

# 2015 FISCAL YEAR COMPREHENSIVE ANNUAL FINANCIAL REPORT



*City of Billings*  
MONTANA



## ABOUT THE COVER

In December 2011, City Council created a City-wide Park District as a way to help fund over \$9 million in deferred park maintenance to the Parks and Recreation Department infrastructure and improve the ongoing park maintenance in the future. The new district generates approximately \$1.9 million annually. The top needs were identified through a city-wide citizen survey; discussions with major park user groups (Billings Little League, Amend Park Development Council, Billings Softball Association, and Billings Tennis Association); the Parks, Recreation, and Cemetery Board; and the Billings Parks, Recreation, and Public Lands Department staff.

Completed projects to date include: new waterslides at Rose Pool, remodel of 6 park restrooms, as well as installation of 3 new park restrooms, upgraded safety surfaces under 22 public playgrounds, resurfaced tennis courts at Rose and Pioneer Parks, and upgrades to the batting cages at Stewart Park.

With the department's ongoing maintenance funds, the staff has been able to complete emergency maintenance and repairs, implement a vegetation management program, hire 3 full-time staff personnel – an Arborist, a Volunteer Coordinator, and a Park Maintenance Worker, purchase over 270 new picnic tables, and develop a community outreach program in which over 2,000 individuals have volunteered approximately 8,000 hours annually.

Future projects include rebuilding tennis courts at Castle Rock and Pioneer Parks, replacing playground equipment at South and Pioneer Parks, replacing South Park's wading pool with a sprayground, upgrading water service at Amend Park, improving park infrastructure at Stewart Park, installing a shelter at Pioneer Park, and continuing with ongoing maintenance.

CITY OF BILLINGS, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATION  
FINANCE DEPARTMENT

PATRICK M. WEBER  
FINANCE DIRECTOR

FISCAL YEAR 2015

July 1, 2014 – June 30, 2015

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# INTRODUCTORY SECTION





# CITY OF BILLINGS

## FINANCE DEPARTMENT

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- (406) 657-8207  
FACSIMILE (406) 247-8608

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December 23, 2015

Honorable Mayor, Members of the  
City Council, City Administrator and the Citizens of the City of Billings, Montana:

The Comprehensive Annual Financial Report (CAFR) of the City of Billings, Montana (the City) for Fiscal Year ended June 30, 2015, is hereby submitted. This report was prepared by the Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards and the auditor's reports on internal controls and compliance is included in the Single Audit section of this report.

## CITY OF BILLINGS PROFILE

The City of Billings was incorporated in 1882 and is located in South Central Montana along Interstate 90. The City of Billings is located in Yellowstone County, the most populous county in Montana. Billings is the largest city in the state with a 2010 Census population of 108,869 and a current estimate of 109,059.

The City of Billings operates under a Home Rule Charter, established in 1976, with a Council-Manager form of government. Policy making and legislative authority are vested in a 10 member council and mayor (Legislative Branch). The Legislative Branch is responsible for the performance of all duties and obligations imposed on the City by law. Two council members are elected from each of 5 wards for four year terms with a maximum of two consecutive terms. The mayor is elected at large for a four year term with a maximum of two consecutive terms. The Legislative Branch hires a City Administrator (Manager) to oversee the day to day operations of the City.

The City of Billings provides governmental services for public safety, utilities (including water, wastewater, and solid waste), public transportation, construction and maintenance of infrastructure, and general support services to serve the citizens of Billings.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

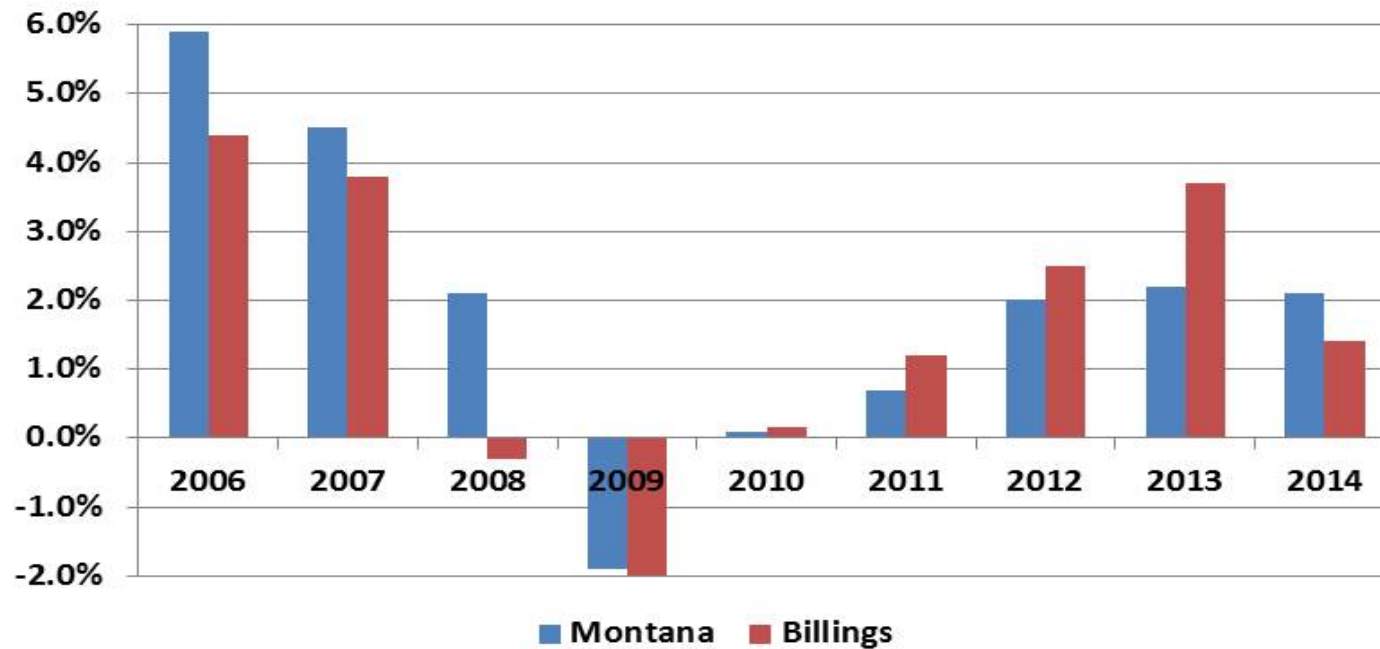
Budgets are legally required and are prepared for all the City's funds. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance system as one technique of accomplishing budgetary control. Open encumbrances are reported as reservations of fund balance as of June 30, 2015. Per state law, encumbrances are automatically re-appropriated and added to the following year's adopted budget. This re-appropriation takes place without council action.

## ECONOMIC CONDITION AND OUTLOOK

The University of Montana – Missoula, Bureau of Business and Economic Research publishes its Economic Outlook for selected counties in Montana. Following is some information contained in the publication. With an unemployment rate of 3.1% as of May 2015, the Billings economy is healthier than many parts of the United States, and the stable growth of the past decade, as the following chart indicates, had slowed given the recent economic events. However, 2013 indicates that there is the continuance of a slow, but steady, recovery. The recovery slowed in 2014 due to the dropping oil prices and the start of layoffs in the oil industry.



# Change in Nonfarm Labor Income



One of the City's largest industries is health care. Presently, the Billings Clinic Health System (approximately 3,133 employees) and Saint Vincent Hospital and Health Care Center (approximately 2,100 employees) employ approximately 5,233 employees. Both health care systems have embarked on major expansion programs that will increase the size of their facilities and their employment levels over the next several years.

#### LONG-TERM FINANCIAL PLANNING

The City of Billings annually completes five year plans for the General Fund, Public Safety Fund, Library Fund, Airport Fund, Transit Fund and other operating funds. The Public Safety Fund gets 50% of its revenue from the General Fund. The General Fund does not get enough revenue to sustain this transfer for more than three to four years. Therefore, the City will need to ask the voters for a Public Safety levy in three to four years. The City is also in the process of completing Priority Based Budgeting for all operational funds. This information will be used when completing the FY17 budget.

#### RELEVANT FINANCIAL POLICIES

The Billings City Council adopts three capital plans each budget year. The three plans are for technology equipment, vehicles, and capital improvements (infrastructure, buildings, building improvements, etc.). These three plans guide the City throughout the fiscal year with capital purchases.

The City Council followed the adopted growth policy by only annexing parcels contained within the boundaries of the policy. Following the policy does not over extend City services which in turn cost more money.

The City Council adopted a reserve level policy authorizing the City Administrator to establish fiscally responsible reserve minimums. The City Administrator adopted an Administrative Order with recommended reserve levels for all operating funds.

#### MAJOR INITIATIVES

City Council adopts annual goals before beginning budget preparations. The Council, with the help of a consultant, adjusted and adopted updated strategic goals in 2014.

- ∞ Honest, Responsive Government: Striving to be a principle-centered organization that promotes responsibility, accountability, trust, and open, accessible government.
- ∞ Comprehensive Orderly Growth: Careful consideration and management of the process of community growth.



- ∞ Transportation: Development of a comprehensive, multi-modal transportation system that supports the Growth Policy.
- ∞ Sustainable Economic Development: Economic vitality that fosters community partnerships and ensures a strong and efficient infrastructure.
- ∞ Involved, United Community: Community-wide investment in visioning and planning for the future.
- ∞ Public Safety: Provide for a safe and secure community.
- ∞ Quality of Life: Provide Library patrons with tools to become happy, informed, participating community members.
- ∞ City Infrastructure: Provide an understandable program with sustainable funding.

All City departments establish departmental goals and action plans that help to support the Council goals. Some of the major initiatives that were started or completed in the budget year are:

- Updated the Capital Improvements Plan.
- Completed multiple road construction projects.

#### INDEPENDENT AUDIT

The State of Montana requires a biennial audit of the basic financial statements of the City by independent certified public accountants selected by the City Council. However, the City Council has recommended that an annual audit be performed. An annual audit provides a higher level of financial management and fiscal responsibility. JCCS Accounting, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Billings, Montana's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Billings, Montana, for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 31<sup>st</sup> consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For the 24<sup>th</sup> consecutive year, the City received the GFOA's Award for Distinguished Budget Presentation for its 2015-2016 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

## ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'P. Weber', with a large, stylized loop at the end.

Patrick M. Weber  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Billings  
Montana**

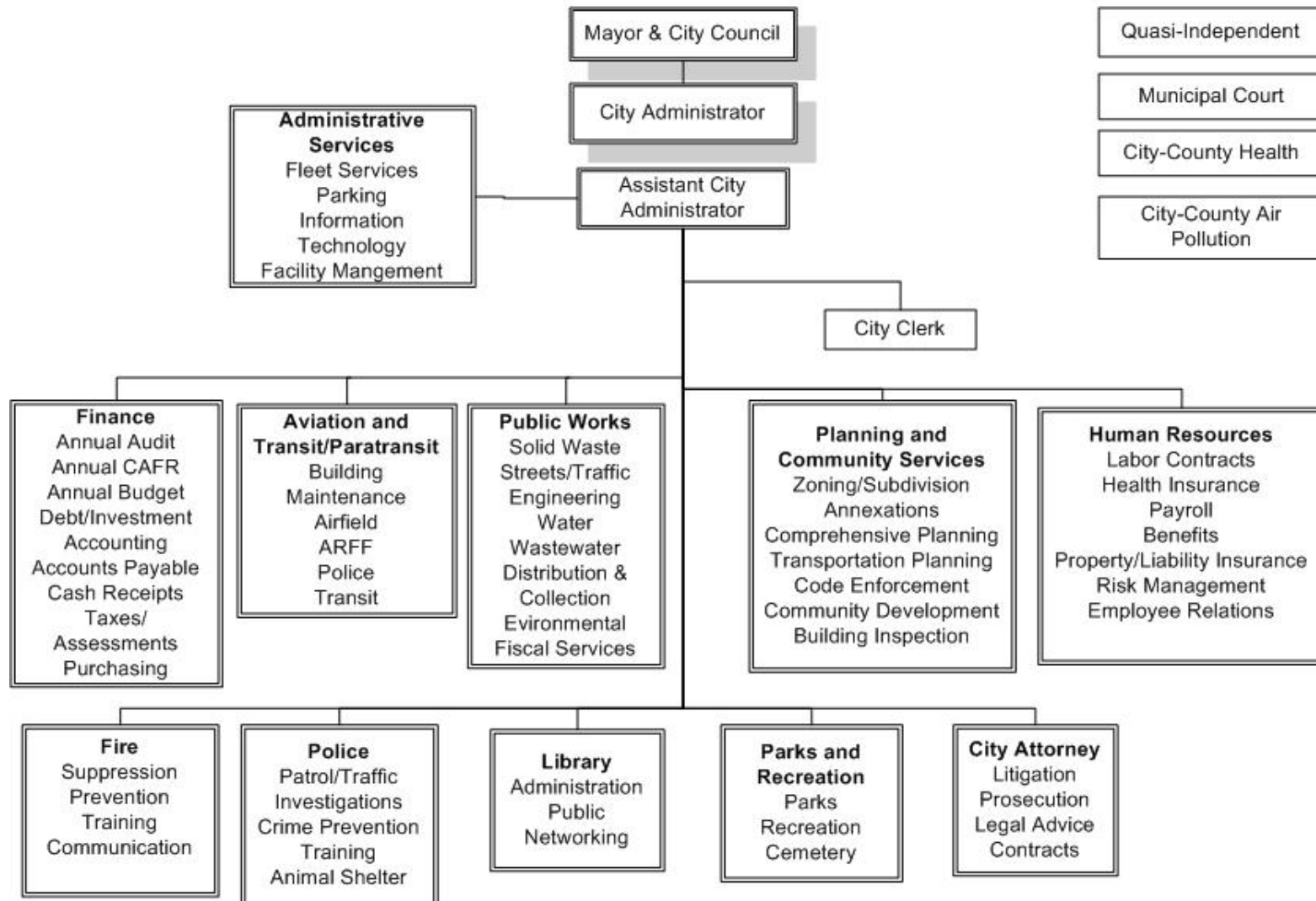
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

# City of Billings Organizational Chart





**City of Billings, Montana  
Official Roster**

**Mayor  
Tom Hanel**

**Council Members**

**Mike Yakawich**

**Ward One**

**Brent Cromley**

**Denis Pitman**

**Ward Two**

**Angela Cimmino**

**Becky Bird**

**Ward Three**

**Rich McFadden**

**Jani McCall**

**Ward Four**

**Al Swanson**

**Ken Crouch**

**Ward Five**

**Shaun Brown**



## FINANCIAL SECTION





**Junkermier · Clark  
Campanella · Stevens · P.C.**

Certified Public Accountants and Business Advisors

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Great Falls, MT 59403  
Phone (406) 761-2820  
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**To the Honorable Mayor, Members of the City Council and City Administrator  
City of Billings, Montana**

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and actuarial valuation of postretirement benefits and budgetary comparison information on pages 3 through 12 and 109 through 116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Billings, Montana's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the City of Billings, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Billings, Montana's internal control over financial reporting and compliance.

*Junkermier, Clark, Campanella, Stevens, P.C.*

Great Falls, Montana  
December 23, 2015



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Billings (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. In addition to this overview and analysis based on currently known facts, decisions, and conditions, the City encourages readers to consider the information presented in the City's letter of transmittal and the City's financial statements, which begin on pages i and 13 of this report, respectively.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the fiscal year end by \$666,515,634 (Net Position).
- The total fiscal year end governmental fund balance was \$108,610,103 as reported in the balance sheet.
- The total general fund and public safety fund balances at the fiscal year end were \$24,879,911 and \$1,677,865, respectively. More information regarding the general fund and public safety fund balances is contained in the Economic Factors and Future Outlook toward the end of the Management Discussion and Analysis (MD&A).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements

Other supplementary information is also included at the end of the Financial Section.

**Government-wide Financial Statements.** The government-wide statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the City's assets and liabilities. The difference between assets and liabilities is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the City's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety – police and fire, public health, culture and recreational services, housing and economic development, and public works. The business-type activities of the City include solid waste, airport, water, wastewater, transit, parking operations, and golf course.

**Fund Financial Statements.** Traditional users of the City's financial statements will find the fund financial statement presentation more familiar. With the implementation of GASB 34, the focus is now on major funds rather than fund types.

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become

measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. To facilitate this comparison, reconciliations are provided for both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Public Safety Fund, and Special Improvement Districts Fund. These three funds are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds: enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, airport, water, wastewater, transit, parking operations, and golf course. Internal service funds are used to account for activities and services performed for other organizational units within the City. These costs are allocated internally among the City's various functions. The City uses internal service funds to account for motor pool, postage and copying, information technology, health care benefits, facilities management, telephone services, radio communication services, public works administration, public works engineering, and property and liability insurance. The governmental-type functions use over 50% of these services. As such, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The transit and golf course enterprise funds are considered to be non-major funds and, therefore, are combined into a single, aggregated presentation in the proprietary fund statements. Major fund reporting requirements do not apply to internal service funds; therefore, they are combined into a single, aggregated presentation in the proprietary fund statements.

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

### Government-wide Financial Analysis

Net position over time may serve useful as an indicator of a government's financial position. The net position for the fiscal year ending June 30, 2015, was \$666,515,634 (assets exceeded liabilities), which was a decrease of \$28,334,489.

The City's largest portion of net position reflects investment in capital assets: land, buildings, improvements other than buildings, equipment and vehicles, and infrastructure. These assets are used to provide services to the citizens of Billings and are not available for future spending. The City's investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net position and Changes in Net position as of, and for, the fiscal years ended June 30, 2015, and June 30, 2014:

#### City of Billings, Montana's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 141,647,288	\$ 123,626,641	\$ 98,871,564	\$ 94,666,359	\$ 240,518,852	\$ 218,293,000
Capital assets	262,547,541	261,387,921	397,537,786	379,582,533	660,085,327	640,970,454
Total assets	404,194,829	385,014,562	496,409,350	474,248,892	900,604,179	859,263,454
Deferred outflows	4,449,876	1,246,399	1,264,628	232,696	5,714,504	1,479,095
Long-term liabilities outstanding	129,301,341	80,373,434	81,361,507	66,263,539	210,662,848	146,636,973
Other liabilities	11,667,209	13,334,846	6,912,866	5,920,612	18,580,075	19,255,458
Total liabilities	140,968,550	93,708,280	88,274,373	72,184,151	229,242,923	165,892,431
Deferred inflows	7,069,936	-	3,490,190	-	10,560,126	-
Net position:						
Net investment in capital assets	173,273,529	196,249,978	337,909,865	321,736,338	511,183,394	517,986,316
Restricted	61,916,558	71,417,611	7,411,886	9,666,970	69,328,444	81,084,581
Unrestricted	25,416,132	24,885,092	60,587,664	70,894,130	86,003,796	95,779,222
Total net position	\$ 260,606,219	\$ 292,552,681	\$ 405,909,415	\$ 402,297,438	\$ 666,515,634	\$ 694,850,119

The restricted portion of fiscal year 2015 Net position (10.4%) represents resources that are subject to external restrictions as to how they may be used.

### City of Billings, Montana's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 34,351,100	\$ 31,922,856	\$ 69,423,977	\$ 63,811,119	\$ 103,775,077	\$ 95,733,975
Operating grants and contributions	16,554,335	13,647,774	2,194,865	2,815,100	18,749,200	16,462,874
Capital grants and contributions	7,884,181	13,626,370	4,366,839	15,274,514	12,251,020	28,900,884
General revenues:						
Property taxes	32,197,720	36,506,687	1,864,515	1,991,997	34,062,235	38,498,684
Franchise fees	3,808,180	2,769,769	-	-	3,808,180	2,769,769
Business licenses	758,831	739,723	-	-	758,831	739,723
Unrestricted federal/state shared revenue	15,549,285	15,115,543	420,602	-	15,969,887	15,115,543
Unrestricted investment earnings	195,696	151,022	445,348	400,040	641,044	551,062
Gain/(Loss) on sale of property and equipment	948,724	410,946	60,716	284,595	1,009,440	695,541
Miscellaneous	221,086	(201,446)	352,845	273,186	573,931	71,740
Total revenues	112,469,138	114,689,244	79,129,707	84,850,551	191,598,845	199,539,795

(Continued)



### City of Billings, Montana's Changes in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Expenses:						
General government	9,532,639	8,319,245	-	-	9,532,639	8,319,245
Public safety	43,085,096	43,123,603	-	-	43,085,096	43,123,603
Public works	31,320,217	30,321,523	-	-	31,320,217	30,321,523
Public health	1,059,063	905,406	-	-	1,059,063	905,406
Culture and recreation	11,211,519	9,577,071	-	-	11,211,519	9,577,071
Housing and economic development	4,611,742	3,475,349	-	-	4,611,742	3,475,349
Other	-	132,806	-	-	-	132,806
Interest on long-term debt	2,778,572	2,601,680	-	-	2,778,572	2,601,680
Solid Waste	-	-	11,823,308	11,314,016	11,823,308	11,314,016
Airport	-	-	12,615,821	12,711,067	12,615,821	12,711,067
Water	-	-	17,652,043	17,497,380	17,652,043	17,497,380
Wastewater	-	-	12,314,496	12,231,535	12,314,496	12,231,535
Parking	-	-	2,538,345	2,094,519	2,538,345	2,094,519
Transit	-	-	6,170,326	6,263,550	6,170,326	6,263,550
Golf Course	-	-	435,617	442,529	435,617	442,529
Total expenses	103,598,848	98,456,683	63,549,956	62,554,596	167,148,804	161,011,279
Increase in net position before transfers	8,870,290	16,232,561	15,579,751	22,295,955	24,450,041	38,528,516
Transfers	(4,143,576)	(9,045,906)	4,143,576	9,045,906	-	-
Change in net position	4,726,714	7,186,655	19,723,327	31,341,861	24,450,041	38,528,516
Net position, beginning of year	292,552,686	286,448,972	402,297,438	371,161,800	694,850,124	657,610,772
Prior period adjustment	(36,673,182)	(1,082,946)	(16,111,350)	(206,223)	(52,784,532)	(1,289,169)
Net position, end of year	\$ 260,606,218	\$ 292,552,681	\$ 405,909,415	\$ 402,297,438	\$ 666,515,633	\$ 694,850,119

**Governmental activities.** Net Position in governmental activities decreased by \$31,946,466 during fiscal year 2015. Net Position decreased due to having to book the net pension liability per GASB 68.

**Business-type activities.** Net Position in business-type activities increased by \$3,611,977 during fiscal year 2015. Net Position increased due Water and Wastewater contributed capital \$2.5million, and Airport contributed capital of \$2.5 million.

## **Financial Analysis of the City's Funds**

As noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City of Billings Public Safety Fund received approximately 50% of its funding from the General Fund. Therefore, both funds are directly related. The combined fund balances for the General and Public Safety funds increased by \$1.8 million in the current fiscal year. The increase resulted from ongoing cost containments and the General Fund and Public Safety fund receiving protested tax revenues. There was no significant change in the Special Improvement Districts Fund balance.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the proprietary funds is \$60,587,664 for fiscal year ended June 30, 2015, which is a decrease of \$10.3 million. The most significant decreases in unrestricted net position were related to the adoption of GASB 68. This required a prior period adjustment of \$16.3 million.

The Net Position of the Solid Waste Fund change was not significant. The Airport Fund's net position decreased by \$2.5 million due to GASB 68. The Water Fund's net position decreased by \$3.8 million due to charging more than was needed for operations and contributed capital. The Wastewater Fund's net position decreased by \$6.1 million due to charging more than was needed for operations and contributed capital. The Parking Fund's net position increased by \$1.0 million due to contributed capital.

## **General Fund Budgetary Highlights**

Variances between the final revenue budget and actual revenues resulted from receiving more taxes from a tax protest and from the state for personal property reimbursement. Variances between the final expenditure budget and actual expenditures resulted from council contingency that was not used, election fees, and the transfer to the Public Safety Fund that were less than budgeted.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Billings investment in capital assets for its governmental and business-type activities as of June 30, 2015, was \$660,085,327 (net of accumulated depreciation). The investment in capital assets includes land; construction in progress; buildings; improvements other than buildings, equipment, and vehicles; and infrastructure. The City had construction commitments of \$24.4 million for the end of the current fiscal year.

### City of Billings, Montana's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 39,646,011	\$ 38,481,777	\$ 13,683,971	\$ 13,290,226	\$ 53,329,982	\$ 51,772,003
Buildings	25,253,291	26,152,419	54,430,949	41,228,756	79,684,240	67,381,175
Improvements other than buildings	31,832,857	26,289,808	46,416,130	46,755,669	78,248,987	73,045,477
Machinery and equipment	15,952,166	15,990,004	20,706,309	19,204,934	36,658,475	35,194,938
Infrastructure	141,930,678	143,389,391	245,882,167	241,036,421	387,812,845	384,425,812
Construction In progress	7,932,539	11,084,523	16,418,260	18,066,526	24,350,799	29,151,049
Total	\$ 262,547,541	\$ 261,387,922	\$ 397,537,786	\$ 379,582,532	\$ 660,085,327	\$ 640,970,454

Additional information on the City of Billings' capital assets can be found on pages 53-55 of this report.

## City of Billings, Montana's Outstanding Debt

### Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 26,921,315	\$ 28,716,650	\$ -	\$ -	\$ 26,921,315	\$ 28,716,650
Refunding bonds	-	-	5,116,436	5,337,206	5,116,436	-
Special assessment debt with governmental commitment	22,737,486	17,645,313	-	-	22,737,486	17,645,313
Revenue bonds	21,393,002	13,259,786	5,791,833	6,045,258	27,184,835	19,305,044
Notes payable	1,153,415	1,731,399	44,771,393	41,979,299	45,924,808	43,710,698
Intercap notes payable	53,670	59,036	-	-	53,670	59,036
Capital lease payable	3,737,034	4,127,816	3,773,628	4,251,741	7,510,662	8,379,557
Total	\$ 75,995,922	\$ 65,540,000	\$ 59,453,290	\$ 57,613,504	\$ 135,449,212	\$ 123,153,504

**Long-term debt.** The City of Billings had total bonded debt and notes outstanding of \$135,449,212 at the end of the current fiscal year. The majority of the debt consists of notes payable in the amount of \$43,710,698 for business activity consisting mostly of loans from DNRC for Water and Wastewater projects. General Obligation Bonds in the amount of \$26,921,315 of debt is backed by the full faith and credit of the government. The remaining amounts are special assessment debt in the amount of \$22,737,486, which is assessed to benefit property owners, \$27,184,835 of revenue bonds secured by specified revenue sources, and \$7,510,662 for capital leases. Notes payable in the amount of \$1,353,415 for governmental activity is a combination of notes for the Dehler Park Scoreboard, Fire Fighter lawsuit, and revolving loans.

Under the current State statutes, City general obligation bonded debt issuances are subject to a legal limitation based on 2.50% of assessed market value of the property subject to taxation. As of June 30, 2015, the City's general obligation bonded debt of \$26,921,315 was well below the legal debt limit of \$135,465,557. General obligation net bonded debt per capita equated to \$221.91.

Additional information on the City of Billings long-term debt can be found on pages 59-71 of this report.

## **Economic Factors and Future Outlook**

The City of Billings is the largest city in Montana and serves as Montana's major trade and service center with major employment in health care, business services, and professional services. Most of the City's funds are in good financial condition. The funds relying on property tax struggle because of local and state tax limitations.

Absent new construction, property tax income has not kept pace with inflation over the last decade. Fund balance projections for the General Fund and Public Safety Fund (the majority of funding for the Public Safety Fund comes from the General Fund) will be above the minimum recommended reserve level as of June 30, 2015. The recommended reserve of 29% of the annual budget was derived from analyzing 10 years of cash flow needs. These reserves are necessary because the first installment of property taxes is due by November 30 and the second installment is due May 31 of each year, and property taxes are the major income for these funds. Cash balances decrease between July 1<sup>st</sup> and November 30<sup>th</sup> and January 1<sup>st</sup> and May 31<sup>st</sup>; therefore, the reserves are needed to pay expenditures over each of those five months.

The 2015 legislature changed the method of property valuation from a six-year reappraisal with a phase in over six years to a two-year reappraisal cycle without a phase in. Some property owners were not pleased with the new value the Department of Revenue (DOR) assigned to their property. Thus, the DOR received appeals from many property owners regarding their new property valuations. There will most likely be property owners protesting their tax bill as the DOR is only 50% complete with the appeals. The Billings City Council approved reducing the number of mills levied for tax year 2015 by 10 mills. The City's portion of all the mills levied by the City, County, School District and State is approximately 23% of the total. Given the appeals and protests, the City cannot predict what the property tax revenue will be for FY16.

The 2011 Legislature reduced the amount of HB 124 entitlement payments to the Cities and Counties, as was anticipated.

## **Financial Contact**

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information presented in this report, or requests for additional information, should be sent to the attention of the Finance Director at the following address: P.O. Box 1178, Billings, MT 59103.



# BASIC FINANCIAL STATEMENTS



**CITY OF BILLINGS, MONTANA**  
**Statement of Net Position**  
**June 30, 2015**  
**(Page 1 of 2)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 52,198,976	\$ 33,159,032	\$ 85,358,008
Restricted cash and cash equivalents with fiscal agent	10,872,204	3,307,493	14,179,697
Investments	65,503,622	41,425,588	106,929,210
Receivables (net of allowance of \$593,092)	18,340,033	9,751,610	28,091,643
Internal balances	(6,648,211)	6,648,211	-
Inventories	253,311	1,625,275	1,878,586
Prepaid items	14,734	4,931	19,665
Property held for resale	447,625	-	447,625
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	2,949,424	2,949,424
Permanently restricted:			
Cash and cash equivalents	294,674	-	294,674
Investments	370,320	-	370,320
Capital assets:			
Land and construction in progress	47,578,551	30,102,231	77,680,782
Other capital assets, net of depreciation	214,968,990	367,435,555	582,404,545
Total capital assets	<u>262,547,541</u>	<u>397,537,786</u>	<u>660,085,327</u>
Total assets	<u>404,194,829</u>	<u>496,409,350</u>	<u>900,604,179</u>
<b><u>Deferred Outflows</u></b>			
Deferred charge on refunding of debt	1,255,327	169,905	1,425,232
Pensions	3,194,549	1,094,723	4,289,272
Total deferred outflows	<u>4,449,876</u>	<u>1,264,628</u>	<u>5,714,504</u>
<b><u>Liabilities</u></b>			
Accounts payable	5,677,869	5,524,836	11,202,705
Accrued wages and benefits	1,538,954	673,933	2,212,887
Incurred but not reported health benefits	750,000	-	750,000
Accrued interest	1,091,938	714,097	1,806,035
Unearned Revenue	1,235,448	-	1,235,448
Other liabilities	73,000	-	73,000
Claims and judgments - due within one year	1,300,000	-	1,300,000
Long-term liabilities:			
Due within one year	9,078,923	6,439,392	15,518,315
Due in more than one year	81,068,454	56,311,836	137,380,290
Other post-employment benefits	4,382,724	2,183,275	6,565,999
Net pension liability	34,771,240	13,505,000	48,276,240
Landfill closure and postclosure - due in more than one year	-	2,922,004	2,922,004
Total liabilities	<u>140,968,550</u>	<u>88,274,372</u>	<u>229,242,923</u>

(continued)



**CITY OF BILLINGS, MONTANA**  
**Statement of Net Position**  
**June 30, 2015**  
**(Page 2 of 2)**

<b><u>Deferred Inflows</u></b>			
Pensions	7,069,936	3,490,190	10,560,126
Total deferred inflows	<u>7,069,936</u>	<u>3,490,190</u>	<u>10,560,126</u>
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>Net Position</u></b>			
Net investment in capital assets	173,273,529	337,909,865	511,183,394
Restricted for:			
General government	174,478	-	174,478
Public safety	(13,726,417)	-	(13,726,417)
Public works	20,118,594	-	20,118,594
Public health	(297,935)	-	(297,935)
Culture and recreation	3,994,176	-	3,994,176
Housing and economic development	13,248,101	-	13,248,101
Capital projects	10,178,027	5,507,050	15,685,077
Debt service	27,561,965	1,904,836	29,466,801
Endowments - nonexpendable	665,569	-	665,569
Unrestricted	<u>25,416,132</u>	<u>60,587,664</u>	<u>86,003,796</u>
Total net position	<u>\$ 260,606,219</u>	<u>\$ 405,909,415</u>	<u>\$ 666,515,634</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs:</u></b>							
Primary government							
Governmental activities:							
General government	\$ 9,532,639	\$ 2,855,106	\$ 2,466,927	\$ 711,596	\$ (3,499,010)	\$ -	\$ (3,499,010)
Public safety	43,085,096	5,856,971	9,634,838	221,242	(27,372,045)	-	(27,372,045)
Public works	31,320,217	23,271,390	774,460	4,711,179	(2,563,188)	-	(2,563,188)
Public health	1,059,063	41,811	76,710	-	(940,542)	-	(940,542)
Culture and recreation	11,211,519	2,287,455	1,945,945	2,207,233	(4,770,886)	-	(4,770,886)
Housing and economic development	4,611,741	38,367	1,655,455	32,931	(2,884,988)	-	(2,884,988)
Interest on long-term debt	2,778,572	-	-	-	(2,778,572)	-	(2,778,572)
Total governmental activities	103,598,847	34,351,100	16,554,335	7,884,181	(44,809,231)	-	(44,809,231)
Business-type activities:							
Solid Waste	11,823,308	13,925,297	82,086	4,854	-	2,188,929	2,188,929
Airport	12,615,821	9,536,456	200,408	3,541,331	-	662,374	662,374
Water	17,652,043	24,740,868	87,631	349,195	-	7,525,651	7,525,651
Wastewater	12,314,496	18,469,205	63,200	471,459	-	6,689,368	6,689,368
Parking	2,538,345	1,535,318	11,127	-	-	(991,900)	(991,900)
Transit	6,170,326	772,386	1,750,413	-	-	(3,647,527)	(3,647,527)
Golf Course	435,617	444,447	-	-	-	8,830	8,830
Total business-type activities	63,549,956	69,423,977	2,194,865	4,366,839	-	12,435,725	12,435,725
Total primary government	\$167,148,803	\$103,775,077	\$ 18,749,200	\$ 12,251,020	(44,809,231)	12,435,725	(32,373,506)
General revenues:							
Property taxes					32,197,720	1,864,515	34,062,235
Franchise fees					3,808,180	-	3,808,180
Business license tax					758,831	-	758,831
Unrestricted federal/state shared revenue					15,549,285	420,602	15,969,887
Unrestricted investment earnings					195,696	445,348	641,044
Gain on sale of capital assets					948,724	60,716	1,009,440
Miscellaneous					221,086	352,845	573,931
Transfers					(4,143,576)	4,143,576	-
Total general revenues and transfers					49,535,946	7,287,602	56,823,548
Change in net position					4,726,715	19,723,327	24,450,042
Net position, beginning of year, as previously stated					292,552,686	402,297,438	694,850,124
Prior period adjustment (Note IV H)					(36,673,182)	(16,111,350)	(52,784,532)
Net position, end of year					\$ 260,606,219	\$ 405,909,415	\$ 666,515,634

The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS, MONTANA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2015**

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 10,871,686	\$ 1,110,703	\$ 1,818,330	\$ 31,665,405	\$ 45,466,124
Cash with fiscal agent	-	-	896,660	9,973,008	10,869,668
Investments	13,569,420	1,389,033	2,267,535	39,809,916	57,035,904
Receivables:					
Property taxes	496,705	575,071	-	865,215	1,936,991
Accounts and unbilled usage	8,075	21,518	-	76,884	106,477
Delinquent special assessments	7,922	-	81,584	802,092	891,598
Special assessments receivable	-	-	10,505,955	1,570,826	12,076,781
Accrued interest	18,254	524	787	60,240	79,805
Notes	-	-	-	1,676,437	1,676,437
Due from other funds	576,726	-	-	59,715	636,441
Due from other governments	-	-	-	951,000	951,000
Inventories	-	-	-	94,783	94,783
Property held for resale	-	-	155,997	291,628	447,625
<b>Total assets</b>	<b>\$ 25,548,788</b>	<b>\$ 3,096,849</b>	<b>\$ 15,726,848</b>	<b>\$ 87,897,149</b>	<b>\$132,269,634</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 234,569	\$ 225,810	\$ 3,100	\$ 4,964,394	\$ 5,427,873
Accrued wages & benefits	244,482	890,339	-	249,181	1,384,002
Due to other funds	-	-	-	636,441	636,441
Unearned Revenue	-	-	-	1,235,448	1,235,448
Other liabilities	-	-	63,000	10,000	73,000
<b>Total Liabilities</b>	<b>\$ 479,051</b>	<b>\$ 1,116,149</b>	<b>\$ 66,100</b>	<b>\$ 7,095,464</b>	<b>\$ 8,756,764</b>
<b>Deferred inflows:</b>					
Unavailable Revenue	189,826	302,835	10,517,427	3,892,679	14,902,767
<b>Fund balances:</b>					
Unspendable	-	-	-	760,352	760,352
Restricted	-	1,677,865	5,143,321	65,727,563	72,548,749
Committed	9,952,000	-	-	10,817,365	20,769,365
Unassigned	14,927,911	-	-	(396,274)	14,531,637
<b>Total fund balances</b>	<b>24,879,911</b>	<b>1,677,865</b>	<b>5,143,321</b>	<b>76,909,006</b>	<b>108,610,103</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 25,548,788</b>	<b>\$ 3,096,849</b>	<b>\$ 15,726,848</b>	<b>\$ 87,897,149</b>	<b>\$132,269,634</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS, MONTANA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Total *fund balances* for governmental funds \$ 108,610,103

Total *net position* reported for governmental activities in the statement of net position  
is different because:

Capital assets used in governmental activities are not financial resources and therefore  
are not reported in the funds. Those assets consist of:

Land	\$ 37,656,128	
Buildings and improvements	26,774,640	
Improvements other than buildings	42,665,171	
Machinery and equipment	32,236,744	
Infrastructure	253,790,016	
Construction in progress	7,932,540	
Less accumulated depreciation	<u>(151,422,903)</u>	249,632,336

Other long-term assets are not available to pay for the current-period expenditures and  
therefore are deferred in the funds

Unearned revenue	14,902,714	
Deferred outflows of resources - pensions	<u>2,868,425</u>	17,771,139

Long-term liabilities, including bonds payable, are not due and payable in the current period  
and therefore are not reported in the funds

General obligation bonds payable	(32,250,000)	
add: bond premium	(1,761,397)	
less: deferred charge on refunding	238,751	
Tax increment bonds payable	(21,405,000)	
less: deferred charge on refunding	1,016,576	
less: bond discount	60,728	
add: bond premium	(48,730)	
Special assessment bonds payable	(22,137,275)	
less: bond discount	88,483	
add: bond premium	(688,694)	
Notes payable	(1,207,035)	
Compensated absences payable	(5,930,576)	
Other post-employment benefits	(3,859,669)	
Net pension liability	(30,747,382)	
Claims and judgments	(1,300,000)	
Deferred inflows of resources - pensions	(6,030,104)	
Accrued interest	<u>(1,056,438)</u>	(127,017,762)

Internal service funds are used by the City to charge the cost of certain activities to individual  
funds. The assets and liabilities of the internal service funds are included in the governmental  
activities in the statement of net position

Total net position of governmental activities		<u>11,610,403</u> <u>\$ 260,606,219</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS, MONTANA**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 14,600,053	\$ 11,412,390	\$ -	\$ 7,750,975	\$ 33,763,418
Licenses and permits	4,579,156	31,514	-	2,373,747	6,984,417
Intergovernmental	10,450,820	8,355,845	-	9,471,843	28,278,508
Charges for services	3,754,681	1,448,703	-	6,763,085	11,966,469
Fines and forfeitures	1,579,858	9,188	-	489,479	2,078,525
Special assessments	10,635	-	2,094,987	20,197,163	22,302,785
Other	124,350	59,693	2,456	3,060,499	3,246,998
Total revenues	<u>35,099,553</u>	<u>21,317,333</u>	<u>2,097,443</u>	<u>50,106,791</u>	<u>108,621,120</u>
<b>Expenditures:</b>					
Current:					
General government	5,608,346	-	-	2,260,387	7,868,733
Public safety	316,106	40,230,812	-	3,376,925	43,923,843
Public works	398,807	-	7,400	18,066,209	18,472,416
Public health	-	842,971	-	-	842,971
Culture and recreation	3,912,962	-	-	4,461,193	8,374,155
Housing and economic development	-	-	-	4,423,046	4,423,046
Capital outlay	74,846	93,699	-	18,723,735	18,892,280
Debt service:					
Principal	-	495,742	6,331,075	2,330,242	9,157,059
Interest and fiscal charges	-	70,309	537,745	1,883,772	2,491,826
Bond issuance costs	-	-	-	464,297	464,297
Total expenditures	<u>10,311,067</u>	<u>41,733,533</u>	<u>6,876,220</u>	<u>55,989,806</u>	<u>114,910,626</u>
Revenues over (under) expenditures	<u>24,788,486</u>	<u>(20,416,200)</u>	<u>(4,778,777)</u>	<u>(5,883,015)</u>	<u>(6,289,506)</u>
Other financing sources (uses):					
Transfers in	50,482	21,666,153	-	6,787,417	28,504,052
Transfers out	(23,094,088)	(1,172,088)	(959)	(4,827,039)	(29,094,174)
Bond discount costs	-	-	-	(60,901)	(60,901)
Issuance of debt	-	-	-	6,270,000	6,270,000
Premium on bond debt	-	-	-	1,130,434	1,130,434
Special assessment bonds issued	-	-	4,679,324	13,975,676	18,655,000
Sale of capital assets	-	-	-	1,852,267	1,852,267
Total other financing sources (uses)	<u>(23,043,606)</u>	<u>20,494,065</u>	<u>4,678,365</u>	<u>25,127,854</u>	<u>27,256,678</u>
Net change in fund balances	1,744,880	77,865	(100,412)	19,244,839	20,967,172
Fund balance, beginning of year	23,135,031	1,600,000	5,243,733	57,664,167	87,642,931
Fund balance, end of year	<u>\$ 24,879,911</u>	<u>\$ 1,677,865</u>	<u>\$ 5,143,321</u>	<u>\$ 76,909,006</u>	<u>\$ 108,610,103</u>

The notes to the financial statements are an integral part of this statement.



**CITY OF BILLINGS, MONTANA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 1 of 2)**

Net change in <i>fund balances</i> - total governmental funds		\$ 20,967,172
The change in <i>net position</i> reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	\$ 18,892,279	
Depreciation	<u>(15,437,888)</u>	3,454,391
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		
		(903,543)
Donations and developer contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
Donations, developer contributions and other noncash increases in capital assets	3,153,035	
Transfer to Enterprise Fund	<u>(4,044,576)</u>	(891,541)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(446,160)
Proceeds from debt issues are other financing sources in the funds, but debt issues are long-term liabilities in the statement of net assets.		
General obligation debt issued	(6,270,000)	
Special assessment bond issued	(10,320,000)	
Tax increment bond issued	<u>(8,335,000)</u>	(24,925,000)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bond premiums	(1,013,813)	
Bond discounts	91,364	
Deferred inflow of resource - pensions	(6,030,104)	
Deferred loss on refunding	<u>8,928</u>	(6,943,624)
		(continued)

**CITY OF BILLINGS, MONTANA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 2 of 2)**

Repayment of bond principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net position.

General obligation debt	1,740,000	
Tax increment debt	140,000	
Special assessment debt	6,693,709	
Notes payable	<u>583,350</u>	9,157,059

Internal service funds are used by management to charge the costs of certain activities, such as fleet management,  
insurance and telecommunication, to individual funds. The net revenue (expense)  
of certain internal service funds is reported with governmental activities. 1,881,881

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

Compensated absences	25,424	
Other post-employment benefits	(237,447)	
Net Pension Liability	3,459,626	
Interest and amortization expenses	<u>128,477</u>	<u>3,376,080</u>

Change in net position of governmental activities \$ 4,726,715

The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Net Position (Page 1 of 2)**  
**June 30, 2015**

	Business-type Activities						Total	Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds		
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 3,782,707	\$ 4,190,349	\$ 13,413,926	\$ 10,843,469	\$ 295,838	\$ 632,743	\$ 33,159,032	\$ 7,027,526
Restricted cash and cash equivalents with fiscal agent	-	1,258,231	1,328,516	720,746	-	-	3,307,493	2,536
Investments	4,732,963	5,262,074	16,901,068	13,642,431	366,695	520,357	41,425,588	8,838,038
Receivables:								
Property taxes	-	-	-	-	-	84,458	84,458	-
Accounts and unbilled usage	1,607,346	427,836	3,717,074	2,195,417	3,736	21,789	7,973,198	57,437
Accrued interest	10,317	7,727	11,805	8,571	847	602	39,869	13,507
Notes	-	-	-	-	-	-	-	50,000
Due from other governments	-	449,759	-	-	-	1,204,326	1,654,085	-
Inventories	-	37,836	1,427,560	-	-	159,879	1,625,275	158,528
Prepaid items	-	-	-	-	-	4,931	4,931	14,734
Total current assets	10,133,333	11,633,812	36,799,949	27,410,634	667,116	2,629,085	89,273,929	16,162,306
Noncurrent assets:								
Notes receivable	-	-	-	-	-	-	-	500,000
Restricted investments with trustee	2,949,424	-	-	-	-	-	2,949,424	-
Property and equipment:								
Land	493,448	3,329,749	1,799,888	959,585	5,666,010	1,435,291	13,683,971	1,989,883
Buildings	188,095	31,151,933	15,968,267	16,521,948	35,505,658	9,577,235	108,913,136	9,381,235
Improvements other than buildings	8,322,192	100,246,808	436,754	2,810,810	400,568	1,005,756	113,222,888	2,057,137
Equipment and vehicles	14,429,926	15,207,725	15,279,687	12,767,681	517,642	9,003,601	67,206,262	7,629,865
Infrastructure	-	-	214,273,149	165,461,816	-	-	379,734,965	-
Construction in progress	64,872	821,024	11,080,830	4,451,534	-	-	16,418,260	-
Less: accumulated depreciation	(11,895,269)	(92,068,434)	(94,780,538)	(77,852,431)	(12,373,857)	(12,671,167)	(301,641,696)	(8,142,915)
Total noncurrent assets	14,552,688	58,688,805	164,058,037	125,120,943	29,716,021	8,350,716	400,487,210	13,415,205
Total assets	24,686,021	70,322,617	200,857,986	152,531,577	30,383,137	10,979,801	489,761,139	29,577,511
<b>Deferred Outflows</b>								
Bond refunding	-	169,905	-	-	-	-	169,905	-
Pensions	235,324	216,752	251,219	168,778	31,900	190,750	1,094,723	326,177
Total assets and deferred outflows	\$ 24,921,345	\$ 70,709,274	\$201,109,205	\$152,700,355	\$ 30,415,037	\$ 11,170,551	\$491,025,767	\$ 29,903,688

(continued)

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Net Position (Page 2 of 2)**  
**June 30, 2015**

	Business-type Activities							Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	\$ 56,230	\$ 757,012	\$ 2,682,757	\$ 1,943,110	\$ 63,438	\$ 22,289	\$ 5,524,836	\$ 249,996
Accrued wages and benefits	146,695	115,984	137,315	100,019	18,763	155,157	673,933	154,952
Compensate absences	408,865	418,224	564,985	367,332	24,170	304,786	2,088,362	797,989
Accrued interest payable	-	10,400	376,516	235,746	91,435	-	714,097	35,500
Incurred but not reported health benefits	-	-	-	-	-	-	-	750,000
Notes payable	-	74,314	1,916,000	978,000	124,485	-	3,092,799	375,000
Accrued interest payable from restricted assets	-	218,231	-	-	-	-	218,231	-
Revenue bonds payable from restricted assets	-	1,040,000	-	-	-	-	1,040,000	-
Total current liabilities	611,790	2,634,165	5,677,573	3,624,207	322,291	482,232	13,352,258	2,363,437
Noncurrent liabilities:								
Compensated absences	159,898	163,558	220,954	143,656	9,453	119,195	816,714	312,077
Other post employment benefits	472,539	405,062	468,761	303,455	106,442	427,016	2,183,275	523,055
Net pension liability	2,903,065	2,673,954	3,099,148	2,082,121	393,534	2,353,178	13,505,000	4,023,858
Revenue bonds payable	-	9,566,559	-	-	-	-	9,566,559	-
Notes payable	-	1,045,553	26,529,501	15,536,000	2,817,509	-	45,928,563	3,382,816
Landfill closure and postclosure-payable from restricted assets	2,922,004	-	-	-	-	-	2,922,004	-
Total noncurrent liabilities	6,457,506	13,854,686	30,318,364	18,065,232	3,326,938	2,899,389	74,922,115	8,241,806
Total liabilities	7,069,296	16,488,851	35,995,937	21,689,439	3,649,229	3,381,621	88,274,373	10,605,243
<b>Deferred Inflows</b>								-
Pensions	750,200	690,994	800,872	538,055	101,969	608,100	3,490,190	1,039,832
Total deferred inflows of resources	750,200	690,994	800,872	538,055	101,969	608,100	3,490,190	1,039,832
<b>Net Position</b>								
Net investment in capital assets	11,603,264	46,962,379	135,612,536	108,606,943	26,774,027	8,350,716	337,909,865	9,157,389
Restricted for:								
Bond and notes payable ordinance reserve	-	2,674,044	1,386,571	1,446,435	-	-	5,507,050	-
Capital Projects	-	1,899,377	-	-	-	5,460	1,904,837	-
Unrestricted	5,498,585	1,993,629	27,313,289	20,419,483	(110,188)	(1,175,346)	53,939,452	9,101,224
Total net position	17,101,849	53,529,429	164,312,396	130,472,861	26,663,839	7,180,830	399,261,204	18,258,613
Total liabilities, deferred inflows, and net position	\$ 24,921,345	\$ 70,709,274	\$ 201,109,205	\$ 152,700,355	\$ 30,415,037	\$ 11,170,551		\$ 29,903,688
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							6,648,211	
							\$405,909,415	

Net position of business-type activities

The notes to the financial statement are an integral part of this statement

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2015**

	<b>Business-type Activities</b>							
	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
Operating revenues:								
Charges for services	\$ 13,774,520	\$ 9,422,204	\$ 24,582,051	\$ 18,380,101	\$ 1,505,753	\$ 1,064,800	\$ 68,729,429	\$ 22,964,096
Operating expenses:								
Salaries and benefits	4,687,139	4,003,851	4,495,265	3,270,658	646,747	3,850,312	20,953,972	14,520,159
Supplies	2,451,964	1,134,585	1,526,051	985,057	120,540	878,862	7,097,059	233,419
Contracted services	1,394,502	1,142,735	2,000,431	1,307,650	630,110	433,832	6,909,260	2,620,514
Utilities	55,310	700,610	1,706,687	1,270,281	96,643	113,358	3,942,889	463,788
Other	1,195,610	216,946	1,189,676	932,554	95,982	353,725	3,984,493	2,277,054
Depreciation	1,896,907	4,880,326	6,142,561	4,108,783	818,343	975,854	18,822,774	849,330
Landfill closure and post-closure	141,876	-	-	-	-	-	141,876	-
Total operating expenses	11,823,308	12,079,053	17,060,671	11,874,983	2,408,365	6,605,943	61,852,323	20,964,264
Operating income (loss)	1,951,212	(2,656,849)	7,521,380	6,505,118	(902,612)	(5,541,143)	6,877,106	1,999,832
Nonoperating revenue (expenses):								
Taxes	-	-	-	-	-	1,864,515	1,864,515	24,091
Intergovernmental	82,086	200,408	87,631	63,200	11,127	2,171,015	2,615,467	-
Interest expense	-	(536,767)	(588,623)	(439,513)	(127,693)	-	(1,692,596)	(109,233)
Interest and investment income	80,580	35,434	178,863	127,231	2,331	7,554	431,993	45,912
Customer Facility Charge	-	766,335	-	-	-	-	766,335	-
Passenger Facility Charge	-	275,761	-	-	-	-	275,761	-
Gain (loss) on sale of capital assets	26,638	695	(2,749)	2,002	-	31,381	57,967	7,288
Other	4,998	31,936	36,357	170,395	380	58,361	302,427	178,901
Total nonoperating revenue (expense)	194,302	773,802	(288,521)	(76,685)	(113,855)	4,132,826	4,621,869	146,959
Income (loss) before capital contributions and transfers	2,145,514	(1,883,047)	7,232,859	6,428,433	(1,016,467)	(1,408,317)	11,498,975	2,146,791
Capital contributions	4,854	2,499,235	349,195	2,157,203	2,358,832	-	7,369,319	-
Transfers in	-	10,000	11,555	-	105,000	-	126,555	600,199
Transfers out	(4,000)	-	-	-	-	(16,000)	(20,000)	(116,632)
Change in net position	2,146,368	626,188	7,593,609	8,585,636	1,447,365	(1,424,317)	18,974,849	2,630,358
Net position, beginning of year	18,344,865	56,098,038	160,466,568	124,354,819	25,689,535	11,443,878		20,278,080
Prior period adjustment (See Note IV H)	(3,389,384)	(3,194,797)	(3,747,781)	(2,467,594)	(473,061)	(2,838,731)		(4,649,825)
Net position, end of year	\$ 17,101,849	\$ 53,529,429	\$ 164,312,396	\$ 130,472,861	\$ 26,663,839	\$ 7,180,830		\$ 18,258,613
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							748,478	
Change in net position of business-type activities							\$ 19,723,327	

The notes to the financial statement are an integral part of this statement



**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 1 of 2)**

	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>								
Cash received from customers and users	\$ 13,315,877	\$ 9,588,603	\$ 23,214,011	\$ 17,834,891	\$ 1,510,019	\$ 927,608	\$ 66,391,009	\$ 751,238
Cash received from interfund services provided	-	-	-	-	-	-	-	22,214,605
Cash received from other sources	4,998	31,431	(2,749)	170,395	380	88,076	292,531	62,995
Cash paid to employees for services	(4,805,463)	(4,059,178)	(4,705,395)	(3,230,127)	(640,583)	(3,873,805)	(21,314,551)	(14,507,692)
Cash paid to suppliers and contracted services	(5,931,121)	(3,147,271)	(5,644,035)	(3,216,321)	(945,470)	(1,821,224)	(20,705,442)	(5,409,377)
Cash paid to other sources	-	-	-	-	-	-	-	35,604
Net cash provided (used) by operating activities	<u>2,584,291</u>	<u>2,413,585</u>	<u>12,861,832</u>	<u>11,558,838</u>	<u>(75,654)</u>	<u>(4,679,345)</u>	<u>24,663,547</u>	<u>3,147,373</u>
<b>Cash flows from noncapital financing activities:</b>								
Cash received from tax revenues	-	-	-	-	-	2,127,871	2,127,871	-
Cash received from intergovernmental revenues	-	114,880	-	-	-	1,135,720	1,250,600	-
Transfers from other funds	4,854	-	-	-	105,000	-	109,854	120,000
Transfers to other funds	(4,000)	-	-	-	-	(16,000)	(20,000)	(109,077)
Net cash provided (used) by noncapital financing activities	<u>854</u>	<u>114,880</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>3,247,591</u>	<u>3,468,325</u>	<u>10,923</u>
<b>Cash flows from capital and related financing activities:</b>								
Capital grants and contributions	-	2,099,580	-	-	-	156,555	2,256,135	-
Acquisition and construction of capital assets	(2,514,093)	(5,978,681)	(16,403,651)	(6,418,219)	(80,363)	(312,436)	(31,707,443)	(329,920)
Proceeds from sales of capital assets	4,998	-	-	-	-	-	4,998	51,919
Cash paid for interest	-	(514,002)	(651,928)	(490,647)	(136,660)	-	(1,793,237)	(111,700)
Loan proceeds	-	-	5,552,609	-	-	-	5,552,609	-
Principal paid on bonds, notes and capital leases payable	-	(1,070,760)	(1,616,621)	(955,786)	(119,116)	-	(3,762,283)	(370,000)
Transfers to other funds	-	-	-	-	-	-	-	(7,555)
Transfers from other funds	-	10,000	11,555	-	-	(66,538)	(44,983)	480,199
Facilities charges	-	1,179,992	-	-	-	-	1,179,992	-
Net cash provided (used) by capital and related financing activities	<u>(2,509,095)</u>	<u>(4,273,871)</u>	<u>(13,108,036)</u>	<u>(7,864,652)</u>	<u>(336,139)</u>	<u>(222,419)</u>	<u>(28,314,212)</u>	<u>(287,057)</u>
<b>Cash flows from investing activities:</b>								
Cash received from interest	78,238	38,162	169,750	122,190	2,031	8,151	418,522	45,442
Sale of investments	4,680,043	6,091,120	16,837,139	11,510,336	525,228	1,445,564	41,089,430	7,186,565
Purchase of investments	(5,196,299)	(5,625,450)	(18,005,521)	(14,557,118)	(400,110)	(660,945)	(44,445,443)	(9,347,796)
Net cash provided (used) by investing activities	<u>(438,018)</u>	<u>503,832</u>	<u>(998,632)</u>	<u>(2,924,592)</u>	<u>127,149</u>	<u>792,770</u>	<u>(2,937,491)</u>	<u>(2,115,789)</u>
Net increase (decrease) in cash and cash equivalents	(361,968)	(1,241,574)	(1,244,836)	769,594	(179,644)	(861,403)	(3,119,831)	755,450
<b>Cash and cash equivalents, beginning of year</b>	<u>4,144,675</u>	<u>6,690,154</u>	<u>15,987,278</u>	<u>10,794,621</u>	<u>475,482</u>	<u>1,494,146</u>	<u>39,586,356</u>	<u>6,272,076</u>
Cash and cash equivalents, end of year	<u>\$ 3,782,707</u>	<u>\$ 5,448,580</u>	<u>\$ 14,742,442</u>	<u>\$ 11,564,215</u>	<u>\$ 295,838</u>	<u>\$ 632,743</u>	<u>\$ 36,466,525</u>	<u>\$ 7,027,526</u>
<b>Cash and cash equivalents consists of:</b>								
Cash and cash equivalents	\$ 3,782,707	\$ 4,190,349	\$ 13,413,926	\$ 10,843,469	\$ 295,838	\$ 632,743	\$ 33,159,032	\$ 7,027,526
Restricted cash and cash equivalents with fiscal agent	-	1,258,231	1,328,516	720,746	-	-	3,307,493	-
Cash and cash equivalents, end of year	<u>\$ 3,782,707</u>	<u>\$ 5,448,580</u>	<u>\$ 14,742,442</u>	<u>\$ 11,564,215</u>	<u>\$ 295,838</u>	<u>\$ 632,743</u>	<u>\$ 36,466,525</u>	<u>\$ 7,027,526</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 2 of 2)**

	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>								
Operating income (loss)	\$ 1,951,212	\$ (2,656,849)	\$ 7,521,380	\$ 6,505,118	\$ (902,612)	\$ (5,541,143)	\$ 6,877,106	\$ 1,999,832
Other nonoperating income (expense)	4,998	31,431	(2,749)	170,395	11,507	88,076	303,658	210,280
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	1,896,907	4,880,326	6,142,561	4,168,513	811,836	975,854	18,875,997	832,852
Landfill closure and postclosure	141,876	-	-	-	-	-	141,876	-
(Increase) decrease in receivables	(458,643)	176,318	(1,363,457)	(610,477)	4,266	(5,829)	(2,257,822)	(22,344)
(Increase) decrease in receivables from other governments & other funds	26,638	(9,920)	-	65,267	-	-	81,985	-
(Increase) decrease in inventories	-	10,847	(4,583)	-	-	(126,788)	(120,524)	116,468
(Increase) decrease in prepaid items	-	-	-	-	-	32	32	1,217
Increase (decrease) in accounts payable	(833,735)	36,759	778,810	1,279,221	(2,195)	(23,951)	1,234,909	(59,459)
Increase (decrease) in accrued liabilities	(144,962)	(55,327)	(210,130)	(19,199)	1,544	(45,596)	(473,670)	68,527
Net cash provided (used) by operating activities	<u>\$ 2,584,291</u>	<u>\$ 2,413,585</u>	<u>\$ 12,861,832</u>	<u>\$ 11,558,838</u>	<u>\$ (75,654)</u>	<u>\$ (4,679,345)</u>	<u>\$ 24,663,547</u>	<u>\$ 3,147,373</u>
<b>Noncash investing, capital and financing activities:</b>								
Increase (decrease) in investment market value	(3,775)	(4,958)	10,620	5,041	(349)	(597)	5,982	(6,830)
Contribution of capital assets	-	-	349,195	2,157,203	2,358,832	-	4,865,230	-

The notes to the financial statements are an integral part of this statement.

**CITY OF BILLINGS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2015**

		<b>Agency Funds</b>
	<b><u>Assets</u></b>	
Cash and cash equivalents		\$ 690
Total assets		<u>\$ 690</u>
	<b><u>Liabilities</u></b>	
Accounts payable		\$ 690
Total liabilities		<u>\$ 690</u>

The notes to the financial statements are an integral part of this statement.



# NOTES TO FINANCIAL STATEMENTS



## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

#### **I. Summary of Significant Accounting Policies**

The financial statements of the City of Billings (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's significant accounting policies are described below.

##### **A. Reporting Entity**

The City of Billings financial statements include those separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 61. GASB Statement No. 61 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the organization's governing body must be appointed by the City, and either a) the City must be able to impose its will, or b) the City may potentially benefit financially or be financially responsible for the organization. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Data from these units are combined with data of the primary government.

Blended Component Unit – The Par 3 Golf Course (Golf Course) is governed by the City Council. Debt issuance authorizations are approved by the City Council. The Golf Course is reported as an enterprise fund. Complete financial statements for the Golf Course may be obtained at the entity's administrative offices:

Par 3 Golf Course: 19 South 19<sup>th</sup> Street West, Billings, MT 59102

The City has no discretely presented component units.

The City provides a full range of municipal services. Included are parks and recreation, streets and traffic control, sanitation, public transit, airport, water, wastewater, library, community development, public safety (police and fire protection), and general administrative services.

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

Related Organization – The City Council is responsible for appointing the members of the governing boards of the Billings Housing Authority. The City Council approves through resolution the Tourism Business Improvement District (TBID) and the Downtown Business Improvement District (DBID) annual budgets. However, the City is not able to impose its will on the three entities. Nor is there a potential for the three entities to provide specific financial benefits to, or impose specific financial burdens on, the City. As a result, the Billings Housing Authority, the TBID, and the DBID are considered related organizations and not component units of the City.

#### **B. Government-wide and Fund Financial Statements**

The goal of government-wide financial statements is to present a broad overview of a government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods and services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include a) charges for services and b) operating or capital grants and contributions that are restricted to a particular function. Taxes and other items not classified as program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide and proprietary fund financial statements are reported using economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, charges for service, special assessments, and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

#### General Fund

The general fund is used to account for resources traditionally associated with the government which are not required legally or by sound financial management to be accounted for in another fund.

#### Public Safety

The Public Safety Fund accounts for the Police Department operations, including the Animal Control, and the Fire Department operations. Major revenue sources include property taxes, intergovernmental and transfers from the General Fund.

#### Special Improvement Districts Fund

The Special Improvement Districts Fund accounts for the payment of debt used for the construction of streets, water, and wastewater trunk lines. Major revenue sources include sale of special assessment bonds and special assessments.

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

The City reports the following major proprietary funds:

#### Solid Waste Fund

The Solid Waste Fund accounts for the operations of the City's garbage collection and landfill activities.

#### Airport Fund

The Airport Fund accounts for the Billings Logan International Airport operations and for all the resources received and used for acquisition and development of airport capital improvements and equipment.

#### Water Fund

The Water Fund accounts for the operations of the City's water system.

#### Wastewater Fund

The Wastewater Fund accounts for the operations of the City's wastewater system.

#### Parking Fund

The Parking Fund accounts for the operations of the City's public parking, which includes three parking garages and on-street parking in the downtown district.

In addition, the City reports for the following fund types:

#### Internal Service Funds

The internal service funds account for fleet services, postage and copying, information technology, health care benefits, telephone services, liability and property insurance, radio communication services, facilities management, public works administration, and public works engineering on a cost reimbursement basis.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Fiduciary Funds

The fiduciary funds are used to account for assets held by the City as an agent for private organizations or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City currently has four such funds including the Downtown Business Improvement District, Tourism Business Improvement District, License Plate Fund, and Montana Arts Council Fund. These funds receive money from either Yellowstone County or a trust fund, and the City remits the monies to the appropriate BID or grantee as prescribed by either state law or a grant agreement.

The City has prepared its government-wide and proprietary fund financial statements in accordance with all applicable GASB pronouncements.

As a general rule, the City has eliminated the effect of interfund activity from the government-wide financial statements. Exceptions to this general rule are charges between the government's water, wastewater, and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Other interfund activities not eliminated are indirect general and administrative costs that are allocated to other funds. Therefore, certain indirect costs are included in the program expenses reported for individual functions and activities.

Amounts reported as program revenues include: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The Transit fund also receives property tax revenue and operating grants to support its operations. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### **D. Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net position or Equity**

##### **1. Cash and Cash Equivalents and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Generally, cash resources of the individual funds are combined to form a pool of cash and investments which are managed by the City's finance director. Investments and cash equivalents consist primarily of U.S. Treasury and U.S. agency obligations, and State of Montana Short-Term Investment Pool (STIP).

Investments are carried at fair value in all funds. The fair value of investments is determined monthly and is based on current market prices. Changes in the fair value of investments are recognized in revenue at the end of each month.

Interest income earned as a result of pooling and changes in the fair value of investments are distributed to the appropriate funds utilizing a formula based on the average book value of cash and investments of each fund.

According to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools", STIP is considered an external investment pool. The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle." This pool is managed to preserve principal, while obtaining money market-type returns and 24-hour liquidity. Funds may be invested for one or more days. Although not registered with the Securities and Exchange Commission (SEC) as an investment company, STIP is managed similar to money market funds that are governed by SEC rule 2a7 of the Investment Company Act of 1940. As a 2a7-like pool, the STIP utilizes an amortized cost unit value to report net assets. The portfolio may include asset-backed securities, commercial paper, corporate, U.S. Government direct obligations, U.S. Government agency securities, repurchase agreements, institutional money market funds, certificates of deposit, and variable-rate (floating-rate) instruments. Investments must have a maximum maturity of 397 days or less, unless they are variable rate security. The portfolio is carried at amortized cost or book value with a constant unit value of \$1.00.

Asset-backed securities represent debt securities collateralized by a pool of mortgage and non-mortgage assets, such as trade and loan receivables, equipment leases, credit cards, etc. Commercial paper is unsecured short-term debt with

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

maturities ranging from 1 to 270 days. U.S. Government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. Government. U.S. Government agency securities include U.S. Government and mortgage-backed securities. Repurchase agreements (REPOs) represent an agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable rate securities pay a variable rate of interest until maturity. The STIP portfolio's variable rate securities reset to LIBOR (London Interbank Offered Rate).

The City issues warrants in payment of its obligations. When the warrants are presented to the Finance department, the City transfers funds to redeem the warrants. Cash balances are reported net of outstanding warrants.

#### 2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds" (current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Under its Home Rule Charter, the City is permitted to levy taxes at a maximum rate for payment for general governmental services and payment of principal and interest on long-term general obligation debt. The City is currently levying at the rate of 158.84 mills.

All property within the City limits is assessed on taxable market value. Property taxes are in two installments, due on November 30<sup>th</sup> and May 31<sup>st</sup> of each fiscal year. Payments not received on or before these dates are considered delinquent and accrue interest at a monthly compounding rate of 5/6 of 1% per month from and after such delinquency until paid, plus 2% as a penalty. Property taxes are attached as an enforceable lien on the property. Notice of foreclosure is filed with the County Clerk and Recorder five years from the date of delinquency. Property tax revenue is budgeted for the ensuing fiscal year.

Real property tax, special assessment, and notes receivable are reported net of allowances for amounts deemed uncollectible. Allowances are computed from receivables net of amounts collected in the 60 days subsequent to June 30, 2015. Estimated percentages for uncollectible amounts at June 30, 2015, based on net receivables are as follows: 15% of delinquent property, 15% of delinquent special assessments, 2% of notes receivable that are current, and 100% of notes receivable that are in default. Personal property tax is exempt from this process as an amount cannot be estimated as this tax is not levied.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 3. Inventories and Prepaid Items

Inventories in proprietary funds are stated at the lower of cost (average cost method) or market. The cost of inventory is recorded as an expenditure at the time the inventory items are purchased in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### 4. Restricted Assets

##### Governmental Activities:

A portion of the proceeds from cemetery plot sales are classified as permanently restricted assets. State statutes require that the investment earnings from such permanently restricted assets are used for the care, maintenance, and improvement of such cemetery lots and the grounds, roads, walks, and avenues leading thereto.

##### Business-type Activities:

Certain proceeds of the City's enterprise fund, notes payable, and closure, post-closure costs for the landfill, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in either separate bank accounts or a separate fund within the City's pooled cash, and their use is limited by applicable covenants.

In the Airport fund the "revenue bond operations and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the City's operation that could adversely affect debt service payments. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments. The "revenue bond replacement and depreciation" account is used to report resources set aside to meet unexpected contingencies or to fund asset replacements.



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

The Airport fund's restricted assets consist of amounts restricted by bond covenants and Federal Aviation Administration (FAA) requirements. In Water and Wastewater, the notes payable ordinance reserve account is used to set aside resources from operations for debt service. The following table reports restricted assets:

Series 2010A Revenue Refunding Bonds	
Debt service reserve	\$ 764,000
Maintenance and operating reserve	1,185,000
Capital replacement reserve	225,000
Series 2010B Revenue Bonds	
Debt service reserve	500,044
Passenger Facility Charges	1,382,893
Customer Facility Charges	836,536
Transit Grantor Restriction	<u>5,460</u>
Total Restricted Assets	<u>\$4,898,933</u>

#### 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000 for equipment and vehicles and \$25,000 for construction projects including non-building, building, and infrastructure.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities) the City chose to include assets from 1980 forward to comply with GASB 34. The City estimated historical cost for the initial reporting of these assets through back trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Interest incurred during the construction phase of capital assets for proprietary funds is included as part of the capitalized value of the assets constructed. Interest expense was capitalized as follows:

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

<u>Fund</u>	<u>Total</u> <u>Interest Expense</u>	<u>Capitalized</u> <u>Interest</u>	<u>Construction Project</u>
Airport Fund	\$ 549,543	\$ 12,775	Car Rental Transfer lot, Express Parking lot, Terminal Building boiler, and Security Gates upgrade.
Water Fund	718,525	129,902	Zone 3 Reservoir, 2014 & 2015 Water Replacement Project, WTP Backup Power Phase III, Briarwood Reservoir, Mullooney & Elysian Water Extension, and WTP Chemical Building Disinfection Improvements.
Wastewater Fund	478,208	38,695	2014 & 2015 Sewer replacement projects, WWTP Nutrient Upgrade, Mullooney & Elysian Sanitary Sewer Extension, and Bench Blvd. North Sanitary Sewer Extension.

Property and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	5-50
Improvements other than buildings	5-50
Equipment and vehicles	3-30
Infrastructure	10-50

### 6. Property Held for Resale

Property purchased for Urban Renewal Development is reported at the lower of cost or estimated net realizable value in the Special Improvement Districts Debt Service Fund and nonmajor governmental funds.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 7. Compensated Absences

Employees earn vacation leave at the rate of 120 hours per year for the first 10 years. During years 11 to 21, employees earn vacation leave at an increasing rate, reaching 192 hours in year 21. There is no requirement that annual leave be taken, but the maximum permissible accumulation is two times the annual accrual as of the first pay period in January.

Full time employees earn 96 hours of sick leave per year, which may be accumulated without limit. Upon separation, employees are paid 25% of the remaining balance at their current rate of pay.

All accumulated vacation and 25% of accumulated sick leave are accrued when incurred in the government-wide and proprietary financial statements. This liability, which totals \$9,945,717 at June 30, 2015, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total \$9,557,767 at June 30, 2015.

#### 8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations, such as notes payable, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing sources. Discounts on debt issuances are reported as other financing uses, while bond premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System (PERS), Firefighters' Unified Retirement System (FURS), and Municipal Police Officers Retirement System (MPORS) and additions to/deductions from the PERS, FURS, and MPORS fiduciary net position have been determined on the same basis as they are reported by the PERS, FURS, and MPORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

#### 10. Fund Balance

Governmental funds fund balance can be classified into five categories. The categories are unspendable, restricted, committed, assigned and unassigned.

The following table displays the City's fund balances by major purpose as displayed on page 16 of the governmental funds balance sheet. GASB Statement 54 requires the disclosure of the purpose of each major fund.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

		<u>Major Special Revenue</u>	<u>Major Debt Service</u>		
	<u>General Fund</u>	<u>Public Safety</u>	<u>Special Improvement Districts</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Unspendable</b>					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 665,569	\$ 665,569
Nonspendable form	-	-	-	94,783	94,783
<b>Restricted</b>					
Building Inspection	-	-	-	2,200,500	2,200,500
Tax Increment Districts	-	-	-	10,464,960	10,464,960
Roads and Streets	-	-	-	13,362,631	13,362,631
Grants	-	-	-	1,406,976	1,406,976
Cemetery Improvements	-	-	-	156,124	156,124
Emergency 911	-	-	-	6,586,658	6,586,658
Public Safety	-	1,677,865	-	-	1,677,865
Planning	-	-	-	381,770	381,770
Library	-	-	-	1,016,435	1,016,435
Street & Traffic	-	-	-	4,044,360	4,044,360
Light Maintenance Districts	-	-	-	1,197,699	1,197,699
Park Maintenance Districts	-	-	-	3,107,091	3,107,091
Debt Service	-	-	5,143,321	11,169,213	16,312,534
Capital Projects	-	-	-	10,633,146	10,633,146
<b>Committed</b>					
General Government	9,952,000	-	-	-	9,952,000
Arterial	-	-	-	5,489,299	5,489,299
Park Programs	-	-	-	2,615,554	2,615,554
Animal Shelter Donations	-	-	-	35,415	35,415
Library	-	-	-	901,367	901,367
Downtown Revolving Loan	-	-	-	1,341,795	1,341,795
Ball Field Maintenance	-	-	-	433,935	433,935
<b>Unassigned</b>					
General Government	14,927,911	-	-	-	14,927,911
Transportation Enhancement	-	-	-	(37,969)	(37,969)
Tax Increment Districts	-	-	-	-	-
Grants	-	-	-	(10,080)	(10,080)
Capital Projects	-	-	-	(348,225)	(348,225)
<b>Total Fund Balances</b>	<u>\$ 24,879,911</u>	<u>\$ 1,677,865</u>	<u>\$ 5,143,321</u>	<u>\$ 76,909,006</u>	<u>\$ 108,610,103</u>

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

The unspendable category includes balances that cannot be spent because the balance is not in a spendable form or there are legal or contractual restrictions on the balance.

The restricted category contains balances that are restricted for specific purposes by enabling legislation, external resource providers such as creditors or grantors, or laws or regulations of other governments.

The committed category contains balances pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The Billings City Council is that authority that makes these commitments by passing an ordinance or resolution.

Resolution number 10-18914 was passed by City Council designating committed fund balances:

#### ***“Exhibit A***

##### **“Recommended Fund and Working Capital Balances Policy**

##### **“Recommended Fund and Working Capital Balances policy statement:**

“The City shall use recommended Fund and Working Balances for certain funds as a best practice. Fund Balance (“Assigned”) and Working Capital Balance (“Assigned”) will be the designations for accounting purposes.

##### **“Recommended balances purpose:**

“The policy is necessary to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

##### **“Recommended balances implementation authority:**

“Upon adoption of this Statement of Policy, the City of Billings Council authorizes the City Administrator to establish recommended balance procedures which may be necessary to support the policy statement and adopt such documents by Administrative Order. The City



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Administrator will review the procedures with the City Council at a work session every five years or as deemed necessary prior to the five years.

"The balance in the General Fund column represents a minimum fund balance per Administrative Order Number 112. The minimum balance is necessary because of how property taxes get billed. The City needs five months of reserves to cover payroll and operating expenses due to the timing of tax receipt collection.

"Pursuant to this Administrative Order, I hereby establish the following procedures regarding City of Billings recommended fund and working capital balances.

"City Council adopted by resolution on February 22, 2010, establishing a policy for recommended balances authorizing the City Administrator to adopt procedures by Administrative Order.

"Minimum recommended balance expressed as a percent to total budget less capital is as follows:

<b>"FUND DESCRIPTION</b>	<b>% of Budget (less capital)</b>
<b>FUND BALANCE</b>	
<b>Billed on Taxes</b>	
General Operating	29%
Public Safety	0%
City County Planning	13%
City County Library	25%
Street Maintenance	42%
Street Lights Maintenance	42%
Park Maintenance Districts	70%
<b>Other Revenues</b>	
Building Inspection	25%
Street/Traffic Operating	4%"

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

The assigned category is for balances constrained by an official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The City Administrator is the official that would assign amounts for specific purposes per the City Charter.

The unassigned category is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are unspendable, restricted, and committed fund balances.

The Library Fund has amounts in the restricted and committed categories. The restricted portion is the part of fund balance that voters approved through specific mills. The committed portion of fund balance is part of the City's general mills that City Council has authorized to go to the Library. There is no distinction between the two regarding expenditures as they both are available for operations.

The General Fund has amounts in the committed and unassigned categories. The flow assumption for the General Fund is that the unassigned balance is used for expenditures first.

The Public Safety Fund has amounts restricted for Police, Fire, and Animal control purposes.

In accordance with GASB 54, fund balances are classified as unspendable, restricted, committed, and unassigned. When expenditures are incurred, the City will determine, on a case-by-case basis, which classification of funds are to be used, taking into account any requirements of grant agreements, contracts, business circumstances, and other constraints. If no restrictions exist, the order of spending of resources will be unassigned, committed, and lastly, restricted.

#### 11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the deferred charge on refunding and the deferred amount related to pensions, as a result of the adoption of GASB

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

68. These are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items which qualify for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report deferred revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *pensions*, is reported only on the accrual statements, and is a result of the City's adoption of GASB 68.

The changes in net pension liability are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and difference between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

#### **E. New Accounting Pronouncements**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.27." The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68" The provisions of this statement are effective for fiscal years beginning after June 15, 2014.

## II. Stewardship, Compliance, and Accountability

### A. Deficit Fund Equity

Funds with deficit fund balances at June 30, 2015, are listed below. The deficit fund balances do not represent any type of legal violation.

<u>Fund</u>	<u>Deficit</u>
Nonmajor Special Revenue Funds:	
Transportation Enhancement	\$ 37,969
Development Services Grant	4,713
City Attorney Grants Fund	<u>5,367</u>
	<u>\$ 48,049</u>
Nonmajor Capital Projects Funds:	
Sidewalk and Curb Districts	<u>\$ 348,225</u>

The Transportation Enhancement Fund deficit fund balance will be eliminated by reimbursements from federal grant programs.

Development Services Grant Fund deficit will be eliminated by reimbursements from granting agencies.

City Attorney Grants Fund deficit will be eliminated by reimbursements from granting agencies.

The Sidewalk and Curb Districts deficit fund balance will be eliminated by sales of bonds during fiscal year 2016.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### III. Detailed Notes on All Funds

##### A. Cash and Cash Equivalents and Investments

Cash and investments as of June 30, 2015, consist of the following:

Deposits in local banks	\$ 37,335,550
Outstanding checks and reconciling items	(3,739,084)
Montana State Short Term Investment Pool (STIP)	<u>52,056,216</u>
	<u>\$ 85,652,682</u>

Investments:

US Government and US Agency Obligations	\$ 98,659,290
Certificates of deposits	<u>11,589,664</u>
	<u>\$ 110,248,954</u>

Cash and investments as of June 30, 2015, are classified in the statement of net position as follows:

Cash and cash equivalents	\$ 85,358,008
Cash and cash equivalents, permanently restricted	<u>294,674</u>
	<u>\$ 85,652,682</u>

Investments	\$ 106,929,210
Investments, temporarily restricted	<u>2,949,424</u>
Investments, permanently restricted	<u>370,320</u>
	<u>\$ 110,248,954</u>



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Investments Authorized by the Montana Code and the City's Investment Policy

Under the City's investment policy and in accordance with Montana law, the City is restricted to investing funds in specific types of investment instruments. The following are the types of permitted instruments:

- U.S. government and U.S. agency obligations.
- Interest-bearing savings accounts, certificates of deposit, and time deposits insured by the Federal Deposit Insurance Corporation of which are at least 50% collateralized.
- State of Montana Short Term Investment Pool (STIP).
- U.S. Government security money market mutual funds.
- Short-term discount obligations of the Federal National Mortgage Association.
- Repurchase agreements where there is a master repurchase agreement and collateral held by a third party.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity its fair value will be to changes in market interest rates. The City's investments are not highly sensitive to interest rate fluctuations. The City employs a "buy and hold" investment strategy whereby investments are held to maturity at which time the investment is redeemed at par.

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities, so a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investment Type	<u>Totals</u>	12 months or <u>Less</u>	13 to 24 <u>Months</u>	25 to 60 <u>Months</u>	Over 60 <u>Months</u>
US Treasury Notes	\$ 207,002	\$ 207,002	\$ -	\$ -	\$ -
US Government Agency Securities	98,452,288	15,202,910	37,169,270	46,080,108	-
Certificates of Deposit	11,589,664	3,589,664	-	8,000,000	-
	<u>\$110,248,954</u>	<u>\$18,999,576</u>	<u>\$37,169,270</u>	<u>\$54,080,108</u>	<u>\$ -</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Credit Risk

Under the City's investment policy, safety of principal is the foremost objective of the City of Billings. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

The investment portfolio for the City shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the government's investment risk constraints and the cash flow characteristics of the portfolio.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2015, the City's investments in U.S. Government Agency Securities were rated AAA by Moody's Investor's Service or by Standard and Poor. Of those not rated, there was an implied AAA rating. Although the Montana Short Term Investment Pool (STIP) investments have been rated by investments security type, STIP, as an external investment pool, has not been rated by the Nationally Recognized Statistical Rating Organizations. More information on STIP is available at the Montana Department of Commerce Board of Investments website at <http://www.investmentmt.com/Programs/STIP>.

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of the total City's investments are as follows (other than STIP):

<u>Issuer</u>	<u>Investment Type</u>	<u>Total</u>	
Federal Farm Credit	Federal agency securities	22,176,734	20.11%
Federal Home Loan Bank	Federal agency securities	37,030,730	33.59%
Federal Home Loan Mortgage Corp.	Federal agency securities	38,290,908	34.73%
U.S. Bank	Certificates of Deposit	8,000,000	7.26%

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, the City had no exposure to custodial credit risk because all of the City's deposits with financial institutions were insured and collateralized, which is allowed by state law.

City policy requires that the City obtain securities for the uninsured portion of the deposits as follows:

- 1) Securities equal 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or
- 2) Securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of less than 6%.

The City of Billings complies with policies set by state statutes.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. City policy requires investments to be collateralized by the actual security held in safekeeping by the primary agent. As of June 30, 2015, none of the City's investments are exposed to custodial credit risk because all counterparties provide insurance in excess of the investments held.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Restricted Cash and Cash Equivalents with Fiscal Agent

Cash of \$14,179,697 is restricted by bond covenants or for specific purposes as follows:

Current debt service:

Special Improvements Districts Fund	\$ 896,660
Nonmajor government funds	9,973,008
Airport Fund	1,258,231
Water Fund	1,328,516
Wastewater Fund	720,746
Internal service funds	<u>2,536</u>
Total	<u>\$14,179,697</u>

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### B. Receivables

Receivables as of year-end for the City's individual major funds, nonmajor funds, and internal service funds in the aggregate are presented below. See footnote I, D, 2 regarding the collectability of accounts receivable.

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Governmental Activities Total</b>
Taxes	\$ 530,199	\$ 628,512	\$ -	\$ 964,379	\$ -	\$ 2,123,090
Accounts	8,075	21,518	-	76,884	57,437	163,914
Special assessments	7,922	-	10,591,178	2,397,140	-	12,996,240
Accrued interest	18,254	524	787	60,240	13,507	93,312
Notes	-	-	-	2,044,599	550,000	2,594,599
From other governments	-	-	-	951,000	-	951,000
Gross receivables	564,450	650,554	10,591,965	6,494,242	620,944	18,922,155
Less: Allowance	(33,494)	(53,441)	(3,639)	(491,548)	-	(582,122)
<b>TOTAL</b>	<b>\$ 530,956</b>	<b>\$ 597,113</b>	<b>\$ 10,588,326</b>	<b>\$ 6,002,694</b>	<b>\$ 620,944</b>	<b>\$ 18,340,033</b>

	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Business-type Activities Total</b>
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,924	\$ 91,924
Accounts	1,610,850	427,836	3,717,074	2,195,417	3,736	21,789	7,976,702
Accrued interest	10,317	7,727	11,805	8,571	847	602	39,869
From other governments	-	449,759	-	-	-	1,204,326	1,654,085
Gross receivables	1,621,167	885,322	3,728,879	2,203,988	4,583	1,318,641	9,762,580
Less: Allowance	(3,504)	-	-	-	-	(7,466)	(10,970)
<b>TOTAL</b>	<b>\$ 1,617,663</b>	<b>\$ 885,322</b>	<b>\$ 3,728,879</b>	<b>\$ 2,203,988</b>	<b>\$ 4,583</b>	<b>\$ 1,311,175</b>	<b>\$ 9,751,610</b>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 184,187
Public safety fund	302,835
Nonmajor governmental funds	549,490
Special assessments not yet due:	
General fund	5,609
Special improvement districts fund	10,519,345
Nonmajor governmental funds	1,729,729
Notes receivable not yet due:	
Nonmajor governmental funds	<u>1,611,572</u>
Total	<u><u>\$ 14,902,767</u></u>



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### C. Operating Lease Receivable

The City leases a certain amount of its property to others under operating leases which expire through 2038. The property under long-term lease is primarily the airport and related facilities which are recorded at a cost of approximately \$151,000,000, and accumulated depreciation of approximately \$92,000,000. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2015:

Year ending June 30:

2016	\$ 4,999,890
2017	3,012,742
2018	2,848,142
2019	2,768,438
2020	2,626,279
2021-2025	3,120,713
2026-2030	1,134,290
2031-2035	745,752
2036-2038	282,273
Total	<u>\$ 21,538,519</u>

These amounts do not include contingent rentals which may be received under certain leases based on gross revenues of the lessee or other variable methods of measurement in excess of stipulated minimums.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### D. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

<b>Governmental activities:</b>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:					
Land	\$ 38,481,777	\$ 1,435,846	\$ 271,612	\$ -	\$ 39,646,011
Construction in Progress	11,084,523	12,743,378	414,294	(15,481,068)	7,932,539
Total capital assets, not being depreciated	<u>49,566,300</u>	<u>14,179,224</u>	<u>685,906</u>	<u>(15,481,068)</u>	<u>47,578,550</u>
Capital assets being depreciated:					
Buildings	38,011,382	95,704	1,951,211	-	36,155,875
Improvements other than Buildings	38,065,555	2,138,322	203,676	4,722,106	44,722,307
Equipment	38,322,954	1,970,570	1,257,036	830,122	39,866,610
Infrastructure	<u>243,718,788</u>	<u>1,465,022</u>	<u>-</u>	<u>8,606,206</u>	<u>253,790,016</u>
Total capital assets, being depreciated	<u>358,118,679</u>	<u>5,669,618</u>	<u>3,411,923</u>	<u>14,158,434</u>	<u>374,534,808</u>
Less accumulated depreciation for:					
Buildings	11,858,963	777,089	1,733,468	-	10,902,584
Improvements other than Buildings	11,775,747	1,251,191	137,488		12,889,450
Equipment	22,332,950	2,728,997	1,248,698	101,195	23,914,444
Infrastructure	<u>100,329,397</u>	<u>11,529,941</u>	<u>-</u>	<u>-</u>	<u>111,859,338</u>
Total accumulated depreciation	<u>146,297,057</u>	<u>16,287,218</u>	<u>3,119,654</u>	<u>101,195</u>	<u>159,565,816</u>
Total capital assets, being depreciated, net	<u>211,821,622</u>	<u>(10,617,600)</u>	<u>292,269</u>	<u>14,057,239</u>	<u>214,968,992</u>
Governmental activities capital assets, net	<u>\$ 261,387,921</u>	<u>\$ 3,561,624</u>	<u>\$ 978,175</u>	<u>\$ (1,423,829)</u>	<u>\$ 262,547,541</u>

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

<b>Business-type activities:</b>	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	Balance <u>June 30, 2015</u>
Capital assets not being depreciated:					
Land	\$ 13,290,232	\$ 253,739	\$ -	\$ 140,000	\$ 13,683,971
Construction in Progress	18,066,534	23,534,528	-	(25,182,802)	16,418,260
Total capital assets, not being depreciated	<u>31,356,766</u>	<u>23,788,267</u>	<u>-</u>	<u>(25,042,802)</u>	<u>30,102,231</u>
Capital assets being depreciated:					
Buildings	93,436,153	2,432,813	19,500	13,063,670	108,913,136
Improvements other than Buildings	109,478,158	2,967,580	-	777,150	113,222,888
Equipment	64,127,821	5,272,614	2,538,883	344,710	67,206,262
Infrastructure	366,608,543	1,082,569	237,248	12,281,101	379,734,965
Total capital assets, being depreciated	<u>633,650,675</u>	<u>11,755,576</u>	<u>2,795,631</u>	<u>26,466,631</u>	<u>669,077,251</u>
Less accumulated depreciation for:					
Buildings	52,207,395	2,294,292	19,500	-	54,482,187
Improvements other than Buildings	62,698,719	4,108,039	-	-	66,806,758
Equipment	44,946,639	3,902,521	2,349,207	-	46,499,953
Infrastructure	125,572,124	8,517,922	237,248	-	133,852,798
Total accumulated depreciation	<u>285,424,877</u>	<u>18,822,774</u>	<u>2,605,955</u>	<u>-</u>	<u>301,641,696</u>
Total capital assets, being depreciated, net	<u>348,225,798</u>	<u>(7,067,198)</u>	<u>189,676</u>	<u>26,466,631</u>	<u>367,435,555</u>
Business-type activities capital assets, net	<u>\$ 379,582,564</u>	<u>\$ 16,721,069</u>	<u>\$ 189,676</u>	<u>\$ 1,423,829</u>	<u>\$ 397,537,786</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities	
General Government	\$ 51,235
Public Safety	1,420,814
Public Works	12,122,807
Public Health	83,813
Culture & recreation	1,682,328
Housing and community development	76,890
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>849,331</u>
Total depreciation expense - governmental activities	<u>\$ 16,287,218</u>
Business-type activities:	
Solid Waste	\$ 1,896,907
Airport	4,880,326
Water	6,142,561
Wastewater	4,108,783
Parking	818,343
Transit	918,210
Golf Course	<u>57,644</u>
Total depreciation expense - business-type activities	<u>\$ 18,822,774</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Construction Commitments

The City has active construction projects as of June 30, 2015. At year end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

General Fund	\$ 35
Public Safety Fund	480
Solid Waste Fund	1,878
Airport Fund	1,047
Water Fund	7,190
Wastewater Fund	6,374
Nonmajor Enterprise Funds	433
Nonmajor Governmental Funds	20,149
Nonmajor Internal Services Funds	214
	<u>\$37,800</u>

Infrastructure is being funded by Gas Tax, Storm Sewer assessments, and Arterial Fee assessments. Transportation Enhancement projects will be reimbursed by federal grants. Water and Wastewater projects are financed by user fees. Airport projects are being funded by grants, passenger facility charges, and charges for service. Solid Waste projects are being funded by user fees.

#### Other Commitments

At June 30, 2015, the Tax Increment South fund had commitments of \$1.5 million for the SBURD Sewer Project, Phase I.

At June 30, 2015, the Airport fund had commitments of \$1.2 million to replace public airport aircraft parking and air carrier ramp.

At June 30, 2015, the General Fund had commitments of \$216,000 for the Fire Station 1 roof and \$73,000 for 20 Police laptops.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### E. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 576,726
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>59,715</u>
Totals		<u>\$ 636,441</u>

During the course of its operation, the City has numerous transactions between funds to finance operations, reimbursable grants, debt service, and capital outlay in advance of loan proceeds.

#### Interfund transfers:

		<u>Transfers in:</u>						
		<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Parking Fund</u>	<u>Internal Service</u>
								<u>Total</u>
Transfers Out:								
General	\$ -	\$ 21,666,153	\$ 1,427,935	\$ -	\$ -	\$ -	\$ -	\$ 23,094,088
Public Safety	-	-	1,052,088	-	-	-	120,000	1,172,088
Special Improvement Districts Fund	-	-	959	-	-	-	-	959
Nonmajor Governmental Funds	50,482	-	4,277,128	10,000	-	105,000	384,429	4,827,039
Solid Waste Fund	-	-	-	-	4,000	-	-	4,000
Nonmajor Enterprise Fund	-	-	16,000	-	-	-	-	16,000
Subtotal	<u>50,482</u>	<u>21,666,153</u>	<u>6,774,110</u>	<u>10,000</u>	<u>4,000</u>	<u>105,000</u>	<u>504,429</u>	<u>29,114,174</u>
Internal Service Funds	-	-	13,307	-	7,555	-	95,770	116,632
Total	<u>\$ 50,482</u>	<u>\$ 21,666,153</u>	<u>\$ 6,787,417</u>	<u>\$ 10,000</u>	<u>\$ 11,555</u>	<u>\$ 105,000</u>	<u>\$ 600,199</u>	<u>\$ 29,230,806</u>



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Transfers are made for funding projects, meeting debt service requirements, grant matches, and distributing interest earnings between funds. Public Safety receives funding from the General Fund by a transfer.

#### **F. Capital Lease Obligations**

##### Governmental Activities:

Capital Lease Payable – Billings Operation Center – On March 1, 2003, the City entered into a capital lease to partially finance the construction of the Billings Operation Center. In 2013, the City paid in full this obligation and issued Certificates of Participation to refinance the Billings Operation Center. The term of the lease ends September 2023.

##### Business-Type Activities:

Capital Lease Payable – Park II (Business-Type Activities) – On September 1, 2006, the City signed a capital lease obligation to finance the construction of an expansion of the Park II Parking Garage which is a six level parking structure located in the heart of downtown Billings. In September 2012, Park 4 Garage was sold and the proceeds of the sale were applied to reduce the debt of the Park II loan. This reduced the remaining capital lease obligation from \$4,756,651 to \$2,640,384 and reduced interest expense by \$780,057 over the life of the lease.

Capital Lease Payable – Airport (Business-Type Activities) – On September 12, 2011, the City Council approved the Investment Grade energy audit findings. Because of this audit, the City undertook energy efficiency improvements to various buildings and facilities at the Airport and within certain City-owned parking garages. The City entered into an energy performance contract with McKinstry Essention Inc. to complete the improvements and signed a Purchase Lease Agreement with U.S. Bancorp to finance the improvements over the next 13 years.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Buildings	\$ 6,600,000	\$ 5,930,000
Accumulated Depreciation	<u>(1,452,000)</u>	<u>(1,548,388)</u>
Total	\$ 5,148,000	\$ 4,381,612

The following is a schedule, by year, of the future minimum lease payments at June 30, 2015:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 475,875	\$ 201,961
2017	474,475	201,961
2018	477,700	201,961
2019	475,550	201,961
2020	478,025	201,961
2021-2025	1,638,325	1,009,803
2026-2030	-	1,009,803
2031-2033	-	605,878
Total minimum lease payments	4,019,950	3,635,289
Less: Amount representing interest	<u>(469,950)</u>	<u>(1,169,637)</u>
Present value of minimum lease payments	<u>\$ 3,550,000</u>	<u>\$ 2,465,652</u>

### G. Long-Term Debt

Governmental Activities:

General Obligation Bonds Payable – The City issued general obligation bonds to provide funds for governmental activities for the acquisition and construction of major capital improvements. General obligation bonds are the direct obligations and

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

pledge the full faith and credit of the City. At June 30, 2015, the outstanding general obligation bonded indebtedness of the City, serviced by the City's debt service funds, was as follows:

General Obligation Bonds Series 2010, issued in the total aggregate amount of \$1,080,000, and interest ranging from 2%-3%, due July 1, 2020, payable in annual installments of \$105,000 to \$115,000.	\$ 660,000
General Obligation Bonds Series 2004A, issued in the total aggregate amount of \$3,460,000, and interest is 3.00%, due July 1, 2024, payable in annual installments of \$245,000 to \$345,000, callable on or after July 1, 2021.	2,950,000
General Obligation Bonds Series 2007A, issued in the total aggregate amount of \$10,700,000, and interest ranging from 4.25%-4.50%, due July 1, 2027, payable in annual installments of \$325,000 to \$775,000, callable on or after July 1, 2017.	7,905,000
General Obligation Bonds Series 2015, issued in the total aggregate amount of \$6,270,000, and interest ranging from 2.00%-3.50%, due July 1, 2027. These bonds were issued to refund General Obligation Bonds Series 2007A on July 1, 2018. The bond proceeds are held in an escrow account until the refunding date.	6,270,000
General Obligation Bonds Series 2007B, issued in the total aggregate amount of \$925,000, and interest rate is 3.00%, due July 1, 2017, payable in annual installments of \$175,000 to \$190,000.	560,000
General Obligation Bonds Series 2012, issued in the total aggregate amount of \$15,460,000, and interest ranging from 2.00% - 4.00%, due July 1, 2032, payable in annual installments of \$620,000 to \$860,000, callable on or after July 1, 2021.	<u>13,905,000</u>
	<u>\$ 32,250,000</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Tax Increment Bonds Payable –At June 30, 2015, the outstanding tax increment bonds indebtedness of the City was as follows:

Tax Increment Revenue Bonds Series 2013, issued in total aggregate amount of \$13,210,000, and interest ranging from 2.50%-6.50%, due July 1, 2038, payable in annual installments of \$387,813 to \$967,750. The City issued tax increment bonds to provide funds for the construction of the Empire Parking Garage and retail space.

\$ 13,070,000

Tax Increment Refunding Bonds Series 2015, issued in the total aggregate amount of \$5,170,000, and interest ranging from 2.00%-4.375%, due July 1, 2039, payable in annual installments of \$125,000 to \$330,000. These bonds were issued to retire the debt for the Special Improvement District 1385 bonds.

5,170,000

Tax Increment Revenue Bonds Series 2015, issued in the total aggregate amount of \$3,165,000, and interest ranging from 2.00%-4.650%, due July 1, 2039, payable in annual installments of \$85,000 to \$200,000. The bond proceeds were used for improvements in the East Billings Urban Renewal District.

3,165,000

\$21,405,000

Special Assessment Debt With Government Commitment – Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within the special improvement district. State Law states, “To the extent that such special assessment collections are not sufficient to make the required debt service payments, the City is obligated to levy and collect a general property tax on all taxable property in the City to provide additional funding for the debt service payments.” However, since the City of Billings is governed by its Charter, the voters must approve all levy increases. The cash reserve balance in the special improvement districts funds must equal at least 10% of the principal amount of bonds outstanding. The bonds are issued with specified maturity dates, but must be called and repaid earlier, at par value plus accrued interest, if the related special assessments are collected.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

The various bonds outstanding at June 30, 2015, are as follows:

Special improvement districts, issued in the total aggregate amount of \$26,015,000 and interest ranging from 2.8%-6.0%, payable from the special improvement districts fund in varying installments to 2029.	\$ 6,229,275
Sidewalk and curb districts, issued in the total aggregate amount of \$4,976,000 and interest ranging from 3.25%-5.4%, payable from the sidewalk and curb districts fund in varying installments to 2026.	2,123,000
Storm Sewer Revenue Bonds Series 2013, issued in the total aggregate amount of \$4,270,000 and interest ranging from 3.00%-5.00%, payable from the storm sewer fund in varying installments to 2033, callable on or after July 1, 2023.	4,170,000
Storm Sewer Revenue Bonds Series 2015, issued in the total aggregate amount of \$9,615,000, and interest ranging from 2.00%-5.00%, payable from the Storm Sewer fund in varying installments to 2035, callable on or after July 1, 2025.	<u>9,615,000</u>
	<u>\$ 22,137,275</u>

Notes Payable – In the current year, the City did not pay on its revolving line of credit from various banks for the downtown revolving loan program fund. The maximum combined loan balance from all banks is \$3,200,000. This will expire on September 30, 2015. It is anticipated that the agreement will be renewed with the banks for a balance of \$1,600,000. The proceeds of the notes were used to make loans to various entities (end-loans) with approved construction and/or acquisition projects in the downtown area. The notes are secured by end-loan collateral and by end-loan principal and interest payments to the City. The City uses principal and interest payments from end-loans to determine its monthly installment to the banks. Interest is adjusted each November 1 to the preceding September 30 prime rate less 300 basis points with a floor of 4.0%. At June 30, 2015, the rate was 4.0% and the outstanding notes payable due within one year are based on estimated current collections of all loans receivable in the fund.

<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

On November 27, 2007, the City borrowed \$3,719,000 from Koch Financial Corporation to pay the fire fighter lawsuit settlement. Koch Financial Corporation has assigned and sold this note to Capital One Public Funding LLC. The note is unsecured, due in semiannual installments of \$236,502, and will be paid with the Public Safety Fund. Interest is fixed at 4.85% for the life of the loan and will mature on November 15, 2017. At June 30, 2015, the amount outstanding is as follows:

<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
<u>\$ 424,688</u>	<u>\$ 676,183</u>	<u>\$ 1,100,871</u>

Two citizens have agreed to donate \$200,000 over a ten year period for upgrades for the scoreboard at the new baseball stadium. The City borrowed \$130,500 from US Bank to complete the upgrades prior to the baseball season. The yearly contribution from the two citizens will make the debt service payment to be paid from the Park Programs Fund, a special revenue fund. The annual interest rate is 6.70%, and the note will be paid in annual installments of \$19,917 beginning August 1, 2009, and mature on August 1, 2017. At June 30, 2015, the amount outstanding is as follows:

<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
<u>\$ 16,386</u>	<u>\$ 36,158</u>	<u>\$ 52,544</u>

#### Business-Type Activities:

Notes Payable – The Montana Department of Natural Resources and Conservation (DNRC) authorized the issuance of notes payable for various construction and rehabilitation projects related to the water and wastewater systems as noted in the following table. All notes are due in semi-annual installments with terms of 20 years. The covenants of both the water and wastewater notes require that funds be set aside in reserve for the delinquency of the debt. The required reserve is the highest amount of principal and interest for any annual debt service over the 20 year note payable for Wastewater, and half of the highest annual debt service payment for Water. The amounts reserved as of June 30, 2015, are \$1,446,435 for Wastewater and \$1,386,571 for Water.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Wastewater:			
Headworks Building	\$ 4,515,000	2.25%	July 1, 2025
Briarwood Sewer	\$ 7,400,000	3.00%	July 1, 2028
Ultra-violet System	\$ 2,900,000	3.00%	July 1, 2030
Ultra-violet System	\$ 816,000	3.00%	July 1, 2030
Ultra-violet System	\$ 384,000	forgiven	
Wastewater Replacement Lines	\$ 5,387,000	3.00%	July 1, 2029
Wastewater Replacement Lines	\$ 359,300	1.75%	July 1, 2029
5 Mile Lift Station	\$ 3,100,000	3.00%	July 1, 2033
Water:			
Filter Building	\$17,300,000	2.25%	July 1, 2025
Water Replacement Lines	\$ 2,750,000	3.00%	July 1, 2029
Water Replacement Lines	\$ 333,700	1.75%	July 1, 2029
Zone 4 Water Lines	\$ 7,412,000	3.00%	July 1, 2029
2010 Water Replacement Lines	\$ 2,800,000	3.00%	July 1, 2030
2010 Water Replacement Lines	\$ 500,000	forgiven	
Zone 3 Water Lines	\$ 3,100,000	3.00%	July 1, 2032
Zone 3 Chapple Reservoir	\$ 6,100,000	3.00%	July 1, 2034
Briarwood Reservoir	\$ 3,700,000	2.50%	July 1, 2035

The amounts outstanding as of June 30, 2015, are as follows:

	<u>Due within One year</u>	<u>Due after One year</u>	<u>Total</u>
Wastewater	<u>\$ 1,008,000</u>	<u>\$15,506,000</u>	<u>\$16,514,000</u>
Water	<u>\$ 1,916,000</u>	<u>\$26,529,501</u>	<u>\$28,445,501</u>



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Revenue Bonds Payable – At June 30, 2015, the outstanding revenue bonded indebtedness of the City was as follows:

2010A Airport Revenue Refunding Bonds issued on July 20, 2010, with principal totaling \$6,940,000, and interest ranging from 2.50%-5.00% due July 1, 2020, payable in annual installments of \$670,000 to \$895,000. The bonds are not subject to optional redemption prior to their stated maturities.

	\$ 4,810,000
Deferred amount on bond refunding	<u>(169,905)</u>
	4,640,095
Less current portion	<u>(765,000)</u>
Total	\$ <u>3,875,095</u>

The 2010A bonds are secured by Airport Net Revenues, which are the Airport's "Gross Revenues" remaining after provision for payment of maintenance and operating expenses. "Gross Revenues" do not include bond proceeds; Airport Improvement Plan (AIP) grants; Customer Facility Charges (CFCs) and Passenger Facility Charges (PFCs) and interest thereon; and proceeds from the sale of Airport assets.

2010B Airport Revenue Refunding Bonds issued on October 4, 2010, with principal totaling \$6,525,000, and interest ranging from 3.00%-4.37% due July 1, 2030, payable in annual installments of \$235,000 to \$475,000, callable on or after July 1, 2021.

	\$ 5,770,000
Less current portion	<u>(275,000)</u>
Total	\$ <u>5,495,000</u>

The 2010B bonds are secured by CFCs, which are charges imposed on the automobile rentals at the Airport and, to the extent CFCs are not sufficient to pay debt service, by Airport Net Revenues on a parity with the 2010A bonds.

The 2010A and 2010B bonds are special, limited obligations of the City and the owners may not look to the general or any other fund of the City for payment of principal, premium, or interest thereof.

Revenue bond ordinances include various restrictive covenants. The 2010A and 2010B bonds' rate covenants require that revenues and CFC collections equal at least 125% of the debt service requirement for each fiscal year. The more significant reserve covenants require that money reserves for debt service, facilities and equipment replacement, and for operations. The City is in compliance with all covenants as of June 30, 2015.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

The revenue bond ordinance restrictions are as follows:

	<u>Airport Fund</u>
2010A Debt Service	\$ 764,000
2010B Debt Service	500,044
Replacement and depreciation	225,000
Operations and Maintenance	<u>1,185,000</u>
	<u><u>\$ 2,674,044</u></u>

The City issued Series 2010B revenue bonds to finance its car wash facility and Series 2010A refunding revenue bonds to refund bonds issued to remodel the terminal building. The Airport Fund accounts for all airport activities, which include CFC collections and expenses, PFC collections (\$275,761) and expenses, AIP grants, and all other Airport operations. However, investors in the Series 2010B revenue bonds rely on the revenue generated CFC collections (\$766,335) and investors in the 2010A revenue bonds rely on airport operating revenues net of AIP grants and CFC and PFC collections.

Defeased Debt – In prior years, the City defeased certain revenue and special assessment bonds by the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2015, \$4,840,000 of outstanding special assessment bonds are considered defeased.

Summary of Debt Maturities – Annual debt service principal and interest payments required on all outstanding debt at June 30, 2015, are as follows:

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation		Tax Increment		Special Assessment	
	Bonds				Bonds	
	Principal	Interest	Principal	Interest	Principal*	Interest
2016	\$ 1,785,000	\$ 902,669	\$ 295,000	\$ 835,168	\$ 827,638	\$ 724,129
2017	1,830,000	849,481	515,000	957,785	1,403,475	804,850
2018	1,875,000	790,707	555,000	942,966	1,698,356	751,558
2019	2,280,000	734,944	580,000	925,795	1,623,285	691,193
2020	2,340,000	676,469	595,000	906,245	1,117,263	639,184
2021-2025	11,715,000	3,082,172	3,345,000	4,131,634	6,062,258	2,465,068
2026-2030	7,940,000	1,026,444	4,265,000	3,220,076	4,605,000	1,395,710
2031-2035	2,485,000	131,375	5,405,000	2,062,625	4,140,000	492,366
2036-2040	-	-	5,850,000	633,640	660,000	11,138
	<u>\$ 32,250,000</u>	<u>\$ 8,194,260</u>	<u>\$21,405,000</u>	<u>\$ 14,615,934</u>	<u>\$ 22,137,275</u>	<u>\$ 7,975,196</u>

	Interkap Notes Payable		Notes Payable		Capital Lease Payable-BOC	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,366	\$ 654	\$ 441,074	\$ 51,847	\$ 375,000	\$ 100,875
2017	5,366	589	463,022	35,498	385,000	89,475
2018	5,366	520	249,319	6,853	400,000	77,700
2019	5,366	453	-	-	410,000	65,550
2020	5,366	386	-	-	1,980,000	136,350
2021-2025	26,840	922	-	-	-	-
	<u>\$ 53,670</u>	<u>\$ 3,524</u>	<u>\$ 1,153,415</u>	<u>\$ 94,198</u>	<u>\$ 3,550,000</u>	<u>\$ 469,950</u>

\* 73,000 called but not redeemed is reported as a current liability at June 30, 2015

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### BUSINESS TYPE ACTIVITIES

Year ending June 30	Revenue Bonds-Airport		Capital Lease Payable-Airport		Capital Lease Payable-Park II	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,040,000	\$ 417,038	\$ 74,314	\$ 54,636	\$ 92,239	\$ 109,722
2017	1,080,000	375,450	78,046	50,904	96,344	105,617
2018	1,120,000	331,847	81,964	46,986	100,631	101,330
2019	1,160,000	286,368	86,080	42,870	105,109	96,852
2020	1,205,000	236,038	90,403	38,547	109,786	92,174
2021-2025	2,400,000	744,397	524,847	119,903	626,710	383,093
2026-2030	2,100,000	340,747	184,213	9,212	779,128	230,675
2031-2035	475,000	10,391	-	-	555,706	50,175
	<u>\$ 10,580,000</u>	<u>\$ 2,742,276</u>	<u>\$ 1,119,867</u>	<u>\$ 363,058</u>	<u>\$ 2,465,653</u>	<u>\$ 1,169,638</u>

	Notes Payable-Water		Notes Payable-Wastewater		Capital Lease Payable-Parking	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,916,000	\$ 769,651	\$ 978,000	\$ 464,703	\$ 32,246	\$ 21,573
2017	1,818,200	719,225	1,005,000	437,119	33,749	20,071
2018	1,872,200	665,667	1,035,000	408,766	35,321	18,498
2019	1,915,200	621,626	1,064,000	379,576	36,967	16,853
2020	1,967,200	570,278	1,093,000	349,558	38,689	15,130
2021-2025	10,629,000	2,059,530	5,949,000	1,266,364	222,221	46,875
2026-2030	6,323,000	964,566	4,635,000	446,878	77,149	3,580
2031-2035	2,004,701	404,055	755,000	41,160	-	-
	<u>\$ 28,445,501</u>	<u>\$ 6,774,598</u>	<u>\$16,514,000</u>	<u>\$ 3,794,124</u>	<u>\$ 476,341</u>	<u>\$ 142,581</u>

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

Changes in Long-Term Obligations – During the year ended June 30, 2015, the following changes occurred in liabilities reported in the long-term obligations:

	Balance June 30, 2014	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2015	Due within one year
Governmental Activities:					
General obligation bonds:					
Series 2010 Parks	\$ 765,000	\$ -	\$ 105,000	\$ 660,000	\$ 105,000
Add: premium received	19,772	-	2,825	16,947	-
Series 2004A Streets	3,195,000	-	245,000	2,950,000	250,000
Add: premium received	210,237	-	19,112	191,125	-
Series 2007A Ballpark	8,355,000	-	450,000	7,905,000	470,000
Add: premium received	28,065	-	2,159	25,906	-
Series 2007B Ballpark	735,000	-	175,000	560,000	185,000
Add: premium received	36,893	-	9,224	27,669	-
Series 2015 Refunding	-	6,270,000	-	6,270,000	-
Add: premium received	-	629,775	48,444	581,331	-
Series 2012 Library	14,670,000	-	765,000	13,905,000	775,000
Add: premium received	969,442	-	51,023	918,419	-
Tax Increment 2013	13,210,000	-	140,000	13,070,000	295,000
Add: premium received	52,211	-	3,481	48,730	-
Less: bond discount	(2,425)	-	(162)	(2,263)	-
Tax Increment 2015	-	5,170,000	-	5,170,000	-
Less: bond discount	-	(25,973)	(1,039)	(24,934)	-
Tax Increment 2015-EBURD	-	3,165,000	-	3,165,000	-
Less: bond discount	-	(34,928)	(1,397)	(33,531)	-
Special assessment debt with governmental commitment	18,510,984	10,320,000	6,693,709	22,137,275	827,638
Less: bond discounts	(110,058)	-	(21,575)	(88,483)	-
Add: premium received	223,027	500,659	34,992	688,694	-
Interap notes payable	59,036	-	5,366	53,670	5,366
Notes payable	1,731,399	-	577,984	1,153,415	441,074
Capital lease payable	3,920,000	-	370,000	3,550,000	375,000
Add: premium received	207,816	-	-	207,816	-
Compensated absences	9,474,112	3,338,841	5,772,311	7,040,642	5,261,078
Total governmental activities	<u>\$ 76,260,511</u>	<u>\$ 29,333,374</u>	<u>\$ 15,446,457</u>	<u>\$ 90,147,428</u>	<u>\$ 8,990,156</u>

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

	Balance June 30, 2014	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2015	Due within one year
Business Activities:					
Notes Payable					
Water from DNRC	\$ 11,361,000	\$ -	\$ 876,000	\$ 10,485,000	\$ 895,000
Water from DNRC-ARRA Part B	270,000	-	16,000	254,000	16,000
Water from DNRC- Rehab	2,285,000	-	117,000	2,168,000	121,000
Water from DNRC-Zone 4	5,554,000	-	286,000	5,268,000	295,000
Water from DNRC-Waterlines	1,931,000	-	92,000	1,839,000	96,000
Wastewater from DNRC-Briarwood	5,136,000	-	288,000	4,848,000	296,000
Wastewater from DNRC	2,966,000	-	229,000	2,737,000	234,000
Wastewater from DNRC	288,000	-	16,000	272,000	16,000
Wastewater from DNRC	3,419,000	-	176,000	3,243,000	181,000
Wastewater from DNRC-UV	2,056,000	-	98,000	1,958,000	101,000
Wastewater from DNRC-UV	710,000	-	34,000	676,000	35,000
Wastewater from DNRC-5 Mile	2,894,786	-	114,786	2,780,000	115,000
Water from DNRC-Zone 3	2,607,377	146,244	117,621	2,636,000	117,000
Water from DNRC-Zone 3 Chapple	501,136	5,218,257	112,000	5,607,393	230,000
Water from DNRC-Briarwood	-	188,108	-	188,108	146,000
Capital lease payable - Park II	2,553,962	-	88,309	2,465,653	92,239
Capital lease payable - Parking	507,152	-	30,811	476,341	32,246
Airport Series 2010A Refunding	5,540,000	-	730,000	4,810,000	765,000
Add: premium received	29,902	-	8,069	21,833	-
Airport Series 2010B Revenue	6,040,000	-	270,000	5,770,000	275,000
Add: premium received	5,258	-	532	4,726	-
Capital lease payable - Airport	1,190,627	-	70,760	1,119,867	74,314
Compensated absences	3,522,210	1,689,389	2,306,523	2,905,076	2,088,362
Total business type activities	<u>\$ 61,368,410</u>	<u>\$ 7,241,998</u>	<u>\$ 6,077,411</u>	<u>\$ 62,532,997</u>	<u>\$ 6,221,161</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Governmental activities include internal service fund liabilities for capital lease payable, compensated absences, and intercap notes payable. Internal service fund compensated absences totaled \$1,334,455 and \$1,110,455 at June 30, 2014 and 2015, respectively and are generally liquidated by the related internal service fund. Compensated absences for the remaining governmental activities are generally liquidated by the general fund and other governmental funds.

Arbitrage – The Tax Reform Act of 1986 (ACT) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt and now requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain City debt and interest earned on the proceeds thereof are subject to the requirements of the Act. At June 30, 2015, the City had no arbitrage rebate liability for its governmental and business-type activities.

#### **H. Post-Employment Healthcare Benefits**

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 Fiscal Year. A separate postemployment benefit plan report is not prepared for the health insurance plan.

*Plan Description.* The City provides continuous medical insurance coverage for eligible participants enrolled in the City sponsored plan called the City of Billings Employee Benefit Plan (the Plan). Total plan contributions paid by the City in 2015 were 11.6% of total payroll and benefits. The retiree benefits are provided in the form of an implicit rate subsidy where pre 65 retirees and a closed group of post 65 retirees receive health insurance coverage by paying a combined retiree/active rate. Dental and life insurance benefits are also provided on a fully contributory basis. The Plan does not prepare separate financial statements, but is included in the City's CAFR and reported as an internal service fund as City Health Insurance Fund. A Plan Document describing the Plan in its entirety, including contribution rates, eligibility, etc., can be obtained from the Human Resources Department of the City of Billings.



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Retirement eligibility is determined based upon the employee's retirement system and is as follows:

**Police and Fire employees:**

Must complete a minimum of 20 years of membership service and be actively employed and covered by the City's medical plan prior to retirement.

**All Other Employees:**

Must complete a minimum of 25 years of membership service at any age OR complete a minimum of 5 years of membership service at a minimum age of 50, plus the employee must be actively employed and covered by the City's medical plan prior to retirement.

Eligible retirees receive pre 65 health care coverage through one of two self-insured medical plans: Plan C and Plan D. A closed group of retirees age 65 and older are enrolled in one of the plans.

The number of participants as of July 1, 2014, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active employees	848
Retired employees	<u>100</u>
Total	<u>948</u>

*Funding Policy.* The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. Although the City has studied the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue. The amount of covered payroll related to the plan for the year ending June 30, 2015, is \$52,764,616. The ratio of the FY 2015 unfunded actuarial accrued liability to annual covered payroll is 0.135.

*Annual OPEB Cost and Net OPEB Obligation.* The City's other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

### Level Dollar Amortization

Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method:

Annual required contribution	
Amortization	\$ 666,000
Interest on net OPEB obligation	247,000
Adjustment to ARC	<u>(220,000)</u>
Annual OPEB cost	693,000
Contribution for fiscal year ended June 30, 2015	<u>(290,000)</u>
Increase in net OPEB	403,000
Net OPEB Obligation – beginning of year	<u>6,163,000</u>
Net OPEB Obligation – end of year	<u>\$ 6,566,000</u>
Percent of annual OPEB cost contributed FY 2015	41.85%

The annual OPEB costs, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015, for the health plan are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 1,568,000	54.9%	\$ 4,717,000
June 30, 2013	1,246,000	42.0%	5,440,000
June 30, 2014	1,246,000	42.0%	6,163,000
June 30, 2015	693,000	41.9%	6,566,000

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Benefit Obligation, Normal Cost and Funding Progress

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability:	
Active Employees	\$ 4,730,000
Retired Employees	<u>2,440,000</u>
Unfunded actuarial liability (UAAL)	<u>\$ 7,174,000</u>

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are “community-rated,” and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of employer contributions to the health insurance plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. The City has elected not to fund this liability.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the liabilities were computed using the projected unit credit method and the level percentage of projected payroll amortization. The actuarial assumptions utilized a 4.0% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.0% rate. The valuation assumes a 8.5% healthcare cost trend increase for fiscal year 2014-2015, reduced by decrements to a rate of 0.5% each year until an ultimate health care cost trend rate of 4.5% is reached.

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

The contribution to the Plan by the City is determined annually by the City's Health Insurance Committee with the aid of a consultant and subsequently approved and adopted through the City's budget process.

The Plan may be modified by the Health Insurance Committee.

#### **IV. Other Notes**

##### **A. Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical insurance costs of employees; pollution liability; and natural disasters.

For general liability and injuries to employees, the City has elected to participate in the Montana Municipal Interlocal Authority – Liability Coverage (MMIA – Liability Program) and the Montana Municipal Interlocal Authority – Workers' Compensation (MMIA – Workers' Compensation) programs. These entities are public entity risk pools currently operating as common risk management and coverage programs, pursuant to their formation by Interlocal Agreements under the Interlocal Cooperation Act. The City pays annual assessments to the MMIA – Liability Program and the MMIA – Workers' Compensation for its general liability and workers' compensation coverage. There have been no significant changes to levels of coverage from the previous year.

The MMIA – Liability coverage has specific exclusions for airfield operations; subsequently the City's airport fund annually purchases a separate general liability insurance policy to provide liability coverage for the airport's operations. This policy is provided through a private insurance company. It provides coverage up to \$100 million per occurrence.

For damage to and destruction of buildings and facilities, the City has elected to insure its buildings and facilities with insurance purchased from a private carrier. Such insurance has a deductible of \$100,000 per occurrence. The rateable exposure limit is \$524,972,172 (inclusive of Business Income Coverage) with a blanket policy limit of \$500 million, underwritten by Affiliated FM Insurance Company. There have been no significant changes to levels of insurance from the previous year, and settlement payments have not exceeded insurance coverage during the current year or the two previous fiscal years.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

In addition, the City also elected to purchase, at various limits, Crime Coverage. The Crime Coverage protects against loss in the event of employee theft, computer fraud, computer program data restoration, funds transfer fraud, claim expense, and faithful performance of duty.

The City has established a medical self-insurance fund to pay medical claims of the City's employees and their covered dependents. Revenues to the plan from the various funds and employee contributions are recorded as a charge for service in the City health insurance fund, an internal service fund. Medical claims over \$215,000 per individual per calendar year are covered through a private insurance carrier. The fund records health care costs as expenses when claims are incurred; including incurred but not reported (IBNR) claims. The fund establishes claims liabilities, including IBNR, based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that modify past experience. Claims liabilities include only specific, incremental claim adjustment expenses. Estimated recoveries on claims are evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims.

Following is a summary of the changes in the balances of health insurance claim liabilities, which are included in accrued liabilities in the Combined Balance Sheet, during fiscal years 2013, 2014, and 2015:

	Beginning-of- fiscal-year <u>liability</u>	Incurred claims and claim administrative <u>expenses</u>	Payments of claims and claim administrative <u>expenses</u>	End-of- fiscal-year <u>liability</u>
2012-2013	700,000	8,531,372	8,531,372	700,000
2013-2014	700,000	8,015,265	8,115,265	600,000
2014-2015	600,000	8,711,989	8,561,989	750,000

Retired employees may continue their health care coverage through the City's group health plan until the month end of their 65<sup>th</sup> birthday. In compliance with COBRA, the City also allows terminated employees to continue their health care coverage for 18 months past the date of termination.

Approximately 118 retired and terminated employees participated in the City's health plan. Claims paid in excess of premiums received for these participants totaled approximately \$596,820 for the fiscal year ended June 30, 2015. There have been no material changes in health insurance coverage from the previous year. The City has a two-tiered health

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

insurance plan. The amount of employee contributions is based on the level of coverage chosen from the two tiers. Beginning January 1, 2012, the City implemented a two-tiered health insurance plan and will have only one area hospital in-network. These changes were completed using the RFP process and were approved and implemented by the Health Insurance Committee in order to reduce health care costs and avoid increases in premiums for both the City and employees.

All risk management activities are accounted for in the internal service funds. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Coverage limits and the deductibles on the commercial policies have not changed materially from the previous year.

#### **B. Pollution Remediation**

Effective July 1, 2008, the City implemented the provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The City has determined that the implementation of GASB 49 had no material effect on prior year financial statements.

#### **C. Subsequent Events**

Management has evaluated subsequent events through December 23, 2015, the date on which the financial statements were available to be issued. There are no subsequent events to report.

#### **D. Claims and Judgments**

The City is involved with numerous other lawsuits from other claimants. Based on past claims history and management's best estimates, the City expects to pay approximately \$1,300,000 for insurance deductibles and amounts not covered by insurance.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Changes in Claims and Judgments:

Fiscal Year	Beginning of Fiscal Year	Changes in the Estimate for Claims of Prior Periods	Claims Incurred During Year	Payments of Claims	End of Fiscal Year	Amount Due Within One Year
2013	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>	<u>\$ 550,000</u>
2014	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
2015	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>

#### E. Contingent Liabilities

##### 1. Landfill Closure and Post-closure

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on the estimate of landfill capacity used as of each balance sheet date. The \$2,922,004 reported as landfill closure and post-closure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of approximately 46 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$3.4 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. Revised engineering studies were completed during fiscal year 2014, which increased the total estimated remaining costs for closure and post-closure care and extended the life of the landfill. The City expects to close the landfill in 44 years, in the year 2059. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has established an irrevocable solid waste management financial assurance trust. The City is required to make payments into the trust over the life of the landfill to provide funds for closure and post-closure care. In fiscal year 2015, \$115,719 was paid into the trust. The cumulative amount of payments of \$2,949,424 is reported as restricted investments at June 30, 2015.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

	Balance <u>June 30, 2014</u>	Accrual <u>Amount</u>	Balance <u>June 30, 2015</u>
Net change in Landfill Liability	<u>\$ 2,780,128</u>	<u>\$ 141,876</u>	<u>\$ 2,922,004</u>

#### 2. Lawsuits

The City is involved with numerous other lawsuits, from other claimants, which arise out of the normal course of operations by the City. Management has accrued for any deductibles and amounts not covered by the City insurance carriers.

The City of Billings was sued by a group of employed police officers several years ago. The District Court issued a summary judgment which the plaintiffs believe will result in favor of the officers. MMIA does not offer coverage for this claim. The judgment did not itemize the amount for the claim. Although the City is vigorously defending this claim, the City has estimated that the summary judgment could result in up to \$1,200,000 due to the officers, including attorney fees, penalties, and interest. This amount has been reflected in the Statement of Position and Statement of Activities.

The City believes that the current accrual for claims and judgments is sufficient in the event of settlements related to these lawsuits.

#### 3. Grants

The City has federal and state grants for specific purposes that are subject to annual audits and other periodic reviews by grantor agencies. Such reviews could result in requests for reimbursement by grantor agencies for costs which may be disallowed as appropriate expenses under the grant terms. Management of the City believes disallowances, if any, will not be material.

#### F. **Conduit Debt**

The City has authorized the issuance of certain bonds in its name to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying government-wide financial statements. The only requirement for this type of issue is to request the amount needed for City approval; and when completely paid or called, they must notify the City of this event.

As of June 30, 2015, there were 7 series of industrial revenue bonds outstanding. The aggregate principal amount payable for the four series issued after July 1, 1997, was approximately \$14.7 million at June 30, 2015. The aggregate principal amount payable at June 30, 2015, for the 3 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$10.2 million.

#### **G. Pension Plans**

The City of Billings contributes to four separate pension plans which cover substantially all full-time employees. They are the Public Employees' Retirement System-defined benefit retirement plan (PERS-DBRP), Public Employees' Retirement System-defined contribution plan PERS-DCRP), Firefighters' Unified Retirement System (FURS), and the Municipal Police Officers' Retirement System (MPORS). The PERS-DCRP is a defined contribution plan, and the other plans are defined benefit pension systems. All plans are administered by the Public Employment Retirement Board (PERD). The City's financial statements include on-behalf contributions made by the State of Montana as described in the following plan descriptions.

##### **1. PERS-defined benefit retirement plan (DBPR)**

###### Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP). For

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

#### **Summary of Benefits**

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's HAC.

#### Eligibility of Benefit

Service retirement:

Hired prior to July 1, 2011	Age 60, 5 years of membership service; Age 65, regardless of membership service; or Any age, 30 years of membership service.
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Hired on or after July 1, 2011:	Age 65, 5 years of membership service; Age 70, regardless of membership service.
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Early retirement, actuarially reduced:

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
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Hired on or after July 1, 2011:	Age 55, 5 years of membership service.
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Vesting	Age 55, 5 years of membership service.
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## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Monthly benefit formula

Members hired prior to July 1, 2011:

Less than 25 years of membership service: 1.785% of HAC per year of service credit;  
25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

Less than 10 years of membership service: 1.5% of HAC per year of service credit;  
10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;  
30 years or more of membership service: 2% of HAC per year of service credit.

#### Guaranteed Annual Benefit Adjustment (GABA)\*

3% for members hired prior to July 1, 2007  
1.5% for members hired on or after July 1, 2007

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provide below) each January, inclusive of other adjustments to the member's benefit.

\*At this time, as a result of permanent injunction issued in the AMRPE vs. State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013 is pending.

Total number of members (employees) covered by the benefit terms as of June 30, 2015:

Active plan members	28,237
Inactive member entitled to but not yet receiving benefits or a refund:	
Vested	2,925
Non-vested	8,839
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	20,080
Disability Retirements	176
Survivor Benefits	425

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Overview of contributions

1. Rates are specified by state law for periodic employer and employee contributions. The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
  - a. Plan members are required to contribute 7.90% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers
  - b. The 7.90% member contributions is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped 25 years following the reduction of both the additional employer and additional member contribution rates.
3. Employer contributions to the system:
  - a. State and University System employers are required to contribute 8.27% of members' compensation.
  - b. Local government entities are required to contribute 8.17% of members' compensation.
  - c. School district employers contribute 7.90% of members' compensation.
  - d. Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased by 1.0%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates
  - e. Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP is allocated to the defined benefit plan's Plan Choice Rate unfunded liability.
  - f. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
4. Non Employer Contributions
  - a. Special Funding
    - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
    - ii. The State contributes 0.37% of member's compensation on behalf of school district entities.
  - b. Not Special Funding
    - i. The State contributes from the Coal Tax Severance fund.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Stand-alone statements

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including stand-alone financial statements can be found at <http://mpera.mt.gov/annualReports.shtml>

The latest actuarial valuation and experience study can be found at <http://mpera.mt.gov/actuarialValuations.asp>

#### Actuarial assumptions

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the last actuarial experience study, dated May 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 6%
Investment Return	7.75%
Postretirement Benefit Increases	
-3% for members hired prior to July 1, 2007	
-1.5% for members hired on or after July 1, 2007	

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

\*At this time as a result of permanent injunction issued in the AMRPE vs State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013 is pending.

Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

#### Target Allocations

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.80%
Foreign Equity	18.00%	6.05%
Fixed Income	24.00%	1.68%
Private Equity	12.00%	8.50%
Real Estate	8.00%	4.50%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

#### Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
PERS' Net Pension Liability	\$1,982,274,732	\$1,246,010,898	\$625,044,646
Employer's proportion	\$48,600,533	\$30,549,143	\$15,324,568

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

#### Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

#### Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS). Statement 68 became effective June 30, 2015 and includes requirements to record and report their

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

The State of Montana also has a funding situation that is not Special Funding whereby the State General Fund provides contributions from the Coal Severance Tax and interest. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

	Net Pension Liability as of 6/30/13	Net Pension Liability as of 6/30/14	Percent of Collective NPL
Employer Proportionate Share	\$ 39,312,053	\$ 30,549,143	2.4517560%
State of Montana Proportionate Share associated with Employer	<u>480,060</u>	<u>373,052</u>	<u>3.1145390%</u>
<b>Total</b>	<b>\$ 39,792,113</b>	<b>\$ 30,922,195</b>	<b>5.5662950%</b>

At June 30, 2015, the employer recorded a liability of \$ 30,549,143.00 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by PERS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERS' participating employers.

At June 30 2014, the employer's proportion was 2.451756 percent.

#### Changes in actuarial assumptions and methods

There were no changes in assumptions or other inputs that affected the measurement of Total Pension Liability.

#### Changes in benefit terms

There have been no changes in benefit terms since the previous measurement date.



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Changes in proportionate share

There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

#### Pension Expense

	Pension Expense as of 6/30/14
Employer's Proportionate Share	\$1,492,139
State of Montana Proportionate Share associated with the Employer	<u>863,800</u>
<b>Total</b>	<b>\$ 2,355,939</b>

At June 30, 2015, the employer recognized a Pension Expense of \$ 2,355,939.00 for its proportionate share of the PERS' Pension Expense. The employer also recognized grant revenue of \$ 863,800.00 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

#### Recognition of Beginning Deferred Outflow

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY2014 contributions of \$ 2,355,939.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

At June 30, 2015, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Difference between projected and actual earnings on pension plan investments	\$ -	\$ 7,893,396
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ 2,165	\$1,010
Difference between actual and expected contributions	\$ -	\$ -
Contributions paid to PERS subsequent to the measurement date - FY 2015 Contributions	\$ 2,474,173	\$ -
<b>Total</b>	<b>\$ 2,476,338</b>	<b>\$ 7,894,406</b>

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2016	\$ -	\$ 1,972,964	\$ (1,972,964)
2017	\$ -	\$ 1,972,964	\$ (1,972,964)
2018	\$ -	\$ 1,973,349	\$ (1,973,349)
2019	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -
Thereafter	\$ -	\$ -	\$ -

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 2. **Firefighters' Unified Retirement System (FURS)**

##### Plan Description

The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and either final monthly compensation or final average compensation. Effective July 1, 2005, the benefits are based on highest average compensation and highest average compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service.

##### **Summary of Benefits**

##### Member's Compensation

Hired prior to July 1, 1981 and not electing GABA – highest monthly compensation (HMC).

Hired after June 30, 1981 and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.

Hired on or after July 1, 2013 – 110% annual cap on compensations considered as a part of a member's highest average compensation.

##### Eligibility for benefit

20 years of membership service, regardless of age.

##### Early Retirement

Age 50, 5 years of membership service.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Vesting

5 years of membership service.

#### Monthly Benefit Formula

1. Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of 2.5% of HMC per year of service, OR
  - a. If less than 20 years of service – 2% of HMC for each year of service.
  - b. If more than 20 years of service – 50% of the member's HMC, plus 2% of the member's HMC for each year of service over 20 years.
2. Members hired on or after July 1, 1981, and those electing GABA – 2.5% of HAC per year of membership service.

#### Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

#### Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997, the monthly retirement, disability or survivor's benefit may not be less than  $\frac{1}{2}$  the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service). If a benefit falls below that minimum, the benefit is increased and paid to the benefit recipient.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### **Total number of members (employees) covered by the benefit terms as of June 30, 2015:**

Active plan members	627
Inactive member, entitled to but not yet receiving benefits or a refund:	
Vested	21
Non-vested	71
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	580
Disability Retirements	9
Survivor Benefits	20

#### Overview of Contributions

1. Rates are specified by state law for periodic employer and employee contributions. The State Legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
  - a. For members hired prior to July 1, 1997, and not electing GABA, member contributions as a percentage of salary are 9.5%, and
  - b. For members hired on or after July 1, 1997, and members electing GABA, member contributions as a percentage of salary are 10.7%.
3. Employer contributions to the system:
  - a. The employers are required to contribute 14.36% of member's compensation.
  - b. The State contributes 32.61% of member's compensation from the general fund.
  - c. Effective July 1, 2013, employer and state contributions are required to be paid on working retiree compensation. Member contributions are not required for working retirees.

#### Stand-alone Statements

The FURS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

CAFR information including stand-alone financial statements can be found at the website  
<http://mpera.mt.gov/annualReports.shtml>

The latest actuarial valuation and experience study can be found at the website  
<http://mpera.mt.gov/actuarialValuations.asp>.

#### Actuarial Assumptions

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the last actuarial experience study, dated May 2010 for the six year period July 1, 2003, to June 30, 2009. Among those assumptions were the following:

General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 6%
Investment Return	7.75%
Postretirement Benefit Increases	
-If electing GABA or hired on or after July 1, 1997	3.00%

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

Minimum Benefit Adjustment	50% of a newly confirmed officer
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- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 32.61% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

#### Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.80%
Foreign Equity	18.00%	6.05%
Fixed Income	24.00%	1.68%
Private Equity	12.00%	8.50%
Real Estate	8.00%	4.50%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

#### Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
FURS' Net Pension Liability	\$156,823,891	\$97,616,579	\$49,290,705
Employer's proportion	\$10,362,202	\$6,450,055	\$3,256,903

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

#### Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred.

Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

#### Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Firefighters' Unified Retirement System



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

(FURS). Statement 68 became effective June 30, 2015, and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

In accordance with Statement 68, FURS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to FURS on behalf of the employers. Due to the existence of this special funding situation, employers are required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

	Net Pension Liability as of 6/30/13	Net Pension Liability as of 6/30/14	Percent of Collective NPL
Employer Proportionate Share	\$ 8,255,688	\$ 6,450,055	6.6075410%
State of Montana Proportionate Share associated with Employer	<u>18,624,430</u>	<u>14,551,010</u>	<u>0.6928701%</u>
<b>Total</b>	<b>\$26,880,118</b>	<b>\$21,001,065</b>	<b>7.3004111%</b>

At June 30, 2015, the employer recorded a liability of \$ 6,450,055.00 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by FURS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of FURS' participating employers. At June 30, 2014, the employer's portion was 6.607541 percent.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### Pension Expense

	Pension Expense as of 6/30/14
Employer's Proportionate Share	\$ 716,029
State of Montana Proportionate Share associated with the Employer	<u>1,615,326</u>
<b>Total</b>	<b>\$2,331,355</b>

At June 30, 2015, the employer recognized a Pension Expense of \$ 2,331,355 for its proportionate share of the FURS' Pension Expense. The employer also recognized grant revenue of \$ 1,615,326 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

### Recognition of Beginning Deferred Outflow

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY2014 contributions of \$ 1,240,532.

### Deferred Inflows and Outflows

At June 30, 2015, the employer reported its proportionate share of FURS' deferred outflows of resources and deferred inflows of resources related to FURS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,281,130
Difference between actual and expected contributions	\$ -	\$ -
#Contributions paid to PERS subsequent to the measurement date - FY 2015		
Contributions	\$ 950,522	\$ -
<b>Total</b>	<b>\$ 950,522</b>	<b>\$ 1,281,130</b>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2016	\$ -	\$ 320,283	\$ (320,283)
2017	\$ -	\$ 320,283	\$ (320,283)
2018	\$ -	\$ 320,283	\$ (320,283)
2019	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -
Thereafter	\$ -	\$ -	\$ -

### 3. Municipal Police Officers' Retirement System (MPORS)

#### Plan Description

The Municipal Police Officers' Retirement System (MPORS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan that was established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and final average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service.

#### Summary of Benefits

Member's final average compensation (FAC)

Hired prior to July 1, 1977 – average monthly compensation of final year of service.

Hired on or after July 1, 1977 – final average compensation (FAC) for the last consecutive 36 months.

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's final average compensation.

#### Eligibility for Benefit

20 years of membership service, regardless of age

#### Early Retirement

Age 50, 5 years of membership service

#### Vesting

5 years of membership service

#### Monthly Benefit Formula

2.5% of FAC per year of service credit

#### Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

#### Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA - the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed officer in the city that the member was last employed.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the Board. The DROP is governed by Title 19, Chapter 9, Part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated.

#### Total Number of members (employees) covered by the benefit terms as of June 30, 2015:

Active plan members	743
Inactive member, entitled to but not yet receiving benefits or a refund:	
Vested	60
Non-vested	103
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	694
Disability Retirements	21
Survivor Benefits	29

#### Overview of Contributions

1. Rates are specified by state law for periodic employer and employee contributions. The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
  - a. Member contribution rates are dependent upon date of hire as a police officer. For fiscal year 2015:

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

- i. If employed on or before June 30, 1975, member contributions as a percentage of salary are 5.8%;
  - ii. If employed after June 30, 1975, and prior to July 1, 1979, member contributions as a percentage of salary are 7.0%;
  - iii. If employed after June 30, 1979, and prior to July 1, 1997, member contributions as a percentage of salary are 8.5%; and,
  - iv. If employed on or after July 1, 1997, and for members electing GABA, member contributions as a percentage of salary are 9.0%.
3. Employer contributions to the system:
- a. The employers are required to contribute 14.41% of member's compensation.
  - b. The State contributes 29.37% of member's compensation from the general fund.

### Stand-alone Statements

The MPORS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including stand-alone financial statements can be found on the website at <http://mpera.mt.gov/annualReports.shtml>

The latest actuarial valuation and experience study can be found on the website at <http://mpera.mt.gov/actuarialValuations.asp>

### Actuarial Assumptions

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the last actuarial experience study, dated May 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 7.3%
Investment Return	7.75%
Postretirement Benefit Increases	
-If electing GABA or hired on or after July 1, 1997	3.00%

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

Minimum Benefit Adjustment

50% of a newly confirmed officer

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 29.37% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Target Allocations

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.80%
Foreign Equity	18.00%	6.05%
Fixed Income	24.00%	1.68%
Private Equity	12.00%	8.50%
Real Estate	8.00%	4.50%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

#### Sensitivity Analysis

	1.0% Decrease -6.75%	Current Discount Rate	1.0% Increase -8.75%
MPORS' Net Pension Liability	\$226,560,623	\$157,135,903	\$102,022,702
Employer's Proportion	16,256,970	11,275,365	7,320,690

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.



## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

#### Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Municipal Police Officers' Retirement System (MPORS). Statement 68 became effective June 30, 2015, and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions.

In accordance with Statement 68, MPORS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to MPORS on behalf of the employers. Due to the existence of this special funding situation, employers are required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

	Net Pension Liability as of 6/30/13	Net Pension Liability as of 6/30/14	Percent of Collective NPL
Employer Proportionate Share	\$12,846,682	\$11,275,365	7.1755500%
State of Montana Proportionate Share Associated with Employer	<u>25,951,834</u>	<u>22,777,585</u>	<u>0.6688873%</u>
<b>Total</b>	<b>\$38,798,516</b>	<b>\$34,052,950</b>	<b>7.8444373%</b>

At June 30, 2015, the employer recorded a liability of \$ 11,275,365 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by MPORS during the

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of MPORS' participating employers. At June 30, 2014, the employer's proportion was 7.175550%.

#### Changes in Actuarial Assumptions and Methods

There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

#### Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

#### Changes in Proportionate Share

There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

#### Pension Expense

	Pension Expense as of 6/30/14
Employer's Proportionate Share	\$1,212,835
State of Montana Proportionate Share associated with the Employer	<u>2,450,073</u>
<b>Total</b>	<b>\$3,662,908</b>

At June 30, 2015, the employer recognized a Pension Expense of \$ 3,662,908 for its proportionate share of the MPORS' Pension Expense. The employer also recognized grant revenue of \$ 2,450,073 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

#### Recognition of Beginning Deferred Outflow

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY2014 contributions of \$ 1,399,837.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### Deferred Inflows and Outflows

At June 30, 2015, the employer reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources related to MPORS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Difference between projected and actual earnings on pension plan investments	\$ -	\$ -
Changes in proportion differences between employer contributions and proportionate share of contributions	\$ -	\$ 1,384,316
Difference between actual and expected contributions	\$ -	\$ -
#Contributions paid to PERS subsequent to the measurement date - FY 2015 Contributions	\$ 862,416	\$ -
<b>Total</b>	<b>\$ 862,416</b>	<b>\$ 1,384,316</b>

#Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2016	\$ -	\$ 346,079	\$ (346,079)
2017	\$ -	\$ 346,079	\$ (346,079)
2018	\$ -	\$ 346,079	\$ (346,079)
2019	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -
Thereafter	\$ -	\$ -	\$ -

#### **4. PERS-defined contributions retirement plan (DCRP)**

The PERS-defined contribution retirement plan (DCRP) is a multiple-employer plan established July 1, 2002, and governed by Title 19, Chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

governments, and certain employees of the school districts and university system. Contribution rates can only be amended by the Legislature. A percentage of the employer contribution will be used to maintain the funding of the defined benefit plan.

The PERS-DCRP provides for retirement, disability, and death benefits to plan members and their beneficiaries based on the balance in the member's account. Eligibility for benefits is upon termination of service. The benefits depend upon the individual account balance. IRS permitted rollovers are also possible. Vesting is immediate for members' contributions and interest and after 5 years of service for employers' contributions and interest.

DCRP Education Fund: Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, provides education to the members that have joined the PERS-DCRP.

DCRP Disability Fund: Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117 MCA, provides disability benefits to eligible members of the PERS-DCRP.

The member contribution rate for fiscal year 2011 was 6.9% of member's compensation. Members hired on or after July 1, 2011, have a contribution rate of 7.9%. The employer and state rate for fiscal year 2011 is 7.17% and is allocated as follows: 4.19% allocated to the member's retirement account, 2.64% allocated to the defined benefit plan choice rate, 0.04% allocated to the defined contribution education fund, and 0.3% allocated to the long-term disability plan.

#### **H. Prior Period Adjustment**

A prior period adjustment of \$2,401,596 was made to increase the governmental activities' beginning net position. The adjustment was due to a cumulative error made in calculating the compensated absences liability.

A prior period adjustment of \$39,074,777 was made to decrease the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

The restatement of beginning net position of governmental activities is summarized as follows:

#### Governmental Activities

Net position at July 1, 2014 as previously stated	\$ 292,552,686
Compensated absence prior period adjustment	2,401,596
Net pension liability adjustment	<u>(39,074,777)</u>
Net position at July 1, 2014, as restated	<u>\$ 255,879,504</u>

A prior period adjustment of \$226,015 was made to increase the business-type activities' beginning net position. The adjustment was due to a cumulative error made in calculating the compensated absences liability.

A prior period adjustment of \$16,337,363 was made to decrease the business-type activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position of governmental activities is summarized as follows:

#### Business-type Activities

Net position at July 1, 2014 as previously stated	\$ 402,297,438
Compensated absence prior period adjustment	226,015
Net pension liability adjustment	<u>(16,337,363)</u>
Net position at July 1, 2014, as restated	<u>\$ 386,186,088</u>



## REQUIRED SUPPLEMENTAL INFORMATION



Required Supplemental Information

**CITY OF BILLINGS, MONTANA**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**

**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 13,897,377	\$ 13,897,377	\$ 14,600,053	\$ (702,676)
Licenses and permits	4,367,439	4,367,439	4,579,156	(211,717)
Intergovernmental	9,953,347	9,953,347	10,450,820	(497,473)
Charges for services	3,386,179	3,386,179	3,754,681	(368,502)
Fines and forfeitures	1,796,262	1,796,262	1,579,858	216,404
Special assessments	-	-	10,635	(10,635)
Other	50,520	50,520	124,350	(73,830)
Total revenues	<u>33,451,124</u>	<u>33,451,124</u>	<u>35,099,553</u>	<u>(1,648,429)</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 6,255,508	\$ 6,386,555	\$ 5,608,346	778,209
Public safety	301,858	316,158	316,106	52
Public works	433,714	434,194	398,807	35,387
Culture and recreation	3,788,136	3,860,018	3,912,962	(52,944)
Capital outlay	34,800	198,967	74,846	124,121
Total expenditures	<u>10,814,016</u>	<u>11,195,892</u>	<u>10,311,067</u>	<u>884,825</u>
Revenues over (under) expenditures	<u>22,637,108</u>	<u>22,255,232</u>	<u>24,788,486</u>	<u>(2,533,254)</u>
Other financing sources (uses):				
Transfers in	2,742	52,098	50,482	1,616
Transfers out	(23,324,965)	(23,356,092)	(23,094,088)	(262,004)
Sale of capital assets	1,000	1,000	-	1,000
Total other financing sources (uses)	<u>(23,321,223)</u>	<u>(23,302,994)</u>	<u>(23,043,606)</u>	<u>(259,388)</u>
Net change in fund balances	<u>\$ (684,115)</u>	<u>\$ (1,047,762)</u>	<u>1,744,880</u>	<u>\$ (2,792,642)</u>
Fund balance, beginning of year			<u>23,135,031</u>	
Fund balance, end of year			<u>\$ 24,879,911</u>	

The notes to the financial statements are an integral part of this statement.

Required Supplemental Information

**CITY OF BILLINGS, MONTANA**  
**Major Special Revenue Fund - Public Safety**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 11,957,528	\$ 11,957,528	\$ 11,412,390	\$ 545,138
Licenses and permits	95,096	95,096	31,514	63,582
Intergovernmental	2,420,612	2,420,612	2,546,205	(125,593)
Charges for services	1,317,704	1,317,704	1,448,703	(130,999)
Fines and forfeitures	2,600	2,600	9,188	(6,588)
Other	22,062	22,062	59,693	(37,631)
Total revenues	<u>15,815,602</u>	<u>15,815,602</u>	<u>15,507,693</u>	<u>307,909</u>
<b>Expenditures:</b>				
Current:				
Public safety	35,341,314	35,440,652	34,421,172	1,019,480
Public health	856,595	860,093	842,971	17,122
Capital outlay	<u>237,000</u>	<u>237,000</u>	<u>93,699</u>	<u>143,301</u>
Debt service:				
Principal	495,743	495,743	495,742	1
Interest and fiscal charges	<u>70,310</u>	<u>70,310</u>	<u>70,309</u>	<u>1</u>
Total expenditures	<u>37,000,962</u>	<u>37,103,798</u>	<u>35,923,893</u>	<u>1,179,905</u>
Revenues over (under) expenditures	<u>(21,185,360)</u>	<u>(21,288,196)</u>	<u>(20,416,200)</u>	<u>(871,996)</u>
Other financing sources (uses):				
Transfers in	21,911,000	21,911,000	21,666,153	244,847
Transfers out	<u>(1,172,088)</u>	<u>(1,172,088)</u>	<u>(1,172,088)</u>	<u>-</u>
Total other financing sources (uses)	<u>20,738,912</u>	<u>20,738,912</u>	<u>20,494,065</u>	<u>244,847</u>
Net change in fund balances	<u>\$ (446,448)</u>	<u>\$ (549,284)</u>	<u>77,865</u>	<u>\$ (627,149)</u>
Fund balance, beginning of year			1,600,000	
Fund balance, end of year			<u>\$ 1,677,865</u>	

The notes to the financial statements are an integral part of this statement.



## Required Supplemental Information

### A. Budgetary Information

Budgets are legally required and are prepared for all the City's governmental funds. Except for on-behalf payments by the State of Montana for pension plan contributions, these budgets are prepared on the same basis and use the same accounting practices as are used to account for and prepare financial reports for the governmental funds, consistent with accounting principles generally accepted in the United States of America.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) On or before June 1<sup>st</sup>, all departments and agencies of the City submit requests for appropriations to the city administrator so that a budget may be prepared.
- 2) Before June 10<sup>th</sup>, the proposed budget and tax levy must be submitted to the city clerk and then is presented to the city council for review and approval.
- 3) The council holds public hearings and a final budget and tax levy must be prepared, adopted, and submitted to the county auditor, no later than the first Thursday in September or within 30 calendar days of receiving certified taxable values from the Montana Department of Revenue.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The city council may amend the budget at the fund level by reducing appropriations when (1) a shortfall is anticipated and budgeted revenues occur resulting in expenditures for the year exceeding actual revenues and available cash balances or, (2) savings result from unanticipated adjustments in projected expenditures. Amended appropriations are made at the total expenditure, or fund level, and public hearings are required.

Annual appropriated budgets are adopted for all the City's funds, and all annual appropriations lapse at fiscal yearend. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end will be re-appropriated and honored during the subsequent year. The annual appropriated budget was amended during the year. The major amendments were for the General Fund; Public Safety Fund; Special Improvement Districts Fund; Nonmajor Special Revenue Funds: Development Services Grants Fund; Library Fund; Cemetery Improvements; Storm Sewer; North 27<sup>th</sup> Street Tax Increment Operating; South Tax Increment Operating; East Tax Increment Operating; Downtown Tax Increment Operating, Nonmajor Debt Service Funds: Series 2015 G.O. and Series 2007A Baseball Field/Stadium Fund; Nonmajor Capital Project Funds: New Library Construction Fund; Storm Sewer Construction; Special

## Required Supplemental Information

Improvement Districts; and Sidewalk and Curb Districts Fund; Enterprise Funds: Airport Fund, Water Fund, and Solid Waste Fund; and Internal Service Funds: Central Telephone Services Fund, Information Technology Fund, and Facilities Management Fund.

Management can transfer appropriations between and among expenditure classes of salaries and benefits, operations and maintenance, capital outlay, interest and debt redemption, or miscellaneous without city council approval or a public hearing, provided that no salary shall be increased above the amount appropriated. As a matter of management accountability, the city council is informed of all appropriation transfers.

Spending control is established by the total amount of expenditures budgeted for the fund, but management control is exercised at budgetary line item levels. Individual fund budgets are the same as the appropriation amounts.

### **B. Reconciliation of Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures**

	Public Safety Fund
<u>Revenues</u>	
Actual amounts (budgetary basis) "Total revenues" from the budget	\$ 15,507,693
Differences-budget to GAAP:	
On-behalf payments by the State of Montana for pension plan contributions are not a budgetary resource but are revenues for financial reporting purposes	<u>5,809,640</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 21,317,333</u>
<u>Expenditures</u>	
Actual amounts (budgetary basis) "Total expenditures" from the budget	\$ 35,923,893
Differences-budget to GAAP:	
On-behalf payments by the State of Montana for pension plan contributions are not a budgetary outflow but are expenditures for financial reporting purposes	<u>5,809,640</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 41,733,533</u>

# Required Supplemental Information

## C. Other Postemployment Benefits – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 17,923,000	\$ 17,923,000	0%	\$ 48,138,881	37.2%
7/1/2012	\$ -	\$ 12,300,000	\$ 12,300,000	0%	\$ 49,640,886	24.8%
7/1/2014	\$ -	\$ 7,174,000	\$ 7,174,000	0%	\$ 52,764,610	13.5%

## D. Schedules of the City's Proportionate Share of the Net Pension Liability

### Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees Retirement System (PERS) Last Ten Fiscal Years <sup>1</sup> (Dollar amounts in Thousands)

	<u>2015</u>
Employer's proportion of the net pension liability	30,549
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	2.45%
State of MT proportionate share of the net pension liability associated with the Employer	<u>373</u>
<b>Total</b>	<u><u>30,922</u></u>
Employer's covered-employee payroll	27,754
Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	110.07%
Plan fiduciary net position the total pension liability (as a percentage)	79.90%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.

## Required Supplemental Information

### Schedule of the City's Proportionate Share of the Net Pension Liability Firefighters' Unified Retirement System (FURS) Last Ten Fiscal Years <sup>1</sup> (Dollar amounts in Thousands)

	<b><u>2015</u></b>
Employer's proportion of the net pension liability	6,450
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	6.61%
State of MT proportionate share of the net pension liability associated with the Employer	<u>14,551</u>
<b>Total</b>	<b><u>21,001</u></b>
 Employer's covered-employee payroll	 8,583
 Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	 75.15%
Plan fiduciary net position the total pension liability (as a percentage)	76.70%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.

### Schedule of the City's Proportionate Share of the Net Pension Liability Municipal Police Officers' Retirement System (MPORS) Last Ten Fiscal Years <sup>1</sup> (Dollar amounts in Thousands)

	<b><u>2015</u></b>
Employer's proportion of the net pension liability	11,275
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	7.18%
State of MT proportionate share of the net pension liability associated with the Employer	<u>22,778</u>
<b>Total</b>	<b><u>34,053</u></b>
 Employer's covered-employee payroll	 9,628
 Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	 117.11%
Plan fiduciary net position the total pension liability (as a percentage)	67.00%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.

Required Supplemental Information

**E. Schedules of the City's Contributions**

**Schedule of the City's Contributions  
Public Employees Retirement System (PERS)  
Last Ten Fiscal Years <sup>1</sup>  
(Dollar amounts in Thousands)**

	<b><u>2015</u></b>
Contractually required contributions	2,474
Contributions in relation to the contractually required contributions	2,474
Contribution deficiency (excess)	-
Employer's covered-employee payroll	28,950
Contributions of covered-employee payroll (as a percentage)	8.55%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Firefighters' Unified Retirement System (FURS)  
Last Ten Fiscal Years <sup>1</sup>  
(Dollar amounts in Thousands)**

	<b><u>2015</u></b>
Contractually required contributions	951
Contributions in relation to the contractually required contributions	951
Contribution deficiency (excess)	-
Employer's covered-employee payroll	8,883
Contributions of covered-employee payroll (as a percentage)	10.70%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.

Required Supplemental Information

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Municipal Police Officers' Retirement System (MPORS)  
Last Ten Fiscal Years <sup>1</sup>  
(Dollar amounts in Thousands)**

	<b><u>2015</u></b>
Contractually required contributions	862
Contributions in relation to the contractually required contributions	862
Contribution deficiency (excess)	-
Employer's covered-employee payroll	9,582
Contributions of covered-employee payroll (as a percentage)	9.00%

<sup>1</sup> In FY2015, The City of Billings adopted GASB 68. See Notes to Financial Statements.



## SUPPLEMENTAL INFORMATION



**MAJOR FUNDS**

**BUDGET AND ACTUAL SCHEDULES**



**CITY OF BILLINGS, MONTANA**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**

**For the Fiscal Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>				
Taxes	\$ 13,897,377	\$ 13,897,377	\$ 14,600,053	\$ (702,676)
Licenses and permits	4,367,439	4,367,439	4,579,156	(211,717)
Intergovernmental	9,953,347	9,953,347	10,450,820	(497,473)
Charges for services	3,386,179	3,386,179	3,754,681	(368,502)
Fines and forfeitures	1,796,262	1,796,262	1,579,858	216,404
Special assessments	-	-	10,635	(10,635)
Other	50,520	50,520	124,350	(73,830)
Total revenues	<u>33,451,124</u>	<u>33,451,124</u>	<u>35,099,553</u>	<u>(1,648,429)</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	7,403,522	7,453,339	7,145,473	307,866
Operations and maintenance	3,375,694	3,543,584	3,090,748	452,836
Capital outlay	34,800	198,969	74,846	124,123
Total expenditures	<u>10,814,016</u>	<u>11,195,892</u>	<u>10,311,067</u>	<u>884,825</u>
Revenues over (under) expenditures	<u>22,637,108</u>	<u>22,255,232</u>	<u>24,788,486</u>	<u>(2,533,254)</u>
Other financing sources (uses):				
Transfers in	2,742	52,098	50,482	1,616
Transfers out	(23,324,965)	(23,356,092)	(23,094,088)	(262,004)
Sale of capital assets	1,000	1,000	-	1,000
Total other financing sources (uses)	<u>(23,321,223)</u>	<u>(23,302,994)</u>	<u>(23,043,606)</u>	<u>(259,388)</u>
Net change in fund balances	<u>\$ (684,115)</u>	<u>\$ (1,047,762)</u>	<u>1,744,880</u>	<u>\$ (2,792,642)</u>
Fund balance, beginning of year			23,135,031	
Fund balance, end of year			<u>\$ 24,879,911</u>	

**CITY OF BILLINGS, MONTANA**  
**Major Special Revenue Fund - Public Safety**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 11,957,528	\$ 11,957,528	\$ 11,412,390	\$ 545,138
Licenses and permits	95,096	95,096	31,514	63,582
Intergovernmental	2,420,612	2,420,612	2,546,205	(125,593)
Charges for services	1,317,704	1,317,704	1,448,703	(130,999)
Fines and forfeitures	2,600	2,600	9,188	(6,588)
Other	22,062	22,062	59,693	(37,631)
Total revenues	<u>15,815,602</u>	<u>15,815,602</u>	<u>15,507,693</u>	<u>307,909</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	30,385,809	30,385,809	29,673,435	712,374
Operations and maintenance	5,812,100	5,914,936	5,590,708	324,228
Capital outlay	237,000	237,000	93,699	143,301
Debt service:				
Principal	495,743	495,743	495,742	1
Interest and fiscal charges	70,310	70,310	70,309	1
Total expenditures	<u>37,000,962</u>	<u>37,103,798</u>	<u>35,923,893</u>	<u>1,179,905</u>
Revenues over (under) expenditures	<u>(21,185,360)</u>	<u>(21,288,196)</u>	<u>(20,416,200)</u>	<u>(871,996)</u>
Other financing sources (uses):				
Transfers in	21,911,000	21,911,000	21,666,153	244,847
Transfers out	(1,172,088)	(1,172,088)	(1,172,088)	-
Total other financing sources (uses)	<u>20,738,912</u>	<u>20,738,912</u>	<u>20,494,065</u>	<u>244,847</u>
Net change in fund balances	<u>\$ (446,448)</u>	<u>\$ (549,284)</u>	<u>77,865</u>	<u>\$ (627,149)</u>
Fund balance, beginning of year			1,600,000	
Fund balance, end of year			<u>\$ 1,677,865</u>	

**CITY OF BILLINGS, MONTANA**  
**Major Debt Service Fund - Special Improvement Districts Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Special assessments	\$ 2,120,000	\$ 2,120,000	\$ 2,094,987	\$ 25,013
Other	750	750	2,456	(1,706)
Total revenues	<u>2,120,750</u>	<u>2,120,750</u>	<u>2,097,443</u>	<u>23,307</u>
<b>Expenditures:</b>				
Current:				
Operations and maintenance	-	-	7,400	(7,400)
Debt service:				
Principal	1,975,000	6,375,000	6,331,075	43,925
Interest and fiscal charges	<u>503,350</u>	<u>503,350</u>	<u>537,745</u>	<u>(34,395)</u>
Total expenditures	<u>2,478,350</u>	<u>6,878,350</u>	<u>6,876,220</u>	<u>2,130</u>
Revenues over (under) expenditures	<u>(357,600)</u>	<u>(4,757,600)</u>	<u>(4,778,777)</u>	<u>21,177</u>
Other financing sources (uses):				
Transfers out	-	-	(959)	959
Special assessment bonds issued	<u>-</u>	<u>-</u>	<u>4,679,324</u>	<u>(4,679,324)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,678,365</u>	<u>(4,678,365)</u>
Net change in fund balances	<u>\$ (357,600)</u>	<u>\$ (4,757,600)</u>	<u>\$ (100,412)</u>	<u>\$ (4,657,188)</u>
Fund balance, beginning of year			<u>5,243,733</u>	
Fund balance, end of year			<u>\$ 5,143,321</u>	



# NONMAJOR GOVERNMENT FUNDS

## NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are administratively or legally restricted to expenditures for specified purposes.

## NONMAJOR DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on bonded general long-term debt.

## NONMAJOR CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds) and the construction of public improvements that are financed through assessments to individual property owners.

## NONMAJOR PERMANENT FUND

The Permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Government Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 25,286,419	\$ 777,355	\$ 5,306,957	\$ 294,674	\$ 31,665,405
Cash with fiscal agent	623,840	9,349,168	-	-	9,973,008
Investments	31,781,575	980,748	6,677,273	370,320	39,809,916
Receivables:					
Property taxes	745,173	120,042	-	-	865,215
Accounts and unbilled usage	76,884	-	-	-	76,884
Delinquent special assessments	788,014	14,078	-	-	802,092
Special assessments receivable	-	1,570,826	-	-	1,570,826
Accrued interest	54,429	1,571	3,665	575	60,240
Notes	1,448,605	227,832	-	-	1,676,437
Due from other funds	59,715	-	-	-	59,715
Due from other governments	951,000	-	-	-	951,000
Inventories	94,783	-	-	-	94,783
Property held for resale	103,800	-	187,828	-	291,628
Total assets	<u>\$ 62,014,237</u>	<u>\$ 13,041,620</u>	<u>\$ 12,175,723</u>	<u>\$ 665,569</u>	<u>\$ 87,897,149</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 3,128,070	\$ 3,100	\$ 1,833,224	\$ -	\$ 4,964,394
Accrued wages & benefits	249,181	-	-	-	249,181
Unearned Revenue	1,235,448	-	-	-	1,235,448
Other liabilities	-	10,000	-	-	10,000
Due to other funds	578,863	-	57,578	-	636,441
Total liabilities	<u>5,191,562</u>	<u>13,100</u>	<u>1,890,802</u>	<u>-</u>	<u>7,095,464</u>
Deferred inflows:					
Unavailable Revenue	<u>2,033,372</u>	<u>1,859,307</u>	<u>-</u>	<u>-</u>	<u>3,892,679</u>
Fund balance:					
Unspendable	94,783	-	-	665,569	760,352
Restricted	43,925,204	11,169,213	10,633,146	-	65,727,563
Committed	10,817,365	-	-	-	10,817,365
Unassigned	(48,049)	-	(348,225)	-	(396,274)
Total fund balances	<u>54,789,303</u>	<u>11,169,213</u>	<u>10,284,921</u>	<u>665,569</u>	<u>76,909,006</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 62,014,237</u>	<u>\$ 13,041,620</u>	<u>\$ 12,175,723</u>	<u>\$ 665,569</u>	<u>\$ 87,897,149</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 5,391,587	\$ 2,359,388	\$ -	\$ -	\$ 7,750,975
Licenses and permits	2,373,747	-	-	-	2,373,747
Intergovernmental	9,471,843	-	-	-	9,471,843
Charges for services	6,750,121	-	-	12,964	6,763,085
Fines and forfeitures	489,479	-	-	-	489,479
Special assessments	19,790,848	406,315	-	-	20,197,163
Other	2,207,487	513,642	337,264	2,106	3,060,499
Total revenues	<u>46,475,112</u>	<u>3,279,345</u>	<u>337,264</u>	<u>15,070</u>	<u>50,106,791</u>
<b>Expenditures:</b>					
Current:					
General government	2,257,615	1,296	1,476	-	2,260,387
Public safety	3,376,925	-	-	-	3,376,925
Public works	17,846,803	3,100	216,306	-	18,066,209
Culture and recreation	4,461,193	-	-	-	4,461,193
Housing and economic development	4,416,272	-	6,774	-	4,423,046
Capital outlay	9,998,873	-	8,724,862	-	18,723,735
Debt service:					
Principal	222,242	2,108,000	-	-	2,330,242
Interest and fiscal charges	666,594	1,217,178	-	-	1,883,772
Bond issuance costs	171,150	109,802	183,345	-	464,297
Total expenditures	<u>43,417,667</u>	<u>3,439,376</u>	<u>9,132,763</u>	<u>-</u>	<u>55,989,806</u>
Revenues over (under) expenditures	<u>3,057,445</u>	<u>(160,031)</u>	<u>(8,795,499)</u>	<u>15,070</u>	<u>(5,883,015)</u>
Other financing sources (uses):					
Transfers in	3,519,379	1,012,113	2,255,925	-	6,787,417
Transfers out	(3,720,222)	-	(1,104,805)	(2,012)	(4,827,039)
Bond discount costs	(60,901)	-	-	-	(60,901)
Issuance of debt	-	6,270,000	-	-	6,270,000
Premium on bond debt	-	629,775	500,659	-	1,130,434
Special assessment bonds issued	3,655,676	-	10,320,000	-	13,975,676
Sale of capital assets	1,793,180	-	59,087	-	1,852,267
Total other financing sources (uses)	<u>5,187,112</u>	<u>7,911,888</u>	<u>12,030,866</u>	<u>(2,012)</u>	<u>25,127,854</u>
Net change in fund balances	<u>8,244,557</u>	<u>7,751,857</u>	<u>3,235,367</u>	<u>13,058</u>	<u>19,244,839</u>
Fund balance, beginning of year	<u>46,544,746</u>	<u>3,417,356</u>	<u>7,049,554</u>	<u>652,511</u>	<u>57,664,167</u>
Fund balance, end of year	<u>\$ 54,789,303</u>	<u>\$ 11,169,213</u>	<u>\$ 10,284,921</u>	<u>\$ 665,569</u>	<u>\$ 76,909,006</u>



# NONMAJOR SPECIAL REVENUE FUNDS

The City's non-major special revenue funds and their purposes are:

- The Gas Tax Fund accounts for revenues received from the State of Montana gasoline tax.
- The EOC 911 Fund accounts for monies received from the State of Montana 911 program.
- The Animal Shelter Donations Fund accounts for donations to the Animal Shelter for specific purposes.
- The Development Services Grants Fund accounts for revenues from the Federal government for community and housing related programs.
- The Library Fund accounts for operations of the Billings Library.
- The Cemetery Improvements Fund accounts for expansion projects at the cemetery.
- The Street Maintenance Districts Fund accounts for various street programs.
- The Fire Hydrant Maintenance District Fund accounts for the maintenance of fire hydrants.
- The Light Maintenance Districts Fund accounts for the maintenance of street lighting systems within several such districts in the City.
- The Park Maintenance Districts Fund accounts for revenues and expenditures which are related to parks maintenance within the various districts of the City.
- The Storm Sewer Fund accounts for the operation and maintenance of the storm sewer system.
- The North 27<sup>th</sup> Street Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the North 27<sup>th</sup> Street Tax Increment District. Amounts collected are used for the benefit of the tax increment district from which collections were assessed. Major revenue sources include property tax and revenue bond proceeds.



- The South Tax Increment Operating Fund accounts for revenues from property tax levies in the South Tax Increment District, not including the Miller Crossing properties, on increased values. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The East Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the East Tax Increment District. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The Downtown Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the Downtown Tax Increment District. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The Parks Program Fund accounts for revenues and expenditures related to park acquisitions and park improvements.
- The Police Programs Fund accounts for the following programs: Montana Board of Crime Control, Justice Assistant Grants, High Intensity Drug Traffic Area, Technology Grants, Homeland Security Grants, Internet Crimes Against Children, Highway Traffic Safety Grants, Community Police Officer, and other law enforcement related programs.
- The Amend Park Fund accounts for funds designated for the maintenance of Amend Park.
- The Transportation Enhancement Fund accounts for federal grant monies designed to enhance the transportation system by providing facilities for bicycles, pedestrians, and beautification of various portions of the transportation system.
- The City-County Planning Fund, through an inter-local agreement, accounts for the operation of the Planning Department, which promotes the health, safety, convenience, and welfare of the Community.
- The Building Inspection Fund accounts for building permits and inspections for private construction in the City.
- The Street & Traffic Fund accounts for street cleaning, snow removal, minor street repairs, signage, street striping, forestry, and traffic signal maintenance.
- The City Attorney Grants Fund accounts for grants from the Montana Board of Crime Control that includes the Victim/Witness Grant and Domestic Violence Unit Grant to supplement the City Attorney's efforts.



- The Fire Programs Fund accounts for the Regional HazMat Team, grants, donations, and other fire related programs.
- The Municipal Court Grants Fund is funded by grants.
- The Downtown Revolving Loan Program Fund accounts for low-interest loans to qualified property owners located in downtown Billings. Loans are funded by local banks and the City of Billings.
- Baseball Field/Stadium Donations for Capital Maintenance Fund accounts for donations to fund future capital maintenance for the new baseball field/stadium.
- The Arterial Fees Fund complements other funds in the construction of arterial streets within the City.
- The Administration Grants Fund accounts for the Department of Energy grant, which provides energy efficiency programs to various City departments.
- The Bike Paths and Trails Donations Fund accounts for donations received for bike path and trail projects.
- The Park District 1 Fund accounts for the city-wide park assessment, maintenance, and improvements.



CITY OF BILLINGS, MONTANA  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2015  
(Page 1 of 4)

	Gas Tax Fund	EOC 911 Fund	Animal Shelter Donations Fund	Development Services Grants Fund	Library Fund	Cemetery Improvements Fund	Street Maintenance Districts Fund	Fire Hydrant Maintenance Districts Fund
<b>Assets</b>								
Cash and cash equivalents	\$ 2,758,387	\$ 2,915,084	\$ 15,492	\$ 32,309	\$ 864,430	\$ 69,016	\$ 1,348,155	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	3,458,583	3,662,872	19,903	40,611	1,083,309	86,978	1,690,076	-
Receivables:								
Property taxes	-	-	-	-	42,108	-	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	281,612	-
Accrued interest	5,286	21,252	20	294	1,031	130	1,086	-
Notes	-	-	-	165,195	-	-	-	-
Due from other funds	59,715	-	-	-	-	-	-	-
Due from other governments	-	-	-	187,979	47,751	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	103,800	-	-	-	-
Total assets	<u>\$ 6,281,971</u>	<u>\$ 6,599,208</u>	<u>\$ 35,415</u>	<u>\$ 530,188</u>	<u>\$ 2,038,629</u>	<u>\$ 156,124</u>	<u>\$ 3,320,929</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 736,972	\$ 11,893	\$ -	\$ 114,646	\$ 51,005	\$ -	\$ -	\$ -
Accrued wages & benefits	1,654	657	-	9,607	48,785	-	-	-
Due to other funds	-	-	-	245,453	-	-	-	-
Unearned Revenue	1,235,448	-	-	-	-	-	-	-
Total liabilities	<u>1,974,074</u>	<u>12,550</u>	<u>-</u>	<u>369,706</u>	<u>99,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:								
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,195</u>	<u>21,037</u>	<u>-</u>	<u>41,569</u>	<u>-</u>
Fund balances:								
Unspendable	-	-	-	-	-	-	-	-
Restricted	4,307,897	6,586,658	-	-	1,016,435	156,124	3,279,360	-
Committed	-	-	35,415	-	901,367	-	-	-
Unassigned	-	-	-	(4,713)	-	-	-	-
Total fund balances	<u>4,307,897</u>	<u>6,586,658</u>	<u>35,415</u>	<u>(4,713)</u>	<u>1,917,802</u>	<u>156,124</u>	<u>3,279,360</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,281,971</u>	<u>\$ 6,599,208</u>	<u>\$ 35,415</u>	<u>\$ 530,188</u>	<u>\$ 2,038,629</u>	<u>\$ 156,124</u>	<u>\$ 3,320,929</u>	<u>\$ -</u>

(continued)

CITY OF BILLINGS, MONTANA  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2015  
(Page 2 of 4)

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Downtown Tax Increment Operating Fund	Parks Program Fund
<b>Assets</b>								
Cash and cash equivalents	\$ 558,875	\$ 220,279	\$ 2,670,006	\$ 917,565	\$ 1,965,550	\$ 1,639,902	\$ -	\$ 1,088,223
Cash with fiscal agent	-	-	-	623,840	-	-	-	-
Investments	702,303	276,927	3,357,125	1,150,898	2,469,067	2,062,449	-	1,369,946
Receivables:								
Property taxes	-	-	-	606,489	72,891	19,860	-	-
Accounts and unbilled usage	-	-	20,000	-	-	-	-	-
Delinquent special assessments	88,352	25,598	154,041	-	-	-	-	-
Accrued interest	549	179	4,585	786	3,186	592	-	1,999
Notes	-	-	-	-	-	-	-	50,000
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,350,079</u>	<u>\$ 522,983</u>	<u>\$ 6,205,757</u>	<u>\$ 3,299,578</u>	<u>\$ 4,510,694</u>	<u>\$ 3,722,803</u>	<u>\$ -</u>	<u>\$ 2,510,168</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 142,043	\$ 6,274	\$ 402,941	\$ -	\$ 533,304	\$ 55,488	\$ -	\$ 55,772
Accrued wages & benefits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>142,043</u>	<u>6,274</u>	<u>402,941</u>	<u>-</u>	<u>533,304</u>	<u>55,488</u>	<u>-</u>	<u>55,772</u>
Deferred inflows:								
Unavailable Revenue	<u>10,337</u>	<u>1,408</u>	<u>27,442</u>	<u>455,204</u>	<u>21,205</u>	<u>2,914</u>	<u>-</u>	<u>40,000</u>
Fund balances:								
Unspendable	-	-	-	-	-	-	-	-
Restricted	1,197,699	515,301	5,775,374	2,844,374	3,956,185	3,664,401	-	-
Committed	-	-	-	-	-	-	-	2,414,396
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,197,699</u>	<u>515,301</u>	<u>5,775,374</u>	<u>2,844,374</u>	<u>3,956,185</u>	<u>3,664,401</u>	<u>-</u>	<u>2,414,396</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,350,079</u>	<u>\$ 522,983</u>	<u>\$ 6,205,757</u>	<u>\$ 3,299,578</u>	<u>\$ 4,510,694</u>	<u>\$ 3,722,803</u>	<u>\$ -</u>	<u>\$ 2,510,168</u>

(continued)

CITY OF BILLINGS, MONTANA  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2015  
(Page 3 of 4)

	Police Programs Fund	Amend Park Fund	Transportation Enhancement Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund
<b>Assets</b>								
Cash and cash equivalents	\$ 499,982	\$ 89,057	\$ 38,955	\$ 119,379	\$ 971,383	\$ 1,924,155	\$ 1	\$ 101,851
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	628,772	111,927	49,008	149,190	1,221,773	2,415,089	(172)	127,819
Receivables:								
Property taxes	-	-	-	3,825	-	-	-	-
Accounts and unbilled usage	-	-	-	-	56,884	-	-	-
Delinquent special assessments	-	-	-	-	-	-	-	-
Accrued interest	395	174	-	212	1,816	3,212	3	609
Notes	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	129,332	-	293,184	160,171	-	-	1,768	-
Inventories	-	-	-	-	-	94,783	-	-
Property held for resale	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,258,481</u>	<u>\$ 201,158</u>	<u>\$ 381,147</u>	<u>\$ 432,777</u>	<u>\$ 2,251,856</u>	<u>\$ 4,437,239</u>	<u>\$ 1,600</u>	<u>\$ 230,279</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 89,507	\$ -	\$ 214,392	\$ 26,505	\$ 18,739	\$ 189,204	\$ -	\$ 417
Accrued wages & benefits	8,754	-	-	20,677	32,617	108,892	6,967	-
Due to other funds	-	-	204,724	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>98,261</u>	<u>-</u>	<u>419,116</u>	<u>47,182</u>	<u>51,356</u>	<u>298,096</u>	<u>6,967</u>	<u>417</u>
Deferred inflows:								
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Unspendable	-	-	-	-	-	94,783	-	-
Restricted	1,160,220	-	-	381,770	2,200,500	4,044,360	-	229,862
Committed	-	201,158	-	-	-	-	-	-
Unassigned	-	-	(37,969)	-	-	-	(5,367)	-
Total fund balances	<u>1,160,220</u>	<u>201,158</u>	<u>(37,969)</u>	<u>381,770</u>	<u>2,200,500</u>	<u>4,139,143</u>	<u>(5,367)</u>	<u>229,862</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,258,481</u>	<u>\$ 201,158</u>	<u>\$ 381,147</u>	<u>\$ 432,777</u>	<u>\$ 2,251,856</u>	<u>\$ 4,437,239</u>	<u>\$ 1,600</u>	<u>\$ 230,279</u>

(continued)

CITY OF BILLINGS, MONTANA  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2015  
(Page 4 of 4)

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Administration Grants Fund	Bike Paths and Trails Donations Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 23,440	\$ 573,118	\$ 192,712	\$ 2,528,687	\$ -	\$ 10,634	\$ 1,149,792	\$ 25,286,419
Cash with fiscal agent	-	-	-	-	-	-	-	623,840
Investments	29,489	721,939	242,023	3,194,662	-	13,311	1,445,698	31,781,575
Receivables:								
Property taxes	-	-	-	-	-	-	-	745,173
Accounts and unbilled usage	-	-	-	-	-	-	-	76,884
Delinquent special assessments	-	-	-	148,939	-	-	89,472	788,014
Accrued interest	3	1,131	380	3,857	-	-	1,662	54,429
Notes	-	1,233,410	-	-	-	-	-	1,448,605
Due from other funds	-	-	-	-	-	-	-	59,715
Due from other governments	130,815	-	-	-	-	-	-	951,000
Inventories	-	-	-	-	-	-	-	94,783
Property held for resale	-	-	-	-	-	-	-	103,800
Total assets	<u>\$ 183,747</u>	<u>\$ 2,529,598</u>	<u>\$ 435,115</u>	<u>\$ 5,876,145</u>	<u>\$ -</u>	<u>\$ 23,945</u>	<u>\$ 2,686,624</u>	<u>\$ 62,014,237</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 33,800	\$ -	\$ 1,180	\$ 388,233	\$ -	\$ 1,945	\$ 53,810	\$ 3,128,070
Accrued wages & benefits	4,367	-	-	-	-	-	6,204	249,181
Due to other funds	128,686	-	-	-	-	-	-	578,863
Unearned Revenue	-	-	-	-	-	-	-	1,235,448
Total liabilities	<u>166,853</u>	<u>-</u>	<u>1,180</u>	<u>388,233</u>	<u>-</u>	<u>1,945</u>	<u>60,014</u>	<u>5,191,562</u>
Deferred inflows:								
Unavailable Revenue	-	1,187,803	-	20,613	-	-	34,820	2,033,372
Fund balances:								
Unspendable	-	-	-	-	-	-	-	94,783
Restricted	16,894	-	-	-	-	-	2,591,790	43,925,204
Committed	-	1,341,795	433,935	5,467,299	-	22,000	-	10,817,365
Unassigned	-	-	-	-	-	-	-	(48,049)
Total fund balances	<u>16,894</u>	<u>1,341,795</u>	<u>433,935</u>	<u>5,467,299</u>	<u>-</u>	<u>22,000</u>	<u>2,591,790</u>	<u>54,789,303</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 183,747</u>	<u>\$ 2,529,598</u>	<u>\$ 435,115</u>	<u>\$ 5,876,145</u>	<u>\$ -</u>	<u>\$ 23,945</u>	<u>\$ 2,686,624</u>	<u>\$ 62,014,237</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**  
**(Page 1 of 4)**

	<b>Gas Tax Fund</b>	<b>EOC 911 Fund</b>	<b>Animal Shelter Donations Fund</b>	<b>Development Services Grants Fund</b>	<b>Library Fund</b>	<b>Cemetery Improvements Fund</b>	<b>Street Maintenance Districts Fund</b>	<b>Fire Hydrant Maintenance District Fund</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 995,699	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,855,848	1,070,820	-	972,357	1,309,731	-	-	-
Charges for services	-	-	-	38,367	13,391	10,741	-	-
Fines and forfeitures	-	-	-	-	82,115	-	-	-
Special assessments	-	-	-	-	-	-	7,198,383	-
Other	21,021	20,612	471	338,477	128,298	500	7,826	(2)
<b>Total revenues</b>	<b>1,876,869</b>	<b>1,091,432</b>	<b>471</b>	<b>1,349,201</b>	<b>2,529,234</b>	<b>11,241</b>	<b>7,206,209</b>	<b>(2)</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	523,512	-	-	-	-	-	-
Public works	2,380,059	-	-	-	-	113,156	5,139,543	-
Culture and recreation	-	-	-	-	3,047,618	-	-	-
Housing and economic development	-	-	-	1,742,180	-	-	-	-
Capital outlay	697,130	-	-	85,820	-	-	-	-
<b>Debt service:</b>								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,077,189</b>	<b>523,512</b>	<b>-</b>	<b>1,828,000</b>	<b>3,047,618</b>	<b>113,156</b>	<b>5,139,543</b>	<b>-</b>
Revenues over (under) expenditures	(1,200,320)	567,920	471	(478,799)	(518,384)	(101,915)	2,066,666	(2)
<b>Other financing sources (uses):</b>								
Transfers in	1,900,000	-	-	6,273	948,159	-	-	-
Transfers out	-	-	-	(4,500)	(1,085,752)	-	(1,900,000)	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	35,500	-	-	90,242	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,935,500</b>	<b>-</b>	<b>-</b>	<b>92,015</b>	<b>(137,593)</b>	<b>-</b>	<b>(1,900,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>735,180</b>	<b>567,920</b>	<b>471</b>	<b>(386,784)</b>	<b>(655,977)</b>	<b>(101,915)</b>	<b>166,666</b>	<b>(2)</b>
<b>Fund balance, beginning of year</b>	<b>3,572,717</b>	<b>6,018,738</b>	<b>34,944</b>	<b>382,071</b>	<b>2,573,779</b>	<b>258,039</b>	<b>3,112,694</b>	<b>2</b>
<b>Fund balance, end of year</b>	<b>\$ 4,307,897</b>	<b>\$ 6,586,658</b>	<b>\$ 35,415</b>	<b>\$ (4,713)</b>	<b>\$ 1,917,802</b>	<b>\$ 156,124</b>	<b>\$ 3,279,360</b>	<b>\$ -</b>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**  
**(Page 2 of 4)**

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Downtown Tax Increment Operating Fund	Parks Program Fund
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 1,906,175	\$ 1,526,445	\$ 506,685	\$ -	\$ -
Licenses and permits	-	-	6,800	-	-	-	-	-
Intergovernmental	-	-	-	249,202	256,218	146,654	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	2,328,366	1,031,393	3,703,159	-	-	-	-	-
Other	30,224	791	38,000	42,035	11,547	2,605	-	225,916
Total revenues	<u>2,358,590</u>	<u>1,032,184</u>	<u>3,747,959</u>	<u>2,197,412</u>	<u>1,794,210</u>	<u>655,944</u>	<u>-</u>	<u>225,916</u>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	2,345,772	-	1,321,869	-	-	-	-	-
Culture and recreation	-	801,922	-	-	-	-	-	71,186
Housing and economic development	-	-	-	1,282,984	482,201	665,305	-	-
Capital outlay	-	-	2,183,267	2,358,832	1,902,044	280,054	-	-
Debt service:								
Principal	-	-	-	140,000	-	-	-	15,354
Interest and fiscal charges	-	-	-	660,029	-	700	-	4,563
Bond issuance costs	-	-	-	-	93,170	77,980	-	-
Total expenditures	<u>2,345,772</u>	<u>801,922</u>	<u>3,505,136</u>	<u>4,441,845</u>	<u>2,477,415</u>	<u>1,024,039</u>	<u>-</u>	<u>91,103</u>
Revenues over (under) expenditures	<u>12,818</u>	<u>230,262</u>	<u>242,823</u>	<u>(2,244,433)</u>	<u>(683,205)</u>	<u>(368,095)</u>	<u>-</u>	<u>134,813</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	422,875	4,507	-	-	-	56,000
Transfers out	-	-	(329,225)	(100,000)	(25,000)	-	(4,507)	-
Bond discount costs	-	-	-	-	(25,973)	(34,928)	-	-
Special assessment bonds issued	-	-	-	-	490,676	3,165,000	-	-
Sale of capital assets	-	-	-	1,626,520	-	-	-	9,940
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>93,650</u>	<u>1,531,027</u>	<u>439,703</u>	<u>3,130,072</u>	<u>(4,507)</u>	<u>65,940</u>
Net change in fund balances	<u>12,818</u>	<u>230,262</u>	<u>336,473</u>	<u>(713,406)</u>	<u>(243,502)</u>	<u>2,761,977</u>	<u>(4,507)</u>	<u>200,753</u>
Fund balance, beginning of year	<u>1,184,881</u>	<u>285,039</u>	<u>5,438,901</u>	<u>3,557,780</u>	<u>4,199,687</u>	<u>902,424</u>	<u>4,507</u>	<u>2,213,643</u>
Fund balance, end of year	<u>\$ 1,197,699</u>	<u>\$ 515,301</u>	<u>\$ 5,775,374</u>	<u>\$ 2,844,374</u>	<u>\$ 3,956,185</u>	<u>\$ 3,664,401</u>	<u>\$ -</u>	<u>\$ 2,414,396</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**  
**(Page 3 of 4)**

	<b>Police Programs Fund</b>	<b>Amend Park Fund</b>	<b>Transportation Enhancement Fund</b>	<b>City-County Planning Fund</b>	<b>Building Inspection Fund</b>	<b>Street &amp; Traffic Fund</b>	<b>City Attorney Grants Fund</b>	<b>Fire Programs Fund</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 456,583	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	30,802	2,336,145	-	-	-
Intergovernmental	742,634	-	877,797	697,485	-	638,680	74,672	44,167
Charges for services	139,729	980	-	230,357	-	6,293,865	-	20,126
Fines and forfeitures	342,429	-	-	-	-	-	64,935	-
Special assessments	-	-	-	-	-	-	-	-
Other	393,969	642	-	1,078	11,856	53,435	-	85,715
Total revenues	<u>1,618,761</u>	<u>1,622</u>	<u>877,797</u>	<u>1,416,305</u>	<u>2,348,001</u>	<u>6,985,980</u>	<u>139,607</u>	<u>150,008</u>
<b>Expenditures:</b>								
Current:	-	-	-	-	-	-	-	-
General government	-	-	-	1,423,874	-	-	300,765	-
Public safety	1,072,841	-	-	-	1,705,059	-	2,362	73,151
Public works	-	-	-	-	-	6,228,409	-	-
Culture and recreation	-	847	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-	-
Capital outlay	138,465	-	910,848	-	18,060	510,190	-	46,652
Debt service:								
Principal	66,888	-	-	-	-	-	-	-
Interest and fiscal charges	1,302	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>1,279,496</u>	<u>847</u>	<u>910,848</u>	<u>1,423,874</u>	<u>1,723,119</u>	<u>6,738,599</u>	<u>303,127</u>	<u>119,803</u>
Revenues over (under) expenditures	<u>339,265</u>	<u>775</u>	<u>(33,051)</u>	<u>(7,569)</u>	<u>624,882</u>	<u>247,381</u>	<u>(163,520)</u>	<u>30,205</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	3,031	-	13,307	165,227	-
Transfers out	-	(614)	-	(5,268)	-	(217,502)	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	1,911	29,067	-	-
Total other financing sources (uses)	<u>-</u>	<u>(614)</u>	<u>-</u>	<u>(2,237)</u>	<u>1,911</u>	<u>(175,128)</u>	<u>165,227</u>	<u>-</u>
Net change in fund balances	339,265	161	(33,051)	(9,806)	626,793	72,253	1,707	30,205
Fund balance, beginning of year	820,955	200,997	(4,918)	391,576	1,573,707	4,066,890	(7,074)	199,657
Fund balance, end of year	<u>\$ 1,160,220</u>	<u>\$ 201,158</u>	<u>\$ (37,969)</u>	<u>\$ 381,770</u>	<u>\$ 2,200,500</u>	<u>\$ 4,139,143</u>	<u>\$ (5,367)</u>	<u>\$ 229,862</u>

(continued)



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**

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		Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Administration Grants Fund	Bike Paths and Trails Donations Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
	Municipal Court Grant Fund	Downtown Revolving Loan Fund					
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,391,587
Licenses and permits	-	-	-	-	-	-	2,373,747
Intergovernmental	535,578	-	-	-	-	-	9,471,843
Charges for services	2,565	-	-	-	-	-	6,750,121
Fines and forfeitures	-	-	-	-	-	-	489,479
Special assessments	-	-	-	3,632,724	-	1,896,823	19,790,848
Other	1,100	648,417	66,350	32,706	-	8,764	2,207,487
Total revenues	539,243	648,417	66,350	3,665,430	-	1,905,587	46,475,112
<b>Expenditures:</b>							
Current:							
General government	532,976	-	-	-	-	-	2,257,615
Public safety	-	-	-	-	-	-	3,376,925
Public works	-	-	-	317,995	-	-	17,846,803
Culture and recreation	-	-	6,671	-	-	532,949	4,461,193
Housing and economic development	-	243,602	-	-	-	-	4,416,272
Capital outlay	-	-	-	735,113	-	29,333	9,998,873
Debt service:							
Principal	-	-	-	-	-	-	222,242
Interest and fiscal charges	-	-	-	-	-	-	666,594
Bond issuance costs	-	-	-	-	-	-	171,150
Total expenditures	532,976	243,602	6,671	1,053,108	-	636,014	43,417,667
Revenues over (under) expenditures	6,267	404,815	59,679	2,612,322	-	1,269,573	3,057,445
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	3,519,379
Transfers out	-	-	-	-	(47,854)	-	(3,720,222)
Bond discount costs	-	-	-	-	-	-	(60,901)
Special assessment bonds issued	-	-	-	-	-	-	3,655,676
Sale of capital assets	-	-	-	-	-	-	1,793,180
Total other financing sources (uses)	-	-	-	-	(47,854)	-	5,187,112
Net change in fund balances	6,267	404,815	59,679	2,612,322	(47,854)	1,269,573	8,244,557
Fund balance, beginning of year	10,627	936,980	374,256	2,854,977	47,854	1,322,217	46,544,746
Fund balance, end of year	\$ 16,894	\$ 1,341,795	\$ 433,935	\$ 5,467,299	\$ -	\$ 2,591,790	\$ 54,789,303

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 1 of 16)**

	<b>Gas Tax Fund</b>				<b>EOC 911 Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,830,092	1,830,092	1,855,848	(25,756)	971,960	971,960	1,070,820	(98,860)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	12,000	12,000	21,021	(9,021)	17,310	17,310	20,612	(3,302)
Total revenues	<u>1,842,092</u>	<u>1,842,092</u>	<u>1,876,869</u>	<u>(34,777)</u>	<u>989,270</u>	<u>989,270</u>	<u>1,091,432</u>	<u>(102,162)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	56,326	56,326	52,866	3,460	-	-	17,960	(17,960)
Operations and maintenance	293,420	293,420	2,327,193	(2,033,773)	1,118,255	1,118,255	505,552	612,703
Capital outlay	6,476,372	6,476,372	697,130	5,779,242	10,000	10,000	-	10,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>6,826,118</u>	<u>6,826,118</u>	<u>3,077,189</u>	<u>3,748,929</u>	<u>1,128,255</u>	<u>1,128,255</u>	<u>523,512</u>	<u>604,743</u>
Revenues over (under) expenditures	<u>(4,984,026)</u>	<u>(4,984,026)</u>	<u>(1,200,320)</u>	<u>(3,783,706)</u>	<u>(138,985)</u>	<u>(138,985)</u>	<u>567,920</u>	<u>(706,905)</u>
Other financing sources (uses):								
Transfers in	1,900,000	1,900,000	1,900,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	35,500	(35,500)	-	-	-	-
Total other financing sources (uses)	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,935,500</u>	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u><u>\$(3,084,026)</u></u>	<u><u>\$(3,084,026)</u></u>	<u>735,180</u>	<u><u>\$(3,819,206)</u></u>	<u><u>\$ (138,985)</u></u>	<u><u>\$ (138,985)</u></u>	<u>567,920</u>	<u><u>\$ (706,905)</u></u>
Fund balance, beginning of year			3,572,717				6,018,738	
Fund balance, end of year			<u><u>\$ 4,307,897</u></u>				<u><u>\$6,586,658</u></u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 2 of 16)**

	<b>Animal Shelter Donation Fund</b>				<b>Development Services Grant Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,544,218	1,544,218	972,357	571,861
Charges for services	-	-	-	-	20,000	20,000	38,367	(18,367)
Fines and forfeitures	-	-	-	-	51,500	51,500	-	51,500
Special assessments	-	-	-	-	-	-	-	-
Other	44,991	44,991	471	44,520	-	-	338,477	(338,477)
Total revenues	<u>44,991</u>	<u>44,991</u>	<u>471</u>	<u>44,520</u>	<u>1,615,718</u>	<u>1,615,718</u>	<u>1,349,201</u>	<u>266,517</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	381,513	396,547	384,067	12,480
Operations and maintenance	43,873	43,873	-	43,873	1,218,205	1,660,083	1,358,113	301,970
Capital outlay	-	-	-	-	-	87,057	85,820	1,237
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>43,873</u>	<u>43,873</u>	<u>-</u>	<u>43,873</u>	<u>1,599,718</u>	<u>2,143,687</u>	<u>1,828,000</u>	<u>315,687</u>
Revenues over (under) expenditures	<u>1,118</u>	<u>1,118</u>	<u>471</u>	<u>647</u>	<u>16,000</u>	<u>(527,969)</u>	<u>(478,799)</u>	<u>(49,170)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	34,000	48,127	6,273	41,854
Transfers out	-	-	-	-	-	(4,500)	(4,500)	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	90,242	(90,242)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>	<u>43,627</u>	<u>92,015</u>	<u>(48,388)</u>
Net change in fund balances	<u>\$ 1,118</u>	<u>\$ 1,118</u>	<u>471</u>	<u>\$ 647</u>	<u>\$ 50,000</u>	<u>\$ (484,342)</u>	<u>(386,784)</u>	<u>\$ (97,558)</u>
Fund balance, beginning of year			34,944				382,071	
Fund balance, end of year			<u>\$ 35,415</u>				<u>\$ (4,713)</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 3 of 16)**

	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 989,207	\$ 989,207	\$ 995,699	\$ (6,492)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,217,637	1,217,637	1,309,731	(92,094)	-	-	-	-
Charges for services	7,900	7,900	13,391	(5,491)	14,000	14,000	10,741	3,259
Fines and forfeitures	65,525	65,525	82,115	(16,590)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	102,004	102,004	128,298	(26,294)	600	600	500	100
Total revenues	<u>2,382,273</u>	<u>2,382,273</u>	<u>2,529,234</u>	<u>(146,961)</u>	<u>14,600</u>	<u>14,600</u>	<u>11,241</u>	<u>3,359</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	2,041,707	2,041,707	2,022,219	19,488	-	-	-	-
Operations and maintenance	1,197,606	1,197,606	1,025,399	172,207	20,000	138,898	113,156	25,742
Capital outlay	4,000	10,945	-	10,945	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>3,243,313</u>	<u>3,250,258</u>	<u>3,047,618</u>	<u>202,640</u>	<u>20,000</u>	<u>138,898</u>	<u>113,156</u>	<u>25,742</u>
Revenues over (under) expenditures	<u>(861,040)</u>	<u>(867,985)</u>	<u>(518,384)</u>	<u>(349,601)</u>	<u>(5,400)</u>	<u>(124,298)</u>	<u>(101,915)</u>	<u>(22,383)</u>
Other financing sources (uses):								
Transfers in	915,287	915,287	948,159	(32,872)	-	-	-	-
Transfers out	(165,527)	(1,542,057)	(1,085,752)	(456,305)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>749,760</u>	<u>(626,770)</u>	<u>(137,593)</u>	<u>(489,177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (111,280)</u>	<u>\$ (1,494,755)</u>	<u>(655,977)</u>	<u>\$ (838,778)</u>	<u>\$ (5,400)</u>	<u>\$ (124,298)</u>	<u>(101,915)</u>	<u>\$ (22,383)</u>
Fund balance, beginning of year			2,573,779				258,039	
Fund balance, end of year			<u>\$ 1,917,802</u>				<u>\$ 156,124</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 4 of 16)**

	Street Maintenance Districts Fund				Fire Hydrant District Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	7,035,000	7,035,000	7,198,383	(163,383)	-	-	-	-
Other	4,200	4,200	7,826	(3,626)	-	-	(2)	2
Total revenues	<u>7,039,200</u>	<u>7,039,200</u>	<u>7,206,209</u>	<u>(167,009)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>2</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	5,139,544	5,139,544	5,139,543	1	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>5,139,544</u>	<u>5,139,544</u>	<u>5,139,543</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,899,656</u>	<u>1,899,656</u>	<u>2,066,666</u>	<u>(167,010)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>2</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,900,000)	(1,900,000)	(1,900,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (344)</u>	<u>\$ (344)</u>	<u>166,666</u>	<u>\$ (167,010)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2)</u>	<u>\$ 2</u>
Fund balance, beginning of year			3,112,694				2	
Fund balance, end of year			<u>\$3,279,360</u>				<u>\$ -</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
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	Light Maintenance Districts Fund				Park Maintenance Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	2,197,000	2,197,000	2,328,366	(131,366)	998,239	998,239	1,031,393	(33,154)
Other	3,000	3,000	30,224	(27,224)	65	65	791	(726)
Total revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,358,590</u>	<u>(158,590)</u>	<u>998,304</u>	<u>998,304</u>	<u>1,032,184</u>	<u>(33,880)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,349,144	2,349,144	2,345,772	3,372	994,450	994,450	801,922	192,528
Capital outlay	-	-	-	-	10,010	10,010	-	10,010
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>2,349,144</u>	<u>2,349,144</u>	<u>2,345,772</u>	<u>3,372</u>	<u>1,004,460</u>	<u>1,004,460</u>	<u>801,922</u>	<u>202,538</u>
Revenues over (under) expenditures	<u>(149,144)</u>	<u>(149,144)</u>	<u>12,818</u>	<u>(161,962)</u>	<u>(6,156)</u>	<u>(6,156)</u>	<u>230,262</u>	<u>(236,418)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (149,144)</u>	<u>\$ (149,144)</u>	<u>12,818</u>	<u>\$ (161,962)</u>	<u>\$ (6,156)</u>	<u>\$ (6,156)</u>	<u>230,262</u>	<u>\$ (236,418)</u>
Fund balance, beginning of year			1,184,881				285,039	
Fund balance, end of year			<u>\$ 1,197,699</u>				<u>\$ 515,301</u>	

(continued)



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 6 of 16)**

	Storm Sewer Fund				North 27th Street Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$1,975,000	\$ 1,975,000	\$ 1,906,175	\$ 68,825
Licenses and permits	4,000	4,000	6,800	(2,800)	-	-	-	-
Intergovernmental	-	-	-	-	66,000	66,000	249,202	(183,202)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	3,580,000	3,580,000	3,703,159	(123,159)	-	-	-	-
Other	11,952	11,952	38,000	(26,048)	5,000	5,000	42,035	(37,035)
Total revenues	<u>3,595,952</u>	<u>3,595,952</u>	<u>3,747,959</u>	<u>(152,007)</u>	<u>2,046,000</u>	<u>2,046,000</u>	<u>2,197,412</u>	<u>(151,412)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	1,293,199	1,426,693	1,321,869	104,824	729,190	1,404,190	1,282,984	121,206
Capital outlay	2,996,000	3,993,359	2,183,267	1,810,092	500,000	2,353,319	2,358,832	(5,513)
Debt service:								
Principal	-	-	-	-	140,000	140,000	140,000	-
Interest and fiscal charges	-	-	-	-	659,429	659,429	660,029	(600)
Total expenditures	<u>4,289,199</u>	<u>5,420,052</u>	<u>3,505,136</u>	<u>1,914,916</u>	<u>2,028,619</u>	<u>4,556,938</u>	<u>4,441,845</u>	<u>115,093</u>
Revenues over (under) expenditures	<u>(693,247)</u>	<u>(1,824,100)</u>	<u>242,823</u>	<u>(2,066,923)</u>	<u>17,381</u>	<u>(2,510,938)</u>	<u>(2,244,433)</u>	<u>(266,505)</u>
Other financing sources (uses):								
Transfers in	-	-	422,875	(422,875)	-	4,508	4,507	1
Transfers out	(1,161,000)	(1,161,000)	(329,225)	(831,775)	(100,000)	(100,000)	(100,000)	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	1,626,520	(1,626,520)
Total other financing sources (uses)	<u>(1,161,000)</u>	<u>(1,161,000)</u>	<u>93,650</u>	<u>(1,254,650)</u>	<u>(100,000)</u>	<u>(95,492)</u>	<u>1,531,027</u>	<u>(1,626,519)</u>
Net change in fund balances	<u><u>\$(1,854,247)</u></u>	<u><u>\$(2,985,100)</u></u>	<u><u>336,473</u></u>	<u><u>\$(3,321,573)</u></u>	<u><u>\$ (82,619)</u></u>	<u><u>\$(2,606,430)</u></u>	<u><u>(713,406)</u></u>	<u><u>\$(1,893,024)</u></u>
Fund balance, beginning of year			5,438,901				3,557,780	
Fund balance, end of year			<u><u>\$ 5,775,374</u></u>				<u><u>\$ 2,844,374</u></u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 7 of 16)**

	South Tax Increment Operating Fund				East Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 1,452,000	\$ 1,452,000	\$1,526,445	\$ (74,445)	\$ 510,000	\$ 510,000	\$ 506,685	\$ 3,315
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	100,500	100,500	256,218	(155,718)	50,000	50,000	146,654	(96,654)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	8,665	8,665	11,547	(2,882)	900	900	2,605	(1,705)
Total revenues	<u>1,561,165</u>	<u>1,561,165</u>	<u>1,794,210</u>	<u>(233,045)</u>	<u>560,900</u>	<u>560,900</u>	<u>655,944</u>	<u>(95,044)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	375,451	494,196	508,174	(13,978)	511,617	833,217	700,233	132,984
Capital outlay	3,255,000	4,525,447	1,876,071	2,649,376	-	3,050,000	245,126	2,804,874
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	150,000	93,170	56,830	-	150,000	78,680	71,320
Total expenditures	<u>3,630,451</u>	<u>5,169,643</u>	<u>2,477,415</u>	<u>2,692,228</u>	<u>511,617</u>	<u>4,033,217</u>	<u>1,024,039</u>	<u>3,009,178</u>
Revenues over (under) expenditures	<u>(2,069,286)</u>	<u>(3,608,478)</u>	<u>(683,205)</u>	<u>(2,925,273)</u>	<u>49,283</u>	<u>(3,472,317)</u>	<u>(368,095)</u>	<u>(3,104,222)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(25,000)	(25,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	(25,973)	25,973	-	-	(34,928)	34,928
Special assessment bonds issued	-	150,000	490,676	(340,676)	-	2,950,000	3,165,000	(215,000)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>125,000</u>	<u>439,703</u>	<u>(314,703)</u>	<u>-</u>	<u>2,950,000</u>	<u>3,130,072</u>	<u>(180,072)</u>
Net change in fund balances	<u><u>\$(2,069,286)</u></u>	<u><u>\$(3,483,478)</u></u>	<u><u>(243,502)</u></u>	<u><u>\$(3,239,976)</u></u>	<u><u>\$ 49,283</u></u>	<u><u>\$ (522,317)</u></u>	<u><u>2,761,977</u></u>	<u><u>\$(3,284,294)</u></u>
Fund balance, beginning of year			4,199,687				902,424	
Fund balance, end of year			<u><u>\$3,956,185</u></u>				<u><u>\$3,664,401</u></u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 8 of 16)**

	Downtown Tax Increment Operating Fund				Park Program Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	8,000	8,000	-	8,000
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	133,670	133,670	225,916	(92,246)
Total revenues	-	-	-	-	141,670	141,670	225,916	(84,246)
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	-	4,507	-	4,507	342,738	392,738	71,186	321,552
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	15,000	15,000	15,354	(354)
Interest and fiscal charges	-	-	-	-	7,700	7,700	4,563	3,137
Total expenditures	-	4,507	-	4,507	365,438	415,438	91,103	324,335
Revenues over (under) expenditures	-	(4,507)	-	(4,507)	(223,768)	(273,768)	134,813	(408,581)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	40,000	56,000	(16,000)
Transfers out	-	(4,508)	(4,507)	(1)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	350,000	350,000	9,940	340,060
Total other financing sources (uses)	-	(4,508)	(4,507)	(1)	350,000	390,000	65,940	324,060
Net change in fund balances	\$ -	\$ (9,015)	(4,507)	\$ (4,508)	\$ 126,232	\$ 116,232	200,753	\$ (84,521)
Fund balance, beginning of year			4,507				2,213,643	
Fund balance, end of year			\$ -				\$2,414,396	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 9 of 16)**

	<b>Police Program Fund</b>				<b>Amend Park Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	694,406	694,406	742,634	(48,228)	-	-	-	-
Charges for services	152,502	152,502	139,729	12,773	-	-	980	(980)
Fines and forfeitures	121,000	121,000	342,429	(221,429)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	8,344	8,344	393,969	(385,625)	600	600	642	(42)
Total revenues	<u>976,252</u>	<u>976,252</u>	<u>1,618,761</u>	<u>(642,509)</u>	<u>600</u>	<u>600</u>	<u>1,622</u>	<u>(1,022)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	395,493	395,493	315,537	79,956	-	-	-	-
Operations and maintenance	587,520	681,740	757,304	(75,564)	30,557	30,557	847	29,710
Capital outlay	14,300	134,145	138,465	(4,320)	-	-	-	-
Debt service:								
Principal	66,888	66,888	66,888	-	-	-	-	-
Interest and fiscal charges	1,302	1,302	1,302	-	-	-	-	-
Total expenditures	<u>1,065,503</u>	<u>1,279,568</u>	<u>1,279,496</u>	<u>72</u>	<u>30,557</u>	<u>30,557</u>	<u>847</u>	<u>29,710</u>
Revenues over (under) expenditures	<u>(89,251)</u>	<u>(303,316)</u>	<u>339,265</u>	<u>(642,581)</u>	<u>(29,957)</u>	<u>(29,957)</u>	<u>775</u>	<u>(30,732)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,202)	(1,202)	(614)	(588)
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,202)</u>	<u>(1,202)</u>	<u>(614)</u>	<u>(588)</u>
Net change in fund balances	<u>\$ (89,251)</u>	<u>\$ (303,316)</u>	<u>339,265</u>	<u>\$ (642,581)</u>	<u>\$ (31,159)</u>	<u>\$ (31,159)</u>	<u>161</u>	<u>\$ (31,320)</u>
Fund balance, beginning of year			820,955				200,997	
Fund balance, end of year			<u>\$1,160,220</u>				<u>\$ 201,158</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 10 of 16)**

	Transportation Enhancement Fund				City-County Planning Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 405,000	\$ 405,000	\$ 456,583	\$ (51,583)
Licenses and permits	-	-	-	-	28,000	28,000	30,802	(2,802)
Intergovernmental	222,638	222,638	877,797	(655,159)	656,694	663,694	697,485	(33,791)
Charges for services	-	-	-	-	205,966	205,966	230,357	(24,391)
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	3,724	3,724	1,078	2,646
Total revenues	<u>222,638</u>	<u>222,638</u>	<u>877,797</u>	<u>(655,159)</u>	<u>1,299,384</u>	<u>1,306,384</u>	<u>1,416,305</u>	<u>(109,921)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	961,679	961,679	945,430	16,249
Operations and maintenance	-	-	-	-	517,489	527,489	478,444	49,045
Capital outlay	222,638	1,525,369	910,848	614,521	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>222,638</u>	<u>1,525,369</u>	<u>910,848</u>	<u>614,521</u>	<u>1,479,168</u>	<u>1,489,168</u>	<u>1,423,874</u>	<u>65,294</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,302,731)</u>	<u>(33,051)</u>	<u>(1,269,680)</u>	<u>(179,784)</u>	<u>(182,784)</u>	<u>(7,569)</u>	<u>(175,215)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	1,031	3,031	3,031	-
Transfers out	-	-	-	-	(5,268)	(5,268)	(5,268)	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,237)</u>	<u>(2,237)</u>	<u>(2,237)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$(1,302,731)</u>	<u>(33,051)</u>	<u>\$(1,269,680)</u>	<u>\$(184,021)</u>	<u>\$(185,021)</u>	<u>(9,806)</u>	<u>\$ (175,215)</u>
Fund balance, beginning of year			(4,918)				391,576	
Fund balance, end of year			<u>\$ (37,969)</u>				<u>\$ 381,770</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
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	<b>Building Inspection Fund</b>				<b>Street &amp; Traffic Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,654,600	1,654,600	2,336,145	(681,545)	-	-	-	-
Intergovernmental	-	-	-	-	600,000	600,000	638,680	(38,680)
Charges for services	200	200	-	200	6,241,090	6,241,090	6,293,865	(52,775)
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	5,800	5,800	11,856	(6,056)	23,000	23,000	53,435	(30,435)
Total revenues	<u>1,660,600</u>	<u>1,660,600</u>	<u>2,348,001</u>	<u>(687,401)</u>	<u>6,864,090</u>	<u>6,864,090</u>	<u>6,985,980</u>	<u>(121,890)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	1,238,902	1,238,902	1,216,196	22,706	3,510,829	3,510,829	3,344,262	166,567
Operations and maintenance	442,296	506,296	488,863	17,433	2,939,956	2,939,956	2,884,147	55,809
Capital outlay	20,299	20,299	18,060	2,239	770,965	798,536	510,190	288,346
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,701,497</u>	<u>1,765,497</u>	<u>1,723,119</u>	<u>42,378</u>	<u>7,221,750</u>	<u>7,249,321</u>	<u>6,738,599</u>	<u>510,722</u>
Revenues over (under) expenditures	<u>(40,897)</u>	<u>(104,897)</u>	<u>624,882</u>	<u>(729,779)</u>	<u>(357,660)</u>	<u>(385,231)</u>	<u>247,381</u>	<u>(632,612)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	13,307	(13,307)
Transfers out	-	-	-	-	(207,502)	(207,502)	(217,502)	10,000
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	1,911	(1,911)	-	-	29,067	(29,067)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,911</u>	<u>(1,911)</u>	<u>(207,502)</u>	<u>(207,502)</u>	<u>(175,128)</u>	<u>(32,374)</u>
Net change in fund balances	<u>\$ (40,897)</u>	<u>\$ (104,897)</u>	<u>626,793</u>	<u>\$ (731,690)</u>	<u>\$ (565,162)</u>	<u>\$ (592,733)</u>	<u>72,253</u>	<u>\$ (664,986)</u>
Fund balance, beginning of year			1,573,707				4,066,890	
Fund balance, end of year			<u>\$2,200,500</u>				<u>\$4,139,143</u>	

(continued)



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 12 of 16)**

	City Attorney Grants Fund				Fire Program Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	70,542	70,542	74,672	(4,130)	44,167	44,167	44,167	-
Charges for services	-	-	-	-	-	-	20,126	(20,126)
Fines and forfeitures	62,000	62,000	64,935	(2,935)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,454	54,144	85,715	(31,571)
Total revenues	<u>132,542</u>	<u>132,542</u>	<u>139,607</u>	<u>(7,065)</u>	<u>49,621</u>	<u>98,311</u>	<u>150,008</u>	<u>(51,697)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	299,565	299,565	298,864	701	24,000	24,000	11,608	12,392
Operations and maintenance	1,880	3,580	4,263	(683)	104,994	107,032	61,543	45,489
Capital outlay	-	-	-	-	-	46,652	46,652	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>301,445</u>	<u>303,145</u>	<u>303,127</u>	<u>18</u>	<u>128,994</u>	<u>177,684</u>	<u>119,803</u>	<u>57,881</u>
Revenues over (under) expenditures	<u>(168,903)</u>	<u>(170,603)</u>	<u>(163,520)</u>	<u>(7,083)</u>	<u>(79,373)</u>	<u>(79,373)</u>	<u>30,205</u>	<u>(109,578)</u>
Other financing sources (uses):								
Transfers in	168,903	168,903	165,227	3,676	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>168,903</u>	<u>168,903</u>	<u>165,227</u>	<u>3,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,700)</u>	<u>1,707</u>	<u>\$ (3,407)</u>	<u>\$ (79,373)</u>	<u>\$ (79,373)</u>	<u>30,205</u>	<u>\$ (109,578)</u>
Fund balance, beginning of year			(7,074)				199,657	
Fund balance, end of year			<u>\$ (5,367)</u>				<u>\$ 229,862</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 13 of 16)**

	Municipal Court Grant Fund				Downtown Revolving Loan Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	525,015	525,015	535,578	(10,563)	-	-	-	-
Charges for services	-	-	2,565	(2,565)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	1,100	(1,100)	665,700	665,700	648,417	17,283
Total revenues	<u>525,015</u>	<u>525,015</u>	<u>539,243</u>	<u>(14,228)</u>	<u>665,700</u>	<u>665,700</u>	<u>648,417</u>	<u>17,283</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	208,279	208,279	193,302	14,977	-	-	-	-
Operations and maintenance	346,736	346,736	339,674	7,062	1,054,016	1,054,016	243,602	810,414
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	600,000	600,000	-	600,000
Interest and fiscal charges	-	-	-	-	50,000	50,000	-	50,000
Total expenditures	<u>555,015</u>	<u>555,015</u>	<u>532,976</u>	<u>22,039</u>	<u>1,704,016</u>	<u>1,704,016</u>	<u>243,602</u>	<u>1,460,414</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>6,267</u>	<u>(36,267)</u>	<u>(1,038,316)</u>	<u>(1,038,316)</u>	<u>404,815</u>	<u>(1,443,131)</u>
Other financing sources (uses):								
Transfers in	30,000	30,000	-	30,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	1,000,000	1,000,000	-	1,000,000
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,267</u>	<u>\$ (6,267)</u>	<u>\$ (38,316)</u>	<u>\$ (38,316)</u>	<u>404,815</u>	<u>\$ (443,131)</u>
Fund balance, beginning of year			10,627				936,980	
Fund balance, end of year			<u>\$ 16,894</u>				<u>\$1,341,795</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 14 of 16)**

	Baseball Field / Stadium Donation For Capital Maintenance Fund				Arterial Fees Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	3,491,000	3,491,000	3,632,724	(141,724)
Other	32,800	32,800	66,350	(33,550)	7,000	7,000	32,706	(25,706)
Total revenues	<u>32,800</u>	<u>32,800</u>	<u>66,350</u>	<u>(33,550)</u>	<u>3,498,000</u>	<u>3,498,000</u>	<u>3,665,430</u>	<u>(167,430)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	40,507	40,507	6,671	33,836	285,819	285,819	317,995	(32,176)
Capital outlay	-	-	-	-	3,720,200	3,846,346	735,113	3,111,233
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>40,507</u>	<u>40,507</u>	<u>6,671</u>	<u>33,836</u>	<u>4,006,019</u>	<u>4,132,165</u>	<u>1,053,108</u>	<u>3,079,057</u>
Revenues over (under) expenditures	<u>(7,707)</u>	<u>(7,707)</u>	<u>59,679</u>	<u>(67,386)</u>	<u>(508,019)</u>	<u>(634,165)</u>	<u>2,612,322</u>	<u>(3,246,487)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (7,707)</u>	<u>\$ (7,707)</u>	<u>59,679</u>	<u>\$ (67,386)</u>	<u>\$ (508,019)</u>	<u>\$ (634,165)</u>	<u>2,612,322</u>	<u>\$(3,246,487)</u>
Fund balance, beginning of year			374,256				2,854,977	
Fund balance, end of year			<u>\$ 433,935</u>				<u>\$ 5,467,299</u>	

(continued)

CITY OF BILLINGS, MONTANA  
Nonmajor Special Revenue Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual  
For the Fiscal Year Ended June 30, 2015  
(Page 15 of 16)

	Administration Grants Fund				Bike Paths and Trails Donations Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	34,509	34,509	35,134	(625)
Total revenues	-	-	-	-	34,509	34,509	35,134	(625)
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	34,509	58,614	29,333	29,281
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	34,509	58,614	29,333	29,281
Revenues over (under) expenditures	-	-	-	-	-	(24,105)	5,801	(29,906)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(47,856)	(47,854)	(2)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(47,856)	(47,854)	(2)	-	-	-	-
Net change in fund balances	\$ -	\$ (47,856)	(47,854)	\$ (2)	\$ -	\$ (24,105)	5,801	\$ (29,906)
Fund balance, beginning of year			47,854				16,199	
Fund balance, end of year			\$ -				\$ 22,000	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 16 of 16)**

	Park District 1 Fund				Total Nonmajor Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,331,207	\$ 5,331,207	\$ 5,391,587	\$ (60,380)
Licenses and permits	-	-	-	-	1,686,600	1,686,600	2,373,747	(687,147)
Intergovernmental	-	-	-	-	8,593,869	8,600,869	9,471,843	(870,974)
Charges for services	-	-	-	-	6,649,658	6,649,658	6,750,121	(100,463)
Fines and forfeitures	-	-	-	-	300,025	300,025	489,479	(189,454)
Special assessments	2,265,000	2,265,000	1,896,823	368,177	19,566,239	19,566,239	19,790,848	(224,609)
Other	2,300	2,300	8,764	(6,464)	1,133,588	1,182,278	2,207,487	(1,025,209)
Total revenues	<u>2,267,300</u>	<u>2,267,300</u>	<u>1,905,587</u>	<u>361,713</u>	<u>43,261,186</u>	<u>43,316,876</u>	<u>46,475,112</u>	<u>(3,158,236)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	213,292	213,292	230,451	(17,159)	9,331,585	9,346,619	9,032,762	313,857
Operations and maintenance	431,594	474,246	302,498	171,748	22,410,056	24,488,788	23,386,947	1,101,841
Capital outlay	1,659,990	1,669,990	103,065	1,566,925	19,694,283	28,616,460	9,937,972	18,678,488
Debt service:								
Principal	-	-	-	-	821,888	821,888	222,242	599,646
Interest and fiscal charges	-	-	-	-	718,431	1,018,431	837,744	180,687
Total expenditures	<u>2,304,876</u>	<u>2,357,528</u>	<u>636,014</u>	<u>1,721,514</u>	<u>52,976,243</u>	<u>64,292,186</u>	<u>43,417,667</u>	<u>20,874,519</u>
Revenues over (under) expenditures	<u>(37,576)</u>	<u>(90,228)</u>	<u>1,269,573</u>	<u>(1,359,801)</u>	<u>(9,715,057)</u>	<u>(20,975,310)</u>	<u>3,057,445</u>	<u>(24,032,755)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	3,049,221	3,109,856	3,519,379	(409,523)
Transfers out	-	-	-	-	(3,540,499)	(4,998,893)	(3,720,222)	(1,278,671)
Issuance of debt	-	-	-	-	1,000,000	1,000,000	-	1,000,000
Bond discount costs	-	-	-	-	-	-	(60,901)	60,901
Special assessment bonds issued	-	-	-	-	-	3,100,000	3,655,676	(555,676)
Sale of capital assets	-	-	-	-	350,000	350,000	1,793,180	(1,443,180)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,722</u>	<u>2,560,963</u>	<u>5,187,112</u>	<u>(2,626,149)</u>
Net change in fund balances	<u>\$ (37,576)</u>	<u>\$ (90,228)</u>	<u>1,269,573</u>	<u>\$(1,359,801)</u>	<u>\$(8,767,084)</u>	<u>\$(18,111,031)</u>	<u>8,244,557</u>	<u>\$ (26,016,323)</u>
Fund balance, beginning of year			1,322,217				46,544,746	
Fund balance, end of year			<u>\$2,591,790</u>				<u>\$54,789,303</u>	



# NONMAJOR DEBT SERVICE FUNDS

The City's non-major debt service funds are their purposes are:

- The Series 2012 Library Fund accounts for the payment of debt issued for the construction of the new library building.
- The Storm Sewer Fund accounts for the payment of debt used for the construction of storm sewers.
- The Series 2010 Parks Fund accounts for payment of debt used for City-wide park improvements.
- The Series 2004A Street Improvements Fund accounts for payment of debt used for City-wide street improvements.
- The Series 2007A Baseball Field/Stadium Fund accounts for payment of debt used for the construction of the new baseball field and stadium.
- The Series 2007B Baseball Field/Stadium Fund accounts for payment of debt used for the construction of certain portions of the new baseball field and stadium that will be donated from individual pledges.
- The Series 2015 Refunding Fund accounts for the advanced crossover refunding debt that will be used to refund the 2007A GO debt.
- The Sidewalk and Curb Districts Fund accounts for the accumulation for and payment of special assessment debt used for the construction of sidewalks and curbs.



## CITY OF BILLINGS, MONTANA

## Nonmajor Debt Service Funds

## Combining Balance Sheet

June 30, 2015

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Series 2015 G.O. Refunding Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 33,197	\$ 448,314	\$ 9,027	\$ 30,409	\$ 70,803	\$ 69,024	\$ 1,519	\$ 115,062	\$ 777,355
Cash with fiscal agent	1,004,450	244,825	113,138	294,250	643,753	193,400	6,786,542	68,810	9,349,168
Investments	40,733	563,773	9,524	37,862	93,708	87,753	1,912	145,483	980,748
Receivables:									
Property taxes	48,618	(20)	6,782	19,222	44,360	1,080	-	-	120,042
Delinquent special assessments	-	-	-	-	-	-	-	14,078	14,078
Special assessments receivable	-	-	-	-	-	-	-	1,570,826	1,570,826
Accrued interest	592	-	65	188	407	215	-	104	1,571
Notes	-	-	-	-	-	227,832	-	-	227,832
Total assets	<u>\$ 1,127,590</u>	<u>\$ 1,256,892</u>	<u>\$ 138,536</u>	<u>\$ 381,931</u>	<u>\$ 853,031</u>	<u>\$ 579,304</u>	<u>\$ 6,789,973</u>	<u>\$ 1,914,363</u>	<u>\$ 13,041,620</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,100	\$ 3,100
Other liabilities	-	-	-	-	-	-	-	10,000	10,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,100</u>	<u>13,100</u>
Deferred Inflows:									
Unavailable Revenue	<u>22,280</u>	<u>-</u>	<u>3,368</u>	<u>9,698</u>	<u>22,404</u>	<u>228,913</u>	<u>-</u>	<u>1,572,644</u>	<u>1,859,307</u>
Fund balances:									
Restricted	<u>1,105,310</u>	<u>1,256,892</u>	<u>135,168</u>	<u>372,233</u>	<u>830,627</u>	<u>350,391</u>	<u>6,789,973</u>	<u>328,619</u>	<u>11,169,213</u>
Total fund balances	<u>1,105,310</u>	<u>1,256,892</u>	<u>135,168</u>	<u>372,233</u>	<u>830,627</u>	<u>350,391</u>	<u>6,789,973</u>	<u>328,619</u>	<u>11,169,213</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,127,590</u>	<u>\$ 1,256,892</u>	<u>\$ 138,536</u>	<u>\$ 381,931</u>	<u>\$ 853,031</u>	<u>\$ 579,304</u>	<u>\$ 6,789,973</u>	<u>\$ 1,914,363</u>	<u>\$ 13,041,620</u>



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Series 2015 G.O. Refunding Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
<b>Revenues:</b>									
Taxes	\$ 978,325	\$ -	\$ 135,807	\$ 376,728	\$ 868,528	\$ -	\$ -	\$ -	\$ 2,359,388
Special assessments	-	-	-	-	-	-	-	406,315	406,315
Other	303,360	327	348	1,087	2,446	205,737	-	337	513,642
Total revenues	<u>1,281,685</u>	<u>327</u>	<u>136,155</u>	<u>377,815</u>	<u>870,974</u>	<u>205,737</u>	<u>-</u>	<u>406,652</u>	<u>3,279,345</u>
<b>Expenditures:</b>									
Current:									
General government	1,296	-	-	-	-	-	-	-	1,296
Public works	-	-	-	-	-	-	-	3,100	3,100
Debt service:									
Principal	765,000	100,000	105,000	245,000	450,000	175,000	-	268,000	2,108,000
Interest and fiscal charges	466,900	173,094	21,725	94,731	363,775	21,095	-	75,858	1,217,178
Bond issuance costs	-	-	-	-	-	-	109,802	-	109,802
Total expenditures	<u>1,233,196</u>	<u>273,094</u>	<u>126,725</u>	<u>339,731</u>	<u>813,775</u>	<u>196,095</u>	<u>109,802</u>	<u>346,958</u>	<u>3,439,376</u>
Revenues over (under) expenditures	<u>48,489</u>	<u>(272,767)</u>	<u>9,430</u>	<u>38,084</u>	<u>57,199</u>	<u>9,642</u>	<u>(109,802)</u>	<u>59,694</u>	<u>(160,031)</u>
Other financing sources:									
Transfers in	-	1,010,681	-	-	-	-	-	1,432	1,012,113
Issuance of debt	-	-	-	-	-	-	6,270,000	-	6,270,000
Premium on bond debt	-	-	-	-	-	-	629,775	-	629,775
Total other financing sources (uses)	<u>-</u>	<u>1,010,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,899,775</u>	<u>1,432</u>	<u>7,911,888</u>
Net change in fund balances	48,489	737,914	9,430	38,084	57,199	9,642	6,789,973	61,126	7,751,857
Fund balance, beginning of year	<u>1,056,821</u>	<u>518,978</u>	<u>125,738</u>	<u>334,149</u>	<u>773,428</u>	<u>340,749</u>	<u>-</u>	<u>267,493</u>	<u>3,417,356</u>
Fund balance, end of year	<u>\$ 1,105,310</u>	<u>\$ 1,256,892</u>	<u>\$ 135,168</u>	<u>\$ 372,233</u>	<u>\$ 830,627</u>	<u>\$ 350,391</u>	<u>\$ 6,789,973</u>	<u>\$ 328,619</u>	<u>\$ 11,169,213</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 1 of 5)

	Series 2012 Library Fund				Storm Sewer Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 1,009,247	\$ 1,009,247	\$ 978,325	\$ 30,922	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Other	300,282	300,282	303,360	(3,078)	100	100	327	(227)
Total revenues	1,309,529	1,309,529	1,281,685	27,844	100	100	327	(227)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	1,299	1,299	1,296	3	-	-	-	-
Debt service:								
Principal	765,000	765,000	765,000	-	500,000	500,000	100,000	400,000
Interest and fiscal charges	468,499	468,499	466,900	1,599	602,950	602,950	173,094	429,856
Total expenditures	1,234,798	1,234,798	1,233,196	1,602	1,102,950	1,102,950	273,094	829,856
Revenues over (under) expenditures	74,731	74,731	48,489	26,242	(1,102,850)	(1,102,850)	(272,767)	(830,083)
Other financing sources:								
Transfers in	-	-	-	-	1,991,000	1,991,000	1,010,681	980,319
Issuance of debt	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Total other financing sources	\$ -	\$ -	\$ -	\$ -	\$ 1,991,000	\$ 1,991,000	\$ 1,010,681	\$ 980,319
Net change in fund balances	74,731	74,731	48,489	26,242	888,150	888,150	737,914	150,236
Fund balance, beginning of year			1,056,821				518,978	
Fund balance, end of year			<u>\$ 1,105,310</u>				<u>\$ 1,256,892</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 2 of 5)

	Series 2010 Parks Fund				Series 2004A Street Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 97,297	\$ 97,297	\$ 135,807	\$ (38,510)	\$ 343,012	\$ 343,012	\$ 376,728	\$ (33,716)
Special assessments	-	-	-	-	-	-	-	-
Other	32	32	348	(316)	78	78	1,087	(1,009)
Total revenues	97,329	97,329	136,155	(38,826)	343,090	343,090	377,815	(34,725)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	-	-	-
Debt service:								
Principal	105,000	105,000	105,000	-	245,000	245,000	245,000	-
Interest and fiscal charges	21,725	21,725	21,725	-	94,957	94,957	94,731	226
Total expenditures	126,725	126,725	126,725	-	339,957	339,957	339,731	226
Revenues over (under) expenditures	(29,396)	(29,396)	9,430	(38,826)	3,133	3,133	38,084	(34,951)
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Total other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	(29,396)	(29,396)	9,430	(38,826)	3,133	3,133	38,084	(34,951)
Fund balance, beginning of year			125,738				334,149	
Fund balance, end of year			<u>\$ 135,168</u>				<u>\$ 372,233</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 3 of 5)

	Series 2007A Baseball Field / Stadium Fund				Series 2007B Baseball Field / Stadium Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 832,794	\$ 832,794	\$ 868,528	\$ (35,734)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Other	210	210	2,446	(2,236)	210,400	210,400	205,737	4,663
Total revenues	<u>833,004</u>	<u>833,004</u>	<u>870,974</u>	<u>(37,970)</u>	<u>210,400</u>	<u>210,400</u>	<u>205,737</u>	<u>4,663</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	-	-	-
Debt service:								
Principal	450,000	450,000	450,000	-	175,000	175,000	175,000	-
Interest and fiscal charges	<u>360,275</u>	<u>363,775</u>	<u>363,775</u>	<u>-</u>	<u>21,116</u>	<u>21,116</u>	<u>21,095</u>	<u>21</u>
Total expenditures	<u>810,275</u>	<u>813,775</u>	<u>813,775</u>	<u>-</u>	<u>196,116</u>	<u>196,116</u>	<u>196,095</u>	<u>21</u>
Revenues over (under) expenditures	<u>22,729</u>	<u>19,229</u>	<u>57,199</u>	<u>(37,970)</u>	<u>14,284</u>	<u>14,284</u>	<u>9,642</u>	<u>4,642</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>22,729</u>	<u>19,229</u>	<u>57,199</u>	<u>(37,970)</u>	<u>14,284</u>	<u>14,284</u>	<u>9,642</u>	<u>4,642</u>
Fund balance, beginning of year			<u>773,428</u>				<u>340,749</u>	
Fund balance, end of year			<u>\$ 830,627</u>				<u>\$ 350,391</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 4 of 5)

	Series 2015 G.O. Refunding Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	340,000	340,000	406,315	(66,315)
Other	-	-	-	-	200	200	337	(137)
Total revenues	-	-	-	-	340,200	340,200	406,652	(66,452)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	-	3,100	(3,100)
Debt service:								
Principal	-	-	-	-	320,000	320,000	268,000	52,000
Interest and fiscal charges	-	109,802	109,802	-	72,100	72,100	75,858	(3,758)
Total expenditures	-	109,802	109,802	-	392,100	392,100	346,958	45,142
Revenues over (under) expenditures	-	(109,802)	(109,802)	-	(51,900)	(51,900)	59,694	(111,594)
Other financing sources:								
Transfers in	-	-	-	-	-	-	1,432	(1,432)
Issuance of debt	-	-	6,270,000	(6,270,000)	-	-	-	-
Premium on bond debt	-	-	629,775	(629,775)	-	-	-	-
Total other financing sources	\$ -	\$ -	\$ 6,899,775	\$ (6,899,775)	\$ -	\$ -	\$ 1,432	\$ (1,432)
Net change in fund balances	-	(109,802)	6,789,973	(6,899,775)	(51,900)	(51,900)	61,126	(113,026)
Fund balance, beginning of year			-				267,493	
Fund balance, end of year			<u>\$ 6,789,973</u>				<u>\$ 328,619</u>	

(continued)

**CITY OF BILLINGS, MONTANA**

**Nonmajor Debt Service Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**

**For the Fiscal Year Ended June 30, 2015**

**(Page 5 of 5)**

	<b>Total Nonmajor Debt Service Funds</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>				
Taxes	\$ 2,282,350	\$ 2,282,350	\$ 2,359,388	\$ (77,038)
Special assessments	340,000	340,000	406,315	(66,315)
Other	511,302	511,302	513,642	(2,340)
Total revenues	<u>3,133,652</u>	<u>3,133,652</u>	<u>3,279,345</u>	<u>(145,693)</u>
<b>Expenditures:</b>				
Current:				
Operations and maintenance	1,299	1,299	4,396	(3,097)
Debt service:				
Principal	2,560,000	2,560,000	2,108,000	452,000
Interest and fiscal charges	1,641,622	1,754,924	1,326,980	427,944
Total expenditures	<u>4,202,921</u>	<u>4,316,223</u>	<u>3,439,376</u>	<u>876,847</u>
Revenues over (under) expenditures	<u>(1,069,269)</u>	<u>(1,182,571)</u>	<u>(160,031)</u>	<u>(1,022,540)</u>
Other financing sources:				
Transfers in	1,991,000	1,991,000	1,012,113	978,887
Issuance of debt	-	-	6,270,000	(6,270,000)
Premium on bond debt	-	-	629,775	(629,775)
Total other financing sources	<u>\$ 1,991,000</u>	<u>\$ 1,991,000</u>	<u>\$ 7,911,888</u>	<u>\$(5,920,888)</u>
Net change in fund balances	<u>921,731</u>	<u>808,429</u>	<u>7,751,857</u>	<u>4,898,348</u>
Fund balance, beginning of year			3,417,356	
Fund balance, end of year			<u><u>\$11,169,213</u></u>	



# NONMAJOR CAPITAL PROJECTS FUNDS

The City's non-major capital projects funds and their purposes are:

- The Urban Renewal Property Acquisition Fund is used to account for the local urban renewal projects.
- The Sidewalk and Curb Districts Fund accounts for the construction of sidewalks and curbs.
- The Special Improvement Districts Fund accounts for the construction of streets, water, and wastewater trunk lines.
- The Capital Replacement Fund is used for capital replacement for governmental funds.
- The Storm Sewer Construction fund accounts for construction of storm sewers.
- The New Library Construction fund accounts for the construction of the new Billings Library.
- The Dog Park Construction Fund accounts for the construction of the new dog park in the Billings' Heights.



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Storm Sewer Construction	New Library Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 34,135	\$ 84,719	\$ 93,620	\$ 2,043,953	\$ 3,048,698	\$ -	\$ 1,832	\$ 5,306,957
Investments	43,188	106,583	117,783	2,583,968	3,833,648	(10,202)	2,305	6,677,273
Receivables:								
Accrued interest	62	3	-	3,405	94	101	-	3,665
Property held for resale	187,828	-	-	-	-	-	-	187,828
Total assets	<u>\$ 265,213</u>	<u>\$ 191,305</u>	<u>\$ 211,403</u>	<u>\$ 4,631,326</u>	<u>\$ 6,882,440</u>	<u>\$ (10,101)</u>	<u>\$ 4,137</u>	<u>\$ 12,175,723</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ -	\$ 42,074	\$ 3,156	\$ -	\$ 1,449,870	\$ 338,124	\$ -	\$ 1,833,224
Due to other funds	-	42,337	15,241	-	-	-	-	57,578
Total Liabilities	-	84,411	18,397	-	1,449,870	338,124	-	1,890,802
Fund balance (deficit)								
Restricted	265,213	106,894	193,006	4,631,326	5,432,570	-	4,137	10,633,146
Unassigned	-	-	-	-	-	(348,225)	-	(348,225)
Total fund balance (deficit)	265,213	106,894	193,006	4,631,326	5,432,570	(348,225)	4,137	10,284,921
Total liabilities and fund balances	<u>\$ 265,213</u>	<u>\$ 191,305</u>	<u>\$ 211,403</u>	<u>\$ 4,631,326</u>	<u>\$ 6,882,440</u>	<u>\$ (10,101)</u>	<u>\$ 4,137</u>	<u>\$ 12,175,723</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2015**

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Storm Sewer Construction	New Library Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>								
Other	\$ 455	\$ 15,784	\$ 301,380	\$ 19,657	\$ (499)	\$ 387	\$ 100	\$ 337,264
Total revenues	455	15,784	301,380	19,657	(499)	387	100	337,264
<b>Expenditures:</b>								
Current:								
General government	-	-	-	1,476	-	-	-	1,476
Public works	-	178,313	-	-	-	37,993	-	216,306
Housing and economic development	6,774	-	-	-	-	-	-	6,774
Capital outlay	-	55,028	260,793	1,594,588	4,892,874	1,921,579	-	8,724,862
Debt service:								
Bond issuance costs	-	16,500	-	-	166,845	-	-	183,345
Total expenditures	6,774	249,841	260,793	1,596,064	5,059,719	1,959,572	-	9,132,763
Revenues over (under) expenditures	(6,319)	(234,057)	40,587	(1,576,407)	(5,060,218)	(1,959,185)	100	(8,795,499)
Other financing sources (uses):								
Transfers in	-	-	-	1,198,200	-	1,057,725	-	2,255,925
Transfers out	-	(473)	-	-	(1,104,332)	-	-	(1,104,805)
Premium on bond debt	-	-	-	-	500,659	-	-	500,659
Special assessment bonds issued	-	705,000	-	-	9,615,000	-	-	10,320,000
Sale of capital assets	10,220	-	-	48,867	-	-	-	59,087
Total other financing sources (uses)	10,220	704,527	-	1,247,067	9,011,327	1,057,725	-	12,030,866
Net change in fund balances	3,901	470,470	40,587	(329,340)	3,951,109	(901,460)	100	3,235,367
Fund balance (deficit), beginning of year	261,312	(363,576)	152,419	4,960,666	1,481,461	553,235	4,037	7,049,554
Fund balance (deficit), end of year	\$ 265,213	\$ 106,894	\$ 193,006	\$ 4,631,326	\$ 5,432,570	\$ (348,225)	\$ 4,137	\$ 10,284,921

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 1 of 4)

	Urban Renewal Property Acquisition Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	195	195	455	(260)	-	-	15,784	(15,784)
Total revenues	195	195	455	(260)	-	-	15,784	(15,784)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	18,400	18,400	6,774	11,626	-	-	178,313	(178,313)
Capital outlay	75,000	75,000	-	75,000	399,495	702,717	55,028	647,689
Debt service:								
Bond issuance costs	-	-	-	-	12,700	12,700	16,500	(3,800)
Total expenditures	93,400	93,400	6,774	86,626	412,195	715,417	249,841	465,576
Revenues over (under) expenditures	(93,205)	(93,205)	(6,319)	(86,886)	(412,195)	(715,417)	(234,057)	(481,360)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(473)	473
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	412,195	645,945	705,000	(59,055)
Sale of capital assets	-	-	10,220	(10,220)	412,195	-	-	-
Total other financing sources (uses)	-	-	10,220	(10,220)	824,390	645,945	704,527	(58,582)
Net change in fund balances	<u>\$ (93,205)</u>	<u>\$ (93,205)</u>	3,901	<u>\$ (97,106)</u>	<u>\$ 412,195</u>	<u>\$ (69,472)</u>	470,470	<u>\$ (539,942)</u>
Fund balance (deficit), beginning of year			261,312				(363,576)	
Fund balance (deficit), end of year			<u>\$ 265,213</u>				<u>\$ 106,894</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 2 of 4)

	Special Improvement Districts Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	-	-	301,380	(301,380)	9,000	9,000	19,657	(10,657)
Total revenues	-	-	301,380	(301,380)	9,000	9,000	19,657	(10,657)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	1,480	1,480	1,476	4
Capital outlay	1,637,750	1,785,385	260,793	1,524,592	1,729,509	1,729,509	1,594,588	134,921
Debt service:								
Bond issuance costs	49,000	49,000	-	49,000	-	-	-	-
Total expenditures	1,686,750	1,834,385	260,793	1,573,592	1,730,989	1,730,989	1,596,064	134,925
Revenues over (under) expenditures	(1,686,750)	(1,834,385)	40,587	(1,874,972)	(1,721,989)	(1,721,989)	(1,576,407)	(145,582)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,198,200	1,198,200	1,198,200	-
Transfers out	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	1,686,750	1,686,750	-	1,686,750	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	48,867	(48,867)
Total other financing sources (uses)	1,686,750	1,686,750	-	1,686,750	1,198,200	1,198,200	1,247,067	(48,867)
Net change in fund balances	\$ -	\$ (147,635)	40,587	\$ (188,222)	\$ (523,789)	\$ (523,789)	(329,340)	\$ (194,449)
Fund balance (deficit), beginning of year			152,419				4,960,666	
Fund balance (deficit), end of year			\$ 193,006				\$ 4,631,326	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 3 of 4)

	Storm Sewer Construction Fund				New Library Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	-	-	(499)	499	-	-	387	(387)
Total revenues	-	-	(499)	499	-	-	387	(387)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	-	37,993	(37,993)
Capital outlay	10,253,750	11,733,996	4,892,874	6,841,122	112,500	2,007,951	1,921,579	86,372
Debt service:								
Bond issuance costs	259,000	259,000	166,845	92,155	-	-	-	-
Total expenditures	10,512,750	11,992,996	5,059,719	6,933,277	112,500	2,007,951	1,959,572	48,379
Revenues over (under) expenditures	(10,512,750)	(11,992,996)	(5,060,218)	(6,932,778)	(112,500)	(2,007,951)	(1,959,185)	(48,766)
Other financing sources (uses):								
Transfers in	-	-	-	-	112,500	1,489,030	1,057,725	431,305
Transfers out	(830,000)	(830,000)	(1,104,332)	274,332	-	-	-	-
Premium on bond debt	-	-	500,659	(500,659)	-	-	-	-
Special assessment bonds issued	11,342,750	11,342,750	9,615,000	1,727,750	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,512,750	10,512,750	9,011,327	1,501,423	112,500	1,489,030	1,057,725	431,305
Net change in fund balances	\$ -	\$ (1,480,246)	3,951,109	\$ (5,431,355)	\$ -	\$ (518,921)	(901,460)	\$ 382,539
Fund balance (deficit), beginning of year			1,481,461				553,235	
Fund balance (deficit), end of year			\$5,432,570				\$ (348,225)	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2015**

(Page 4 of 4)

	<b>Dog Park Construction Fund</b>				<b>Total Nonmajor Capital Project Funds</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Other	20,000	20,000	100	19,900	29,195	29,195	337,264	(308,069)
Total revenues	20,000	20,000	100	19,900	29,195	29,195	337,264	(308,069)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	19,880	19,880	224,556	(204,676)
Capital outlay	20,000	20,000	-	20,000	14,228,004	18,054,558	8,724,862	9,329,696
Debt service:								
Bond issuance costs	-	-	-	-	320,700	320,700	183,345	137,355
Total expenditures	20,000	20,000	-	20,000	14,568,584	18,395,138	9,132,763	9,262,375
Revenues over (under) expenditures	-	-	100	(100)	(14,539,389)	(18,365,943)	(8,795,499)	(9,570,444)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,310,700	2,687,230	2,255,925	431,305
Transfers out	-	-	-	-	(830,000)	(830,000)	(1,104,805)	274,805
Premium on bond debt	-	-	-	-	-	-	500,659	(500,659)
Special assessment bonds issued	-	-	-	-	13,441,695	13,675,445	10,320,000	3,355,445
Sale of capital assets	-	-	-	-	412,195	-	59,087	(59,087)
Total other financing sources (uses)	-	-	-	-	14,334,590	15,532,675	12,030,866	3,501,809
Net change in fund balances	\$ -	\$ -	100	\$ (100)	\$ (204,799)	\$ (2,833,268)	3,235,367	\$ (6,068,635)
Fund balance (deficit), beginning of year			4,037				7,049,554	
Fund balance (deficit), end of year			\$ 4,137				\$10,284,921	



# NONMAJOR PERMANENT FUND

The City's non-major permanent fund is:

- The Cemetery Perpetual Care Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemeteries.



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Permanent Fund**  
**Balance Sheet**  
**June 30, 2015**

	<b>Cemetery Perpetual Care Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 294,674
Investments	370,320
Accrued interest receivable	575
Total assets	<u>\$ 665,569</u>
<b>Fund Balance</b>	
Liabilities:	
Total liabilities	<u>-</u>
Fund balance:	
Unspendable	<u>\$ 665,569</u>
Total fund balance	<u>\$ 665,569</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Permanent Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Charges for services	\$ 12,300	\$ 12,300	\$ 12,964	\$ 664
Other	3,040	3,040	2,106	(934)
Total revenues	<u>15,340</u>	<u>15,340</u>	<u>15,070</u>	<u>(270)</u>
<b>Expenditures:</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>15,340</u>	<u>15,340</u>	<u>15,070</u>	<u>(270)</u>
Other financing sources (uses):				
Transfers out	<u>(3,040)</u>	<u>(3,040)</u>	<u>(2,012)</u>	<u>1,028</u>
Total other financing sources (uses)	<u>(3,040)</u>	<u>(3,040)</u>	<u>(2,012)</u>	<u>1,028</u>
Net change in fund balances	<u>\$ 12,300</u>	<u>\$ 12,300</u>	<u>\$ 13,058</u>	<u>\$ 758</u>
Fund balance, beginning of year			<u>652,511</u>	
Fund balance, end of year			<u>\$ 665,569</u>	



# NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The City's nonmajor enterprise funds and their purposes are:

- The Transit Fund accounts for the operation of the City's public transportation system.
- The Golf Course Fund accounts for the operation of the Par-3 Golf Course.



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
**(Page 1 of 2)**

	<u>Transit Fund</u>	<u>Golf Course</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 421,462	\$ 211,281	\$ 632,743
Restricted cash and cash equivalents with			
Investments	520,357	-	520,357
Receivables:			
Property taxes	84,458	-	84,458
Accounts and unbilled usage	21,694	95	21,789
Accrued interest	602	-	602
Receivables from other governments	1,204,326	-	1,204,326
Inventories	159,219	660	159,879
Prepaid items	-	4,931	4,931
Total current assets	<u>2,412,118</u>	<u>216,967</u>	<u>2,629,085</u>
Noncurrent assets:			
Property and equipment:			
Land	1,435,291	-	1,435,291
Buildings	8,161,983	1,415,252	9,577,235
Improvements other than buildings	1,005,756	-	1,005,756
Equipment and vehicles	9,003,601	-	9,003,601
Less: accumulated depreciation	<u>(11,759,135)</u>	<u>(912,032)</u>	<u>(12,671,167)</u>
Total noncurrent assets	<u>7,847,496</u>	<u>503,220</u>	<u>8,350,716</u>
Total assets	<u>10,259,614</u>	<u>720,187</u>	<u>10,979,801</u>
<b>Deferred Outflows</b>			
Pensions	190,750	-	190,750
Total assets and deferred outflows	<u>\$ 10,450,364</u>	<u>\$ 720,187</u>	<u>\$ 11,170,551</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
**(Page 2 of 2)**

	<b>Transit Fund</b>	<b>Golf Course</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 15,247	\$ 7,042	\$ 22,289
Accrued wages and benefits	110,170	44,987	155,157
Compensate absences	304,786	-	304,786
Total current liabilities	430,203	52,029	482,232
Noncurrent liabilities:			
Compensated absences	119,195	-	119,195
Other post employment benefits	427,016	-	427,016
Net pension liability	2,353,178	-	2,353,178
Total noncurrent liabilities	2,899,389	-	2,899,389
Total liabilities	3,329,592	52,029	3,381,621
<b>Deferred Inflows</b>			
Pensions	608,100	-	608,100
Total deferred inflows of resources	608,100	-	608,100
<b>Net Position</b>			
Net investment in capital assets	7,847,496	503,220	8,350,716
Restricted for:			
Capital Projects	5,460	-	5,460
Unrestricted	(1,340,284)	164,938	(1,175,346)
Total net position	6,512,672	668,158	7,180,830
Total liabilities, deferred inflows, and net position	\$ 10,450,364	\$ 720,187	\$ 11,170,551



**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2015**

	<u>Transit Fund</u>	<u>Golf Course Fund</u>	<u>Total Nonmajor Enterprise Fund</u>
Operating revenues:			
Charges for services and use of facilities	\$ 620,353	\$ 444,447	\$ 1,064,800
Operating expenses:			
Salaries and benefits	3,612,158	238,154	3,850,312
Supplies	824,542	54,320	878,862
Contracted services	421,982	11,850	433,832
Utilities	91,179	22,179	113,358
Other	302,255	51,470	353,725
Depreciation	918,210	57,644	975,854
Total operating expenses	<u>6,170,326</u>	<u>435,617</u>	<u>6,605,943</u>
Operating income (loss)	<u>(5,549,973)</u>	<u>8,830</u>	<u>(5,541,143)</u>
Nonoperating revenues (expenses):			
Taxes	1,864,515	-	1,864,515
Intergovernmental	2,171,015	-	2,171,015
Interest and investment income	7,554	-	7,554
Gain (loss) on sale of capital assets	14,333	17,048	31,381
Other	2,043	56,318	58,361
Total nonoperating revenue (expense)	<u>4,059,460</u>	<u>73,366</u>	<u>4,132,826</u>
Income (loss) before capital contributions and transfers	<u>(1,490,513)</u>	<u>82,196</u>	<u>(1,408,317)</u>
Transfers out	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>
Change in net position	<u>(1,490,513)</u>	<u>66,196</u>	<u>(1,424,317)</u>
Net position, beginning of year	10,841,916	601,962	11,443,878
Prior period adjustment (See Note IV H)	<u>(2,838,731)</u>	<u>-</u>	<u>(2,838,731)</u>
Net position, end of year	<u><u>\$ 6,512,672</u></u>	<u><u>\$ 668,158</u></u>	<u><u>\$ 7,180,830</u></u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 1 of 2)**

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 487,831	\$ 439,777	\$ 927,608
Cash received from other sources	14,710	73,366	88,076
Cash paid to employees for services	(3,636,844)	(236,961)	(3,873,805)
Cash paid to suppliers and contracted services	(1,682,247)	(138,977)	(1,821,224)
Cash paid to other sources	-	-	-
Net cash provided (used) by operating activities	<u>(4,816,550)</u>	<u>137,205</u>	<u>(4,679,345)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from tax revenues	2,127,871	-	2,127,871
Cash received from intergovernmental revenues	1,135,720	-	1,135,720
Transfers to other funds	-	(16,000)	(16,000)
Net cash provided (used) by noncapital financing activities	<u>3,263,591</u>	<u>(16,000)</u>	<u>3,247,591</u>
<b>Cash flows from capital and related financing activities:</b>			
Capital grants and contributions	156,555	-	156,555
Acquisition and construction of capital assets	(242,935)	(69,501)	(312,436)
Proceeds from sales of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(152,918)</u>	<u>(69,501)</u>	<u>(222,419)</u>
<b>Cash flows from investing activities:</b>			
Cash received from interest	8,151	-	8,151
Sale of investments	1,445,564	-	1,445,564
Purchase of investments	(660,945)	-	(660,945)
Net cash provided (used) by investing activities	<u>792,770</u>	<u>-</u>	<u>792,770</u>
Net increase (decrease) in cash and cash equivalents	(913,107)	51,704	(861,403)
<b>Cash and cash equivalents, beginning of year</b>	<u>1,334,569</u>	<u>159,577</u>	<u>1,494,146</u>
Cash and cash equivalents, end of year	<u><u>\$ 421,462</u></u>	<u><u>\$ 211,281</u></u>	<u><u>\$ 632,743</u></u>
<b>Cash and cash equivalents consists of:</b>			
Cash and cash equivalents	\$ 421,462	\$ 211,281	\$ 632,743
Restricted cash and cash equivalents with fiscal agent	-	-	-
Cash and cash equivalents, end of year	<u><u>\$ 421,462</u></u>	<u><u>\$ 211,281</u></u>	<u><u>\$ 632,743</u></u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 2 of 2)**

	<b>Transit Fund</b>	<b>Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (5,549,973)	\$ 8,830	\$ (5,541,143)
Other nonoperating income (expense)	14,710	73,366	88,076
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	918,210	57,644	975,854
(Increase) decrease in receivables	(5,734)	(95)	(5,829)
(Increase) decrease in inventories	(126,788)	-	(126,788)
(Increase) decrease in prepaid items	-	32	32
Increase (decrease) in accounts payable	(24,680)	729	(23,951)
Increase (decrease) in accrued liabilities	(42,295)	(3,301)	(45,596)
Net cash provided (used) by operating activities	<u>\$ (4,816,550)</u>	<u>\$ 137,205</u>	<u>\$ (4,679,345)</u>



# INTERNAL SERVICE FUNDS

The City's internal service funds and their purposes are:

- The Fleet Services Fund accounts for the maintenance and repair of vehicles used in the operation of City services.
- The Central Services Fund accounts for postage and copying services used in the operation of the City services.
- The Information Technology Fund accounts for technology services used in the operation of the City services.
- The City Health Insurance Fund accounts for the accumulation and allocation of costs associated with health benefits of City employees, enrolled dependents, and retired employees under 66 years of age.
- The Central Telephone Services Fund accounts for the maintenance and operation of the City-wide telephone system.
- The Property Insurance Fund accounts for property and liability insurance costs.
- The Radio Communications Fund accounts for the maintenance and operation of the City-wide 800 MHz radio system.
- The Facilities Management Fund accounts for amounts received for paying facility management costs.
- The Public Works Administration Fund provides administration services to the Public Works operational divisions.
- The Public Works Engineering Fund provides engineering services to the Public Works projects.



**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
**(Page 1 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 529,981	\$ 61,081	\$ 450,270	\$ 3,317,251	\$ 176,758	\$ 1,204,659
Restricted cash and cash equivalents with fiscal agent	-	-	-	-	-	-
Investments	660,513	76,897	565,819	4,173,254	222,398	1,520,976
Receivables:						
Accounts and unbilled usage	-	-	-	-	-	-
Accrued interest	893	112	878	6,397	340	2,371
Notes	50,000	-	-	-	-	-
Inventories	158,528	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total current assets	<u>1,399,915</u>	<u>138,090</u>	<u>1,016,967</u>	<u>7,496,902</u>	<u>399,496</u>	<u>2,728,006</u>
Noncurrent assets:						
Notes receivable	500,000	-	-	-	-	-
Property and equipment:						
Land	-	-	-	-	-	-
Buildings	32,091	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Equipment and vehicles	793,361	220,467	1,744,796	-	820,570	-
Less: accumulated depreciation	<u>(704,287)</u>	<u>(178,808)</u>	<u>(1,083,775)</u>	<u>-</u>	<u>(629,748)</u>	<u>-</u>
Total noncurrent assets	<u>621,165</u>	<u>41,659</u>	<u>661,021</u>	<u>-</u>	<u>190,822</u>	<u>-</u>
Total assets	<u>2,021,080</u>	<u>179,749</u>	<u>1,677,988</u>	<u>7,496,902</u>	<u>590,318</u>	<u>2,728,006</u>
<b>Deferred Outflows</b>						
Pensions	62,365	-	87,086	-	5,675	5,223
Total assets and deferred outflows	<u>\$2,083,445</u>	<u>\$ 179,749</u>	<u>\$1,765,074</u>	<u>\$7,496,902</u>	<u>\$ 595,993</u>	<u>\$2,733,229</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
**(Page 2 of 4)**

	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 122,569	\$ 470,488	\$ 147,766	\$ 546,703	\$ 7,027,526
Restricted cash and cash equivalents with fiscal agent	-	2,536	-	-	2,536
Investments	154,906	591,009	185,578	686,688	8,838,038
Receivables:					
Accounts and unbilled usage	-	-	-	57,437	57,437
Accrued interest	233	974	296	1,013	13,507
Notes	-	-	-	-	50,000
Inventories	-	-	-	-	158,528
Prepaid items	-	-	5,630	9,104	14,734
Total current assets	<u>277,708</u>	<u>1,065,007</u>	<u>339,270</u>	<u>1,300,945</u>	<u>16,162,306</u>
Noncurrent assets:					
Notes receivable	-	-	-	-	500,000
Property and equipment:					
Land	-	1,989,883	-	-	1,989,883
Buildings	385,655	8,963,489	-	-	9,381,235
Improvements other than buildings	19,692	2,037,445	-	-	2,057,137
Equipment and vehicles	3,395,791	284,897	31,518	338,465	7,629,865
Less: accumulated depreciation	<u>(2,013,289)</u>	<u>(3,300,123)</u>	<u>(13,817)</u>	<u>(219,068)</u>	<u>(8,142,915)</u>
Total noncurrent assets	<u>1,787,849</u>	<u>9,975,591</u>	<u>17,701</u>	<u>119,397</u>	<u>13,415,205</u>
Total assets	<u>2,065,557</u>	<u>11,040,598</u>	<u>356,971</u>	<u>1,420,342</u>	<u>29,577,511</u>
<b>Deferred Outflows</b>					
Pensions	-	20,358	41,772	103,698	326,177
Total assets and deferred outflows	<u>\$ 2,065,557</u>	<u>\$11,060,956</u>	<u>\$ 398,743</u>	<u>\$1,524,040</u>	<u>\$29,903,688</u>

(continued)



**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
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	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 52,472	\$ 6,989	\$ 17,786	\$ 74,606	\$ 1,696	\$ 15,754
Accrued wages and benefits	36,196	-	35,040	1,175	2,422	2,240
Compensate absences	170,200	-	192,579	-	4,939	16,755
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	750,000	-	-
Notes payable	-	-	-	-	-	-
Total current liabilities	258,868	6,989	245,405	825,781	9,057	34,749
Noncurrent liabilities:						
Compensated absences	66,562	-	75,313	-	1,932	6,553
Other post employment benefits	125,957	-	134,716	-	8,745	7,700
Net pension liability	769,366	-	1,074,334	-	70,015	64,435
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	961,885	-	1,284,363	-	80,692	78,688
Total liabilities	1,220,753	6,989	1,529,768	825,781	89,749	113,437
<b>Deferred Inflows</b>						
Pensions	198,817	-	277,626	-	18,093	16,651
Total deferred inflows of resources	198,817	-	277,626	-	18,093	16,651
<b>Net Position</b>						
Net investment in capital assets	121,165	41,659	661,021	-	190,822	-
Unrestricted	542,710	131,101	(703,341)	6,671,121	297,329	2,603,141
Total net position	663,875	172,760	(42,320)	6,671,121	488,151	2,603,141
Total liabilities, deferred inflows, and net position	\$ 2,083,445	\$ 179,749	\$ 1,765,074	\$ 7,496,902	\$ 595,993	\$ 2,733,229

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**  
**(Page 4 of 4)**

	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 328	\$ 71,939	\$ 4,669	\$ 3,757	\$ 249,996
Accrued wages and benefits	-	9,238	19,060	49,581	154,952
Compensate absences	-	38,303	119,786	255,427	797,989
Accrued interest payable	-	35,500	-	-	35,500
Incurred but not reported health benefits	-	-	-	-	750,000
Notes payable	-	375,000	-	-	375,000
Total current liabilities	328	529,980	143,515	308,765	2,363,437
Noncurrent liabilities:					
Compensated absences	-	14,979	46,846	99,892	312,077
Other post employment benefits	-	42,824	54,340	148,773	523,055
Net pension liability	-	251,140	515,310	1,279,258	4,023,858
Notes payable	-	3,382,816	-	-	3,382,816
Total noncurrent liabilities	-	3,691,759	616,496	1,527,923	8,241,806
Total liabilities	328	4,221,739	760,011	1,836,688	10,605,243
<b>Deferred Inflows</b>					
Pensions	-	64,899	133,165	330,581	1,039,832
Total deferred inflows of resources	-	64,899	133,165	330,581	1,039,832
<b>Net Position</b>					
Net investment in capital assets	1,787,849	6,217,775	17,701	119,397	9,157,389
Unrestricted	277,380	556,543	(512,134)	(762,626)	9,101,224
Total net position	2,065,229	6,774,318	(494,433)	(643,229)	18,258,613
Total liabilities, deferred inflows, and net position	\$ 2,065,557	\$ 11,060,956	\$ 398,743	\$ 1,524,040	\$ 29,903,688

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2015**

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	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
Operating revenues:						
Charges for services and use of facilities	\$ 1,583,643	\$ 106,075	\$ 2,137,223	\$11,339,522	\$ 355,579	\$ 2,456,030
Operating expenses:						
Salaries and benefits	1,183,430	-	1,544,359	8,661,845	97,454	92,167
Supplies	59,787	9,880	23,263	-	833	221
Contracted services	156,870	76,039	161,020	1,161,757	64,268	18,148
Utilities	6,850	-	27,483	-	106,995	-
Other	108,538	-	184,113	85,304	938	1,631,599
Depreciation	26,550	14,884	124,672	-	56,761	-
Total operating expenses	1,542,025	100,803	2,064,910	9,908,906	327,249	1,742,135
Operating income (loss)	41,618	5,272	72,313	1,430,616	28,330	713,895
Nonoperating revenues (expenses):						
Taxes	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Interest and investment income	3,133	409	2,939	21,476	1,185	9,166
Gain (loss) on sale of capital assets	5,369	-	1,100	-	-	-
Other	38,249	-	30,378	3,597	1,980	1,822
Total nonoperating revenue (expense)	46,751	409	34,417	25,073	3,165	10,988
Income (loss) before capital contributions and transfers	88,369	5,681	106,730	1,455,689	31,495	724,883
Transfers in	-	-	-	-	-	120,000
Transfers out	(103,325)	-	-	-	-	-
Change in net position	(14,956)	5,681	106,730	1,455,689	31,495	844,883
Net position, beginning of year	1,589,590	167,079	1,128,552	5,215,432	542,470	1,836,207
Prior period adjustment (See Note IV H)	(910,759)	-	(1,277,602)	-	(85,814)	(77,949)
Net position, end of year	\$ 663,875	\$ 172,760	\$ (42,320)	\$ 6,671,121	\$ 488,151	\$ 2,603,141

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2015**

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	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for services and use of facilities	\$ 263,522	\$ 1,163,388	\$ 1,030,000	\$ 2,529,114	\$22,964,096
Operating expenses:					
Salaries and benefits		367,705	740,016	1,833,183	14,520,159
Supplies		87,200	17,417	34,818	233,419
Contracted services	211,206	274,717	169,948	326,541	2,620,514
Utilities	15,375	256,936	14,545	35,604	463,788
Other		48,277	76,443	141,842	2,277,054
Depreciation	279,510	309,264	3,878	33,811	849,330
Total operating expenses	506,091	1,344,099	1,022,247	2,405,799	20,964,264
Operating income (loss)	(242,569)	(180,711)	7,753	123,315	1,999,832
Nonoperating revenues (expenses):					
Taxes	-	-	-	24,091	24,091
Interest expense		(109,233)	-	-	(109,233)
Interest and investment income	1,149	2,617	1,025	2,813	45,912
Gain (loss) on sale of capital assets		819	-	-	7,288
Other	13,310	35,604	14,571	39,390	178,901
Total nonoperating revenue (expense)	14,459	(70,193)	15,596	66,294	146,959
Income (loss) before capital contributions and transfers	(228,110)	(250,904)	23,349	189,609	2,146,791
Transfers in	-	480,199	-	-	600,199
Transfers out	-	(13,307)	-	-	(116,632)
Change in net position	(228,110)	215,988	23,349	189,609	2,630,358
Net position, beginning of year	2,293,339	6,842,046	75,351	588,014	20,278,080
Prior period adjustment (See Note IV H)	-	(283,716)	(593,133)	(1,420,852)	(4,649,825)
Net position, end of year	\$ 2,065,229	\$ 6,774,318	\$ (494,433)	\$ (643,229)	\$18,258,613

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flow s**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 1 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Cash flows from operating activities:</b>						
Cash received from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received from interfund services provided	1,583,643	106,075	2,137,223	11,339,522	355,579	2,456,030
Cash received from other sources	38,249	-	-	3,597	1,980	1,822
Cash paid to employees for services	(1,316,315)	-	(1,538,780)	(8,511,563)	(101,551)	(93,695)
Cash paid to suppliers and contracted services	(146,391)	(85,947)	(399,009)	(1,279,054)	(174,250)	(1,680,072)
Net cash provided (used) by operating activities	<u>159,186</u>	<u>20,128</u>	<u>199,434</u>	<u>1,552,502</u>	<u>81,758</u>	<u>684,085</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers from other funds	-	-	-	-	-	120,000
Transfers to other funds	(95,770)	-	-	-	-	-
Sale of Inventory	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(95,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	-	-	(213,530)	-	(9,346)	-
Proceeds from sales of capital assets	50,000	-	1,100	-	-	-
Cash paid for interest	-	-	-	-	-	-
Principal paid on notes payable and capital lease payable	-	-	-	-	-	-
Transfers to other funds	(7,555)	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>42,445</u>	<u>-</u>	<u>(212,430)</u>	<u>-</u>	<u>(9,346)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>						
Cash received from interest	3,118	564	2,853	19,508	1,102	9,865
Sale of investments	550,726	65,262	564,484	3,314,414	181,862	1,079,006
Purchase of investments	(616,346)	(82,001)	(604,477)	(4,453,337)	(237,294)	(1,617,229)
Net cash provided by investing activities	<u>(62,502)</u>	<u>(16,175)</u>	<u>(37,140)</u>	<u>(1,119,415)</u>	<u>(54,330)</u>	<u>(528,358)</u>
Net increase (decrease) in cash and cash equivalents	43,359	3,953	(50,136)	433,087	18,082	275,727
<b>Cash and cash equivalents, beginning of year</b>	<u>486,622</u>	<u>57,128</u>	<u>500,406</u>	<u>2,884,164</u>	<u>158,676</u>	<u>928,932</u>
Cash and cash equivalents, end of year	<u>\$ 529,981</u>	<u>\$ 61,081</u>	<u>\$ 450,270</u>	<u>\$3,317,251</u>	<u>\$ 176,758</u>	<u>\$ 1,204,659</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 2 of 4)**

	<b>Radio Communica- tions Fund</b>	<b>Facilities Manage- ment Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ -	\$ 672,276	\$ -	\$ 78,962	\$ 751,238
Cash received from interfund services provided	263,522	491,112	1,030,000	2,451,899	22,214,605
Cash received from other sources	13,310	819	-	3,218	62,995
Cash paid to employees for services	-	(372,855)	(736,427)	(1,836,506)	(14,507,692)
Cash paid to suppliers and contracted services	(226,952)	(618,635)	(260,816)	(538,251)	(5,409,377)
Net cash provided (used) by operating activities	<u>49,880</u>	<u>208,321</u>	<u>32,757</u>	<u>159,322</u>	<u>3,147,373</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	-	-	-	-	120,000
Transfers to other funds	-	(13,307)	-	-	(109,077)
Sale of Inventory	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(13,307)</u>	<u>-</u>	<u>-</u>	<u>10,923</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	-	(107,044)	-	-	(329,920)
Proceeds from sales of capital assets	-	819	-	-	51,919
Cash paid for interest	-	(111,700)	-	-	(111,700)
Principal paid on notes payable and capital lease payable	-	(370,000)	-	-	(370,000)
Transfers to other funds	-	-	-	-	(7,555)
Transfers from other funds	-	480,199	-	-	480,199
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(107,726)</u>	<u>-</u>	<u>-</u>	<u>(287,057)</u>
<b>Cash flows from investing activities:</b>					
Cash received from interest	1,234	3,390	1,171	2,637	45,442
Sale of investments	126,038	542,599	166,146	596,028	7,186,565
Purchase of investments	(164,547)	(640,256)	(198,372)	(733,937)	(9,347,796)
Net cash provided by investing activities	<u>(37,275)</u>	<u>(94,267)</u>	<u>(31,055)</u>	<u>(135,272)</u>	<u>(2,115,789)</u>
Net increase (decrease) in cash and cash equivalents	12,605	(6,979)	1,702	24,050	755,450
<b>Cash and cash equivalents, beginning of year</b>	<u>109,964</u>	<u>477,467</u>	<u>146,064</u>	<u>522,653</u>	<u>6,272,076</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 122,569</u>	<u>\$ 470,488</u>	<u>\$ 147,766</u>	<u>\$ 546,703</u>	<u>\$ 7,027,526</u>

(continued)



**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
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	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	41,618	\$ 5,272	\$ 72,313	\$1,430,616	\$ 28,330	\$ 713,895
Other nonoperating income (expense)	43,618	-	31,478	3,597	1,980	1,822
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense and Pension expense	23,399	14,884	120,273	-	56,475	(264)
(Increase) decrease in receivables	-	-	-	-	-	-
(Increase) decrease in inventories	116,468	-	-	-	-	-
(Increase) decrease in prepaid items and deposits	-	-	-	-	-	-
Increase (decrease) in accounts payable	(43,415)	(28)	(3,130)	(31,993)	(1,216)	(30,104)
Increase (decrease) in accrued liabilities	(22,502)	-	(21,500)	150,282	(3,811)	(1,264)
Net cash provided (used) by operating activities	<u>\$ 159,186</u>	<u>\$ 20,128</u>	<u>\$ 199,434</u>	<u>\$1,552,502</u>	<u>\$ 81,758</u>	<u>\$ 684,085</u>

**Noncash investing, capital and financing activities:**

Increase (decrease) in investment market value	(496)	(51)	(500)	(3,034)	(167)	(1,229)
Contribution of capital assets	-	-	-	-	-	-

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2015**  
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	<b>Radio Communica- tions Fund</b>	<b>Facilities Manage- ment Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (242,569)	\$ (180,711)	\$ 7,753	\$ 123,315	\$ 1,999,832
Other nonoperating income (expense)	13,310	36,423	14,571	63,481	210,280
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense and Pension Expense	279,510	308,235	1,768	28,572	832,852
(Increase) decrease in receivables	-	-	-	(22,344)	(22,344)
(Increase) decrease in inventories	-	-	-	-	116,468
(Increase) decrease in prepaid items and deposits	-	2,536	(265)	(1,054)	1,217
Increase (decrease) in accounts payable	(371)	45,959	3,231	1,608	(59,459)
Increase (decrease) in accrued liabilities	-	(4,121)	5,699	(34,256)	68,527
Net cash provided (used) by operating activities	<u>\$ 49,880</u>	<u>\$ 208,321</u>	<u>\$ 32,757</u>	<u>\$ 159,322</u>	<u>\$ 3,147,373</u>
<b>Noncash investing, capital and financing activities:</b>					
Increase (decrease) in investment market value	(146)	(467)	(149)	(591)	(6,830)
Contribution of capital assets	-	-	-	-	-



# AGENCY FUNDS

The City's agency funds and their purposes are:

- The Downtown Business Improvement District Fund accounts for amounts the City receives from Yellowstone County for Billings Business Improvement District (BID) assessments and remits the same to the BID as required by State Statutes.
- The Tourism Business Improvement District Fund accounts for amounts the City receives from Yellowstone County for Billings Tourism Business Improvement District (TBID) assessments and remits the same to the TBID as required by State Statutes.
- The License Plate Fund accounts for amounts the City receives from Yellowstone County for license plate assessments and remits the same to the License Plate Fund as required by State Statutes.
- The Montana Arts Council Fund accounts for amounts received from the Montana Arts Council – Cultural Trust Fund and remits to the grantee. The City is named as sponsor in the agreement between the State and the grantee and the City's involvement is limited to remitting the monies to the named grantee upon receipt.



**CITY OF BILLINGS**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For The Fiscal Year Ended June 30, 2015**  
**(Page 1 of 2)**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Downtown Business Improvement District</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 286,945	\$ 286,945	\$ -
Total assets	<u>\$ -</u>	<u>\$ 286,945</u>	<u>\$ 286,945</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 286,945	\$ 286,945	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 286,945</u>	<u>\$ 286,945</u>	<u>\$ -</u>
<b>Tourism Business Improvement District</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 1,697,658	\$ 1,697,658	\$ -
Total assets	<u>\$ -</u>	<u>\$ 1,697,658</u>	<u>\$ 1,697,658</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 1,697,658	\$ 1,697,658	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 1,697,658</u>	<u>\$ 1,697,658</u>	<u>\$ -</u>
<b>License Plate Fund</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 690	\$ 13,824	\$ 13,824	\$ 690
Total assets	<u>\$ 690</u>	<u>\$ 13,824</u>	<u>\$ 13,824</u>	<u>\$ 690</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 690	\$ 13,824	\$ 13,824	\$ 690
Total liabilities	<u>\$ 690</u>	<u>\$ 13,824</u>	<u>\$ 13,824</u>	<u>\$ 690</u>

(continued)

CITY OF BILLINGS  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
For The Fiscal Year Ended June 30, 2015  
(Page 2 of 2)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Montana Arts Council</b>				
<u><b>Assets</b></u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><b>Liabilities</b></u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Totals - All Agency Funds</b>				
<u><b>Assets</b></u>				
Cash and cash equivalents	\$ 690	\$ 1,998,427	\$ 1,998,427	\$ 690
Total assets	<u>\$ 690</u>	<u>\$ 1,998,427</u>	<u>\$ 1,998,427</u>	<u>\$ 690</u>
<u><b>Liabilities</b></u>				
Accounts payable	\$ 690	\$ 1,998,427	\$ 1,998,427	\$ 690
Total liabilities	<u>\$ 690</u>	<u>\$ 1,998,427</u>	<u>\$ 1,998,427</u>	<u>\$ 690</u>



# STATISTICAL SECTION (UNAUDITED)

This part of the City of Billings' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the City's overall financial health.

## **Contents**

## **Pages**

### Financial Trends

178-187

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

### Revenue Capacity

188-191

*These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*

### Debt Capacity

192-200

*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

### Demographic and Economic Information

201-202

*These schedules offer demographic and economic indicators to help the reader understand the environment within the City of Billings.*

### Operating Information

203-207

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*



**CITY OF BILLINGS, MONTANA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**

	<b>Fiscal Year</b>									
	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>
Governmental activities										
Net invested in capital assets	\$ 86,426	\$ 100,659	\$ 117,182	\$ 133,026	\$ 137,282	\$ 156,927	\$ 185,242	\$ 197,845	\$ 196,250	\$ 173,274
Restricted	52,517	51,945	50,652	55,867	58,567	56,725	58,125	67,391	71,418	61,917
Unrestricted	<u>7,112</u>	<u>11,533</u>	<u>11,510</u>	<u>13,654</u>	<u>17,550</u>	<u>20,350</u>	<u>23,962</u>	<u>21,213</u>	<u>24,885</u>	<u>25,416</u>
Total governmental activities net position	<u>\$ 146,055</u>	<u>\$ 164,137</u>	<u>\$ 179,344</u>	<u>\$ 202,547</u>	<u>\$ 213,399</u>	<u>\$ 234,002</u>	<u>\$ 267,329</u>	<u>\$ 286,449</u>	<u>\$ 292,553</u>	<u>\$ 260,607</u>
Business-type activities										
Net invested in capital assets	\$ 237,516	\$ 255,886	\$ 252,847	\$ 264,674	\$ 271,666	\$ 285,474	\$ 286,328	\$ 304,407	\$ 321,736	\$ 337,910
Restricted	2,839	3,488	3,774	4,273	5,175	5,977	5,657	6,142	9,667	7,412
Unrestricted	<u>35,153</u>	<u>29,834</u>	<u>44,771</u>	<u>42,333</u>	<u>45,927</u>	<u>48,090</u>	<u>57,552</u>	<u>60,613</u>	<u>70,894</u>	<u>60,588</u>
Total business-type activities net position	<u>\$ 275,508</u>	<u>\$ 289,208</u>	<u>\$ 301,392</u>	<u>\$ 311,280</u>	<u>\$ 322,768</u>	<u>\$ 339,541</u>	<u>\$ 349,537</u>	<u>\$ 371,162</u>	<u>\$ 402,297</u>	<u>\$ 405,910</u>
Primary government										
Net invested in capital assets	\$ 323,942	\$ 356,545	\$ 370,029	\$ 397,700	\$ 408,948	\$ 442,401	\$ 471,570	\$ 502,252	\$ 517,986	\$ 511,184
Restricted	55,356	55,433	54,426	60,140	63,742	62,702	63,782	73,533	81,085	69,329
Unrestricted	<u>42,265</u>	<u>41,367</u>	<u>56,281</u>	<u>55,987</u>	<u>63,477</u>	<u>68,440</u>	<u>81,514</u>	<u>81,826</u>	<u>95,779</u>	<u>86,004</u>
Total primary government net position	<u>\$ 421,563</u>	<u>\$ 453,345</u>	<u>\$ 480,736</u>	<u>\$ 513,827</u>	<u>\$ 536,167</u>	<u>\$ 573,543</u>	<u>\$ 616,866</u>	<u>\$ 657,611</u>	<u>\$ 694,850</u>	<u>\$ 666,517</u>

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**  
**(Page 1 of 3)**

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,016	\$ 6,844	\$ 6,289	\$ 7,288	\$ 7,240	\$ 7,397	\$ 7,543	\$ 7,249	\$ 8,319	\$ 9,533
Public safety	29,754	34,533	36,647	38,312	40,841	42,735	37,410	47,884	43,124	43,085
Public works	14,476	18,048	18,558	20,238	17,531	19,284	21,609	26,939	30,322	31,320
Public health	588	609	799	858	816	865	851	871	905	1,059
Culture and recreation	6,687	7,068	7,417	7,799	8,118	8,133	8,312	8,799	9,577	11,212
Housing and economic development	4,145	3,189	3,246	4,068	5,879	3,709	3,561	3,212	3,475	4,612
Interest on long-term debt	1,830	1,779	2,270	2,440	2,377	2,216	2,212	2,083	2,602	2,779
Total governmental activities expenses	<u>64,496</u>	<u>72,070</u>	<u>75,226</u>	<u>81,003</u>	<u>82,802</u>	<u>84,339</u>	<u>81,498</u>	<u>97,037</u>	<u>98,324</u>	<u>103,600</u>
Business-type activities:										
Solid waste	7,321	7,982	8,921	8,933	8,510	9,996	10,296	10,482	11,314	11,823
Airport	9,832	9,941	11,657	11,598	11,613	12,038	13,098	12,763	12,711	12,616
Water	12,724	13,172	15,023	15,634	15,610	16,420	16,481	17,876	17,497	17,652
Wastewater	8,467	8,466	9,074	8,905	10,050	10,168	10,831	12,291	12,232	12,314
Parking	1,607	1,836	2,272	2,718	2,784	2,616	3,166	2,057	2,095	2,538
Transit	4,681	4,971	5,080	5,338	5,564	5,737	6,017	6,021	6,264	6,170
Golf course	392	380	415	415	423	428	434	453	443	436
Total business-type activities expenses	<u>45,024</u>	<u>46,748</u>	<u>52,442</u>	<u>53,541</u>	<u>54,554</u>	<u>57,403</u>	<u>60,323</u>	<u>61,943</u>	<u>62,556</u>	<u>63,549</u>
Total primary government expenses	<u>\$ 109,520</u>	<u>\$ 118,818</u>	<u>\$ 127,668</u>	<u>\$ 134,544</u>	<u>\$ 137,356</u>	<u>\$ 141,742</u>	<u>\$ 141,821</u>	<u>\$ 158,980</u>	<u>\$ 160,880</u>	<u>\$ 167,149</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**  
**(Page 2 of 3)**

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,921	\$ 1,734	\$ 1,907	\$ 2,229	\$ 2,291	\$ 2,365	\$ 2,788	\$ 2,611	\$ 2,463	\$ 2,855
Public safety	5,426	6,347	6,377	5,847	6,172	6,630	5,982	5,847	4,900	5,857
Public works	18,097	18,294	18,774	19,278	18,238	18,933	21,221	21,433	22,427	23,271
Culture and recreation	1,632	1,586	1,785	1,648	45	46	45	36	59	42
Other activities	158	167	166	123	1,772	1,838	1,887	1,948	2,074	2,326
Operating grants and contributions	7,557	11,021	11,359	11,514	13,125	12,229	7,006	12,503	13,648	16,554
Capital grants and contributions	<u>8,297</u>	<u>5,415</u>	<u>6,963</u>	<u>13,182</u>	<u>7,555</u>	<u>14,133</u>	<u>26,658</u>	<u>28,524</u>	<u>13,626</u>	<u>7,884</u>
Total governmental activities program revenues	<u>43,088</u>	<u>44,564</u>	<u>47,331</u>	<u>53,821</u>	<u>49,198</u>	<u>56,174</u>	<u>65,587</u>	<u>72,902</u>	<u>59,197</u>	<u>58,789</u>
Business-type activities:										
Charges for services:										
Solid waste	7,456	7,482	7,887	8,169	9,144	9,801	10,731	10,161	11,024	13,925
Airport	7,045	7,496	7,791	7,987	8,278	8,483	9,568	9,841	9,046	9,536
Water	16,398	17,827	18,870	19,458	21,099	19,538	23,569	25,904	22,928	24,740
Wastewater	9,684	9,554	10,230	10,574	10,282	10,919	14,144	16,123	18,054	18,469
Other activities	2,362	2,595	2,821	2,919	2,850	2,810	2,902	3,071	2,758	2,752
Operating grants and contributions	1,487	1,669	2,605	2,281	2,384	2,224	2,260	2,533	2,815	2,195
Capital grants and contributions	<u>9,386</u>	<u>9,281</u>	<u>9,746</u>	<u>7,187</u>	<u>9,247</u>	<u>15,707</u>	<u>6,041</u>	<u>8,426</u>	<u>15,274</u>	<u>4,366</u>
Total business-type activities program revenues	<u>53,818</u>	<u>55,904</u>	<u>59,950</u>	<u>58,575</u>	<u>63,284</u>	<u>69,482</u>	<u>69,215</u>	<u>76,059</u>	<u>81,899</u>	<u>75,983</u>
Total primary government program revenues	<u>\$ 96,906</u>	<u>\$ 100,468</u>	<u>\$ 107,281</u>	<u>\$ 112,396</u>	<u>\$ 112,482</u>	<u>\$ 125,656</u>	<u>\$ 134,802</u>	<u>\$ 148,961</u>	<u>\$ 141,096</u>	<u>\$ 134,772</u>
Net (expense)/revenue										
Governmental activities	\$ (28,982)	\$ (30,662)	\$ (33,672)	\$ (27,182)	\$ (33,604)	\$ (25,324)	\$ (31,450)	\$ (24,135)	\$ (39,127)	\$ (44,811)
Business-type activities	<u>7,070</u>	<u>3,462</u>	<u>6,409</u>	<u>5,034</u>	<u>8,730</u>	<u>9,159</u>	<u>7,272</u>	<u>14,116</u>	<u>19,343</u>	<u>12,434</u>
Total primary government	<u>\$ (21,912)</u>	<u>\$ (27,200)</u>	<u>\$ (27,263)</u>	<u>\$ (22,148)</u>	<u>\$ (24,874)</u>	<u>\$ (16,165)</u>	<u>\$ (24,178)</u>	<u>\$ (10,019)</u>	<u>\$ (19,784)</u>	<u>\$ (32,377)</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**  
**(Page 3 of 3)**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 20,371	\$ 23,192	\$ 26,001	\$ 25,877	\$ 28,106	\$ 31,642	\$ 31,165	\$ 32,686	\$ 36,507	\$ 32,198
Franchise fees	2,128	2,316	2,488	2,711	2,786	2,946	3,348	3,598	2,770	3,808
Business license tax	613	596	610	634	643	744	706	701	740	759
Unrestricted federal/state shared revenue	11,835	11,923	12,339	12,232	12,707	13,247	13,544	14,023	15,117	15,550
Unrestricted investment earnings	562	881	1,347	555	229	129	133	77	151	196
Gain on sale of property and equipment	179	1,519	235	1,478	(273)	(13)	139	465	411	949
Miscellaneous	403	50	118	124	53	77	59	78	(201)	221
Transfers	200	253	(38)	(873)	206	(1,561)	146	(4,409)	(9,046)	(4,144)
Total governmental activities	<u>36,291</u>	<u>40,730</u>	<u>43,100</u>	<u>42,738</u>	<u>44,457</u>	<u>47,211</u>	<u>49,240</u>	<u>47,219</u>	<u>46,449</u>	<u>49,537</u>
Business-type activities:										
Property taxes	1,544	1,548	1,630	1,744	1,774	1,833	1,880	1,864	1,992	1,865
Unrestricted federal/state shared revenue	306	305	306	312	324	341	341	341	-	421
Unrestricted investment earnings	1,728	2,793	2,358	1,336	641	436	419	226	400	445
Gain on sale of property and equipment	10	60	33	44	20	(24)	(547)	468	285	61
Miscellaneous	113	93	312	546	205	150	742	200	273	353
Transfers	(200)	(253)	38	873	(206)	1,561	(146)	4,409	9,046	4,144
Total business-type activities	<u>3,501</u>	<u>4,546</u>	<u>4,677</u>	<u>4,855</u>	<u>2,758</u>	<u>4,297</u>	<u>2,689</u>	<u>7,508</u>	<u>11,996</u>	<u>7,289</u>
Total primary government	<u>\$ 39,792</u>	<u>\$ 45,276</u>	<u>\$ 47,777</u>	<u>\$ 47,593</u>	<u>\$ 47,215</u>	<u>\$ 51,508</u>	<u>\$ 51,929</u>	<u>\$ 54,727</u>	<u>\$ 58,445</u>	<u>\$ 56,826</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 7,309	\$ 10,068	\$ 9,428	\$ 15,556	\$ 10,853	\$ 21,887	\$ 17,790	\$ 23,084	\$ 7,322	\$ 4,726
Business-type activities	10,571	8,008	11,086	9,889	11,488	13,456	9,961	21,624	31,339	19,723
Total primary government net position	<u>\$ 17,880</u>	<u>\$ 18,076</u>	<u>\$ 20,514</u>	<u>\$ 25,445</u>	<u>\$ 22,341</u>	<u>\$ 35,343</u>	<u>\$ 27,751</u>	<u>\$ 44,708</u>	<u>\$ 38,661</u>	<u>\$ 24,449</u>

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2006	\$ 20,371	\$ 613	\$ 17,682
2007	23,192	596	20,984
2008	26,001	610	23,788
2009	25,878	634	26,611
2010	28,106	643	26,512
2011	31,642	744	28,749
2012	31,165	706	32,386
2013	32,686	701	33,387
2014	36,507	739	37,246
2015	32,198	759	32,957

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**

	<b>Fiscal Years</b>					
	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>
<b>General Fund</b>						
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-
Committed	8,186	8,610	9,726	8,603	9,890	9,890
Assigned	-	-	-	-	-	-
Unassigned	<u>5,007</u>	<u>8,131</u>	<u>10,285</u>	<u>11,612</u>	<u>13,245</u>	<u>14,990</u>
Total	<u><u>\$ 13,193</u></u>	<u><u>\$ 16,741</u></u>	<u><u>\$ 20,011</u></u>	<u><u>\$ 20,215</u></u>	<u><u>\$ 23,135</u></u>	<u><u>\$ 24,880</u></u>
<b>All other governmental funds</b>						
Unspendable	\$ 601	\$ 614	\$ 626	\$ 637	\$ 751	\$ 760
Restricted	40,044	39,936	43,818	64,363	56,291	72,549
Committed	9,477	8,547	7,958	8,681	7,842	10,817
Assigned	-	-	-	-	-	-
Unassigned	<u>(243)</u>	<u>(496)</u>	<u>(906)</u>	<u>(470)</u>	<u>(376)</u>	<u>(396)</u>
Total	<u><u>\$ 49,879</u></u>	<u><u>\$ 48,601</u></u>	<u><u>\$ 51,496</u></u>	<u><u>\$ 73,211</u></u>	<u><u>\$ 64,508</u></u>	<u><u>\$ 83,730</u></u>

Source: City of Billings, Montana

<sup>1</sup> In FY2010, The City of Billings adopted GASB 54. See Notes to Financial Statements.



**CITY OF BILLINGS, MONTANA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**  
**(Page 1 of 2)**

	<b>Fiscal Years</b>									
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Revenues</b>										
Taxes	\$ 20,049	\$ 22,953	\$ 25,446	\$ 26,006	\$ 27,841	\$ 32,062	\$ 30,654	\$ 32,131	\$ 36,457	\$ 33,763
Licenses and permits	4,340	4,786	5,200	4,952	4,759	5,126	5,611	6,513	5,489	6,984
Intergovernmental	17,818	21,425	22,044	23,933	27,219	27,704	20,698	25,518	27,768	28,279
Charges for services	10,776	10,688	10,385	10,801	9,743	10,725	11,128	10,782	11,512	11,966
Fines and forfeitures	1,651	2,017	1,869	1,650	1,809	2,035	2,052	2,393	2,064	2,079
Special assessments	16,874	16,890	17,180	18,021	17,984	18,635	20,276	21,394	21,548	22,303
Other	3,604	4,208	5,592	3,188	2,761	1,918	1,674	2,337	3,394	3,247
Total revenues	<u>75,112</u>	<u>82,967</u>	<u>87,716</u>	<u>88,551</u>	<u>92,116</u>	<u>98,205</u>	<u>92,093</u>	<u>101,068</u>	<u>108,232</u>	<u>108,621</u>
<b>Expenditures</b>										
Current:										
General government	6,679	7,083	6,452	6,942	7,147	7,208	7,323	7,335	8,288	7,869
Public safety	27,652	33,519	39,867	36,479	38,801	40,529	36,145	43,716	42,386	43,924
Public works	12,482	12,934	13,036	13,708	12,402	13,514	14,133	16,415	18,861	18,472
Public health	520	556	707	745	727	766	769	787	814	843
Culture and recreation	5,603	6,150	6,387	6,570	6,944	6,981	7,133	7,633	8,163	8,374
Housing and economic development	3,984	3,056	3,121	3,936	5,860	3,599	3,478	3,129	3,407	4,423
Capital outlay	13,996	9,858	29,671	17,072	8,313	17,007	13,980	21,874	30,294	18,893
Debt service:										
Principal	9,436	6,208	7,277	4,700	4,590	5,934	6,967	13,153	4,811	9,157
Interest and fiscal charges	1,565	1,433	1,693	1,858	2,172	1,942	1,752	2,688	2,349	2,492
Bond issuance costs	55	212	-	212	9	64	135	769	133	464
Total expenditures	<u>81,972</u>	<u>81,009</u>	<u>108,211</u>	<u>92,222</u>	<u>86,965</u>	<u>97,544</u>	<u>91,815</u>	<u>117,499</u>	<u>119,506</u>	<u>114,911</u>
Excess of revenues over (under) expenditures	<u>\$ (6,860)</u>	<u>\$ 1,958</u>	<u>\$ (20,495)</u>	<u>\$ (3,671)</u>	<u>\$ 5,151</u>	<u>\$ 661</u>	<u>\$ 278</u>	<u>\$ (16,431)</u>	<u>\$ (11,274)</u>	<u>\$ (6,290)</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**  
**(Page 2 of 2)**

	Fiscal Years									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 22,903	\$ 25,752	\$ 23,191	\$ 20,691	\$ 21,267	\$ 25,054	\$ 24,532	\$ 26,535	\$ 24,086	\$ 28,504
Transfers out	(23,086)	(25,955)	(23,398)	(20,874)	(21,982)	(25,730)	(24,886)	(28,260)	(24,773)	(29,094)
Issuance of debt	611	228	4,033	213	881	1,125	3,630	33,055	-	6,270
Capital leases	-	-	404	-	-	-	-	-	-	-
General obligation bonds issued	-	12,500	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	380	168	6,665	988	945	2,325	6,120	4,820	18,655
Special assessment refunding bonds issued	3,371	-	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	43	-	-	-	31	-	1,435	233	1,130
Bond discounts	(41)	-	-	(152)	-	(30)	(57)	(2)	-	(61)
Sale of capital assets	<u>128</u>	<u>1,504</u>	<u>229</u>	<u>649</u>	<u>342</u>	<u>213</u>	<u>343</u>	<u>468</u>	<u>124</u>	<u>1,852</u>
Total other financing sources (uses)	<u>3,886</u>	<u>14,452</u>	<u>4,627</u>	<u>7,192</u>	<u>1,496</u>	<u>1,608</u>	<u>5,887</u>	<u>39,351</u>	<u>4,490</u>	<u>27,256</u>
Net change in fund balances	<u>\$ (2,974)</u>	<u>\$ 16,410</u>	<u>\$ (15,868)</u>	<u>\$ 3,521</u>	<u>\$ 6,647</u>	<u>\$ 2,269</u>	<u>\$ 6,165</u>	<u>\$ 22,920</u>	<u>\$ (6,784)</u>	<u>\$ 20,966</u>
Debt service as a percentage of noncapital expenditures	16.2%	10.7%	11.4%	8.7%	8.6%	9.8%	11.2%	16.6%	8.0%	12.1%

Source: City of Billings, Montana

Other expenditures were reclassified to Public Works for fiscal years 2000-2006.

**CITY OF BILLINGS, MONTANA**  
**General Government Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2006	\$ 20,049	\$ 613	\$ 20,662
2007	22,953	596	23,549
2008	25,446	610	26,056
2009	26,006	634	26,640
2010	27,841	643	28,484
2011	32,062	744	32,806
2012	30,654	706	31,360
2013	32,131	701	32,832
2014	36,457	740	37,197
2015	33,763	759	34,522

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Employer Contributions to the Health Insurance Plan**  
**Last Seven Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of (ARC)</b>
2009	\$ 5,839,880	\$ 1,012,000	17%
2010	6,175,808	1,012,000	16%
2011	6,726,503	715,000	11%
2012	7,457,610	676,000	9%
2013	8,103,061	491,000	6%
2014	8,124,400	491,000	6%
2015	8,184,800	263,000	3%

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Taxable and Estimated Market Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Real Property <sup>3,4</sup></b>		<b>Personal Property</b>		<b>Total <sup>5</sup></b>		<b>Direct Tax Rate</b>	<b>Ratio of Taxable Value to Estimated Market</b>
	<b>Estimated Market Value</b>	<b>Taxable Value</b>	<b>Estimated Market Value</b>	<b>Taxable Value</b>	<b>Estimated Market Value <sup>1</sup></b>	<b>Taxable Value <sup>2</sup></b>		
2006	4,357,782,535	129,033,010	216,372,762	6,498,495	4,574,155,297	135,531,505	132.81	3.0%
2007	4,662,425,471	135,758,026	220,592,211	6,601,869	4,883,017,682	142,359,895	141.58	2.9%
2008	4,969,440,135	141,945,417	250,389,175	7,455,324	5,219,829,310	149,400,741	157.53	2.9%
2009	4,553,549,601	145,757,788	256,854,409	7,749,519	4,810,404,010 <sup>6</sup>	153,507,307	163.76	3.2%
2010	4,846,545,852	150,316,617	289,007,798	8,596,230	5,135,553,650	158,912,847	169.44	3.1%
2011	6,045,049,971	158,774,355	261,866,181	7,680,497	6,306,916,152	166,454,852	171.42	2.6%
2012	5,391,987,991	160,074,588	253,361,134	7,357,320	5,645,349,125	167,431,908	168.73	3.0%
2013	5,578,809,490	159,681,901	257,791,168	5,720,433	5,836,600,658	165,402,334	174.58	2.8%
2014	5,867,349,504	161,755,976	272,813,412	6,008,199	6,140,162,916	167,764,175	178.70	2.7%
2015	6,141,298,543	163,095,567	209,710,048	3,762,699	6,351,008,591	166,858,266	168.12	2.6%

<sup>1</sup> State of Montana Department of Revenue (both real and personal property).

<sup>2</sup> Yellowstone County, Montana, Assessors Office (both real and personal property).

<sup>3</sup> Market value and taxable value includes Utilities category.

<sup>4</sup> Breakdown of commercial and residential property values is not available.

<sup>5</sup> Market value and taxable value for fiscal years beginning in 2006 include incremental increases to the Tax Increment District.

<sup>6</sup> For Fiscal Year 2009 State of Montana Department of Revenue did not include exempt properties.

**CITY OF BILLINGS, MONTANA**  
**Property Tax Rates – Direct and Overlapping Governments**  
**(Per \$1000 of Assessed Value)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	City						County			Big Sky	Total	
Fiscal	Public				General Obligation		School		School	Economic Development	Direct and Overlapping	
Year	General <sup>4</sup>	Library <sup>4</sup>	Safety <sup>2</sup>	Transit <sup>4</sup>	Bonds <sup>5</sup>	Total <sup>3</sup>	County	Education <sup>1</sup>	District	Authority	State	Total
2006	69.50	9.50	39.64	10.00	4.17	132.81	93.76	106.60	224.99	2.76	47.50	608.42
2007	69.50	9.50	48.09	10.00	4.49	141.58	100.08	106.71	200.83	2.82	47.50	599.52
2008	69.50	9.50	57.25	10.00	11.28	157.53	103.56	104.12	202.96	2.94	47.50	618.61
2009	74.00	5.00	64.34	10.00	10.42	163.76	106.37	104.72	192.18	3.02	47.50	617.55
2010	74.00	5.00	71.92	10.00	8.52	169.44	106.89	102.50	193.87	3.05	47.98	623.73
2011	74.00	5.00	73.82	10.00	8.60	171.42	114.36	102.50	199.73	3.05	49.34	640.40
2012	74.00	5.00	70.75	10.00	8.98	168.73	114.44	102.50	199.19	3.05	49.96	637.87
2013	74.00	5.00	71.11	10.00	14.47	174.58	117.19	102.50	204.53	3.09	52.09	653.98
2014	74.00	5.00	74.36	10.00	15.34	178.70	118.33	102.50	215.54	3.09	49.36	667.52
2015	74.00	5.00	64.59	10.00	14.53	168.12	117.10	102.50	249.75	3.09	46.10	686.66

Source: Yellowstone County, Montana, Treasurer

<sup>1</sup> Includes School Equalization Levy and other Education Levies.

<sup>2</sup> Tax payers approved additional public safety mills increase annually for fiscal years 2006 through 2010.

<sup>3</sup> Under State Law, voter approval is required for additional tax rate increases.

<sup>4</sup> General mills are fixed by charter, increases require an amendment to the charter.

<sup>5</sup> During FY 08 Ball Park Bonds were issued for 7.07 mills thus increasing the General Obligation Bond total to 11.28, and in FY 2013 a General Obligation Library Bond for 6.12 mills was issued.



**CITY OF BILLINGS, MONTANA**  
**Principal Property Taxpayers**  
**June 30, 2015 and Ten Years Ago**  
**(Unaudited)**

Taxpayer	Tax Year 2014			Tax Year 2005		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Northwestern Corp Transmission	\$ 7,894,315	1	4.7%	\$ 6,352,885	1	4.7%
Bresnan Broadband Db a Mt Teleg	2,535,803	2	1.5%	-		0.0%
Montana Dakota Utilities	2,518,340	3	1.5%	1,162,308	3	0.9%
Centurylink INC	2,373,247	4	1.4%	-		0.0%
Verizon Wireless	928,229	5	0.6%	-		0.0%
AT & T Mobility LLC	881,177	6	0.5%	999,299	4	0.7%
Wal-Mart Real Estate Business	875,909	7	0.5%	607,832	6	0.4%
Rimrock Owner LP	618,560	8	0.4%	-		0.0%
United Airlines	502,370	9	0.3%	-		0.0%
Stockman Bank of Montana	448,519	10	0.3%	-		0.0%
Qwest Corporation	-		0.0%	3,665,116	2	2.7%
Sky West Airlines	-		0.0%	471,185	8	0.3%
Macerich Rimrock Limited Partner	-		0.0%	871,433	5	0.6%
Sysco Food Services	-		0.0%	420,062	9	0.3%
Western Sugar Co.	-		0.0%	524,007	7	0.4%
West Park Plaza Investors	-		0.0%	403,452	10	0.3%
Total	<u>\$ 19,576,469</u>		<u>11.7%</u>	<u>\$ 15,477,579</u>		<u>11.4%</u>
Total taxable value	\$ 166,858,266			\$ 135,531,505		

Source: City of Billings, Montana

**CITY OF BILLINGS, MONTANA**  
**Property Tax Levies and Collections <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Total Tax Levy<sup>1</sup> for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>		<b>Delinquent</b>
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>	
2006	16,740,890	15,911,958	95.0%	813,555	16,725,513	99.9%	828,932
2007	18,622,292	17,800,006	95.6%	815,440	18,615,446	100.0%	822,286
2008	21,659,793	20,533,104	94.8%	734,789	21,267,893	98.2%	1,126,689
2009	23,823,598	22,640,645	95.0%	1,076,305	23,716,950	99.6%	1,182,953
2010	25,249,468	23,902,572	94.7%	723,714	24,626,286	97.5%	1,346,896
2011	26,450,937	24,813,236	93.8%	1,330,906	26,144,142	98.8%	1,637,701
2012	26,003,866	23,934,858	92.0%	1,051,668	24,986,526	96.1%	2,069,008
2013	26,886,158	25,426,270	94.6%	642,009	26,068,279	97.0%	1,459,888
2014	27,818,662	26,310,736	94.6%	658,806	26,969,542	96.9%	1,507,926
2015	26,391,143	25,590,811	97.0%	4,894,272	30,485,083	115.5%	800,332

Source: City of Billings, Montana

<sup>1</sup> The total tax levy, collections and outstanding delinquent taxes are net of tax increment amounts.

**CITY OF BILLINGS, MONTANA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)  
(Unaudited)

Fiscal Year	General Obligation Bonds	Tax Increment Bonds	Governmental Activities			Capital Leases Payable
			Special Assessment Bonds	Intercap Notes Payable	Notes Payable	
2006	6,410	2,645	23,458	1,616	1,866	5,983
2007	18,655	1,345	20,343	1,133	1,538	5,756
2008	18,395	-	16,891	-	4,584	5,869
2009	17,655	-	20,919	-	4,066	5,520
2010	16,845	-	18,882	81	4,114	5,154
2011	15,975	-	17,068	75	3,046	4,768
2012	15,080	-	17,230	70	2,821	4,428
2013	30,557	13,263	16,156	64	2,287	4,100
2014	28,717	13,260	17,645	59	1,732	4,128
2015	26,921	20,376	22,737	54	1,153	3,737

Fiscal Year	Business-Type Activities					Capital Lease Payable Airport	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita
	Revenue Bonds Airport	Notes Payable Golf Course	Rev Bonds/ Notes Payable Water	Rev Bonds/ Notes Payable Wastewater	Capital Lease Payable Parking				
2006	10,040	126	5,460	4,309	-	-	68,705	n/a	0.69
2007	9,595	85	13,355	4,280	5,930	-	78,984	1.76%	0.78
2008	9,125	-	15,773	4,116	5,760	-	82,934	1.83%	0.80
2009	8,635	-	15,121	9,171	5,580	-	83,583	1.79%	0.80
2010	8,120	-	20,206	14,609	5,390	-	89,257	1.51%	0.84
2011	14,165	-	23,922	16,765	5,190	-	99,671	1.64%	0.96
2012	13,465	-	24,026	16,212	5,544	1,322	100,198	1.59%	0.96
2013	12,540	-	23,214	16,458	3,177	1,258	123,021	1.82%	1.15
2014	11,382	-	24,510	17,470	3,061	1,191	123,155	1.76%	1.13
2015	10,437	-	28,446	16,514	2,942	1,120	134,437	1.89%	1.23

Source: City of Billings, Montana

<sup>1</sup> Personal income amount is not available for 2006.

Beginning in 2014, amounts are recorded as net of adjustments.

**CITY OF BILLINGS, MONTANA**  
**Ratio of General Obligation Bonded Debt Outstanding**  
**To Taxable Value and Net General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Taxable Value <sup>2</sup></b>	<b>General Obligation Bonds <sup>3</sup></b>	<b>Less: Amounts Available in Debt Service Funds <sup>4</sup></b>	<b>Net</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Net Bonded Debt Per Capita</b>
2006	100,148	132,165,804	6,410,000	456,867	5,953,133	4.5%	59.44
2007	101,650	137,538,752	18,655,000	528,308	18,126,692	13.2%	178.32
2008	103,100	144,941,193	18,395,000	1,731,344	16,663,656	11.5%	161.63
2009	103,994	153,347,183	17,655,000	1,849,644	15,805,356	10.3%	151.98
2010	105,845	158,912,847	16,845,000	1,720,203	15,124,797	9.5%	142.90
2011	104,170	166,454,852	15,975,000	1,549,809	14,425,191	8.7%	138.48
2012	104,170	167,431,908	15,080,000	1,233,678	13,846,322	8.3%	132.92
2013	106,954	165,402,334	30,556,896	2,465,881	28,091,015	17.0%	262.65
2014	109,059	167,764,175	28,716,650	2,310,101	26,406,549	15.7%	242.13
2015	108,869	166,858,266	26,921,315	2,653,784	24,267,531	14.5%	222.91

Sources and other information:

<sup>1</sup> Census taken every ten years. Actual census figures given for 2011.

All other years are estimated by City/County Planning, Yellowstone County, Montana.

<sup>2</sup> Yellowstone County, Montana, Assessors Office (these amounts do not include the incremental increases to the Tax Increment District).

<sup>3</sup> Amount does not include Special Assessment, tax increment or revenue bonds. In 2013, recorded net of adjustments.

<sup>4</sup> Amount does not include Special Assessment, tax increment debt service funds or advanced cross over refunding.

**CITY OF BILLINGS, MONTANA**  
**Direct and Overlapping General Obligation Bonded Debt**  
**June 30, 2015**  
**(Unaudited)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percent Applicable to City</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping:			
<b>Yellowstone County</b>	<b>\$ 4,831,000</b>	<b>46.20%</b>	<b>\$ 2,231,922</b>
<b>School Districts</b>			
School District #2	\$ 113,649,421	53.34%	\$ 60,620,601
Elder Grove SD #4	5,435,000	0.04%	\$ 2,174
Elysian SD #23	8,765,000	4.92%	\$ 431,238
Canyon Creek SD #44	875,000	0.29%	\$ 2,538
<u>Independent SD #52</u>	<u>2,865,000</u>	<u>0.29%</u>	<u>\$ 8,309</u>
Total School Districts	<b>131,589,421</b>		<b>61,064,859</b>
<b>Total Overlapping Debt</b>	<b>136,420,421</b>		<b>63,296,781</b>
Direct:			
<b>City of Billings</b>	<u>25,980,000</u>	<b>100.00%</b>	<u>25,980,000</u>
<b>Total direct debt</b>	<b>\$ 25,980,000</b>		<b>\$ 25,980,000</b>
<b>Total Direct and Overlapping Debt</b>	<b>162,400,421</b>		<b>89,276,781</b>

Source and other information:

<sup>1</sup> Does not include Special Assessment debt with government commitment or tax increment debt.

<sup>2</sup> Finance Department, Yellowstone County, Montana.

<sup>3</sup> City of Billings, Montana

<sup>4</sup> The percentage of overlapping debt applicable to the City is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the other government's taxable value that is within the City's boundaries and dividing it by the other government total taxable value.

**CITY OF BILLINGS, MONTANA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in 000's)**  
**(Unaudited)**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 69,070	\$ 73,734	\$ 130,496	\$ 120,260	\$ 126,264	\$ 110,757	\$ 125,971	\$ 145,915	\$ 153,504	\$ 158,762
Total net debt applicable to limit	<u>13,552</u>	<u>25,016</u>	<u>22,280</u>	<u>21,170</u>	<u>20,030</u>	<u>19,343</u>	<u>13,846</u>	<u>27,875</u>	<u>26,407</u>	<u>23,326</u>
Legal debt margin	<u>\$ 55,518</u>	<u>\$ 48,718</u>	<u>\$ 108,216</u>	<u>\$ 99,090</u>	<u>\$ 106,234</u>	<u>\$ 91,414</u>	<u>\$ 112,125</u>	<u>\$ 118,040</u>	<u>\$ 127,098</u>	<u>\$ 135,436</u>
Total net debt applicable to the limit as a percentage of debt limit	19.62%	33.93%	17.07%	17.60%	15.86%	17.46%	10.99%	19.10%	17.20%	14.69%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed market value:	
Real property	\$ 5,860,112,766
Personal property	209,172,372
Utilities	<u>281,185,777</u>
Total assessed value	<u>\$ 6,350,470,915</u>
Debt amount limited to 2.5% of total assessed value	\$ 158,761,773
Less:	
General obligation bonded debt outstanding	25,980,000
Total net debt applicable to limit	25,980,000
Plus:	
Amount set aside for repayment of GO debt	<u>2,653,784</u>
Total net debt applicable to limit	<u>23,326,216</u>
Legal debt margin	<u>\$ 135,435,557</u>

Source: City of Billings, Montana

Note: Under state law, the City of Billings, Montana's outstanding general obligation debt was not to exceed 1.51% prior to FY 08 and 2.50% starting in FY 08 of total assessed market value.



**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Water and Wastewater Debt**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross Revenue <sup>1</sup></b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2006	\$ 26,806,825	\$ 14,385,330	\$ 12,421,495	\$ 371,000 <sup>3</sup>	\$ 85,658	\$ 456,658	2720%
2007	28,495,544	15,161,687	13,333,857	763,000	519,548	1,282,548	1040%
2008	30,114,284	16,280,346	13,833,938	792,000	651,314	1,443,314	958%
2009	31,535,859	16,507,448	15,028,411	948,000	753,501	1,701,501	883%
2010	31,671,419	16,516,713	15,154,706	1,389,000	1,155,659	2,544,659	596%
2011	30,683,732	16,666,260	14,017,472	1,926,000	1,415,188	3,341,188	420%
2012	37,852,987	17,146,622	20,706,365	1,938,000	1,493,738	3,431,738	603%
2013	41,905,740	19,526,272	22,379,468	2,417,119	1,473,370	3,890,489	575%
2014	40,923,714	18,809,342	22,114,372	2,345,000	1,059,745	3,404,745	650%
2015	43,267,946	18,684,310	24,583,636	2,572,407	1,196,733	3,769,140	652%

Source: City of Billings, Montana

<sup>1</sup> Includes operating revenue and interest income.

<sup>2</sup> Total operating expenses exclusive of depreciation.

<sup>3</sup> SRF Loan proceeds began in FY 05-06 as well as the related principal and interest payments.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Airport Revenue Bonds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross Revenue <sup>1</sup></b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2006	\$ 7,328,189	\$ 5,351,434	\$ 1,976,755	\$ 425,000	\$ 649,790	\$ 1,074,790	184%
2007	7,896,925	5,370,760	2,526,165	445,000	628,802	1,073,802	235%
2008	8,084,353	6,016,118	2,068,235	470,000	600,575	1,070,575	193%
2009	8,172,942	6,499,711	1,673,231	490,000	570,242	1,060,242	158%
2010	8,351,091	6,455,160	1,895,931	515,000	538,455	1,053,455	180%
2011	8,680,524	6,589,404	2,091,120 <sup>3,4</sup>	550,000	520,438	1,070,438	195%
2012	9,907,148	7,229,282	2,677,866	700,000	587,861	1,287,861	208%
2013	10,338,400	7,156,337	3,182,063	925,000	516,438	1,441,438	221%
2014	9,518,557	7,306,389	2,212,168	960,000	488,163	1,448,163	153%
2015	9,658,046	7,198,727	2,459,319	1,000,000	455,113	1,455,113	169%

Source: City of Billings, Montana

<sup>1</sup> Includes operating revenue, other revenue, interest income and CFC income to the extent of CFC debt service.

<sup>2</sup> Total operating expense exclusive of depreciation.

<sup>3</sup> The 2000 series bonds were refunded in July of 2010 in exchange for 2010A revenue bonds.

<sup>4</sup> In Fiscal year 2011, Airport series 2010B revenue bonds were issued for the CFC project.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Special Assessment Bonds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross<sup>1</sup> Revenue</b>		<b>Debt Service Requirements</b>			<b>Coverage</b>
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2006	\$	3,813,756	\$ 3,761,424	\$ 850,015	\$ 4,611,439	82.7%
2007		3,715,399	2,615,000	791,898	3,406,898	109.1%
2008		2,805,088	2,720,000	705,167	3,425,167	81.9%
2009		3,135,673	2,212,000	620,797	2,832,797	110.7%
2010		2,519,745	2,090,111	1,060,094	3,150,205	80.0%
2011		2,984,730	1,803,815	970,296	2,774,111	107.6%
2012		5,581,675	4,614,070	915,622	5,529,692	100.9%
2013		6,665,868	7,013,621	1,539,100	8,552,721	77.9%
2014		2,623,645	2,085,862	690,009	2,775,871	94.5%
2015		7,183,892	6,593,709	613,603	7,207,312	99.7%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross Revenue includes special assessments and investment earnings on reserves.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Storm Sewer Bonds<sup>2</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross<sup>1</sup> Revenue</b>	<b>Less: Operating Expense</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2006	\$ 2,986,222	\$ 2,445,344	\$ 540,878	\$ 865,000	\$ 131,118	\$ 996,118	54.3%
2007	2,994,862	1,115,485	1,879,377	880,000	113,179	993,179	189.2%
2008	3,256,003	2,369,751	886,252	900,000	95,396	995,396	89.0%
2009	3,235,041	2,625,836	609,205	920,000	77,693	997,693	61.1%
2010	3,318,326	2,156,315	1,162,011	935,000	57,961	992,961	117.0%
2011	3,289,314	4,186,201	(896,887)	960,000	35,449	995,449	-90.1%
2012	3,377,947	1,542,725	1,835,222	180,000	20,000	200,000	917.6%
2013	3,429,004	2,335,753	1,093,251	185,000	16,311	201,311	543.1%
2014	3,579,824	3,003,616	576,208	385,000	30,797	415,797	138.6%
2015	3,747,959	3,505,136	242,823	100,000	173,094	273,094	88.9%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross revenue includes assessments and investment earnings.

<sup>2</sup> Included in special assessment bonds in the financial statements and related notes.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Parking Notes Payable <sup>3</sup>**  
**Last Seven Fiscal Years <sup>4</sup>**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross<sup>1</sup> Revenue</b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2007	\$ 1,871,083	\$ 1,047,789	\$ 823,294	\$ -	\$ -	\$ -	n/a
2008	1,955,244	1,161,458	793,786	170,431	324,964	495,395	160%
2009	1,922,134	1,545,816	376,318	179,771	315,624	495,395	76%
2010	1,764,693	1,678,525	86,168	189,622	305,773	495,395	17%
2011	1,732,269	1,551,195	181,074	200,014	295,381	495,395	37%
2012	1,724,876	2,110,306	(385,430)	210,974	284,421	495,395	-78%
2013	1,755,582	1,220,805	534,777 <sup>5</sup>	222,536	272,859	495,395	108%
2014	1,525,125	1,455,807	69,318	115,863	139,917	255,780	27%
2015	1,519,591	1,717,715	(198,124)	119,120	136,660	255,780	-77%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross revenue includes operating revenue and interest income.

<sup>2</sup> Total operating expense exclusive of depreciation

<sup>3</sup> Included in note payable in the financial statements and related notes.

<sup>4</sup> Note payable was issued in fiscal year 2007. Prior to 2007, there was no pledged revenue debt for Parking.

<sup>5</sup> The Capital lease for Parking was refinanced in FY2013. The debt service requirements will decrease in subsequent years.

**CITY OF BILLINGS, MONTANA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Total Personal Income <sup>5</sup> (In thousands)</b>	<b>Per Capita Income <sup>5</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2006	100,148	Not Available	31,220	36.8	15,604	3.5%
2007	101,650	4,500,000	35,068	39.3	15,503	2.6%
2008	103,100	4,525,000	37,247	37.5	15,505	3.1%
2009	103,994	4,675,202	36,513	37.9	15,681	4.7%
2010	105,845	5,900,362	38,737	38.1	15,608	5.5%
2011	104,170	6,060,376	39,212	39.0	15,715	5.2%
2012	104,170	6,308,626	38,488	39.0	16,223	4.3%
2013	106,954	6,765,732	41,546	37.0	16,238	3.7%
2014	109,059	7,014,133	42,417	36.8	16,328	2.9%
2015	108,869	7,110,250	42,606	38.3	16,120	2.9%

Sources and other information:

<sup>1</sup> Census taken every ten years. Actual census figures given for 2011.

All other years are estimated by City/County Planning, Yellowstone County, Montana.

<sup>2</sup> Census and Economic Information Center (CEIC), Montana Department of Commerce

<sup>3</sup> Billings School District #2.

<sup>4</sup> State of Montana Research & Analysis Bureau.

<sup>5</sup> Bureau of Economic Analysis. Current Fiscal Year given as estimate only.



**CITY OF BILLINGS, MONTANA**  
**Principal Employers**  
**Current Year and Ten Years Ago**  
**(Unaudited)**

	2015			2006		
	<u>Number of</u> <u>Employees <sup>1</sup></u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Employment <sup>2</sup></u>	<u>Number of</u> <u>Employees <sup>1</sup></u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Employment <sup>3</sup></u>
<b>Employer</b>						
Billings Clinic	3,141	1	3.52%	2,919	1	-
St. Vincent Healthcare	2,100	2	2.35%	2,020	3	-
School District #2	1,900	3	2.13%	2,200	2	-
Stillwater Mining Company	1,429	4	1.60%	1,575	4	-
Avitus Group	950	5	1.06%	778	7	-
Wal Mart	812	6	0.91%	-	-	-
City of Billings	892	7	1.00%	810	6	-
Yellowstone County	743	8	0.83%	-	-	-
Montana State University-Billings	609	9	0.68%	1,000	5	-
St John's Lutheran Home	600	10	0.67%	-	-	-
Wells Fargo				615	8	
Albertson's				600	9	
First Interstate Bank				595	10	
Total	<u>13,176</u>		<u>14.75%</u>	<u>13,112</u>		<u>-</u>

Sources and other information:

<sup>1</sup> Information obtained from each individual company. Numbers given may be estimates.

<sup>2</sup> Montana Research and Analysis Bureau, State of Montana. Based on 89,328 employees in the greater Billings Metro Area.

<sup>3</sup> Total City Employment not available for 2006.

**CITY OF BILLINGS, MONTANA**  
**Full-Time Equivalent City of Billings Employees by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
General government	115.3	109.8	98.5	101.5	83.0	83.5	84.8	87.8	90.6	84.6
Planning and community services	35.8	36.8	36.1	37.1	28.0	31.0	31.6	31.6	31.8	38.8
Library	30.2	30.4	30.6	30.7	30.7	31.7	31.7	31.7	31.7	31.9
Public safety <sup>1</sup>										
Police	155.0	158.0	160.0	163.0	167.0	167.0	167.0	165.0	166.0	166.0
Animal shelter	7.0	7.0	9.0	10.0	7.0	7.0	7.0	7.0	7.0	7.0
Fire	146.0	152.0	155.0	147.0	148.0	146.0	146.0	146.5	146.5	146.5
Streets/Traffic	40.0	44.0	43.0	43.0	43.0	43.0	45.0	45.0	45.0	45.0
Water and Wastewater	101.0	103.0	107.0	103.0	104.0	104.0	103.0	103.0	103.0	103.0
Sanitation	52.5	53.5	58.5	62.5	62.5	63.5	63.5	63.5	64.5	64.5
Parking	14.8	14.8	14.8	15.8	15.3	15.3	15.3	12.3	12.0	12.0
Aviation	53.0	53.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Transit	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Internal services	<u>34.5</u>	<u>38.0</u>	<u>46.0</u>	<u>49.0</u>	<u>72.0</u>	<u>74.0</u>	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>
Total	<u>840.4</u>	<u>855.6</u>	<u>869.8</u>	<u>873.9</u>	<u>871.8</u>	<u>877.3</u>	<u>881.2</u>	<u>879.7</u>	<u>884.4</u>	<u>885.6</u>

Source: City of Billings Annual Budget

<sup>1</sup> Police and Fire began adding staff in FY 2006 as a result of the public safety levy approved by the voters in 2004.

FY 2015 Grant positions moved out of general government

**City of Billings**  
**Operating Indicators by Activity**  
**Last Ten Years**  
**(Unaudited)**

<b>Activity</b>	<b>Report Period<sup>1</sup></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Police</b>											
Dispatched Calls	FY	59,736	59,958	60,156	60,112	59,840	60,686	63,915	66,510	66,111	68,817
Arrests	CY	7,360	8,348	7,256	7,631	6,815	7,324	9,116	9,265	10,214	10,064
Traffic Violations	CY	37,143	33,698	24,567	28,884	24,024	27,240	30,473	26,478	24,813	15,460
Traffic Accidents	CY	7,136	3,695	3,313	3,081	2,912	3,623	3,524	3,329	3,988	3,845
<b>Fire</b>											
Dispatched Calls	FY	11,629	11,879	11,426	10,728	10,499	10,841	11,228	11,194	11,989	Not Available <sup>2</sup>
Inspections	CY	1,799	2,723	1,835	2,840	1,021	1,972	1,191	1,209	1,553	2,027
<b>Solid Waste</b>											
Residential Customers	FY	29,381	29,981	30,477	31,101	31,554	31,800	32,359	32,772	33,127	35,623
Commerical Customers	FY	3,511	3,566	3,596	3,642	3,704	3,889	3,982	4,071	4,136	2,900
Landfill trips	FY	150,872	153,634	169,101	120,821	143,046	153,010	164,667	166,777	165,729	146,635
<b>Water</b>											
Customers	FY	28,055	28,406	28,864	29,073	29,248	29,309	29,537	29,811	30,113	30,326
Average Daily Consumption (millions of gallons)	FY	25	25	23	21	20	19	23	23	21	21
<b>Wastewater</b>											
Customers	FY	30,235	30,748	31,637	31,909	32,193	32,390	32,586	32,951	33,357	33,894
Average Daily Treatment (millions of gallons)	FY	15	16	16	15	16	16	16	16	16	16

Source: City of Billings Operating Budget, Billings, Montana

<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year

<sup>2</sup> A new system was implemented, so an accurate number cannot be given for FY15.

**City of Billings**  
**Capital Asset Statistics by Activity**  
**Last Ten Years**  
**(Unaudited)**  
**(Page 1 of 2)**

	Report	Years									
<b>Date of Incorporation - 1882</b>	<b>Period<sup>1</sup></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Form of Government - Council/Administrator</b>											
<b>Area in Square Miles</b>	FY	39.1	40.4	40.4	40.1	40.1	42.0	42.0	42.0	42.0	42.5
<b>Activity</b>											
Public Safety											
Police											
Stations	FY	1	1	1	1	1	1	1	1	1	1
Police Officers	FY	132	129	134	143	143	142	141	140	141	141.4
Fire											
Stations	FY	6	6	7	7	7	7	7	7	7	7
Firefighters/Officers/Dispatchers	FY	144	143	144	146	148	148	148	146	146.5	147.1
Streets											
Streets (miles)	CY	531	531	540	458	523	523.4	526.2	530.0	530.0	537.8
Streetlights	FY	7,660	7,816	7,816	7,993	8,000	8,179	8,202	8,202	8,239	8,376
Street Light Maintenance Districts	FY	168	177	180	183	181	184	185	185	186	187
City Parks											
Developed Acres	FY	534	1,080	625	1,183	1,183	1,183	1,183	1,183	1,183	1,183
Undeveloped Acres	FY	460	200	440	290	290	290	290	290	290	290
Natural Park Acres	FY	1,909	717	1,900	1,107	1,107	1,107	1,107	1,107	1,107	1,107
Parking											
Garages	FY	4	4	4	4	4	4	4	3	3	4

(continued)

Source: City of Billings Operating Budget, Billings, Montana

<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year

**City of Billings**  
**Capital Asset Statistics by Activity**  
**Last Ten Years**  
**(Unaudited)**  
**(Page 2 of 2)**

	<b>Report Period<sup>1</sup></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b>Years</b>					
		<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>				
Water											
Water Mains (miles)	FY	426	433	436	441	447	447	465	467	468	476
Fire Hydrants	FY	3,825	3,853	3,912	3,969	4,145	4,204	4,211	4,242	4,357	4,392
Maximum Daily Capacity (millions of gallons)	FY	60	65	60	46	60	60	60	60	60	60
Wastewater											
Storm Sewers (miles)	FY	146	147	147	149	149	149.2	149.2	149.2	213.8	232.0
Sanitary Sewers (miles)	FY	423	429	433	444	466	473	461	486	488	497
Maximum Daily Capacity (millions of gallons)	FY	26	27	27	26	26	26	26	26	26	26

Source: City of Billings Operating Budget, Billings, Montana

<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year

**CITY OF BILLINGS, MONTANA**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b><u>Construction</u></b> <sup>1</sup>						
<b>Fiscal Year</b>	<b><u>Commercial</u></b>		<b><u>Residential</u></b> <sup>2</sup>		<b>Bank Deposits</b> <b>(in thousands)</b> <sup>3</sup>	<b>Property Value</b> <sup>4,6</sup>
	<b>Number of</b> <b>Permits</b>	<b>Value</b>	<b>Number of</b> <b>Permits</b>	<b>Value</b>		
2006	113	47,749,028	503	93,464,621	1,930,591	4,574,155,297
2007	88	87,937,071 <sup>5</sup>	496	89,502,065	2,222,151	4,883,017,682
2008	69	107,949,910 <sup>7</sup>	388	71,378,452	2,858,991	5,219,829,310
2009	71	63,332,381	227	38,331,029 <sup>8</sup>	3,144,622	4,810,404,010 <sup>9</sup>
2010	67	61,242,125	278	51,019,706	3,737,755	5,135,553,650
2011	99	69,548,962	230	47,522,702	3,799,467	6,306,916,152
2012	62	44,776,009	265	53,596,078	4,091,359	5,645,349,125
2013	74	109,879,817 <sup>10</sup>	434	97,412,566	4,315,837	5,836,600,658
2014	79	52,150,771	333	78,673,385	4,597,034	6,140,162,916
2015	76	75,258,982	419	100,954,761	4,886,513	6,350,470,915

Sources and other information:

<sup>1</sup> Building Department (new construction permits), City of Billings, Montana.

<sup>2</sup> Single family only.

<sup>3</sup> Individual banks and credit unions.

<sup>4</sup> State of Montana Department of Revenue.

<sup>5</sup> Commercial values increased although the number of permits issued decreased because a new commercial area is being developed, which includes hotels, a hospital, and an educational facility. Other large projects in the City include a new parking garage and trauma care center.

<sup>6</sup> For fiscal years beginning in 2006 the property value includes the Tax Increment District.

<sup>7</sup> Medical facilities had permits that totaled \$27 million. Other large projects included a senior living center, motel, office building, retail stores, bank processing center and church additions.

<sup>8</sup> Residential construction is down due to the economy.

<sup>9</sup> For Fiscal Year 2009 the State of Montana Department of Revenue did not include exempt properties.

<sup>10</sup> Commercial values increased due to several large projects, including a new library, parking garage, a large sporting goods retailer and a VA clinic.



# SINGLE AUDIT SECTION





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Honorable Mayor, Members of the City Council and and City Administrator  
City of Billings, Montana**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Billings, Montana's basic financial statements and have issued our report thereon dated December 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Billings, Montana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Billings, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Billings, Montana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we considered to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Billings, Montana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The City of Billings, Montana's Response to Findings**

The City of Billings, Montana's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Billings, Montana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Great Falls, Montana  
December 23, 2015



**Junkermier · Clark  
Campanella · Stevens · P.C.**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Honorable Mayor, Members of the City Council and and City Administrator  
City of Billings, Montana**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Billings, Montana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Billings, Montana's major federal programs for the year ended June 30, 2015. The City of Billings, Montana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Billings, Montana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Billings, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Billings, Montana's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the City of Billings, Montana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the City of Billings, Montana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Billings, Montana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Billings, Montana's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Great Falls, Montana  
December 23, 2015

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 1 of 5)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Community Development Block Grants and Entitlement Grants:	14.218	Major		
Grant entitlement B-12-MC-30-001			570,374	13,847
Grant entitlement B-13-MC-30-001			583,761	130,380
Grant entitlement B-14-MC-30-001			<u>556,352</u>	<u>194,387</u>
CFDA subtotal			<u>1,710,487</u>	<u>338,614</u>
 Home Investment Partnerships Program:	 14.239	 Nonmajor		
Grant entitlement M 13 MC 300213			309,694	6,954
Grant entitlement M 14 MC 300213			<u>301,712</u>	<u>351,167</u>
CFDA subtotal			<u>611,406</u>	<u>358,121</u>
<b><u>Corporation for National and Community Service</u></b>				
AmeriCorps VISTA - VISTA State Support Grant 09-VSP-MT-001/10-VS-120761	94.013	Nonmajor	<u>278,000</u>	<u>275,622</u>
			<u>278,000</u>	<u>275,622</u>
<b><u>U.S. Department of Transportation</u></b>				
Airport Improvement Program:	20.106	Nonmajor		
AIP3-30-008-44			6,054,169	349,844
AIP3-30-008-46			1,054,684	1,044,970
AIP3-30-008-47			735,525	689,217
AIP3-30-008-48			156,587	83,537
AIP3-30-008-49			<u>1,054,185</u>	<u>331,667</u>
CFDA subtotal			<u>9,055,150</u>	<u>2,499,235</u>
Federal Transit Capital and Operating Assistance Formula Grants	20.507	Nonmajor		
FTA Section 9-Operating MT-90-X114			<u>1,141,570</u>	<u>1,141,570</u>
CFDA subtotal			<u>1,141,570</u>	<u>1,141,570</u>
 Federal Transit Metropolitan Planning Grants	 20.505	 Nonmajor		
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 107402			182,738	29,433
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 108023			<u>230,407</u>	<u>174,092</u>
CFDA subtotal			<u>413,145</u>	<u>203,525</u>

(continued)



**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 2 of 5)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation (continued)</u></b>				
Federal Transit Metropolitan Planning Grants	20.513	Nonmajor		
FTA Section 5310-Capital-Passed Through the State of Montana Contract # 108004			139,442	139,442
FTA Section 5310-Capital-Passed Through the State of Montana Contract # 108005			69,721	69,721
CFDA subtotal			<u>209,163</u>	<u>209,163</u>
State and Community Highway Safety:	20.600	Nonmajor		
Passed through the State of Montana:				
STEP OT Contract #106705			10,000	4,076
STEP OT Contract #107264			10,000	2,723
CFDA subtotal			<u>20,000</u>	<u>6,799</u>
Recreational Trails Program	20.219	Nonmajor		
Passed through the State of Montana				
Recreational Trails Program - Aronson Connector			27,000	27,000
CFDA subtotal			<u>27,000</u>	<u>27,000</u>
				(continued)

CITY OF BILLINGS, MONTANA  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015  
(Page 3 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation (continued)</u></b>				
Highway Planning and Construction:	20.205	Major		
Passed through the State of Montana				
CTEP Grant STPE 1099 (80)			179,565	16,318
CTEP Grant STPE 1099 (88)			73,864	1,731
CTEP Grant STPE 1099 (90)			134,638	129,584
CTEP Grant STPE 1099 (92)			110,723	3,592
CTEP Grant STPE 1099 (95/96)			390,286	381,641
CTEP Grant STPE 1099 (106)			2,165	1,291
CTEP Grant STPE 1099 (108)			65,371	1,021
CTEP Grant STPE 1099 (110)			121,745	3,688
CTEP Grant STPE 1099 (114)			205,091	4,714
CTEP Grant STPE 1099 (116)			67,470	2,923
CTEP Grant UPN 8842 Barrett Road			124,050	5,387
CTEP Grant UPN 8183 Ponderosa School			196,285	192,877
CTEP Grant UPN 7934 Aronson Bypass			205,498	88,670
Metropolitan Planning Funds SPR-PL-1 (53)			811,750	683,791
CFDA subtotal			<u>2,648,060</u>	<u>1,684,228</u>
<b><u>U.S. Department of Interior</u></b>				
Historic Preservation Fund Grants-In-Aid:	15.904	Nonmajor		
Passed through the Montana Historic Society;				
MT-13-011			5,225	5,225
MT-14-SP-022			<u>12,000</u>	<u>5,000</u>
CFDA subtotal			<u>17,225</u>	<u>10,225</u>
<b><u>U.S. Department of Justice</u></b>				
Office of Juvenile Justice Delinquency Program	16.543	Nonmajor		
Internet Crimes Against Children 2013-MC-FX-K025			<u>510,946</u>	<u>341,602</u>
CFDA subtotal			<u>510,946</u>	<u>341,602</u>
Billings Adult Misdemeanor Treatment Court-DUI Grant	16.585	Nonmajor		
2012-DC-BX-0043			<u>350,000</u>	<u>101,323</u>
			<u>350,000</u>	<u>101,323</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**  
**(Page 4 of 5)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Justice (Continued)</u></b>				
Violence Against Women Formula Grants passed through State of Montana Board of Crime Control Domestic Violence Investigator 14-W02-91675 Domestic Violence Investigator 13-W02-91426 CFDA subtotal	16.588	Nonmajor	13,077 13,091 <u>26,168</u>	13,054 3,620 <u>16,674</u>
Justice Assistance Grants: 2012-DJ-BX-1081 2011-DJ-BX-3277 2013-DJ-BX-1130 2014-DJ-BX-0684	16.738	Nonmajor	52,130 71,253 65,371 77,737 <u>266,491</u>	8,928 9,115 39,400 26,946 <u>84,388</u>
Billings Adult Misdemeanor Treatment Court-Mental Health Grant 2012-MO-BX-0008	16.745	Nonmajor	200,000 <u>200,000</u>	46,347 <u>46,347</u>
<b><u>Department of Health and Human Services</u></b>				
Substance Abuse and Mental Health Services Billings Adult Misdemeanor Drug Court-SAMHSA	93.243	Nonmajor	971,630 <u>971,630</u>	277,219 <u>277,219</u>
				(continued)

CITY OF BILLINGS, MONTANA  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015  
(Page 5 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>Department of Homeland Security</u></b>				
Homeland Security Grant Program	97.067	Nonmajor		
2013-SS-00064 - Police			151,000	136,858
CFDA subtotal			<u>151,000</u>	<u>136,858</u>
<b><u>Office of National Drug Control Policy</u></b>				
High Intensity Drug Traffic Area Award:	95.001	Nonmajor		
2013 HIDTA #G13RM0038A			191,289	5,348
2014 HIDTA #G14RM0038A			194,245	98,011
2015 HIDTA #G15RM0038A			<u>196,001</u>	<u>100,602</u>
CFDA subtotal			<u>581,535</u>	<u>203,961</u>
<b><u>Environmental Protection Agency</u></b>				
Capitalization Grant-State Revolving Fund Passed Through the	66.468	Major		
State of Montana-Dept of Natural Resources and Conservation				
Zone 3 Chapple Reservoir WRF - 14311 80% Fed			4,880,000	4,174,606
Zone 3 East Fox Reservoir WRF-13275 80% Fed			2,480,000	116,995
Briarwood Reservoir WRF-15339 80% Fed			<u>2,960,000</u>	<u>150,486</u>
CFDA subtotal			<u>10,320,000</u>	<u>4,442,087</u>
Total federal awards (all sources)			<u>\$ 29,312,975</u>	<u>\$ 12,303,958</u>

CITY OF BILLINGS, MONTANA  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Billings, Montana for the year ended June 30, 2015. The City's reporting entity is described in Note 1 in the City's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, is included in the schedule. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) Significant Accounting Policies

Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis, at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund.

**CITY OF BILLINGS, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**Financial Statements**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weakness?	No
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Audit findings that are required to be reported with Section 510(a) of OMB Circular A-133 are reported in this schedule.	No

**Identification of major programs:**

Community Development Block Grants and Entitlement Grants - CFDA 14.218	
Highway Planning and Construction - CFDA 20.205	
EPA Capitalization Grant - CFDA 66.468	
Dollar threshold used to distinguish between Type A and Type B	\$367,127
Auditee qualified as low-risk auditee?	Yes



**CITY OF BILLINGS, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

FINDINGS - FINANCIAL STATEMENT AUDIT

**Prior Period Adjustment to Compensated Absences**

**2015-1**      **Criteria:** Compensated absence liabilities are required to account for the earned but unused sick and vacation liabilities of the City's employees.

**Condition:** Compensated absences were overstated due to a spreadsheet error.

**Effect:** The City's financial statements for the year ended June 30, 2015, reflect a prior period adjustment to correct the compensated absences balance.

**Cause:** Finance personnel discovered an error in the compensated absences spreadsheet. It was determined during FY15 that certain employee balances were overstated when calculating the liability to the City.

**Recommendation:** The City should continue to monitor their calculations for compensated absences.

**Management Response:** The City has corrected how it determines the accrual of compensated absences liability. The payroll software now provides a report with the correct information for determining accruals. The City has reviewed its accrual report and verified that no more duplications exist. This report will be reviewed for accuracy on an annual basis.

**CITY OF BILLINGS, MONTANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

FINDINGS - FINANCIAL STATEMENT AUDIT

**Tax Settlement Receivable**

**2014-1**

**Criteria:** Internal controls should be in place to provide reasonable assurance that all receivables existing at year end are recorded, and revenues are recognized in the proper period.

**Condition:** Prior to adjustment, taxes receivable as of June 30, 2014 were understated by \$1,400,278. Revenue was understated by \$86,003, as the rest was deferred.

**Effect:** The City's financial statements for the year ended June 30, 2014 reflect an adjustment to record the additional receivable, revenue, and deferred revenue.

**Cause:** The Charter tax settlement was decided in December of 2013 but was not recorded until September of 2014, when the funds were received.

**Recommendation:** The City should be aware of significant tax settlements and record the effects of such in the period of settlement.

**Management Response:** The City will book future tax settlements in the proper period.

**Current Status:** All tax settlements were properly accounted for in the current audit period.



City of Billings, Montana



# 2015

## City of Billings

MONTANA

### FISCAL YEAR

