revolv.	\$65,000	\$0	\$65,000
Information Technology Totals	\$65,000	\$0	\$65,000
Central Garage			
Central Garage - Equip Revolving	\$733,740	\$100,000	\$633,740
Central Garage Totals	\$733,740	\$100,000	\$633,740
Finance			
Utility Billing	\$50,000	\$0	\$50,000
Finance	\$200,000	\$0	\$200,000
Finance Totals	\$250,000	\$0	\$250,000
Insurance & Safety			
Insurance & Safety	\$65,000	\$65,000	\$0
Insurance & Safety Totals	\$65,000	\$65,000	\$0
Human Resources			
Human Resources	\$150,000	\$0	\$150,000
Human Resources Totals	\$150,000	\$0	\$150,000
Engineering			
Engineering - Equip Revolving	\$0	\$0	\$0
Engineering	\$7,000	\$0	\$7,000
Engineering Totals	\$7,000	\$0	\$7,000
Public Works Admin			
Public Works Admin	\$18,000	\$18,000	\$0
Public Works Admin Totals	\$18,000	\$18,000	\$0
Total All Budgeted Funds	\$26,877,456	\$25,302,191	\$1,575,265



FY 2020 Capital Projects

Street Fund	Project Budget
5 blocks of Water Main Street Reconstruction	\$1,500,000
24th Avenue South	\$58,000
43rd Street	\$205,000
Encino Drive	\$557,000
Skyline Drive	\$415,000
Internal Engineering	\$273,989
Professional Engineering	\$5,000
Unscheduled Development	\$250,000
Street Building Improvements	\$100,000
Total Street Fund	\$3,363,989
Gas Tax BaRSAA Fund	
3 Blocks of Water Main Street Reconstruction	\$800,000
Total Gas Tax BaRSAA Fund	\$800,000
Water Fund - Purification	
Filter Media Replacement & Upgrade	\$4,000,000
Misc Water Treatment Plant Improvements	\$200,000
Sunnyside Site Purchase	\$100,000
Unscheduled Development	\$150,000
Internal Engineering	\$127,831
Total Water Purification	\$4,577,831
Water Fund - Distribution	
Belview PRV Relocation	\$150,000
Lower Northside Water Main Replacement	\$1,000,000
Lower Southside Water Main Replacement Ph 3	\$1,000,000
South River Crossing Construction	\$6,500,000
Internal Engineering	\$308,890
Unscheduled Development	\$150,000
Total Water Distribution	\$9,108,890
Total Water Fund	\$13,686,721
Sewer Fund - Collection	
6th Street & 3rd Street 48" amd 36" Trunk Main Rehab	\$100,000
Manhole Rehab	\$100,000
Miscellaneous Sewer Rehab	\$1,000,000
Internal Engineering	\$169,069
Unscheduled Development	\$100,000
Total Sewer Collection	\$1,469,069

FY 2020 Capital Projects - Continued

Sewer Fund - Treatment	Project Budget
2400 KV Replacements Engineering and Construction	\$400,000
Lift Station No.1 Rehab and Crossing Study	\$100,000
Solids Corrosion Control HVAC Upgrades Engineering	\$75,000
Miscellaneous Capital (Veolia Contract)	\$150,000
Miscellaneous Capital	\$150,000
Westside Pump Station/ Headworks Rehab	\$1,750,000
Internal Engineering	\$78,132
Total Sewer Treatment	<u>\$2,703,132</u>
Total Sewer Fund	<u>\$4,172,201</u>
Storm Drain Fund - MS4 Phase II Upgrades	
MS-4 Phase II Regional Facilities	\$200,000
Total Storm Drain MS4 Phase II Upgrades	<u>\$200,000</u>
Storm Drain Fund - Collection	
21st Avenue South Pond	\$200,000
Central Avenue Drainage Improvement Ph 3	\$0
Lower 9th Avenue South Basin Study	\$0
Miscellaneous Inlet & Valley Gutter	\$50,000
South of Great Falls North Basin Storm Drain Improveents	\$800,000
Smith Coulee Pond	\$400,000
Internal Engineering	\$295,986
Unscheduled Development	\$200,000
Total Storm Drain Collections	<u>\$1,945,986</u>
Total Storm Drain Fund	<u>\$2,145,986</u>
Park Maintenance	
Arborist (2)	\$152,970
Forestry Equipment	\$259,000
Elk's Riverside trail	\$308,000
Irrigation upgrades manual to auto	\$70,000
ADA Park restroom	\$250,000
Forestry ERS	\$46,500
Professional Services	\$100,000
Rivers Edge Trail matching funds	\$10,000
Tree planting	\$10,000
Turf maintenance (fertilizer/ herbicide, seasonal labor)	\$77,702
Park laborer (full time)	\$67,111
Contingency / operations / professional services	\$148,717
Total Park Maintenance Projects	<u>\$1,500,000</u>

FY 2020 Equipment Purchases

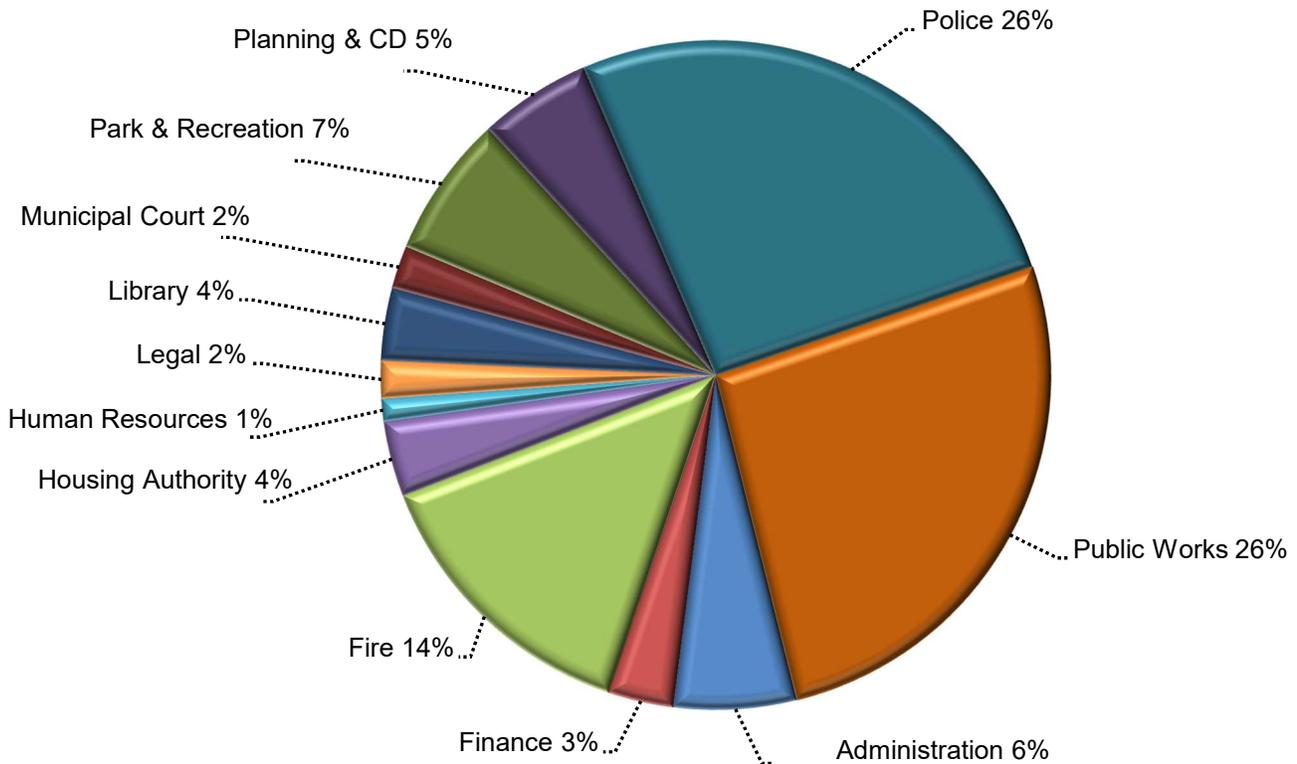
Units Purchased from Central Garage Fund

Department	Number of Units	Description of Unit	Number of Years Deferred	Unit Cost	Total Cost
Capital Purchases					
Fire	1	Fire SUV Command Unit	0	\$39,870	\$39,870
Police	6	Patrol Units	0	\$36,570	\$219,420
	2	Police Units (BNSF Accident)	0	\$36,570	\$73,140
Parks	2	Front Deck Mower	2	\$22,500	\$45,000
	1	Snow Plow 3/4 Ton	0	\$6,500	\$6,500
Street	1	Street Sweeper	2	\$194,460	\$194,460
	1	1 Ton Dump Truck	0	\$45,570	\$45,570
	1	Concrete Saw	4	\$9,780	\$9,780
	15	Total Capital Purchases			\$633,740
Non Capital Purchases					
Police	5	Watch Guard Video System	0	\$5,000	\$25,000
	1	Equipment	0	\$27,810	\$27,810
Parks	1	Snow Blower (Toolcat)	0	\$5,000	\$5,000
	1	Box Broom (Toolcat)	0	\$5,000	\$5,000
	8	Total Non Capital Purchases			\$62,810
	23	Total Central Garage Purchases			\$696,550

Units Purchased from Other Funds

Department	Number of Units	Description of Unit	Number of Years Deferred	Unit Cost	Total Cost
Water Distribution	1	Dump Truck 1 Ton	1	\$45,080	\$45,080
Water Plant	1	Complex Mower	0	\$21,260	\$21,260
Sewer	1	Work Cart/ Trailer	0	\$29,325	\$29,325
	1	Backup Generator	0	\$48,140	\$48,140
Park Maintenance District	1	Forestry Aerial Bucket	0	\$150,000	\$150,000
	1	Tow Behind Chipper	0	\$40,000	\$40,000
	1	Chip Truck 2 Ton	0	\$69,000	\$69,000
Natural Resources	3	Leaf Blowers	10	\$22,240	\$66,720
	10	Units Purchased from Other Funds			\$469,525
	33	Total Equipment Purchased			\$1,166,075

FY 2020 FTE Count – Full & Part-Time Positions



	FY 2018 Actual	FY 2019 Amended	FY 2020 Adopted
Administration	30.07	30.07	30.07
Finance	16.10	16.10	16.10
Fire	72.00	71.00	71.00
Housing Authority	18.50	18.50	18.50
Human Resources	5.60	5.60	5.60
Legal	9.00	9.29	9.29
Library	17.80	17.80	17.80
Municipal Court	8.50	9.00	10.49
Park & Recreation	37.05	37.78	34.93
Planning & Community Development	26.73	28.50	27.50
Police	132.00	132.00	133.00
Public Works	134.76	134.76	134.21
Total Full & Part-Time Positions¹	508.11	510.40	508.49

¹ Temporary and part-time seasonal employees not included.

Interfund Transfers

Interfund transfers are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In FY 2020, there were no major increases to transfers out of the General Fund to other funds for operations. The transfer in to the Gas Tax BaRSAA Fund is a match required by the State from the Street District Fund. There is no transfer in FY 2020 to the General Capital Projects Fund from the General Fund for improvements to government facilities..

Operating Transfers

- Authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.
- Operating subsidy transfers from the General Fund to special revenue, enterprise, debt service or internal service funds.
- Contribution of capital financing to establish an operation.
- Subsequent return of all or part of such a contribution.
- Transfers of residual balances of discontinued funds to the General Fund or a debt service fund.

Fund	2018 Actual Amount	2019 Adopted Budget	2019 Amended Budget	2019 Projected Amount as of 6/03/2019	2020 Adopted Budget
Transfers In					
General	\$41,159	\$0	\$17,324	\$17,324	\$0
Library	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Planning & Comm Development	\$185,623	\$271,932	\$289,256	\$289,256	\$271,932
Natural Resources	\$256,277	\$256,277	\$256,277	\$256,277	\$256,277
Gas Tax BaRSSA	\$18,569	\$36,041	\$36,041	\$36,041	\$40,000
General Obligation Taxable Bond	\$144,900	\$147,275	\$147,275	\$147,275	\$148,545
Swimming Pools	\$267,861	\$267,861	\$267,861	\$267,861	\$267,861
911 Dispatch	\$371,674	\$356,674	\$356,674	\$356,674	\$356,674
Recreation	\$39,206	\$39,206	\$39,206	\$39,206	\$39,206
Civic Center Events	\$223,742	\$265,913	\$265,913	\$265,913	\$265,913
Information Technology	\$25,000	\$0	\$0	\$0	\$0
Engineering	\$63,143	\$63,143	\$63,143	\$63,143	\$63,143
Total Transfers In	\$2,773,387	\$2,054,322	\$2,088,970	\$2,088,970	\$2,059,551
Transfers Out					
General Fund	\$1,767,840	\$1,661,607	\$1,661,607	\$1,661,607	\$1,662,877
License	\$0	\$0	\$34,648	\$34,648	\$0
Economic Revolving	\$570,461	\$0	\$0	\$0	\$0
Street District	\$18,569	\$36,041	\$36,041	\$36,041	\$40,000
Swim Pool Rehab Bond	\$41,159	\$0	\$0	\$0	\$0
911 Special Revenue	\$371,674	\$356,674	\$356,674	\$356,674	\$356,674
CTEP Projects	\$3,683	\$0	\$0	\$0	\$0
Total Transfers Out	\$2,773,386	\$2,054,322	\$2,088,970	\$2,088,970	\$2,059,551

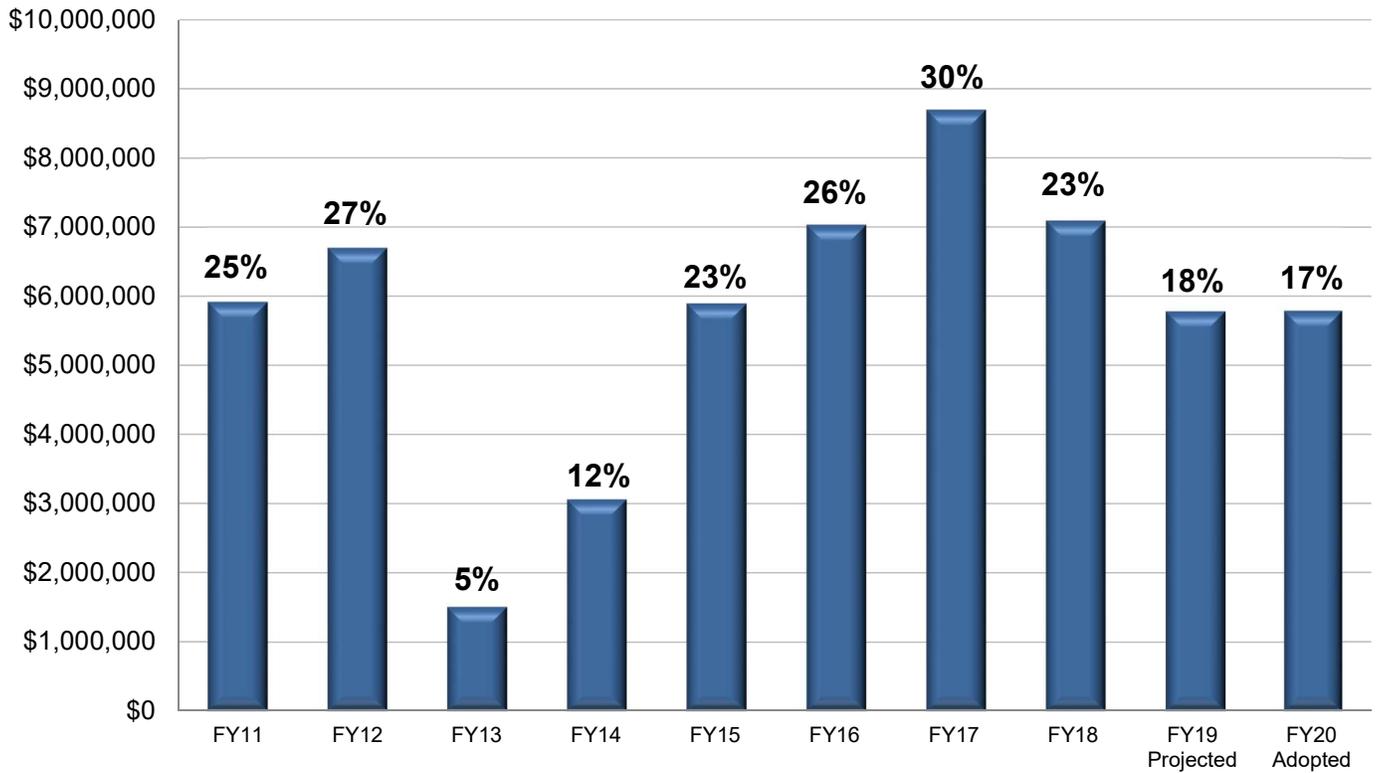
Fund Balance

Fund Balance is defined as the difference between the assets and liabilities of a fund. The balance is divided into reserved and unreserved portions. The City of Great Falls maintains unreserved fund balance, to provide for unforeseen expenditures or emergencies and to provide working capital in the first several months of the fiscal year, until sufficient revenues are available to fund operations.

General Fund

The graph below shows that the city depleted the General Fund fund balance in FY 2013. The decline is due to a one time transfer from the General Fund to the Electric Fund of \$5.5 million to cover the cash deficit in the Electric Fund. The City of Great Falls has rebuilt the unreserved General Fund balance since 2013. This is due to a conscious effort during the previous budget processes to increase the balance. However, the fund balance is not projected to meet the recommended minimum policy of 22% at the end of FY 2020 because of a large outstanding tax protest amounting to more than \$3.2 million to date not received into the General Fund cash balance. This is expected to be a short-term occurrence.

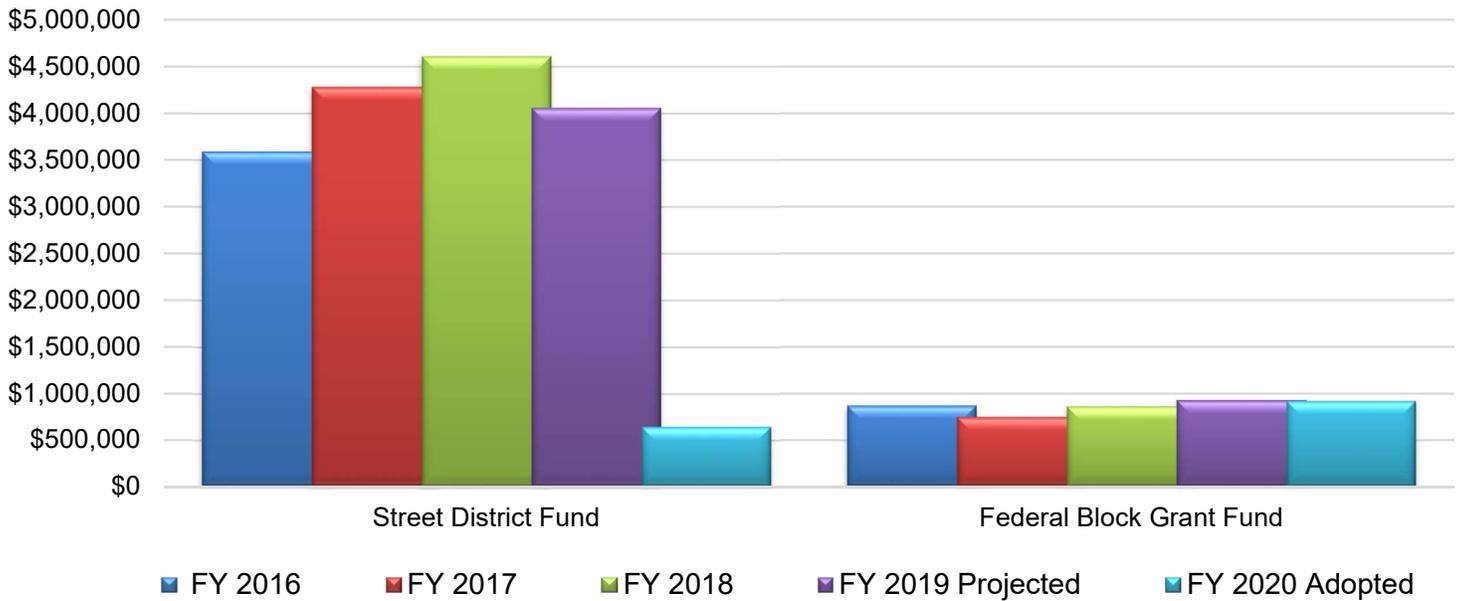
**Unreserved General Fund Balance
as Percent of Expenditures
22% Recommended Minimum Policy**



Other Governmental Funds

The two other major governmental funds are: the Federal Block Grants Fund and the Street District Fund. The five year trend for the Federal Block Grants Fund shows a stabilized fund balance for the last five years. The fund balance is from the Revolving Loan programs that have generated program income. The Street District Fund had a high and growing balance in previous years and will be lowered in FY 2020 with the use of funds on street improvement projects.

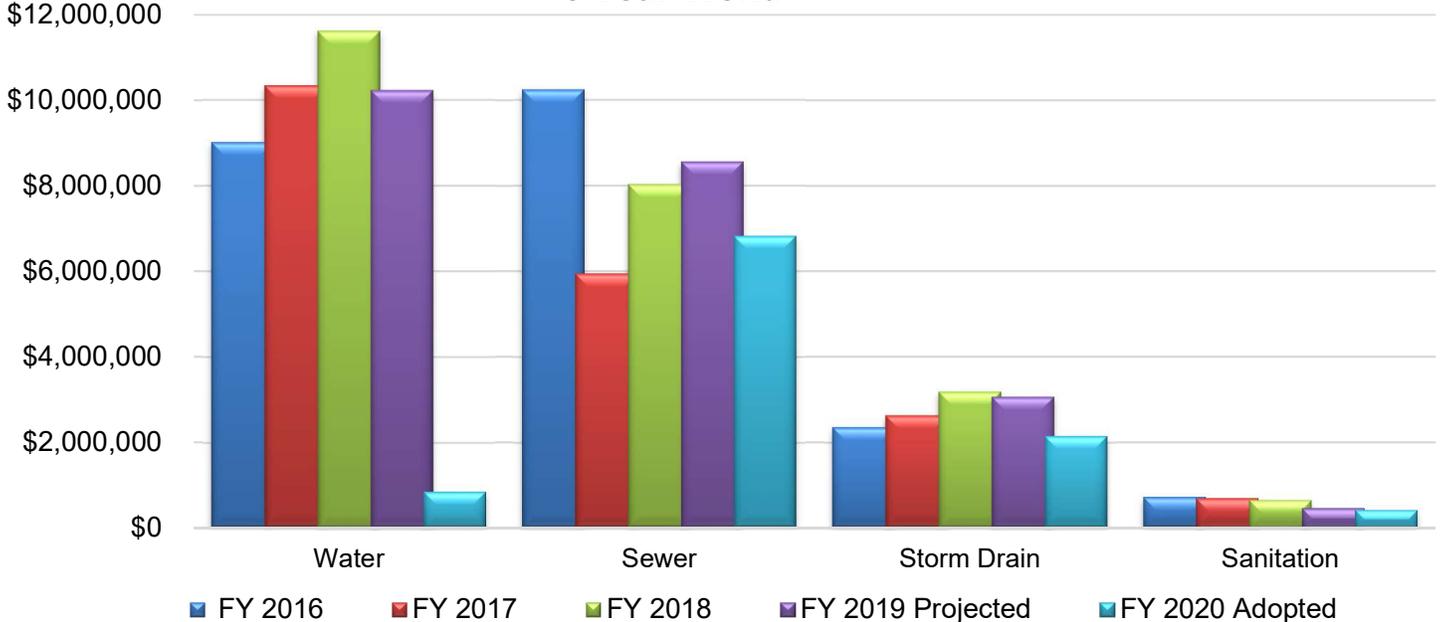
Other Major Governmental Fund Balances 5 Year Trend



Proprietary Funds

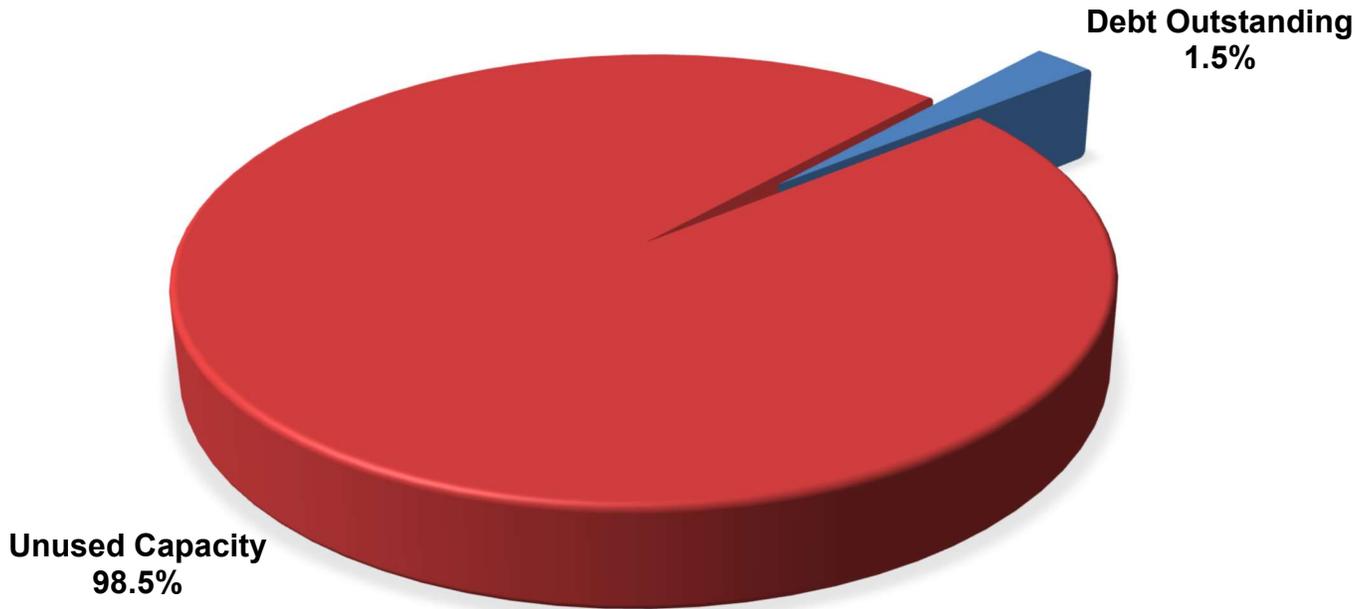
The chart below shows the five year trend of the major proprietary funds' unreserved fund balances. The decline in the fund balances in water, sewer, and storm drain funds are due to the use of unreserved fund balances for current capital improvement projects. The sanitation fund has stabilized due to the closure of the Recycling Center at the beginning of FY 2014, but capital purchases of sanitation trucks has kept the balance low in most recent years.

Unreserved Major Proprietary Fund Balances 5 Year Trend



Computation of Legal Debt Margin

The legal debt margin is the excess of the amount of debt legally authorized over the amount of debt outstanding. MCA 7-7-4201 states that the debt limitation may not exceed 2.5% of the total assessed value of taxable property within the City as ascertained by the last assessment for state and county taxes. The majority of the unused legal debt capacity would require voter approval to issue.



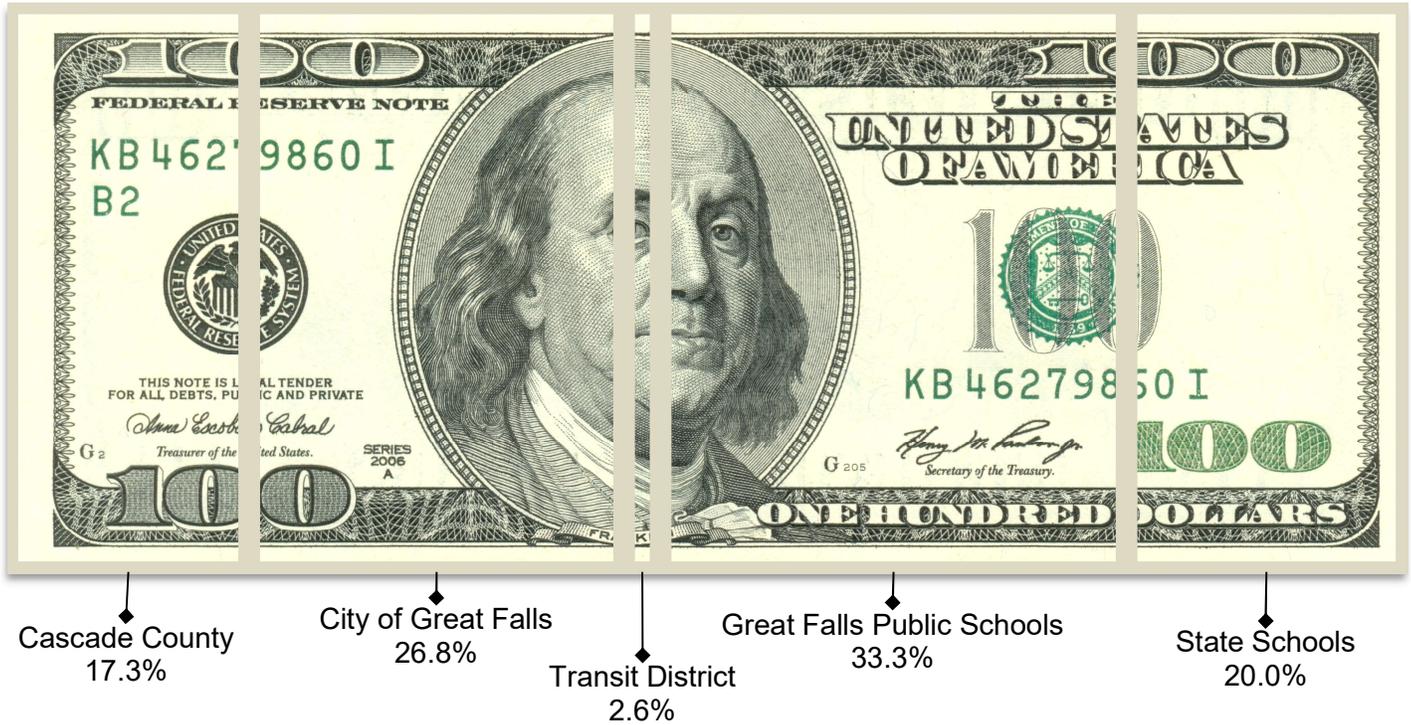
General Obligation Debt Capacity

Market Valuations - Real & Personal Property (Based on Certified Taxable Valuation dated September 4, 2018)	\$ 5,761,235,361
General Obligation Debt	
Debt Limit - 2.5% of Total Assessed Value	\$ 144,030,884
General Obligation Bonded Debt Outstanding	<u>\$ 2,097,607</u>
Unused Legal Debt Capacity	\$ 141,933,277

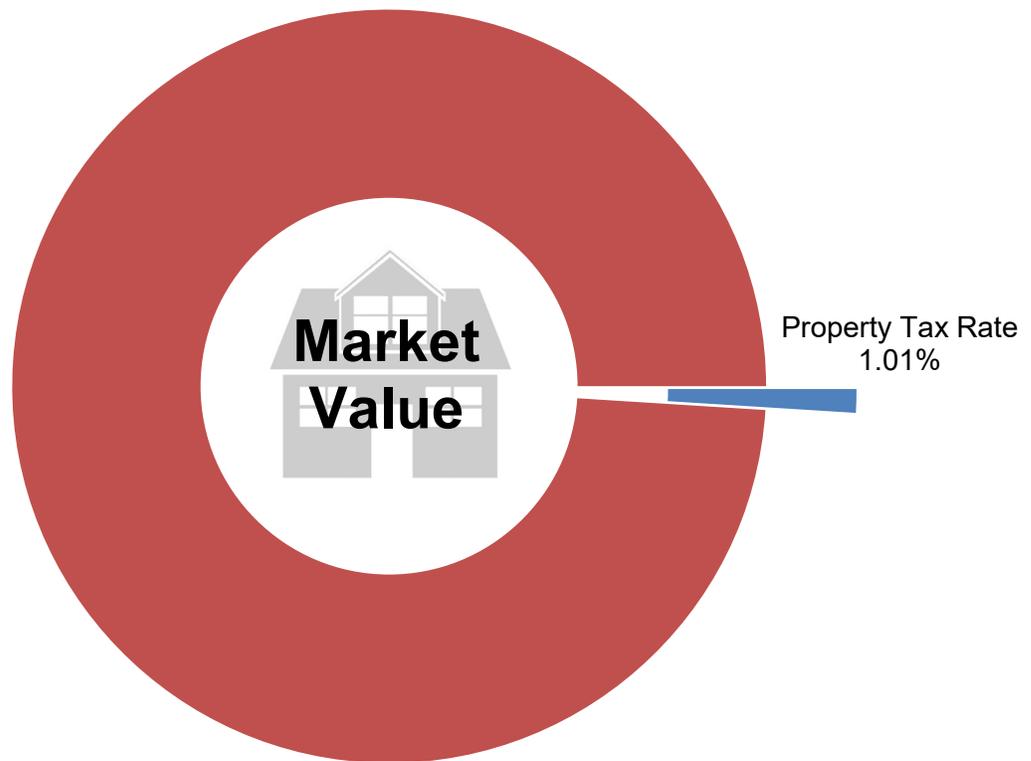
Non - Voted GO Debt Capacity

1. Maximum Principal Amount of Obligation Allowed	\$ 3,072,598
2. Maximum Annual Debt Service Allowed	
Current Annual Debt Service	<u>\$ 233,933</u>
Unused Annual Debt Service Capacity	\$ 348,971

Where Do Your Property Taxes Go?



What Percent of Market Value are Property Taxes?



How to Calculate Residential Home Property Taxes

Multiply your home's market value by:	1.013%	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="background-color: #cccccc; padding: 2px;">Example</th> </tr> <tr> <td style="padding: 2px;">\$ 100,000</td> <td style="padding: 2px;">X</td> <td style="padding: 2px;">1.013%</td> <td style="padding: 2px;">= \$ 1,013</td> </tr> </table>	Example				\$ 100,000	X	1.013%	= \$ 1,013
Example										
\$ 100,000	X	1.013%	= \$ 1,013							

OR

The following steps may be used to calculate property taxes.

Example			
	Taxable Market Value, "Market"	\$ 100,000	(From Assessment Notice)
Multiply By: 2018 Taxable Rate (%)	X <u>1.35000%</u>		(From Assessment Notice)
	Current Taxable Value, "Taxable"	\$ 1,350	(From Assessment Notice)
Divide By: 1,000		<u>1,000</u>	(Mill Equivalent)
	Taxable Value per Mill	\$ 1.3500	
Multiply By: Total Levy in Mills	X <u>750.74</u>		(See Below)
	Calculated Total Property Tax	<u>\$ 1,013.50</u>	

The FY 2018 Tax Levies for the example are:

	<u>Total</u>	<u>School (State and District)</u>	<u>City</u>	<u>County</u>	<u>Transit</u>
Mill Levy	750.74	400.21	201.24	129.64	19.65
Property Tax	\$1,013.50	\$540.28	\$271.67	\$175.01	\$26.53
Tax as a Percent of Market Value	1.01%	0.54%	0.27%	0.18%	0.03%
Share of Total	100%	53.31%	26.81%	17.27%	2.62%

The Example is a residential property with a \$100,000 taxable market value. A tax payer can go to: <http://itax.csa-inc.net/CascadeMT/> to review individual parcels property taxes for Cascade County. The tax example does not include special assessments or other special districts.

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income ²	Per Capita Income ²	School Enrollment ³	Unemployment Rate ⁴
2009	59,251	2,814,771	34,417	10,336	4.4%
2010	59,366	2,996,541	36,533	10,159	5.8%
2011	58,505	3,076,502	37,437	10,127	6.4%
2012	58,950	3,161,768	38,790	10,109	5.4%
2013	58,893	3,228,329	39,448	10,198	5.1%
2014	59,351	3,336,106	40,822	10,347	4.0%
2015	59,152	3,357,888	40,759	10,193	3.9%
2016	59,638	3,389,496	41,163	10,520	4.1%
2017	59,178	3,460,063	42,053	10,549	3.8%
2018	58,876	3,546,163	43,375	10,476	3.4%

¹ U.S. Census Bureau, Population Estimates, for one calendar year prior.

² U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System for Cascade County, Montana www.bea.doc.gov/bea/regional/bearfacts. The personal income and per capita income information is for two calendar years prior. Personal income estimates are in thousands of dollars.

³ Great Falls School District No. 1. Great Falls, Montana.

⁴ Montana Department of Labor & Industry Research & Analysis Bureau for Cascade County.

**Major Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Malmstrom Air Force Base	3,960	1	11%	4,004	1	15%
Benefis Health Care Center	3,203	2	9%	2,400	2	8%
Great Falls Public Schools	1,926	3	5%	1,613	3	5%
Montana Air National Guard	1,012	4	3%	1,033	4	3%
Great Falls Clinic	631	5	2%	780	5	3%
Wal-Mart	600	6	2%	501	8	2%
City of Great Falls	589	7	2%	528	7	2%
Cascade County	523	8	1%	500	9	2%
Centene Corporation	319	9	1%			
Albertsons	285	10	1%	261	10	1%
Asurion (formerly N.E.W. Customer Services Cos.)				687	6	2%

Source: Great Falls Tribune, Great Falls Montana Outlook printed February 19, 2018

www.greatfallstribune.com.

Ranking based on total employees.

**Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total	Taxable Assessed Value	Rank	Percentage of Total
Calumet Montana Refining, LLC	\$ 13,187,288	1	14.44%	\$ 982,915	4	1.29%
Northwestern Energy, LLC	5,993,291	2	6.56%	3,498,164	1	4.58%
Energy West Montana Inc	1,160,366	3	1.27%	1,259,891	2	1.65%
Burlington Northern Santa Fe Railroad Co	851,687	4	0.93%	344,868	10	0.45%
Bresnan Communications (Charter)	838,463	5	0.92%			
GK Development Inc	830,810	6	0.91%	877,484	5	1.15%
Great Falls Clinic Realty LLP	822,519	7	0.90%			
Verizon Wireless	646,072	8	0.71%			
Pasta Montana LLC	622,037	9	0.68%			
Walmart Real Estate Business Trust	547,913	10	0.60%			
Centurylink, Inc				1,062,416	3	1.39%
General Mills, Inc				643,470	6	0.84%
Malteurop North America Inc.				625,549	7	0.82%
Orix Great Falls, LLC Etal				531,296	8	0.70%
Federal Express Corp				385,788	9	0.50%
	<u>\$ 25,500,446</u>		<u>27.92%</u>	<u>\$ 10,211,841</u>		<u>13.37%</u>
Total Assessed Value	\$ 91,347,803			\$ 76,405,690		

Source: Treasurer's Office, Cascade County, Montana

1 In Fiscal Year 2014, Holiday Village Partners LLC changed to GK Development Inc.

2 In Fiscal Year 2014, Great Falls Gas Co. changed to Energy West Montana Inc.

3 In Fiscal Year 2015, Qwest Corporation changed to Centurylink, Inc.

4 In Fiscal Year 2015, Montana Refining Corp. changed to Calumet Montana Refining, LLC

5 In Fiscal Year 2016, International Malting Company LLC changed to Malteurop North America Inc.