City of Billings

MONTANA

2014 FISCAL YEAR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ABOUT THE COVER

The Empire Parking Garage project began in April 2011 when the City purchased one-half of a square block of property on Montana Avenue between North 27th and North 28th Streets. The City elected to use a design-build construction process, and in October 2012, Sletten Construction / DFDG Architects was chosen to design and build the structure. Demolition and site preparation began in December, and construction of the new structure began in April 2013. The projected completion was April 2014; however, due to a record cold and snowy winter, the completion date was delayed until August 2014. Land, demolition, and construction costs totaled ~ $16.2 million.

The Empire Garage consists of retail space and 540 parking spaces. Two former property owners, Alley Cat Investments and Zootist Hospitality (Northern Hotel), own 25 and 187 parking spaces respectively, with the remaining 328 spaces owned by the City of Billings. The City's portion consists of 55 hourly spaces, 6 handicapped spaces, and 267 leased spaces. Further, the first floor of the Empire structure has 15,600 square feet of retail / office space, facing Montana Avenue, which has been sold to private companies.

The Empire is the City's first fully-automated parking garage. Drivers who lease spaces enter and exit utilizing a Radio Frequency Identification hang-tag that is read by a scanner at the garage entrance / exit. Hotel guests and hourly parkers enter the garage by pulling a magnetic strip ticket from a dispenser. Hotel guests exit the garage by either using their room key or a validated coupon from the hotel. Hourly parkers pay for their parking at "pay-on-the-foot" stations or at the "pay-in-lane" station at the exit. The City will experiment with ways to encourage public after-hours and weekend usage, and, therefore, other arrangements may be possible for the Northern Hotel and other downtown events.

Construction of the Empire Garage structure was financed by selling tax increment bonds and with tax increment revenue. Tax increment revenue collected from downtown property owners will be used over the next 25 years to repay the debt. The City pays the garage operating expenses with the income generated by leased and hourly spaces.

Cover architectural drawing courtesy of DFDG and Schutz-Foss.

CITY OF BILLINGS, MONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATION
FINANCE DEPARTMENT

PATRICK M. WEBER
FINANCE DIRECTOR

FISCAL YEAR 2014

July 1, 2013 – June 30, 2014

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INTRODUCTORY SECTION

CITY OF BILLINGS

FINANCE DEPARTMENT

- **P.O BOX 1178**
- **BILLINGS, MONTANA 59103**

(406) 657-8207

FACSIMILE (406) 247-8608

December 23, 2014

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, 2014, 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 104,170 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.

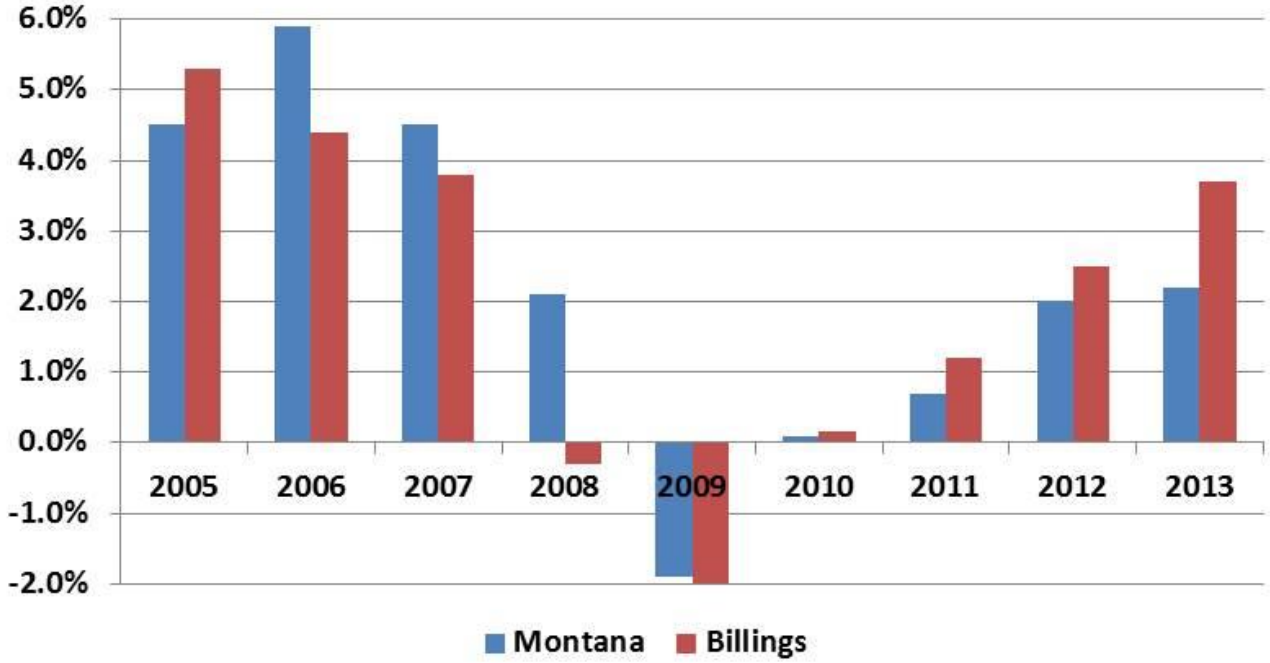
The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

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, 2014. 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 2014, 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.

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 City Administrator appointed staff from tax supported funds to a levy committee early in FY14. The committee reviewed all tax supported funds to determine what revenue issues may arise over the next five years. As a result of the review, the committee confirmed the Public Safety Fund would start depleting the General Fund reserves over the next several years to a point below the recommended minimum balance. The Public Safety Fund gets 57% of its revenue from the General Fund. Therefore, the City placed a Public Safety Levy on the November 2014 ballot, which was rejected by the voters. Because of this, the City is now starting a process of what to do regarding the Public Safety budget in the upcoming years.

RELEVENT 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 unqualified ("clean") opinion on the City of Billings, Montana's financial statements for the year ended June 30, 2014. 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, 2013. This was the thirtieth 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 twenty-second consecutive year, the City received the GFOA's Award for Distinguished Budget Presentation for its 2013-2014 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,

Patrick M. Weber
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Billings

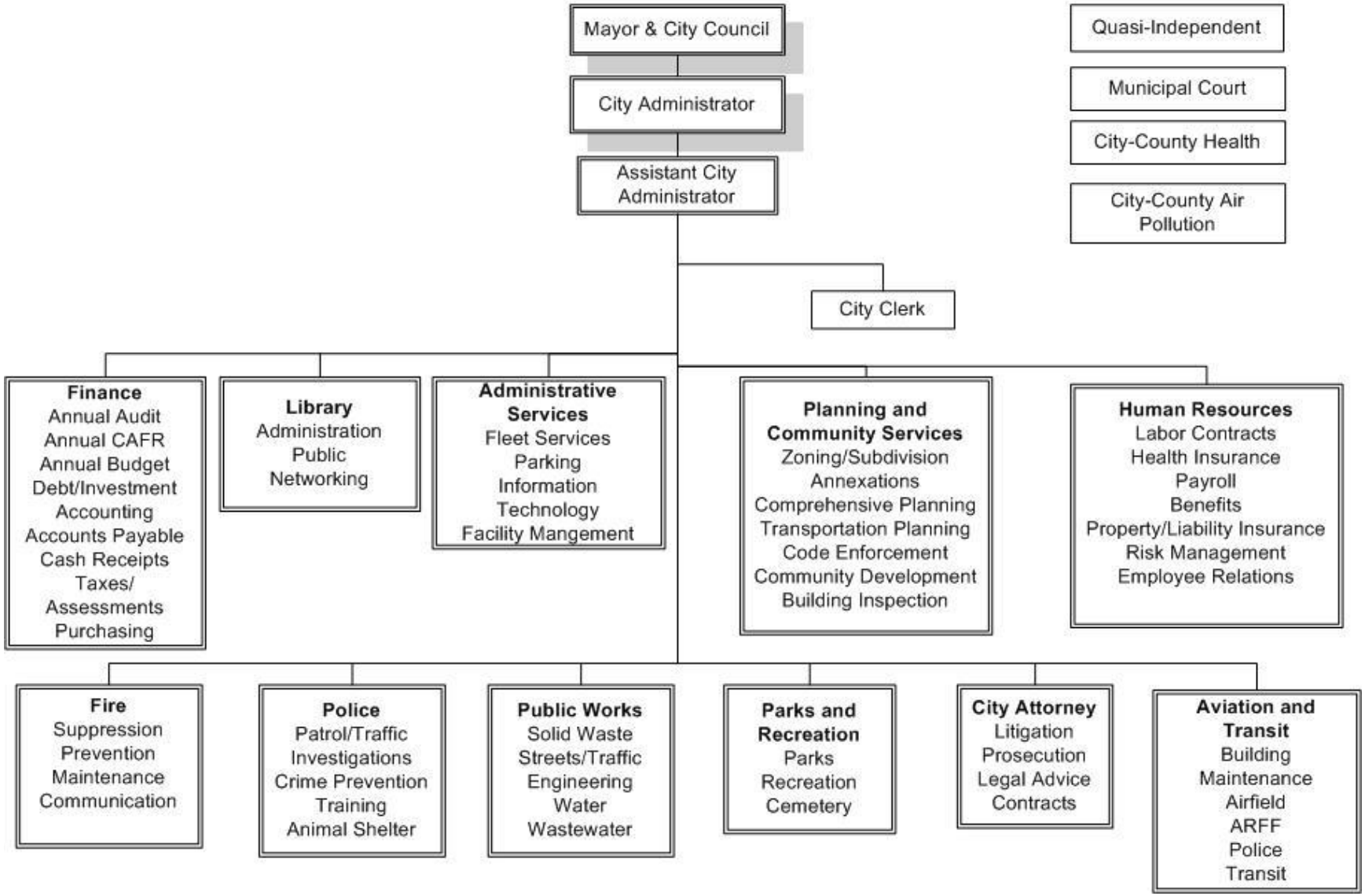
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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

501 Park Drive South
P. O. Box 989
Great Falls, MT 59403
Phone (406) 761-2820
FAX (406) 761-2825
www.jccscpa.com

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, 2014, 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, 2014, 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 13 and 86 through 90 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 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, 2014, 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, 2014

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, 2014. 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 14 of this report, respectively.

Financial Highlights

- The assets of the City exceeded its liabilities at the fiscal year end by $694,850,119 (Net Position).
- The total fiscal year end governmental fund balance was $87,642,935 as reported in the balance sheet.
- The total general fund and public safety fund balances at the fiscal year end were $23,135,031 and $1,600,000, 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, deferred outflows, liabilities, deferred inflows, 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, deferred outflows, liabilities, deferred inflows, 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 17-21 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 22-26 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, 2014, was $694,850,119 (assets exceeded liabilities), which was an increase of $37,239,347

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, 2014, and June 30, 2013:

City of Billings, Montana's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 123,626,641	$ 131,907,061	$ 94,666,359	$ 85,103,393	$ 218,293,000	$ 217,010,454
Capital assets	261,387,921	246,187,240	379,582,533	358,471,775	640,970,454	604,659,015
Total assets	385,014,562	378,094,301	474,248,892	443,575,168	859,263,454	821,669,469
Deferred outflows	1,246,399	1,356,286	232,696	303,191	1,479,095	1,659,477
Long-term liabilities outstanding	80,373,434	79,244,209	66,263,539	64,288,958	146,636,973	143,533,167
Other liabilities	13,334,846	12,951,588	5,920,612	8,427,601	19,255,458	21,379,189
Total liabilities	93,708,280	92,195,797	72,184,151	72,716,559	165,892,431	164,912,356
Deferred inflows	-	805,818	-	-	-	805,818
Net position:						
Net investment in capital assets	196,249,978	197,844,581	321,736,338	304,407,222	517,986,316	502,251,803
Restricted	71,417,611	67,391,300	9,666,970	6,142,062	81,084,581	73,533,362
Unrestricted	24,885,092	21,213,091	70,894,130	60,612,516	95,779,222	81,825,607
Total net position	$ 292,552,681	$ 286,448,972	$ 402,297,438	$ 371,161,800	$ 694,850,119	$ 657,610,772

The restricted portion of fiscal year 2014 Net position (11.2%) 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	
Revenues:	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	$ 31,922,856	$ 31,874,631	$ 63,811,119	$ 65,100,047	$ 95,733,975	$ 96,974,678
Operating grants and contributions	13,647,774	12,503,438	2,815,100	2,532,839	16,462,874	15,036,277
Capital grants and contributions	13,626,370	28,523,730	15,274,514	8,426,573	28,900,884	36,950,303
General revenues:						
Property taxes	36,506,687	32,685,900	1,991,997	1,864,282	38,498,684	34,550,182
Franchise fees	2,769,769	3,597,794	-	-	2,769,769	3,597,794
Business licenses	739,723	701,155	-	-	739,723	701,155
Unrestricted federal/state shared revenue	15,115,543	14,022,436	-	340,733	15,115,543	14,363,169
Unrestricted investment earnings	151,022	77,218	400,040	226,119	551,062	303,337
Gain/(Loss) on sale of property and equipment	410,946	465,350	284,595	467,778	695,541	933,128
Miscellaneous	(201,446)	78,386	273,186	199,861	71,740	278,247
Total revenues	114,689,244	124,530,038	84,850,551	79,158,232	199,539,795	203,688,270

(Continued)

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

	Governmental Activities		Business-type Activities		Total	
Expenses:	2014	2013	2014	2013	2014	2013
General government	8,319,245	7,249,264	-	-	8,319,245	7,249,264
Public safety	43,123,603	47,884,425	-	-	43,123,603	47,884,425
Public works	30,321,523	26,938,693	-	-	30,321,523	26,938,693
Public health	905,406	870,980	-	-	905,406	870,980
Culture and recreation	9,577,071	8,798,732	-	-	9,577,071	8,798,732
Housing and economic development	3,475,349	3,212,020	-	-	3,475,349	3,212,020
Other	132,806	-	-	-	132,806	-
Interest on long-term debt	2,601,680	2,082,558	-	-	2,601,680	2,082,558
Solid Waste	-	-	11,314,016	10,481,635	11,314,016	10,481,635
Airport	-	-	12,711,067	12,762,593	12,711,067	12,762,593
Water	-	-	17,497,380	17,876,407	17,497,380	17,876,407
Wastewater	-	-	12,231,535	12,291,300	12,231,535	12,291,300
Parking	-	-	2,094,519	2,057,020	2,094,519	2,057,020
Transit	-	-	6,263,550	6,021,133	6,263,550	6,021,133
Golf Course	-	-	442,529	453,083	442,529	453,083
Total expenses	98,456,683	97,036,672	62,554,596	61,943,171	161,011,279	158,979,843
Increase in net assets before transfers	16,232,561	27,493,366	22,295,955	17,215,061	38,528,516	44,708,427
Transfers	(9,045,906)	(4,409,420)	9,045,906	4,409,420	-	-
Change in net assets	7,186,655	23,083,946	31,341,861	21,624,481	38,528,516	44,708,427
Net assets, beginning of year	286,448,972	267,329,885	371,161,800	349,537,319	657,610,772	616,867,204
Prior period adjustment	(1,082,946)	(3,964,859)	(206,223)	-	(1,289,169)	(3,964,859)
Net assets, end of year	$ 292,552,681	$ 286,448,972	$ 402,297,438	$ 371,161,800	$ 694,850,119	$ 657,610,772

Governmental activities. Net Position in governmental activities increased by $7,186,655 during fiscal year 2014. Net Position increased due to donated right of way and private contract contributions related to Public Works capital projects of $8.6 million.

Business-type activities. Net Position in business-type activities increased by $31,341,861 during fiscal year 2014. Net Position increased due to Water and Wastewater operating income of $12.0 million, Water and Wastewater contributed capital $5.3 million, and Airport contributed capital of $8.1 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 47.0% 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 $2.0 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 $64,994,397 for fiscal year ended June 30, 2014, an increase of $9.4 million. The most significant increases in unrestricted net position were in Water and Wastewater Funds.

The Net Position of the Solid Waste Fund change was not significant. The Airport Fund's net position increased by $6.3 million due to contributed capital. The Water Fund's net position increased by $8.3 million due to charging more than was needed for operations and contributed capital. The Wastewater Fund's net position increased by $8.5 million due to charging more than was needed for operations and contributed capital. The Parking Fund's net position increased by $8.6 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 and received less revenue from Cable TV Franchise Fee revenue than was budgeted due to their remitting once a year versus quarterly. Variances between the final expenditure budget and actual expenditures resulted from council contingency that was not used, election fees that were less than budgeted, and a downtown space study that was not started.

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, 2014, was $640,970,453 (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 $33.7 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	
	2014	2013	2014	2013	2014	2013
Land	$ 38,481,777	$ 38,670,278	$ 13,290,226	$ 13,290,233	$ 51,772,003	$ 51,960,511
Buildings	26,152,419	14,162,727	41,228,756	40,098,699	67,381,175	54,261,426
Improvements other than buildings	26,289,808	25,900,646	46,755,669	38,042,325	73,045,477	63,942,971
Machinery and equipment	15,990,004	11,607,943	19,204,934	19,634,966	35,194,938	31,242,909
Infrastructure	143,389,391	138,448,999	241,036,421	229,799,087	384,425,812	368,248,086
Construction In progress	11,084,523	17,396,647	18,066,526	17,606,465	29,151,049	35,003,112
Total	$ 261,387,921	$ 246,187,240	$ 379,582,532	$ 358,471,775	$ 640,970,453	$ 604,659,015

Additional information on the City of Billings' capital assets can be found on pages 52-55 of this report.

City of Billings, Montana's Outstanding Debt

Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 28,716,650	$ 30,556,985	$ -	$ -	$ 28,716,650	$ 30,556,985
Refunding bonds	-	-	5,337,206	5,985,770	5,337,206	-
Special assessment debt with governmental commitment	17,645,313	14,964,998	-	-	17,645,313	14,964,998
Revenue bonds	13,259,786	13,263,105	6,045,258	6,295,810	19,305,044	19,558,915
Notes payable	1,731,399	2,286,460	41,979,299	39,672,066	43,710,698	41,958,526
Intercap notes payable	59,036	64,402	-	-	59,036	64,402
Capital lease payable	4,127,816	4,328,598	4,251,741	4,434,979	8,379,557	8,763,577
Total	$ 65,540,000	$ 65,464,548	$ 57,613,504	$ 56,388,625	$ 123,153,504	$ 121,853,173

Long-term debt. The City of Billings had total bonded debt and notes outstanding of $123,153,504 at the end of the current fiscal year. The majority of the debt consists of notes payable in the amount of $41,979,299 for business activity consisting mostly of loans from DNRC for Water and Wastewater projects. General Obligation Bonds in the amount of $28,716,650 of debt is backed by the full faith and credit of the government. The remaining amounts are special assessment debt in the amount of $17,645,313, which is assessed to benefit property owners, $19,305,044 of revenue bonds secured by specified revenue sources, and $8,379,557 for capital leases. Notes payable in the amount of $1,731,399 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, 2014, the City's general obligation bonded debt of $28,716,650 was well below the legal debt limit of $153,504,073. General obligation net bonded debt per capita equated to $242.13.

Additional information on the City of Billings long-term debt can be found on pages 58-69 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, 2014. 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 1st and November 30th and January 1st and May 31st; therefore, the reserves are needed to pay expenditures over each of those five months.

Net position has increased for both governmental and business-type activities. The major source for the increase was acquisition of capital assets.

The 2009 Legislature adopted a six year appraised value phase-in starting in tax year 2009. The Legislature adjusts the percentage of market value that is subject to property tax so that the statewide average taxable value does not increase. The effect is uneven across the state and tends to penalize local governments in slow growth areas. Given this, the tax supported funds will struggle to provide the same level of services over the next six years. The 2015 legislature will once again adopt another six year appraised value phase-in starting in tax year 2015.

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, 2014
(Page 1 of 2)

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 48,584,283	$ 36,565,099	$ 85,149,382
Restricted cash and cash equivalents with fiscal agent	3,958,141	3,021,257	6,979,398
Investments	50,997,382	38,271,519	89,268,901
Receivables (net of allowance of $602,266)	24,387,225	6,565,334	30,952,559
Internal balances	(5,899,733)	5,899,733	-
Inventories	486,227	1,504,751	1,990,978
Prepaid items	13,415	4,963	18,378
Bond issue costs, net	-	-	-
Property held for resale	447,625	-	447,625
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	2,833,703	2,833,703
Permanently restricted:			
Cash and cash equivalents	317,807	-	317,807
Investments	334,269	-	334,269
Capital assets:			
Land and construction in progress	49,566,299	31,356,752	80,923,051
Other capital assets, net of depreciation	211,821,622	348,225,781	560,047,403
Total capital assets	261,387,921	379,582,533	640,970,454
Total assets	385,014,562	474,248,892	859,263,454
Deferred Outflows			
Deferred loss on refunding of debt	1,246,399	232,696	1,479,095
Liabilities			
Accounts payable	7,577,497	4,322,087	11,899,584
Accrued wages and benefits	1,619,233	692,743	2,311,976
Incurred but not reported health benefits	600,000	-	600,000
Accrued interest	1,222,882	905,782	2,128,664
Unearned Revenue	876,334	-	876,334
Other liabilities	138,900	-	138,900
Claims and judgments - due within one year	1,300,000	-	1,300,000
Long-term liabilities:			
Due within one year	8,784,358	5,491,525	14,275,883
Due in more than one year	67,476,097	55,876,878	123,352,975
Other post-employment benefits	4,112,979	2,115,008	6,227,987
Landfill closure and postclosure - due in more than one year	-	2,780,128	2,780,128
Total liabilities	93,708,280	72,184,150	165,892,431

(continued)

CITY OF BILLINGS, MONTANA
Statement of Net Position
June 30, 2014
(Page 2 of 2)

	Governmental Activities	Business-type Activities	Total
Net Position			
Net investment in capital assets	196,249,978	321,736,338	517,986,316
Restricted for:			
General government	229,133	-	229,133
Public safety	7,001,798	-	7,001,798
Public works	16,227,922	-	16,227,922
Public health	34,944	-	34,944
Culture and recreation	6,380,557	-	6,380,557
Housing and economic development	12,059,975	-	12,059,975
Capital projects	7,413,130	3,021,301	10,434,431
Debt service	21,417,641	6,645,669	28,063,310
Endowments - nonexpendable	652,511	-	652,511
Unrestricted	24,885,092	70,894,130	95,779,222
Total net position	$ 292,552,681	$ 402,297,438	$ 694,850,119

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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary government							
Governmental activities:							
General government	$ 8,319,245	$ 2,462,906	$ 1,451,388	$ 47,856	$ (4,357,095)	$ -	$ (4,357,095)
Public safety	43,123,603	4,899,970	8,415,502	150,369	(29,657,762)	-	(29,657,762)
Public works	30,321,523	22,426,870	255,447	10,941,271	3,302,065	-	3,302,065
Public health	905,406	58,731	24,129	-	(822,546)	-	(822,546)
Culture and recreation	9,577,071	2,074,379	1,396,647	2,486,874	(3,619,171)	-	(3,619,171)
Housing and economic development	3,475,349	-	2,104,661	-	(1,370,688)	-	(1,370,688)
Other	132,806	-	-	-	(132,806)	-	(132,806)
Interest on long-term debt	2,601,680	-	-	-	(2,601,680)	-	(2,601,680)
Total governmental activities	98,456,683	31,922,856	13,647,774	13,626,370	(39,259,683)	-	(39,259,683)
Business-type activities:							
Solid Waste	11,314,016	11,024,106	-	-	-	(289,910)	(289,910)
Airport	12,711,067	9,046,130	124,320	9,854,833	-	6,314,216	6,314,216
Water	17,497,380	22,928,952	-	2,865,152	-	8,296,724	8,296,724
Wastewater	12,231,535	18,053,894	-	2,385,164	-	8,207,523	8,207,523
Parking	2,094,519	1,500,136	-	169,365	-	(425,018)	(425,018)
Transit	6,263,550	818,061	2,690,780	-	-	(2,754,709)	(2,754,709)
Golf Course	442,529	439,840	-	-	-	(2,689)	(2,689)
Total business-type activities	62,554,596	63,811,119	2,815,100	15,274,514	-	19,346,137	19,346,137
Total primary government	$161,011,279	$ 95,733,975	$ 16,462,874	$ 28,900,884	(39,259,683)	19,346,137	(19,913,546)
	General revenues:						
	Property taxes				36,506,687	1,991,997	38,498,684
	Franchise fees				2,769,769	-	2,769,769
	Business license tax				739,723	-	739,723
	Unrestricted federal/state shared revenue				15,115,543	-	15,115,543
	Unrestricted investment earnings				151,022	400,040	551,062
	Gain on sale of capital assets				410,946	284,595	695,541
	Miscellaneous				(201,446)	273,186	71,740
	Transfers				(9,045,906)	9,045,906	-
	Total general revenues and transfers				46,446,338	11,995,724	58,442,062
	Change in net position				7,186,655	31,341,861	38,528,516
	Net position, beginning of year, as previously stated				286,448,972	371,161,800	657,610,772
	Prior period adjustment (Note III G)				(1,082,946)	(206,223)	(1,289,169)
	Net position, end of year				$ 292,552,681	$ 402,297,438	$ 694,850,119

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

CITY OF BILLINGS, MONTANA

Governmental Funds

Balance Sheet

June 30, 2014

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 11,741,989	$ -	$ 2,015,741	$ 28,883,169	$ 42,640,899
Cash with fiscal agent	-	-	974,224	2,981,380	3,955,604
Investments	10,203,709	2,029,630	2,101,570	30,383,285	44,718,194
Receivables:					
Property taxes	2,364,941	2,455,644	-	1,243,814	6,064,399
Accounts and unbilled usage	9,882	22,465	-	152,293	184,640
Delinquent special assessments	-	-	60,764	715,985	776,749
Special assessments receivable	16,382	-	11,868,574	1,493,682	13,378,638
Accrued interest	9,096	493	526	33,328	43,443
Notes	-	-	-	2,165,641	2,165,641
Due from other funds	269,945	-	-	374,107	644,052
Due from other governments	-	-	-	1,132,414	1,132,414
Inventories	-	-	-	98,630	98,630
Property held for resale	-	-	155,997	291,628	447,625
Total assets	$ 24,615,944	$ 4,508,232	$ 17,177,396	$ 69,949,356	$116,250,928
Liabilities, Deferred Inflows and Fund Balances					
Accounts payable	$ 288,900	$ 930,132	$ -	$ 6,049,009	$ 7,268,041
Accrued wages & benefits	227,004	980,152	-	256,216	1,463,372
Due to other funds	-	-	-	644,052	644,052
Unearned Revenue	-	-	-	876,334	876,334
Other Liabilites	65,300	-	63,600	10,000	138,900
Total Liabilities	$ 581,204	$ 1,910,284	$ 63,600	$ 7,835,611	$ 10,390,699
Deferred inflows:					
Unavailable revenue	899,709	997,948	11,870,063	4,449,579	18,217,299
Fund balances:					
Unspendable	-	-	-	751,141	751,141
Restricted	-	1,600,000	5,243,733	49,446,920	56,290,653
Committed	9,890,000	-	-	7,841,674	17,731,674
Unassigned	13,245,031	-	-	(375,567)	12,869,464
Total fund balances	23,135,031	1,600,000	5,243,733	57,664,166	87,642,934
Total liabilities, deferred inflows and fund balances	$ 24,615,944	$ 4,508,232	$ 17,177,396	$ 69,949,356	$116,250,928

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

CITY OF BILLINGS, MONTANA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Total *fund balances* for governmental funds		$ 87,642,934
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	$ 36,491,893	
Buildings and improvements	28,630,147	
Improvements other than buildings	36,059,016	
Machinery and equipment	31,017,769	
Infrastructure	243,718,788	
Construction in progress	11,084,523	
Less accumulated depreciation	(139,029,108)	247,973,028
Other long-term assets are not available to pay for the current-period expenditures and therefore are deferred in the funds		18,217,300
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	(27,720,000)	
add: bond premium	(1,264,409)	
less: bond discount	267,759	
Tax increment bonds payable	(13,210,000)	
less: deferred charge on refunding	2,425	
less: bond discount	(52,211)	
Special assessment bonds payable	(18,510,984)	
less: deferred charge on refunding	978,640	
less: bond discount	110,058	
add: bond premium	(223,027)	
Notes payable	(1,790,384)	
Compensated absences payable	(8,139,652)	
Other post-employment benefits	(3,622,222)	
Claims and judgments	(1,300,000)	
Accrued interest	(1,184,920)	(75,658,927)
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		14,378,346
Total net position of governmental activities		$ 292,552,681

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, 2014

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 14,979,893	$ 13,341,714	$ -	$ 8,135,852	$ 36,457,460
Licenses and permits	3,525,284	49,034	-	1,914,484	5,488,802
Intergovernmental	10,004,823	7,981,132	-	9,781,727	27,767,682
Charges for services	3,302,231	1,465,012	-	6,744,657	11,511,900
Fines and forfeitures	1,578,998	3,480	-	481,705	2,064,183
Special assessments	14,595	-	2,220,587	19,312,892	21,548,074
Other	119,980	28,552	2,742	3,242,584	3,393,858
Total revenues	33,525,804	22,868,925	2,223,329	49,613,901	108,231,958
Expenditures:					
Current:					
General government	5,859,207	-	-	2,428,808	8,288,015
Public safety	318,818	38,953,286	-	3,113,792	42,385,896
Public works	345,495	-	-	18,515,436	18,860,931
Public health	-	806,862	-	6,722	813,584
Culture and recreation	3,666,526	-	-	4,496,282	8,162,808
Housing and economic development	-	-	-	3,406,538	3,406,538
Capital outlay	577,413	904,353	-	28,812,243	30,294,009
Debt service:					
Principal	-	475,062	1,733,862	2,601,997	4,810,921
Interest and fiscal charges	-	90,936	616,591	1,641,393	2,348,920
Bond issuance costs	-	-	-	132,806	132,806
Total expenditures	10,767,459	41,230,501	2,350,453	65,156,017	119,504,429
Revenues over (under) expenditures	22,758,345	(18,361,575)	(127,124)	(15,542,116)	(11,272,470)
Other financing sources (uses):					
Transfers in	48,167	19,531,290	54,499	4,451,663	24,085,619
Transfers out	(20,887,438)	(1,076,572)	(20,689)	(2,788,733)	(24,773,432)
Premium on bond debt	-	-	-	232,906	232,906
Special assessment bonds issued	-	-	-	4,819,998	4,819,998
Sale of capital assets	597	345	-	122,854	123,796
Total other financing sources (uses)	(20,838,674)	18,455,063	33,810	6,838,688	4,488,887
Net change in fund balances	1,919,671	93,487	(93,314)	(8,703,428)	(6,783,583)
Fund balance, beginning of year	21,215,360	1,506,513	5,337,047	66,367,597	94,426,517
Fund balance, end of year	$ 23,135,031	$ 1,600,000	$ 5,243,733	$ 57,664,166	$ 87,642,931

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, 2014

(Page 1 of 2)

Net change in *fund balances* - total governmental funds		$ (6,783,583)
The change in *net position* 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	$ 30,294,009	
Depreciation	(14,618,655)	15,675,354
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.		(4,914)
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	8,728,241	
Transfer to Enterprise Fund	(9,115,497)	(387,256)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,983,986)
Proceeds from debt issues are other financing sources in the funds, but debt issues are long-term liabilities in the statement of net assets.		
Special assessment bond issued		(4,820,000)
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	(131,632)	
Bond discounts	(25,639)	
Deferred loss on refunding	(109,887)	(267,157)

(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, 2014
(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	1,785,000	
Special assessment debt	2,465,500	
Notes payable	560,478	4,810,978
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.		1,510,586
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	(510,490)	
Other post-employment benefits	(425,812)	
Claims and judgments	500,000	
Interest and amortization expenses	(127,065)	(563,367)
Change in net position of governmental activities		$ 7,186,655

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, 2014

	Business-type Activities							
	Solid Waste Fund	**Airport Fund**	**Water Fund**	**Wastewater Fund**	**Parking Fund**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Assets								
Current assets:								
Cash and cash equivalents	$ 4,144,675	$ 5,453,275	$ 14,927,359	$ 10,070,436	$ 475,482	$ 1,493,872	$ 36,565,099	$ 6,272,075
Restricted cash and cash equivalents with fiscal agent	-	1,236,879	1,059,919	724,185	-	274	3,021,257	2,537
Investments	4,338,434	5,732,687	15,719,840	10,590,608	495,116	1,394,833	38,271,519	6,602,573
Receivables:								
Property taxes	-	-	-	-	-	347,814	347,814	-
Accounts and unbilled usage	1,148,703	732,127	2,353,617	1,584,940	8,002	15,960	5,843,349	35,093
Accrued interest	4,200	5,512	13,312	8,570	198	1,359	33,151	6,208
Notes	-	-	-	-	-	-	-	50,000
Due from other governments	-	40,184	-	65,267	-	235,569	341,020	-
Inventories	-	48,683	1,422,977	-	-	33,091	1,504,751	387,597
Prepaid items	-	-	-	-	-	4,963	4,963	13,415
Total current assets	9,636,011	13,249,348	35,497,024	23,044,006	978,798	3,527,735	85,932,923	13,369,498
Noncurrent assets:								
Notes receivable	-	-	-	-	-	-	-	550,000
Restricted investments with trustee	2,833,703	-	-	-	-	-	2,833,703	-
Property and equipment:								
Land	493,448	3,076,006	1,659,888	959,585	5,666,008	1,435,291	13,290,226	1,989,883
Buildings	188,093	31,166,947	15,954,864	16,521,948	20,096,558	9,507,734	93,436,144	9,381,234
Improvements other than buildings	8,105,936	96,789,530	365,552	2,810,808	400,566	1,005,756	109,478,148	2,006,537
Equipment and vehicles	13,614,839	13,524,683	14,847,322	12,675,444	538,808	8,926,716	64,127,812	7,305,185
Infrastructure	-	-	206,117,438	160,491,104	-	-	366,608,542	-
Construction in progress	9,949	747,865	3,316,177	918,590	13,073,945	-	18,066,526	-
Less: accumulated depreciation	(11,534,062)	(87,631,400)	(88,966,172)	(73,751,146)	(11,680,722)	(11,861,363)	(285,424,866)	(7,267,946)
Total noncurrent assets	13,711,906	57,673,631	153,295,068	120,626,333	28,095,164	9,014,134	382,416,237	13,964,893
Total assets	23,347,917	70,922,979	188,792,092	143,670,340	29,073,963	12,541,869	468,349,159	27,334,391
Deferrred Outflows								
Deferred amount on bond refunding	-	232,696	-	-	-	-	232,696	-
Total assets and deferred outflows	$23,347,917	$71,155,675	$188,792,092	$143,670,340	$29,073,963	$12,541,869	$468,581,855	$27,334,391

(continued)

CITY OF BILLINGS, MONTANA

Proprietary Funds

Statement of Net Position (Page 2 of 2)

June 30, 2014

	Business-type Activities							
	Solid Waste Fund	**Airport Fund**	**Water Fund**	**Wastewater Fund**	**Parking Fund**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Liabilities								
Current liabilities:								
Accounts payable	$ 889,965	$ 817,414	$ 1,903,947	$ 663,889	$ 65,633	$ 46,240	$ 4,387,087	$ 309,456
Accrued wages and benefits	148,629	117,812	142,654	111,142	15,906	156,601	692,743	155,861
Compensated absences	382,362	354,978	524,871	277,202	21,049	254,790	1,815,252	687,743
Accrued interest payable	-	10,400	309,919	248,185	100,401	-	668,905	37,967
Incurred but not reported health benefits	-	-	-	-	-	-	-	600,000
Notes payable	-	70,760	1,526,607	959,786	119,120	-	2,676,273	370,000
Accrued interest payable from restricted assets	-	236,877	-	-	-	-	236,877	-
Revenue bonds payable from restricted assets	-	1,000,000	-	-	-	-	1,000,000	-
Total current liabilities	1,420,956	2,608,240	4,407,998	2,260,204	322,108	457,631	11,477,136	2,161,027
Noncurrent liabilities:								
Compensated absences	359,550	333,800	493,558	260,664	19,793	239,590	1,706,955	646,712
Other post employment benefits	442,418	380,569	441,062	284,653	100,536	400,769	2,050,008	490,757
Revenue bonds payable	-	10,615,160	-	-	-	-	10,615,160	-
Notes payable	-	1,119,867	22,982,906	16,510,000	2,941,990	-	43,554,763	3,757,816
Landfill closure and postclosure-payable from restricted assets	2,780,128	-	-	-	-	-	2,780,128	-
Total noncurrent liabilities	3,582,096	12,449,396	23,917,526	17,055,317	3,062,319	640,359	60,707,014	4,895,285
Total liabilities	5,003,052	15,057,637	28,325,524	19,315,520	3,384,427	1,097,990	72,184,150	7,056,312
Net Position								
Net investment in capital assets	10,878,203	44,867,845	128,785,555	103,156,547	25,034,054	9,014,134	321,736,338	9,287,077
Restricted for:								
Bond and notes payable ordinance reserve	-	2,655,044	2,536,737	1,453,888	-	-	6,645,669	-
Capital Projects	-	3,015,841	-	-	-	5,460	3,021,301	-
Unrestricted	7,466,662	5,559,308	29,144,276	19,744,384	655,481	2,424,284	64,994,396	10,991,002
Total net position	18,344,865	56,098,038	160,466,568	124,354,819	25,689,535	11,443,878	396,397,704	20,278,079
Total liabilities and net position	$ 23,347,917	$ 71,155,675	$ 188,792,092	$ 143,670,340	$ 29,073,963	$ 12,541,868		$ 27,334,391

Some amounts reported for business-type activities in the statement of net position are different because certain internal fund net position and liabilities are included with business-type activities. 5,899,733

Net assets of business-type activities $402,297,437

The notes to the financial statement are an intregral 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, 2014

	Business-type Activities							
	Solid Waste Fund	**Airport Fund**	**Water Fund**	**Wastewater Fund**	**Parking Fund**	**Nonmajor Enterprise Funds**	**Totals**	**Internal Service Funds**
Operating revenues:								
Charges for services	$10,808,135	$ 8,883,948	$ 22,748,474	$ 17,929,323	$ 1,471,616	$ 1,095,359	$62,936,855	$ 23,031,707
Operating expenses:								
Salaries and benefits	4,595,377	4,072,400	4,619,838	3,233,991	592,999	3,824,985	20,939,590	13,904,551
Supplies	2,161,583	1,441,756	1,666,254	1,054,696	101,427	958,274	7,383,991	276,488
Contracted services	1,284,973	842,252	1,935,489	1,303,138	422,593	332,806	6,121,251	2,312,655
Utilities	61,107	735,901	1,864,748	1,090,656	94,219	153,402	4,000,032	459,322
Other	1,290,443	214,080	1,160,601	879,931	104,640	245,871	3,895,566	3,246,008
Depreciation	1,594,868	4,801,351	5,644,515	4,184,583	631,545	1,168,265	18,025,127	707,887
Landfill closure and post-closure	323,622	-	-	-	-	-	323,622	-
Total operating expenses	11,311,972	12,107,740	16,891,445	11,746,995	1,947,424	6,683,603	60,689,179	20,906,911
Operating income (loss)	(503,837)	(3,223,792)	5,857,029	6,182,328	(475,808)	(5,588,244)	2,247,676	2,124,796
Nonoperating revenue (expenses):								
Taxes	-	-	-	-	-	1,991,997	1,991,997	24,070
Intergovernmental	-	124,320	-	-	-	2,690,780	2,815,100	-
Interest expense	-	(595,262)	(575,205)	(484,540)	(139,915)	-	(1,794,923)	(94,783)
Interest and investment income	95,166	39,209	151,795	94,122	2,676	6,627	389,595	39,277
Customer Facility Charge	-	712,132	-	-	-	-	712,132	-
Passenger Facility Charge	-	1,009,280	-	-	-	-	1,009,280	-
Gain (loss) on sale of capital assets	1,820	30,036	(30,730)	248,735	-	(2,033)	247,828	(168,079)
Other	-	119,209	70,826	25,614	50,815	1,766	268,230	60,192
Total nonoperating revenue (expense)	96,986	1,438,924	(383,314)	(116,069)	(86,424)	4,689,137	5,639,240	(139,323)
Income (loss) before capital contributions and transfers	(406,851)	(1,784,868)	5,473,715	6,066,259	(562,232)	(899,107)	7,886,915	1,985,473
Capital contributions	-	8,133,421	2,865,152	2,385,169	9,115,497	-	22,499,239	-
Transfers in	-	-	4,774	-	100,000	-	104,774	683,806
Transfers out	-	-	-	-	-	(5,000)	(5,000)	(95,769)
Change in net position	(406,851)	6,348,553	8,343,640	8,451,428	8,653,265	(904,107)	30,485,928	2,573,510
Net position, beginning of year	18,751,718	49,955,708	152,122,928	115,903,393	17,036,271	12,347,986	21,624,481	17,911,557
Prior Period Adjustment (See Note III G)	-	(206,223)	-	-	-	-	(206,223)	(206,988)
Net position, end of year	$18,344,865	$56,098,038	$160,466,568	$124,354,819	$ 25,689,535	$11,443,879		$ 20,278,079
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal funds is reported with business-type activities.							855,937	
							$52,760,123	

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 1 of 2)

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	$10,892,845	$ 9,005,109	$ 23,022,025	$ 17,929,326	$ 1,463,621	$ 1,103,741	$ 63,416,667	$ 706,119
Cash received from interfund services provided	-	-	-	-	-	-	-	22,329,097
Cash received from other sources	1,821	119,209	70,826	25,614	50,713	(4,270)	263,913	13,090
Cash paid to employees for services	(4,459,421)	(4,031,526)	(4,444,507)	(3,078,549)	(577,163)	(3,751,837)	(20,343,003)	(13,754,301)
Cash paid to suppliers and contracted services	(5,069,439)	(4,155,380)	(6,953,265)	(4,474,799)	(687,891)	(1,522,381)	(22,863,155)	(6,453,715)
Cash paid to other sources	-	-	-	(879,931)	-	(187,345)	(1,067,276)	47,102
Net cash provided (used) by operating activities	1,365,806	937,412	11,695,079	9,521,661	249,280	(4,362,092)	19,407,146	2,887,392
Cash flows from noncapital financing activities:								
Cash received from tax revenues	-	-	-	-	-	1,836,842	1,836,842	-
Cash received from intergovernmental revenues	-	745,745	-	-	-	2,610,290	3,356,035	-
Transfers from other funds	-	-	-	-	100,000	-	100,000	151,750
Transfers to other funds	-	-	-	-	-	(5,000)	(5,000)	(95,769)
Net cash provided (used) by noncapital financing activities	-	745,745	-	-	100,000	4,442,132	5,287,877	55,981
Cash flows from capital and related financing activities:								
Capital grants and contributions	-	8,133,421	-	-	-	77,810	8,211,231	168,364
Acquisition and construction of capital assets	(1,480,643)	(8,832,357)	(9,293,363)	(4,785,974)	(23,680)	(136,734)	(24,552,751)	(962,119)
Proceeds from sales of capital assets	-	30,036	-	248,735	-	4,004	282,775	50,285
Cash paid for interest	-	(745,395)	(603,428)	(457,472)	(139,915)	-	(1,946,210)	(95,112)
Loan proceeds	-	-	2,766,515	1,885,718	-	-	4,652,233	-
Principal paid on bonds, notes and capital leases payable	-	(1,036,989)	(1,471,000)	(874,000)	(115,865)	-	(3,497,854)	(200,782)
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	4,774	-	-	-	4,774	532,056
Facilities charges	-	1,721,412	-	-	-	-	1,721,412	-
Net cash provided (used) by capital and related financing activi	(1,480,643)	(729,872)	(8,596,502)	(3,982,993)	(279,460)	(54,920)	(15,124,390)	(507,308)
Cash flows from investing activities:								
Cash received from interest	86,949	37,102	123,266	94,122	2,151	5,927	349,517	27,216
Sale of investments	3,491,013	4,058,096	10,849,021	5,772,316	359,106	1,093,051	25,622,603	4,042,479
Purchase of investments	(4,004,038)	(5,104,151)	(13,953,782)	(9,424,735)	(444,473)	(1,249,530)	(34,180,709)	(5,863,003)
Net cash provided (used) by investing activities	(426,076)	(1,008,953)	(2,981,495)	(3,558,297)	(83,216)	(150,552)	(8,208,589)	(1,793,308)
Net increase (decrease) in cash and cash equivalents	(540,913)	(55,668)	117,082	1,980,371	(13,396)	(125,432)	1,362,044	642,757
Cash and cash equivalents, beginning of year	4,685,588	6,745,822	15,870,196	8,814,250	488,878	1,619,578	38,224,312	5,629,319
Cash and cash equivalents, end of year	$ 4,144,675	$ 6,690,154	$ 15,987,278	$ 10,794,621	$ 475,482	$ 1,494,146	$ 39,586,356	$ 6,272,076
Cash and cash equivalents consists of:								
Cash and cash equivalents	$ 4,144,675	$ 5,453,275	$ 14,927,359	$ 10,070,436	$ 475,482	$ 1,493,872	$ 36,565,099	$ 6,272,076
Restricted cash and cash equivalents with fiscal agent	-	1,236,879	1,059,919	724,185	-	274	3,021,257	-
Cash and cash equivalents, end of year	$ 4,144,675	$ 6,690,154	$ 15,987,278	$ 10,794,621	$ 475,482	$ 1,494,146	$ 39,586,356	$ 6,272,076

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 2 of 2)

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	$ (503,836)	$ (3,223,792)	$ 5,857,029	$ 6,182,328	$ (475,808)	$ (5,588,245)	$ 2,247,676	$ 2,124,797
Other nonoperating income (expense)	1,821	119,209	70,826	25,614	50,713	(4,270)	263,913	84,262
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	1,594,867	4,801,351	5,644,515	4,184,583	631,545	1,168,265	18,025,126	707,887
Landfill closure and postclosure	323,622	-	-	-	-	-	323,622	-
(Increase) decrease in receivables	84,710	121,161	292,899	130,045	(8,002)	7,306	628,119	(20,537)
(Increase) decrease in receivables from other governments & other funds	-	-	-	-	-	-	-	-
(Increase) decrease in inventories	-	10,627	(19,348)	-	-	(32,431)	(41,152)	(22,929)
(Increase) decrease in prepaid items	-	-	-	-	-	1,076	1,076	(174)
Increase (decrease) in accounts payable	(271,334)	(932,018)	(326,173)	(1,156,351)	34,996	21,775	(2,629,105)	(136,140)
Increase (decrease) in accrued liabilities	135,956	40,874	175,331	155,442	15,836	64,432	587,871	150,226
Net cash provided (used) by operating activities	$ 1,365,806	$ 937,412	$ 11,695,079	$ 9,521,661	$ 249,280	$ (4,362,092)	$ 19,407,146	$ 2,887,392
Noncash investing, capital and financing activities:								
Increase (decrease) in investment market value	6,520	6,533	23,866	11,106	656	2,001	50,682	8,742
Contribution of capital assets	-	-	2,865,150	2,385,169	9,115,497	-	14,365,816	-

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, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 690
Total assets	$ 690
Liabilities	
Accounts payable	$ 690
Total liabilities	$ 690

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

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 19th 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.

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.

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.

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.

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.

D. Assets, Liabilities, 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. An external investment pool is defined as an arrangement that pools the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. Although STIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, the Board manages STIP consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As a 2a-7-like pool, STIP utilizes an amortized cost unit value, rather than fair value to report assets.

The STIP portfolio may include asset-backed securities, commercial paper, corporate, US government direct obligations, US government agency securities, repurchase agreements, institutional money market funds, certificates of deposit, and variable-rate (floating-rate) instruments.

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, currently 174.58, for payment for general governmental services and payment of principal and interest on long-term general obligation debt.

All property within the City limits is assessed on taxable market value. Property taxes are in two installments, due on November 30th and May 31st 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, 2014. Estimated percentages for uncollectible amounts at June 30, 2014, 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.

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.

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	1,166,000
Capital replacement reserve	225,000
Series 2010B Revenue Bonds	
Debt service reserve	500,044

(continued)

Passenger Facility Charges	1,739,454
Customer Facility Charges	1,276,407
Transit Grantor Restriction	5,460
Total Restricted Assets	$9,666,970

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:

Fund	Total Interest Expense	Capitalized Interest	Construction Project
Airport Fund	$ 597,114	$ 1,852	Employee parking lot expansion.
Water Fund	617,794	42,589	Zone 3 Reservoir, 2013 & 2014 Water Replacement Project, Rimrock Rd, WTP Rapid Mix Study, WTP Lab Renovation, WTP High Service Pump, Staples Reservoir Liner.
Wastewater Fund	497,211	12,671	2013 & 2014 Sewer replacement projects, 5 Mile Creek Lift Station.

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

Asset	Years
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.

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 $12,996,322 at June 30, 2014, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total $12,245,094 at June 30, 2014.

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.

9. 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 17 of the governmental funds balance sheet. GASB Statement 54 requires the disclosure of the purpose of each major fund.

	General Fund	Major Special Revenue: Public Safety	Major Debt Service: Special Improvement Districts	All Other Governmental Funds	Total Governmental Funds
Unspendable					
Cemetery Perpetual Care	$ -	$ -	$ -	$ 652,511	$ 652,511
Nonspendable form	-	-	-	98,630	98,630
Restricted					
Building Inspection	-	-	-	1,573,707	1,573,707
Tax Increment Districts	-	-	-	8,664,398	8,664,398
Roads and Streets	-	-	-	9,011,618	9,011,618
Grants	-	-	-	1,461,164	1,461,164
Cemetery Improvements	-	-	-	258,039	258,039
Emergency 911	-	-	-	6,018,738	6,018,738
Public Safety	-	1,600,000	-	-	1,600,000
Planning	-	-	-	391,576	391,576
Library	-	-	-	1,364,102	1,364,102
Street & Traffic	-	-	-	7,080,954	7,080,954
Light Maintenance Districts	-	-	-	1,184,881	1,184,881
Park Maintenance Districts	-	-	-	1,607,256	1,607,256
Debt Service	-	-	5,243,733	3,417,356	8,661,089
Capital Projects	-	-	-	7,413,130	7,413,130
Committed					
General Government	9,890,000	-	-	-	9,890,000
Arterial	-	-	-	2,854,977	2,854,977
Park Programs	-	-	-	2,430,839	2,430,839
Animal Shelter Donations	-	-	-	34,944	34,944
Library	-	-	-	1,209,676	1,209,676
Downtown Revolving Loan	-	-	-	936,980	936,980
Ball Field Maintenance	-	-	-	374,256	374,256
Fire Hydrant Maintenance	-	-	-	2	2
Unassigned					
General Government	13,245,031	-	-	-	13,245,031
Grants	-	-	-	(11,992)	(11,992)
Capital Projects	-	-	-	(363,576)	(363,576)
Total Fund Balances	$ 23,135,031	$ 1,600,000	$ 5,243,733	$ 57,664,166	$ 87,642,934

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 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:

"FUND DESCRIPTION	% of Budget (less capital)
FUND BALANCE	
Billed on Taxes	
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%**
Other Revenues	
Building Inspection	**25%**
Street/Traffic Operating	**4%"**

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 nonspendable, 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.

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.

10. Deferred Outflows/Inflows of Resources

Effective July 1, 2012, the City implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The City has determined that GASB No. 63 had the following effect on the Statement of Net Position.

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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding 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 only one type of item, arising only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, 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.

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

Funds with deficit fund balances at June 30, 2014, are listed below. The deficit fund balances do not represent any type of legal violation.

Fund	Deficit
Nonmajor Special Revenue Funds:	
Transportation Enhancement	$ 4,918
City Attorney Grants Fund	$ 7,074
Nonmajor Capital Projects Funds:	
Sidewalk and Curb Districts	$ 363,576

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

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 2015.

III. Detailed Notes on All Funds

A. Cash and Cash Equivalents and Investments

Cash and investments as of June 30, 2014, consist of the following:

Cash and cash equivalents:	
Deposits in local banks	$ 72,749,254
Outstanding checks and reconciling items	(4,312,791)
Montana State Short Term Investment Pool (STIP)	17,030,726
	$ 85,467,189
Investments:	
US Government and US Agency Obligations	$ 89,852,712
Certificates of deposits	2,584,161
	$ 92,436,873

Cash and investments as of June 30, 2014, are classified in the statement of net position as follows:

Cash and cash equivalents	$ 85,149,382
Cash and cash equivalents, permanently restricted	317,807
	$ 85,467,189
Investments	$ 89,268,901
Investments, temporarily restricted	2,833,703
Investments, permanently restricted	334,269
	$ 92,436,873

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	Totals	12 months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
US Treasury Notes	$ 461,375	$ 250,657	$ 210,718	$ -	$ -
US Government Agency Securities	89,391,677	5,123,088	45,662,372	38,362,708	243,509
Certificates of Deposit	2,584,161	2,584,161	-	-	-
	$92,437,213	$7,957,906	$45,873,090	$38,362,708	$ 243,509

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, 2014, 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):

Issuer	Investment Type	Total	
Federal Farm Credit	Federal agency securities	40,586,752	43.91%
Federal Home Loan Bank	Federal agency securities	33,660,229	36.41%
Federal Home Loan Mortgage Corp.	Federal agency securities	12,130,187	13.12%

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, 2014, 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, 2014, none of the City's investments are exposed to custodial credit risk because all counterparties provide insurance in excess of the investments held.

Restricted Cash and Cash Equivalents with Fiscal Agent

Cash of $6,979,398 is restricted by bond covenants or for specific purposes as follows:

Current debt service:	
Special Improvements Districts Fund	$ 974,224
Nonmajor government funds	2,981,380
Airport Fund	1,236,879
Water Fund	1,059,919
Wastewater Fund	724,185
Internal service funds	2,537
Golf Course	274
Total	$ 6,979,398

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 collectibility of accounts receivable.

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities Total
Taxes	$ 2,411,048	$ 2,533,935	$ -	$ 1,680,065	$ -	$ 6,625,048
Accounts	9,882	22,465	-	152,293	34,689	219,329
Special assessments	16,382	-	11,929,784	2,235,902	404	14,182,472
Accrued interest	9,096	493	526	33,328	6,208	49,651
Notes	-	-	-	2,165,641	600,000	2,765,641
From other governments	-	-	-	1,132,414	-	1,132,414
Gross receivables	2,446,408	2,556,893	11,930,310	7,399,643	641,301	24,974,555
Less: Allowance	(46,107)	(78,291)	(446)	(462,486)	-	(587,330)
TOTAL	$ 2,400,301	$ 2,478,602	$ 11,929,864	$ 6,937,157	$ 641,301	$ 24,387,225

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Non-Major Enterprise Funds	Business-type Activities Total
Taxes	$ -	$ -	$ -	$ -	$ -	$ 358,635	$ 358,635
Accounts	1,152,818	732,127	2,353,617	1,584,940	8,002	15,960	5,847,464
Special assessments	-	-	-	-	-	-	-
Accrued interest	4,200	5,512	13,312	8,570	198	1,359	33,151
Notes	-	-	-	-	-	-	-
From other governments	-	40,184	-	65,267	-	235,569	341,020
Gross receivables	1,157,018	777,823	2,366,929	1,658,777	8,200	611,523	6,580,270
Less: Allowance	(4,115)	-	-	-	-	(10,821)	(14,936)
TOTAL	$ 1,152,903	$ 777,823	$ 2,366,929	$ 1,658,777	$ 8,200	$ 600,702	$ 6,565,334

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:

	Unavailable
Delinquent property taxes receivable:	
General fund	$ 884,257
Public safety fund	997,948
Nonmajor governmental funds	638,372
Special assessments not yet due:	
General fund	15,452
Special improvement districts fund	11,870,063
Nonmajor governmental funds	1,642,871
Notes receivable not yet due:	
Nonmajor governmental funds	2,168,336
Total	$ 18,217,299

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 $145,000,000, and accumulated depreciation of approximately $87,000,000. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2014:

Year ending June 30:	
2015	$ 4,826,359
2016	4,939,344
2017	3,234,290
2018	729,309
2019	675,847
2020-2024	2,184,393
2025-2029	1,214,623
2030-2034	687,464
2035-2038	360,424
Total	$ 18,852,053

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.

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental activities:	Balance June 30, 2013	Additions	Deletions	Transfer In/Out	Balance June 30, 2014
Capital assets not being depreciated:					
Land	$ 38,670,278	$ (188,501)	$ -	$ -	$ 38,481,777
Construction in Progress	17,396,647	15,374,284	-	(21,686,408)	11,084,523
Total capital assets, not being depreciated	56,066,925	15,185,783	-	(21,686,408)	49,566,300
Capital assets being depreciated:					
Buildings	25,335,104	1,111,369	-	11,564,909	38,011,382
Improvements other than Buildings	36,484,978	1,365,767	-	214,810	38,065,555
Equipment	32,545,349	4,163,687	1,050,157	2,664,075	38,322,954
Infrastructure	227,728,824	8,747,349	-	7,242,615	243,718,788
Total capital assets, being depreciated	322,094,255	15,388,172	1,050,157	21,686,409	358,118,679
Less accumulated depreciation for:					
Buildings	11,172,377	686,586	-	-	11,858,963
Improvements other than Buildings	10,584,332	1,191,415	-		11,775,747
Equipment	20,937,406	2,398,970	1,002,425	(1,001)	22,332,950
Infrastructure	89,279,825	11,049,572	-	-	100,329,397
Total accumulated depreciation	131,973,940	15,326,543	1,002,425	(1,001)	146,297,057
Total capital assets, being depreciated, net	190,120,315	61,629	47,732	21,687,410	211,821,622
Governmental activities capital assets, net	$ 246,187,240	$ 15,247,411	$ 47,732	$ 1,002	$ 261,387,921

Business-type activities:	Balance June 30, 2013	Additions	Deletions	Transfer In/Out	Balance June 30, 2014
Capital assets not being depreciated:					
Land	$ 13,290,226	$ -	$ -	$ -	$ 13,290,226
Construction in Progress	17,606,456	23,898,890	49,964	(23,388,856)	18,066,526
Total capital assets, not being depreciated	30,896,682	23,898,890	49,964	(23,388,856)	31,356,752
Capital assets being depreciated:					
Buildings	90,261,878	34,217	57,809	3,197,858	93,436,144
Improvements other than Buildings	98,772,460	8,266,475	2,100,271	4,539,484	109,478,148
Equipment	61,730,507	1,768,230	774,190	1,403,265	64,127,812
Infrastructure	347,443,232	5,250,319	333,258	14,248,249	366,608,542
Total capital assets, being depreciated	598,208,077	15,319,241	3,265,528	23,388,856	633,650,646
Less accumulated depreciation for:					
Buildings	50,163,182	2,102,988	58,782	-	52,207,388
Improvements other than Buildings	60,730,144	4,092,606	2,100,271	-	62,722,479
Equipment	42,095,549	3,601,519	774,190	-	44,922,878
Infrastructure	117,644,146	8,228,013	300,038	-	125,572,121
Total accumulated depreciation	270,633,021	18,025,127	3,233,282	-	285,424,866
Total capital assets, being depreciated, net	327,575,056	(2,705,886)	32,246	23,388,856	348,225,780
Business-type activities capital assets, net	$ 358,471,738	$ 21,193,004	$ 82,210	$ -	$ 379,582,532

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

Governmental activities	
General Government	$ 50,524
Public Safety	1,339,605
Public Works	11,550,187
Public Health	83,118
Culture & recreation	1,517,340
Housing and community development	77,881
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	707,889
Total depreciation expense - governmental activities	$ 15,326,543
Business-type activities:	
Solid Waste	$ 1,594,868
Airport	4,801,351
Water	5,644,515
Wastewater	4,184,583
Parking	631,545
Transit	1,110,831
Golf Course	57,434
Total depreciation expense - business-type activities	$ 18,025,127

Construction Commitments

The City has active construction projects as of June 30, 2014. At year end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

General Fund	$ 298
Public Safety Fund	103
Solid Waste Fund	1,361
Airport Fund	3,973
Water Fund	11,656
Wastewater Fund	6,343
Parking Fund	86
Nonmajor Governmental Funds	9,795
Nonmajor Internal Services Funds	137
	$ 33,752

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, 2014, the Tax Increment South fund had commitments of $1.3 million for the SBURD Sewer Project, Phase I.

At June 30, 2014, the Airport fund had commitments of $1.7 million for security access gates and air carrier ramp.

At June 30, 2014, the General Fund had commitments of $99,500 for a Facilities Master Plan and $148,200 for New World software upgrade.

E. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2014, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 269,945
Nonmajor Governmental Funds	Nonmajor Governmental Funds	374,107
Totals		$ 644,052

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:

	Transfers in:							
	General Fund	Public Safety Fund	Special Improvement Districts Fund	Nonmajor Governmental Funds	Water Fund	Parking Fund	Internal Service	Total
Transfers Out:								
General	$ -	$ 19,531,290	$ -	$ 1,326,148	$ -	$ -	$ 30,000	$ 20,887,438
Public Safety	-	-	-	956,572	-	-	120,000	1,076,572
Special Improvement Districts Fund	-	-	-	20,689	-	-	-	20,689
Nonmajor Governmental Funds	48,167	-	54,499	2,143,256	4,774	100,000	438,037	2,788,733
Nonmajor Enterprise Fund	-	-	-	5,000	-	-	-	5,000
Subtotal	48,167	19,531,290	54,499	4,451,665	4,774	100,000	588,037	24,778,432
Internal Service Funds	-	-	-	-	-	-	95,769	95,769
Total	$ 48,167	$ 19,531,290	$ 54,499	$ 4,451,665	$ 4,774	$ 100,000	$ 683,806	$ 24,874,201

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 14 years.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Buildings	$ 6,600,000	$ 5,930,000
Accumulated Depreciation	(1,320,000)	(1,350,722)
Total	$ 5,280,000	$ 4,579,278

The following is a schedule, by year, of the future minimum lease payments at June 30, 2014:

Year ending June 30	Governmental Activities	Business-type Activities
2015	$ 480,200	$ 201,961
2016	475,875	201,961
2017	474,475	201,961
2018	477,700	201,961
2019	475,550	201,961
2020-2024	2,116,350	1,009,803
2025-2029	-	1,009,803
2030-2033	-	807,839
Total minimum lease payments	4,500,150	3,837,250
Less: Amount representing interest	(580,150)	(1,283,288)
Present value of minimum lease payments	$ 3,920,000	$ 2,553,962

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 pledge the full faith and credit of the City. At June 30, 2014, 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.	$ 765,000
General Obligation Bonds Series 2012A, 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.	3,195,000
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.	8,355,000
General Obligation Bonds Series 2012A, 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.	735,000
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.	14,670,000
	$ 27,720,000

Tax Increment Bonds Payable – The City issued tax increment bonds to provide funds for the construction of the Empire Parking Garage and retail space. At June 30, 2014, 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.	$ 13,210,000

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. The various bonds outstanding at June 30, 2014, are as follows:

Special improvement districts, issued in the total aggregate amount of $26,015,000 and interest rates ranging from 2.8%-6.0%, payable from the special improvement districts fund in varying installments to 2028.	$ 12,554,984
Sidewalk and curb districts, issued in the total aggregate amount of $4,976,000 and interest rates ranging from 3.25%-5.4%, payable from the sidewalk and curb districts fund in varying installments to 2025.	1,686,000
Storm Sewer Gross Revenue Refunding Series 2003, issued in the total aggregate amount of $7,055,000 and interest rates ranging from 2.00%-3.00%, payable from the storm sewer fund in varying installments to 2014, callable on or after July 1, 2005.	4,270,000
	$ 18,510,984

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. 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, 2014, 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.

Due within one year	Due after one year	Total
$ 0	$ 0	$ 0

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, 2014, the amount outstanding is as follows:

Due within one year	Due after one year	Total
$ 404,816	$ 1,100,819	$ 1,505,635

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, 2014, the amount outstanding is as follows:

Due within one year	Due after one year	Total
$ 15,354	$ 52,544	$ 67,898

On February 29, 2012, the City borrowed $625,084 from US Bancorp to finance the purchase of Toughbooks and in-car cameras for the Police Department. The cameras annual payment of $68,190 will be paid with drug forfeiture funds. The annual payment for the Toughbooks is $92,697. The interest rate is 1.93% for four years. The final payment will be made on February 28, 2015. At June 30, 2014, the amount outstanding is as follows:

	Due within one year	Total
Cameras	$ 66,926	$ 66,926
Toughbooks	$ 90,940	$ 90,940

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. The amounts reserved as of June 30, 2014, are $1,453,888 for Wastewater and $2,536,737 for Water.

	Amount	Interest Rate	Maturity Date
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

The amounts outstanding as of June 30, 2014, are as follows:

	Due within One year	Due after One year	Total
Wastewater	$ 959,786	$ 16,510,000	$ 17,469,786
Water	$1,526,607	$ 22,982,904	$ 24,509,511

Revenue Bonds Payable – At June 30, 2014, 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 $690,000 to $895,000. The bonds are not subject to optional redemption prior to their stated maturities.	$ 5,540,000
Deferred amount on bond refunding	(232,696)
	5,307,304
Less current portion	(730,000)
Total	$ 4,577,304

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%-4.00% due July 1, 2030, payable in annual installments of $235,000 to $475,000, callable on or after July 1, 2021.	$ 6,040,000
Less current portion	(270,000)
Total	$ 5,770,000

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, 2014.

The revenue bond ordinance restrictions are as follows:

	Airport Fund
2010A Debt Service	$ 764,000
2010B Debt Service	500,044
Replacement and depreciation	225,000
Operations and Maintenance	1,166,000
	$ 2,655,044

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 ($1,009,280) and expenses, AIP grants, and all other Airport operations. However, investors in the Series 2010B revenue bonds rely on the revenue generated CFC collections ($712,132) 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, 2014, $3,270,000 of outstanding general obligation bonds and $4,725,000 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, 2014, are as follows:

GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation Bonds		Tax Increment		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal*	Interest
2015	$ 1,740,000	$ 952,544	$ 140,000	$ 659,429	$ 642,709	$ 702,968
2016	1,785,000	902,669	295,000	653,549	1,281,638	679,979
2017	1,830,000	849,481	305,000	644,691	1,768,475	633,791
2018	1,875,000	790,707	315,000	634,373	1,802,356	569,346
2019	1,725,000	734,944	1,780,000	2,946,244	1,633,285	510,397
2020-2024	8,790,000	2,715,528	2,355,000	2,386,794	5,852,185	1,870,107
2025-2029	6,715,000	1,170,456	3,130,000	1,626,221	4,094,336	824,337
2030-2034	3,260,000	227,950	3,975,000	744,875	1,436,000	185,873
2035-2039	-	-	915,000	22,875	-	-
2040-2044	-	-	-	-	-	-
	$ 27,720,000	$ 8,344,278	$13,210,000	$ 10,319,050	$ 18,510,984	$ 5,976,798

	Intercap Notes Payable		Notes Payable		Capital Lease Payable-BOC	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 5,366	$ 721	$ 578,036	$ 72,751	$ 370,000	$ 110,200
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	249,267	6,853	400,000	77,700
2019	5,366	453	-	-	410,000	65,550
2020-2024	26,830	1,258	-	-	1,980,000	126,300
2025-2029	5,366	50	-	-	-	16,350
2030-2034	-	-	-	-	-	-
	$ 59,026	$ 4,245	$ 1,731,399	$ 166,949	$ 3,920,000	$ 586,450

* 73,000 called but not redeemed is reported as a current liability at June 30, 2014

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
2015	$ 1,000,000	$ 455,113	$ 70,760	$ 58,190	$ 88,309	$ 113,652
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	81,965	46,985	100,631	101,330
2019	1,160,000	286,368	86,081	42,869	105,109	96,852
2020-2024	3,235,000	861,820	499,750	145,000	600,009	409,793
2025-2029	2,015,000	428,624	299,711	22,664	745,934	263,869
2030-2034	930,000	41,125	-	-	725,387	82,455
	$ 11,580,000	$ 3,197,385	$ 1,190,627	$ 421,248	$ 2,553,962	$ 1,283,290

	Notes Payable-Water		Notes Payable-Wastewater		Capital Lease Payable-Parking	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 1,526,607	$ 655,403	$ 959,786	$ 615,488	$ 30,811	$ 23,008
2016	1,564,170	624,044	983,000	581,236	32,246	21,573
2017	1,597,749	582,925	1,009,000	545,147	33,749	20,071
2018	1,634,346	536,196	1,038,000	508,095	35,321	18,498
2019	1,672,961	498,473	1,067,000	469,995	36,967	16,853
2020-2024	9,033,701	1,800,814	5,800,000	1,740,318	212,329	56,767
2025-2029	6,177,115	683,138	5,354,000	675,706	125,730	8,818
2030-2034	1,302,862	91,341	1,259,000	76,817	-	-
	$ 24,509,511	$ 5,472,334	$17,469,786	$ 5,212,802	$ 507,152	$ 165,589

Changes in Long-Term Obligations – During the year ended June 30, 2014, the following changes occurred in liabilities reported in the long-term obligations:

	Balance June 30, 2013	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2014	Due within one year
Governmental Activities:					
General obligation bonds:					
Series 2010 Parks	$ 870,000	$ -	$ 105,000	765,000	$ 105,000
Add: premium received	22,597	-	2,825	19,772	-
Less: defered loss on refunding	(4,541)	-	(567)	(3,974)	-
Series 2004A Streets	3,460,000	-	265,000	3,195,000	245,000
Add: premium received	229,349	-	19,112	210,237	-
Less: defered loss on refunding	(257,182)	-	(21,432)	(235,750)	-
Series 2007A Ballpark	8,790,000	-	435,000	8,355,000	450,000
Add: premium received	30,224	-	2,159	28,065	-
Series 2007B Ballpark	925,000	-	190,000	735,000	175,000
Add: premium received	46,117	-	9,224	36,893	-
Less: defered loss on refunding	(35,044)	-	(7,009)	(28,035)	-
Series 2012 Library	15,460,000	-	790,000	14,670,000	765,000
Add: premium received	1,020,465	-	51,023	969,442	-
Tax Increment	13,210,000	-	-	13,210,000	140,000
Add: premium received	55,692	-	3,481	52,211	-
Less: bond discount	(2,587)	-	(162)	(2,425)	-
Special assessment debt with governmental commitment	16,156,481	4,820,000	2,465,497	18,510,984	642,709
Less: bond discounts	(135,535)	-	(25,477)	(110,058)	-
Less: deferred loss on refunding	(1,059,519)	-	(80,879)	(978,640)	-
Add: premium received	3,571	234,178	14,722	223,027	-
Intercap notes payable	64,402	-	5,366	59,036	5,366
Notes payable	2,286,460	-	555,061	1,731,399	578,036
Capital lease payable	4,100,000	-	180,000	3,920,000	370,000
Add: premium received	228,598	-	20,782	207,816	-
Compensated absences	8,794,910	6,150,617	5,471,415	9,474,112	5,188,747
Total governmental activities	$ 74,259,458	$ 11,204,795	$ 10,450,141	$ 75,014,112	$ 8,664,858

	Balance June 30, 2013	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2014	Due within one year
Business Activities:					
Notes Payable					
Water from DNRC	$ 12,218,000		$ 857,000	$ 11,361,000	$ 876,000
Water from DNRC-ARRA Part B	285,000	-	15,000	270,000	16,000
Water from DNRC- Rehab	2,400,000	-	115,000	2,285,000	117,000
Water from DNRC-Zone 4	5,832,000	-	278,000	5,554,000	286,000
Water from DNRC-Waterlines	2,020,000	-	89,000	1,931,000	92,000
Wastewater from DNRC-Briarwood	5,415,000	-	279,000	5,136,000	288,000
Wastewater from DNRC	3,189,000	-	223,000	2,966,000	229,000
Wastewater from DNRC	304,000	-	16,000	288,000	16,000
Wastewater from DNRC	3,590,000	-	171,000	3,419,000	176,000
Wastewater from DNRC-UV	2,151,000	-	95,000	2,056,000	102,000
Wastewater from DNRC-UV	743,000	-	33,000	710,000	34,000
Wastewater from DNRC-5 Mile	1,066,068	1,885,718	57,000	2,894,786	114,786
Water from DNRC-Zone 3	458,998	2,265,379	117,000	2,607,377	121,000
Water from DNRC-Zone 3 Chapple	-	501,136	-	501,136	18,607
Capital lease payable - Park II	2,640,384	-	86,422	2,553,962	88,309
Capital lease payable - Parking	536,591	-	29,439	507,152	30,811
Airport Series 2010A Refunding	6,250,000	-	710,000	5,540,000	730,000
Less: deferred amount on refunding	(303,191)	-	(70,495)	(232,696)	-
Add: premium received	38,961	-	9,059	29,902	-
Airport Series 2010B Revenue	6,290,000	-	250,000	6,040,000	270,000
Add: premium received	5,810	-	552	5,258	-
Capital lease payable - Airport	1,258,005	-	67,378	1,190,627	70,760
Compensated absences	3,329,099	2,165,066	1,971,955	3,522,210	1,815,253
Total business type activities	$ 59,717,725	$ 6,817,299	$ 5,399,310	$ 61,135,714	$ 5,491,526

Governmental activities include internal service fund liabilities for capital lease payable, compensated absences, and intercap notes payable. Internal service fund compensated absences totaled $1,165,748 and $1,334,455 at June 30, 2013 and 2014, 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, 2014, the City had no arbitrage rebate liability for its governmental and business-type activities.

Prior Period Adjustment

Effective July 1, 2013, the City implemented the provisions of GASB Statement No. 65, Item Previously Reported as Assets and Liabilities. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Specifically, the Statement required that the unamortized portion of debt issuance costs be restated to beginning net position. The effect on previous net position is a decrease of $1,289,169.

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 2014 were 12.9% 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.

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, 2012, 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	841
Retired employees	126
Total	967

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, 2014, is $49,640,886. The ratio of the FY 2014 unfunded actuarial accrued liability to annual covered payroll is 0.248.

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 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:	
ARC Normal Cost	$ 723,000
Amortization	491,000
Interest on net OPEB obligation	212,000
Adjustment to ARC	(180,000)
Annual required contribution	1,246,000
Contribution for fiscal year ended June 30, 2014	(523,000)
Increase in net OPEB	723,000
Net OPEB Obligation – beginning of year	5,440,000
Net OPEB Obligation – end of year	$ 6,163,000
Percent of annual OPEB cost contributed FY 2014	42.0%

The annual OPEB costs, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2014, for the health plan are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
June 30, 2011	$ 1,760,000	47.5%	$ 4,010,000
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

Benefit Obligation, Normal Cost and Funding Progress

Actuarial Value of Assets	$ -
Actuarial Accrued Liability:	
Active Employees	$ 7,895,000
Retired Employees	4,405,000
Unfunded actuarial liability (UAAL)	$ 12,300,000

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, 2012, 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 4.5% 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 4.5% rate. The valuation assumes a 10% healthcare cost trend increase for fiscal year 2013-2014, reduced by decrements to a rate of 0.5% each year until an ultimate health care cost trend rate of 5% is reached in 2023.

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. Additionally, two settlement payments have exceeded or were not covered by MMIA during the current year or the two previous fiscal years. MMIA – Liability Program has obtained reinsurance through commercial companies for claims in excess of $750,000 per claim and $1.5 million per occurrence. MMIA – Workers' Compensation has obtained reinsurance through commercial companies for claims in excess of $750,000 for each accident, limited to $10 million.

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 $25,000 per occurrence. The property value limit is $451,240,827 with a blanket amount of $400 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. The City does not insure for damage and destruction of vehicles and equipment. During the fiscal year ended June 30, 2014, the City's cost to repair and/or replace damaged capital assets totaled $118,691.

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 2012, 2013, and 2014:

	Beginning-of-fiscal-year liability	Incurred claims and claim administrative expenses	Payments of claims and claim administrative expenses	End-of-fiscal-year liability
2011-2012	700,000	9,336,368	9,336,368	700,000
2012-2013	700,000	8,531,372	8,531,372	700,000
2013-2014	700,000	8,015,265	8,115,265	600,000

Retired employees may continue their health care coverage through the City's group health plan until the month end of their 65th 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, 2014. There

have been no material changes in health insurance coverage from the previous year. The City has a two-tiered health 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, 2014, 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.

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
2012	$ 550,000	$ -	$ -	$ -	$ 550,000	$ 550,000
2013	$ 550,000	$ -	$ -	$ -	$ 550,000	$ 550,000
2014	$1,800,000	$ -	$ -	$ 500,000	$1,300,000	$1,300,000

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 $2,780,128 reported as landfill closure and post-closure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of approximately 44 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $3.5 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 2014. 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 45 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 2014, $129,684 was paid into the trust. The cumulative amount of payments of $2,833,704 is reported as restricted investments at June 30, 2014.

	Balance June 30, 2013	Accrual Amount	Balance June 30, 2014
Net change in Landfill Liability	$ 2,456,506	$ 323,622	$ 2,780,128

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 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, 2014, there were 11 series of industrial revenue bonds outstanding. The aggregate principal amount payable for the four series issued after July 1, 1997, was approximately $15.3 million at June 30, 2014. The aggregate principal amount payable at June 30, 2014, for the 7 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled $20.2 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. Descriptions of Individual Pension Plans

Public Employees' Retirement System (PERS)

All new hires are initially members of the PERS-DBRP (Defined Benefit Retirement Plan). New hires have a 12-month window during which they may choose to remain in the current PERS-DBRP or join the PERS-DRCP (Defined Contribution Retirement Plan). Members may not be active members of both the defined contribution and defined benefit retirement plans. The choice is irrevocable.

PERS-defined benefit retirement plan (DBRP)

The PERS-defined benefit retirement plan (DBRP) 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, and certain employees of the school districts and university system.

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. Benefit eligibility is age 60 with at least five years of service, age 65 regardless of service, or 30 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least 5 years of service. For members hired prior to July 1, 2011, monthly retirement benefits for employees with less than 25 years of service are determined by taking 1.785% times the number of years of service times the highest average compensation during any consecutive 36 months; and for employees with 25 years of service or greater, the monthly retirement benefits are determined by taking 2.0% times the number of years of service times the highest average compensation during any consecutive 36 months. For members hired on or after July 1, 2011, monthly retirement benefits for employees with less than 10 years of service are determined by taking 1.5% times the highest average compensation during any consecutive 36 months; for employees with 10 years or more, but less than 30 years, monthly retirement benefits are 1.785% times the number of years of service times the highest average compensation; and for members with more than 30 years of service the monthly benefits will be 2% times the number of years of service times the highest average compensation. A guaranteed annual benefit adjustment (GABA) is provided each January for benefit recipients if they have been receiving a benefit for at least 12 months.

The GABA revision for all members, effective July 1, 2013, includes all active and retired members. The maximum rate for GABA is 1.5% and minimum rate is 0%. The 1.5% GABA rate is reduced 0.1% for each 2% PERS is funded below 90%. GABA is 0% whenever PERS amortization period is 40 years or more.

DBRP Education Fund: governed by section 19-3-112, MCA provides education to the members that have joined the PERS-DBRP. The education program is funded by 0.04% of the employers' contribution.

Membership in the plan on June 30, 2013, is as follows:

Number of Members	
Retirees and Beneficiaries	19,451
Vested Terminated	2,686
Non-vested Terminated	6,712
Active	28,401
Total Membership	57,250
Number of participating employers:	540

PERS-defined contribution 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 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.

Membership in the plan on June 30, 2013, is as follows:

Number of Members	
Retirees and Beneficiaries	20
Vested Terminated	207
Non-vested Terminated	434
Active	2,087
Total Membership	2,748
Number of participating employers:	263

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year end. It is available from the Public Employees' Retirement Board at 100 North Park, PO Box 200131, Helena, Montana 59620-0131, telephone (406) 444-3154. The information can also be found on PERB website at http://mpera.mt.gov/annualReports.asp.

Firefighters' Unified Retirement System (FURS)

The FURS is a statewide retirement 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.

The FURS offers retirement, disability, and death benefits to plan members and their beneficiaries. A member may retire with a normal retirement benefit after completing 20 years of service, regardless of age, or at age 50 with 5 years of service. Members hired prior to July 1, 1981, and not electing GABA are entitled to the greater of: 2.5% of final average compensation per year of service; or if less than 20 years of service, 2% of final monthly compensation for each year of service; and if more than 20 years of service, 50% of the member's final monthly compensation plus 2% of the member's final monthly compensation for each year of service over 20 years. For those hired on or after July 1, 1981, or those electing GABA, the retirement allowance is equal to 2.5% of the product of the final average compensation for the last 36 months and the years of service. For non-GABA members, the monthly retirement, disability, or survivor's benefit must be at least one-half the salary of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of service credit). If a benefit falls below that minimum, the benefit is increased and paid to the benefit recipient. If a member or retiree elected GABA, the minimum benefit is not available. Rights become vested after 5 years of service. A guaranteed annual benefit adjustment (GABA) of 3.0% is provided each January for benefit recipients electing GABA if they have been receiving a benefit for at least 12 months. The authority to establish, amend, and provide cost of living adjustments for the plan is assigned to the State legislature.

Membership in the plan on June 30, 2013, is as follows:

Number of Members	
Retirees and Beneficiaries	587
Vested Terminated	15
Non-vested Terminated	63
Active	610
Total Membership	1,275
Number of participating employers:	25

The FURS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year end. It is available from the PERB at 100 North Park, PO Box 200131, Helena,

Montana 59620-0131, telephone (406) 444-3154. The information can also be found on PERB website at http://mpera.mt.gov/annualReports.asp.

Municipal Police Officers' Retirement System (MPORS)

MPORS is a statewide retirement plan established in 1974 and governed by Title 19, Chapters 2 & 9 of the MCA, providing retirement services to all municipal police officers employed by first and second-class cities and other cities electing to adopt the plan. MPORS is a mandatory multiple-employer, cost-sharing defined benefit plan.

The MPORS offers retirement, disability, and death benefits to plan members and their beneficiaries. Minimum years of service are 20 for benefit eligibility or age 50 with 5 years of service. The retirement benefit for members is calculated as follows: 2.5% of the product of the average monthly compensation of the final year of service and the years of service. The final average compensation for those hired prior to July 1, 1977, is the average monthly compensation of the final year of service; and for those hired after June 30, 1977, it is the average monthly compensation for the last consecutive 36 months. If hired on or after July 1, 2013, a 110% annual cap on compensation is considered as a part of a member's final average compensation. If hired before July 1, 1997, and the member did not elect GABA, the benefit increases to ½ the annual compensation of a newly confirmed officer in the city where the member was last employed. A guaranteed annual benefit adjustment (GABA) of 3.0% is provided each January for benefit recipients electing GABA if they have been receiving a benefit for at least 12 months. Rights become vested after 5 years of service. The authority to establish, amend, and provide cost of living adjustments for the plan is assigned to the State legislature.

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of MPORS have the opportunity to 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. An eligible member must have completed at least 20 years of membership service. They may elect to participate in the DROP for a minimum of one month and a maximum of five years 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 the participation in the DROP, all mandatory contributions continue to be made 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 DROP account until the end of the DROP

participation 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, and the DROP account cannot be distributed until employment is formally terminated.

Membership in the plan on June 30, 2013, is as follows:

Number of Members	
Retirees and Beneficiaries	710
Vested Terminated	52
Non-vested Terminated	77
Active	734
Total Membership	1,573
Number of participating employers:	31

The MPORS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year end. It is available from the PERB at 100 North Park, PO Box 200131, Helena, Montana 59620-0131, telephone (406) 444-3154. The information can also be found on PERB website at http://mpera.mt.gov/annualReports.asp.

2. Funding Policy

Public Employees' Retirement System – The State legislature has the authority to establish and amend contribution rates to the plan. Plan members hired before July 1, 2011, are required to contribute 6.9% of monthly compensation. Members hired on or after July 1, 2011, are required to contribute 7.9% of monthly compensation. Local governments are required to contribute 7.07% of members' compensation. The State of Montana is required to contribute .1% of members' compensation on behalf of local government entities. One hundred percent of required contributions were made for the current year and each of the two preceding years. Required contributions were made as follows:

Fiscal Year	City	Employee	State of Montana
2011-2012	$ 2,127,678	$ 2,127,225	$ 29,186
2012-2013	2,123,910	2,127,225	30,688
2013-2014	2,523,331	2,413,804	36,691

Firefighters' Unified Retirement System – The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 9.50% (for members hired prior to July 1, 1997, and not electing GABA) and 10.7% (for members hired after July 1, 1997, and those electing GABA) of monthly compensation. Employers are required to contribute 14.36% of members' compensation. The State of Montana is required to contribute 32.61% of members' compensation. One hundred percent of required contributions were made for the current year and each of the two preceding years. Required contributions were made as follows:

Fiscal Year	City	Employee	State of Montana
2011-2012	$ 1,149,420	$ 889,389	$ 2,712,181
2012-2013	1,194,971	907,727	2,800,669
2013-2014	1,236,776	913,272	2,808,584

Municipal Police Officers' Retirement System – The State legislature has the authority to establish and amend contribution rates to the plan. Effective January 1, 2000, plan members are required to contribute 5.80% (for members hired prior to July 1, 1975, and not electing GABA), 7.0% (for members hired between July 1, 1975, and June 30, 1979, and not electing GABA), 8.5% (for members hired between July 1, 1979, and June 30, 1997, and not electing GABA), and 9.0% (for members hired after July 1, 1997, and members electing GABA) of monthly compensation. Prior to January 1, 2000, all rates were 2% higher. Municipal and county employers are required to contribute 14.41% of members' compensation. The State of Montana is required to contribute 29.37% of members' compensation. One hundred percent of required contributions were made for the current year and each of the two preceding years. Required contributions were made as follows:

Fiscal Year	City	Employee	State of Montana
2011-2012	$ 1,156,174	$ 721,368	$ 2,356,536
2012-2013	1,416,762	790,311	2,887,599
2013-2014	1,392,675	873,487	2,838,505

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 14,157,373	$ 14,157,373	$ 14,979,893	$ (822,520)
Licenses and permits	4,131,492	4,131,492	3,525,284	606,208
Intergovernmental	9,617,586	6,917,586	10,004,823	(3,087,237)
Charges for services	3,132,419	3,132,419	3,302,231	(169,812)
Fines and forteitures	1,794,762	1,794,762	1,578,998	215,764
Special assessments	-	-	14,595	(14,595)
Other	155,600	155,600	119,980	35,620
Total revenues	32,989,232	30,289,232	33,525,804	(3,236,572)
Expenditures:				
Current:				
General government	6,003,268	6,244,386	5,849,331	395,055
Public safety	327,208	340,350	318,818	21,532
Public works	354,587	368,829	345,495	23,334
Culture and recreation	3,763,018	3,914,158	3,666,526	247,632
Housing and economic development	-	-	-	-
Capital outlay	614,300	642,520	587,289	55,231
Total expenditures	11,062,381	11,510,243	10,767,459	742,784
Revenues over (under) expenditures	21,926,851	18,778,989	22,758,345	(3,979,356)
Other financing sources (uses):				
Transfers in	2,907	49,107	48,167	940
Transfers out	(22,052,932)	(22,939,505)	(20,887,438)	(2,052,067)
Sale of capital assets	-	-	597	(597)
Total other financing sources (uses)	(22,050,025)	(22,890,398)	(20,838,674)	(2,051,724)
Net change in fund balances	$ (123,174)	$ (4,111,409)	1,919,671	$ (6,031,080)
Fund balance, beginning of year			21,215,360	
Fund balance, end of year			$ 23,135,031	

The notes to the required supplemental information are an integral part of this statement.

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 12,026,404	$ 12,026,404	$ 13,341,714	$ (1,315,310)
Licenses and permits	32,750	32,750	49,034	(16,284)
Intergovernmental	2,266,742	2,266,742	2,334,043	(67,301)
Charges for services	1,252,381	1,252,381	1,465,012	(212,631)
Fines and forteitures	2,400	2,400	3,480	(1,080)
Special assessments	-	-	-	-
Other	22,739	22,739	28,552	(5,813)
Total revenues	15,603,416	15,603,416	17,221,836	(1,618,420)
Expenditures:				
Current:				
Public safety	33,790,227	34,573,787	33,306,198	1,267,589
Public health	818,623	837,606	806,862	30,744
Capital outlay	10,000	859,284	904,353	(45,069)
Debt service:				
Principal	475,070	475,070	475,062	8
Interest and fiscal charges	90,643	90,643	90,936	(293)
Total expenditures	35,184,563	36,836,390	35,583,412	1,252,978
Revenues over (under) expenditures	(19,581,147)	(21,232,974)	(18,361,576)	(2,871,398)
Other financing sources (uses):				
Transfers in	20,658,000	21,489,573	19,531,290	1,958,283
Transfers out	(1,076,572)	(1,076,572)	(1,076,572)	-
Sale of capital assets	-	-	345	(345)
Total other financing sources (uses)	19,581,428	20,413,001	18,455,063	1,957,938
Net change in fund balances	$ 281	$ (819,973)	93,487	$ (913,460)
Fund balance, beginning of year			1,506,513	
Fund balance, end of year			$ 1,600,000	

The notes to the required supplemental information are an integral part of this statement.

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 1st, 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 10th, 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; North 27th Street Tax Increment Operating Fund; Special Improvement Districts Fund; New Library Construction Fund; Nonmajor Special Revenue Funds: Fire Programs Fund, Park Maintenance Districts Fund, Development Services Grants Fund, Gas Tax Fund, Municipal Court Grant Fund, and Storm Sewer Fund; Nonmajor Debt Service Funds: Series 2004A Street Improvements Fund, and Series 2007B Baseball Field/Stadium Fund; Nonmajor Capital Project Funds: Urban Renewal Property Acquisition Fund, 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
Revenues	
Actual amounts (budgetary basis) "Total revenues" from the budget	$ 17,221,836
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	5,647,089
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 22,868,925
Expenditures	
Acutal amounts (budgetary basis) "Total expenditures" from the budget	$ 35,583,412
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	5,647,089
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 41,230,501

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)
7/1/2008	$ -	$ 25,352,000	$ 25,352,000	0%	Not Available	Not Available
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%

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 14,157,373	$ 14,157,373	$ 14,979,893	$ (822,520)
Licenses and permits	4,131,492	4,131,492	3,525,284	606,208
Intergovernmental	9,617,586	9,617,586	10,004,823	(387,237)
Charges for services	3,132,419	3,132,419	3,302,231	(169,812)
Fines and forteitures	1,794,762	1,794,762	1,578,998	215,764
Special assessments	-	-	14,595	(14,595)
Other	155,600	155,600	119,980	35,620
Total revenues	32,989,232	32,989,232	33,525,804	(536,572)
Expenditures:				
Current:				
Salaries and benefits	6,965,518	7,158,957	6,787,643	371,314
Operations and maintenance	3,482,563	3,708,766	3,392,527	316,239
Capital outlay	614,300	642,520	587,289	55,231
Debt service:				
Total expenditures	11,062,381	11,510,243	10,767,459	742,784
Revenues over (under) expenditures	21,926,851	21,478,989	22,758,345	(1,279,356)
Other financing sources (uses):				
Transfers in	2,907	49,107	48,167	940
Transfers out	(22,052,932)	(22,939,505)	(20,887,438)	(2,052,067)
Sale of capital assets	-	-	597	(597)
Total other financing sources (uses)	(22,050,025)	(22,890,398)	(20,838,674)	(2,051,724)
Net change in fund balances	$ (123,174)	$ (1,411,409)	1,919,671	$ (3,331,080)
Fund balance, beginning of year			21,215,360	
Fund balance, end of year			$ 23,135,031	

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 12,026,404	$ 12,026,404	$ 13,341,714	$ (1,315,310)
Licenses and permits	32,750	32,750	49,034	(16,284)
Intergovernmental	2,266,742	2,266,742	2,334,043	(67,301)
Charges for services	1,252,381	1,252,381	1,465,012	(212,631)
Fines and forteitures	2,400	2,400	3,480	(1,080)
Special assessments	-	-	-	-
Other	22,739	22,739	28,552	(5,813)
Total revenues	15,603,416	15,603,416	17,221,836	(1,618,420)
Expenditures:				
Current:				
Salaries and benefits	28,889,632	29,607,086	28,593,855	1,013,231
Operations and maintenance	5,719,218	5,804,307	5,519,206	285,101
Capital outlay	10,000	859,284	904,353	(45,069)
Debt service:				
Principal	475,070	475,070	475,062	8
Interest and fiscal charges	90,643	90,643	90,936	(293)
Total expenditures	35,184,563	36,836,390	35,583,412	1,252,978
Revenues over (under) expenditures	(19,581,147)	(21,232,974)	(18,361,576)	(2,871,398)
Other financing sources (uses):				
Transfers in	20,658,000	21,489,573	19,531,290	1,958,283
Transfers out	(1,076,572)	(1,076,572)	(1,076,572)	-
Sale of capital assets	-	-	345	(345)
Total other financing sources (uses)	19,581,428	20,413,001	18,455,063	1,957,938
Net change in fund balances	$ 281	$ (819,973)	93,487	$ (913,460)
Fund balance, beginning of year			1,506,513	
Fund balance, end of year			$ 1,600,000	

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Special assessments	$ 2,330,000	$ 2,330,000	$ 2,220,587	$ 109,413
Other	11,197	11,197	2,742	8,455
Total revenues	2,341,197	2,341,197	2,223,329	117,868
Expenditures:				
Debt service:				
Principal	1,950,000	1,950,000	1,733,862	216,138
Interest and fiscal charges	855,300	855,300	616,591	238,709
Total expenditures	2,805,300	2,805,300	2,350,453	454,847
Revenues over (under) expenditures	(464,103)	(464,103)	(127,124)	(336,979)
Other financing sources (uses):				
Transfers in	-	50,342	54,499	(4,157)
Transfers out	-	(20,690)	(20,689)	(1)
Total other financing sources (uses)	-	29,652	33,810	(4,158)
Net change in fund balances	$ (464,103)	$ (434,451)	$ (93,314)	$ (341,137)
Fund balance, beginning of year			5,337,047	
Fund balance, end of year			$ 5,243,733	

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, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	$ 24,259,718	$ 284,593	$ 4,021,051	$ 317,807	$ 28,883,169
Cash with fiscal agent	470,589	2,510,791	-	-	2,981,380
Investments	25,512,790	302,382	4,233,844	334,269	30,383,285
Receivables:					
Property taxes	842,329	401,485	-	-	1,243,814
Accounts and unbilled usage	45,195	100,000	7,098	-	152,293
Delinquent special assessments	703,903	12,082	-	-	715,985
Special assessments receivable	-	1,493,682	-	-	1,493,682
Accrued interest	28,243	1,658	2,992	435	33,328
Notes	1,857,618	308,023	-	-	2,165,641
Due from other funds	374,107	-	-	-	374,107
Due from other governments	1,132,414	-	-	-	1,132,414
Inventories	98,630	-	-	-	98,630
Property held for resale	103,800	-	187,828	-	291,628
Total assets	$ 55,429,336	$ 5,414,696	$ 8,452,813	$ 652,511	$ 69,949,356
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	$ 5,009,085	$ -	$ 1,039,924	$ -	$ 6,049,009
Accrued wages & benefits	256,216	-	-	-	256,216
Unearned revenue	876,334	-	-	-	876,334
Other liabilities	-	10,000	-	-	10,000
Due to other funds	263,978	16,738	363,336	-	644,052
Total liabilities	6,405,613	26,738	1,403,260	-	7,835,611
Deferred inflows:					
Unavailable revenue	2,478,977	1,970,602	-	-	4,449,579
Fund balance:					
Unspendable	98,630	-	-	652,511	751,141
Restricted	38,616,434	3,417,356	7,413,130	-	49,446,920
Committed	7,841,674	-	-	-	7,841,674
Unassigned	(11,992)	-	(363,575)	-	(375,567)
Total fund balances	46,544,746	3,417,356	7,049,554	652,511	57,664,166
Total liabilities, deferred inflows and fund balances	$ 55,429,336	$ 5,414,696	$ 8,452,813	$ 652,511	$ 69,949,356

CITY OF BILLINGS, MONTANA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	$ 5,651,542	$ 2,484,310	$ -	$ -	$ 8,135,852
Licenses and permits	1,914,484	-	-	-	1,914,484
Intergovernmental	9,781,727	-	-	-	9,781,727
Charges for services	6,729,115	-	-	15,542	6,744,657
Fines and forfeitures	481,705	-	-	-	481,705
Special assessments	18,947,570	365,322	-	-	19,312,892
Other	2,029,491	499,900	710,868	2,325	3,242,584
Total revenues	45,535,634	3,349,532	710,868	17,867	49,613,901
Expenditures:					
Current:					
General government	2,427,452	-	1,356	-	2,428,808
Public safety	3,113,792	-	-	-	3,113,792
Public works	18,339,449	-	175,987	-	18,515,436
Public health	6,722	-	-	-	6,722
Culture and recreation	4,496,282	-	-	-	4,496,282
Housing and economic development	3,369,897	-	36,641	-	3,406,538
Capital outlay	19,322,440	-	9,489,803	-	28,812,243
Debt service:					
Principal	79,997	2,522,000	-	-	2,601,997
Interest and fiscal charges	504,590	1,136,803	-	-	1,641,393
Bond issuance costs	-	-	132,806	-	132,806
Total expenditures	51,660,621	3,658,803	9,836,593	-	65,156,017
Revenues over (under) expenditures	(6,124,987)	(309,271)	(9,125,725)	17,867	(15,542,116)
Other financing sources (uses):					
Transfers in	2,350,958	564,707	1,535,998	-	4,451,663
Transfers out	(2,387,283)	(50,341)	(348,778)	(2,331)	(2,788,733)
Premium on bond debt	-	-	232,906	-	232,906
Special assessment bonds issued	-	-	4,819,998	-	4,819,998
Sale of capital assets	103,835	-	19,019	-	122,854
Total other financing sources (uses)	67,510	514,366	6,259,143	(2,331)	6,838,688
Net change in fund balances	(6,057,477)	205,095	(2,866,582)	15,536	(8,703,428)
Fund balance, beginning of year	52,602,224	3,212,261	9,916,137	636,975	66,367,597
Fund balance, end of year	$ 46,544,746	$ 3,417,356	$ 7,049,554	$ 652,511	$ 57,664,166

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 27th Street Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the North 27th 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 Miller Crossing Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the portion of the South Tax Increment District attributable to the Miller Crossing properties.

Amounts collected are used for reimbursement to property owners within the Miller Crossing complex as prescribed by underlying development agreements with the City.

- 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, 2014
(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
Assets								
Cash and cash equivalents	$ 2,409,307	$ 2,934,944	$ 16,811	$ 87	$ 1,226,367	$ 127,709	$ 1,426,155	$ -
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	2,525,523	3,086,077	18,122	9	1,286,607	134,603	1,495,363	-
Receivables:								
Property taxes	-	-	-	-	219,192	-	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	226,869	26,110
Accrued interest	971	9,037	11	115	1,029	195	749	-
Notes	-	-	-	222,049	-	-	-	-
Due from other funds	374,107	-	-	-	-	-	-	-
Due from other governments	69,522	-	-	391,708	62,428	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	103,800	-	-	-	-
Total assets	$ 5,379,431	$ 6,030,057	$ 34,944	$ 717,769	$ 2,795,624	$ 262,506	$ 3,149,136	$ 26,110
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	$ 929,232	$ 11,319	$ -	$ 26,393	$ 53,641	$ 4,467	$ -	$ -
Accrued wages & benefits	1,148	-	-	9,370	49,176	-	-	-
Due to other funds	-	-	-	77,886	-	-	-	-
Unearned revenue	876,334	-	-	-	-	-	-	-
Total liabilities	1,806,714	11,319	-	113,648	102,817	4,467	-	-
Deferred inflows:								
Unavailable revenue	-	-	-	222,049	119,028	-	36,442	26,108
Fund balances:								
Unspendable	-	-	-	-	-	-	-	-
Restricted	3,572,717	6,018,738	-	382,071	1,364,102	258,039	3,112,694	-
Committed	-	-	34,944	-	1,209,676	-	-	2
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	3,572,717	6,018,738	34,944	382,071	2,573,779	258,039	3,112,694	2
Total liabilities, deferred inflows and fund balances	$ 5,379,431	$ 6,030,057	$ 34,944	$ 717,769	$ 2,795,625	$ 262,506	$ 3,149,136	$ 26,110

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2014
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	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	Miller Crossing Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Downtown Tax Increment Operating Fund	Parks Program Fund
Assets									
Cash and cash equivalents	$ 611,132	$ 139,495	$ 2,713,464	$ 2,346,979	$ -	$ 2,037,114	$ 412,213	$ -	$ 1,102,638
Cash with fiscal agent	-	-	-	470,589	-	-	-	-	-
Investments	642,458	146,699	2,855,379	2,464,427	-	2,141,520	433,314	2,694	1,162,022
Receivables:									
Property taxes	-	-	-	488,612	-	60,622	70,080	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-	-	-
Delinquent special assessments	72,228	32,090	131,604	-	-	-	-	-	-
Accrued interest	1,309	203	1,917	1,718	-	794	1,004	1,813	988
Notes	-	-	-	-	-	-	-	-	70,000
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	1,200	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-
Total assets	$ 1,327,127	$ 318,487	$ 5,703,564	$ 5,772,324	$ -	$ 4,240,050	$ 916,611	$ 4,507	$ 2,335,647
Liabilities, Deferred Inflows and Fund Balances									
Liabilities:									
Accounts payable	$ 132,409	$ 31,505	$ 239,954	$ 1,896,149	$ -	$ 21,890	$ -	$ -	$ 52,004
Accrued wages & benefits	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	132,409	31,505	239,954	1,896,149	-	21,890	-	-	52,004
Deferred inflows:									
Unavailable revenue	9,837	1,943	24,709	318,396	-	18,474	14,187	-	70,000
Fund balances:									
Unspendable	-	-	-	-	-	-	-	-	-
Restricted	1,184,881	285,039	5,438,901	3,557,780	-	4,199,687	902,424	4,507	-
Committed	-	-	-	-	-	-	-	-	2,213,643
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	1,184,881	285,039	5,438,901	3,557,780	-	4,199,687	902,424	4,507	2,213,643
Total liabilities, deferred inflows and fund balances	$ 1,327,127	$ 318,487	$ 5,703,564	$ 5,772,324	$ -	$ 4,240,050	$ 916,611	$ 4,507	$ 2,335,647

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2014
(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
Assets								
Cash and cash equivalents	$ 353,110	$ 97,837	$ -	$ 142,303	$ 761,804	$ 2,445,464	$ 171	$ 98,294
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	371,562	102,914	-	148,871	802,019	2,568,688	9	103,200
Receivables:								
Property taxes	-	-	-	3,823	-	-	-	-
Accounts and unbilled usage	-	-	-	-	44,575	620	-	-
Delinquent special assessments	-	-	-	-	-	-	-	-
Accrued interest	300	246	-	683	350	1,451	-	1,026
Notes	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	221,849	-	21,186	192,738	-	1,007	-	-
Inventories	-	-	-	-	-	98,630	-	-
Property held for resale	-	-	-	-	-	-	-	-
Total assets	$ 946,821	$ 200,997	$ 21,186	$ 488,418	$ 1,608,748	$ 5,115,860	$ 180	$ 202,520
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	$ 117,577	$ -	$ 8,218	$ 69,270	$ 323	$ 940,956	$ -	$ 2,863
Accrued wages & benefits	8,289	-	-	23,749	34,718	108,014	7,254	-
Due to other funds	-	-	17,885	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	125,866	-	26,104	93,019	35,041	1,048,970	7,254	2,863
Deferred inflows:								
Unavailable revenue	-	-	-	3,823	-	-	-	-
Fund balances:								
Unspendable	-	-	-	-	-	98,630	-	-
Restricted	820,955	-	-	391,576	1,573,707	3,968,260	-	199,657
Committed	-	200,997	-	-	-	-	-	-
Unassigned	-	-	(4,918)	-	-	-	(7,074)	-
Total fund balances	820,955	200,997	(4,918)	391,576	1,573,707	4,066,890	(7,074)	199,657
Total liabilities, deferred inflows and fund balances	$ 946,821	$ 200,997	$ 21,186	$ 488,418	$ 1,608,748	$ 5,115,860	$ 180	$ 202,520

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2014
(Page 4 of 4)

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	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
Assets								
Cash and cash equivalents	$ 25,689	$ 455,888	$ 182,436	$ 1,427,689	$ 23,319	$ 7,900	$ 733,398	$ 24,259,718
Cash with fiscal agent	-	-	-	-	-	-	-	470,589
Investments	27,034	481,021	191,694	1,516,839	24,535	8,299	771,287	25,512,790
Receivables:								
Property taxes	-	-	-	-	-	-	-	842,329
Accounts and unbilled usage	-	-	-	-	-	-	-	45,195
Delinquent special assessments	-	-	-	127,588	-	-	87,414	703,903
Accrued interest	-	158	125	1,803	-	-	249	28,243
Notes	-	1,565,569	-	-	-	-	-	1,857,618
Due from other funds	-	-	-	-	-	-	-	374,107
Due from other governments	143,210	-	-	6,266	21,300	-	-	1,132,414
Inventories	-	-	-	-	-	-	-	98,630
Property held for resale	-	-	-	-	-	-	-	103,800
Total assets	$ 195,933	$ 2,502,636	$ 374,256	$ 3,080,185	$ 69,154	$ 16,199	$ 1,592,348	$ 55,429,336
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	$ 33,833	$ -	$ -	$ 205,958	$ -	$ -	$ 231,124	$ 5,009,085
Accrued wages & benefits	4,566	-	-	-	-	-	9,932	256,216
Due to other funds	146,907	-	-	-	21,300	-	-	263,978
Other liabilities	-	-	-	-	-	-	-	876,334
Total liabilities	185,306	-	-	205,958	21,300	-	241,056	6,405,613
Deferred inflows:								
Unavailable revenue	-	1,565,656	-	19,250	-	-	29,075	2,478,977
Fund balances:								
Unspendable	-	-	-	-	-	-	-	98,630
Restricted	10,627	-	-	-	47,854	-	1,322,217	38,616,434
Committed	-	936,980	374,256	2,854,977	-	16,199	-	7,841,674
Unassigned	-	-	-	-	-	-	-	(11,992)
Total fund balances	10,627	936,980	374,256	2,854,977	47,854	16,199	1,322,217	46,544,747
Total liabilities, deferred inflows and fund balances	$ 195,933	$ 2,502,636	$ 374,256	$ 3,080,185	$ 69,154	$ 16,199	$ 1,592,348	$ 55,429,337

CITY OF BILLINGS, MONTANA

Nonmajor Special Revenue Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2014

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	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 District Fund
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ 1,001,829	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,800,961	1,076,204	-	1,735,358	1,380,511	-	-	-
Charges for services	-	-	-	16,103	32,320	17,171	-	-
Fines and forteitures	-	-	-	-	64,695	-	-	-
Special assessments	-	-	-	-	-	-	6,963,392	1
Other	82,121	18,807	7,158	279,821	143,114	947	6,576	-
Total revenues	1,883,083	1,095,012	7,158	2,031,282	2,622,469	18,118	6,969,968	1
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	477,839	-	-	-	-	-	-
Public works	2,976,885	-	-	-	-	5,309	4,826,935	-
Public health	-	-	6,722	-	-	-	-	-
Culture and recreation	-	-	-	-	3,120,393	-	-	-
Housing and economic development	-	-	-	2,356,166	-	-	-	-
Capital outlay	379,751	259,408	-	-	480,041	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,356,636	737,247	6,722	2,356,166	3,600,434	5,309	4,826,935	-
Revenues over (under) expenditures	(1,473,553)	357,765	437	(324,884)	(977,965)	12,810	2,143,033	1
Other financing sources (uses):								
Transfers in	1,300,000	-	-	53,823	838,072	-	-	-
Transfers out	-	-	-	-	(509,687)	-	(1,300,000)	(36)
Sale of capital assets	26,500	-	-	34,294	39,912	-	-	-
Total other financing sources (uses)	1,326,500	-	-	88,117	368,296	-	(1,300,000)	(36)
Net change in fund balances	(147,054)	357,765	437	(236,768)	(609,668)	12,810	843,033	(35)
Fund balance, beginning of year	3,719,771	5,660,973	34,507	618,839	3,183,447	245,229	2,269,661	37
Fund balance, end of year	$ 3,572,717	$ 6,018,738	$ 34,944	$ 382,071	$ 2,573,779	$ 258,039	$ 3,112,694	$ 2

(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, 2014

(Page 2 of 4)

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	Miller Crossing Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Downtown Tax Increment Operating Fund	Parks Program Fund
Revenues:									
Taxes	$ -	$ -	$ -	$2,067,049	$ 267,497	$1,387,175	$ 528,877	$ -	$ -
Licenses and permits	-	-	6,800	-	-	-	-	-	-
Intergovernmental	-	-	-	175,315	-	240,167	144,859	-	12,780
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-	-
Special assessments	2,070,643	934,851	3,544,145	-	-	-	-	-	-
Other	13,335	184	28,879	30,996	-	9,986	2,284	-	183,194
Total revenues	2,083,978	935,035	3,579,824	2,273,361	267,497	1,637,329	676,019	-	195,974
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	2,175,359	-	1,682,385	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Culture and recreation	-	716,922	-	-	-	-	-	-	62,601
Housing and economic development	-	-	-	339,153	267,497	55,054	286,267	-	-
Capital outlay	-	-	1,321,231	9,115,495	-	377,136	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	14,387
Interest and fiscal charges	-	-	-	496,484	-	-	-	-	5,528
Total expenditures	2,175,359	716,922	3,003,616	9,951,133	267,497	432,189	286,267	-	82,516
Revenues over (under) expenditures	(91,381)	218,113	576,208	(7,677,772)	-	1,205,139	389,752	-	113,458
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	5,000
Transfers out	-	-	(212,816)	(103,721)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(212,816)	(103,721)	-	-	-	-	5,000
Net change in fund balances	(91,381)	218,113	363,392	(7,781,493)	-	1,205,139	389,752	-	118,458
Fund balance, beginning of year	1,276,262	66,926	5,075,509	11,339,273	-	2,994,548	512,672	4,507	2,095,185
Fund balance, end of year	$ 1,184,881	$ 285,039	$ 5,438,901	$3,557,780	$ -	$4,199,687	$ 902,424	$ 4,507	$ 2,213,643

(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, 2014

(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
Revenues:								
Taxes	$ -	$ -	$ -	$ 399,115	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	24,464	1,883,220	-	-	-
Intergovernmental	719,719	-	264,218	752,167	-	595,708	69,584	139,088
Charges for services	95,844	617	-	253,456	-	6,313,538	-	-
Fines and forteitures	354,274	-	-	-	-	-	62,736	-
Special assessments	-	-	-	-	-	-	-	-
Other	368,084	835	15,000	2,331	8,911	88,270	-	9,370
Total revenues	1,537,921	1,452	279,218	1,431,532	1,892,131	6,997,516	132,320	148,458
Expenditures:								
Current:								
General government	-	-	-	1,522,223	-	-	289,733	-
Public safety	1,011,636	-	-	-	1,586,948	-	-	37,369
Public works	-	-	-	-	-	6,360,659	-	-
Public health	-	-	-	-	-	-	-	-
Culture and recreation	-	516	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-	-
Capital outlay	82,782	-	275,845	-	-	1,164,092	-	93,997
Debt service:								
Principal	65,610	-	-	-	-	-	-	-
Interest and fiscal charges	2,578	-	-	-	-	-	-	-
Total expenditures	1,162,605	516	275,845	1,522,223	1,586,948	7,524,751	289,733	131,366
Revenues over (under) expenditures	375,316	936	3,373	(90,691)	305,183	(527,235)	(157,413)	17,092
Other financing sources (uses):								
Transfers in	-	-	-	1,031	-	-	153,032	-
Transfers out	-	(837)	-	(5,935)	-	(209,252)	-	-
Sale of capital assets	-	-	-	1,334	1,796	-	-	-
Total other financing sources (uses)	-	(837)	-	(3,570)	1,796	(209,252)	153,032	-
Net change in fund balances	375,316	99	3,373	(94,260)	306,979	(736,487)	(4,380)	17,092
Fund balance, beginning of year	445,639	200,898	(8,291)	485,836	1,266,728	4,803,377	(2,694)	182,565
Fund balance, end of year	$ 820,955	$ 200,997	$ (4,918)	$ 391,576	$1,573,707	$ 4,066,890	$ (7,074)	$ 199,657

(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, 2014

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	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
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,651,542
Licenses and permits	-	-	-	-	-	-	-	1,914,484
Intergovernmental	620,967	-	-	6,265	47,854	-	-	9,781,727
Charges for services	66	-	-	-	-	-	-	6,729,115
Fines and forteitures	-	-	-	-	-	-	-	481,705
Special assessments	-	-	-	3,497,740	-	-	1,936,798	18,947,570
Other	4,729	626,455	33,446	49,932	-	10,011	4,714	2,029,491
Total revenues	625,762	626,455	33,446	3,553,937	47,854	10,011	1,941,512	45,535,634
Expenditures:								
Current:								
General government	615,496	-	-	-	-	-	-	2,427,452
Public safety	-	-	-	-	-	-	-	3,113,792
Public works	-	-	-	311,917	-	-	-	18,339,449
Public health	-	-	-	-	-	-	-	6,722
Culture and recreation	-	-	1,518	-	-	-	594,333	4,496,282
Housing and economic development	-	65,760	-	-	-	-	-	3,369,897
Capital outlay	-	-	-	4,507,282	-	9,542	1,255,839	19,322,440
Debt service:								
Principal	-	-	-	-	-	-	-	79,997
Interest and fiscal charges	-	-	-	-	-	-	-	504,590
Total expenditures	615,496	65,760	1,518	4,819,199	-	9,542	1,850,172	51,660,620
Revenues over (under) expenditures	10,266	560,695	31,928	(1,265,262)	47,854	469	91,340	(6,124,987)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	2,350,958
Transfers out	-	-	-	-	(45,000)	-	-	(2,387,283)
Sale of capital assets	-	-	-	-	-	-	-	103,835
Total other financing sources (uses)	-	-	-	-	(45,000)	-	-	67,510
Net change in fund balances	10,266	560,695	31,928	(1,265,262)	2,854	469	91,340	(6,057,477)
Fund balance, beginning of year	361	376,285	342,328	4,120,239	45,000	15,730	1,230,877	52,602,224
Fund balance, end of year	$ 10,627	$ 936,980	$ 374,256	$2,854,977	$ 47,854	$ 16,199	$1,322,217	$46,544,746

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, 2014

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	Gas Tax Fund				EOC 911 Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,849,586	1,849,586	1,800,961	48,625	976,000	976,000	1,076,204	(100,204)
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	12,000	12,000	82,121	(70,121)	13,465	13,465	18,807	(5,342)
Total revenues	1,861,586	1,861,586	1,883,083	(21,497)	989,465	989,465	1,095,012	(105,547)
Expenditures:								
Current:								
Salaries and benefits	56,389	57,923	47,519	10,404	-	-	-	-
Operations and maintenance	291,617	291,617	2,929,366	(2,637,749)	792,420	792,420	477,839	314,581
Capital outlay	3,915,000	5,927,400	379,751	5,547,649	638,763	794,408	259,408	535,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	4,263,006	6,276,940	3,356,636	2,920,304	1,431,183	1,586,828	737,247	849,581
Revenues over (under) expenditure	(2,401,420)	(4,415,354)	(1,473,553)	(2,941,801)	(441,718)	(597,363)	357,765	(955,128)
Other financing sources (uses):								
Transfers in	1,600,000	1,600,000	1,300,000	300,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	26,500	(26,500)	-	-	-	-
Total other financing sources (uses)	1,600,000	1,600,000	1,326,500	273,500	-	-	-	-
Net change in fund balances	$ (801,420)	$(2,815,354)	(147,053)	$(2,668,301)	$ (441,718)	$ (597,363)	357,765	$ (955,128)
Fund balance, beginning of year			3,719,771				5,660,973	
Fund balance, end of year			$ 3,572,717				$6,018,738	

(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, 2014

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	Animal Shelter Donation Fund				Development Services Grant Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,487,772	1,568,381	1,735,358	(166,977)
Charges for services	-	-	-	-	-	-	16,103	(16,103)
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	40,490	40,490	7,158	33,332	152,500	153,050	279,821	(126,771)
Total revenues	40,490	40,490	7,158	33,332	1,640,272	1,721,431	2,031,282	(309,851)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	313,244	331,730	336,319	(4,589)
Operations and maintenance	39,854	39,854	6,722	33,133	1,234,385	3,384,027	2,019,848	1,364,179
Capital outlay	-	-	-	-	150,000	22,106	-	22,106
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	39,854	39,854	6,722	33,133	1,697,629	3,737,863	2,356,167	1,381,696
Revenues over (under) expenditures	636	636	437	199	(57,357)	(2,016,432)	(324,885)	(1,691,547)
Other financing sources (uses):								
Transfers in	-	-	-	-	57,356	57,356	53,823	3,533
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	34,294	(34,294)
Total other financing sources (uses)	-	-	-	-	57,356	57,356	88,117	(30,761)
Net change in fund balances	$ 636	$ 636	437	$ 199	$ (1)	$(1,959,076)	(236,768)	$(1,722,308)
Fund balance, beginning of year			34,507				618,839	
Fund balance, end of year			$ 34,944				$ 382,071	

(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, 2014

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	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 956,624	$ 956,624	$ 1,001,829	$ (45,205)	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,127,430	1,127,430	1,380,511	(253,081)	-	-	-	-
Charges for services	6,500	6,500	32,320	(25,820)	14,000	14,000	17,171	(3,171)
Fines and forteitures	77,150	77,150	64,695	12,455	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	76,721	76,721	143,114	(66,393)	755	755	947	(192)
Total revenues	2,244,425	2,244,425	2,622,469	(378,044)	14,755	14,755	18,118	(3,363)
Expenditures:								
Current:								
Salaries and benefits	1,928,635	1,981,882	1,947,201	34,681	-	-	-	-
Operations and maintenance	1,355,130	1,371,794	1,173,192	198,602	143,000	143,000	5,309	137,691
Capital outlay	482,350	517,104	480,041	37,063	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,766,115	3,870,780	3,600,434	270,346	143,000	143,000	5,309	137,691
Revenues over (under) expenditures	(1,521,690)	(1,626,355)	(977,965)	(648,390)	(128,245)	(128,245)	12,810	(141,055)
Other financing sources (uses):								
Transfers in	860,961	860,961	838,072	22,889	-	-	-	-
Transfers out	(27,688)	(713,324)	(509,687)	(203,637)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	39,912	(39,912)	-	-	-	-
Total other financing sources (uses)	833,273	147,637	368,297	(220,660)	-	-	-	-
Net change in fund balances	$ (688,417)	$(1,478,718)	(609,668)	$ (869,050)	$ (128,245)	$ (128,245)	12,810	$ (141,055)
Fund balance, beginning of year			3,183,447				245,229	
Fund balance, end of year			$ 2,573,779				$ 258,039	

(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, 2014

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	Street Maintenance Districts Fund				Fire Hydrant District Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	6,825,000	6,825,000	6,963,392	(138,392)	-	-	1	(1)
Other	4,400	4,400	6,576	(2,176)	-	-	-	-
Total revenues	6,829,400	6,829,400	6,969,968	(140,568)	-	-	1	(1)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	5,191,006	5,191,006	4,826,935	364,071	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	5,191,006	5,191,006	4,826,935	364,071	-	-	-	-
Revenues over (under) expenditures	1,638,394	1,638,394	2,143,033	(504,639)	-	-	1	(1)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,600,000)	(1,600,000)	(1,300,000)	(300,000)	-	(100)	(36)	(64)
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,600,000)	(1,600,000)	(1,300,000)	(300,000)	-	(100)	(36)	(64)
Net change in fund balances	$ 38,394	$ 38,394	843,033	$ (804,639)	$ -	$ (100)	(35)	$ (65)
Fund balance, beginning of year			2,269,661				37	
Fund balance, end of year			$3,112,694				$ 2	

(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, 2014

(Page 5 of 17)

	Light Maintenance Districts Fund				Park Maintenance Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	2,100,000	2,100,000	2,070,643	29,357	933,703	933,703	934,851	(1,148)
Other	3,000	3,000	13,335	(10,335)	-	-	184	(184)
Total revenues	2,103,000	2,103,000	2,083,978	19,022	933,703	933,703	935,035	(1,332)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,303,847	2,303,847	2,175,359	128,488	937,597	937,597	716,922	220,675
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	2,303,847	2,303,847	2,175,359	128,488	937,597	937,597	716,922	220,675
Revenues over (under) expenditures	(200,847)	(200,847)	(91,381)	(109,466)	(3,894)	(3,894)	218,113	(222,007)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ (200,847)	$ (200,847)	(91,381)	$ (109,466)	$ (3,894)	$ (3,894)	218,113	$ (222,007)
Fund balance, beginning of year			1,276,262				66,926	
Fund balance, end of year			$ 1,184,881				$ 285,039	

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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, 2014

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	Storm Sewer Fund				North 27th Street Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$1,904,250	$ 1,904,250	$2,067,049	$ (162,799)
Licenses and permits	6,000	6,000	6,800	(800)	-	-	-	-
Intergovernmental	-	-	-	-	89,000	89,000	175,315	(86,315)
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	3,450,000	3,450,000	3,544,145	(94,145)	-	-	-	-
Other	11,952	11,952	28,879	(16,927)	2,080	2,080	30,996	(28,916)
Total revenues	3,467,952	3,467,952	3,579,824	(111,872)	1,995,330	1,995,330	2,273,360	(278,030)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	1,601,432	1,634,634	1,682,385	(47,751)	272,590	269,975	339,153	(69,178)
Capital outlay	4,897,250	3,066,179	1,321,231	1,744,948	1,126,855	11,480,452	9,115,495	2,364,957
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	495,885	495,885	496,484	(599)
Total expenditures	6,498,682	4,700,813	3,003,616	1,697,197	1,895,330	12,246,312	9,951,132	2,295,180
Revenues over (under) expenditures	(3,030,730)	(1,232,861)	576,208	(1,809,069)	100,000	(10,250,982)	(7,677,772)	(2,573,210)
Other financing sources (uses):								
Transfers in	3,552,355	3,552,355	-	3,552,355	-	-	-	-
Transfers out	(502,360)	(502,360)	(212,816)	(289,544)	(100,000)	(100,000)	(103,721)	3,721
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,049,995	3,049,995	(212,816)	3,262,811	(100,000)	(100,000)	(103,721)	3,721
Net change in fund balances	$ 19,265	$1,817,134	363,392	$1,453,742	$ -	$(10,350,982)	(7,781,493)	$(2,569,489)
Fund balance, beginning of year			5,075,509				11,339,273	
Fund balance, end of year			$ 5,438,901				$3,557,780	

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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, 2014

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	Miller Crossing Tax Increment Operating Fund				South Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 270,000	$ 270,000	$ 267,497	$ 2,503	$1,128,000	$1,128,000	$1,387,175	$ (259,175)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	137,600	137,600	240,167	(102,567)
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,310	5,310	9,986	(4,676)
Total revenues	270,000	270,000	267,497	2,503	1,270,910	1,270,910	1,637,329	(366,419)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	270,000	270,000	267,497	2,503	37,151	37,151	55,054	(17,903)
Capital outlay	-	-	-	-	524,156	1,830,980	377,136	1,453,844
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	270,000	270,000	267,497	2,503	561,307	1,868,131	432,190	1,435,941
Revenues over (under) expenditures	-	-	-	-	709,603	(597,221)	1,205,139	(1,802,360)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ -	$ -	-	$ -	$ 709,603	$ (597,221)	1,205,139	$(1,802,360)
Fund balance, beginning of year			-				2,994,548	
Fund balance, end of year			$ -				$4,199,687	

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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, 2014

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	East Tax Increment Operating Fund				Downtown Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 347,000	$ 347,000	$ 528,877	$ (181,877)	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	76,000	76,000	144,859	(68,859)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	2,284	(2,284)	-	-	-	-
Total revenues	423,000	423,000	676,019	(253,019)	-	-	-	-
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	330,589	340,589	286,267	54,322	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	330,589	340,589	286,267	54,322	-	-	-	-
Revenues over (under) expenditures	92,411	82,411	389,752	(307,341)	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ 92,411	$ 82,411	389,752	$ (307,341)	$ -	$ -	-	$ -
Fund balance, beginning of year			512,672				4,507	
Fund balance, end of year			$ 902,424				$ 4,507	

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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, 2014

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	Park Program Fund				Police Program Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	12,780	(12,780)	409,254	409,254	719,719	(310,465)
Charges for services	15,000	15,000	-	15,000	147,329	147,329	95,844	51,485
Fines and forteitures	-	-	-	-	341,000	341,000	354,274	(13,274)
Special assessments	-	-	-	-	-	-	-	-
Other	228,421	228,421	183,194	45,227	3,738	28,738	368,084	(339,346)
Total revenues	243,421	243,421	195,974	47,447	901,321	926,321	1,537,921	(611,600)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	382,448	432,291	402,697	29,594
Operations and maintenance	212,862	212,862	62,601	150,261	324,840	709,284	608,938	100,346
Capital outlay	-	-	-	-	14,300	204,637	82,782	121,855
Debt service:								
Principal	13,481	13,481	14,387	(906)	205,610	205,610	65,610	140,000
Interest and fiscal charges	9,700	9,700	5,528	4,172	2,580	2,580	2,578	2
Total expenditures	236,043	236,043	82,516	153,527	929,778	1,554,402	1,162,605	391,797
Revenues over (under) expenditures	7,378	7,378	113,458	(106,080)	(28,457)	(628,081)	375,316	(1,003,397)
Other financing sources (uses):								
Transfers in	-	-	5,000	(5,000)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	5,000	(5,000)	-	-	-	-
Net change in fund balances	$ 7,378	$ 7,378	118,458	$ (111,080)	$ (28,457)	$(628,081)	375,316	$(1,003,397)
Fund balance, beginning of year			2,095,185				445,639	
Fund balance, end of year			$2,213,643				$ 820,955	

(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, 2014

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	Amend Park Fund				Transportation Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,651,708	1,651,708	264,218	1,387,490
Charges for services	-	-	617	(617)	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	571	571	835	(264)	-	-	15,000	(15,000)
Total revenues	571	571	1,452	(881)	1,651,708	1,651,708	279,218	1,372,490
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	85,514	85,514	516	84,998	-	-	-	-
Capital outlay	-	-	-	-	1,651,708	1,651,708	275,845	1,375,863
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	85,514	85,514	516	84,998	1,651,708	1,651,708	275,845	1,375,863
Revenues over (under) expenditures	(84,943)	(84,943)	936	(85,879)	-	-	3,373	(3,373)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,202)	(1,202)	(837)	(365)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,202)	(1,202)	(837)	(365)	-	-	-	-
Net change in fund balances	$ (86,145)	$ (86,145)	99	$ (86,244)	$ -	$ -	3,373	$ (3,373)
Fund balance, beginning of year			200,898				(8,291)	
Fund balance, end of year			$ 200,997				$ (4,918)	

(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, 2014

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	City-County Planning Fund				Building Inspection Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 388,000	$ 388,000	$ 399,115	$ (11,115)	$ -	$ -	$ -	$ -
Licenses and permits	25,000	25,000	24,464	536	1,554,600	1,554,600	1,883,220	(328,620)
Intergovernmental	606,969	606,969	752,167	(145,198)	-	-	-	-
Charges for services	181,657	181,657	253,456	(71,799)	200	200	-	200
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	934	934	2,331	(1,397)	4,081	4,081	8,911	(4,830)
Total revenues	1,202,560	1,202,560	1,431,533	(228,973)	1,558,881	1,558,881	1,892,131	(333,250)
Expenditures:								
Current:								
Salaries and benefits	888,869	915,102	889,123	25,979	1,043,216	1,106,513	1,076,886	29,627
Operations and maintenance	536,001	607,426	633,100	(25,674)	462,858	503,683	510,062	(6,379)
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	1,424,870	1,522,528	1,522,223	305	1,506,074	1,610,196	1,586,948	23,248
Revenues over (under) expenditures	(222,310)	(319,968)	(90,690)	(229,278)	52,807	(51,315)	305,183	(356,498)
Other financing sources (uses):								
Transfers in	1,031	36,031	1,031	35,000	-	-	-	-
Transfers out	(5,935)	(5,935)	(5,935)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	1,334	(1,334)	-	-	1,796	(1,796)
Total other financing sources (uses)	(4,904)	30,096	(3,570)	33,666	-	-	1,796	(1,796)
Net change in fund balances	$(227,214)	$(289,872)	(94,260)	$(195,612)	$ 52,807	$ (51,315)	306,979	$(358,294)
Fund balance, beginning of year			485,836				1,266,728	
Fund balance, end of year			$ 391,576				$1,573,707	

(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, 2014

(Page 12 of 17)

	Street & Traffic Fund				City Attorney Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	590,000	590,000	595,708	(5,708)	71,732	85,732	69,584	16,148
Charges for services	6,525,570	6,525,570	6,313,538	212,032	-	-	-	-
Fines and forteitures	-	-	-	-	70,000	70,000	62,737	7,263
Special assessments	-	-	-	-	-	-	-	-
Other	14,000	14,000	88,270	(74,270)	-	-	-	-
Total revenues	7,129,570	7,129,570	6,997,516	132,054	141,732	155,732	132,321	23,411
Expenditures:								
Current:								
Salaries and benefits	3,201,227	3,353,130	3,295,600	57,530	281,443	289,518	288,180	1,338
Operations and maintenance	2,792,800	3,237,666	3,065,059	172,607	1,890	1,890	1,553	337
Capital outlay	783,612	1,093,373	1,164,092	(70,719)	-	14,000	-	14,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	6,777,639	7,684,169	7,524,751	159,418	283,333	305,408	289,733	15,675
Revenues over (under) expenditures	351,931	(554,599)	(527,235)	(27,364)	(141,601)	(149,676)	(157,412)	7,736
Other financing sources (uses):								
Transfers in	-	-	-	-	141,601	141,601	153,032	(11,431)
Transfers out	(207,502)	(207,502)	(209,252)	1,750	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(207,502)	(207,502)	(209,252)	1,750	141,601	141,601	153,032	(11,431)
Net change in fund balances	$ 144,429	$(762,101)	(736,487)	$ (25,614)	$ -	$ (8,075)	(4,380)	$ (3,695)
Fund balance, beginning of year			4,803,377				(2,694)	
Fund balance, end of year			$4,066,890				$ (7,074)	

(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, 2014

(Page 13 of 17)

	Fire Program Fund				Municipal Court Grant Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	44,167	44,167	139,088	(94,921)	203,636	203,636	620,967	(417,331)
Charges for services	-	-	-	-	-	-	66	(66)
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	3,873	3,873	9,370	(5,497)	-	-	4,729	(4,729)
Total revenues	48,040	48,040	148,458	(100,418)	203,636	203,636	625,762	(422,126)
Expenditures:								
Current:								
Salaries and benefits	14,000	14,000	16,271	(2,271)	203,636	238,003	209,603	28,400
Operations and maintenance	71,598	71,598	21,098	50,500	-	405,947	405,893	54
Capital outlay	-	97,698	93,997	3,701	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	85,598	183,296	131,366	51,930	203,636	643,950	615,496	28,454
Revenues over (under) expenditures	(37,558)	(135,256)	17,092	(152,348)	-	(440,314)	10,266	(450,580)
Other financing sources (uses):								
Transfers in	-	-	-	-	30,000	30,000	-	30,000
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	30,000	30,000	-	30,000
Net change in fund balances	$ (37,558)	$(135,256)	17,092	$(152,348)	$ 30,000	$(410,314)	10,266	$(420,580)
Fund balance, beginning of year			182,565				361	
Fund balance, end of year			$ 199,657				$ 10,627	

(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, 2014

(Page 14 of 17)

	Downtown Revolving Loan Fund				Baseball Field / Stadium Donation For Capital Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	665,640	665,640	626,455	39,185	33,982	33,982	33,446	536
Total revenues	665,640	665,640	626,455	39,185	33,982	33,982	33,446	536
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	1,050,206	1,050,206	65,760	984,446	20,467	20,467	1,518	18,949
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	600,000	600,000	-	600,000	-	-	-	-
Interest and fiscal charges	50,000	50,000	-	50,000	-	-	-	-
Total expenditures	1,700,206	1,700,206	65,760	1,634,446	20,467	20,467	1,518	18,949
Revenues over (under) expenditures	(1,034,566)	(1,034,566)	560,695	(1,595,261)	13,515	13,515	31,928	(18,413)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	1,000,000	1,000,000	-	1,000,000	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,000,000	1,000,000	-	1,000,000	-	-	-	-
Net change in fund balances	$ (34,566)	$ (34,566)	560,695	$ (595,261)	$ 13,515	$ 13,515	31,928	$ (18,413)
Fund balance, beginning of year			376,285				342,328	
Fund balance, end of year			$936,980				$ 374,256	

(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, 2014

(Page 15 of 17)

	Arterial Fees Fund				Administration Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	7,400,000	7,400,000	6,265	7,393,735	-	-	47,854	(47,854)
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	3,390,000	3,390,000	3,497,740	(107,740)	-	-	-	-
Other	7,000	7,000	49,932	(42,932)	-	-	-	-
Total revenues	10,797,000	10,797,000	3,553,937	7,243,063	-	-	47,854	(47,854)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	139,308	139,308	311,917	(172,609)	-	-	-	-
Capital outlay	12,150,000	14,568,098	4,507,282	10,060,816	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	12,289,308	14,707,406	4,819,199	9,888,207	-	-	-	-
Revenues over (under) expenditures	(1,492,308)	(3,910,406)	(1,265,262)	(2,645,144)	-	-	47,854	(47,854)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(45,000)	(45,000)	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(45,000)	(45,000)	-
Net change in fund balances	$(1,492,308)	$(3,910,406)	(1,265,262)	$ (2,645,144)	$ -	$ (45,000)	2,854	$ (47,854)
Fund balance, beginning of year			4,120,239				45,000	
Fund balance, end of year			$2,854,977				$ 47,854	

(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, 2014

(Page 16 of 17)

	Bike Paths and Trails Donations Fund				Park District 1 Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	1,895,000	1,895,000	1,936,798	(41,798)
Other	214,949	214,949	10,011	204,938	-	-	4,714	(4,714)
Total revenues	214,949	214,949	10,011	204,938	1,895,000	1,895,000	1,941,512	(46,512)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	196,456	202,174	204,316	(2,142)
Operations and maintenance	-	-	-	-	338,544	647,560	390,017	257,543
Capital outlay	214,949	222,435	9,542	212,893	1,360,000	1,513,780	1,255,839	257,941
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	214,949	222,435	9,542	212,893	1,895,000	2,363,514	1,850,172	513,342
Revenues over (under) expenditures	-	(7,486)	469	(7,955)	-	(468,514)	91,340	(559,854)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ -	$ (7,486)	469	$ (7,955)	$ -	$ (468,514)	91,340	$ (559,854)
Fund balance, beginning of year			15,730				1,230,877	
Fund balance, end of year			$ 16,199				$ 1,322,217	

(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, 2014

(Page 17 of 17)

	Total Nonmajor Special Revenue Funds			
	Original Budget	**Final Budget**	**Actual**	**Variance**
Revenues:				
Taxes	$ 4,993,874	$ 4,993,874	$ 5,651,542	$ (657,668)
Licenses and permits	1,585,600	1,585,600	1,914,484	(328,884)
Intergovernmental	16,720,854	16,815,463	9,781,727	7,033,737
Charges for services	6,890,256	6,890,256	6,729,115	161,141
Fines and forteitures	488,150	488,150	481,705	6,444
Special assessments	18,593,703	18,593,703	18,947,570	(353,867)
Other	1,499,862	1,525,412	2,029,491	(504,078)
Total revenues	50,772,299	50,892,458	45,535,634	5,356,825
Expenditures:				
Current:				
Salaries and benefits	8,509,563	8,922,266	8,713,715	208,551
Operations and maintenance	20,837,506	24,700,922	23,039,879	1,661,043
Capital outlay	27,908,943	43,004,358	19,322,440	23,681,917
Debt service:				
Principal	819,091	819,091	79,997	739,094
Interest and fiscal charges	558,165	558,165	504,590	53,575
Total expenditures	58,633,268	78,004,802	51,660,620	26,344,180
Revenues over (under) expenditures	(7,860,969)	(27,112,344)	(6,124,987)	(20,987,357)
Other financing sources (uses):				
Transfers in	6,243,304	6,278,304	2,350,958	3,927,346
Transfers out	(2,444,687)	(3,175,423)	(2,387,284)	(788,139)
Issuance of debt	1,000,000	1,000,000	-	1,000,000
Sale of capital assets	-	-	103,835	(103,836)
Total other financing sources (uses)	4,798,617	4,102,881	67,510	4,035,371
Net change in fund balances	$ (3,062,352)	$ (23,009,463)	$ (6,057,477)	$ (16,951,986)
Fund balance, beginning of year			$ 52,602,224	
Fund balance, end of year			$ 46,544,746	

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 2000 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 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, 2014

	Series 2012 Library Fund	Storm Sewer Fund	Series 2000 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
Assets								
Cash and cash equivalents	$ 828	$ 161,994	$ 1,733	$ 341	$ 14,506	$ 22,344	$ 82,847	$ 284,593
Cash with fiscal agent	1,002,100	186,325	114,187	292,925	633,284	186,025	95,945	2,510,791
Investments	40	170,503	4	6	19,998	24,495	87,337	302,382
Receivables:								
Property taxes	86,575	-	30,260	82,448	191,790	10,414	-	401,485
Accounts and unbilled usage	-	-	-	-	-	100,000	-	100,000
Delinquent special assessments	-	-	-	-	-	-	12,082	12,082
Special assessments receivable	-	-	-	-	-	-	1,493,682	1,493,682
Accrued interest	163	156	198	47	117	165	812	1,658
Notes	-	-	-	-	-	308,023	-	308,023
Total assets	$1,089,706	$ 518,978	$ 146,381	$ 375,767	$ 859,694	$ 651,465	$1,772,705	$ 5,414,696
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Due to other funds	$ 5,594	$ -	$ 6,744	$ 4,400	$ -	$ -	$ -	$ 16,738
Other liabilities	-	-	-	-	-	-	10,000	10,000
Total liabilities	5,594	-	6,744	4,400	-	-	10,000	26,738
Deferred Inflows:								
Unavailable revenue	27,292	-	13,898	37,218	86,266	310,716	1,495,212	1,970,602
Fund balances:								
Restricted	1,056,821	518,978	125,738	334,149	773,428	340,749	267,493	3,417,356
Total fund balances	1,056,821	518,978	125,738	334,149	773,428	340,749	267,493	3,417,356
Total liabilities, deferred inflows and fund balances	$1,089,706	$ 518,978	$ 146,381	$ 375,767	$ 859,694	$ 651,465	$1,772,705	$ 5,414,696

CITY OF BILLINGS, MONTANA

Nonmajor Debt Service Funds

Combining Statement of Revenue, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2014

	Series 2012 Library Fund	Storm Sewer Fund	Series 2000 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
Revenues:								
Taxes	$ 1,021,367	$ -	$ 138,059	$ 403,095	$ 913,823	$ 7,966	$ -	$ 2,484,310
Special assessments	-	-	-	-	-	-	365,322	365,322
Other	301,365	435	279	248	807	195,583	1,184	499,900
Total revenues	1,322,732	435	138,338	403,343	914,630	203,549	366,506	3,349,532
Expenditures:								
Debt service:								
Principal	790,000	385,000	105,000	265,000	435,000	190,000	352,000	2,522,000
Interest and fiscal charges	482,400	30,797	23,511	114,231	382,836	29,610	73,418	1,136,803
Total expenditures	1,272,400	415,797	128,511	379,231	817,836	219,610	425,418	3,658,803
Revenues over (under) expenditures	50,332	(415,363)	9,827	24,112	96,794	(16,061)	(58,912)	(309,271)
Other financing sources:								
Transfers in	-	543,566	-	-	-	-	21,141	564,707
Transfers out	-	-	-	-	-	-	(50,341)	(50,341)
Total other financing sources (uses)	-	543,566	-	-	-	-	(29,200)	514,366
Net change in fund balances	50,332	128,203	9,827	24,112	96,794	(16,061)	(88,112)	205,095
Fund balance, beginning of year	1,006,489	390,775	115,911	310,037	676,634	356,810	355,605	3,212,261
Fund balance, end of year	$ 1,056,821	$ 518,978	$ 125,738	$ 334,149	$ 773,428	$ 340,749	$267,493	$ 3,417,356

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, 2014

(Page 1 of 4)

	Series 2012 Library Fund				Storm Sewer Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 960,877	$ 960,877	$ 1,021,367	$ (60,490)	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-	-	-
Other	300,395	300,395	301,365	(970)	188	188	435	(247)
Total revenues	1,261,272	1,261,272	1,322,732	(61,460)	188	188	435	(247)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	-	-	-	-
Debt service:								
Principal	790,000	790,000	790,000	-	368,000	368,000	385,000	(17,000)
Interest and fiscal charges	483,100	483,100	482,400	700	130,795	130,795	30,797	99,998
Total expenditures	1,273,100	1,273,100	1,272,400	700	498,795	498,795	415,797	82,998
Revenues over (under) expenditures	(11,828)	(11,828)	50,332	(62,160)	(498,607)	(498,607)	(415,362)	(83,245)
Other financing sources:								
Transfers in	-	-	-	-	502,360	502,360	543,566	(41,206)
Transfers out	-	-	-	-	(3,552,355)	(3,552,355)	-	(3,552,355)
Bond discount costs	-	-	-	-	148,750	148,750	-	148,750
Issuance of debt	-	-	-	-	4,000,000	4,000,000	-	4,000,000
Total other financing sources	$ -	$ -	$ -	$ -	$ 1,098,755	$ 1,098,755	$ 543,566	$ 555,189
Net change in fund balances	(11,828)	(11,828)	50,332	(62,160)	600,148	600,148	128,204	471,944
Fund balance, beginning of year			1,006,489				390,775	
Fund balance, end of year			$ 1,056,821				$ 518,978	

(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, 2014

(Page 2 of 4)

	Series 2000 Parks Fund				Series 2004A Street Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 92,634	$ 92,634	$ 138,059	$ (45,425)	$ 326,573	$ 326,573	$ 403,095	$ (76,522)
Special assessments	-	-	-	-	-	-	-	-
Other	120	120	279	(159)	322	322	248	74
Total revenues	92,754	92,754	138,338	(45,584)	326,895	326,895	403,343	(76,448)
Expenditures:								
Current:								
Operations and maintenance	3,786	3,786	-	3,786	2,095	2,095	-	2,095
Debt service:								
Principal	105,000	105,000	105,000	-	505,000	505,000	265,000	240,000
Interest and fiscal charges	19,725	19,725	23,511	(3,786)	241,250	241,250	114,231	127,019
Total expenditures	128,511	128,511	128,511	-	748,345	748,345	379,231	369,114
Revenues over (under) expenditures	(35,757)	(35,757)	9,827	(45,584)	(421,450)	(421,450)	24,112	(445,562)
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	(35,757)	(35,757)	9,827	(45,584)	(421,450)	(421,450)	24,112	(445,562)
Fund balance, beginning of year			115,911				310,037	
Fund balance, end of year			$ 125,738				$ 334,149	

(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, 2014

(Page 3 of 4)

	Series 2007A Baseball Field / Stadium Fund				Series 2007B Baseball Field / Stadium Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 792,880	$ 792,880	$ 913,823	$ (120,943)	$ -	$ -	$ 7,966	$ (7,966)
Special assessments	-	-	-	-	-	-	-	-
Other	316	316	807	(491)	210,058	210,058	195,583	14,475
Total revenues	793,196	793,196	914,630	(121,434)	210,058	210,058	203,549	6,509
Expenditures:								
Current:								
Operations and maintenance	2,576	5,326	-	5,326	1,482	1,482	-	1,482
Debt service:								
Principal	435,000	435,000	435,000	-	185,000	190,000	190,000	-
Interest and fiscal charges	377,807	377,807	382,836	(5,029)	30,021	35,021	29,610	5,411
Total expenditures	815,383	818,133	817,836	297	216,503	226,503	219,610	6,893
Revenues over (under) expenditures	(22,187)	(24,937)	96,794	(121,731)	(6,445)	(16,445)	(16,061)	(384)
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	(22,187)	(24,937)	96,794	(121,731)	(6,445)	(16,445)	(16,061)	(384)
Fund balance, beginning of year			676,634				356,810	
Fund balance, end of year			$ 773,428				$ 340,749	

(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, 2014

(Page 4 of 4)

	Sidewalk and Curb Districts Fund				Total Nonmajor Debt Service Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ 2,172,964	$ 2,172,964	$ 2,484,310	$ (311,346)
Special assessments	387,000	387,000	365,322	21,678	387,000	387,000	365,322	21,678
Other	900	900	1,184	(284)	512,299	512,299	499,900	12,398
Total revenues	387,900	387,900	366,506	21,394	3,072,263	3,072,263	3,349,532	(277,270)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	9,939	12,689	-	12,689
Debt service:								
Principal	325,000	325,000	352,000	(27,000)	2,713,000	2,718,000	2,522,000	196,000
Interest and fiscal charges	73,900	73,900	73,418	482	1,356,598	1,361,598	1,136,803	224,795
Total expenditures	398,900	398,900	425,418	(26,518)	4,079,537	4,092,287	3,658,803	433,484
Revenues over (under) expenditures	(11,000)	(11,000)	(58,912)	47,912	(1,007,274)	(1,020,024)	(309,271)	(710,754)
Other financing sources:								
Transfers in	-	-	21,141	(21,141)	502,360	502,360	564,707	(62,347)
Transfers out	-	-	(50,341)	50,341	(3,552,355)	(3,552,355)	(50,341)	(3,502,014)
Bond discount costs	-	-	-	-	148,750	148,750	-	148,750
Issuance of debt	-	-	-	-	4,000,000	4,000,000	-	4,000,000
Total other financing sources	$ -	$ -	$ (29,200)	$ 29,200	$ 1,098,755	$ 1,098,755	$ 514,366	$ 584,389
Net change in fund balances	(11,000)	(11,000)	(88,112)	77,112	91,481	78,731	205,095	(1,295,143)
Fund balance, beginning of year			355,605				3,212,261	
Fund balance, end of year			$ 267,493				$ 3,417,356	

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, 2014

	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
Assets								
Cash and cash equivalents	$ 35,060	$ -	$ 158,284	$ 2,406,186	$ 1,019,917	$ 399,637	$ 1,967	$4,021,051
Investments	37,093	-	166,534	2,545,929	1,071,793	410,425	2,070	4,233,844
Receivables:								
Accounts and unbilled usage	-	-	-	7,098	-	-	-	7,098
Accrued interest	1,337	-	-	1,453	-	202	-	2,992
Property held for resale	187,828	-	-	-	-	-	-	187,828
Total assets	$ 261,318	$ -	$ 324,818	$ 4,960,666	$ 2,091,710	$ 810,264	$ 4,037	$8,452,813
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	$ 6	$ 240	$ 172,400	$ -	$ 610,249	$ 257,029	$ -	$1,039,924
Due to other funds	-	363,336	-	-	-	-	-	363,336
Total Liabilities	6	363,576	172,400	-	610,249	257,029	-	1,403,260
Fund balance (deficit)								
Restricted	261,312	-	152,419	4,960,666	1,481,461	553,235	4,037	7,413,130
Unassigned	-	(363,576)	-	-	-	-	-	(363,576)
Total fund balance (deficit)	261,312	(363,576)	152,419	4,960,666	1,481,461	553,235	4,037	7,049,554
Total liabilities and fund balances	$ 261,318	$ 0	$ 324,818	$ 4,960,666	$ 2,091,710	$ 810,264	$ 4,037	$8,452,813

CITY OF BILLINGS, MONTANA

Nonmajor Capital Projects Funds

Combining Statement of Revenue, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2014

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Strom Sewer Construction	New Library Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
Revenues:								
Other	$ 1,649	$ 13,705	$ 668,853	$ 14,432	$ -	$ 11,869	$ 360	$ 710,868
Total revenues	1,649	13,705	668,853	14,432	-	11,869	360	710,868
Expenditures:								
Current:								
General government	-	-	-	1,356	-	-	-	1,356
Public works	-	175,237	-	-	-	750	-	175,987
Housing and economic development	36,641	-	-	-	-	-	-	36,641
Capital outlay	-	120,301	664,983	497,866	2,576,887	5,628,786	980	9,489,803
Debt service:								
Bond issuance costs	-	8,498	10,500	-	113,808	-	-	132,806
Total expenditures	36,641	304,036	675,483	499,222	2,690,695	5,629,536	980	9,836,593
Revenues over (under) expenditures	(34,993)	(290,330)	(6,630)	(484,790)	(2,690,695)	(5,617,668)	(620)	(9,125,725)
Other financing sources (uses):								
Transfers in	-	-	-	1,053,999	-	481,999	-	1,535,998
Transfers out	(13,423)	(450)	(4,155)	-	(330,750)	-	-	(348,778)
Premium on bond debt	-	-	-	-	232,906	-	-	232,906
Special assessment bonds issued	-	304,998	245,000	-	4,270,000	-	-	4,819,998
Sale of capital assets	-	-	-	19,019	-	-	-	19,019
Total other financing sources (uses)	(13,423)	304,548	240,845	1,073,018	4,172,156	481,999	-	6,259,143
Net change in fund balances	(48,416)	14,217	234,215	588,228	1,481,461	(5,135,669)	(620)	(2,866,583)
Fund balance (deficit), beginning of year	309,727	(377,793)	(81,796)	4,372,438	-	5,688,904	4,657	9,916,137
Fund balance (deficit), end of year	$ 261,312	$ (363,576)	$ 152,419	$ 4,960,666	$ 1,481,461	$ 553,235	$ 4,037	$7,049,553

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, 2014

(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
Revenues:								
Other	$ 100,150	$ 100,150	$ 1,649	$ 98,501	$ -	$ -	$ 13,705	$ (13,705)
Total revenues	100,150	100,150	1,649	98,501	-	-	13,705	(13,705)
Expenditures:								
Current:								
Operations and maintenance	74,242	78,242	36,641	41,601	-	-	175,237	(175,237)
Capital outlay	75,000	75,000	-	75,000	274,670	631,978	120,301	511,677
Debt service:								
Bond issuance costs	-	-	-	-	6,425	6,425	8,498	(2,073)
Total expenditures	149,242	153,242	36,641	116,601	281,095	638,403	304,036	334,367
Revenues over (under) expenditures	(49,092)	(53,092)	(34,992)	(18,100)	(281,095)	(638,403)	(290,331)	(348,072)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(16,956)	(16,956)	(13,423)	(3,533)	-	-	(450)	450
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	281,095	339,095	304,998	34,097
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(16,956)	(16,956)	(13,423)	(3,533)	281,095	339,095	304,548	34,547
Net change in fund balances	$ (66,048)	$ (70,048)	(48,415)	$ (21,633)	$ -	$ (299,308)	14,217	$ (313,525)
Fund balance (deficit), beginning of year			309,727				(377,793)	
Fund balance (deficit), end of year			$ 261,312				$ (363,576)	

(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, 2014

(Page 2 of 4)

	Special Improvement Districts Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	$ -	$ -	$ 668,853	$ (668,853)	$ 11,685	$ 11,685	$ 14,432	$ (2,747)
Total revenues	-	-	668,853	(668,853)	11,685	11,685	14,432	(2,747)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	1,359	1,359	1,356	3
Capital outlay	1,571,815	1,643,633	664,983	978,650	540,415	540,415	497,866	42,549
Debt service:								
Bond issuance costs	23,505	23,505	10,500	13,005	-	-	-	-
Total expenditures	1,595,320	1,667,138	675,483	991,655	541,774	541,774	499,222	42,552
Revenues over (under) expenditures	(1,595,320)	(1,667,138)	(6,630)	(1,660,508)	(530,089)	(530,089)	(484,790)	(45,299)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,052,349	1,052,349	1,053,999	(1,650)
Transfers out	-	-	(4,155)	4,155	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	1,595,320	1,595,320	245,000	1,350,320	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	19,019	(19,019)
Total other financing sources (uses)	1,595,320	1,595,320	240,845	1,354,475	1,052,349	1,052,349	1,073,018	(20,669)
Net change in fund balances	$ -	$ (71,818)	234,215	$ (306,033)	$ 522,260	$ 522,260	588,228	$ (65,968)
Fund balance (deficit), beginning of year			(81,796)				4,372,438	
Fund balance (deficit), end of year			$ 152,419				$ 4,960,666	

(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, 2014

(Page 3 of 4)

	Storm Sewer Construction Fund				New Library Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	$ -	$ -	$ -	$ -	$ 22,010	$ 22,010	$ 11,869	$ 10,141
Total revenues	-	-	-	-	22,010	22,010	11,869	10,141
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	-	-	750	(750)
Capital outlay	-	4,057,133	2,576,887	1,480,246	728,159	728,159	5,628,786	(4,900,627)
Debt service:								
Bond issuance costs	-	116,295	113,808	2,487	-	-	-	-
Total expenditures	-	4,173,428	2,690,695	1,482,733	728,159	728,159	5,629,536	(4,901,377)
Revenues over (under) expenditures	-	(4,173,428)	(2,690,695)	(1,482,733)	(706,149)	(706,149)	(5,617,668)	4,911,519
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	481,999	(481,999)
Transfers out	-	(330,750)	(330,750)	-	-	-	-	-
Premium on bond debt	-	-	232,906	(232,906)	-	-	-	-
Special assessment bonds issued	-	4,504,178	4,270,000	234,178	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	4,173,428	4,172,156	1,272	-	-	481,999	(481,999)
Net change in fund balances	$ -	$ -	1,481,461	$(1,481,461)	$ (706,149)	$ (706,149)	(5,135,669)	$ 4,429,520
Fund balance (deficit), beginning of year			-				5,688,904	
Fund balance (deficit), end of year			$1,481,461				$ 553,235	

(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, 2014

(Page 4 of 4)

	Dog Park Construction Fund				Total Nonmajor Capital Project Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	$ 15,000	$ 15,000	$ 360	$ 14,640	$ 148,845	$ 148,845	$ 710,868	$ (562,023)
Total revenues	15,000	15,000	360	14,640	148,845	148,845	710,868	(562,023)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	75,601	79,601	213,984	(134,383)
Capital outlay	15,000	15,000	980	14,020	3,205,059	7,691,318	9,489,803	(1,798,485)
Debt service:								
Bond issuance costs	-	-	-	-	29,930	146,225	132,806	13,419
Total expenditures	15,000	15,000	980	14,020	3,310,590	7,917,144	9,836,593	(1,919,449)
Revenues over (under) expenditures	-	-	(620)	620	(3,161,745)	(7,768,299)	(9,125,726)	1,357,427
Other financing sources (uses):								
Transfers in	-	-	-	-	1,052,349	1,052,349	1,535,998	(483,649)
Transfers out	-	-	-	-	(16,956)	(347,706)	(348,778)	1,072
Premium on bond debt	-	-	-	-	-	-	232,906	(232,906)
Special assessment bonds issued	-	-	-	-	1,876,415	6,438,593	4,819,998	1,618,595
Sale of capital assets	-	-	-	-	-	-	19,019	(19,019)
Total other financing sources (uses)	-	-	-	-	2,911,808	7,143,236	6,259,143	884,093
Net change in fund balances	$ -	$ -	(620)	$ 620	$ (249,937)	$ (625,063)	(2,866,583)	$2,241,520
Fund balance (deficit), beginning of year			4,657				9,916,137	
Fund balance (deficit), end of year			$ 4,037				$ 7,049,553	

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, 2014

	Cemetery Perpetual Care Fund
Assets	
Cash and cash equivalents	$ 317,807
Investments	334,269
Accrued interest receivable	435
Total assets	$ 652,511
Fund Balance	
Liabilities:	
Total liabilities	-
Fund balance:	
Unspendable	$ 652,511
Total fund balance	$ 652,511

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	$ 26,000	$ 26,000	$ 15,542	$ (10,458)
Other	2,369	2,369	2,325	(44)
Total revenues	28,369	28,369	17,867	(10,502)
Expenditures:				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	28,369	28,369	17,867	(10,502)
Other financing sources (uses):				
Transfers out	(2,369)	(2,369)	(2,331)	38
Total other financing sources (uses)	(2,369)	(2,369)	(2,331)	38
Net change in fund balances	$ 26,000	$ 26,000	15,536	$ (10,464)
Fund balance, beginning of year			636,975	
Fund balance, end of year			$ 652,511	

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, 2014

(Page 1 of 2)

Assets	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Current assets:			
Cash and cash equivalents	$ 1,334,569	$ 159,303	$ 1,493,872
Restricted cash and cash equivalents with fiscal agent	-	274	274
Investments	1,394,833	-	1,394,833
Receivables:			
Property taxes	347,814	-	347,814
Accounts and unbilled usage	15,960	-	15,960
Accrued interest	1,359	-	1,359
Receivables from other governments	235,569	-	235,569
Inventories	32,431	660	33,091
Prepaid items	-	4,963	4,963
Total current assets	3,362,534	165,200	3,527,734
Noncurrent assets:			
Property and equipment:			
Land	1,435,291	-	1,435,291
Buildings	8,161,983	1,345,751	9,507,734
Improvements other than buildings	1,005,756	-	1,005,756
Equipment and vehicles	8,926,716	-	8,926,716
Less: accumulated depreciation	(11,006,975)	(854,388)	(11,861,363)
Total noncurrent assets	8,522,771	491,363	9,014,134
Total assets	11,885,305	656,563	12,541,868

(continued)

CITY OF BILLINGS, MONTANA

Nonmajor Enterprise Funds

Combining Statement of Net Position

June 30, 2014

(Page 2 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Liabilities			
Current liabilities:			
Accounts payable	39,927	6,313	46,240
Accrued wages and benefits	108,313	48,288	156,601
Compensated absences	254,790	-	254,790
Total current liabilities	403,030	54,601	457,631
Noncurrent liabilities:			
Compensated absences	239,590	-	239,590
Other post employment benefits	400,769	-	400,769
Total noncurrent liabilities	640,359	-	640,359
Total liabilities	1,043,389	54,601	1,097,990
Net Position			
Net position:			
Invested in capital assets, net of related debt	8,522,771	491,363	9,014,134
Restricted for Capital Projects	5,460	-	5,460
Unrestricted	2,313,685	110,599	2,424,284
Total net position	$10,841,916	$ 601,962	$11,443,878

CITY OF BILLINGS, MONTANA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2014

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Fund
Operating revenues:			
Charges for services and use of facilities	$ 655,519	$ 439,840	$ 1,095,359
Operating expenses:			
Salaries and benefits	3,588,024	236,961	3,824,985
Supplies	905,900	52,374	958,274
Contracted services	322,795	10,013	332,808
Utilities	132,218	21,184	153,402
Other	187,345	58,526	245,871
Depreciation	1,110,831	57,434	1,168,265
Total operating expenses	6,247,112	436,492	6,683,604
Operating income (loss)	(5,591,593)	3,348	(5,588,245)
Nonoperating revenues (expenses):			
Taxes	1,991,997	-	1,991,997
Intergovernmental	2,690,780	-	2,690,780
Interest and investment income	6,627	-	6,627
Gain (loss) on sale of capital assets	4,004	(6,037)	(2,033)
Other	1,766	-	1,766
Total nonoperating revenue (expense)	4,695,174	(6,037)	4,689,137
Income (loss) before capital contributions and transfers	(896,419)	(2,689)	(899,108)
Transfers out	-	(5,000)	(5,000)
Change in net position	(896,419)	(7,689)	(904,108)
Net position, beginning of year	11,738,335	609,651	12,347,986
Net position, end of year	$ 10,841,916	$ 601,962	$11,443,878

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 1 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers and users	$ 662,825	$ 440,916	$ 1,103,741
Cash received from other sources	1,767	(6,037)	(4,270)
Cash paid to employees for services	(3,514,876)	(236,961)	(3,751,837)
Cash paid to suppliers and contracted services	(1,370,871)	(151,510)	(1,522,381)
Cash paid to other sources	(187,345)	-	(187,345)
Net cash provided (used) by operating activities	(4,408,500)	46,408	(4,362,092)
Cash flows from noncapital financing activities:			
Cash received from tax revenues	1,836,842	-	1,836,842
Cash received from intergovernmental revenues	2,610,290	-	2,610,290
Transfers to other funds	-	(5,000)	(5,000)
Net cash provided (used) by noncapital financing activities	4,447,132	(5,000)	4,442,132
Cash flows from capital and related financing activities:			
Capital grants and contributions	77,810	-	77,810
Acquisition and construction of capital assets	(107,497)	(29,237)	(136,734)
Proceeds from sales of capital assets	4,004	-	4,004
Net cash provided (used) by capital and related financing activities	(25,683)	(29,237)	(54,920)
Cash flows from investing activities:			
Cash received from interest	5,927	-	5,927
Sale of investments	1,093,051	-	1,093,051
Purchase of investments	(1,249,530)	-	(1,249,530)
Net cash provided (used) by investing activities	(150,552)	-	(150,552)
Net increase (decrease) in cash and cash equivalents	(137,603)	12,171	(125,432)
Cash and cash equivalents, beginning of year	1,472,172	147,406	1,619,578
Cash and cash equivalents, end of year	$ 1,334,569	$ 159,577	$ 1,494,146
Cash and cash equivalents consists of:			
Cash and cash equivalents	$ 1,334,569	$ 159,303	$ 1,493,872
Restricted cash and cash equivalents with fiscal agent	-	274	274
Cash and cash equivalents, end of year	$ 1,334,569	$ 159,577	$ 1,494,146

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 2 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (5,591,593)	$ 3,348	$ (5,588,245)
Other nonoperating income (expense)	1,766	(6,037)	(4,271)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,110,831	57,434	1,168,265
(Increase) decrease in receivables	7,306	-	7,306
(Increase) decrease in receivables from other governments	(2,680)	-	(2,680)
(Increase) decrease in prepaid items	-	1,076	1,076
Increase (decrease) in accounts payable	22,473	(698)	21,775
Increase (decrease) in accrued liabilities	73,147	(8,715)	64,432
Net cash provided (used) by operating activities	$ (4,378,750)	$ 46,408	$ (4,332,342)

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, 2014

(Page 1 of 4)

Assets	Fleet Services Fund	Central Service Fund	Information Techology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Current assets:						
Cash and cash equivalents	$ 486,621	$ 57,128	$ 500,406	$ 2,884,164	$ 158,676	$ 928,932
Investments	506,228	60,210	526,328	3,037,364	167,133	983,977
Receivables:						
Accounts and unbilled usage	-	-	-	-	-	-
Deferred special assessments	-	-	-	-	-	-
Accrued interest	382	215	293	1,396	90	1,841
Notes	50,000	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Deposits held by others	-	-	-	-	-	-
Inventories	387,597	-	-	-	-	-
Total current assets	1,430,828	117,553	1,027,027	5,922,924	325,899	1,914,750
Noncurrent assets:						
Notes receivable	550,000	-	-	-	-	-
Property and equipment:						
Land	-	-	-	-	-	-
Buildings	32,091	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Equipment and vehicles	748,031	220,466	1,548,337	-	811,223	-
Less: accumulated depreciation	(650,905)	(163,923)	(976,174)	-	(572,985)	-
Total noncurrent assets	679,217	56,542	572,163	-	238,237	-
Total assets	2,110,045	174,095	1,599,190	5,922,924	564,136	1,914,750

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2014
(Page 2 of 4)

Assets	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Current assets:					
Cash and cash equivalents	$ 109,964	$ 477,467	$ 146,064	$ 522,653	$ 6,272,076
Investments	116,545	501,914	153,503	549,370	6,602,573
Receivables:					
Accounts and unbilled usage	-	-	-	34,689	34,689
Deferred special assessments	-	-	-	404	404
Accrued interest	173	1,280	292	246	6,208
Notes	-	-	-	-	50,000
Prepaid items	-	-	5,365	8,050	13,415
Deposits held by others	-	2,536	-	-	2,536
Inventories	-	-	-	-	387,597
Total current assets	226,681	983,197	305,224	1,115,413	13,369,498
Noncurrent assets:					
Notes receivable	-	-	-	-	550,000
Property and equipment:					
Land	-	1,989,883	-	-	1,989,883
Buildings	385,655	8,963,489	-	-	9,381,234
Improvements other than buildings	19,690	1,986,847	-	-	2,006,537
Equipment and vehicles	3,395,791	211,357	31,518	338,463	7,305,185
Less: accumulated depreciation	(1,733,779)	(2,974,986)	(9,938)	(185,256)	(7,267,946)
Total noncurrent assets	2,067,357	10,176,589	21,580	153,207	13,964,893
Total assets	2,294,039	11,159,787	326,804	1,268,620	27,334,391

(continued)

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Net Position

June 30, 2014

(Page 3 of 4)

	Fleet Services Fund	Central Service Fund	Information Techology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Liabilities						
Current liabilities:						
Accounts payable	$ 95,887	$ 7,017	$ 20,916	$ 106,599	$ 2,912	$ 45,858
Accrued wages and benefits	33,617	-	38,319	893	2,524	2,332
Compensated absences	140,689	-	146,929	-	4,126	11,919
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	600,000	-	-
Notes payable	-	-	-	-	-	-
Total current liabilities	270,193	7,017	206,164	707,493	9,562	60,109
Noncurrent liabilities:						
Compensated absences	132,296	-	138,162	-	3,880	11,207
Other post employment benefits	117,966	-	126,312	-	8,224	7,227
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	250,262	-	264,474	-	12,104	18,434
Total liabilities	520,455	7,017	470,639	707,493	21,666	78,543
Net Position						
Net position:						
Invested in capital assets, net of related debt	129,217	56,542	572,163	-	238,237	-
Unrestricted	1,460,373	110,537	556,389	5,215,432	304,232	1,836,207
Total net position	$ 1,589,590	$ 167,079	$ 1,128,552	$ 5,215,432	$ 542,470	$ 1,836,207

(continued)

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Net Position

June 30, 2014

(Page 4 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	$ 699	$ 25,980	$ 1,438	$ 2,149	$ 309,456
Accrued wages and benefits	-	9,806	17,961	50,409	155,861
Compensated absences	-	38,999	93,315	251,766	687,743
Accrued interest payable	-	37,967	-	-	37,967
Incurred but not reported health benefits	-	-	-	-	600,000
Notes payable	-	370,000	-	-	370,000
Total current liabilities	699	482,751	112,714	304,324	2,161,027
Noncurrent liabilities:					
Compensated absences	-	36,673	87,748	236,746	646,712
Other post employment benefits	-	40,501	50,990	139,537	490,757
Notes payable	-	3,757,816	-	-	3,757,816
Total noncurrent liabilities	-	3,834,990	138,738	376,283	4,895,285
Total liabilities	699	4,317,741	251,452	680,607	7,056,312
Net Position					
Net position:					
Invested in capital assets, net of related debt	2,067,357	6,048,774	21,580	153,207	9,287,078
Unrestricted	225,982	793,272	53,772	434,807	10,991,002
Total net position	$ 2,293,339	$ 6,842,046	$ 75,351	$ 588,014	$ 20,278,079

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2014

(Page 1 of 2)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Operating revenues:						
Charges for services and use of facilities	$ 1,567,894	$ 95,130	$ 2,082,044	$11,536,174	$ 367,326	$ 2,308,081
Operating expenses:						
Salaries and benefits	1,233,658	-	1,492,713	8,035,037	101,444	93,092
Supplies	53,815	29,874	42,767	-	9,182	1,249
Contracted services	110,117	53,220	175,314	989,611	71,961	12,156
Utilities	6,820	-	29,895	-	102,307	-
Other	61,440	-	161,649	72,722	875	2,686,807
Depreciation	57,974	12,905	96,031	-	55,177	-
Total operating expenses	1,523,825	95,999	1,998,369	9,097,370	340,945	2,793,304
Operating income (loss)	44,070	(869)	83,675	2,438,804	26,381	(485,223)
Nonoperating revenues (expenses):						
Taxes	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Interest and investment income	2,907	643	3,305	13,335	798	8,855
Gain (loss) on sale of capital assets	-	-	281	-	-	-
Other	11,624	-	45	913	-	170
Total nonoperating revenue (expense)	14,530	643	3,631	14,248	798	9,025
Income (loss) before capital contributions and transfers	58,600	(226)	87,306	2,453,053	27,179	(476,198)
Capital contributions	-	-	-	-	-	-
Transfers in	-	-	-	-	-	120,000
Transfers out	(95,769)	-	-	-	-	-
Change in net position	(37,169)	(226)	87,306	2,453,053	27,179	(356,198)
Net position, beginning of year	1,626,759	167,305	1,041,246	2,762,379	515,291	2,192,405
Prior Period Adjustment	-	-	-	-	-	-
Net position, end of year	$ 1,589,590	$ 167,079	$ 1,128,552	$ 5,215,432	$ 542,470	$ 1,836,207

(continued)

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2014

(Page 2 of 2)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Operating revenues:					
Charges for services and use of facilities	$ 582,173	$ 1,096,873	$ 998,913	$ 2,397,075	$23,031,707
Operating expenses:					
Salaries and benefits	-	386,274	710,077	1,852,232	13,904,551
Supplies	-	94,119	8,869	36,614	276,488
Contracted services	182,898	207,108	132,293	377,978	2,312,655
Utilities	15,666	254,041	17,300	33,292	459,322
Other	-	54,435	76,822	131,257	3,246,008
Depreciation	149,186	301,418	3,630	31,566	707,887
Total operating expenses	347,750	1,297,396	948,991	2,462,939	20,906,887
Operating income (loss)	234,423	(200,523)	49,922	(65,864)	2,124,796
Nonoperating revenues (expenses):					
Taxes	-	-	-	24,070	24,070
Interest expense	-	(94,783)	-	-	(94,783)
Interest and investment income	2,142	3,257	1,025	3,010	39,277
Gain (loss) on sale of capital assets	(168,364)	-	-	4	(168,079)
Other	313	47,102	-	25	60,192
Total nonoperating revenue (expense)	(165,909)	(44,424)	1,025	27,109	(139,323)
Income (loss) before capital contributions and transfers	68,514	(244,946)	50,947	(38,755)	1,985,473
Capital contributions	-	-	-	-	-
Transfers in	30,000	532,056	-	1,750	683,806
Transfers out	-	-	-	-	(95,769)
Change in net position	98,514	287,110	50,947	(37,005)	2,573,510
Net position, beginning of year	2,194,825	6,761,924	24,404	625,019	17,911,557
Prior Period Adjustment	-	(206,988)	-	-	(206,988)
Net position, end of year	$ 2,293,339	$ 6,842,046	$ 75,351	$ 588,014	$20,278,079

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 1 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Cash flows from operating activities:						
Cash received from customers and users	$ -	$ -	$ -	$ -	$ -	$ -
Cash received from interfund services provided	1,567,894	95,130	2,082,044	11,536,174	367,326	2,308,081
Cash received from other sources	11,624	-	45	913	-	170
Cash paid to employees for services	(1,160,915)	-	(1,437,202)	(8,134,144)	(98,422)	(89,912)
Cash paid to suppliers and contracted services	(304,676)	(87,035)	(491,630)	(1,037,351)	(193,163)	(2,661,892)
Net cash provided (used) by operating activities	113,927	8,095	153,257	2,365,592	75,741	(443,553)
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	-	-	120,000
Transfers to other funds	(95,769)	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	(95,769)	-	-	-	-	120,000
Cash flows from capital and related financing activities:						
Capital contributions	-	-		-	-	-
Acquisition and construction of capital assets	-	(35,687)	(284,641)	-	(77,286)	-
Proceeds from sales of capital assets	50,000	-	281	-	-	-
Cash paid for interest	-	-	-	-	-	-
Principal paid on notes payable and capital lease payable	-	-	-	-	-	-
Cash paid for bond issue costs	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	50,000	(35,687)	(284,360)	-	(77,286)	-
Cash flows from investing activities:						
Cash received from interest	2,063	343	2,461	10,326	618	5,613
Sale of investments	369,143	59,630	471,814	1,288,125	131,307	912,187
Purchase of investments	(454,884)	(53,403)	(467,770)	(2,696,052)	(148,326)	(868,346)
Net cash provided by investing activities	(83,678)	6,570	6,505	(1,397,601)	(16,401)	49,454
Net increase (decrease) in cash and cash equivalents	(15,520)	(21,022)	(124,598)	967,991	(17,946)	(274,099)
Cash and cash equivalents, beginning of year	502,142	78,150	625,004	1,916,173	176,622	1,203,031
Cash and cash equivalents, end of year	$ 486,622	$ 57,128	$ 500,406	$2,884,164	$ 158,676	$ 928,932

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 2 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	$ -	$ 625,349	$ -	$ 80,770	$ 706,119
Cash received from interfund services provided	582,173	471,524	998,913	2,319,838	22,329,097
Cash received from other sources	313	-	-	25	13,090
Cash paid to employees for services	-	(372,464)	(688,898)	(1,772,344)	(13,754,301)
Cash paid to suppliers and contracted services	(198,545)	(648,680)	(241,024)	(588,874)	(6,453,715)
Net cash provided (used) by operating activities	383,941	122,831	68,991	39,415	2,887,392
Cash flows from noncapital financing activities:					
Transfers from other funds	30,000	-	-	1,750	151,750
Transfers to other funds	-	-	-	-	(95,769)
Net cash provided (used) by noncapital financing activities	30,000	-	-	1,750	55,981
Cash flows from capital and related financing activities:					
Capital contributions	168,364	-	-	-	168,364
Acquisition and construction of capital assets	(445,756)	(43,907)	(16,774)	(58,913)	(962,119)
Proceeds from sales of capital assets	-	-	-	4	50,285
Cash paid for interest	-	(95,112)	-	-	(95,112)
Principal paid on notes payable and capital lease payable	-	(200,782)	-	-	(200,782)
Transfers from other funds	-	532,056	-	-	532,056
Net cash provided (used) by capital and related financing activities	(277,392)	192,255	(16,774)	(58,909)	(507,308)
Cash flows from investing activities:					
Cash received from interest	1,370	1,688	610	2,124	27,216
Sale of investments	27,381	248,395	96,224	438,273	4,042,479
Purchase of investments	(102,791)	(446,328)	(136,538)	(488,565)	(5,863,003)
Net cash provided by investing activities	(74,040)	(196,245)	(39,704)	(48,168)	(1,793,308)
Net increase (decrease) in cash and cash equivalents	62,509	118,841	12,513	(65,912)	642,757
Cash and cash equivalents, beginning of year	47,455	358,626	133,551	588,565	5,629,319
Cash and cash equivalents, end of year	$ 109,964	$ 477,467	$ 146,064	$ 522,653	$ 6,272,076

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 3 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	44,071	$ (869)	$ 83,675	$2,438,804	$ 26,380	$ (485,223)
Other nonoperating income (expense)	11,624	-	45	913	-	170
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	57,974	12,905	96,031	-	55,177	-
(Increase) decrease in receivables	-	-	-	-	-	-
(Increase) decrease in inventories	(22,929)	-	-	-	-	-
(Increase) decrease in prepaid items and deposits	-	-	-	-	-	-
Increase (decrease) in accounts payable	(49,556)	(3,941)	(82,850)	24,982	(8,838)	38,320
Increase (decrease) in accrued liabilities	72,743	-	55,511	(99,107)	3,022	3,180
Net cash provided (used) by operating activities	$ 113,927	$ 8,095	$ 152,412	$2,365,592	$ 75,741	$ (443,553)
Noncash investing, capital and financing activities:						
Increase (decrease) in investment market value	724	127	892	2,549	186	2,095
Contribution of capital assets	-	-	-	-	-	-

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014
(Page 4 of 4)

	Radio Communica-tions Fund	Facilities Manage-ment Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	$ 234,423	$ (200,522)	$ 49,922	$ (65,864)	$ 2,124,797
Other nonoperating income (expense)	313	47,102	-	24,095	84,262
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	149,186	301,418	3,630	31,566	707,887
(Increase) decrease in receivables	-	-	-	(20,537)	(20,537)
(Increase) decrease in inventories	-	-	-	-	(22,929)
(Increase) decrease in prepaid items and deposits	-	1	(69)	(106)	(174)
Increase (decrease) in accounts payable	19	(38,978)	(5,671)	(9,627)	(136,140)
Increase (decrease) in accrued liabilities	-	13,810	21,179	79,888	150,226
Net cash provided (used) by operating activities	$ 383,941	$ 122,831	$ 68,991	$ 39,415	$ 2,887,392
Noncash investing, capital and financing activities:					
Increase (decrease) in investment market value	612	489	192	876	8,742
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, 2014
(Page 1 of 2)

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Downtown Business Improvement District				
Assets				
Cash and cash equivalents	$ 99,919	$ 277,814	$ 377,733	$ -
Total assets	$ 99,919	$ 277,814	$ 377,733	$ -
Liabilities				
Accounts payable	$ 99,919	$ 277,814	$ 377,733	$ -
Total liabilities	$ 99,919	$ 277,814	$ 377,733	$ -
Tourism Business Improvement District				
Assets				
Cash and cash equivalents	$ 435,740	$ 1,211,612	$ 1,647,352	$ -
Total assets	$ 435,740	$ 1,211,612	$ 1,647,352	$ -
Liabilities				
Accounts payable	$ 435,740	$ 1,211,612	$ 1,647,352	$ -
Total liabilities	$ 435,740	$ 1,211,612	$ 1,647,352	$ -
License Plate Fund				
Assets				
Cash and cash equivalents	$ 690	$ 13,808	$ 13,808	$ 690
Total assets	$ 690	$ 13,808	$ 13,808	$ 690
Liabilities				
Accounts payable	$ 690	$ 13,808	$ 13,808	$ 690
Total liabilities	$ 690	$ 13,808	$ 13,808	$ 690

(continued)

CITY OF BILLINGS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Fiscal Year Ended June 30, 2014
(Page 2 of 2)

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Montana Arts Council				
Assets				
Cash and cash equivalents	$ -	$ 1,754	$ 1,754	$ -
Total assets	$ -	$ 1,754	$ 1,754	$ -
Liabilities				
Accounts payable	$ -	$ 1,754	$ 1,754	$ -
Total liabilities	$ -	$ 1,754	$ 1,754	$ -
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	$ 536,349	$ 1,504,988	$ 2,040,647	$ 690
Total assets	$ 536,349	$ 1,504,988	$ 2,040,647	$ 690
Liabilities				
Accounts payable	$ 536,349	$ 1,504,988	$ 2,040,647	$ 690
Total liabilities	$ 536,349	$ 1,504,988	$ 2,040,647	$ 690

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 152-161

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 162-165

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

Debt Capacity 166-174

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 175-176

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

Operating Information 177-181

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)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net invested in capital assets	$ 77,148	$ 86,426	$ 100,659	$ 117,182	$ 133,026	$ 137,282	$ 156,927	$ 185,242	$ 197,845	$ 196,250
Restricted	50,545	52,517	51,945	50,652	55,867	58,567	56,725	58,125	67,391	71,418
Unrestricted	3,480	7,112	11,533	11,510	13,654	17,550	20,350	23,962	21,213	24,885
Total governmental activities net position	$ 131,173	$ 146,055	$ 164,137	$ 179,344	$ 202,547	$ 213,399	$ 234,002	$ 267,329	$ 286,449	$ 292,553
Business-type activities										
Net invested in capital assets	$ 215,134	$ 237,516	$ 255,886	$ 252,847	$ 264,674	$ 271,666	$ 285,474	$ 286,328	$ 304,407	$ 321,736
Restricted	2,105	2,839	3,488	3,774	4,273	5,175	5,977	5,657	6,142	9,667
Unrestricted	45,973	35,153	29,834	44,771	42,333	45,927	48,090	57,552	60,613	70,894
Total business-type activities net position	$ 263,212	$ 275,508	$ 289,208	$ 301,392	$ 311,280	$ 322,768	$ 339,541	$ 349,537	$ 371,162	$ 402,297
Primary government										
Net invested in capital assets	$ 292,282	$ 323,942	$ 356,545	$ 370,029	$ 397,700	$ 408,948	$ 442,401	$ 471,570	$ 502,252	$ 517,986
Restricted	52,650	55,356	55,433	54,426	60,140	63,742	62,702	63,782	73,533	81,085
Unrestricted	49,453	42,265	41,367	56,281	55,987	63,477	68,440	81,514	81,826	95,779
Total primary government net position	$ 394,385	$ 421,563	$ 453,345	$ 480,736	$ 513,827	$ 536,167	$ 573,543	$ 616,866	$ 657,611	$ 694,850

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									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Expenses										
Governmental activities:										
General government	$ 6,457	$ 7,016	$ 6,844	$ 6,289	$ 7,288	$ 7,240	$ 7,397	$ 7,543	$ 7,249	$ 8,319
Public safety	31,215	29,754	34,533	36,647	38,312	40,841	42,735	37,410	47,884	43,124
Public works	13,328	14,476	18,048	18,558	20,238	17,531	19,284	21,609	26,939	30,322
Public health	572	588	609	799	858	816	865	851	871	905
Culture and recreation	6,282	6,687	7,068	7,417	7,799	8,118	8,133	8,312	8,799	9,577
Housing and economic development	5,358	4,145	3,189	3,246	4,068	5,879	3,709	3,561	3,212	3,475
Interest on long-term debt	1,809	1,830	1,779	2,270	2,440	2,377	2,216	2,212	2,083	2,602
Total governmental activities expenses	65,021	64,496	72,070	75,226	81,003	82,802	84,339	81,498	97,037	98,324
Business-type activities:										
Solid waste	6,969	7,321	7,982	8,921	8,933	8,510	9,996	10,296	10,482	11,314
Airport	9,493	9,832	9,941	11,657	11,598	11,613	12,038	13,098	12,763	12,711
Water	11,398	12,724	13,172	15,023	15,634	15,610	16,420	16,481	17,876	17,497
Wastewater	7,683	8,467	8,466	9,074	8,905	10,050	10,168	10,831	12,291	12,232
Parking	1,525	1,607	1,836	2,272	2,718	2,784	2,616	3,166	2,057	2,095
Transit	4,356	4,681	4,971	5,080	5,338	5,564	5,737	6,017	6,021	6,264
Golf course	340	392	380	415	415	423	428	434	453	443
Total business-type activities expenses	41,764	45,024	46,748	52,442	53,541	54,554	57,403	60,323	61,943	62,556
Total primary government expenses	$ 106,785	$ 109,520	$ 118,818	$ 127,668	$ 134,544	$ 137,356	$ 141,742	$ 141,821	$ 158,980	$ 160,880

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 2,113	$ 1,921	$ 1,734	$ 1,907	$ 2,229	$ 2,291	$ 2,365	$ 2,788	$ 2,611	$ 2,463
Public safety	4,873	5,426	6,347	6,377	5,847	6,172	6,630	5,982	5,847	4,900
Public works	17,064	18,097	18,294	18,774	19,278	18,238	18,933	21,221	21,433	22,427
Culture and recreation	1,372	1,632	1,586	1,785	1,648	45	46	45	36	59
Other activities	198	158	167	166	123	1,772	1,838	1,887	1,948	2,074
Operating grants and contributions	6,591	7,557	11,021	11,359	11,514	13,125	12,229	7,006	12,503	13,648
Captial grants and contributions	8,460	8,297	5,415	6,963	13,182	7,555	14,133	26,658	28,524	13,626
Total governmental activities program revenues	40,671	43,088	44,564	47,331	53,821	49,198	56,174	65,587	72,902	59,197
Business-type activities:										
Charges for services:										
Solid waste	7,500	7,456	7,482	7,887	8,169	9,144	9,801	10,731	10,161	11,024
Airport	6,863	7,045	7,496	7,791	7,987	8,278	8,483	9,568	9,841	9,046
Water	14,468	16,398	17,827	18,870	19,458	21,099	19,538	23,569	25,904	22,928
Wastewater	9,125	9,684	9,554	10,230	10,574	10,282	10,919	14,144	16,123	18,054
Other activities	2,305	2,362	2,595	2,821	2,919	2,850	2,810	2,902	3,071	2,758
Operating grants and contributions	1,465	1,487	1,669	2,605	2,281	2,384	2,224	2,260	2,533	2,815
Captial grants and contributions	11,146	9,386	9,281	9,746	7,187	9,247	15,707	6,041	8,426	15,274
Total business-type activities program revenues	52,872	53,818	55,904	59,950	58,575	63,284	69,482	69,215	76,059	81,899
Total primary government program revenues	$ 93,543	$ 96,906	$ 100,468	$ 107,281	$ 112,396	$ 112,482	$ 125,656	$ 134,802	$ 148,961	$ 141,096
Net (expense)/revenue										
Governmental activities	$ (24,350)	$ (21,408)	$ (27,506)	$ (27,895)	$ (27,182)	$ (33,604)	$ (28,165)	$ (15,911)	$ (24,135)	$ (39,127)
Business-type activities	11,108	8,794	9,156	7,508	5,034	8,730	12,079	8,892	14,116	19,343
Total primary government	$ (13,242)	$ (12,614)	$ (18,350)	$ (20,387)	$ (22,148)	$ (24,874)	$ (16,086)	$ (7,019)	$ (10,019)	$ (19,784)

(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)

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 17,088	$ 20,371	$ 23,192	$ 26,001	$ 25,877	$ 28,106	$ 31,642	$ 31,165	$ 32,686	$ 36,507
Franchise fees	2,030	2,128	2,316	2,488	2,711	2,786	2,946	3,348	3,598	2,770
Business license tax	594	613	596	610	634	643	744	706	701	740
Unrestricted federal/state shared revenue	11,723	11,835	11,923	12,339	12,232	12,707	13,247	13,544	14,023	15,117
Unrestricted investment earnings	384	562	881	1,347	555	229	129	133	77	151
Gain on sale of property and equipment	221	179	1,519	235	1,478	(273)	(13)	139	465	411
Miscellaneous	223	403	50	118	124	53	77	59	78	(201)
Transfers	(2,250)	200	253	(38)	(873)	206	(1,561)	146	(4,409)	(9,046)
Total governmental activities	30,013	36,291	40,730	43,100	42,738	44,457	47,211	49,240	47,219	46,449
Business-type activities:										
Property taxes	1,420	1,544	1,548	1,630	1,744	1,774	1,833	1,880	1,864	1,992
Unrestricted federal/state shared revenue	306	306	305	306	312	324	341	341	341	-
Unrestricted investment earnings	1,000	1,728	2,793	2,358	1,336	641	436	419	226	400
Gain on sale of property and equipment	255	10	60	33	44	20	(24)	(547)	468	285
Miscellaneous	84	113	93	312	546	205	150	742	200	273
Transfers	2,250	(200)	(253)	38	873	(206)	1,561	(146)	4,409	9,046
Total business-type activities	5,315	3,501	4,546	4,677	4,855	2,758	4,297	2,689	7,508	11,996
Total primary government	$ 35,328	$ 39,792	$ 45,276	$ 47,777	$ 47,593	$ 47,215	$ 51,508	$ 51,929	$ 54,727	$ 58,445
Change in Net Position										
Governmental activities	$ 5,663	$ 14,883	$ 13,224	$ 15,205	$ 15,556	$ 10,853	$ 19,046	$ 33,329	$ 23,084	$ 7,322
Business-type activities	16,423	12,295	13,702	12,185	9,889	11,488	16,376	11,581	21,624	31,339
Total primary government net position	$ 22,086	$ 27,178	$ 26,926	$ 27,390	$ 25,445	$ 22,341	$ 35,422	$ 44,910	$ 44,708	$ 38,661

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)

Fiscal Year	Property Tax	Business License Tax	Total
2005	$ 17,088	$ 594	$ 16,881
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

Source: City of Billings, Montana

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

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

Source: City of Billings, Montana

[1] 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)

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 17,008	$ 20,049	$ 22,953	$ 25,446	$ 26,006	$ 27,841	$ 32,062	$ 30,654	$ 32,131	$ 36,457
Licenses and permits	4,281	4,340	4,786	5,200	4,952	4,759	5,126	5,611	6,513	5,489
Intergovernmental	16,951	17,818	21,425	22,044	23,933	27,219	27,704	20,698	25,518	27,768
Charges for services	10,270	10,776	10,688	10,385	10,801	9,743	10,725	11,128	10,782	11,512
Fines and forfeitures	1,401	1,651	2,017	1,869	1,650	1,809	2,035	2,052	2,393	2,064
Special assessments	16,149	16,874	16,890	17,180	18,021	17,984	18,635	20,276	21,394	21,548
Other	5,513	3,604	4,208	5,592	3,188	2,761	1,918	1,674	2,337	3,394
Total revenues	71,573	75,112	82,967	87,716	88,551	92,116	98,205	92,093	101,068	108,232
Expenditures										
Current:										
General government	6,358	6,679	7,083	6,452	6,942	7,147	7,208	7,323	7,335	8,288
Public safety	25,799	27,652	33,519	39,867	36,479	38,801	40,529	36,145	43,716	42,386
Public works	11,756	12,482	12,934	13,036	13,708	12,402	13,514	14,133	16,415	18,861
Public health	510	520	556	707	745	727	766	769	787	814
Culture and recreation	5,353	5,603	6,150	6,387	6,570	6,944	6,981	7,133	7,633	8,163
Housing and economic development	5,182	3,984	3,056	3,121	3,936	5,860	3,599	3,478	3,129	3,407
Capital outlay	10,454	13,996	9,858	29,671	17,072	8,313	17,007	13,980	21,874	30,294
Debt service:										
Principal	7,253	9,436	6,208	7,277	4,700	4,590	5,934	6,967	13,153	4,811
Interest and fiscal charges	1,538	1,565	1,433	1,693	1,858	2,172	1,942	1,752	2,688	2,349
Bond issuance costs	113	55	212	-	212	9	64	135	769	133
Total expenditures	74,316	81,972	81,009	108,211	92,222	86,965	97,544	91,815	117,499	119,506
Excess of revenues over (under) expenditures	$ (2,743)	$ (6,860)	$ 1,958	$ (20,495)	$ (3,671)	$ 5,151	$ 661	$ 278	$ (16,431)	$ (11,274)

(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									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Other financing sources (uses)										
Transfers in	$ 22,123	$ 22,903	$ 25,752	$ 23,191	$ 20,691	$ 21,267	$ 25,054	$ 24,532	$ 26,535	$ 24,086
Transfers out	(22,296)	(23,086)	(25,955)	(23,398)	(20,874)	(21,982)	(25,730)	(24,886)	(28,260)	(24,773)
Issuance of debt	1,108	611	228	4,033	213	881	1,125	3,630	33,055	-
Capital leases	-	-	-	404		-	-	-	-	-
General obligation bonds issued	5,200	-	12,500	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	380	168	6,665	988	945	2,325	6,120	4,820
Special assessment refunding bonds issued	1,275	3,371		-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	34	-	43	-	-	-	31	-	1,435	233
Bond discounts	(15)	(41)	-	-	(152)	-	(30)	(57)	(2)	-
Sale of capital assets	169	128	1,504	229	649	342	213	343	468	124
Total other financing sources (uses)	7,598	3,886	14,452	4,627	7,192	1,496	1,608	5,887	39,351	4,490
Net change in fund balances	$ 4,855	$ (2,974)	$ 16,410	$ (15,868)	$ 3,521	$ 6,647	$ 2,269	$ 6,165	$ 22,920	$ (6,784)
Debt service as a percentage of noncapital expenditures	13.8%	16.2%	10.7%	11.4%	8.7%	8.6%	9.8%	11.2%	16.6%	8.0%

Source: City of Billings, Montana
Other expenditures were reclassed 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)

Fiscal Year	Property Tax	Business License Tax	Total
2005	$ 17,008	$ 594	$ 17,602
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

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)

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC) [1]	Percentage of (ARC) [1]
2008	$ 5,536,050	n/a	n/a
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%

Source: City of Billings, Montana

[1] ARC is shown as a percentage of employer contributions for years beginning FY 2009, which was the first year of implementation of GASB Statement 45.

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

	Real Property [3,4]		Personal Property		Total [5]			Ratio of Taxable
Fiscal Year	Estimated Market Value	Taxable Value	Estimated Market Value	Taxable Value	Estimated Market Value [1]	Taxable Value [2]	Direct Tax Rate	Value to Estimated Market
2005	4,084,077,847	120,765,730	203,536,288	6,138,153	4,287,614,135	126,903,883	113.73	3.0%
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 [6]	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%

[1] State of Montana Department of Revenue (both real and personal property).
[2] Yellowstone County, Montana, Assessors Office (both real and personal property).
[3] Market value and taxable value includes Utilities category.
[4] Breakdown of commercial and residential property values is not available.
[5] Market value and taxable value for fiscal years beginning in 2006 include incremental increases to the Tax Increment District.
[6] 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 Year	General [4]	Library [4]	Public Safety [2]	Transit [4]	General Obligation Bonds [5]	Total [3]	County	School Education [1]	School District	Economic Development Authority	State	Direct and Overlapping Total
2005	69.50	9.50	20.00	10.00	4.73	113.73	90.32	111.45	222.88	2.71	47.50	588.59
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

Source: Yellowstone County, Montana, Treasurer

[1] Includes School Equalization Levy and other Education Levies.

[2] Tax payers approved additional public safety mills increase annually for fiscal years 2006 through 2010.

[3] Under State Law, voter approval is required for additional tax rate increases.

[4] General mills are fixed by charter, increases require an amendment to the charter.

[5] 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, 2014 and Ten Years Ago
(Unaudited)

	Tax Year 2013			Tax Year 2004		
Taxpayer	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Northwestern Corp Transmission	$ 7,616,525	1	4.5%	$ 5,200,560	1	4.1%
Bresnan Broadband Dba Mt Teleg	3,734,106	2	2.2%	-		0.0%
Qwest Corporation	3,142,246	3	1.9%	3,230,379	2	2.5%
Montana Dakota Utilities	2,449,205	4	1.5%	1,223,114	3	1.0%
AT & T Mobility LLC	1,293,284	5	0.8%	-		0.0%
Wal-Mart Real Estate Business	1,054,766	6	0.6%	587,725	5	0.5%
Verizon Wireless	1,039,417	7	0.6%	-		0.0%
Western Sugar Co.	659,810	8	0.4%	-		0.0%
Rimrock Owner LP	626,535	9	0.4%	-		0.0%
Wells Fargo Corporate Properties	448,452	10	0.3%	-		0.0%
Med-Map, LLC			0.0%	548,451	6	0.4%
Macerich Rimrock Limited Partner			0.0%	857,344	4	0.7%
Billings 401 Joint Venture	-		0.0%	376,127	10	0.3%
Western Sugar Co.	-		0.0%	427,992	8	0.3%
West Park Plaza Investors	-		0.0%	403,366	9	0.3%
Irte Properties	-		0.0%	530,123	7	0.4%
Total	$ 22,064,346		13.2%	$ 13,385,181		10.5%
Total taxable value	$ 167,764,175			$ 126,903,883		

Source: City of Billings, Montana

CITY OF BILLINGS, MONTANA
Property Tax Levies and Collections [1]
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy[1] for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Delinquent
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2005	13,774,151	13,121,474	95.3%	650,073	13,771,547	100.0%	652,677
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

Source: City of Billings, Montana

[1] 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)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Tax Increment Bonds	Special Assessment Bonds	Intercap Notes Payable	Notes Payable	Capital Leases Payable
2005	$ 6,720	$ 3,905	$ 24,713	$ 2,195	$ 3,915	$ 6,199
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

	Business-Type Activities								
Fiscal Year	Revenue Bonds Airport	Notes Payable Golf Course	Rev Bonds/ Notes Payable Water	Rev Bonds/ Notes Payable Wastewater	Capital Lease Payable Parking	Capital Lease Payable Airport	Total Primary Government	Percentage of Personal Income [1]	Per Capita
2005	$ 10,465	$ 175	$ -	$ -	$ -	$ -	$ 52,618	1.16%	0.53
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

Source: City of Billings, Montana

[1] 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)

Fiscal Year	Population [1]	Taxable Value [2]	General Obligation Bonds [3]	Less: Amounts Available in Debt Service Funds [4]	Net	Percentage of Estimated Actual Taxable Value of Property	Net Bonded Debt Per Capita
2005	99,198	126,903,883	6,720,000	522,301	6,197,699	4.9%	62.48
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

Sources and other information:

[1] Census taken every ten years. Actual census figures given for 2011.
All other years are estimated by City/County Planning, Yellowstone County, Montana.

[2] Yellowstone County, Montana, Assessors Office (these amounts do not include the incremental increases to the Tax Increment District).

[3] Amount does not include Special Assessment, tax increment or revenue bonds. In 2013, recorded net of adjustments.

[4] Amount does not include Special Assessment or tax increment debt service funds.

CITY OF BILLINGS, MONTANA
Direct and Overlapping General Obligation Bonded Debt
June 30, 2014
(Unaudited)

Governmental Unit	Debt Outstanding [1]	Percent Applicable to City [4]	Estimated Share of Overlapping Debt
Overlapping:			
Yellowstone County	**$ 5,530,000** [2]	46.0%	**$ 2,681,497**
School Districts			
Elder Grove SD #4	5,725,000 [2]	0.1%	6,870
Elysian SD #23	9,070,000 [2]	4.6%	439,895
Independent SD #52	3,000,000 [2]	0.3%	9,300
Total School Districts	**17,795,000**		**456,065**
Direct:			
City of Billings	**65,540,000** [3]	100.0%	**65,540,000**
Total direct and overlapping debt	**$ 88,865,000**		**$ 68,677,562**

Source and other information:

[1] Does not include Special Assessment debt with government commitment or tax increment debt.

[2] Finance Department, Yellowstone County, Montana.

[3] City of Billings, Montana

[4] 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.

Billings Public School District #2 does not have General Obligation Bonded Debt.

CITY OF BILLINGS, MONTANA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in 000's)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 64,743	$ 69,070	$ 73,734	$ 130,496	$ 120,260	$ 126,264	$ 110,757	$ 125,971	$ 145,915	$ 153,504
Total net debt applicable to limit	14,592	13,552	25,016	22,280	21,170	20,030	19,343	13,846	27,875	26,407
Legal debt margin	$ 50,151	$ 55,518	$ 48,718	$ 108,216	$ 99,090	$ 106,234	$ 91,414	$ 112,125	$ 118,040	$ 127,098
Total net debt applicable to the limit as a percentage of debt limit	22.54%	19.62%	33.93%	17.07%	17.60%	15.86%	17.46%	10.99%	19.10%	17.20%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed market value:		
Real property	$ 5,547,185,908	
Personal property	272,813,412	
Utilities	320,163,596	
Total assessed value	$ 6,140,162,916	
Debt amount limited to 2.5% of total assessed value		$ 153,504,073
Less:		
General obligation bonded debt outstanding	28,716,650	
Total net debt applicable to limit		28,716,650
Plus:		
Amount set aside for repayment of GO debt		2,310,101
Total net debt applicable to limit		26,406,549
Legal debt margin		$ 127,097,524

Source: City of Billings, Montana
Note: Under state law, the City of Billings, Montana's oustanding 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)

Fiscal Year	Gross Revenue [1]	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	$ 23,987,979	$ 12,659,436	$ 11,328,543	$ -	$ -	$ -	N/A
2006	26,806,825	14,385,330	12,421,495	371,000 [3]	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%

Source: City of Billings, Montana

[1] Includes operating revenue and interest income.

[2] Total operating expenses exclusive of depreciation.

[3] 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)

Fiscal Year	Gross Revenue [1]	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	$ 7,009,310	$ 5,135,523	$ 1,873,787	$ 400,000	$ 676,581	$ 1,076,581	174%
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 [3,4]	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%

Source: City of Billings, Montana

[1] Includes operating revenue, other revenue, interest income and CFC income to the extent of CFC debt service.

[2] Total operating expense exclusive of depreciation.

[3] The 2000 series bonds were refunded in July of 2010 in exchange for 2010A revenue bonds.

[4] 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)

Fiscal Year	Gross[1] Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2005	$ 3,930,214	$ 4,288,762	$ 986,261	$ 5,275,023	74.5%
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%

Source: City of Billings, Montana
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Gross Revenue includes special assessments and investment earnings on reserves.

CITY OF BILLINGS, MONTANA
Pledged-Revenue Coverage
Storm Sewer Bonds[2]
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Gross[1] Revenue	Less: Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	$ 2,795,567	$ 1,081,148	$ 1,714,419	$ 845,000	$ 146,660	$ 991,660	172.9%
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%

Source: City of Billings, Montana
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Gross revenue includes assessments and investment earnings.
[2] Included in special assessment bonds in the financial statements and related notes.

CITY OF BILLINGS, MONTANA
Pledged-Revenue Coverage
Parking Notes Payable [3]
Last Seven Fiscal Years [4]
(Unaudited)

Fiscal Year	Gross[1] Revenue	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Coverage
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	[5] 222,536	272,859	495,395	108%
2014	1,525,125	1,455,807	69,318	115,861	139,915	255,776	27%

Source: City of Billings, Montana
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Gross revenue includes operating revenue and interest income.
[2] Total operating expense exclusive of depreciation
[3] Included in note payable in the financial statements and related notes.
[4] Note payable was issued in fiscal year 2007. Prior to 2007, there was no pledged revenue debt for Parking.
[5] 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)

Fiscal Year	Population [1]	Total Personal Income [5] *(In thousands)*	Per Capita Income [5]	Median Age [2]	School Enrollment [3]	Unemployment Rate [4]
2005	99,198	4,536,682	29,421	36.9	15,704	3.3%
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%

Sources and other information:

[1] Census taken every ten years. Actual census figures given for 2011.
All other years are estimated by City/County Planning, Yellowstone County, Montana.

[2] Census and Economic Information Center (CEIC), Montana Department of Commerce

[3] Billings School District #2.

[4] State of Montana Research & Analysis Bureau.

[5] Bureau of Economic Analysis. Current Fiscal Year given as estimate only.

CITY OF BILLINGS, MONTANA
Principal Employers
Current Year and Ten Years Ago
(Unaudited)

	2014			2005		
Employer	**Number of Employees [1]**	**Rank**	**Percentage of Total City Employment [2]**	**Number of Employees [1]**	**Rank**	**Percentage of Total City Employment [3]**
Billings Clinic	3,133	1	3.67%	2,413	1	-
St. Vincent Healthcare	2,100	2	2.46%	unavailable	-	-
School District #2	1,920	3	2.25%	unavailable	-	-
Stillwater Mining Company	1,574	4	1.85%	unavailable	-	-
Avitus Group	932	5	1.09%	631	4	-
Wal Mart	905	6	1.06%	unavailable	-	-
City of Billings	892	7	1.05%	810	3	-
Yellowstone County	750	8	0.88%	1,303	2	-
Montana State University-Billings	620	9	0.73%	588	5	-
St John's Lutheran Home	597	10	0.70%	unavailable	-	-
Total	13,423		15.74%	5,745		-

Sources and other information:

[1] Information obtained from each individual company. Numbers given may be estimates.

[2] Montana Research and Analysis Bureau, State of Montana. Based on 83,306 employees in the greater Billings Metro Area.

[3] Total City Employment not available for 2005.

CITY OF BILLINGS, MONTANA
Full-Time Equivalent City of Billings Employees by Function
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	107.3	115.3	109.8	98.5	101.5	83.0	83.5	84.8	87.8	90.6
Planning and community services	34.3	35.8	36.8	36.1	37.1	28.0	31.0	31.6	31.6	31.8
Library	30.2	30.2	30.4	30.6	30.7	30.7	31.7	31.7	31.7	31.7
Public safety[1]										
Police	150.0	155.0	158.0	160.0	163.0	167.0	167.0	167.0	165.0	166.0
Animal shelter	7.0	7.0	7.0	9.0	10.0	7.0	7.0	7.0	7.0	7.0
Fire	139.0	146.0	152.0	155.0	147.0	148.0	146.0	146.0	146.5	146.5
Streets/Traffic	39.0	40.0	44.0	43.0	43.0	43.0	43.0	45.0	45.0	45.0
Water and Wastewater	97.0	101.0	103.0	107.0	103.0	104.0	104.0	103.0	103.0	103.0
Sanitation	51.5	52.5	53.5	58.5	62.5	62.5	63.5	63.5	63.5	64.5
Parking	14.8	14.8	14.8	14.8	15.8	15.3	15.3	15.3	12.3	12.0
Aviation	53.0	53.0	53.0	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	33.0	34.5	38.0	46.0	49.0	72.0	74.0	75.0	75.0	75.0
Total	811.4	840.4	855.6	869.8	873.9	871.8	877.3	881.2	879.7	884.4

Source: City of Billings Annual Budget

[1] Police and Fire began adding staff in FY 2006 as a result of the public safety levy approved by the voters in 2004.

City of Billings
Operating Indicators by Activity
Last Ten Years
(Unaudited)

Activity	Report Period[1]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police											
Dispatched Calls	FY	59,857	59,736	59,958	60,156	60,112	59,840	60,686	63,915	66,510	66,111
Arrests	CY	8,069	7,360	8,348	7,256	7,631	6,815	7,324	9,116	9,265	10,214
Traffic Violations	CY	28,056	37,143	33,698	24,567	28,884	24,024	27,240	30,473	26,478	24,813
Traffic Accidents	CY	3,504	7,136	3,695	3,313	3,081	2,912	3,623	3,524	3,329	3,988
Fire											
Dispatched Calls	FY	11,309	11,629	11,879	11,426	10,728	10,499	10,841	11,228	11,194	11,989
Inspections	CY	2,464	1,799	2,723	1,835	2,840	1,021	1,972	1,191	1,209	1,553
Solid Waste											
Residential Customers	FY	28,805	29,381	29,981	30,477	31,101	31,554	31,800	32,359	32,772	33,127
Commerical Customers	FY	3,436	3,511	3,566	3,596	3,642	3,704	3,889	3,982	4,071	4,136
Landfill trips	FY	145,690	150,872	153,634	169,101	120,821	143,046	153,010	164,667	166,777	165,729
Water											
Customers	FY	27,656	28,055	28,406	28,864	29,073	29,248	29,309	29,537	29,811	30,113
Average Daily Consumption (millions of gallons)	FY	19	25	25	23	21	20	19	23	23	21
Wastewater											
Customers	FY	29,719	30,235	30,748	31,637	31,909	32,193	32,390	32,586	32,951	33,357
Average Daily Treatment (millions of gallons)	FY	15	15	16	16	15	16	16	16	16	16

Source: City of Billings Operating Budget, Billings, Montana

[1] CY represents a Calendar Year, FY represents a Fiscal Year

City of Billings
Capital Asset Statistics by Activity
Last Ten Years
(Unaudited)
(Page 1 of 2)

	Report	Years									
Date of Incorporation - 1882	**Period[1]**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Form of Government - Council/Administrator											
Area in Square Miles	FY	38.8	39.1	40.4	40.4	40.1	40.1	42.0	42.0	42.0	42.0
Activity											
Public Safety											
Police											
Stations	FY	1	1	1	1	1	1	1	1	1	1
Police Officers	FY	129	132	129	134	143	143	142	141	140	141
Fire											
Stations	FY	6	6	6	7	7	7	7	7	7	7
Firefighters/Officers/Dispatchers	FY	145	144	143	144	146	148	148	148	146	146.5
Streets											
Streets (miles)	CY	521	531	531	540	458	523	523.4	526.2	530.0	530.0
Streetlights	FY	7,624	7,660	7,816	7,816	7,993	8,000	8,179	8,202	8,202	8,239
Street Light Maintenance Districts	FY	168	168	177	180	183	181	184	185	185	186
City Parks											
Developed Acres	FY	522	534	1,080	625	1,183	1,183	1,183	1,183	1,183	1,183
Undeveloped Acres	FY	457	460	200	440	290	290	290	290	290	290
Natural Park Acres	FY	1,892	1,909	717	1,900	1,107	1,107	1,107	1,107	1,107	1,107
Parking											
Garages	FY	4	4	4	4	4	4	4	4	3	3

(continued)

Source: City of Billings Operating Budget, Billings, Montana

[1] 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)

	Report Period[1]	Years 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water											
Water Mains (miles)	FY	413	426	433	436	441	447	447	465	467	468
Fire Hydrants	FY	3,681	3,825	3,853	3,912	3,969	4,145	4,204	4,211	4,242	4,357
Maximum Daily Capacity (millions of gallons)	FY	50	60	65	60	46	60	60	60	60	60
Wastewater											
Storm Sewers (miles)	FY	141	146	147	147	149	149	149.2	149.2	149.2	213.8
Sanitary Sewers (miles)	FY	412	423	429	433	444	466	473	461	486	488
Maximum Daily Capacity (millions of gallons)	FY	26	26	27	27	26	26	26	26	26	26

Source: City of Billings Operating Budget, Billings, Montana

[1] 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)

	Construction [1]							
	Commercial			Residential [2]				
Fiscal Year	Number of Permits	Value		Number of Permits	Value		Bank Deposits (in thousands) [3]	Property Value [4,6]
2005	112	$ 52,378,039		560	92,302,312		$ 1,720,366	$ 4,287,614,135
2006	113	47,749,028		503	93,464,621		1,930,591	4,574,155,297
2007	88	87,937,071	[5]	496	89,502,065		2,222,151	4,883,017,682
2008	69	107,949,910	[7]	388	71,378,452		2,858,991	5,219,829,310
2009	71	63,332,381		227	38,331,029	[8]	3,144,622	4,810,404,010 [9]
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	[10]	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

Sources and other information:

[1] Building Department (new construction permits), City of Billings, Montana.

[2] Single family only.

[3] Individual banks and credit unions.

[4] State of Montana Department of Revenue.

[5] 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.

[6] For fiscal years beginning in 2006 the property value includes the Tax Increment District.

[7] 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.

[8] Residential construction is down due to the economy.

[9] For Fiscal Year 2009 the State of Montana Department of Revenue did not include exempt properties.

[10] 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

Junkermier · Clark
Campanella · Stevens · P.C.
Certified Public Accountants and Business Advisors

501 Park Drive South
P. O. Box 989
Great Falls, MT 59403
Phone (406) 761-2820
FAX (406) 761-2825
www.jccscpa.com

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, 2014, 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, 2014.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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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 findings 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, 2014

Junkermier · Clark
Campanella · Stevens · P.C.
Certified Public Accountants and Business Advisors

501 Park Drive South
P. O. Box 989
Great Falls, MT 59403
Phone (406) 761-2820
FAX (406) 761-2825
www.jccscpa.com

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, 2014. 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.

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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, 2014.

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, 2014

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014
(Page 1 of 4)

Federal Grantor	Federal CFDA Number	Major or Nonmajor	ARRA Grant	Program Amount or Grant Award	Expenditures
U.S. Department of Housing and Urban Development					
Community Development Block Grants and Entitlement Grants:	14.218	Nonmajor			
Grant entitlement B-10-MC-30-001				$ 772,435	$ 8,624
Grant entitlement B-11-MC-30-001				646,256	27,859
Grant entitlement B-12-MC-30-001				570,374	284,423
Grant entitlement B-13-MC-30-001				583,761	648,357
CFDA subtotal				2,572,826	969,263
Special Project Grant-Consolidated Appropriations Act 2008	14.251	Nonmajor			
B-10-SP-MT-0074				323,000	51,677
CFDA subtotal				323,000	51,677
Home Investment Partnerships Program:	14.239	Nonmajor			
Grant entitlement M 10 MC 300213				538,119	438,771
Grant entitlement M 11 MC 300213				473,640	9,653
Grant entitlement M 12 MC 300213				315,079	60,276
Grant entitlement M 13 MC 300213				309,694	58,258
CFDA subtotal				1,636,532	566,958
Corporation for National and Community Service					
AmeriCorps VISTA - VISTA State Support Grant 09-VSP-MT-001	94.013	Nonmajor		15,486	18,486
CFDA subtotal				15,486	18,486
U.S. Department of Transportation					
Airport Improvement Program:	20.106	Major			
AIP3-30-008-43				1,856,976	1,173,198
AIP3-30-008-44				6,054,169	4,757,722
AIP3-30-008-45				2,297,073	2,202,501
CFDA subtotal				10,208,218	8,133,421

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014
(Page 2 of 4)

Federal Grantor	Federal CFDA Number	Major or Nonmajor	ARRA Grant	Program Amount or Grant Award	Expenditures
U.S. Department of Transportation (continued)					
Federal Transit Capital and Operating Assistance Formula Grants	20.507	Nonmajor			
FTA Section 9-Capital MT-03-0026				4,383,547	14,512
FTA Section 9-Capital MT-04-0020				38,112	1,963
FTA Section 9-Operating MT-90-X103				2,003,098	2,003,098
CFDA subtotal				6,424,757	2,019,573
Federal Transit Metropolitan Planning Grants	20.505	Nonmajor			
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 107402				182,738	153,305
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 106742				160,452	15,326
CFDA subtotal				343,190	168,631
Federal Transit Metropolitan Planning Grants	20.513	Nonmajor			
FTA Section 5310-Capital-Passed Through the State of Montana Contract # 107176				73,325	63,485
CFDA subtotal				73,325	63,485
State and Community Highway Safety:	20.600	Nonmajor			
Passed through the State of Montana:					
STEP OT Contract #106705				10,000	3,425
STEP OT Contract #107264				10,000	7,277
CFDA subtotal				20,000	10,702
Highway Planning and Construction:	20.205	Nonmajor			
Passed through the State of Montana					
CTEP Grant STPE 1099 (71)				137,387	62,771
CTEP Grant STPE 1099 (80)				179,565	163,247
CTEP Grant STPE 1099 (88)				72,727	1,081
CTEP Grant STPE 1099 (92)				84,110	1,207
CTEP Grant STPE 1099 (95/96)				415,000	5,191
STPU-MT UPN 6040				80,000	6,266
CTEP Grant STPE 6632 Swords Park Trail II				399,004	24,401
Metropolitan Planning Funds SPR-PL-1 (49)				801,050	746,110
CFDA subtotal				2,168,843	1,010,275

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014
(Page 3 of 4)

Federal Grantor	Federal CFDA Number	Major or Nonmajor	ARRA Grant	Program Amount or Grant Award	Expenditures
U.S. Department of Interior					
Historic Preservation Fund Grants-In-Aid:	15.904	Nonmajor			
Passed through the Montana Historic Society;					
MT-12-012				5,225	5,225
CFDA subtotal				5,225	5,225
U.S. Department of Justice					
Office of Juvenile Justice Delinquency Program	16.543	Nonmajor			
Internet Crimes Against Children 2013-MC-FX-K025				256,253	197,553
Internet Crimes Against Children 2010-MC-CX-K007				676,685	116,538
CFDA subtotal				932,938	314,091
Billings Adult Misdemeanor Treatment Court-DUI Grant	16.585	Nonmajor			
2012-DC-BX-0043				350,000	102,740
CFDA subtotal				350,000	102,740
Violence Against Women Formula Grants passed through	16.588	Nonmajor			
State of Montana Board of Crime Control					
Domestic Violence Investigator 12-W02-91129				17,841	6,040
Domestic Violence Investigator 11-W02-90927				34,464	9,471
CFDA subtotal				52,305	15,511
Justice Assistance Grants:					
2010-DJ-BX-1006	16.738	Nonmajor		80,500	15,046
2011-DJ-BX-3277				71,253	26,710
2012-DJ-BX-1081				52,130	4,238
2013-DJ-BX-1130				65,371	12,977
CFDA subtotal				269,254	58,971
Billings Adult Misdemeanor Treatment Court-Mental Health Grant	16.745	Nonmajor			
2012-MO-BX-0008				200,000	50,902
CFDA subtotal				200,000	50,902
Office of Justice Porgrams:					
Internet Crimes Against Children 2009-SN-B9-K037-ARRA	16.800	Nonmajor	x	422,046	28,502
CFDA subtotal				422,046	28,502

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014
(Page 4 of 4)

Federal Grantor	Federal CFDA Number	Major or Nonmajor	ARRA Grant	Program Amount or Grant Award	Expenditures
Department of Health and Human Services					
Substance Abuse and Mental Health Services					
Administration Grant #1H79TI21895-01	93.243	Nonmajor		883,155	114,543
Billings Adult Misdemeanor Drug Court-SAMHSA				971,630	244,882
CFDA subtotal				1,854,785	359,425
Department of Homeland Security					
Homeland Security Grant Program	97.067	Nonmajor			
2011-SS-00052 - Police				99,000	82,497
2013-SS-00064 - Police				151,000	9,111
CFDA subtotal				250,000	91,608
Office of National Drug Control Policy					
High Intensity Drug Traffic Area Award:	95.001	Nonmajor			
2013 HIDTA #G13RM0038A				191,289	108,604
2014 HIDTA #G14RM0038A				194,245	94,436
CFDA subtotal				385,534	203,040
Environmental Protection Agency					
Capitalization Grant-State Revolving Fund Passed Through the	66.468	Nonmajor			
State of Montana-Dept of Natural Resources and Conservation					
Zone 3 Chapple Reservoir WRF - 14311 80% Fed				4,880,000	400,909
Zone 3 East Fox Reservoir WRF-13275 80% Fed				2,480,000	1,812,303
CFDA subtotal				7,360,000	2,213,212
Total federal awards (all sources)				$ 35,868,264	$ 16,455,698

CITY OF BILLINGS, MONTANA
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Billings, Montana and is presented using the basis of accounting consistent with the basis of accounting used in the basic financial statements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

(2) Relationship to General-Purpose Financial Statements

Federal awards revenues are reported in the City's financial statements as follows:

	Inter-governmental	Capital Contributions	Total
Special revenue funds:			
Development Services Grants Fund	$ 1,079,652	$ -	$ 1,079,652
Police Programs Fund	722,427	-	722,427
City-County Planning Fund	746,110	-	746,110
Municipal Court Grants Fund	513,065	-	513,065
Enterprise funds:			
Airport Fund	-	8,133,421	8,133,421
Transit Fund	1,941,763	77,810	2,019,573
Total	$ 5,003,017	$ 8,211,231	$ 13,214,248

State, local, and federal revenue of $10,004,823 in the General Fund are included in the intergovernmental revenue as reported in the Governmental Funds combining statements or revenues, expenditures, and changes in fund balance. State, local, and federal revenue of $1,800,961 in the Gas Tax Fund, $719,719 in the Police Programs Fund, $752,167 in the City-County Planning Fund, $139,088 in the Fire Programs Fund, and $620,967 in the Municipal Court Grants Fund are also included in the intergovernmental revenue as reported in the non-major special revenue funds-combining statements of revenues, expenditures, and changes in fund balance. Other intergovernmental revenue of $2,690,780 in the Transit fund and capital contributions of $8,133,421 in the Airport fund are also included in the basic financial statements.

CITY OF BILLINGS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Financial Statements

Type of auditors' report issued	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	no
Significant deficiencies identified not considered to be material weakness?	yes
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:

Airport Improvement Program - CFDA 20.106

Dollar threshold used to distinguish between Type A and Type B	$493,671
Auditee qualified as low-risk auditee?	yes

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.

CITY OF BILLINGS, MONTANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

FINDINGS - FINANCIAL STATEMENT AUDIT

Prior Period Adjustment Infrastructure

2013-1 **Criteria**: Capital assets are required to be capitalized and depreciated over their estimated useful life according to ownership of the assets.

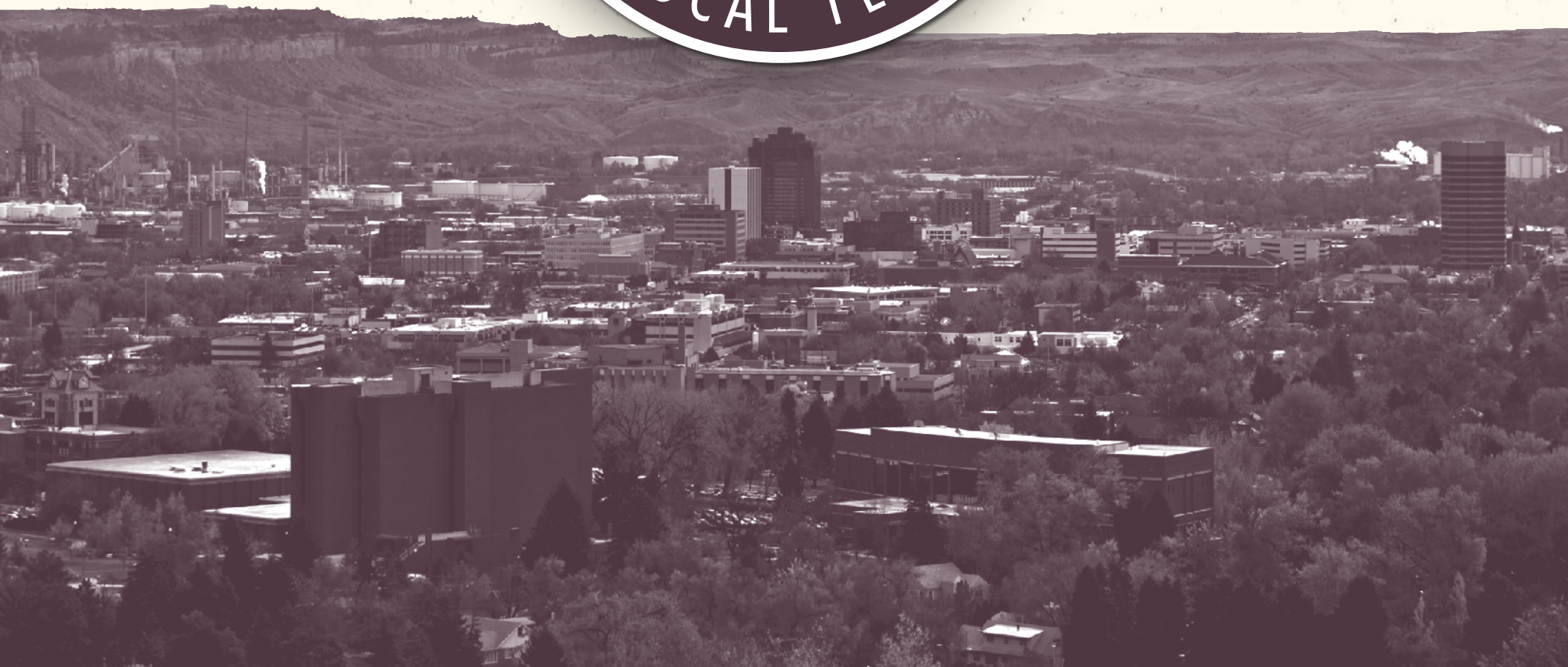
Condition: Capital assets were overstated by the amount of assets not belonging to the City.

Effect: The City's financial statements for the year ended June 30, 2013, reflect a prior period adjustment in the to correct the capital assets balance.

Cause: Finance personnel discovered an error in capital assets and accumulated depreciation relating to infrastructure. It was determined during FY13 that a bridge as part of the Aronson Avenue project is a County asset; and, therefore, is not a City asset.

Recommendation: The City should continue to monitor their capital assets for proper ownership recording.

Management Response: The City has made a note in its fixed asset manual maintained by Public Works of the State of Montana rule stating that all bridges constructed would be maintained by the County in which the asset is constructed regardless of whose financial resources were used. The City has since reviewed all fixed assets maintained on its fixed asset tracking system to ensure that no additional bridges are contained within the listing.

City of Billings, Montana

2014 City of Billings MONTANA FISCAL YEAR