



Fiscal Year 2016



**CITY OF BILLINGS**  
*Montana*



**COMPREHENSIVE**  
*Annual Financial Report*

# ABOUT THE COVER

In 1890, outside of the growing city of Billings, Montana, a sheep rancher resolved to create a way to manage his time and energy better. Joseph Zimmerman was a Billings businessman who also owned about 1,900 acres below the Rimrocks, on what is now Billings' westend, and on top along Alkali Creek. During the summer, while the sheep were at the Alkali Creek camp, Joseph would make weekly trips from his westend homestead, following the Rimrocks around Boot Hill Cemetery and then back along the top of the Rims, to the sheep camp to supply his shepherd. It took him two days to make the 32-mile round trip, as told in "Along the Zimmerman Trail," written by Charles Zimmerman, Joseph's nephew, which was noted in a *Billings Gazette* article on August 16, 2014. In the summer of 1890, Joseph and his brother Frank began cutting a trail up the Rimrocks. It took the brothers two summers to complete the project. Upon successful completion in 1891, Joseph's treks to the camp were shortened to only 5 hours.

In 1938, the tract of land and right-of-way was purchased and deeded to Yellowstone County. The trail was revised and constructed into an actual road with drainage and guard rails. By 1940, Zimmerman Trail was newly paved for automobile traffic which had essentially replaced horse and wagon transportation.

Zimmerman Trail is now considered, by many residents and visitors of Billings, a vital connector from the West End of Billings to Highway 3, the Billings' airport, and the Billings' Heights. On March 25, 2014, there was a small rock slide that damaged the Trail and resulted in a road closure for what was expected to be only a few days. However, upon surveying the damage, it was determined that due to the wet spring, there were signs of other potentially dangerous areas above the road, and Zimmerman Trail was indefinitely closed until a study and stabilization/removal of other dangerous areas could be completed. This proved to be a good thing, as on May 12, 2014, more rock slides occurred, including two large ones that nearly damaged private residences located below the Rimrocks near the Trail. Zimmerman Trail remained closed until June 12, 2014.

After the closure from the rock slides, the City of Billings, its citizens, and its visitors truly became aware of the convenient gift Joseph and Frank Zimmerman provided to the city when they carved a new path into the Rimrocks 125 years ago!

Cover photo provided courtesy of the Billings Gazette.

CITY OF BILLINGS, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATION  
FINANCE DEPARTMENT

PATRICK M. WEBER  
FINANCE DIRECTOR

FISCAL YEAR 2016

July 1, 2015 – June 30, 2016

**INTRODUCTORY SECTION (UNAUDITED)**

Transmittal Letter .....	i-vi
Certificate of Achievement for Excellence in Financial Reporting .....	vii
Organization Chart .....	viii
Official Roster.....	ix

**FINANCIAL SECTION**

Independent Auditors' Report.....	1-2
Management's Discussion and Analysis .....	3-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	13-14
Statement of Activities .....	15
Fund Financial Statements:	
Governmental Funds – Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement Net Position.....	17
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19-20
Proprietary Funds – Statement of Net Position.....	21-22
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position .....	23
Proprietary Funds – Statement of Cash Flows .....	24-25
Fiduciary Funds – Statement of Fiduciary Net Position .....	26
Notes to Basic Financial Statements.....	27-107
Required Supplemental Information .....	108-115
Supplemental Information:	
Major Funds Budget and Actual Schedules:	
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	116

Major Special Revenue Fund – Public Safety Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual .....	117
Major Debt Service Fund – Special Improvement Districts Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual .....	118
Nonmajor Governmental Funds:	
Combining and individual Fund Statements and Schedules:	
Nonmajor Governmental Funds – Combining Balance Sheet .....	119
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	120
Nonmajor Special Revenue Funds:	
Combining Balance Sheet .....	121-124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	125-128
Combining Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual .....	129-143
Nonmajor Debt Service Funds:	
Combining Balance Sheet .....	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	145
Combining Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual .....	146-150
Nonmajor Capital Projects Funds:	
Combining Balance Sheet .....	151
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	152
Combining Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual .....	153-157
Nonmajor Permanent Fund:	
Balance Sheet .....	158
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	159
Nonmajor Enterprise Funds:	
Combining Statement of Net Position .....	160-161
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	162
Combining Statement of Cash Flows .....	163-164
Internal Service Funds:	
Combining Statement of Net Position .....	165-168

Combining Statement of Revenues, Expenses, and Changes in Net Position .....	169-170
Combining Statement of Cash Flows .....	171-174
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	175-176

## STATISTICAL SECTION (UNAUDITED)

Net Position by Component .....	177
Changes in Net Position .....	178-180
Governmental Activities Tax Revenues by Source .....	181
Fund Balances of Governmental Funds.....	182
Changes in Fund Balances of Governmental Funds.....	183-184
General Governmental Tax Revenues by Source .....	185
Employer Contributions to Health Insurance Plan.....	186
Assessed and Estimated market Value of Taxable Property .....	187
Property Tax Rates – Direct and Overlapping Governments .....	188
Principal Property Taxpayers .....	189
Property Tax Levies and Collections.....	190
Ratios of Outstanding Debt by Type .....	191
Ratios of General Obligation Bonded Debt Outstanding.....	192
Direct and Overlapping General Obligation Bonded Debt.....	193
Legal Debt Margin Information.....	194
Pledged – Revenue Coverage – Water and Wastewater.....	195
Pledged – Revenue Coverage – Airport Revenue Bonds.....	196
Pledged – Revenue Coverage – Special Assessment Bonds.....	197
Pledged – Revenue Coverage – Storm Sewer Bonds .....	198
Pledged – Revenue Coverage – Parking Note Payable .....	199
Demographics Statistics .....	200
Principal Employers .....	201
Full-time Equivalent City Government Employees by Function .....	202
Operating Indicators.....	203
Capital Asset Statistics .....	204-205
Property Value, Construction, and Bank Deposits .....	206

## SINGLE AUDIT SECTION

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 .....	207-208
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	209-210
Schedule of Expenditures of Federal Awards .....	211-214
Notes to Schedule of Expenditures of Federal Awards .....	215
Schedule of Findings and Questioned Costs .....	216-217
Summary Schedule of Prior Audit Findings.....	218

# INTRODUCTORY SECTION



# CITY OF BILLINGS

## FINANCE DEPARTMENT

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December 29, 2016

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, 2016, 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 auditors' 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 Uniform Guidance, 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 110,263.

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.

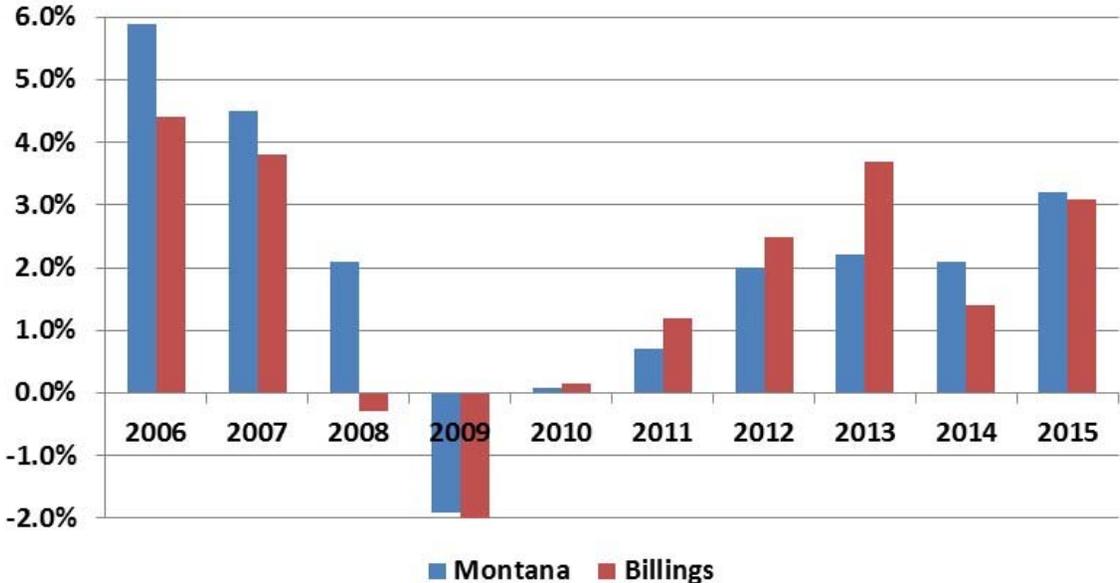
The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

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, 2016. 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. Billings has a diverse economic base composed of a variety of industries. The major industries in Billings consists of manufacturing, health care, retail, government, and transportation. Economic growth over the past decade continues to increase at a modest rate, as the following chart indicates. The recovery slowed in 2014 due to the drop in oil prices, but has still continued to have positive growth overall. Billings has maintained a low unemployment rate (3.9% as of June 2016), with growth in the construction and manufacturing industries.

# Change in Nonfarm Labor Income



One of the City's largest industries is healthcare. Presently, the Billings Clinic Health System (approximately 4,150 employees) and Saint Vincent Healthcare (approximately 1,750 employees) employ approximately 5,900 employees. Both healthcare systems have embarked on major expansion programs that will increase the size of their facilities and their employment levels over the next several years.

### LONG-TERM FINANCIAL PLANNING

The City of Billings annually completes five year plans for the General Fund, Public Safety Fund, Library Fund, Airport Fund, Transit Fund and other operating funds. The Public Safety Fund gets around 50% of its revenue from the General Fund. The General Fund does not get enough revenue to sustain this transfer for more than four years. Therefore the City will need to determine a method to continue to fund Public Safety in the next three to four years. This will likely be a combination of conservative spending and asking voters to pass an additional public safety levy. The City is also in the process of completing Priority Based Budgeting for all operational funds. This information will be used when completing the FY18 budget.

### RELEVANT FINANCIAL POLICIES

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

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

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

### MAJOR INITIATIVES

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

- ∞ Honest, Responsive Government: Striving to be a principle-centered organization that promotes responsibility, accountability, trust, and open, accessible government.
- ∞ Comprehensive Orderly Growth: Careful consideration and management of the process of community growth.
- ∞ Transportation: Development of a comprehensive, multi-modal transportation system that supports the Growth Policy.

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

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

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

#### INDEPENDENT AUDIT

The State of Montana requires a biennial audit of the basic financial statements of the City by independent certified public accountants selected by the City Council. However, the City Council has recommended that an annual audit be performed. An annual audit provides a higher level of financial management and fiscal responsibility. JCCS P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Billings, Montana’s financial statements for the year ended June 30, 2016. The independent auditors’ 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, 2015. This was the 32<sup>nd</sup> consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

For the 25<sup>th</sup> consecutive year, the City received the GFOA's Award for Distinguished Budget Presentation for its 2016-2017 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

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

Patrick M. Weber  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

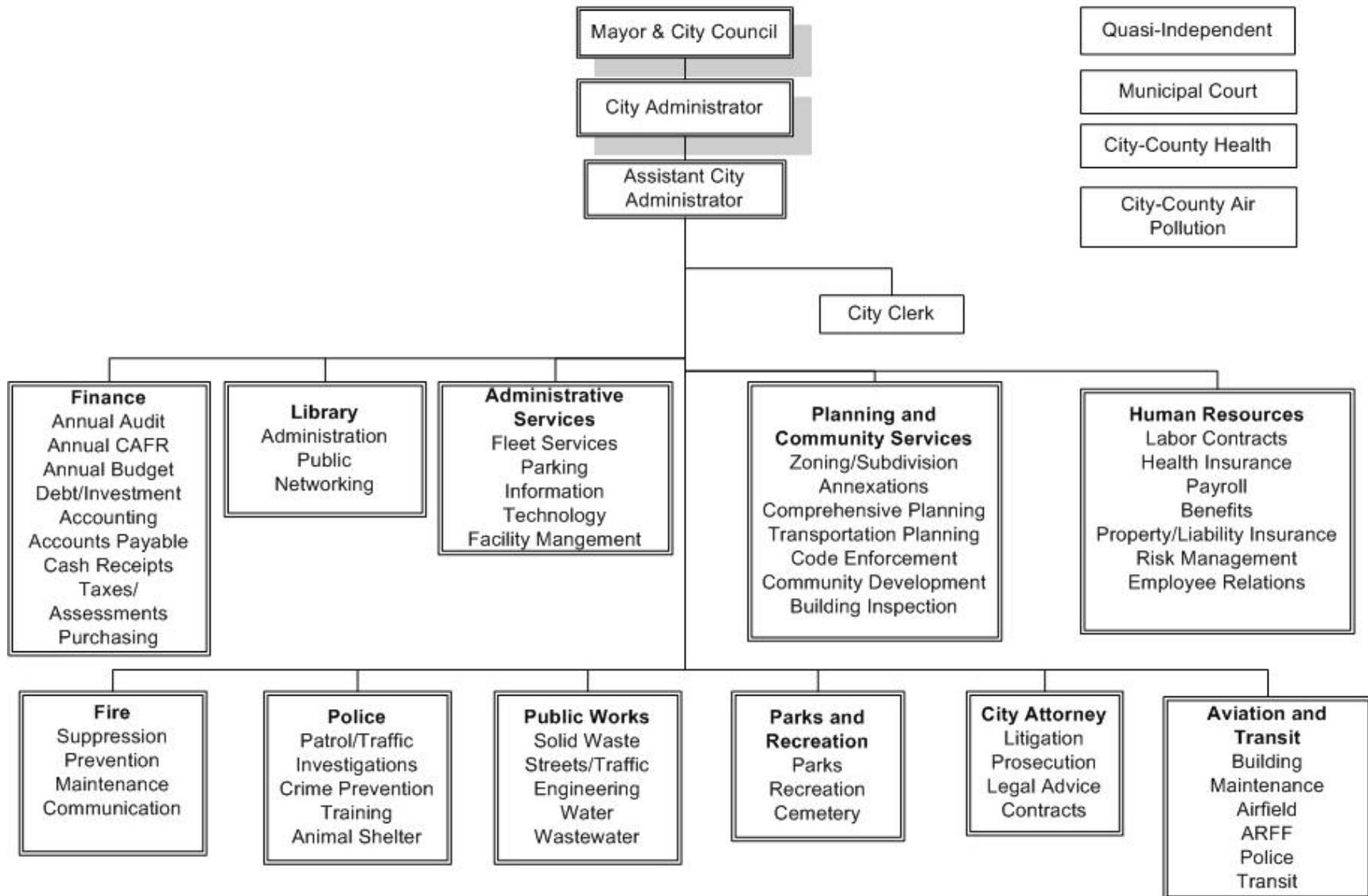
**City of Billings**  
**Montana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

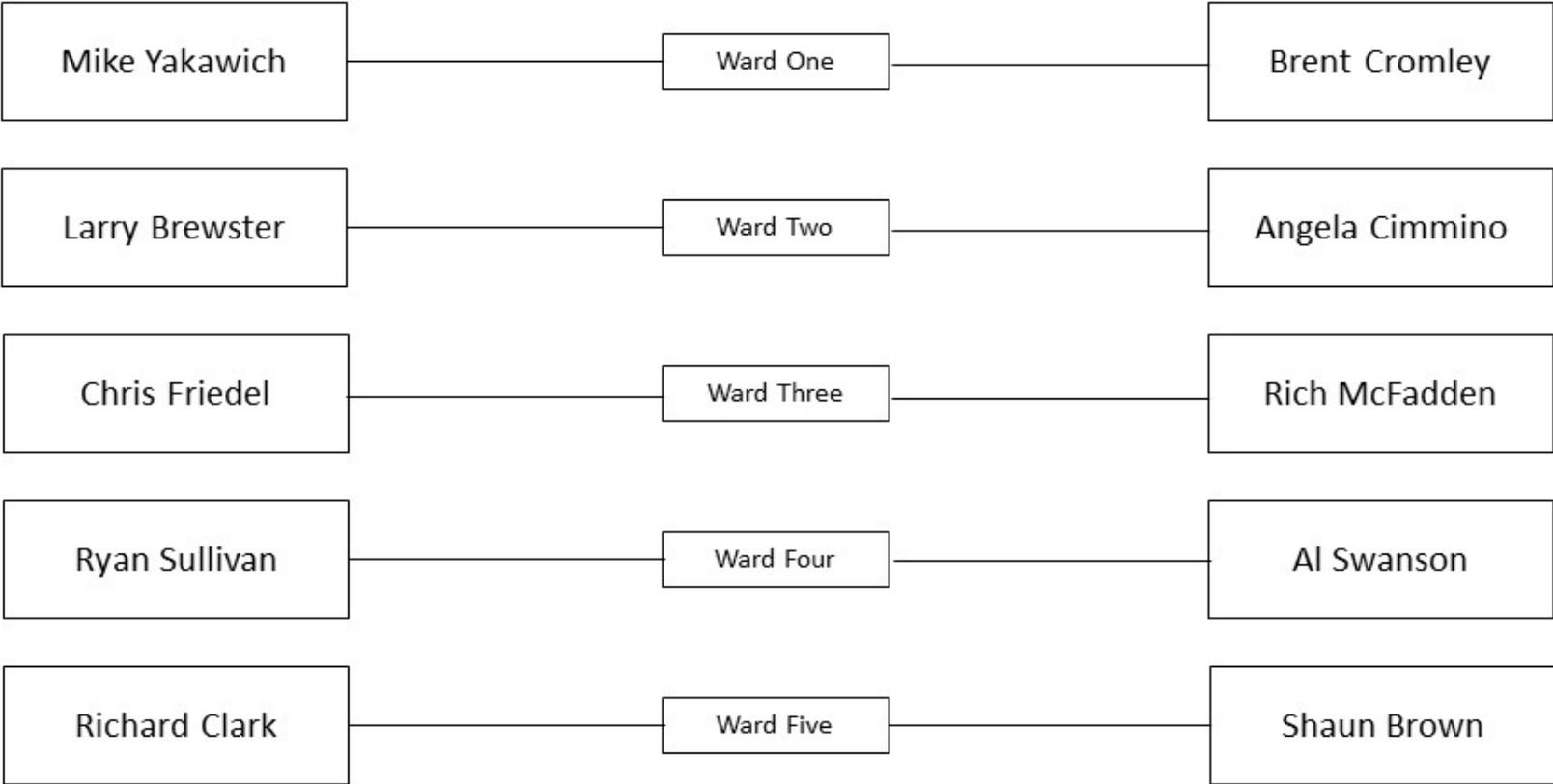
# City of Billings Organizational Chart



City of Billings, Montana  
Official Roster

Mayor  
Tom Hanel

Council Members



# FINANCIAL SECTION

**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, 2016, and the related notes to the financial statements, which collectively comprise the City of Billings, Montana'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 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and actuarial valuation of postretirement benefits and budgetary comparison information on pages 3 through 12 and 108 through 115 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 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 29, 2016, 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 29, 2016

## **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, 2016. In addition to this overview and analysis based on currently known facts, decisions, and conditions, the City encourages readers to consider the information presented in the City's letter of transmittal and the City's financial statements, which begin on pages i and 13 of this report, respectively.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the fiscal year end by \$701,199,076 (Net Position).
- The total fiscal year end governmental fund balance was \$109,142,565 as reported in the balance sheet.
- The total general fund and public safety fund balances at the fiscal year end were \$27,190,807 and \$1,442,703, 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, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

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

**Governmental Funds.** Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year.

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

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

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

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

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

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

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

### Government-wide Financial Analysis

Net position over time may serve useful as an indicator of a government's financial position. The net position for the fiscal year ending June 30, 2016, was \$701,199,076 (assets exceeded liabilities), which was an increase of \$34,683,442.

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, 2016, and June 30, 2015:

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 134,902,757	\$ 141,647,288	\$ 109,451,234	\$ 98,871,564	\$ 244,353,991	\$ 240,518,852
Capital assets	277,681,719	262,547,541	412,428,621	397,537,786	690,110,340	660,085,327
Total assets	412,584,476	404,194,829	521,879,855	496,409,350	934,464,331	900,604,179
Deferred outflows	7,252,081	4,449,876	1,368,334	1,264,628	8,620,415	5,714,504
Long-term liabilities outstanding	133,511,691	129,301,341	82,836,980	81,361,507	216,348,671	210,662,848
Other liabilities	12,107,529	11,667,209	7,336,932	6,912,866	19,444,461	18,580,075
Total liabilities	145,619,220	140,968,550	90,173,912	88,274,373	235,793,132	229,242,923
Deferred inflows	4,660,056	7,069,936	1,432,483	3,490,190	6,092,539	10,560,126
Net position:						
Net investment in capital assets	201,511,490	173,273,529	353,451,259	337,909,865	554,962,749	511,183,394
Restricted	62,749,069	61,916,558	7,766,110	7,411,886	70,515,179	69,328,444
Unrestricted	5,296,722	25,416,132	70,424,426	60,587,664	75,721,148	86,003,796
Total net position	\$ 269,557,281	\$ 260,606,219	\$ 431,641,795	\$ 405,909,415	\$ 701,199,076	\$ 666,515,634

The restricted portion of fiscal year 2016 Net position (10.1%) 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 36,197,632	\$ 34,351,100	\$ 71,128,324	\$ 69,423,977	\$ 107,325,956	\$ 103,775,077
Operating grants and contributions	11,712,534	16,554,335	3,894,090	2,194,865	15,606,624	18,749,200
Capital grants and contributions	9,567,960	7,884,181	12,326,771	4,366,839	21,894,731	12,251,020
General revenues:						
Property taxes	36,635,514	32,197,720	1,981,394	1,864,515	38,616,908	34,062,235
Franchise fees	3,945,763	3,808,180	-	-	3,945,763	3,808,180
Business licenses	755,095	758,831	-	-	755,095	758,831
Unrestricted federal/state shared revenue	15,876,960	15,549,285	-	420,602	15,876,960	15,969,887
Unrestricted investment earnings	332,457	195,696	751,528	445,348	1,083,985	641,044
Gain/(Loss) on sale of property and equipment	(2,212,314)	948,724	-	60,716	(2,212,314)	1,009,440
Miscellaneous	194,362	221,086	153,476	352,845	347,838	573,931
Total revenues	113,005,963	112,469,138	90,235,583	79,129,707	203,241,546	191,598,845

(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses:						
General government	8,166,344	9,532,639	-	-	8,166,344	9,532,639
Public safety	43,854,611	43,085,096	-	-	43,854,611	43,085,096
Public works	32,694,939	31,320,217	-	-	32,694,939	31,320,217
Public health	957,498	1,059,063	-	-	957,498	1,059,063
Culture and recreation	10,866,744	11,211,519	-	-	10,866,744	11,211,519
Housing and economic development	4,474,822	4,611,742	-	-	4,474,822	4,611,742
Interest on long-term debt	2,939,372	2,778,572	-	-	2,939,372	2,778,572
Solid Waste	-	-	11,988,460	11,823,308	11,988,460	11,823,308
Airport	-	-	12,538,288	12,615,821	12,538,288	12,615,821
Water	-	-	18,534,453	17,652,043	18,534,453	17,652,043
Wastewater	-	-	12,953,167	12,314,496	12,953,167	12,314,496
Parking	-	-	2,424,648	2,538,345	2,424,648	2,538,345
Transit	-	-	5,715,233	6,170,326	5,715,233	6,170,326
Golf Course	-	-	449,530	435,617	449,530	435,617
Total expenses	103,954,330	103,598,848	64,603,779	63,549,956	168,558,109	167,148,804
Increase in net position before transfers	9,051,633	8,870,290	25,631,804	15,579,751	34,683,437	24,450,041
Transfers	(100,576)	(4,143,576)	100,576	4,143,576	-	-
Change in net position	8,951,057	4,726,714	25,732,380	19,723,327	34,683,437	24,450,041
Net position, beginning of year	260,606,224	292,552,692	405,909,415	402,297,438	666,515,639	694,850,130
Prior period adjustment	-	(36,673,182)	-	(16,111,350)	-	(52,784,532)
Net position, end of year	\$ 269,557,281	\$ 260,606,224	\$ 431,641,795	\$ 405,909,415	\$ 701,199,076	\$ 666,515,639

**Governmental activities.** Net Position in governmental activities increase by \$8,951,057 during fiscal year 2016. Net Position increase due to the deferred outflows related to pensions increasing as a result of investments performing better than expected.

**Business-type activities.** Net Position in business-type activities increased by \$25,732,380 during fiscal year 2016. Net Position increased due to Airport, Water, and Wastewater contributed capital of \$11.4 million.

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

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

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

The City of Billings Public Safety Fund received approximately 50% of its funding from the General Fund. Therefore, both funds are directly related. The combined fund balances for the General and Public Safety funds increased by \$2.1 million in the current fiscal year. The increase resulted from ongoing cost containments and the General Fund and Public Safety fund. The City also benefited from increased property taxes as a result of increased property values. 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 \$73,260,748 for fiscal year ended June 30, 2016, an increase of \$12.7 million. The most significant increases in unrestricted net position were related to capital contributions and net operating income.

The net position of the Solid Waste Fund increased by \$2.2 million due to a net operating income of \$2.0 million. The Airport Fund's net position increased by \$1.7 million due to capital contributions of \$3.0 million. The Water Fund's net position increased by \$12.3 million due to contributed capital of \$4.4 million and a net operating income of \$8.3 million. The Wastewater Fund's net position increased by \$10.3 million due to contributed capital of \$4.0 million and a net operating income of \$6.4 million. The Parking Fund's net position decreased by \$0.7 million due to a net operating loss of \$0.7 million.

## **General Fund Budgetary Highlights**

Variances between the final revenue budget and actual revenues resulted from receiving more taxes from increased property valuations and from the state for personal property reimbursement. Variances between the final expenditure budget and actual expenditures

resulted from vacancy savings, unused council contingency funds, and vacancy savings in the Public Safety Fund resulting in a transfer that was less than budgeted.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Billings investment in capital assets for its governmental and business-type activities as of June 30, 2016, was \$690,110,340 (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 \$28.2 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 40,323,862	\$ 39,646,011	\$ 13,755,814	\$ 13,683,971	\$ 54,079,676	\$ 53,329,982
Buildings	24,800,127	25,253,291	52,537,481	54,430,949	77,337,608	79,684,240
Improvements other than buildings	31,715,768	31,832,857	46,113,275	46,416,130	77,829,043	78,248,987
Machinery and equipment	15,808,800	15,952,166	19,997,775	20,706,309	35,806,575	36,658,475
Infrastructure	158,777,896	141,930,678	265,830,826	245,882,167	424,608,722	387,812,845
Construction In progress	6,255,267	7,932,539	14,193,450	16,418,260	20,448,717	24,350,799
<b>Total</b>	<b>\$ 277,681,719</b>	<b>\$ 262,547,542</b>	<b>\$ 412,428,621</b>	<b>\$ 397,537,786</b>	<b>\$ 690,110,340</b>	<b>\$ 660,085,328</b>

Additional information on the City of Billings' capital assets can be found on pages 54-56 of this report.

## City of Billings, Montana's Outstanding Debt

### Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 25,290,723	\$ 26,921,315	\$ -	\$ -	\$ 25,290,723	\$ 26,921,315
Refunding bonds	-	-	4,489,095	5,116,436	4,489,095	-
Special assessment debt with governmental commitment	21,362,720	22,737,486	-	-	21,362,720	22,737,486
Revenue bonds	26,032,082	21,393,002	5,509,757	5,791,833	31,541,839	27,184,835
Notes payable	712,341	1,153,415	42,374,000	44,771,393	43,086,341	45,924,808
Interkap notes payable	48,304	53,670	-	-	48,304	53,670
Capital lease payable	3,362,034	3,737,034	6,600,296	3,773,628	9,962,330	7,510,662
<b>Total</b>	<b>\$ 76,808,204</b>	<b>\$ 75,995,922</b>	<b>\$ 58,973,148</b>	<b>\$ 59,453,290</b>	<b>\$ 135,781,352</b>	<b>\$ 135,449,212</b>

**Long-term debt.** The City of Billings had total bonded debt and notes outstanding of \$135,781,352 at the end of the current fiscal year. The majority of the debt consists of notes payable in the amount of \$43,086,341 for business activity consisting mostly of loans from DNRC for Water and Wastewater projects. General Obligation Bonds in the amount of \$25,290,723 of debt is backed by the full faith and credit of the government. The remaining amounts are special assessment debt in the amount of \$21,362,720, which is assessed to benefit property owners, \$31,541,839 of revenue bonds secured by specified revenue sources, and \$9,962,330 for capital leases. Notes payable in the amount of \$712,341 for governmental activity is a combination of notes for the Dehler Park Scoreboard and firefighter lawsuit 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, 2016, the City's general obligation bonded debt of \$25,290,723 was well below the legal debt limit of \$289,112,259. General obligation net bonded debt per capita equated to \$229.37.

Additional information on the City of Billings long-term debt can be found on pages 61-72 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, but continue to operate with healthy reserves.

The 2015 legislature changed the method of property valuation from a six year reappraisal with a phased value adjustment spread over six years to a two year reappraisal cycle without a phase in period. As a result of this change the property tax revenue increased in Fiscal Year 2016. This change caused assessed taxable value to be much more in line with actual property values, resulting in increased property taxes. 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, 2016. The recommended reserve of 29% of the annual budget was derived from analyzing 10 years of cash flow needs. These reserves are necessary because the first installment of property taxes is due by November 30 and the second installment is due May 31 of each year, and property taxes are the major income for these funds. Cash balances decrease between July 1<sup>st</sup> and November 30<sup>th</sup> and January 1<sup>st</sup> and May 31<sup>st</sup>; therefore, the reserves are needed to pay expenditures over each of those five months.

The Billings City Council approved an increase in the number of mills levied for tax year 2016 by 1.56 mills. The City's portion of all the mills levied by the City, County, School District and State is approximately 23% of the total. The city has seen modest growth in both new construction and existing property values. We expect this trend to continue, and anticipate modest growth in property tax revenue for FY17.

## **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, 2016**  
**(Page 1 of 2)**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 40,996,321	\$ 29,641,239	\$ 70,637,560
Restricted cash and cash equivalents with fiscal agent	11,606,413	3,378,188	14,984,601
Investments	75,476,830	54,203,622	129,680,452
Receivables (net of allowance of \$132,750)	11,656,979	11,274,393	22,931,372
Internal balances	(6,173,020)	6,173,020	-
Inventories	267,075	1,668,943	1,936,018
Prepaid items	15,439	5,525	20,964
Property held for resale	378,825	-	378,825
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	3,106,305	3,106,305
Permanently restricted:			
Cash and cash equivalents	238,112	-	238,112
Investments	439,783	-	439,783
Capital assets:			
Land and construction in progress	46,579,128	27,949,264	74,528,392
Other capital assets, net of depreciation	231,102,591	384,479,357	615,581,948
Total capital assets	<u>277,681,719</u>	<u>412,428,621</u>	<u>690,110,340</u>
Total assets	<u>412,584,476</u>	<u>521,879,856</u>	<u>934,464,332</u>
<b><u>Deferred Outflows</u></b>			
Deferred charge on refunding of debt	1,183,962	114,843	1,298,805
Pensions	6,068,119	1,253,491	7,321,610
Total deferred outflows	<u>7,252,081</u>	<u>1,368,334</u>	<u>8,620,415</u>
<b><u>Liabilities</u></b>			
Accounts payable	5,109,779	5,547,607	10,657,386
Accrued wages and benefits	2,039,155	866,722	2,905,877
Incurred but not reported health benefits	1,000,000	-	1,000,000
Accrued interest	1,365,769	922,603	2,288,372
Unearned Revenue	1,219,826	-	1,219,826
Other liabilities	73,000	-	73,000
Claims and judgments - due within one year	1,300,000	-	1,300,000
Long-term liabilities:			
Due within one year	9,937,230	6,789,528	16,726,758
Due in more than one year	80,986,467	55,371,670	136,358,137
Other post-employment benefits	4,654,953	2,314,046	6,968,999
Net pension liability	37,933,041	15,293,125	53,226,166
Landfill closure and postclosure - due in more than one year	-	3,068,611	3,068,611
Total liabilities	<u>145,619,220</u>	<u>90,173,912</u>	<u>235,793,132</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Statement of Net Position**  
**June 30, 2016**  
**(Page 2 of 2)**

<b><u>Deferred Inflows</u></b>			
Pensions	4,660,056	1,432,483	6,092,539
Total deferred inflows	4,660,056	1,432,483	6,092,539
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
	<b>Activities</b>	<b>Activities</b>	
<b><u>Net Position</u></b>			
Net investment in capital assets	201,511,490	353,451,259	554,962,749
Restricted for:			
Public works	20,057,880	-	20,057,880
Culture and recreation	4,625,923	-	4,625,923
Housing and economic development	15,461,102	-	15,461,102
Capital projects	5,412,780	2,291,204	7,703,984
Debt service	16,513,489	5,474,906	21,988,395
Endowments - nonexpendable	677,895	-	677,895
Unrestricted	5,296,722	70,424,426	75,721,148
Total net position	\$ 269,557,281	\$ 431,641,795	\$ 701,199,076

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

**CITY OF BILLINGS, MONTANA**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital Grants	Primary Government		
			Grants and Contributions	and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
Primary government							
Governmental activities:							
General government	\$ 8,166,344	\$ 3,285,982	\$ 1,433,817	\$ 1,667,827	\$ (1,778,718)	\$ -	\$ (1,778,718)
Public safety	43,854,611	5,627,267	5,953,365	63,810	(32,210,169)	-	(32,210,169)
Public works	32,694,939	24,763,151	772,534	5,477,344	(1,681,910)	-	(1,681,910)
Public health	957,498	49,647	14,695	-	(893,156)	-	(893,156)
Culture and recreation	10,866,744	2,442,630	1,358,311	2,358,979	(4,706,824)	-	(4,706,824)
Housing and economic development	4,474,822	28,955	2,179,812	-	(2,266,055)	-	(2,266,055)
Interest on long-term debt	2,939,372	-	-	-	(2,939,372)	-	(2,939,372)
Total governmental activities	<u>103,954,330</u>	<u>36,197,632</u>	<u>11,712,534</u>	<u>9,567,960</u>	<u>(46,476,204)</u>	<u>-</u>	<u>(46,476,204)</u>
Business-type activities:							
Solid Waste	11,988,460	13,888,210	78,162	-	-	1,977,912	1,977,912
Airport	12,538,288	9,914,792	197,055	3,935,214	-	1,508,773	1,508,773
Water	18,534,453	25,914,854	83,027	4,369,576	-	11,833,004	11,833,004
Wastewater	12,953,167	18,914,925	59,805	4,021,981	-	10,043,544	10,043,544
Parking	2,424,648	1,531,513	11,734	-	-	(881,401)	(881,401)
Transit	5,715,233	488,106	3,464,307	-	-	(1,762,820)	(1,762,820)
Golf Course	449,530	475,924	-	-	-	26,394	26,394
Total business-type activities	<u>64,603,779</u>	<u>71,128,324</u>	<u>3,894,090</u>	<u>12,326,771</u>	<u>-</u>	<u>22,745,406</u>	<u>22,745,406</u>
Total primary government	<u>\$ 168,558,109</u>	<u>\$ 107,325,956</u>	<u>\$ 15,606,624</u>	<u>\$ 21,894,731</u>	<u>(46,476,204)</u>	<u>22,745,406</u>	<u>(23,730,798)</u>
General revenues:							
Property taxes					36,635,514	1,981,394	38,616,908
Franchise fees					3,945,763	-	3,945,763
Business license tax					755,095	-	755,095
Unrestricted federal/state shared revenue					15,876,960	-	15,876,960
Unrestricted investment earnings					332,457	751,528	1,083,985
Gain on sale of capital assets					(2,212,314)	-	(2,212,314)
Miscellaneous					194,362	153,476	347,838
Transfers					(100,576)	100,576	-
Total general revenues and transfers					<u>55,427,261</u>	<u>2,986,974</u>	<u>58,414,235</u>
Change in net position					8,951,057	25,732,380	34,683,437
Net position, beginning of year					<u>260,606,224</u>	<u>405,909,415</u>	<u>666,515,639</u>
Net position, end of year					<u>\$ 269,557,281</u>	<u>\$ 431,641,795</u>	<u>\$ 701,199,076</u>

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

**CITY OF BILLINGS, MONTANA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 9,687,751	\$ 880,531	\$ 1,456,438	\$ 23,887,624	\$ 35,912,344
Cash with fiscal agent	-	-	761,984	10,844,429	11,606,413
Investments	17,751,983	1,614,651	2,665,446	44,064,294	66,096,374
Receivables:					
Property taxes	424,364	494,338	-	456,593	1,375,295
Accounts and unbilled usage	4,450	23,858	-	104,726	133,034
Delinquent special assessments	6,043	-	60,800	864,139	930,982
Special assessments receivable	-	-	4,767,303	1,613,263	6,380,566
Accrued interest	27,616	-	1,543	93,629	122,788
Notes	-	-	-	1,247,007	1,247,007
Due from other funds	65,180	-	-	241,371	306,551
Due from other governments	-	-	-	924,556	924,556
Inventories	-	-	-	122,396	122,396
Property held for resale	-	-	155,997	222,828	378,825
<b>Total assets</b>	<b>\$ 27,967,387</b>	<b>\$ 3,013,378</b>	<b>\$ 9,869,511</b>	<b>\$ 84,686,855</b>	<b>\$ 125,537,131</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 308,713	\$ 225,150	\$ 1,047	\$ 4,134,345	\$ 4,669,255
Accrued wages & benefits	332,203	1,143,157	-	347,737	1,823,097
Due to other funds	-	-	-	306,552	306,552
Unearned Revenue	-	-	-	1,219,826	1,219,826
Other liabilities	-	-	63,000	10,000	73,000
<b>Total Liabilities</b>	<b>\$ 640,916</b>	<b>\$ 1,368,307</b>	<b>\$ 64,047</b>	<b>\$ 6,018,460</b>	<b>\$ 8,091,730</b>
<b>Deferred inflows:</b>					
Unavailable Revenue	135,664	202,368	4,770,349	3,194,455	8,302,836
<b>Fund balances:</b>					
Unspendable	-	-	-	800,291	800,291
Restricted	-	1,442,703	5,035,115	64,690,949	71,168,767
Committed	10,638,000	-	-	10,257,856	20,895,856
Unassigned	16,552,807	-	-	(275,155)	16,277,652
<b>Total fund balances</b>	<b>27,190,807</b>	<b>1,442,703</b>	<b>5,035,115</b>	<b>75,473,940</b>	<b>109,142,565</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 27,967,387</b>	<b>\$ 3,013,378</b>	<b>\$ 9,869,511</b>	<b>\$ 84,686,855</b>	<b>\$ 125,537,131</b>

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, 2016**

Total <i>fund balances</i> for governmental funds		\$ 109,142,565
Total <i>net position</i> 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	\$ 38,333,979	
Buildings and improvements	27,094,697	
Improvements other than buildings	44,095,171	
Machinery and equipment	33,893,505	
Infrastructure	283,212,986	
Construction in progress	6,255,267	
Less accumulated depreciation	<u>(167,433,886)</u>	265,451,719
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Gov't deferred outflows of resources - unavailable tax revenue	8,302,837	
Gov't deferred outflows of resources - pensions	<u>5,691,145</u>	13,993,982
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	(30,465,000)	
add: bond premium	(1,628,610)	
Tax increment bonds payable	(26,045,000)	
less: bond discount	58,167	
add: bond premium	(45,249)	
Special assessment bonds payable	(20,779,210)	
less: bond discount	70,192	
add: bond premium	(653,702)	
Notes payable	(760,594)	
Compensated absences payable	(6,128,722)	
Other post-employment benefits	(4,097,119)	
Net pension liability	(33,336,985)	
Claims and judgments	(1,300,000)	
Accrued interest	<u>(1,334,020)</u>	(126,445,852)
Deferred inflow of resources related to pensions are not available to pay for current period expenditures, and therefore are not recorded in the funds		
Deferred charge on refunding	1,183,962	
Pensions	<u>(4,278,483)</u>	(3,094,521)
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		
		<u>10,509,388</u>
Total net position of governmental activities		<u>\$ 269,557,281</u>

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, 2016**

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 14,696,044	\$ 12,394,311	\$ -	\$ 10,195,385	\$ 37,285,740
Licenses and permits	4,715,138	41,965	-	2,122,010	6,879,113
Intergovernmental	10,711,834	8,559,752	-	10,789,706	30,061,292
Charges for services	4,039,776	1,545,011	-	7,559,395	13,144,182
Fines and forfeitures	1,453,106	2,400	-	508,923	1,964,429
Special assessments	-	-	1,492,433	21,022,532	22,514,965
Other	182,334	38,743	4,551	3,274,464	3,500,092
Total revenues	<u>35,798,232</u>	<u>22,582,182</u>	<u>1,496,984</u>	<u>55,472,415</u>	<u>115,349,813</u>
<b>Expenditures:</b>					
Current:					
General government	5,757,464	-	-	2,316,978	8,074,442
Public safety	314,651	41,549,334	-	3,805,403	45,669,388
Public works	382,622	-	11,200	18,665,506	19,059,328
Public health	50,000	805,562	-	-	855,562
Culture and recreation	3,977,424	-	-	4,942,122	8,919,546
Housing and economic development	-	-	-	4,417,923	4,417,923
Capital outlay	219,827	328,840	-	25,177,686	25,726,353
Debt service:					
Principal	-	424,688	1,332,069	2,565,386	4,322,143
Interest and fiscal charges	-	48,667	260,190	2,242,620	2,551,477
Bond issuance costs	-	-	5,000	131,007	136,007
Total expenditures	<u>10,701,988</u>	<u>43,157,091</u>	<u>1,608,459</u>	<u>64,264,631</u>	<u>119,732,169</u>
Revenues over (under) expenditures	<u>25,096,244</u>	<u>(20,574,909)</u>	<u>(111,475)</u>	<u>(8,792,216)</u>	<u>(4,382,356)</u>
Other financing sources (uses):					
Transfers in	28,648	21,305,976	3,269	5,277,136	26,615,029
Transfers out	(22,813,996)	(966,229)	-	(3,414,165)	(27,194,390)
Special assessment bonds issued	-	-	-	5,375,000	5,375,000
Sale of capital assets	-	-	-	119,179	119,179
Total other financing sources (uses)	<u>(22,785,348)</u>	<u>20,339,747</u>	<u>3,269</u>	<u>7,357,150</u>	<u>4,914,818</u>
Net change in fund balances	2,310,896	(235,162)	(108,206)	(1,435,066)	532,462
Fund balance, beginning of year	24,879,911	1,677,865	5,143,321	76,909,006	108,610,103
Fund balance, end of year	<u>\$ 27,190,807</u>	<u>\$ 1,442,703</u>	<u>\$ 5,035,115</u>	<u>\$ 75,473,940</u>	<u>\$ 109,142,565</u>

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

**CITY OF BILLINGS, MONTANA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 1 of 2)**

Net change in <i>fund balances</i> - total governmental funds		\$	532,462
The change in <i>net position</i> reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			
Capital outlay		\$ 25,726,355	
Depreciation		<u>(16,965,688)</u>	8,760,667
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.			
			(2,262,693)
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			9,321,405
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Unavailable tax revenue		(6,599,930)	
Deferred outflow of resources - pensions		<u>2,822,773</u>	(3,777,157)
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		(440,000)	
Tax increment bond issued		<u>(4,935,000)</u>	(5,375,000)
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		171,260	
Bond discounts		(20,852)	
Deferred inflow of resource - pensions		1,751,621	
Deferred loss on refunding		<u>(71,365)</u>	1,830,664
			(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, 2016**  
**(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	
Tax increment debt	295,000	
Special assessment debt	1,798,065	
Notes payable	446,440	4,324,505

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. (1,101,015)

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	(198,146)	
Other post-employment benefits	(237,450)	
Net Pension Liability	(2,589,603)	
Interest and amortization expenses	(277,582)	(3,302,781)

Change in net position of governmental activities \$ 8,951,057

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, 2016**

**Business-type Activities**

<b>Assets</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Current assets:</b>								
Cash and cash equivalents	\$ 3,564,266	\$ 3,807,372	\$ 11,945,615	\$ 9,042,953	\$ 220,665	\$ 1,060,368	\$ 29,641,239	\$ 5,322,089
Restricted cash and cash equivalents with fiscal agent	-	1,278,806	1,379,778	719,604	-	-	3,378,188	-
Investments	6,551,800	7,017,866	22,073,557	16,689,106	401,898	1,469,395	54,203,622	9,820,239
<b>Receivables:</b>								
Property taxes	-	-	-	-	-	69,465	69,465	-
Accounts and unbilled usage	1,633,482	529,700	5,119,291	2,675,799	8,928	11,972	9,979,172	27,023
Accrued interest	14,312	11,962	37,172	27,144	627	1,321	92,538	15,728
Notes	-	-	-	-	-	-	-	50,000
Receivables from other governments	-	493,874	-	-	-	639,344	1,133,218	-
Inventories	-	33,788	1,478,034	-	-	157,121	1,668,943	144,679
Prepaid items	-	-	310	310	-	4,904	5,524	15,439
Total current assets	<u>11,763,860</u>	<u>13,173,368</u>	<u>42,033,757</u>	<u>29,154,916</u>	<u>632,118</u>	<u>3,413,890</u>	<u>100,171,909</u>	<u>15,395,197</u>
<b>Noncurrent assets:</b>								
Restricted investments with trustee	3,106,305	-	-	-	-	-	3,106,305	-
<b>Property and equipment:</b>								
Land	493,448	3,402,517	1,799,888	959,585	5,665,085	1,435,291	13,755,814	1,989,883
Buildings	188,095	31,360,343	15,968,267	16,619,896	35,538,914	9,618,674	109,294,189	9,381,235
Improvements other than buildings	9,264,289	103,129,954	436,754	2,810,810	400,568	1,005,756	117,048,131	2,057,137
Equipment and vehicles	15,086,393	15,169,330	15,482,606	13,216,187	517,642	9,404,990	68,877,148	7,959,177
Infrastructure	-	-	234,351,621	174,047,575	-	-	408,399,196	-
Construction in progress	370,651	1,388,917	5,346,834	6,929,613	23,988	133,447	14,193,450	-
Less: accumulated depreciation	(12,831,394)	(96,716,199)	(100,871,089)	(81,830,637)	(13,276,347)	(13,613,641)	(319,139,307)	(9,157,431)
Total noncurrent assets	<u>15,677,787</u>	<u>57,734,862</u>	<u>172,514,881</u>	<u>132,753,029</u>	<u>28,869,850</u>	<u>7,984,517</u>	<u>415,534,926</u>	<u>12,680,001</u>
Total assets	<u>27,441,647</u>	<u>70,908,230</u>	<u>214,548,638</u>	<u>161,907,945</u>	<u>29,501,968</u>	<u>11,398,407</u>	<u>515,706,835</u>	<u>28,075,198</u>
<b>Deferred Outflows</b>								
Bond refunding	-	114,843	-	-	-	-	114,843	-
Pensions	268,682	248,434	286,653	194,301	36,910	218,511	1,253,491	376,973
Total assets and deferred outflows	<u>\$ 27,710,329</u>	<u>\$ 71,271,507</u>	<u>\$ 214,835,291</u>	<u>\$ 162,102,246</u>	<u>\$ 29,538,878</u>	<u>\$ 11,616,918</u>	<u>\$ 517,075,169</u>	<u>\$ 28,452,171</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Net Position (Page 2 of 2)**  
**June 30, 2016**

	<b>Business-type Activities</b>						<b>Total</b>	<b>Internal Service Funds</b>
	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>		
<b>Liabilities</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 366,856	\$ 710,326	\$ 2,452,837	\$ 1,927,373	\$ 34,319	\$ 55,896	\$ 5,547,607	\$ 440,524
Accrued wages and benefits	189,371	149,064	176,845	133,324	27,261	190,857	866,722	216,058
Compensate absences	481,702	468,500	579,844	448,629	30,756	336,152	2,345,583	887,532
Accrued interest payable	-	209,207	403,778	221,604	88,014	-	922,603	31,750
Incurred but not reported health benefits	-	-	-	-	-	-	-	1,000,000
Notes payable	-	78,046	1,952,000	1,005,000	130,093	-	3,165,139	385,000
Accrued interest payable from restricted assets	-	198,806	-	-	-	-	198,806	-
Revenue bonds payable from restricted assets	-	1,080,000	-	-	-	-	1,080,000	-
<b>Total current liabilities</b>	<b>1,037,929</b>	<b>2,893,949</b>	<b>5,565,304</b>	<b>3,735,930</b>	<b>310,443</b>	<b>582,905</b>	<b>14,126,460</b>	<b>2,960,864</b>
<b>Noncurrent liabilities:</b>								
Compensated absences	172,148	167,430	207,222	160,329	10,991	120,133	838,253	317,185
Other post employment benefits	501,682	429,793	495,787	321,975	112,499	452,310	2,314,046	557,834
Net pension liability	3,278,762	3,030,776	3,498,230	2,369,581	449,937	2,665,839	15,293,125	4,596,056
Revenue bonds payable	-	8,280,165	-	-	-	-	8,280,165	-
Notes payable	-	967,507	28,097,329	14,501,000	2,687,416	-	46,253,252	2,956,252
Landfill closure and postclosure-payable from restricted assets	3,068,611	-	-	-	-	-	3,068,611	-
<b>Total noncurrent liabilities</b>	<b>7,021,203</b>	<b>12,875,671</b>	<b>32,298,568</b>	<b>17,352,885</b>	<b>3,260,843</b>	<b>3,238,282</b>	<b>76,047,452</b>	<b>8,427,327</b>
<b>Total liabilities</b>	<b>8,059,132</b>	<b>15,769,620</b>	<b>37,863,872</b>	<b>21,088,815</b>	<b>3,571,286</b>	<b>3,821,187</b>	<b>90,173,912</b>	<b>11,388,191</b>
<b>Deferred Inflows</b>								
Pensions	317,919	280,431	341,685	207,301	36,798	248,349	1,432,483	381,573
<b>Total deferred inflows of resources</b>	<b>317,919</b>	<b>280,431</b>	<b>341,685</b>	<b>207,301</b>	<b>36,798</b>	<b>248,349</b>	<b>1,432,483</b>	<b>381,573</b>
<b>Net Position</b>								
Net investment in capital assets	12,571,482	47,130,338	142,465,552	117,247,029	26,052,341	7,984,517	353,451,259	8,888,749
<b>Restricted for:</b>								
Bond and notes payable ordinance reserve	-	2,644,044	1,386,571	1,444,291	-	-	5,474,906	-
Capital Projects	-	2,285,744	-	-	-	5,460	2,291,204	-
Unrestricted	6,761,796	3,161,330	32,777,611	22,114,810	(121,547)	(442,595)	64,251,405	7,793,658
<b>Total net position</b>	<b>19,333,278</b>	<b>55,221,456</b>	<b>176,629,734</b>	<b>140,806,130</b>	<b>25,930,794</b>	<b>7,547,382</b>	<b>425,468,774</b>	<b>16,682,407</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 27,710,329</b>	<b>\$ 71,271,507</b>	<b>\$ 214,835,291</b>	<b>\$ 162,102,246</b>	<b>\$ 29,538,878</b>	<b>\$ 11,616,918</b>		<b>\$ 28,452,171</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							6,173,021	
							<b>Net position of business-type activities</b>	<b>\$431,641,795</b>

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

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2016**

	<b>Business-type Activities</b>							
	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
Operating revenues:								
Charges for services	\$ 13,964,192	\$ 9,996,926	\$ 26,116,333	\$ 18,979,700	\$ 1,557,550	\$ 1,087,488	\$ 71,702,189	\$ 22,056,487
Operating expenses:								
Salaries and benefits	4,732,200	4,158,661	4,625,365	3,441,732	712,514	3,896,865	21,567,337	17,384,636
Supplies	2,070,462	871,991	1,682,174	761,939	86,134	655,879	6,128,579	331,251
Contracted services	1,844,438	1,136,818	1,950,266	1,833,474	433,970	324,749	7,523,715	2,695,396
Utilities	55,384	718,096	1,852,886	1,213,914	80,868	120,860	4,042,008	461,307
Other	1,077,768	210,364	1,334,761	992,109	79,448	212,491	3,906,941	2,515,082
Depreciation	2,061,601	4,940,251	6,368,071	4,299,237	902,490	953,919	19,525,569	990,569
Landfill closure and post-closure	146,607	-	-	-	-	-	146,607	-
Total operating expenses	<u>11,988,460</u>	<u>12,036,181</u>	<u>17,813,523</u>	<u>12,542,405</u>	<u>2,295,424</u>	<u>6,164,763</u>	<u>62,840,756</u>	<u>24,378,241</u>
Operating income (loss)	<u>1,975,732</u>	<u>(2,039,255)</u>	<u>8,302,810</u>	<u>6,437,295</u>	<u>(737,874)</u>	<u>(5,077,275)</u>	<u>8,861,433</u>	<u>(2,321,754)</u>
Nonoperating revenue (expenses):								
Taxes	-	-	-	-	-	1,981,394	1,981,394	24,083
Intergovernmental	78,162	197,055	83,027	59,805	11,734	3,464,307	3,894,090	-
Interest expense	-	(497,838)	(692,824)	(393,871)	(127,874)	-	(1,712,407)	(57,061)
Interest and investment income	151,121	67,333	282,201	212,067	3,866	6,727	723,315	97,871
Customer Facility Charge	-	843,795	-	-	-	-	843,795	-
Passenger Facility Charge	-	49,268	-	-	-	-	49,268	-
Gain (loss) on sale of capital assets	18,605	(4,269)	(28,106)	(16,891)	-	-	(30,661)	1,796
Other	7,809	30,787	11,918	12,883	17,103	1,399	81,899	181,234
Total nonoperating revenue (expense)	<u>255,697</u>	<u>686,131</u>	<u>(343,784)</u>	<u>(126,007)</u>	<u>(95,171)</u>	<u>5,453,827</u>	<u>5,830,693</u>	<u>247,923</u>
Income (loss) before capital contributions and transfers	<u>2,231,429</u>	<u>(1,353,124)</u>	<u>7,959,026</u>	<u>6,311,288</u>	<u>(833,045)</u>	<u>376,552</u>	<u>14,692,126</u>	<u>(2,073,831)</u>
Capital contributions	-	3,042,151	4,369,576	4,021,981	-	-	11,433,708	-
Transfers in	-	3,000	-	-	100,000	-	103,000	614,715
Transfers out	-	-	(11,264)	-	-	(10,000)	(21,264)	(117,090)
Change in net position	<u>2,231,429</u>	<u>1,692,027</u>	<u>12,317,338</u>	<u>10,333,269</u>	<u>(733,045)</u>	<u>366,552</u>	<u>26,207,570</u>	<u>(1,576,206)</u>
Net position, beginning of year	<u>17,101,849</u>	<u>53,529,429</u>	<u>164,312,396</u>	<u>130,472,861</u>	<u>26,663,839</u>	<u>7,180,830</u>	<u>18,258,613</u>	<u>18,258,613</u>
Net position, end of year	<u>\$ 19,333,278</u>	<u>\$ 55,221,456</u>	<u>\$ 176,629,734</u>	<u>\$ 140,806,130</u>	<u>\$ 25,930,794</u>	<u>\$ 7,547,382</u>	<u>\$ 16,682,407</u>	<u>\$ 16,682,407</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(475,190)	
							<u>\$ 25,732,380</u>	

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

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 1 of 2)**

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>								
Cash received from customers and users	\$ 13,938,056	\$ 9,896,161	\$ 24,663,332	\$ 18,499,318	\$ 1,552,358	\$ 1,100,090	\$ 69,649,315	\$ 803,988
Cash received from interfund services provided	-	-	-	-	-	-	-	21,306,996
Cash received from paid to other sources	26,414	30,787	(28,106)	25,570	17,103	(345)	71,423	57,513
Cash paid to employees for services	(4,439,954)	(4,057,888)	(4,557,682)	(3,291,937)	(688,067)	(3,819,552)	(20,855,080)	(16,836,520)
Cash paid to suppliers and contracted services	(4,884,033)	(2,876,364)	(7,050,007)	(4,817,173)	(708,341)	(1,274,190)	(21,610,108)	(5,781,395)
Net cash provided (used) by operating activities	<u>4,640,483</u>	<u>2,992,696</u>	<u>13,027,537</u>	<u>10,415,778</u>	<u>173,053</u>	<u>(3,993,997)</u>	<u>27,255,550</u>	<u>(449,418)</u>
<b>Cash flows from noncapital financing activities:</b>								
Cash received from tax revenues	-	-	-	-	-	1,996,387	1,996,387	-
Cash received from intergovernmental revenues	-	113,220	-	-	-	3,964,241	4,077,461	-
Transfers from other funds	-	-	-	-	100,000	-	100,000	120,000
Transfers to other funds	-	-	-	-	-	(10,000)	(10,000)	(109,514)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>113,220</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>5,950,628</u>	<u>6,163,848</u>	<u>10,486</u>
<b>Cash flows from capital and related financing activities:</b>								
Capital grants and contributions	-	3,007,636	-	-	-	342,623	3,350,259	-
Acquisition and construction of capital assets	(3,029,819)	(4,100,114)	(10,052,410)	(7,881,375)	(56,319)	(454,273)	(25,574,310)	(327,760)
Proceeds from sales of capital assets	15,147	8,554	-	12,883	-	-	36,584	50,000
Cash paid for interest	-	(472,374)	(768,195)	(464,702)	(131,295)	-	(1,836,566)	(60,811)
Loan proceeds	-	-	3,519,828	-	-	-	3,519,828	-
Principal paid on bonds, notes and capital leases payable	-	(1,114,314)	(1,916,000)	(1,008,000)	(124,485)	-	(4,162,799)	(416,564)
Transfers from other funds	-	3,000	7,576	-	-	-	10,576	487,139
Facilities charges	-	891,964	-	-	-	-	891,964	-
Net cash provided (used) by capital and related financing activities	<u>(3,014,672)</u>	<u>(1,775,648)</u>	<u>(9,209,201)</u>	<u>(9,341,194)</u>	<u>(312,099)</u>	<u>(111,650)</u>	<u>(23,764,464)</u>	<u>(267,996)</u>
<b>Cash flows from investing activities:</b>								
Cash received from interest	150,901	53,965	228,772	207,026	3,463	7,324	651,451	82,881
Sale of investments	5,163,452	5,732,650	18,001,993	14,680,993	359,309	627,291	44,565,688	9,375,253
Purchase of investments	(7,158,605)	(7,479,285)	(23,466,150)	(17,764,261)	(398,899)	(2,051,971)	(58,319,171)	(10,456,643)
Net cash provided (used) by investing activities	<u>(1,844,252)</u>	<u>(1,692,670)</u>	<u>(5,235,385)</u>	<u>(2,876,242)</u>	<u>(36,127)</u>	<u>(1,417,356)</u>	<u>(13,102,032)</u>	<u>(998,509)</u>
Net increase (decrease) in cash and cash equivalents	(218,441)	(362,402)	(1,417,049)	(1,801,658)	(75,173)	427,625	(3,447,098)	(1,705,437)
<b>Cash and cash equivalents, beginning of year</b>	<u>3,782,707</u>	<u>5,448,580</u>	<u>14,742,442</u>	<u>11,564,215</u>	<u>295,838</u>	<u>632,743</u>	<u>36,466,525</u>	<u>7,027,526</u>
Cash and cash equivalents, end of year	<u>\$ 3,564,266</u>	<u>\$ 5,086,178</u>	<u>\$ 13,325,393</u>	<u>\$ 9,762,557</u>	<u>\$ 220,665</u>	<u>\$ 1,060,368</u>	<u>\$ 33,019,427</u>	<u>\$ 5,322,089</u>
<b>Cash and cash equivalents consists of:</b>								
Cash and cash equivalents	\$ 3,564,266	\$ 3,807,372	\$ 11,945,615	\$ 9,042,953	\$ 220,665	\$ 1,060,368	\$ 29,641,239	\$ 5,322,089
Restricted cash and cash equivalents with fiscal agent	-	1,278,806	1,379,778	719,604	-	-	3,378,188	-
Cash and cash equivalents, end of year	<u>\$ 3,564,266</u>	<u>\$ 5,086,178</u>	<u>\$ 13,325,393</u>	<u>\$ 9,762,557</u>	<u>\$ 220,665</u>	<u>\$ 1,060,368</u>	<u>\$ 33,019,427</u>	<u>\$ 5,322,089</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 2 of 2)**

	<u>Solid Waste Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Parking Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>								
Operating income (loss)	\$ 1,975,732	\$ (2,039,255)	\$ 8,302,810	\$ 6,437,295	\$ (737,874)	\$ (5,077,275)	\$ 8,861,433	\$ (2,321,754)
Other nonoperating income (expense)	26,414	30,787	(28,106)	25,570	21,837	(345)	76,157	207,113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	2,061,601	4,940,251	6,368,071	4,299,237	902,490	953,919	19,525,569	990,569
Landfill closure and postclosure	146,607	-	-	-	-	-	146,607	-
(Increase) decrease in receivables	(26,136)	(100,765)	(1,402,217)	(480,382)	(5,192)	9,817	(2,004,875)	30,414
(Increase) decrease in receivables from other governments & other funds	(11,267)	-	(310)	-	-	-	(11,577)	-
(Increase) decrease in inventories	-	4,048	(50,474)	-	-	2,758	(43,668)	13,849
(Increase) decrease in prepaid items	-	-	-	-	-	27	27	(705)
Increase (decrease) in accounts payable	310,626	56,880	(229,920)	(15,737)	(29,119)	33,607	126,337	189,958
Increase (decrease) in accrued liabilities	156,906	100,750	67,683	149,795	20,911	83,495	579,540	441,138
Net cash provided (used) by operating activities	<u>\$ 4,640,483</u>	<u>\$ 2,992,696</u>	<u>\$ 13,027,537</u>	<u>\$ 10,415,778</u>	<u>\$ 173,053</u>	<u>\$ (3,993,997)</u>	<u>\$ 27,255,550</u>	<u>\$ (449,418)</u>
<b>Noncash investing, capital and financing activities:</b>								
Increase (decrease) in investment market value	(3,775)	9,156	28,062	5,041	623	(597)	38,510	12,769
Contribution of capital assets	-	-	4,369,570	4,021,981	-	-	8,391,551	-

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

**CITY OF BILLINGS, MONTANA**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**

		<b>Agency Funds</b>
	<b><u>Assets</u></b>	
Cash and cash equivalents		\$ 1,298
Total assets		<u>\$ 1,298</u>
	<b><u>Liabilities</u></b>	
Accounts payable		\$ 1,298
Total liabilities		<u>\$ 1,298</u>

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

# NOTES TO FINANCIAL STATEMENTS

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### I. Summary of Significant Accounting Policies

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

The City's significant accounting policies are described below.

#### A. Reporting Entity

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

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

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

The City has no discretely presented component units.

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

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

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

The City reports the following major governmental funds:

#### General Fund

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

#### Public Safety

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

#### Special Improvement Districts Fund

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

The City reports the following major proprietary funds:

#### Solid Waste Fund

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

#### Airport Fund

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

#### Water Fund

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

#### Wastewater Fund

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

#### Parking Fund

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

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

#### Internal Service Funds

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Fiduciary Funds

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

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

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

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

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

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

#### 2. Receivables and Payables

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

Under its Home Rule Charter, the City is permitted to levy taxes at a maximum rate for payment for general governmental services and payment of principal and interest on long-term general obligation debt. The City is currently levying at the rate of 160.40 mills.

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

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, 2016. Estimated percentages for uncollectible amounts at June 30, 2016, based on net receivables are as follows: 5% 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. There is no allowance calculated for real property taxes, as any uncollected amount results in a lien on the property.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 3. Inventories and Prepaid Items

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

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

#### 4. Restricted Assets

##### Governmental Activities:

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

##### Business-type Activities:

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

Series 2010A Revenue Refunding Bonds	
Debt service reserve	\$ 764,000
Maintenance and operating reserve	1,155,000
Capital replacement reserve	225,000
Series 2010B Revenue Bonds	
Debt service reserve	500,044
Passenger Facility Charges	1,440,905
Customer Facility Charges	847,343
Transit Grantor Restriction	<u>5,460</u>
Total Restricted Assets	<u>\$4,937,752</u>

5. Capital Assets

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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:

<u>Fund</u>	<u>Total Interest Expense</u>	<u>Capitalized Interest</u>	<u>Construction Project</u>
Airport Fund	\$ 500,423	\$ 2,585	Terminal Roof West End and Tunnel Boring Under Runway.
Water Fund	795,457	102,633	2015 & 2016 Water Replacement Project, Briarwood Reservoir, Mallowney & Elysian Water Extension, I-90 Water System Loop, WTP-Chemical Building Disinfection Improvements, Colton Blvd and Exposition Gateway Improvements.
Wastewater Fund	450,560	56,689	2015 & 2016 Sewer Repl Project, WWTP Nutrient Upgrade, Mallowney & Elysian Sewer Extension and WWTP Aeration Blower Improvements.

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

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

6. Property Held for Resale

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### 7. Compensated Absences

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

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

All accumulated vacation and 25% of accumulated sick leave are accrued when incurred in the government-wide and proprietary financial statements. This liability, which totals \$10,517,278 at June 30, 2016, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total \$9,898,812 at June 30, 2016.

#### 8. Long-term Obligations

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

9. Pensions

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, and Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

10. Fund Balance

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

		<u>Major Special Revenue</u>	<u>Major Debt Service</u>		
	<u>General Fund</u>	<u>Public Safety</u>	<u>Special Improvement Districts</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Unspendable</b>					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 677,895	\$ 677,895
Nonspendable form	-	-	-	122,396	122,396
<b>Restricted</b>					
Building Inspection	-	-	-	2,530,010	2,530,010
Tax Increment Districts	-	-	-	12,690,140	12,690,140
Roads and Streets	-	-	-	12,757,635	12,757,635
Grants	-	-	-	1,944,710	1,944,710
Cemetery Improvements	-	-	-	164,474	164,474
Emergency 911	-	-	-	6,870,989	6,870,989
Public Safety	-	1,442,703	-	-	1,442,703
Planning	-	-	-	381,299	381,299
Transportation Enhancement	-	-	-	481,654	481,654
Library	-	-	-	988,154	988,154
Street & Traffic	-	-	-	4,155,491	4,155,491
Light Maintenance Districts	-	-	-	1,420,447	1,420,447
Park Maintenance Districts	-	-	-	3,175,966	3,175,966
Debt Service	-	-	5,035,115	11,717,199	16,752,314
Capital Projects	-	-	-	5,412,780	5,412,780
<b>Committed</b>					
General Government	10,638,000	-	-	-	10,638,000
Arterial	-	-	-	4,566,008	4,566,008
Park Programs	-	-	-	2,679,386	2,679,386
Animal Shelter Donations	-	-	-	37,737	37,737
Library	-	-	-	876,288	876,288
Downtown Revolving Loan	-	-	-	1,617,064	1,617,064
Ball Field Maintenance	-	-	-	481,373	481,373
<b>Unassigned</b>					
General Government	16,552,807	-	-	-	16,552,807
Grants	-	-	-	(32)	(32)
Capital Projects	-	-	-	(275,123)	(275,123)
<b>Total Fund Balances</b>	<u>\$ 27,190,807</u>	<u>\$ 1,442,703</u>	<u>\$ 5,035,115</u>	<u>\$ 75,473,940</u>	<u>\$ 109,142,565</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

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

#### ***“Exhibit A***

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

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

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

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

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

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

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

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

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

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

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

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

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

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the deferred charge on refunding and the deferred amount related to pensions, as a result of the adoption of GASB 68. These are reported in

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

**E. New Accounting Pronouncements**

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

Statement No. 72 “Fair Value Measurement and Application.” The provisions of the statement are effective for reporting periods beginning after June 15, 2015.

Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” The provisions of the statement are effective for reporting periods beginning after June 15, 2015.

**II. Stewardship, Compliance, and Accountability**

**A. Deficit Fund Equity**

Funds with deficit fund balances at June 30, 2016, are listed below. The deficit fund balances do not represent any type of legal violation.

<u>Fund</u>	<u>Deficit</u>
Nonmajor Special Revenue Funds:	
Bike Path Donations	<u>\$ 32</u>
Nonmajor Capital Projects Funds:	
Sidewalk and Curb Districts	\$ 203,823
Special Improvement Districts	<u>71,300</u>
	<u>\$ 275,123</u>

Bike Path Donations deficit fund balance will be eliminated by donations from local match.

The Sidewalk and Curb Districts deficit fund balance will be eliminated by sales of bonds during Fiscal Year 2017.

Special Improvement Districts deficit fund balance will be eliminated by sales of bonds during Fiscal Year 2017.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

**III. Detailed Notes on All Funds**

**A. Cash and Cash Equivalents and Investments**

Cash and investments as of June 30, 2016, consist of the following:

Deposits in local banks	\$ 60,005,299
Outstanding checks and reconciling items	(1,790,371)
Montana State Short Term Investment Pool (STIP)	12,660,744
	<u>\$ 70,875,672</u>

Investments:

US Government and US Agency Obligations	\$ 122,635,390
Certificates of deposits	10,591,150
	<u>\$ 133,226,540</u>

Cash and investments as of June 30, 2016, are classified in the statement of net position as follows:

Cash and cash equivalents	\$ 70,637,560
Cash and cash equivalents, permanently restricted	238,112
	<u>\$ 70,875,672</u>

Investments	\$ 129,680,452
Investments, temporarily restricted	3,106,305
Investments, permanently restricted	439,783
	<u>\$ 133,226,540</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

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

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

#### Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

U.S. Treasury securities of \$120,890,549 million using quoted market prices (Level 1 inputs)

The remainder of the City's investments are not required to be measured at fair value.

#### 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.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The City’s investments are not highly sensitive to interest rate fluctuations. The City employs a “buy and hold” investment strategy whereby investments are held to maturity at which time the investment is redeemed at par.

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

Investment Type	<u>Totals</u>	12 months or <u>Less</u>	13 to 24 <u>Months</u>	25 to 60 <u>Months</u>	Over 60 <u>Months</u>
US Treasury Notes	\$ 1,744,843	\$ -	\$ -	\$ 1,744,843	\$ -
US Government Agency Securities	120,890,549	12,499,733	49,724,082	58,666,734	-
Certificates of Deposit	10,591,148	2,591,148	8,000,000	-	-
	<u>\$133,226,540</u>	<u>\$15,090,881</u>	<u>\$57,724,082</u>	<u>\$60,411,577</u>	<u>\$ -</u>

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, 2016, the City’s investments in U.S. Government Agency Securities were rated AAA by Moody’s Investors 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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Nationally Recognized Statistical Rating Organizations. More information on STIP is available at the Montana Department of Commerce Board of Investments website at <http://www.investmentmt.com/Programs/STIP>.

#### Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Total</u>	
Federal Farm Credit	Federal agency securities	26,798,873	20.12%
Federal Home Loan Bank	Federal agency securities	13,150,552	9.87%
Federal Home Loan Mortgage Corp.	Federal agency securities	67,225,848	50.46%
Federal National Mortgage Assn.	Federal agency securities	12,959,614	9.73%
U.S. Bank	Certificates of Deposit	8,000,000	6.00%

#### 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, 2016, the City had some exposure to custodial credit risk, but was still in compliance with 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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

another party. City policy requires investments to be collateralized by the actual security held in safekeeping by the primary agent. As of June 30, 2016, 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 \$14,984,601 is restricted by bond covenants or for specific purposes as follows:

Current debt service:

Special Improvements Districts Fund	\$ 761,984
Nonmajor government funds	10,844,429
Airport Fund	1,278,806
Water Fund	1,379,778
Wastewater Fund	<u>719,604</u>
Total	<u>\$ 14,984,601</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

**B. Receivables**

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

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Special Improvement Districts Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Governmental Activities Total</b>	
Taxes	\$ 424,364	\$ 494,338	\$ -	\$ 456,593	\$ -	\$ 1,375,295	
Accounts	4,450	23,858	-	104,726	27,023	160,057	
Special assessments	6,043	-	4,828,103	2,477,402	-	7,311,548	
Accrued interest	27,616	-	1,543	93,629	15,728	138,516	
Notes	-	-	-	1,379,757	500,000	1,879,757	
From other governments	-	-	-	924,556	-	924,556	
Gross receivables	462,473	518,196	4,829,646	5,436,663	542,751	11,789,729	
Less: Allowance	-	-	-	(132,750)	-	(132,750)	
<b>TOTAL</b>	<b>\$ 462,473</b>	<b>\$ 518,196</b>	<b>\$ 4,829,646</b>	<b>\$ 5,303,913</b>	<b>\$ 542,751</b>	<b>\$ 11,656,979</b>	

	<b>Solid Waste Fund</b>	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Parking Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Business-type Activities Total</b>
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,465	\$ 69,465
Accounts	1,633,482	529,700	5,119,291	2,675,799	8,928	11,972	9,979,172
Accrued interest	14,312	11,962	37,172	27,144	627	1,321	92,538
From other governments	-	493,874	-	-	-	639,344	1,133,218
Gross receivables	1,647,794	1,035,536	5,156,463	2,702,943	9,555	722,102	11,274,393
Less: Allowance	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,647,794</b>	<b>\$ 1,035,536</b>	<b>\$ 5,156,463</b>	<b>\$ 2,702,943</b>	<b>\$ 9,555</b>	<b>\$ 722,102</b>	<b>\$ 11,274,393</b>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 130,660
Public safety fund	202,368
Nonmajor governmental funds	155,645
Special assessments not yet due:	
General fund	4,774
Special improvement districts fund	4,770,349
Nonmajor governmental funds	1,810,952
Notes receivable not yet due:	
Nonmajor governmental funds	<u>1,228,088</u>
Total	<u>\$ 8,302,836</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### C. Operating Lease Receivable

The City's Airport leases a portion of its property to commercial airlines, commercial air freight haulers, car rental companies, concessionaires, fixed-base operators who service the aviation industry, private hangar owners, Federal and State governmental agencies whose main function is wildland fire suppression, and the Transportation Security Agency. Lease agreements with the Airlines and certain U.S. Government agencies are cancelable, all other leases are non-cancelable. The Airport's leases consist of the following:

##### Cancelable:

Operating lease agreements with the airlines for landing fees and terminal building rentals are adjusted annually based on compensatory and residual formulas, which are defined in the lease agreement. The terminal building rents are calculated using a compensatory formula to recover certain operating, capital, and debt service costs. The landing fee rates are calculated based on a residual methodology by which landing fees plus terminal rents plus non-airline revenues cover all of the Airport's costs. Thus, keeping the Airport fiscally whole each year. The lease terms are for the period of July 1, 2013 through June 30, 2019 and allows the lessee to terminate with 180 days written notice. Fiscal Year 2016 revenues for landing fees and terminal building rents totaled \$1,343,096 and \$2,165,947 respectively.

Operating lease agreements with a U.S. Government agency consist of two leases for ground and building space. Each agreement allows the lessee to terminate with 60 days written notice. Each lease's term is for a ten year period – one ending August 31, 2022 and the other ending April 30, 2029. Fiscal Year 2016 payments totaled \$166,100.

##### Non-cancelable:

Fixed minimum rentals with annual increases based on CPI-U.

Agreements under which the Airport received revenue from the operation of concessions located on Airport property which provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum. Payments contingent on gross receipts that are associated with these non-cancelable leases totaled \$4,243,671 for the fiscal year ended June 30, 2016.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The acquisition costs and accumulated depreciation for the above described leased property follows:

	<u>Acquisition Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 90,768	\$ -
Building	21,446,741	15,313,648
Improvements other than Buildings	5,557,630	2,075,614
Equipment	2,631,195	1,101,690
Total	<u>\$ 29,726,334</u>	<u>\$18,490,952</u>

At June 30, 2016, minimum future rents and fees to be received under the non-cancelable leases or concession agreements for each fiscal year are as follows:

Year Ending June 30:

2017	\$ 4,327,369
2018	4,193,389
2019	4,121,605
2020	3,979,179
2021	2,888,840
2022-2026	1,515,881
2027-2031	982,658
2032-2036	868,170
2037-2041	214,013
Total	<u>\$ 23,091,104</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows:

<b>Governmental activities:</b>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:					
Land	\$ 39,646,011	\$ 677,851	\$ -	\$ -	\$ 40,323,862
Construction in Progress	<u>7,932,539</u>	<u>1,125,652</u>	<u>1,724,921</u>	<u>(1,078,003)</u>	<u>6,255,267</u>
Total capital assets, not being depreciated	<u>47,578,550</u>	<u>1,803,503</u>	<u>1,724,921</u>	<u>(1,078,003)</u>	<u>46,579,129</u>
Capital assets being depreciated:					
Buildings	36,155,875	320,057	-	-	36,475,932
Improvements other than Buildings	44,722,307	1,566,636	172,964	36,328	46,152,307
Equipment	39,866,610	2,233,426	1,273,406	1,026,052	41,852,682
Infrastructure	<u>253,790,016</u>	<u>29,384,189</u>	<u>-</u>	<u>38,780</u>	<u>283,212,985</u>
Total capital assets, being depreciated	<u>374,534,808</u>	<u>33,504,308</u>	<u>1,446,370</u>	<u>1,101,160</u>	<u>407,693,906</u>
Less accumulated depreciation for:					
Buildings	10,902,584	773,221	-	-	11,675,805
Improvements other than Buildings	12,889,450	1,546,284	(805)	-	14,436,539
Equipment	23,914,444	2,912,876	783,438	-	26,043,882
Infrastructure	<u>111,859,338</u>	<u>12,575,751</u>	<u>-</u>	<u>-</u>	<u>124,435,089</u>
Total accumulated depreciation	<u>159,565,816</u>	<u>17,808,132</u>	<u>782,633</u>	<u>-</u>	<u>176,591,315</u>
Total capital assets, being depreciated, net	<u>214,968,992</u>	<u>15,696,176</u>	<u>663,737</u>	<u>1,101,160</u>	<u>231,102,591</u>
Governmental activities capital assets, net	<u>\$ 262,547,541</u>	<u>\$ 17,499,679</u>	<u>\$ 2,388,658</u>	<u>\$ 23,157</u>	<u>\$ 277,681,719</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

<b>Business-type activities:</b>	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:					
Land	\$ 13,683,971	\$ 72,768	\$ 925	\$ -	\$ 13,755,814
Construction in Progress	16,418,260	4,246,194	12,822	(6,458,182)	14,193,450
Total capital assets, not being depreciated	<u>30,102,231</u>	<u>4,318,962</u>	<u>13,747</u>	<u>(6,458,182)</u>	<u>27,949,264</u>
Capital assets being depreciated:					
Buildings	108,913,136	194,134	131,816	318,735	109,294,189
Improvements other than Buildings	113,222,888	3,419,792	-	405,451	117,048,131
Equipment	67,206,262	3,424,464	1,730,421	(23,157)	68,877,148
Infrastructure	379,734,965	23,170,408	240,173	5,733,996	408,399,196
Total capital assets, being depreciated	<u>669,077,251</u>	<u>30,208,798</u>	<u>2,102,410</u>	<u>6,435,025</u>	<u>703,618,664</u>
Less accumulated depreciation for:					
Buildings	54,482,186	2,406,338	131,816	-	56,756,708
Improvements other than Buildings	66,806,758	4,128,098	-	-	70,934,856
Equipment	46,499,954	4,057,247	1,677,828	-	48,879,373
Infrastructure	133,852,798	8,933,886	218,314	-	142,568,370
Total accumulated depreciation	<u>301,641,696</u>	<u>19,525,569</u>	<u>2,027,958</u>	<u>-</u>	<u>319,139,307</u>
Total capital assets, being depreciated, net	<u>367,435,555</u>	<u>10,683,229</u>	<u>74,452</u>	<u>6,435,025</u>	<u>384,479,357</u>
Business-type activities capital assets, net	<u>\$ 397,537,786</u>	<u>\$ 15,002,191</u>	<u>\$ 88,199</u>	<u>\$ (23,157)</u>	<u>\$ 412,428,621</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

Governmental activities:	
General Government	\$ 51,184
Public Safety	1,499,219
Public Works	13,233,402
Public Health	91,576
Culture & recreation	2,011,467
Housing and community development	78,840
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>842,444</u>
Total depreciation expense - governmental activities	<u>\$ 17,808,132</u>
Business-type activities:	
Solid Waste	\$ 2,061,601
Airport	4,940,251
Water	6,368,071
Wastewater	4,299,237
Parking	902,490
Transit	886,464
Golf Course	<u>67,455</u>
Total depreciation expense - business-type activities	<u>\$ 19,525,569</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Construction Commitments

The City has active construction projects as of June 30, 2016. At year end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

General Fund	\$ 34
Public Safety Fund	297
Solid Waste Fund	1,804
Airport Fund	4,772
Water Fund	8,705
Wastewater Fund	1,520
Nonmajor Enterprise Funds	10,548
Nonmajor Governmental Funds	379
Nonmajor Internal Services Funds	98
	<u>\$28,157</u>

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

Other Commitments

At June 30, 2016, the Tax Increment South fund had commitments of \$3.3 million for the Orchard Lane Reconstruction Project.

At June 30, 2016, the Airport fund had commitments of \$2.4 million for various Airport projects.

At June 30, 2016, the Water Fund had commitments of \$4.8 million for renovation of the water treatment plant.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

The composition of inter-fund balances as of June 30, 2016, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 65,180
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>241,371</u>
Totals		<u>\$ 306,551</u>

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

Interfund transfers:

Transfers in:

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Special Improvement Districts Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Airport Fund</u>	<u>Parking Fund</u>	<u>Internal Service</u>	<u>Total</u>
Transfers Out:								
General	\$ -	\$ 21,305,976	\$ -	\$ 1,508,020	\$ -	\$ -	\$ -	\$ 22,813,996
Public Safety	-	-	-	846,229	-	-	120,000	966,229
Special Improvement Districts Fund	-	-	-	-	-	-	-	-
Nonmajor Governmental Funds	28,648	-	3,269	2,880,303	3,000	100,000	398,945	3,414,165
Water Fund	-	-	-	11,264	-	-	-	11,264
Nonmajor Enterprise Fund	-	-	-	10,000	-	-	-	10,000
Subtotal	<u>28,648</u>	<u>21,305,976</u>	<u>3,269</u>	<u>5,255,816</u>	<u>3,000</u>	<u>100,000</u>	<u>518,945</u>	<u>27,215,654</u>
Internal Service Funds	-	-	-	21,320	-	-	95,770	117,090
Total	<u>\$ 28,648</u>	<u>\$ 21,305,976</u>	<u>\$ 3,269</u>	<u>\$ 5,277,136</u>	<u>\$ 3,000</u>	<u>\$ 100,000</u>	<u>\$ 614,715</u>	<u>\$ 27,332,744</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

#### F. Capital Lease Obligations

##### Governmental Activities:

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

##### Business-Type Activities:

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Buildings	\$ 6,600,000	\$ 5,930,000
Accumulated Depreciation	<u>(1,584,000)</u>	<u>(1,746,055)</u>
Total	<u>\$ 5,016,000</u>	<u>\$ 4,183,945</u>

The following is a schedule, by year, of the future minimum lease payments at June 30, 2016:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	474,475	201,961
2018	477,700	201,961
2019	475,550	201,961
2020	478,025	201,961
2021-2025	1,638,325	1,009,803
2026-2030	-	1,009,803
2031-2033	-	403,918
Total minimum lease payments	<u>3,544,075</u>	<u>3,231,368</u>
Less: Amount representing interest	<u>(369,075)</u>	<u>(1,059,915)</u>
Present value of minimum lease payments	<u>\$ 3,175,000</u>	<u>\$ 2,171,453</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

**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, 2016, 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.	\$ 555,000
General Obligation Bonds Series 2004A, issued in the total aggregate amount of \$3,460,000, and interest is 3.00%, due July 1, 2024, payable in annual installments of \$245,000 to \$345,000, callable on or after July 1, 2021.	2,700,000
General Obligation Bonds Series 2007A, issued in the total aggregate amount of \$10,700,000, and interest ranging from 4.25%-4.50%, due July 1, 2027, payable in annual installments of \$325,000 to \$775,000, callable on or after July 1, 2017.	7,435,000
General Obligation Bonds Series 2015, issued in the total aggregate amount of \$6,270,000, and interest ranging from 2.00%-3.50%, due July 1, 2027. These bonds were issued to refund General Obligation Bonds Series 2007A on July 1, 2018. The bond proceeds are held in an escrow account until the refunding date.	6,270,000
General Obligation Bonds Series 2007B, issued in the total aggregate amount of \$925,000, and interest rate is 3.00%, due July 1, 2017, payable in annual installments of \$175,000 to \$190,000.	375,000
General Obligation Bonds Series 2012, issued in the total aggregate amount of \$15,460,000, and interest ranging from 2.00% - 4.00%, due July 1, 2032, payable in annual installments of \$620,000 to \$860,000, callable on or after July 1, 2021.	<u>13,130,000</u>
	<u>\$ 30,465,000</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Tax Increment Bonds Payable – At June 30, 2016, the outstanding tax increment bonds indebtedness of the City was as follows:

Tax Increment Revenue Bonds Series 2013, issued in total aggregate amount of \$13,210,000, and interest ranging from 2.50%-6.50%, due July 1, 2038, payable in annual installments of \$387,813 to \$967,750. The City issued tax increment bonds to provide funds for the construction of the Empire Parking Garage and retail space.	\$ 12,775,000
Tax Increment Refunding Bonds Series 2015, issued in the total aggregate amount of \$5,170,000, and interest ranging from 2.00%-4.375%, due July 1, 2039, payable in annual installments of \$125,000 to \$330,000. These bonds were issued to retire the debt for the Special Improvement District 1385 bonds.	5,170,000
Tax Increment Revenue Bonds Series 2015, issued in the total aggregate amount of \$3,165,000, and interest ranging from 2.00%-4.650%, due July 1, 2039, payable in annual installments of \$85,000 to \$200,000. The bond proceeds were used for improvements in the East Billings Urban Renewal District.	3,165,000
Tax Increment Revenue Bonds 2016, issued in the total aggregate amount of \$4,935,000, and interest rate ranging from 2.00% to 3.75%, due July 1, 2040, payable in annual installments of \$150,000 to \$295,000. The bonds were issued for reconstruct and sewer improvements in the South Billings Urban Renewal District.	<u>4,935,000</u>
	<u>\$26,045,000</u>

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The various bonds outstanding at June 30, 2016, are as follows:

Special improvement districts, issued in the total aggregate amount of \$26,015,000 and interest ranging from 2.8%-6.0%, payable from the special improvement districts fund in varying installments to 2029.	\$ 5,340,210
Sidewalk and curb districts, issued in the total aggregate amount of \$4,976,000 and interest ranging from 3.25%-5.4%, payable from the sidewalk and curb districts fund in varying installments to 2026.	1,814,000
Storm Sewer Revenue Bonds Series 2013, issued in the total aggregate amount of \$4,270,000 and interest ranging from 3.00%-5.00%, payable from the storm sewer fund in varying installments to 2033, callable on or after July 1, 2023.	4,010,000
Storm Sewer Revenue Bonds Series 2015, issued in the total aggregate amount of \$9,615,000, and interest ranging from 2.00%-5.00%, payable from the Storm Sewer fund in varying installments to 2035, callable on or after July 1, 2025.	<u>9,615,000</u>
	<u>\$ 20,779,210</u>

Notes Payable – In the current year, the City did not pay on its revolving line of credit from various banks for the downtown revolving loan program fund. The maximum combined loan balance from all banks is \$3,200,000. This will expire on September 30, 2016. It is anticipated that the agreement will be renewed with the banks for a balance of \$1,600,000. The proceeds of the notes were used to make loans to various entities (end-loans) with approved construction and/or acquisition projects in the downtown area. The notes are secured by end-loan collateral and by end-loan principal and interest payments to the City. The City uses principal and interest payments from end-loans to determine its monthly installment to the banks. Interest is adjusted each November 1 to the preceding September 30 prime rate less 100 basis points with a floor of 2.25%. At June 30, 2016, the rate was 2.25% and the outstanding notes payable due within one year are based on estimated current collections of all loans receivable in the fund.

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

On November 27, 2007, the City borrowed \$3,719,000 from Koch Financial Corporation to pay the fire fighter lawsuit settlement. Koch Financial Corporation has assigned and sold this note to Capital One Public Funding LLC. The note is unsecured, due in semiannual installments of \$236,502, and will be paid with the Public Safety Fund. Interest is fixed at 4.85% for the life of the loan and will mature on November 15, 2017. At June 30, 2016, the amount outstanding is as follows:

<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
<u>\$ 445,535</u>	<u>\$ 230,648</u>	<u>\$ 676,183</u>

Two citizens have agreed to donate \$200,000 over a ten year period for upgrades for the scoreboard at the new baseball stadium. The City borrowed \$130,500 from US Bank to complete the upgrades prior to the baseball season. The yearly contribution from the two citizens will make the debt service payment to be paid from the Park Programs Fund, a special revenue fund. The annual interest rate is 6.70%, and the note will be paid in annual installments of \$19,917 beginning August 1, 2009, and mature on August 1, 2017. At June 30, 2016, the amount outstanding is as follows:

<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
<u>\$ 17,487</u>	<u>\$ 18,671</u>	<u>\$ 36,158</u>

Business-Type Activities:

Notes Payable – The Montana Department of Natural Resources and Conservation (DNRC) authorized the issuance of notes payable for various construction and rehabilitation projects related to the water and wastewater systems as noted in the following table. All notes are due in semi-annual installments with terms of 20 years. The covenants of both the water and wastewater notes require that funds be set aside in reserve for the delinquency of the debt. The required reserve is the highest amount of principal and interest for any annual debt service over the 20 year note payable for Wastewater, and half of the highest annual debt service payment for Water. The amounts reserved as of June 30, 2016, are \$1,444,291 for Wastewater and \$1,386,571 for Water.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

The amounts outstanding as of June 30, 2016, are as follows:

	<u>Due within One year</u>	<u>Due after One year</u>	<u>Total</u>
Wastewater	<u>\$ 1,005,000</u>	<u>\$14,501,000</u>	<u>\$15,506,000</u>
Water	<u>\$ 1,952,000</u>	<u>\$28,097,329</u>	<u>\$30,049,329</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Revenue Bonds Payable – At June 30, 2016, the outstanding revenue bonded indebtedness of the City was as follows:

2010A Airport Revenue Refunding Bonds issued on July 20, 2010, with principal totaling \$6,940,000, and interest ranging from 2.50%-5.00% due July 1, 2020, payable in annual installments of \$670,000 to \$895,000. The bonds are not subject to optional redemption prior to their stated maturities.	\$ 4,045,000
Deferred amount on bond refunding	<u>(114,843)</u>
	3,930,157
Less current portion	<u>(795,000)</u>
Total	\$ <u>3,135,157</u>

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

2010B Airport Revenue Refunding Bonds issued on October 4, 2010, with principal totaling \$6,525,000, and interest ranging from 3.00%-4.37% due July 1, 2030, payable in annual installments of \$235,000 to \$475,000, callable on or after July 1, 2021.	\$ 5,495,000
Less current portion	<u>(285,000)</u>
Total	\$ <u>5,210,000</u>

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

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

Revenue bond ordinances include various restrictive covenants. The 2010A and 2010B bonds' rate covenants require that revenues and CFC collections equal at least 125% of the debt service requirement for each fiscal year. The more significant reserve covenants require reserves for debt service, facilities and equipment replacement, and for operations. The City is in compliance with all covenants as of June 30, 2016.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The revenue bond ordinance restrictions are as follows:

	<u>Airport Fund</u>
2010A Debt Service	\$ 764,000
2010B Debt Service	500,044
Replacement and depreciation	225,000
Operations and Maintenance	<u>1,155,000</u>
	<u>\$ 2,644,044</u>

The City issued Series 2010B revenue bonds to finance its car wash facility and Series 2010A refunding revenue bonds to refund bonds issued to remodel the terminal building. The Airport Fund accounts for all airport activities, which include CFC collections and expenses, PFC collections (\$49,268) and expenses, AIP grants, and all other Airport operations. However, investors in the Series 2010B revenue bonds rely on the revenue generated CFC collections (\$843,795) 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, 2016, there were no bonds.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Summary of Debt Maturities – Annual debt service principal and interest payments required on all outstanding debt at June 30, 2016, are as follows:

GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation Bonds		Tax Increment		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,830,000	1,050,531	665,000	1,117,103	983,282	793,434
2018	1,875,000	991,757	705,000	1,098,404	1,506,100	752,314
2019	2,280,000	930,444	735,000	1,078,233	1,476,461	699,001
2020	2,340,000	860,769	755,000	1,055,583	1,093,368	653,324
2021	2,410,000	777,913	775,000	1,029,416	1,388,324	599,205
2022-2026	11,355,000	2,659,591	4,355,000	4,651,509	5,775,675	2,273,862
2027-2031	6,690,000	744,063	5,480,000	3,540,048	4,576,000	1,205,837
2032-2036	1,685,000	58,425	6,845,000	2,146,002	3,980,000	334,722
2037-2041	-	-	5,730,000	490,833	-	-
	<u>\$ 30,465,000</u>	<u>\$ 8,073,492</u>	<u>\$ 26,045,000</u>	<u>\$ 16,207,131</u>	<u>\$ 20,779,210</u>	<u>\$ 7,311,699</u>

	Intercap Notes Payable		Notes Payable		Capital Lease Payable-BOC	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	5,366	588	463,022	35,498	385,000	89,475
2018	5,366	520	249,319	6,853	400,000	77,700
2019	5,366	453	-	-	410,000	65,550
2020	5,366	386	-	-	425,000	53,025
2021	5,366	319	-	-	1,555,000	83,325
2022-2026	21,474	604	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
	<u>\$ 48,304</u>	<u>\$ 2,870</u>	<u>\$ 712,341</u>	<u>\$ 42,351</u>	<u>\$ 3,175,000</u>	<u>\$ 369,075</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

BUSINESS TYPE ACTIVITIES

Year ending

Year ending June 30	Revenue Bonds-Airport		Capital Lease Payable-Airport		Capital Lease Payable-Park II	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,080,000	\$ 375,450	\$ 78,046	\$ 50,904	\$ 96,344	\$ 105,617
2018	1,120,000	331,847	81,964	46,986	100,631	101,330
2019	1,160,000	286,368	86,080	42,870	105,109	96,852
2020	1,205,000	236,038	90,403	38,547	109,786	92,174
2021	990,000	187,394	94,943	34,007	114,672	87,289
2022-2026	1,795,000	660,516	551,202	93,548	654,598	355,204
2027-2031	2,190,000	247,625	62,915	1,560	813,799	196,004
2032-2036	-	-	-	-	378,475	25,446
	<u>\$ 9,540,000</u>	<u>\$ 2,325,238</u>	<u>\$ 1,045,553</u>	<u>\$ 308,422</u>	<u>\$ 2,373,414</u>	<u>\$ 1,059,916</u>

	Notes Payable-Water		Notes Payable-Wastewater		Capital Lease Payable-Parking	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,964,000	\$ 800,894	\$ 1,005,000	\$ 437,119	\$ 33,749	\$ 20,071
2018	2,016,000	748,792	1,035,000	408,766	35,321	18,498
2019	2,060,000	701,124	1,064,000	379,576	36,967	16,853
2020	2,114,000	647,113	1,093,000	349,558	38,689	15,130
2021	2,182,000	581,626	1,124,000	318,669	40,491	13,328
2022-2026	11,157,000	2,072,344	5,969,000	1,098,162	232,575	36,522
2027-2031	6,244,000	838,275	3,745,000	313,871	26,304	606
2032-2036	2,312,329	149,722	471,000	21,420	-	-
	<u>\$ 30,049,329</u>	<u>\$ 6,539,890</u>	<u>\$15,506,000</u>	<u>\$ 3,327,141</u>	<u>\$ 444,095</u>	<u>\$ 121,008</u>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Changes in Long-Term Obligations – During the year ended June 30, 2016, the following changes occurred in liabilities reported in the long-term obligations:

	<u>Balance June 30, 2015</u>	<u>Issued/ Accrued</u>	<u>Refunded/ Redeemed/ Matured</u>	<u>Balance June 30, 2016</u>	<u>Due within one year</u>
Governmental Activities:					
General obligation bonds:					
Series 2010 Parks	\$ 660,000	\$ -	\$ 105,000	\$ 555,000	\$ 110,000
Add: premium received	16,947	-	2,825	14,122	-
Series 2004A Streets	2,950,000	-	250,000	2,700,000	260,000
Add: premium received	191,125	-	19,112	172,013	-
Series 2007A Ballpark	7,905,000	-	470,000	7,435,000	490,000
Add: premium received	25,906	-	2,159	23,747	-
Series 2007B Ballpark	560,000	-	185,000	375,000	185,000
Add: premium received	27,669	-	9,224	18,445	-
Series 2007 Crossover	6,270,000	-	-	6,270,000	-
Add: premium received	581,331	-	48,444	532,887	-
Series 2012 Library	13,905,000	-	775,000	13,130,000	785,000
Add: premium received	918,419	-	51,023	867,396	-
Tax Increment	21,405,000	4,935,000	295,000	26,045,000	515,000
Add: premium received	48,730	-	3,481	45,249	-
Less: bond discount	(60,728)	(37)	(2,598)	(58,167)	-
Special assessment debt with governmental commitment	22,137,275	440,000	1,798,065	20,779,210	983,282
Less: bond discounts	(88,483)	-	(18,291)	(70,192)	-
Add: premium received	688,694	-	34,992	653,702	-
Intercap notes payable	53,670	-	5,366	48,304	5,366
Notes payable	1,153,415	-	441,074	712,341	463,022
Capital lease payable	3,550,000	-	375,000	3,175,000	385,000
Add: premium received	207,816	-	20,782	187,034	-
Compensated absences	7,040,642	6,409,072	6,116,273	7,333,441	5,604,977
<b>Total governmental activities</b>	<b><u>\$ 90,147,428</u></b>	<b><u>\$ 11,784,035</u></b>	<b><u>\$ 10,986,931</u></b>	<b><u>\$ 90,944,532</u></b>	<b><u>\$ 9,786,647</u></b>

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

	Balance June 30, 2015	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2016	Due within one year
Business Activities:					
Notes Payable					
Water from DNRC	\$ 10,485,000	\$ -	\$ 895,000	\$ 9,590,000	\$ 916,000
Water from DNRC-ARRA Part B	254,000	-	16,000	238,000	16,000
Water from DNRC- Rehab	2,168,000	-	121,000	2,047,000	125,000
Water from DNRC-Zone 4	5,268,000	-	295,000	4,973,000	304,000
Water from DNRC-Waterlines	1,839,000	-	96,000	1,743,000	97,000
Wastewater from DNRC-Briarwood	4,848,000	-	326,000	4,522,000	305,000
Wastewater from DNRC	2,737,000	-	234,000	2,503,000	239,000
Wastewater from DNRC	272,000	-	16,000	256,000	17,000
Wastewater from DNRC	3,243,000	-	181,000	3,062,000	187,000
Wastewater from DNRC-UV	1,958,000	-	101,000	1,857,000	104,000
Wastewater from DNRC-UV	676,000	-	35,000	641,000	36,000
Wastewater from DNRC-5 Mile	2,780,000	-	115,000	2,665,000	117,000
Water from DNRC-Zone 3	2,636,000	-	117,000	2,519,000	108,000
Water from DNRC-Zone 3 Chapple	5,607,393	380,607	230,000	5,758,000	237,000
Water from DNRC-Briarwood	188,108	3,139,221	146,000	3,181,329	149,000
Capital lease payable - Park II	2,465,653	-	92,239	2,373,414	96,344
Capital lease payable - Parking	476,341	-	32,246	444,095	33,749
Airport Series 2010A Refunding	4,810,000	-	765,000	4,045,000	795,000
Add: premium received	21,833	-	7,076	14,757	-
Airport Series 2010B Revenue	5,770,000	-	275,000	5,495,000	285,000
Add: premium received	4,726	-	512	4,214	-
Capital lease payable - Airport	1,119,867	-	74,314	1,045,553	78,046
Compensated absences	2,905,076	2,842,504	2,563,743	3,183,837	2,345,582
Total business type activities	<u>\$ 62,532,997</u>	<u>\$ 6,362,332</u>	<u>\$ 6,734,130</u>	<u>\$ 62,161,199</u>	<u>\$ 6,590,721</u>

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Governmental activities include internal service fund liabilities for capital lease payable, compensated absences, and intercap notes payable. Internal service fund compensated absences totaled \$1,110,455 and \$1,204,717 at June 30, 2015 and 2016, 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, 2016, the City had no arbitrage rebate liability for its governmental and business-type activities.

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

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

*Plan Description.* The City provides continuous medical insurance coverage for eligible participants enrolled in the City sponsored plan called the City of Billings Employee Benefit Plan (the Plan). Total plan contributions paid by the City in 2016 were 11.8% of total payroll and benefits. The retiree benefits are provided in the form of an implicit rate subsidy where pre 65 retirees and a closed group of post 65 retirees receive health insurance coverage by paying a combined retiree/active rate. Dental and life insurance benefits are also provided on a fully contributory basis. The Plan does not prepare separate financial statements, but is included in the City's CAFR and reported as an internal service fund as City Health Insurance Fund. A Plan Document describing the Plan in its entirety, including contribution rates, eligibility, etc., can be obtained from the Human Resources Department of the City of Billings.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

Police and Fire employees:

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

All Other Employees:

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

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

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

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

*Funding Policy.* The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. Although the City has studied the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue. The amount of covered payroll related to the plan for the year ending June 30, 2016, is \$54,918,299. The ratio of the FY 2016 unfunded actuarial accrued liability to annual covered payroll is 0.130.

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

**Level Dollar Amortization**

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

Annual required contribution	\$ 666,000
Interest on net OPEB obligation	247,000
Adjustment to ARC	<u>(220,000)</u>
Annual OPEB cost	693,000
Contribution for fiscal year ended June 30, 2016	<u>(290,000)</u>
Increase in net OPEB	403,000
Net OPEB Obligation – beginning of year	<u>6,566,000</u>
Net OPEB Obligation – end of year	<u>\$ 6,969,000</u>
Percent of annual OPEB cost contributed FY 2016	41.85%

The annual OPEB costs, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016, for the health plan are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 1,246,000	42.0%	\$ 5,440,000
June 30, 2014	1,246,000	42.0%	6,163,000
June 30, 2015	693,000	41.9%	6,566,000
June 30, 2016	693,000	41.9%	6,969,000

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

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

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

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

The Plan may be modified by the Health Insurance Committee.

#### IV. Other Notes

##### A. Risk Management

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

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

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

For damage to and destruction of buildings and facilities, the City has elected to insure its buildings and facilities with insurance purchased from a private carrier. Such insurance has a deductible of \$100,000 per occurrence. The rateable exposure limit is \$552,436,485 (inclusive of Business Income Coverage) with a blanket policy limit of \$500 million, underwritten by Affiliated FM Insurance Company. There have been no significant changes to levels of insurance from the previous year, and settlement payments have not exceeded insurance coverage during the current year or the two previous fiscal years.

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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 2014, 2015, and 2016:

	Beginning-of- fiscal-year <u>liability</u>	Incurred claims and claim administrative <u>expenses</u>	Payments of claims and claim administrative <u>expenses</u>	End-of- fiscal-year <u>liability</u>
2013-2014	700,000	8,015,265	8,115,265	600,000
2014-2015	600,000	8,711,989	8,561,989	750,000
2015-2016	750,000	11,186,393	10,936,393	1,000,000

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

Approximately 110 retired and terminated employees participated in the City’s health plan. Claims paid in excess of premiums received for these participants totaled approximately \$50,120 for the fiscal year ended June 30, 2016. 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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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 29, 2016, the date on which the financial statements were available to be issued. There are no subsequent events to report.

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

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Changes in Claims and Judgments:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year</u>	<u>Changes in the Estimate for Claims of Prior Periods</u>	<u>Claims Incurred During Year</u>	<u>Payments of Claims</u>	<u>End of Fiscal Year</u>	<u>Amount Due Within One Year</u>
2014	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
2015	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
2016	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>

**E. Contingent Liabilities**

1. Landfill Closure and Post-closure

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on the estimate of landfill capacity used as of each balance sheet date. The \$3,068,611 reported as landfill closure and post-closure care liability at June 30, 2016, represents the cumulative amount reported to date based on the use of approximately 48 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$3.4 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. 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 43 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 2016, \$156,881 was paid into the trust. The cumulative amount of payments of \$3,106,305 is reported as restricted investments at June 30, 2016.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

	<u>Balance June 30, 2015</u>	<u>Accrual Amount</u>	<u>Balance June 30, 2016</u>
Net change in Landfill Liability	<u>\$ 2,922,004</u>	<u>\$ 146,607</u>	<u>\$ 3,068,611</u>

2. Lawsuits

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

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

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

3. Grants

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

**F. Conduit Debt**

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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, 2016, there were 4 series of industrial revenue bonds outstanding. The aggregate principal amount payable for the 4 series issued was approximately \$14.1 million at June 30, 2016.

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

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

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

###### Net Pension Liability

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

PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the employers. Due to the existence of this special funding situation, the State is required to report a proportionate share of a local government or school district's collective NPL that is associated with the non-State employer.

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

The Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30, 2016, reporting will use the 2016 reporting values presented in these notes.

As of reporting date:	Net Pension Liability as of 6/30/2016	Net Pension Liability as of 6/30/2015	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
Employer Proportionate Share	\$34,676,422.98	\$30,549,142.91	2.480658%	2.451756%	0.028902%
State of Montana Proportionate Share associated with the Employer	\$ 425,941.02	\$ 373,051.58	0.030471%	0.029940%	0.000531%
Total	\$35,102,364.00	\$30,922,194.49	2.511129%	2.481696%	0.029433%

The Table above displays the employer proportionate share of the NPL and the employer’s proportion of NPL for June 30, 2015 and 2016. The employer’s proportion of the NPL was based on the employer’s contributions received by PERS during the measurement period July1, 2014 through June 30, 2015, relative to the total employer contributions received from all PERS’ participating employers. As of the employer’s reporting date the employer recorded a liability of \$34,676,423 and the employer’s proportionate share was 2.480658 percent.

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

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

**Changes in proportionate share:** Between the measurement date of the collective NPL and the employer’s reporting date there were some changes in the proportion that may have an effect on the employer’s proportionate share of the collective NPL.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Pension Expense

As of reporting date	Pension Expense as of 6/30/2016	Pension Expense as of 6/30/2015
Employer's Proportionate Share of PERS	\$ 2,380,869.87	\$ 2,327,858.11
State of Montana Proportionate Share associated with the Employer	\$ 26,466.89	\$ 28,081.33
<b>Total</b>	<b>\$ 2,407,336.76</b>	<b>\$ 2,355,939.44</b>

At June 30, 2016, the employer recognized its proportionate share of the PERS' Pension Expense of \$2,407,337. The employer also recognized grant revenue of \$26,467 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer and grant revenue of \$832,197 from the Coal Tax Fund.

Recognition of Deferred Inflows and Outflows

At June 30, 2016, the employer recognized its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. Expected Experience	\$ -	\$ 209,794.17
Changes in Assumptions	\$ -	\$ -
Actual vs Expected Investment Earnings	\$ -	\$ 2,935,728.19
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	\$ 343,128.35	\$ -
Employer Contributions subsequent to the measurement date - # FY2016 Contributions	\$ 2,535,725.76	\$ -
<b>Total</b>	<b>\$ 2,878,854.11</b>	<b>\$ 3,145,522.36</b>

# Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL beginning in the year ended June 30, 2017.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

For the Reporting Year ended <u>June 30:</u>	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) <u>to Pension Expense</u>
2017	\$ (1,188,399.72)
2018	\$ (1,188,399.72)
2019	\$ (1,189,121.21)
2020	\$ 763,526.65
2021	\$ -
Thereafter	\$ -

Plan Description

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

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Summary of Benefits

##### Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011: Age 60, 5 years of membership service;  
Age 65, regardless of membership service; or  
Any age, 30 years of membership service.

Hired on or after July 1, 2011: Age 65, 5 years of membership service;  
Age 70, regardless of membership service.

##### Early Retirement

Early retirement, actuarially reduced:

Hired prior to July 1, 2011: Age 50, 5 years of membership service; or  
Any age, 25 years of membership service.

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

##### Vesting

5 years of membership service

##### Member's highest average compensation (HAC)

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;  
Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

##### Compensation Cap

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

#### Guaranteed Annual Benefit Adjustment (GABA)

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

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007
- 0% whenever the amortization period for PERS is 40 years or more.

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

#### Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by the participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below.

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

2. Employer contributions to the system:
  - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
  - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
  - c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
  
3. Non Employer Contributions:
  - a. Special Funding
    - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
    - ii. The State contributes 0.37% of member's compensation on behalf of school district entities.
  - b. Not Special Funding
    - i. The State contributes a portion of the Coal Severance Tax income and earnings from the Coal Trust Permanent Trust fund.

Fiscal Year	Member		State & Universities	Local Government		School Districts	
			Employer	Employer	State	Employer	State
	Hired <7/01/11	Hired >7/01/11					
2016	7.9%	7.9%	8.370%	8.270%	0.10%	8.00%	0.370%
2015	7.9%	7.9%	8.270%	8.170%	0.10%	7.90%	0.370%
2014	7.9%	7.9%	8.170%	8.070%	0.10%	7.80%	0.370%
2012-2013	6.9%	7.9%	7.170%	7.070%	0.10%	6.80%	0.370%
2010-2011	6.9%		7.170%	7.070%	0.10%	6.80%	0.370%
2008-2009	6.9%		7.035%	6.935%	0.10%	6.80%	0.235%
2000-2007	6.9%		6.900%	6.800%	0.10%	6.80%	0.100%

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### Stand-Alone Statements

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

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

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

### Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation date of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003, to June 30, 2009. Among those assumptions were the following:

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	0.27%
General Wage Growth*	4%
*includes Inflation at	3%
Merit Increases	0 to 6%
Postretirement Benefit Increases	

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

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

3% for members hired prior to July 1, 2007

1.5% for members hired between July 1, 2007, and June 30, 2013

Members hired on or after July 1, 2013

1.5% for each year PERS is funded at or above 90%;

1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and

0% whenever the amortization period for PERS is 40 years or more.

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non- employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

#### Target Allocations

The long-term expected return on pension plan assets is reviewed as part of the regular experience study prepared for the System. The most recent analysis, performed for the period of fiscal years 2003 through 2009, is outlined in a report dated June 2010 and is located on the MPERA website. Several factors are considered in evaluation the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by an investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in the future years. Summarized in the table below are best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

Sensitivity Analysis

	1.0% Decrease	Current Discount	1.0% Increase
	6.75%	Rate	8.75%
Employer's Net Pension Liability	\$53,463,540.91	\$34,676,422.98	\$18,811,137.65

The above table presents the NPL calculated using the discount rate of 7.75%, as well as what the NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Summary of Significant Accounting Policies

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

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

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

Net Pension Liability

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

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

The Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30, 2016, reporting will use the 2016 report values presented in these notes.

As of reporting date:	Net Pension Liability as of 6/30/2016	Net Pension Liability as of 6/30/2015	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 6,829,123.49	\$ 6,450,055.03	6.677088%	6.607541%	0.069547%
State of Montana Proportionate Share associated with the Employer	\$15,210,272.88	\$14,551,009.58	14.871649%	14.906289%	-0.034640%
<b>Total</b>	<b>\$22,039,396.37</b>	<b>\$21,001,064.61</b>	<b>21.548737%</b>	<b>21.513830%</b>	<b>0.034907%</b>

The Table above displays the employer proportionate share of the NPL and the employer's proportion of NPL for June 30, 2015, and 2016. The employer's proportion of the NPL was based on the employer's contributions received by FURS during the measurement period July 1, 2014, through June 30 2015, relative to the total employer contributions received from all FURS' participating employers.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

As of the employer’s reporting date the employer recorded a liability of \$6,829,123.00 and the employer’s proportionate share was 6.67088%.

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

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

**Changes in proportionate share:** Between the measurement date of the collective NPL and the employer’s reporting date there were some changes in proportion that may have an effect on the employer’s proportionate share of the collective NPL.

Pension Expense

As of reporting date	Pension Expense as of 6/30/2016	Pension Expense as of 6/30/2015
Employer's Proportionate Share of FURS	\$ 765,416.71	\$ 716,028.91
State of Montana Proportionate Share associated with the Employer	\$ 1,646,723.51	\$ 1,615,326.29
Total	\$ 2,412,140.22	\$ 2,331,355.20

At June 30, 2016, the employer recognized its proportionate share of the FURS’ Pension Expense of \$2,412,140.00. The employer also recognized grant revenue of \$1,646,734.00 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Recognition of Beginning Deferred Outflow

At June 30, 2016, the employer reported its proportionate share of FURS' deferred outflows of resources and deferred inflows of resources relate to FURS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. Expected Experience	\$ -	\$ 8,896.35
Changes in Assumptions	\$ -	\$ -
Actual vs Expected Investment Earnings	\$ -	\$ 412,794.06
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	\$ 67,811.70	\$ -
Employer Contributions subsequent to the measurement date - # FY2016 Contributions	\$ 1,298,560.21	\$ -
<b>Total</b>	<b>\$ 1,366,371.91</b>	<b>\$ 421,690.41</b>

#Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

For the Reporting Year ended <u>June 30:</u>	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) <u>to Pension Expense</u>
2017	\$ (172,328.85)
2018	\$ (172,328.85)
2019	\$ (172,328.98)
2020	\$ 151,324.75
2021	\$ 11,783.23
Thereafter	\$ -

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Plan Description

The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries.

#### Summary of Benefits

##### Eligibility for benefit

20 years of membership service, regardless of age.  
Age 50, 5 years of membership service.

##### Vesting

Death and disability rights are vested immediately  
5 years membership service for all other rights.

##### Member's highest average compensation (HAC)

Hired prior to July 1, 1981, and not electing GABA – highest monthly compensation (HMC)  
Hired after June 30, 1981, and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.

##### Monthly benefit formula

Members hired prior to July 1, 1981, and not electing GABA are entitled to the greater of 2.5% of HMC per year of service, OR

- a. If less than 20 years of service – 2% of HMC for each year of service
- b. If more than 20 years of service – 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years.

Members hired on or after July 1, 1981, and those electing GABA – 2.5% of HAC per year of membership service.

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### Guaranteed Annual Benefit Adjustment (GABA)

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

### Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997, the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service).

### Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below.

<u>Fiscal Year</u>	<u>Member</u>		<u>Employer</u>	<u>State</u>
	<u>Non-GABA</u>	<u>GABA</u>		
1998 - 2016	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

### Stand-Alone Statements

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

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

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

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

#### Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation date of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. . There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003, to June 30, 2009. Among those assumptions were the following:

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	0.19%
General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 7.3%
Post Retirement Increases	

#### Guaranteed Annual Benefit Adjustment (GABA)

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

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

Members hired before July 1, 1997, and member did not elect GABA – the monthly retirement, disability or survivor’s benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least 10 years of membership service).

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

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

# CITY OF BILLINGS, MONTANA

## Notes to Financial Statements

### Discount Rate

The discount rate used to measure the TPL was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non- employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 32.61% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

### Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

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

Summarized in the table above are the best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Sensitivity Analysis

	1.0% Decrease	Current Discount	1.0% Increase
	6.75%	Rate	8.75%
Employer's Net Pension Liability	\$ 11,017,054.62	\$ 6,829,123.49	\$ 3,416,277.59

The above table presents the NPL calculated using the discount rate of 7.75% as well as what the NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Summary of Significant Accounting Policies

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

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

Net Pension Liability

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

MPORS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to MPORS on behalf of the employers. Due to the existence of this special funding situation, employers are

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

required to report the portion of the State of Montana’s proportionate share of the collective Net Pension Liability that is associated with the employer.

The Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to the measurement date of June 30, 2015. For most employers, their June 30 2016, reporting will use the 2016 reporting values presented in these notes.

As of reporting date:	Net Pension Liability as of 6/30/2016	Net Pension Liability as of 6/30/2015	Percent of Collective NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2015	Change in Percent of Collective NPL
Employer Proportionate Share	\$11,661,478.85	\$11,275,364.85	7.049588%	7.175550%	-0.125962%
State of Montana Proportionate Share associated with the Employer	\$23,627,264.50	\$22,777,584.99	14.283134%	14.495468%	-0.212334%
Total	\$35,288,743.35	\$34,052,949.84	21.332722%	21.671018%	-0.338296%

The Table above displays the employer proportionate share of the NPL and employer’s proportion of NPL for June 30, 2015, and 2016. The employer’s proportion of the NPL was based on the employer’s contributions received by MPORS during the measurement period July1, 2014, through June 30, 2015, relative to the total employer contributions received from all MPORS’ participating employers. As of the employer’s reporting date the employer recorded a liability of \$11,661,479 and the employer’s proportionate share was 7.049588%.

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

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

**Changes in proportionate share:** Between the measurement date of the collective NPL and the employer’s reporting date there were some changes in proportion that may have an effect on the employer’s proportionate share of the collective NPL.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Pension Expense

As of reporting date	Pension Expense as of 6/30/2016	Pension Expense as of 6/30/2015
Employer's Proportionate Share of MPORS	\$ 1,127,411.50	\$ 1,212,835.45
State of Montana Proportionate Share associated with the Employer	\$ 2,402,961.03	\$ 2,450,072.61
<b>Total</b>	<b>\$ 3,530,372.53</b>	<b>\$ 3,662,908.06</b>

At June 30, 2016, the employer recognized its proportionate share of the MPORS' Pension Expense of \$3,530,373. The employer also recognized grant revenue of \$2,402,961.00 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

Deferred Inflows and Outflows

At June 30, 2016, the employer reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources related to MPORS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. Expected Experience	\$ -	\$ 106,500.38
Changes in Assumptions	\$ -	\$ -
Actual vs Expected Investment Earnings	\$ -	\$ 438,097.61
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 166,674.42
Employer Contributions subsequent to the measurement date - # FY2016 Contributions	\$ 1,445,918.85	
<b>Total</b>	<b>\$ 1,445,918.85</b>	<b>\$ 711,272.41</b>

#Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL beginning in the year ended June 30, 2017.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

For the Reporting Year ended <u>June 30:</u>	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to <u>Pension Expense</u>
2017	\$ (285,583.64)
2018	\$ (285,583.64)
2019	\$ (285,583.50)
2020	\$ 145,748.39
2021	\$ -
Thereafter	\$ -

Plan Description

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

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

The balance held by MPERA for MPORS DROP participants as of June 30, 2016, was approximately \$7 million.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Summary of Benefits

##### Eligibility for benefit

20 years of membership service, regardless of age  
Age 50, 5 years of membership service

##### Vesting

Death and disability rights are vested immediately  
5 years of membership service for all other rights

##### Member's highest average compensation (HAC)

Hired prior to July 1, 1977 – average monthly compensation of final year of service;  
Hired on or after July 1, 1977 – final average compensation (FAC) for last consecutive 36 months.

##### Compensation Cap

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

##### Monthly benefit formula

2.5% of FAC per year of service credit.

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

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

##### Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997, and member did not elect GABA - the monthly retirement, disability or survivor's benefit may not be less than  $\frac{1}{2}$  the compensation of a newly confirmed officer in the city that the member was last employed.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member’s compensation. Contributions are deducted from each member’s salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below.

Fiscal Year	Member					Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA			
2000-2016	5.80%	7.00%	8.50%	9.00%		14.41%	29.37%
1998-1999	7.80%	9.00%	10.50%	11.00%		14.41%	29.37%
1997	7.80%	9.00%	10.50%			14.36%	29.37%

Stand-Alone Statements

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

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

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

Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to June 30, 2015. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

Investment Return (net of admin expense)	7.75%
Admin Expense as % of Payroll	0.20%
General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 7.3%
Post Retirement Increases	

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

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

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

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

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

#### Discount Rate

The discount rate used to measure the TPL was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non- employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 29.37% of salaries pensionable payroll paid by employers. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

**CITY OF BILLINGS, MONTANA**

Notes to Financial Statements

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%

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

Summarized in the table above are the best estimates of the arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2015.

Sensitivity Analysis

	1.0% Decrease	Current Discount	1.0% Increase
	6.75%	Rate	8.75%
Employer’s Net Pension Liability	\$16,464,230.88	\$11,661,478.85	\$7,397,833.80

The above table presents the NPL calculated using the discount rate of 7.75% as well as what the NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

## CITY OF BILLINGS, MONTANA

### Notes to Financial Statements

#### Summary of Significant Accounting Policies

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

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

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

## **CITY OF BILLINGS, MONTANA**

### **Notes to Financial Statements**

The member contribution rate for fiscal year 2016 was 6.9% of member's compensation for members hired before July 1, 2011. Members hired on or after July 1, 2011, have a contribution rate of 7.9%. The employer and state rate for fiscal year 2016 is 8.37% and is allocated as follows: 6.56% allocated to the member's retirement account, 1.47% 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.

## REQUIRED SUPPLEMENTAL INFORMATION

Required Supplemental Information

**CITY OF BILLINGS, MONTANA  
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual  
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 13,051,058	\$ 13,051,058	\$ 14,696,044	\$ (1,644,986)
Licenses and permits	4,398,880	4,398,880	4,715,138	(316,258)
Intergovernmental	10,337,424	10,337,424	10,711,834	(374,410)
Charges for services	3,773,614	3,773,614	4,039,776	(266,162)
Fines and forfeitures	1,821,047	1,821,047	1,453,106	367,941
Other	69,162	69,162	182,334	(113,172)
Total revenues	<u>33,451,185</u>	<u>33,451,185</u>	<u>35,798,232</u>	<u>(2,347,047)</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 6,170,159	\$ 6,308,162	\$ 5,757,464	\$ 550,698
Public safety	312,642	400,871	314,651	86,220
Public works	394,014	394,014	382,622	11,392
Public health	-	50,000	50,000	-
Culture and recreation	3,994,315	4,062,328	3,977,423	84,905
Capital outlay	165,000	263,095	219,827	43,268
Debt service:				
Total expenditures	<u>11,036,130</u>	<u>11,478,470</u>	<u>10,701,987</u>	<u>776,483</u>
Revenues over (under) expenditures	<u>22,415,055</u>	<u>21,972,715</u>	<u>25,096,245</u>	<u>(3,123,530)</u>
Other financing sources (uses):				
Transfers in	2,830	28,830	28,648	182
Transfers out	(23,447,256)	(24,737,138)	(22,813,997)	(1,923,141)
Sale of capital assets	500	500	-	500
Total other financing sources (uses)	<u>(23,443,926)</u>	<u>(24,707,808)</u>	<u>(22,785,349)</u>	<u>(1,922,459)</u>
Net change in fund balances	<u>\$ (1,028,871)</u>	<u>\$ (2,735,093)</u>	<u>2,310,896</u>	<u>\$ (5,045,989)</u>
Fund balance, beginning of year			<u>24,879,911</u>	
Fund balance, end of year			<u>\$ 27,190,807</u>	

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

Required Supplemental Information

**CITY OF BILLINGS, MONTANA**  
**Major Special Revenue Fund - Public Safety**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 11,914,356	\$ 11,914,356	\$ 12,394,311	\$ (479,955)
Licenses and permits	33,650	33,650	41,965	(8,315)
Intergovernmental	2,499,636	2,499,636	2,591,364	(91,728)
Charges for services	1,356,254	1,356,254	1,545,011	(188,757)
Fines and forfeitures	3,400	3,400	2,400	1,000
Other	28,209	28,209	38,743	(10,534)
Total revenues	<u>15,835,505</u>	<u>15,835,505</u>	<u>16,613,794</u>	<u>(778,289)</u>
<b>Expenditures:</b>				
Current:				
Public safety	35,524,138	36,901,052	35,580,946	1,320,106
Public health	858,320	860,680	805,562	55,118
Capital outlay	-	320,252	328,840	(8,588)
Debt service:				
Principal	515,614	515,614	424,688	90,926
Interest and fiscal charges	50,088	50,088	48,667	1,421
Total expenditures	<u>36,948,160</u>	<u>38,647,686</u>	<u>37,188,703</u>	<u>1,458,983</u>
Revenues over (under) expenditures	<u>(21,112,655)</u>	<u>(22,812,181)</u>	<u>(20,574,909)</u>	<u>(2,237,272)</u>
Other financing sources (uses):				
Transfers in	22,074,303	23,191,831	21,305,976	1,885,855
Transfers out	(957,148)	(966,229)	(966,229)	-
Total other financing sources (uses)	<u>21,117,155</u>	<u>22,225,602</u>	<u>20,339,747</u>	<u>1,885,855</u>
Net change in fund balances	<u>\$ 4,500</u>	<u>\$ (586,579)</u>	<u>(235,162)</u>	<u>\$ (351,417)</u>
Fund balance, beginning of year			<u>1,677,865</u>	
Fund balance, end of year			<u>\$ 1,442,703</u>	

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

## Required Supplemental Information

### A. Budgetary Information

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

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

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

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

Annual appropriated budgets are adopted for all the City's funds, and all annual appropriations lapse at fiscal yearend. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end will be re-appropriated and honored during the subsequent year. The annual appropriated budget was amended during the year. The major amendments were for the General Fund; Public Safety Fund; Nonmajor Special Revenue Funds: Development Services Grants Fund; Library Fund; Storm Sewer; North 27<sup>th</sup> Street Tax Increment Operating; South Tax Increment Operating; East Tax Increment Operating; Transportation Enhancement; Arterial Streets; Bikepath Donation; Attorney Grants; EOC 911; Fire Grants; Gas Tax; Park District 1; Park Maintenance; Nonmajor Debt Service Funds: Sidewalk Debt Service; Nonmajor Capital Project Funds: New Library Construction Fund; Storm Sewer Construction; Special

## Required Supplemental Information

Improvement Districts; and Sidewalk and Curb Districts Fund; Capital Replacement Fund; Rose Park Pool Construction Fund; Enterprise Funds: Airport Fund, Water Fund, Transit Fund, and Solid Waste Fund; and Internal Service Funds: Central Telephone Services Fund, Information Technology Fund, and Facilities Management Fund.

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

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

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

	Public Safety Fund
<u>Revenues</u>	
Actual amounts (budgetary basis) "Total revenues" from the budget	\$ 16,613,794
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	5,968,388
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ 22,582,182
<u>Expenditures</u>	
Actual amounts (budgetary basis) "Total expenditures" from the budget	\$ 37,188,703
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	5,968,388
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ 43,157,091

Required Supplemental Information

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

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

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

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

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	34,676	30,549
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	2.48%	2.45%
State of MT proportionate share of the net pension liability associated with the Employer	426	373
<b>Total</b>	<u>35,102</u>	<u>30,922</u>
Employer's covered-employee payroll	28,950	27,754
Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	119.78%	110.07%
Plan fiduciary net position the total pension liability (as a percentage)	78.40%	79.90%

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

Required Supplemental Information

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

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	6,829	6,450
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	6.68%	6.61%
State of MT proportionate share of the net pension liability associated with the Employer	15,210	14,551
<b>Total</b>	<u>22,039</u>	<u>21,001</u>
Employer's covered-employee payroll	8,973	8,583
Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	76.11%	75.15%
Plan fiduciary net position the total pension liability (as a percentage)	76.90%	76.70%

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

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

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	11,661	11,275
Employer's proportionate share of the net pension liability associated with the Employer (as a percentage)	7.05%	7.18%
State of MT proportionate share of the net pension liability associated with the Employer	23,627	22,778
<b>Total</b>	<u>35,288</u>	<u>34,053</u>
Employer's covered-employee payroll	9,757	9,628
Employer's proportionate share of the net pension liability as of its covered-employee payroll (as a percentage)	119.52%	117.11%
Plan fiduciary net position the total pension liability (as a percentage)	66.90%	67.00%

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

Required Supplemental Information

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

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

	<u>2016</u>	<u>2015</u>
Contractually required contributions	2,536	2,510
Contributions in relation to the contractually required contributions	2,536	2,510
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	29,353	28,950
Contributions of covered-employee payroll (as a percentage)	8.64%	8.67%

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

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

	<u>2016</u>	<u>2015</u>
Contractually required contributions	1,299	1,314
Contributions in relation to the contractually required contributions	1,299	1,314
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	9,083	8,973
Contributions of covered-employee payroll (as a percentage)	14.30%	14.64%

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

Required Supplemental Information

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

	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contributions	1,446	1,414
Contributions in relation to the contractually required contributions	1,446	1,414
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	9,859	9,760
Contributions of covered-employee payroll (as a percentage)	14.67%	14.49%

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

# SUPPLEMENTAL INFORMATION

**MAJOR FUNDS**  
**BUDGET AND ACTUAL SCHEDULES**

**CITY OF BILLINGS, MONTANA**

**General Fund**

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

**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 13,051,058	\$ 13,051,058	\$ 14,696,044	\$ (1,644,986)
Licenses and permits	4,398,880	4,398,880	4,715,138	(316,258)
Intergovernmental	10,337,424	10,337,424	10,711,834	(374,410)
Charges for services	3,773,614	3,773,614	4,039,776	(266,162)
Fines and forfeitures	1,821,047	1,821,047	1,453,106	367,941
Other	69,162	69,162	182,334	(113,172)
Total revenues	<u>33,451,185</u>	<u>33,451,185</u>	<u>35,798,232</u>	<u>(2,347,047)</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	7,529,094	7,715,490	7,393,411	322,079
Operations and maintenance	3,342,036	3,499,886	3,088,749	411,137
Capital outlay	165,000	263,095	219,827	43,268
Debt service:				
Total expenditures	<u>11,036,130</u>	<u>11,478,471</u>	<u>10,701,987</u>	<u>776,484</u>
Revenues over (under) expenditures	<u>22,415,055</u>	<u>21,972,714</u>	<u>25,096,245</u>	<u>(3,123,531)</u>
Other financing sources (uses):				
Transfers in	2,830	28,830	28,648	182
Transfers out	<u>(23,447,256)</u>	<u>(24,737,138)</u>	<u>(22,813,997)</u>	<u>(1,923,141)</u>
Total other financing sources (uses)	<u>(23,444,426)</u>	<u>(24,708,308)</u>	<u>(22,785,349)</u>	<u>(1,922,959)</u>
Net change in fund balances	<u>\$ (1,029,371)</u>	<u>\$ (2,735,594)</u>	2,310,896	<u>\$ (5,046,490)</u>
Fund balance, beginning of year			<u>24,879,911</u>	
Fund balance, end of year			<u>\$ 27,190,807</u>	

**CITY OF BILLINGS, MONTANA**  
**Major Special Revenue Fund - Public Safety**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 11,914,356	\$ 11,914,356	\$ 12,394,311	\$ (479,955)
Licenses and permits	33,650	33,650	41,965	(8,315)
Intergovernmental	2,499,636	2,499,636	2,591,364	(91,728)
Charges for services	1,356,254	1,356,254	1,545,011	(188,757)
Fines and forfeitures	3,400	3,400	2,400	1,000
Other	28,209	28,209	38,743	(10,534)
Total revenues	<u>15,835,505</u>	<u>15,835,505</u>	<u>16,613,794</u>	<u>(778,289)</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	30,719,681	31,800,009	30,651,449	1,148,560
Operations and maintenance	5,662,777	5,961,723	5,735,059	226,664
Capital outlay	-	320,252	328,840	(8,588)
Debt service:				
Principal	515,614	515,614	424,688	90,926
Interest and fiscal charges	50,088	50,088	48,667	1,421
Total expenditures	<u>36,948,160</u>	<u>38,647,686</u>	<u>37,188,703</u>	<u>1,458,983</u>
Revenues over (under) expenditures	<u>(21,112,655)</u>	<u>(22,812,181)</u>	<u>(20,574,909)</u>	<u>(2,237,272)</u>
Other financing sources (uses):				
Transfers in	22,074,303	23,191,831	21,305,976	1,885,855
Transfers out	(957,148)	(966,229)	(966,229)	-
Total other financing sources (uses)	<u>21,117,155</u>	<u>22,225,602</u>	<u>20,339,747</u>	<u>1,885,855</u>
Net change in fund balances	<u>\$ 4,500</u>	<u>\$ (586,579)</u>	<u>(235,162)</u>	<u>\$ (351,417)</u>
Fund balance, beginning of year			<u>1,677,865</u>	
Fund balance, end of year			<u>\$ 1,442,703</u>	

**CITY OF BILLINGS, MONTANA**  
**Major Debt Service Fund - Special Improvement Districts Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Special assessments	\$ 1,900,000	\$ 1,900,000	\$ 1,492,433	\$ 407,567
Other	3,403	3,403	4,551	(1,148)
Total revenues	<u>1,903,403</u>	<u>1,903,403</u>	<u>1,496,984</u>	<u>406,419</u>
<b>Expenditures:</b>				
Current:				
Operations and maintenance	-	-	11,200	(11,200)
Debt service:				
Principal	6,860,000	6,860,000	1,332,069	5,527,931
Interest and fiscal charges	529,300	529,300	265,190	264,110
Total expenditures	<u>7,389,300</u>	<u>7,389,300</u>	<u>1,608,459</u>	<u>5,780,841</u>
Revenues over (under) expenditures	<u>(5,485,897)</u>	<u>(5,485,897)</u>	<u>(111,475)</u>	<u>(5,374,422)</u>
Other financing sources (uses):				
Transfers in	-	-	3,269	(3,269)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,269</u>	<u>(3,269)</u>
Net change in fund balances	<u>\$ (5,485,897)</u>	<u>\$ (5,485,897)</u>	<u>\$ (108,206)</u>	<u>\$ (5,377,691)</u>
Fund balance, beginning of year			<u>5,143,321</u>	
Fund balance, end of year			<u>\$ 5,035,115</u>	

# NONMAJOR GOVERNMENT FUNDS

## NONMAJOR SPECIAL REVENUE FUNDS

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

## NONMAJOR DEBT SERVICE FUNDS

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

## NONMAJOR CAPITAL PROJECTS FUNDS

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

## NONMAJOR PERMANENT FUND

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

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Government Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 21,120,379	\$ 633,866	\$ 1,895,267	\$ 238,112	\$ 23,887,624
Cash with fiscal agent	997,306	9,847,123	-	-	10,844,429
Investments	38,943,985	1,172,252	3,508,994	439,063	44,064,294
Receivables:					
Property taxes	357,145	99,448	-	-	456,593
Accounts and unbilled usage	104,726	-	-	-	104,726
Delinquent special assessments	848,482	15,657	-	-	864,139
Special assessments receivable	-	1,613,263	-	-	1,613,263
Accrued interest	85,614	1,912	5,383	720	93,629
Notes	1,108,243	138,764	-	-	1,247,007
Due from other funds	241,371	-	-	-	241,371
Due from other governments	924,556	-	-	-	924,556
Inventories	122,396	-	-	-	122,396
Property held for resale	35,000	-	187,828	-	222,828
<b>Total assets</b>	<b>\$ 64,889,203</b>	<b>\$ 13,522,285</b>	<b>\$ 5,597,472</b>	<b>\$ 677,895</b>	<b>\$ 84,686,855</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 3,895,950	\$ 1,375	\$ 237,020	\$ -	\$ 4,134,345
Accrued wages & benefits	347,737	-	-	-	347,737
Unearned Revenue	1,219,826	-	-	-	1,219,826
Other liabilities	-	10,000	-	-	10,000
Due to other funds	83,757	-	222,795	-	306,552
<b>Total liabilities</b>	<b>5,547,270</b>	<b>11,375</b>	<b>459,815</b>	<b>-</b>	<b>6,018,460</b>
Deferred inflows:					
Unavailable Revenue	1,400,744	1,793,711	-	-	3,194,455
Fund balance:					
Unspendable	122,396	-	-	677,895	800,291
Restricted	47,560,969	11,717,199	5,412,780	-	64,690,949
Committed	10,257,856	-	-	-	10,257,856
Unassigned	(32)	-	(275,123)	-	(275,155)
<b>Total fund balances</b>	<b>57,941,189</b>	<b>11,717,199</b>	<b>5,137,657</b>	<b>677,895</b>	<b>75,473,940</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 64,889,203</b>	<b>\$ 13,522,285</b>	<b>\$ 5,597,472</b>	<b>\$ 677,895</b>	<b>\$ 84,686,855</b>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 7,868,963	\$ 2,326,422	\$ -	\$ -	\$ 10,195,385
Licenses and permits	2,122,010	-	-	-	2,122,010
Intergovernmental	10,789,706	-	-	-	10,789,706
Charges for services	7,547,069	-	-	12,326	7,559,395
Fines and forfeitures	508,923	-	-	-	508,923
Special assessments	20,664,645	357,887	-	-	21,022,532
Other	2,683,267	515,741	71,098	4,358	3,274,464
Total revenues	<u>52,184,583</u>	<u>3,200,050</u>	<u>71,098</u>	<u>16,684</u>	<u>55,472,415</u>
<b>Expenditures:</b>					
Current:					
General government	2,306,585	8,449	1,944	-	2,316,978
Public safety	3,805,403	-	-	-	3,805,403
Public works	18,495,294	3,100	167,112	-	18,665,506
Culture and recreation	4,902,369	-	39,753	-	4,942,122
Housing and economic development	4,414,888	-	3,035	-	4,417,923
Capital outlay	18,212,369	-	6,965,317	-	25,177,686
Debt service:					
Principal	311,386	2,254,000	-	-	2,565,386
Interest and fiscal charges	840,348	1,402,272	-	-	2,242,620
Bond issuance costs	117,507	-	13,500	-	131,007
Total expenditures	<u>53,406,149</u>	<u>3,667,821</u>	<u>7,190,661</u>	<u>-</u>	<u>64,264,631</u>
Revenues over (under) expenditures	<u>(1,221,566)</u>	<u>(467,771)</u>	<u>(7,119,563)</u>	<u>16,684</u>	<u>(8,792,216)</u>
Other financing sources (uses):					
Transfers in	2,730,418	1,015,757	1,530,961	-	5,277,136
Transfers out	(3,405,912)	-	(3,895)	(4,358)	(3,414,165)
Special assessment bonds issued	4,935,000	-	440,000	-	5,375,000
Sale of capital assets	113,946	-	5,233	-	119,179
Total other financing sources (uses)	<u>4,373,452</u>	<u>1,015,757</u>	<u>1,972,299</u>	<u>(4,358)</u>	<u>7,357,150</u>
Net change in fund balances	3,151,886	547,986	(5,147,264)	12,326	(1,435,066)
Fund balance, beginning of year	54,789,303	11,169,213	10,284,921	665,569	76,909,006
Fund balance, end of year	<u>\$ 57,941,189</u>	<u>\$ 11,717,199</u>	<u>\$ 5,137,657</u>	<u>\$ 677,895</u>	<u>\$ 75,473,940</u>

# NONMAJOR SPECIAL REVENUE FUNDS

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

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

- The South Tax Increment Operating Fund accounts for revenues from property tax levies in the South Tax Increment District, not including the Miller Crossing properties, on increased values. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The East Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the East Tax Increment District. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The 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 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, 2016**  
**(Page 1 of 4)**

	<u>Gas Tax Fund</u>	<u>EOC 911 Fund</u>	<u>Animal Shelter Donations Fund</u>	<u>Development Services Grants Fund</u>	<u>Library Fund</u>	<u>Cemetery Improvements Fund</u>	<u>Street Maintenance Districts Fund</u>	<u>Road Maintenance District 6 Fund</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 1,794,671	\$ 2,406,294	\$ 13,102	\$ 70,783	\$ 674,894	\$ 57,686	\$ 1,156,334	\$ 962
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	3,300,273	4,436,296	24,596	130,514	1,231,368	106,617	2,131,106	1,774
Receivables:								
Property taxes	-	-	-	-	34,598	-	-	-
Accounts and unbilled usage	34,695	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	314,874	139
Accrued interest	4,287	39,341	39	53	1,547	171	3,978	-
Notes	-	-	-	165,195	-	-	-	-
Due from other funds	241,371	-	-	-	-	-	-	-
Due from other governments	-	-	-	128,307	61,172	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	35,000	-	-	-	-
<b>Total assets</b>	<b>\$ 5,375,297</b>	<b>\$ 6,881,931</b>	<b>\$ 37,737</b>	<b>\$ 529,852</b>	<b>\$ 2,003,579</b>	<b>\$ 164,474</b>	<b>\$ 3,606,292</b>	<b>\$ 2,875</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 193,729	\$ 9,987	\$ -	\$ 4,997	\$ 55,676	\$ -	\$ -	\$ -
Accrued wages & benefits	2,935	955	-	11,326	69,579	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	1,219,826	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,416,490</b>	<b>10,942</b>	<b>-</b>	<b>16,323</b>	<b>125,255</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows:</b>								
Unavailable Revenue	-	-	-	165,195	13,882	-	70,753	-
<b>Fund balances:</b>								
Unspendable	-	-	-	-	-	-	-	-
Restricted	3,958,807	6,870,989	-	348,334	988,154	164,474	3,535,539	2,875
Committed	-	-	37,737	-	876,288	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,958,807</b>	<b>6,870,989</b>	<b>37,737</b>	<b>348,334</b>	<b>1,864,442</b>	<b>164,474</b>	<b>3,535,539</b>	<b>2,875</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 5,375,297</b>	<b>\$ 6,881,931</b>	<b>\$ 37,737</b>	<b>\$ 529,852</b>	<b>\$ 2,003,579</b>	<b>\$ 164,474</b>	<b>\$ 3,606,292</b>	<b>\$ 2,875</b>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2016**  
**(Page 2 of 4)**

	<b>Light Maintenance Districts Fund</b>	<b>Park Maintenance Districts Fund</b>	<b>Storm Sewer Fund</b>	<b>North 27th Street Tax Increment Operating Fund</b>	<b>South Tax Increment Operating Fund</b>	<b>East Tax Increment Operating Fund</b>	<b>Parks Program Fund</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 522,609	\$ 186,947	\$ 1,946,498	\$ 673,233	\$ 3,108,116	\$ 363,220	\$ 893,424
Cash with fiscal agent	-	-	-	629,709	221,528	146,069	-
Investments	964,464	344,424	3,592,016	1,238,951	5,730,466	671,943	1,649,451
Receivables:							
Property taxes	-	-	-	212,376	78,945	31,226	-
Accounts and unbilled usage	-	-	7,617	-	-	-	-
Delinquent special assessments	97,189	23,950	169,959	-	-	-	-
Accrued interest	1,329	450	5,651	2,223	4,646	128	2,219
Notes	-	-	-	-	-	-	20,000
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,585,591</b>	<b>\$ 555,771</b>	<b>\$ 5,721,741</b>	<b>\$ 2,756,492</b>	<b>\$ 9,143,701</b>	<b>\$ 1,212,586</b>	<b>\$ 2,565,094</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 147,192	\$ 43,621	\$ 421,811	\$ 10,333	\$ 310,444	\$ 167	\$ 58,742
Accrued wages & benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>147,192</b>	<b>43,621</b>	<b>421,811</b>	<b>10,333</b>	<b>310,444</b>	<b>167</b>	<b>58,742</b>
Deferred inflows:							
Unavailable Revenue	17,952	2,911	39,516	79,397	19,605	2,693	20,000
Fund balances:							
Unspendable	-	-	-	-	-	-	-
Restricted	1,420,447	509,239	5,260,414	2,666,762	8,813,652	1,209,726	-
Committed	-	-	-	-	-	-	2,486,352
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,420,447</b>	<b>509,239</b>	<b>5,260,414</b>	<b>2,666,762</b>	<b>8,813,652</b>	<b>1,209,726</b>	<b>2,486,352</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,585,591</b>	<b>\$ 555,771</b>	<b>\$ 5,721,741</b>	<b>\$ 2,756,492</b>	<b>\$ 9,143,701</b>	<b>\$ 1,212,586</b>	<b>\$ 2,565,094</b>

(continued)

CITY OF BILLINGS, MONTANA  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2016  
 (Page 3 of 4)

	Police Programs Fund	Amend Park Fund	Transportation Enhancement Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund
<b>Assets</b>								
Cash and cash equivalents	\$ 458,834	\$ 67,803	\$ 195,565	\$ 98,296	\$ 884,831	\$ 1,778,042	\$ 1	\$ 57,262
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	845,984	125,027	360,501	180,589	1,632,557	3,276,313	(171)	105,396
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Accounts and unbilled usage	-	-	-	-	62,414	-	-	-
Delinquent special assessments	-	-	-	-	-	-	-	-
Accrued interest	635	204	-	269	2,565	4,508	-	1,713
Notes	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	204,183	-	139,750	196,136	-	-	9,560	74,121
Inventories	-	-	-	-	-	122,396	-	-
Property held for resale	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,509,636</b>	<b>\$ 193,034</b>	<b>\$ 695,816</b>	<b>\$ 475,290</b>	<b>\$ 2,582,367</b>	<b>\$ 5,181,259</b>	<b>\$ 9,390</b>	<b>\$ 238,492</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 109,588	\$ -	\$ 195,585	\$ 63,136	\$ 9,027	\$ 760,214	\$ -	\$ 36,305
Accrued wages & benefits	19,823	-	-	30,855	43,330	143,158	8,807	-
Due to other funds	-	-	18,577	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>129,411</b>	<b>-</b>	<b>214,162</b>	<b>93,991</b>	<b>52,357</b>	<b>903,372</b>	<b>8,807</b>	<b>36,305</b>
Deferred inflows:								
Unavailable Revenue	-	-	-	-	-	-	-	-
Fund balances:								
Unspendable	-	-	-	-	-	122,396	-	-
Restricted	1,380,225	-	481,654	381,299	2,530,010	4,155,491	583	202,187
Committed	-	193,034	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,380,225</b>	<b>193,034</b>	<b>481,654</b>	<b>381,299</b>	<b>2,530,010</b>	<b>4,277,887</b>	<b>583</b>	<b>202,187</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,509,636</b>	<b>\$ 193,034</b>	<b>\$ 695,816</b>	<b>\$ 475,290</b>	<b>\$ 2,582,367</b>	<b>\$ 5,181,259</b>	<b>\$ 9,390</b>	<b>\$ 238,492</b>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**

June 30, 2016

(Page 4 of 4)

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Bike Paths and Trails Donations Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 211	\$ 560,619	\$ 169,207	\$ 2,020,655	\$ 536	\$ 959,744	\$ 21,120,379
Cash with fiscal agent	-	-	-	-	-	-	997,306
Investments	399	1,035,659	311,803	3,743,265	955	1,771,449	38,943,985
Receivables:							
Property taxes	-	-	-	-	-	-	357,145
Accounts and unbilled usage	-	-	-	-	-	-	104,726
Delinquent special assessments	-	-	-	152,375	-	89,996	848,482
Accrued interest	-	1,637	417	5,173	-	2,431	85,614
Notes	-	923,048	-	-	-	-	1,108,243
Due from other funds	-	-	-	-	-	-	241,371
Due from other governments	110,679	-	-	648	-	-	924,556
Inventories	-	-	-	-	-	-	122,396
Property held for resale	-	-	-	-	-	-	35,000
<b>Total assets</b>	<b>\$ 111,289</b>	<b>\$ 2,520,963</b>	<b>\$ 481,427</b>	<b>\$ 5,922,116</b>	<b>\$ 1,491</b>	<b>\$ 2,823,620</b>	<b>\$ 64,889,203</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 29,431	\$ -	\$ 54	\$ 1,325,948	\$ -	\$ 109,963	\$ 3,895,950
Accrued wages & benefits	4,820	-	-	-	-	12,149	347,737
Due to other funds	63,657	-	-	-	1,523	-	83,757
Unearned Revenue	-	-	-	-	-	-	1,219,826
<b>Total liabilities</b>	<b>97,908</b>	<b>-</b>	<b>54</b>	<b>1,325,948</b>	<b>1,523</b>	<b>122,112</b>	<b>5,547,270</b>
Deferred inflows:							
Unavailable Revenue	-	903,899	-	30,160	-	34,781	1,400,744
Fund balances:							
Unspendable	-	-	-	-	-	-	122,396
Restricted	13,381	-	-	-	-	2,666,727	47,560,969
Committed	-	1,617,064	481,373	4,566,008	-	-	10,257,856
Unassigned	-	-	-	-	(32)	-	(32)
<b>Total fund balances</b>	<b>13,381</b>	<b>1,617,064</b>	<b>481,373</b>	<b>4,566,008</b>	<b>(32)</b>	<b>2,666,727</b>	<b>57,941,189</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 111,289</b>	<b>\$ 2,520,963</b>	<b>\$ 481,427</b>	<b>\$ 5,922,116</b>	<b>\$ 1,491</b>	<b>\$ 2,823,620</b>	<b>\$ 64,889,203</b>

CITY OF BILLINGS, MONTANA  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 For the Year Ended June 30, 2016  
 (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	Road Maintenance District 6 Fund
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 996,223	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,854,348	1,083,192	-	1,390,332	1,321,602	-	-	-
Charges for services	-	-	-	28,955	13,832	15,245	-	-
Fines and forfeitures	-	-	-	-	81,340	-	-	-
Special assessments	-	-	-	-	-	-	7,486,484	2,875
Other	30,351	41,974	2,322	542,273	290,236	992	23,799	-
<b>Total revenues</b>	<b>1,884,699</b>	<b>1,125,166</b>	<b>2,322</b>	<b>1,961,560</b>	<b>2,703,233</b>	<b>16,237</b>	<b>7,510,283</b>	<b>2,875</b>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	500,327	-	-	-	-	-	-
Public works	2,393,640	-	-	-	-	7,887	5,754,104	-
Culture and recreation	-	-	-	-	3,254,818	-	-	-
Housing and economic development	-	-	-	1,717,708	-	-	-	-
Capital outlay	1,416,407	340,508	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,810,047</b>	<b>840,835</b>	<b>-</b>	<b>1,717,708</b>	<b>3,254,818</b>	<b>7,887</b>	<b>5,754,104</b>	<b>-</b>
Revenues over (under) expenditures	(1,925,348)	284,331	2,322	243,852	(551,585)	8,350	1,756,179	2,875
<b>Other financing sources (uses):</b>								
Transfers in	1,500,000	-	-	109,195	901,504	-	-	-
Transfers out	-	-	-	-	(408,048)	-	(1,500,000)	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	76,258	-	-	-	4,769	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,576,258</b>	<b>-</b>	<b>-</b>	<b>109,195</b>	<b>498,225</b>	<b>-</b>	<b>(1,500,000)</b>	<b>-</b>
Net change in fund balances	(349,090)	284,331	2,322	353,047	(53,360)	8,350	256,179	2,875
Fund balance, beginning of year	4,307,897	6,586,658	35,415	(4,713)	1,917,802	156,124	3,279,360	-
<b>Fund balance, end of year</b>	<b>\$ 3,958,807</b>	<b>\$ 6,870,989</b>	<b>\$ 37,737</b>	<b>\$ 348,334</b>	<b>\$ 1,864,442</b>	<b>\$ 164,474</b>	<b>\$ 3,535,539</b>	<b>\$ 2,875</b>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**  
**(Page 2 of 4)**

	<b>Light Maintenance Districts Fund</b>	<b>Park Maintenance Districts Fund</b>	<b>Storm Sewer Fund</b>	<b>North 27th Street Tax Increment Operating Fund</b>	<b>South Tax Increment Operating Fund</b>	<b>East Tax Increment Operating Fund</b>	<b>Parks Program Fund</b>
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ 3,312,605	\$ 2,453,981	\$ 642,750	\$ -
Licenses and permits	-	-	11,200	-	-	-	-
Intergovernmental	-	-	-	211,821	256,218	146,654	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Special assessments	2,444,420	1,037,410	3,887,331	-	-	-	-
Other	8,374	1,231	140,298	12,961	24,541	11,242	129,615
<b>Total revenues</b>	<b>2,452,794</b>	<b>1,038,641</b>	<b>4,038,829</b>	<b>3,537,387</b>	<b>2,734,740</b>	<b>800,646</b>	<b>129,615</b>
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	2,230,046	-	1,537,455	-	-	-	-
Culture and recreation	-	1,044,703	-	-	-	-	57,743
Housing and economic development	-	-	-	1,850,881	266,060	387,508	-
Capital outlay	-	-	2,001,203	814,969	2,343,904	2,769,946	-
Debt service:							
Principal	-	-	-	295,000	-	-	16,386
Interest and fiscal charges	-	-	-	654,149	119,565	63,104	3,530
Bond issuance costs	-	-	-	-	82,744	34,763	-
<b>Total expenditures</b>	<b>2,230,046</b>	<b>1,044,703</b>	<b>3,538,658</b>	<b>3,614,999</b>	<b>2,812,273</b>	<b>3,255,321</b>	<b>77,659</b>
Revenues over (under) expenditures	222,748	(6,062)	500,171	(77,612)	(77,533)	(2,454,675)	51,956
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	20,000
Transfers out	-	-	(1,015,131)	(100,000)	-	-	-
Special assessment bonds issued	-	-	-	-	4,935,000	-	-
Sale of capital assets	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,015,131)</b>	<b>(100,000)</b>	<b>4,935,000</b>	<b>-</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>222,748</b>	<b>(6,062)</b>	<b>(514,960)</b>	<b>(177,612)</b>	<b>4,857,467</b>	<b>(2,454,675)</b>	<b>71,956</b>
Fund balance, beginning of year	1,197,699	515,301	5,775,374	2,844,374	3,956,185	3,664,401	2,414,396
<b>Fund balance, end of year</b>	<b>\$ 1,420,447</b>	<b>\$ 509,239</b>	<b>\$ 5,260,414</b>	<b>\$ 2,666,762</b>	<b>\$ 8,813,652</b>	<b>\$ 1,209,726</b>	<b>\$ 2,486,352</b>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**  
**(Page 3 of 4)**

	<b>Police Programs Fund</b>	<b>Amend Park Fund</b>	<b>Transportation Enhancement Fund</b>	<b>City-County Planning Fund</b>	<b>Building Inspection Fund</b>	<b>Street &amp; Traffic Fund</b>	<b>City Attorney Grants Fund</b>	<b>Fire Programs Fund</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 463,404	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	32,195	2,078,615	-	-	-
Intergovernmental	518,815	-	1,661,887	721,376	-	656,078	70,103	366,285
Charges for services	176,237	6,180	-	323,811	-	6,978,802	-	3,682
Fines and forfeitures	366,913	-	-	-	-	-	60,670	-
Special assessments	-	-	-	-	-	-	-	-
Other	365,451	1,247	1	1,860	19,306	53,258	-	14,394
<b>Total revenues</b>	<b>1,427,416</b>	<b>7,427</b>	<b>1,661,888</b>	<b>1,542,646</b>	<b>2,097,921</b>	<b>7,688,138</b>	<b>130,773</b>	<b>384,361</b>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	1,540,208	-	-	307,186	-
Public safety	1,191,136	-	-	-	1,750,971	-	-	362,969
Public works	-	-	218,321	-	-	6,119,698	-	-
Culture and recreation	-	14,260	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-	-
Capital outlay	16,275	-	923,944	-	17,440	1,262,357	-	58,148
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,207,411</b>	<b>14,260</b>	<b>1,142,265</b>	<b>1,540,208</b>	<b>1,768,411</b>	<b>7,382,055</b>	<b>307,186</b>	<b>421,117</b>
Revenues over (under) expenditures	220,005	(6,833)	519,623	2,438	329,510	306,083	(176,413)	(36,756)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	1,031	-	7,244	182,363	9,081
Transfers out	-	(1,291)	-	(3,940)	-	(207,502)	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	32,919	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,291)</b>	<b>-</b>	<b>(2,909)</b>	<b>-</b>	<b>(167,339)</b>	<b>182,363</b>	<b>9,081</b>
Net change in fund balances	220,005	(8,124)	519,623	(471)	329,510	138,744	5,950	(27,675)
Fund balance, beginning of year	1,160,220	201,158	(37,969)	381,770	2,200,500	4,139,143	(5,367)	229,862
<b>Fund balance, end of year</b>	<b>\$ 1,380,225</b>	<b>\$ 193,034</b>	<b>\$ 481,654</b>	<b>\$ 381,299</b>	<b>\$ 2,530,010</b>	<b>\$ 4,277,887</b>	<b>\$ 583</b>	<b>\$ 202,187</b>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

(Page 4 of 4)

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Bike Paths and Trails Donations Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,868,963
Licenses and permits	-	-	-	-	-	-	2,122,010
Intergovernmental	455,347	-	-	648	-	75,000	10,789,706
Charges for services	325	-	-	-	-	-	7,547,069
Fines and forfeitures	-	-	-	-	-	-	508,923
Special assessments	-	-	-	3,804,783	-	2,001,342	20,664,645
Other	6	468,000	47,835	418,891	37	32,772	2,683,267
Total revenues	<u>455,678</u>	<u>468,000</u>	<u>47,835</u>	<u>4,224,322</u>	<u>37</u>	<u>2,109,114</u>	<u>52,184,583</u>
<b>Expenditures:</b>							
Current:							
General government	459,191	-	-	-	-	-	2,306,585
Public safety	-	-	-	-	-	-	3,805,403
Public works	-	-	-	234,143	-	-	18,495,294
Culture and recreation	-	-	397	-	-	530,448	4,902,369
Housing and economic development	-	192,731	-	-	-	-	4,414,888
Capital outlay	-	-	-	4,891,470	22,069	1,333,729	18,212,369
Debt service:							
Principal	-	-	-	-	-	-	311,386
Interest and fiscal charges	-	-	-	-	-	-	840,348
Bond issuance costs	-	-	-	-	-	-	117,507
Total expenditures	<u>459,191</u>	<u>192,731</u>	<u>397</u>	<u>5,125,613</u>	<u>22,069</u>	<u>1,864,177</u>	<u>53,406,149</u>
Revenues over (under) expenditures	<u>(3,513)</u>	<u>275,269</u>	<u>47,438</u>	<u>(901,291)</u>	<u>(22,032)</u>	<u>244,937</u>	<u>(1,221,566)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	2,730,418
Transfers out	-	-	-	-	-	(170,000)	(3,405,912)
Special assessment bonds issued	-	-	-	-	-	-	4,935,000
Sale of capital assets	-	-	-	-	-	-	113,946
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>4,373,452</u>
Net change in fund balances	<u>(3,513)</u>	<u>275,269</u>	<u>47,438</u>	<u>(901,291)</u>	<u>(22,032)</u>	<u>74,937</u>	<u>3,151,886</u>
Fund balance, beginning of year	16,894	1,341,795	433,935	5,467,299	22,000	2,591,790	54,789,303
Fund balance, end of year	<u>\$ 13,381</u>	<u>\$ 1,617,064</u>	<u>\$ 481,373</u>	<u>\$ 4,566,008</u>	<u>\$ (32)</u>	<u>\$ 2,666,727</u>	<u>\$ 57,941,189</u>

**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, 2016**  
**(Page 1 of 15)**

	<b>Gas Tax Fund</b>				<b>EOC 911 Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,858,860	1,858,860	1,854,348	4,512	1,076,000	1,076,000	1,083,192	(7,192)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	71,800	71,800	30,352	41,448	17,967	17,967	41,974	(24,007)
Total revenues	<u>1,930,660</u>	<u>1,930,660</u>	<u>1,884,700</u>	<u>45,960</u>	<u>1,093,967</u>	<u>1,093,967</u>	<u>1,125,166</u>	<u>(31,199)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	58,663	60,407	61,279	(872)	27,990	28,846	26,407	2,439
Operations and maintenance	276,234	276,234	2,332,362	(2,056,128)	898,054	898,054	473,920	424,134
Capital outlay	3,266,800	6,104,529	1,416,407	4,688,122	10,000	1,245,000	340,508	904,492
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>3,601,697</u>	<u>6,441,170</u>	<u>3,810,048</u>	<u>2,631,122</u>	<u>936,044</u>	<u>2,171,900</u>	<u>840,835</u>	<u>1,331,065</u>
Revenues over (under) expenditures	<u>(1,671,037)</u>	<u>(4,510,510)</u>	<u>(1,925,348)</u>	<u>(2,585,162)</u>	<u>157,923</u>	<u>(1,077,933)</u>	<u>284,331</u>	<u>(1,362,264)</u>
Other financing sources (uses):								
Transfers in	1,500,000	1,500,000	1,500,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	76,258	(76,258)	-	-	-	-
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,576,258</u>	<u>(76,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (171,037)</u>	<u>\$ (3,010,510)</u>	<u>(349,090)</u>	<u>\$ (2,661,420)</u>	<u>\$ 157,923</u>	<u>\$ (1,077,933)</u>	<u>284,331</u>	<u>\$ (1,362,264)</u>
Fund balance, beginning of year			4,307,897				6,586,658	
Fund balance, end of year			<u>\$ 3,958,807</u>				<u>\$ 6,870,989</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 2 of 15)**

	<b>Animal Shelter Donation Fund</b>				<b>Development Services Grant Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,647,519	1,692,268	1,390,332	301,936
Charges for services	-	-	-	-	20,000	24,500	28,955	(4,455)
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	8,138	8,138	2,322	5,816	51,500	51,500	542,273	(490,773)
Total revenues	<u>8,138</u>	<u>8,138</u>	<u>2,322</u>	<u>5,816</u>	<u>1,719,019</u>	<u>1,768,268</u>	<u>1,961,560</u>	<u>(193,292)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	393,438	429,327	343,007	86,320
Operations and maintenance	7,000	7,000	-	7,000	1,163,582	1,947,332	1,374,701	572,631
Capital outlay	-	-	-	-	-	1,037	-	1,037
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>1,557,020</u>	<u>2,377,696</u>	<u>1,717,708</u>	<u>659,988</u>
Revenues over (under) expenditures	<u>1,138</u>	<u>1,138</u>	<u>2,322</u>	<u>(1,184)</u>	<u>161,999</u>	<u>(609,428)</u>	<u>243,852</u>	<u>(853,280)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	58,000	162,354	109,195	53,159
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000</u>	<u>162,354</u>	<u>109,195</u>	<u>53,159</u>
Net change in fund balances	<u>\$ 1,138</u>	<u>\$ 1,138</u>	<u>2,322</u>	<u>\$ (1,184)</u>	<u>\$ 219,999</u>	<u>\$ (447,074)</u>	<u>353,047</u>	<u>\$ (800,121)</u>
Fund balance, beginning of year			35,415				(4,713)	
Fund balance, end of year			<u>\$ 37,737</u>				<u>\$ 348,334</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 3 of 15)**

	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 928,657	\$ 928,657	\$ 996,223	\$ (67,566)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,265,173	1,265,173	1,321,602	(56,429)	-	-	-	-
Charges for services	13,425	13,425	13,832	(407)	14,000	14,000	15,245	(1,245)
Fines and forfeitures	71,180	71,180	81,340	(10,160)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	108,728	108,728	290,236	(181,508)	567	567	992	(425)
Total revenues	<u>2,387,163</u>	<u>2,387,163</u>	<u>2,703,233</u>	<u>(316,070)</u>	<u>14,567</u>	<u>14,567</u>	<u>16,237</u>	<u>(1,670)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	2,098,953	2,158,543	2,131,258	27,285	-	-	-	-
Operations and maintenance	1,202,425	1,202,425	1,123,560	78,865	40,000	40,000	7,887	32,113
Capital outlay	3,000	9,945	-	9,945	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>3,304,378</u>	<u>3,370,913</u>	<u>3,254,818</u>	<u>116,095</u>	<u>40,000</u>	<u>40,000</u>	<u>7,887</u>	<u>32,113</u>
Revenues over (under) expenditures	<u>(917,215)</u>	<u>(983,750)</u>	<u>(551,585)</u>	<u>(432,165)</u>	<u>(25,433)</u>	<u>(25,433)</u>	<u>8,350</u>	<u>(33,783)</u>
Other financing sources (uses):								
Transfers in	873,399	873,399	901,504	(28,105)	-	-	-	-
Transfers out	(37,661)	(394,661)	(408,048)	13,387	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	4,769	(4,769)	-	-	-	-
Total other financing sources (uses)	<u>835,738</u>	<u>478,738</u>	<u>498,225</u>	<u>(19,487)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (81,477)</u>	<u>\$ (505,012)</u>	<u>(53,360)</u>	<u>\$ (451,652)</u>	<u>\$ (25,433)</u>	<u>\$ (25,433)</u>	<u>8,350</u>	<u>\$ (33,783)</u>
Fund balance, beginning of year			1,917,802				156,124	
Fund balance, end of year			<u>\$ 1,864,442</u>				<u>\$ 164,474</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 4 of 15)**

	<b>Street Maintenance Districts Fund</b>				<b>Road Maintenance Dist. 6 Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	7,250,000	7,250,000	7,486,484	(236,484)	-	-	2,875	(2,875)
Other	5,200	5,200	23,799	(18,599)	-	-	-	-
Total revenues	<u>7,255,200</u>	<u>7,255,200</u>	<u>7,510,283</u>	<u>(255,083)</u>	<u>-</u>	<u>-</u>	<u>2,875</u>	<u>(2,875)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	5,754,104	5,754,104	5,754,104	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>5,754,104</u>	<u>5,754,104</u>	<u>5,754,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,501,096</u>	<u>1,501,096</u>	<u>1,756,179</u>	<u>(255,083)</u>	<u>-</u>	<u>-</u>	<u>2,875</u>	<u>(2,875)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,096</u>	<u>\$ 1,096</u>	<u>256,179</u>	<u>\$ (255,083)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,875</u>	<u>\$ (2,875)</u>
Fund balance, beginning of year			3,279,360				-	
Fund balance, end of year			<u>\$ 3,535,539</u>				<u>\$ 2,875</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 5 of 15)**

	<b>Light Maintenance Districts Fund</b>				<b>Park Maintenance Districts Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	2,364,000	2,364,000	2,444,420	(80,420)	1,002,657	1,002,657	1,037,410	(34,753)
Other	4,000	4,000	8,374	(4,374)	733	733	1,231	(498)
Total revenues	<u>2,368,000</u>	<u>2,368,000</u>	<u>2,452,794</u>	<u>(84,794)</u>	<u>1,003,390</u>	<u>1,003,390</u>	<u>1,038,641</u>	<u>(35,251)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,367,964	2,367,964	2,230,046	137,918	1,002,657	1,047,657	1,044,703	2,954
Capital outlay	-	-	-	-	-	10,010	-	10,010
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>2,367,964</u>	<u>2,367,964</u>	<u>2,230,046</u>	<u>137,918</u>	<u>1,002,657</u>	<u>1,057,667</u>	<u>1,044,703</u>	<u>12,964</u>
Revenues over (under) expenditures	<u>36</u>	<u>36</u>	<u>222,748</u>	<u>(222,712)</u>	<u>733</u>	<u>(54,277)</u>	<u>(6,062)</u>	<u>(48,215)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 36</u>	<u>\$ 36</u>	<u>222,748</u>	<u>\$ (222,712)</u>	<u>\$ 733</u>	<u>\$ (54,277)</u>	<u>(6,062)</u>	<u>\$ (48,215)</u>
Fund balance, beginning of year			1,197,699				515,301	
Fund balance, end of year			<u>\$ 1,420,447</u>				<u>\$ 509,239</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 6 of 15)**

	<b>Storm Sewer Fund</b>				<b>North 27th Street Tax Increment Operating Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,975,000	\$ 1,975,000	\$ 3,312,605	\$ (1,337,605)
Licenses and permits	5,000	5,000	11,200	(6,200)	-	175,000	-	175,000
Intergovernmental	-	-	-	-	175,000	-	211,821	(211,821)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	3,730,000	3,730,000	3,887,331	(157,331)	-	-	-	-
Other	12,252	12,252	140,298	(128,046)	10,000	10,000	12,961	(2,961)
Total revenues	<u>3,747,252</u>	<u>3,747,252</u>	<u>4,038,829</u>	<u>(291,577)</u>	<u>2,160,000</u>	<u>2,160,000</u>	<u>3,537,387</u>	<u>(1,377,387)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	1,462,734	1,514,031	1,537,455	(23,424)	1,042,503	2,102,098	1,850,881	251,217
Capital outlay	1,325,000	2,969,372	2,001,203	968,169	-	815,411	814,969	442
Debt service:								
Principal	-	-	-	-	295,000	295,000	295,000	-
Interest and fiscal charges	-	-	-	-	654,150	654,150	654,149	1
Total expenditures	<u>2,787,734</u>	<u>4,483,403</u>	<u>3,538,658</u>	<u>944,745</u>	<u>1,991,653</u>	<u>3,866,659</u>	<u>3,614,999</u>	<u>251,660</u>
Revenues over (under) expenditures	<u>959,518</u>	<u>(736,151)</u>	<u>500,171</u>	<u>(1,236,322)</u>	<u>168,347</u>	<u>(1,706,659)</u>	<u>(77,612)</u>	<u>(1,629,047)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,060,000)	(1,060,000)	(1,015,131)	(44,869)	(100,000)	(100,000)	(100,000)	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,060,000)</u>	<u>(1,060,000)</u>	<u>(1,015,131)</u>	<u>(44,869)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (100,482)</u>	<u>\$ (1,796,151)</u>	<u>(514,960)</u>	<u>\$ (1,281,191)</u>	<u>\$ 68,347</u>	<u>\$ (1,806,659)</u>	<u>(177,612)</u>	<u>\$ (1,629,047)</u>
Fund balance, beginning of year			5,775,374				2,844,374	
Fund balance, end of year			<u>\$ 5,260,414</u>				<u>\$ 2,666,762</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 7 of 15)**

	<b>South Tax Increment Operating Fund</b>				<b>East Tax Increment Operating Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ 1,439,500	\$ 1,439,500	\$ 2,453,981	\$ (1,014,481)	\$ 510,000	\$ 510,000	\$ 642,750	\$ (132,750)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	256,000	256,000	256,218	(218)	145,000	145,000	146,654	(1,654)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	3,308,000	3,308,000	24,541	3,283,459	2,000	2,000	11,242	(9,242)
Total revenues	<u>5,003,500</u>	<u>5,003,500</u>	<u>2,734,740</u>	<u>2,268,760</u>	<u>657,000</u>	<u>657,000</u>	<u>800,646</u>	<u>(143,646)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	207,105	357,105	266,060	91,045	374,317	494,317	387,508	106,809
Capital outlay	4,355,000	6,555,978	2,343,904	4,212,074	-	2,769,946	2,769,946	-
Debt service:								
Principal	60,000	60,000	-	60,000	75,000	75,000	-	75,000
Interest and fiscal charges	300,000	300,000	202,309	97,691	125,000	125,000	97,867	27,133
Total expenditures	<u>4,922,105</u>	<u>7,273,083</u>	<u>2,812,273</u>	<u>4,460,810</u>	<u>574,317</u>	<u>3,464,263</u>	<u>3,255,321</u>	<u>208,942</u>
Revenues over (under) expenditures	<u>81,395</u>	<u>(2,269,583)</u>	<u>(77,533)</u>	<u>(2,192,050)</u>	<u>82,683</u>	<u>(2,807,263)</u>	<u>(2,454,675)</u>	<u>(352,588)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	4,935,000	(4,935,000)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,935,000</u>	<u>(4,935,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 81,395</u>	<u>\$ (2,269,583)</u>	<u>4,857,467</u>	<u>\$ (7,127,050)</u>	<u>\$ 82,683</u>	<u>\$ (2,807,263)</u>	<u>(2,454,675)</u>	<u>\$ (352,588)</u>
Fund balance, beginning of year			3,956,185				3,664,401	
Fund balance, end of year			<u>\$ 8,813,652</u>				<u>\$ 1,209,726</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 8 of 15)**

	Park Program Fund				Police Program Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	10,000	10,000	-	10,000	691,370	691,370	518,815	172,555
Charges for services	10,000	10,000	-	10,000	142,857	142,857	176,237	(33,380)
Fines and forfeitures	-	-	-	-	198,200	198,200	366,913	(168,713)
Special assessments	-	-	-	-	-	-	-	-
Other	512,817	512,817	129,615	383,202	358,135	358,135	365,451	(7,316)
Total revenues	<u>532,817</u>	<u>532,817</u>	<u>129,615</u>	<u>403,202</u>	<u>1,390,562</u>	<u>1,390,562</u>	<u>1,427,416</u>	<u>(36,854)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	668,505	687,056	419,731	267,325
Operations and maintenance	298,531	305,336	57,743	247,593	769,327	769,327	771,405	(2,078)
Capital outlay	-	-	-	-	16,000	16,000	16,275	(275)
Debt service:								
Principal	16,000	16,000	16,386	(386)	-	-	-	-
Interest and fiscal charges	7,700	7,700	3,530	4,170	-	-	-	-
Total expenditures	<u>322,231</u>	<u>329,036</u>	<u>77,659</u>	<u>251,377</u>	<u>1,453,832</u>	<u>1,472,383</u>	<u>1,207,411</u>	<u>264,972</u>
Revenues over (under) expenditures	<u>210,586</u>	<u>203,781</u>	<u>51,956</u>	<u>151,825</u>	<u>(63,270)</u>	<u>(81,821)</u>	<u>220,005</u>	<u>(301,826)</u>
Other financing sources (uses):								
Transfers in	-	10,000	20,000	(10,000)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 210,586</u>	<u>\$ 213,781</u>	<u>71,956</u>	<u>\$ 141,825</u>	<u>\$ (63,270)</u>	<u>\$ (81,821)</u>	<u>220,005</u>	<u>\$ (301,826)</u>
Fund balance, beginning of year			2,414,396				1,160,220	
Fund balance, end of year			<u>\$ 2,486,352</u>				<u>\$ 1,380,225</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 9 of 15)**

	Amend Park Fund				Transportation Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	212,695	1,661,887	(1,449,192)
Charges for services	880	880	6,180	(5,300)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	650	650	1,247	(597)	-	-	1	(1)
Total revenues	<u>1,530</u>	<u>1,530</u>	<u>7,427</u>	<u>(5,897)</u>	<u>-</u>	<u>212,695</u>	<u>1,661,888</u>	<u>(1,449,193)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	135,853	135,853	14,260	121,593	-	-	218,321	(218,321)
Capital outlay	-	-	-	-	-	1,315,695	923,944	391,751
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>135,853</u>	<u>135,853</u>	<u>14,260</u>	<u>121,593</u>	<u>-</u>	<u>1,315,695</u>	<u>1,142,265</u>	<u>173,430</u>
Revenues over (under) expenditures	<u>(134,323)</u>	<u>(134,323)</u>	<u>(6,833)</u>	<u>(127,490)</u>	<u>-</u>	<u>(1,103,000)</u>	<u>519,623</u>	<u>(1,622,623)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,000)	(1,000)	(1,291)	291	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,291)</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (135,323)</u>	<u>\$ (135,323)</u>	<u>(8,124)</u>	<u>\$ (127,199)</u>	<u>\$ -</u>	<u>\$ (1,103,000)</u>	<u>519,623</u>	<u>\$ (1,622,623)</u>
Fund balance, beginning of year			201,158				(37,969)	
Fund balance, end of year			<u>\$ 193,034</u>				<u>\$ 481,654</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 10 of 15)**

	City-County Planning Fund				Building Inspection Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 420,000	\$ 420,000	\$ 463,404	\$ (43,404)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	27,000	27,000	32,195	(5,195)	1,692,600	1,692,600	2,078,615	(386,015)
Intergovernmental	706,969	713,969	721,376	(7,407)	-	-	-	-
Charges for services	290,538	290,538	323,811	(33,273)	200	200	-	200
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	2,746	2,746	1,860	886	8,792	8,792	19,306	(10,514)
Total revenues	<u>1,447,253</u>	<u>1,454,253</u>	<u>1,542,646</u>	<u>(88,393)</u>	<u>1,701,592</u>	<u>1,701,592</u>	<u>2,097,921</u>	<u>(396,329)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	985,201	1,016,904	936,158	80,746	1,224,225	1,256,149	1,191,899	64,250
Operations and maintenance	578,437	605,186	604,050	1,136	589,980	636,100	559,072	77,028
Capital outlay	-	-	-	-	-	-	17,440	(17,440)
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,563,638</u>	<u>1,622,090</u>	<u>1,540,208</u>	<u>81,882</u>	<u>1,814,205</u>	<u>1,892,249</u>	<u>1,768,411</u>	<u>123,838</u>
Revenues over (under) expenditures	<u>(116,385)</u>	<u>(167,837)</u>	<u>2,438</u>	<u>(170,275)</u>	<u>(112,613)</u>	<u>(190,657)</u>	<u>329,510</u>	<u>(520,167)</u>
Other financing sources (uses):								
Transfers in	1,031	1,031	1,031	-	-	-	-	-
Transfers out	(3,940)	(3,940)	(3,940)	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,909)</u>	<u>(2,909)</u>	<u>(2,909)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (119,294)</u>	<u>\$ (170,746)</u>	<u>(471)</u>	<u>\$ (170,275)</u>	<u>\$ (112,613)</u>	<u>\$ (190,657)</u>	<u>329,510</u>	<u>\$ (520,167)</u>
Fund balance, beginning of year			381,770				2,200,500	
Fund balance, end of year			<u>\$ 381,299</u>				<u>\$ 2,530,010</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 11 of 15)**

	<b>Street &amp; Traffic Fund</b>				<b>City Attorney Grants Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	650,000	650,000	-	650,000	-	-	-	-
Intergovernmental	6,948,000	6,948,000	656,078	6,291,922	70,540	70,540	70,103	437
Charges for services	-	-	6,978,802	(6,978,802)	-	-	-	-
Fines and forfeitures	-	-	-	-	63,527	63,527	60,670	2,857
Special assessments	-	-	-	-	-	-	-	-
Other	23,000	23,000	53,258	(30,258)	-	-	-	-
Total revenues	<u>7,621,000</u>	<u>7,621,000</u>	<u>7,688,138</u>	<u>(67,138)</u>	<u>134,067</u>	<u>134,067</u>	<u>130,773</u>	<u>3,294</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	3,503,296	3,597,090	3,398,358	198,732	273,307	316,597	304,492	12,105
Operations and maintenance	2,922,381	3,025,256	2,721,340	303,916	1,880	1,880	2,694	(814)
Capital outlay	1,706,917	1,863,448	1,262,357	601,091	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>8,132,594</u>	<u>8,485,794</u>	<u>7,382,055</u>	<u>1,103,739</u>	<u>275,187</u>	<u>318,477</u>	<u>307,186</u>	<u>11,291</u>
Revenues over (under) expenditures	<u>(511,594)</u>	<u>(864,794)</u>	<u>306,083</u>	<u>(1,170,877)</u>	<u>(141,120)</u>	<u>(184,410)</u>	<u>(176,413)</u>	<u>(7,997)</u>
Other financing sources (uses):								
Transfers in	-	-	7,244	(7,244)	141,120	141,120	182,363	(41,243)
Transfers out	(207,502)	(207,502)	(207,502)	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	32,919	(32,919)	-	-	-	-
Total other financing sources (uses)	<u>(207,502)</u>	<u>(207,502)</u>	<u>(167,339)</u>	<u>(40,163)</u>	<u>141,120</u>	<u>141,120</u>	<u>182,363</u>	<u>(41,243)</u>
Net change in fund balances	<u>\$ (719,096)</u>	<u>\$ (1,072,296)</u>	<u>138,744</u>	<u>\$ (1,211,040)</u>	<u>\$ -</u>	<u>\$ (43,290)</u>	<u>5,950</u>	<u>\$ (49,240)</u>
Fund balance, beginning of year			4,139,143				(5,367)	
Fund balance, end of year			<u>\$ 4,277,887</u>				<u>\$ 583</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 12 of 15)**

	<b>Fire Program Fund</b>				<b>Municipal Court Grant Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	44,167	397,342	366,285	31,057	567,906	567,906	455,347	112,559
Charges for services	-	-	3,682	(3,682)	-	-	325	(325)
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	5,688	5,688	14,394	(8,706)	1,000	1,000	6	994
Total revenues	<u>49,855</u>	<u>403,030</u>	<u>384,361</u>	<u>18,669</u>	<u>568,906</u>	<u>568,906</u>	<u>455,678</u>	<u>113,228</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	24,000	24,150	12,965	11,185	218,526	224,995	186,920	38,075
Operations and maintenance	104,798	112,298	350,004	(237,706)	380,380	380,380	272,271	108,109
Capital outlay	-	353,175	58,148	295,027	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>128,798</u>	<u>489,623</u>	<u>421,117</u>	<u>68,506</u>	<u>598,906</u>	<u>605,375</u>	<u>459,191</u>	<u>146,184</u>
Revenues over (under) expenditures	<u>(78,943)</u>	<u>(86,593)</u>	<u>(36,756)</u>	<u>(49,837)</u>	<u>(30,000)</u>	<u>(36,469)</u>	<u>(3,513)</u>	<u>(32,956)</u>
Other financing sources (uses):								
Transfers in	-	9,081	9,081	-	30,000	30,000	-	30,000
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>9,081</u>	<u>9,081</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	<u>\$ (78,943)</u>	<u>\$ (77,512)</u>	<u>(27,675)</u>	<u>\$ (49,837)</u>	<u>\$ -</u>	<u>\$ (6,469)</u>	<u>(3,513)</u>	<u>\$ (2,956)</u>
Fund balance, beginning of year			229,862				16,894	
Fund balance, end of year			<u>\$ 202,187</u>				<u>\$ 13,381</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 13 of 15)**

	<b>Downtown Revolving Loan Fund</b>				<b>Baseball Field / Stadium Donation For Capital Maintenance Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	363,304	363,304	468,000	(104,696)	33,583	33,583	47,835	(14,252)
Total revenues	<u>363,304</u>	<u>363,304</u>	<u>468,000</u>	<u>(104,696)</u>	<u>33,583</u>	<u>33,583</u>	<u>47,835</u>	<u>(14,252)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	552,731	552,731	192,731	360,000	100,000	100,000	397	99,603
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>552,731</u>	<u>552,731</u>	<u>192,731</u>	<u>360,000</u>	<u>100,000</u>	<u>100,000</u>	<u>397</u>	<u>99,603</u>
Revenues over (under) expenditures	<u>(189,427)</u>	<u>(189,427)</u>	<u>275,269</u>	<u>(464,696)</u>	<u>(66,417)</u>	<u>(66,417)</u>	<u>47,438</u>	<u>(113,855)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (189,427)</u>	<u>\$ (189,427)</u>	<u>275,269</u>	<u>\$ (464,696)</u>	<u>\$ (66,417)</u>	<u>\$ (66,417)</u>	<u>47,438</u>	<u>\$ (113,855)</u>
Fund balance, beginning of year			1,341,795				433,935	
Fund balance, end of year			<u>\$ 1,617,064</u>				<u>\$ 481,373</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 14 of 15)**

	<b>Arterial Fees Fund</b>				<b>Bike Paths and Trails Donations Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	648	(648)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	3,655,000	3,655,000	3,804,783	(149,783)	-	-	-	-
Other	7,000	7,000	418,891	(411,891)	-	-	37	(37)
Total revenues	<u>3,662,000</u>	<u>3,662,000</u>	<u>4,224,322</u>	<u>(562,322)</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>(37)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	115,570	115,570	234,143	(118,573)	-	-	-	-
Capital outlay	5,017,065	8,108,402	4,891,470	3,216,932	-	25,934	22,069	3,865
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>5,132,635</u>	<u>8,223,972</u>	<u>5,125,613</u>	<u>3,098,359</u>	<u>-</u>	<u>25,934</u>	<u>22,069</u>	<u>3,865</u>
Revenues over (under) expenditures	<u>(1,470,635)</u>	<u>(4,561,972)</u>	<u>(901,291)</u>	<u>(3,660,681)</u>	<u>-</u>	<u>(25,934)</u>	<u>(22,032)</u>	<u>(3,902)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,470,635)</u>	<u>\$ (4,561,972)</u>	<u>(901,291)</u>	<u>\$ (3,660,681)</u>	<u>\$ -</u>	<u>\$ (25,934)</u>	<u>(22,032)</u>	<u>\$ (3,902)</u>
Fund balance, beginning of year			5,467,299				22,000	
Fund balance, end of year			<u>\$ 4,566,008</u>				<u>\$ (32)</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 15 of 15)**

	Park District 1 Fund				Total Nonmajor Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,273,157	\$ 5,273,157	\$ 7,868,963	\$ (2,595,806)
Licenses and permits	-	-	-	-	2,374,600	2,549,600	2,122,010	427,590
Intergovernmental	-	-	75,000	(75,000)	15,462,504	15,905,123	10,789,706	5,115,417
Charges for services	-	-	-	-	491,900	496,400	7,547,069	(7,050,669)
Fines and forfeitures	-	-	-	-	332,907	332,907	508,923	(176,016)
Special assessments	2,075,000	2,075,000	2,001,342	73,658	20,076,657	20,076,657	20,664,645	(587,988)
Other	3,296	3,296	32,772	(29,476)	4,920,896	4,920,896	2,683,268	2,237,628
Total revenues	<u>2,078,296</u>	<u>2,078,296</u>	<u>2,109,114</u>	<u>(30,818)</u>	<u>48,932,621</u>	<u>49,554,740</u>	<u>52,184,584</u>	<u>(2,629,844)</u>
<b>Expenditures:</b>								
Current:								
Salaries and benefits	240,135	245,725	229,341	16,384	9,716,239	10,045,789	9,241,815	803,974
Operations and maintenance	436,908	480,347	301,107	179,240	22,785,455	25,228,585	24,682,725	545,860
Capital outlay	2,600,000	3,254,732	1,333,729	1,921,003	18,299,782	35,418,614	18,212,369	17,206,245
Debt service:								
Principal	-	-	-	-	446,000	446,000	311,386	134,614
Interest and fiscal charges	-	-	-	-	1,086,850	1,086,850	957,855	128,995
Total expenditures	<u>3,277,043</u>	<u>3,980,804</u>	<u>1,864,177</u>	<u>2,116,627</u>	<u>52,334,326</u>	<u>72,225,838</u>	<u>53,406,150</u>	<u>18,819,688</u>
Revenues over (under) expenditures	<u>(1,198,747)</u>	<u>(1,902,508)</u>	<u>244,937</u>	<u>(2,147,445)</u>	<u>(3,401,705)</u>	<u>(22,671,098)</u>	<u>(1,221,566)</u>	<u>(21,449,532)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	2,603,550	2,726,985	2,730,418	(3,433)
Transfers out	-	(170,000)	(170,000)	-	(2,910,103)	(3,437,103)	(3,405,912)	(31,191)
Special assessment bonds issued	-	-	-	-	-	-	4,935,000	(4,935,000)
Sale of capital assets	-	-	-	-	-	-	113,946	(113,946)
Total other financing sources (uses)	<u>-</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>(306,553)</u>	<u>(710,118)</u>	<u>4,373,452</u>	<u>(5,083,570)</u>
Net change in fund balances	<u>\$ (1,198,747)</u>	<u>\$ (2,072,508)</u>	<u>74,937</u>	<u>\$ (2,147,445)</u>	<u>\$ (3,572,935)</u>	<u>\$ (23,245,893)</u>	<u>3,151,886</u>	<u>\$ (26,405,903)</u>
Fund balance, beginning of year			2,591,790				54,789,303	
Fund balance, end of year			<u>\$ 2,666,727</u>				<u>\$ 57,941,189</u>	

# NONMAJOR DEBT SERVICE FUNDS

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

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

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Series 2015 G.O. Refunding Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 42,058	\$ 356,577	\$ 6,814	\$ 28,825	\$ 69,377	\$ 57,059	\$ 1,206	\$ 71,950	\$ 633,866
Cash with fiscal agent	1,006,700	710,047	117,088	300,500	653,766	190,625	6,786,542	81,855	9,847,123
Investments	76,880	657,161	10,767	52,809	132,720	106,329	2,225	133,361	1,172,252
Receivables:									
Property taxes	41,138	-	5,584	15,620	36,875	231	-	-	99,448
Delinquent special assessments	-	-	-	-	-	-	-	15,657	15,657
Special assessments receivable	-	-	-	-	-	-	-	1,613,263	1,613,263
Accrued interest	631	199	79	155	403	332	1	112	1,912
Notes	-	-	-	-	-	138,764	-	-	138,764
<b>Total assets</b>	<b>\$1,167,407</b>	<b>\$1,723,984</b>	<b>\$ 140,332</b>	<b>\$ 397,909</b>	<b>\$ 893,141</b>	<b>\$ 493,340</b>	<b>\$ 6,789,974</b>	<b>\$1,916,198</b>	<b>\$ 13,522,285</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ 167	\$ 540	\$ 167	\$ 167	\$ 167	\$ -	\$ 167	\$ -	\$ 1,375
Other liabilities	-	-	-	-	-	-	-	10,000	10,000
<b>Total liabilities</b>	<b>167</b>	<b>540</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>-</b>	<b>167</b>	<b>10,000</b>	<b>11,375</b>
Deferred Inflows:									
Unavailable Revenue	16,297	-	2,281	6,509	14,981	138,764	-	1,614,879	1,793,711
Fund balances:									
Restricted	1,150,943	1,723,444	137,884	391,233	877,993	354,576	6,789,807	291,319	11,717,199
<b>Total fund balances</b>	<b>1,150,943</b>	<b>1,723,444</b>	<b>137,884</b>	<b>391,233</b>	<b>877,993</b>	<b>354,576</b>	<b>6,789,807</b>	<b>291,319</b>	<b>11,717,199</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$1,167,407</b>	<b>\$1,723,984</b>	<b>\$ 140,332</b>	<b>\$ 397,909</b>	<b>\$ 893,141</b>	<b>\$ 493,340</b>	<b>\$ 6,789,974</b>	<b>\$1,916,198</b>	<b>\$ 13,522,285</b>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Series 2015 G.O. Refunding Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
<b>Revenues:</b>									
Taxes	\$ 975,973	\$ -	\$ 130,107	\$ 358,539	\$ 861,196	\$ 607	\$ -	\$ -	\$ 2,326,422
Special assessments	-	-	-	-	-	-	-	357,887	357,887
Other	303,568	1,411	382	970	2,207	206,717	1	485	515,741
Total revenues	<u>1,279,541</u>	<u>1,411</u>	<u>130,489</u>	<u>359,509</u>	<u>863,403</u>	<u>207,324</u>	<u>1</u>	<u>358,372</u>	<u>3,200,050</u>
<b>Expenditures:</b>									
Current:									
General government	7,408	540	167	167	-	-	167	-	8,449
Public works	-	-	-	-	-	-	-	3,100	3,100
Debt service:									
Principal	775,000	160,000	105,000	250,000	470,000	185,000	-	309,000	2,254,000
Interest and fiscal charges	451,500	389,450	22,606	90,342	346,037	18,139	-	84,198	1,402,272
Total expenditures	<u>1,233,908</u>	<u>549,990</u>	<u>127,773</u>	<u>340,509</u>	<u>816,037</u>	<u>203,139</u>	<u>167</u>	<u>396,298</u>	<u>3,667,821</u>
Revenues over (under) expenditures	<u>45,633</u>	<u>(548,579)</u>	<u>2,716</u>	<u>19,000</u>	<u>47,366</u>	<u>4,185</u>	<u>(166)</u>	<u>(37,926)</u>	<u>(467,771)</u>
Other financing sources:									
Transfers in	-	1,015,131	-	-	-	-	-	626	1,015,757
Total other financing sources (uses)	<u>-</u>	<u>1,015,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626</u>	<u>1,015,757</u>
Net change in fund balances	45,633	466,552	2,716	19,000	47,366	4,185	(166)	(37,300)	547,986
Fund balance, beginning of year	1,105,310	1,256,892	135,168	372,233	830,627	350,391	6,789,973	328,619	11,169,213
Fund balance, end of year	<u>\$ 1,150,943</u>	<u>\$ 1,723,444</u>	<u>\$ 137,884</u>	<u>\$ 391,233</u>	<u>\$ 877,993</u>	<u>\$ 354,576</u>	<u>\$ 6,789,807</u>	<u>\$ 291,319</u>	<u>\$ 11,717,199</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

(Page 1 of 5)

	Series 2012 Library Fund				Storm Sewer Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 956,435	\$ 956,435	\$ 975,973	\$ (19,538)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	300,000	-	300,000	-	-	-	-
Other	301,000	1,000	303,568	(302,568)	1,488	1,488	1,411	77
Total revenues	<u>1,257,435</u>	<u>1,257,435</u>	<u>1,279,541</u>	<u>(22,106)</u>	<u>1,488</u>	<u>1,488</u>	<u>1,411</u>	<u>77</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	7,241	7,241	7,408	(167)	2,914	2,914	540	2,374
Debt service:								
Principal	775,000	775,000	775,000	-	460,000	460,000	160,000	300,000
Interest and fiscal charges	451,800	451,800	451,500	300	599,550	599,550	389,450	210,100
Total expenditures	<u>1,234,041</u>	<u>1,234,041</u>	<u>1,233,908</u>	<u>133</u>	<u>1,062,464</u>	<u>1,062,464</u>	<u>549,990</u>	<u>512,474</u>
Revenues over (under) expenditure	<u>23,394</u>	<u>23,394</u>	<u>45,633</u>	<u>(22,239)</u>	<u>(1,060,976)</u>	<u>(1,060,976)</u>	<u>(548,579)</u>	<u>(512,397)</u>
Other financing sources:								
Transfers in	-	-	-	-	1,060,000	1,060,000	1,015,131	44,869
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,060,000</u>	<u>\$ 1,060,000</u>	<u>\$ 1,015,131</u>	<u>\$ 44,869</u>
Net change in fund balances	<u>23,394</u>	<u>23,394</u>	<u>45,633</u>	<u>(22,239)</u>	<u>(976)</u>	<u>(976)</u>	<u>466,552</u>	<u>(467,528)</u>
Fund balance, beginning of year			1,105,310				1,256,892	
Fund balance, end of year			<u>\$ 1,150,943</u>				<u>\$ 1,723,444</u>	

(continued)

CITY OF BILLINGS, MONTANA

Nonmajor Debt Service Funds

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

For the Fiscal Year Ended June 30, 2016

(Page 2 of 5)

	Series 2010 Parks Fund				Series 2004A Street Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 127,627	\$ 127,627	\$ 130,107	\$ (2,480)	\$ 350,590	\$ 350,590	\$ 358,539	\$ (7,949)
Special assessments	-	102	-	102	-	-	-	-
Other	102	-	382	(382)	218	218	970	(752)
Total revenues	<u>127,729</u>	<u>127,729</u>	<u>130,489</u>	<u>(2,760)</u>	<u>350,808</u>	<u>350,808</u>	<u>359,509</u>	<u>(8,701)</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	3,931	7,201	167	7,034	5,316	5,316	167	5,149
Debt service:								
Principal	105,000	105,000	105,000	-	250,000	250,000	250,000	-
Interest and fiscal charges	15,575	15,575	22,606	(7,031)	85,250	85,250	90,342	(5,092)
Total expenditures	<u>124,506</u>	<u>127,776</u>	<u>127,773</u>	<u>3</u>	<u>340,566</u>	<u>340,566</u>	<u>340,509</u>	<u>57</u>
Revenues over (under) expenditure	<u>3,223</u>	<u>(47)</u>	<u>2,716</u>	<u>(2,763)</u>	<u>10,242</u>	<u>10,242</u>	<u>19,000</u>	<u>(8,758)</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>3,223</u>	<u>(47)</u>	<u>2,716</u>	<u>(2,763)</u>	<u>10,242</u>	<u>10,242</u>	<u>19,000</u>	<u>(8,758)</u>
Fund balance, beginning of year			135,168				372,233	
Fund balance, end of year			<u>\$ 137,884</u>				<u>\$ 391,233</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

(Page 3 of 5)

	Series 2007A Baseball Field / Stadium Fund				Series 2007B Baseball Field / Stadium Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ 842,647	\$ 842,647	\$ 861,196	\$ (18,549)	\$ -	\$ -	\$ 607	\$ (607)
Special assessments	-	-	-	-	-	-	-	-
Other	606	606	2,207	(1,601)	210,540	210,540	206,717	3,823
Total revenues	<u>843,253</u>	<u>843,253</u>	<u>863,403</u>	<u>(20,150)</u>	<u>210,540</u>	<u>210,540</u>	<u>207,324</u>	<u>3,216</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	7,252	7,422	-	7,422	4,040	4,040	-	4,040
Debt service:								
Principal	470,000	470,000	470,000	-	185,000	185,000	185,000	-
Interest and fiscal charges	337,870	338,620	346,037	(7,417)	14,160	14,160	18,139	(3,979)
Total expenditures	<u>815,122</u>	<u>816,042</u>	<u>816,037</u>	<u>5</u>	<u>203,200</u>	<u>203,200</u>	<u>203,139</u>	<u>61</u>
Revenues over (under) expenditures	<u>28,131</u>	<u>27,211</u>	<u>47,366</u>	<u>(20,155)</u>	<u>7,340</u>	<u>7,340</u>	<u>4,185</u>	<u>3,155</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>28,131</u>	<u>27,211</u>	<u>47,366</u>	<u>(20,155)</u>	<u>7,340</u>	<u>7,340</u>	<u>4,185</u>	<u>3,155</u>
Fund balance, beginning of year			830,627				350,391	
Fund balance, end of year			<u>\$ 877,993</u>				<u>\$ 354,576</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 4 of 5)**

	Series 2015 G.O. Refunding Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	355,000	355,000	357,887	(2,887)
Other	-	-	1	(1)	350	350	485	(135)
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>355,350</u>	<u>355,350</u>	<u>358,372</u>	<u>(3,022)</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	170	167	3	-	3,100	3,100	-
Debt service:								
Principal	-	-	-	-	305,000	309,000	309,000	-
Interest and fiscal charges	-	-	-	-	71,450	84,450	84,198	252
Total expenditures	<u>-</u>	<u>170</u>	<u>167</u>	<u>3</u>	<u>376,450</u>	<u>396,550</u>	<u>396,298</u>	<u>252</u>
Revenues over (under) expenditures	<u>-</u>	<u>(170)</u>	<u>(166)</u>	<u>(4)</u>	<u>(21,100)</u>	<u>(41,200)</u>	<u>(37,926)</u>	<u>(3,274)</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	626	(626)
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626</u>	<u>\$ (626)</u>
Net change in fund balances	<u>-</u>	<u>(170)</u>	<u>(166)</u>	<u>(4)</u>	<u>(21,100)</u>	<u>(41,200)</u>	<u>(37,300)</u>	<u>(3,900)</u>
Fund balance, beginning of year			6,789,973				328,619	
Fund balance, end of year			<u>\$ 6,789,807</u>				<u>\$ 291,319</u>	

(continued)

**CITY OF BILLINGS, MONTANA**

**Nonmajor Debt Service Funds**

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

**For the Fiscal Year Ended June 30, 2016**

(Page 5 of 5)

	<b>Total Nonmajor Debt Service Funds</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>				
Taxes	\$ 2,277,299	\$ 2,277,299	\$ 2,326,422	\$ (49,123)
Special assessments	355,000	655,102	357,887	297,215
Other	514,304	214,202	515,741	(301,539)
Total revenues	<u>3,146,603</u>	<u>3,146,603</u>	<u>3,200,050</u>	<u>(53,447)</u>
<b>Expenditures:</b>				
Current:				
Operations and maintenance	30,694	37,404	11,549	25,855
Debt service:				
Principal	2,550,000	2,554,000	2,254,000	300,000
Interest and fiscal charges	1,575,655	1,589,405	1,402,272	187,133
Total expenditures	<u>4,156,349</u>	<u>4,180,809</u>	<u>3,667,821</u>	<u>512,988</u>
Revenues over (under) expenditures	<u>(1,009,746)</u>	<u>(1,034,206)</u>	<u>(467,771)</u>	<u>(566,435)</u>
Other financing sources:				
Transfers in	1,060,000	1,060,000	1,015,757	44,243
Total other financing sources	<u>\$ 1,060,000</u>	<u>\$ 1,060,000</u>	<u>\$ 1,015,757</u>	<u>\$ 44,243</u>
Net change in fund balances	<u>50,254</u>	<u>25,794</u>	<u>547,986</u>	<u>(610,678)</u>
Fund balance, beginning of year			11,169,213	
Fund balance, end of year			<u><u>\$11,717,199</u></u>	

# NONMAJOR CAPITAL PROJECTS FUNDS

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

- The Urban Renewal Property Acquisition Fund is used to account for the local urban renewal projects.
- The Sidewalk and Curb Districts Fund accounts for the construction of sidewalks and curbs.
- The Special Improvement Districts Fund accounts for the construction of streets, water, and wastewater trunk lines.
- The Capital Replacement Fund is used for capital replacement for governmental funds.
- The Storm Sewer Construction Fund accounts for construction of storm sewers.
- The New Library Construction Fund accounts for the construction of the new Billings Library.
- The Rose Park Pool Construction Fund will be used to reconstruct the bathrooms and concession areas that were damaged by fire.
- 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, 2016**

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Storm Sewer Construction	New Library Construction Fund	Rose Park Pool Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 26,182	\$ 12,850	\$ 23,046	\$ 1,779,522	\$ 18,015	\$ -	\$ 34,210	\$ 1,442	\$ 1,895,267
Investments	48,565	23,688	42,482	3,297,212	31,327	-	63,062	2,658	3,508,994
Receivables:									
Accrued interest	80	-	-	5,170	133	-	-	-	5,383
Property held for resale	187,828	-	-	-	-	-	-	-	187,828
<b>Total assets</b>	<b>\$ 262,655</b>	<b>\$ 36,538</b>	<b>\$ 65,528</b>	<b>\$ 5,081,904</b>	<b>\$ 49,475</b>	<b>\$ -</b>	<b>\$ 97,272</b>	<b>\$ 4,100</b>	<b>\$ 5,597,472</b>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ -	\$ 17,566	\$ 136,828	\$ 27,561	\$ 49,460	\$ -	\$ 5,605	\$ -	\$ 237,020
Due to other funds	-	222,795	-	-	-	-	-	-	222,795
<b>Total Liabilities</b>	<b>-</b>	<b>240,361</b>	<b>136,828</b>	<b>27,561</b>	<b>49,460</b>	<b>-</b>	<b>5,605</b>	<b>-</b>	<b>459,815</b>
Fund balance (deficit)									
Restricted	262,655	-	-	5,054,343	15	-	91,667	4,100	5,412,780
Unassigned	-	(203,823)	(71,300)	-	-	-	-	-	(275,123)
<b>Total fund balance (deficit)</b>	<b>262,655</b>	<b>(203,823)</b>	<b>(71,300)</b>	<b>5,054,343</b>	<b>15</b>	<b>-</b>	<b>91,667</b>	<b>4,100</b>	<b>5,137,657</b>
<b>Total liabilities and fund balances</b>	<b>\$ 262,655</b>	<b>\$ 36,538</b>	<b>\$ 65,528</b>	<b>\$ 5,081,904</b>	<b>\$ 49,475</b>	<b>\$ -</b>	<b>\$ 97,272</b>	<b>\$ 4,100</b>	<b>\$ 5,597,472</b>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Storm Sewer Construction	New Library Construction Fund	Rose Park Pool Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>									
Other	\$ 477	\$ 148	\$ -	\$ 33,748	\$ 25	\$ 36,598	\$ 1	\$ 101	\$ 71,098
Total revenues	477	148	-	33,748	25	36,598	1	101	71,098
<b>Expenditures:</b>									
Current:									
General government	-	-	-	1,944	-	-	-	-	1,944
Public works	-	163,946	3,166	-	-	-	-	-	167,112
Culture and recreation	-	-	-	-	-	39,615	-	138	39,753
Housing and economic development	3,035	-	-	-	-	-	-	-	3,035
Capital outlay	-	146,293	684,371	603,313	5,432,580	20,426	78,334	-	6,965,317
Debt service:									
Bond issuance costs	-	-	13,500	-	-	-	-	-	13,500
Total expenditures	3,035	310,239	701,037	605,257	5,432,580	60,041	78,334	138	7,190,661
Revenues over (under) expenditures	(2,558)	(310,091)	(701,037)	(571,509)	(5,432,555)	(23,443)	(78,333)	(37)	(7,119,563)
Other financing sources (uses):									
Transfers in	-	-	-	989,293	-	371,668	170,000	-	1,530,961
Transfers out	-	(626)	(3,269)	-	-	-	-	-	(3,895)
Special assessment bonds issued	-	-	440,000	-	-	-	-	-	440,000
Sale of capital assets	-	-	-	5,233	-	-	-	-	5,233
Total other financing sources (uses)	-	(626)	436,731	994,526	-	371,668	170,000	-	1,972,299
Net change in fund balances	(2,558)	(310,717)	(264,306)	423,017	(5,432,555)	348,225	91,667	(37)	(5,147,264)
Fund balance (deficit), beginning of year	265,213	106,894	193,006	4,631,326	5,432,570	(348,225)	-	4,137	10,284,921
Fund balance (deficit), end of year	\$ 262,655	\$ (203,823)	\$ (71,300)	\$ 5,054,343	\$ 15	\$ -	\$ 91,667	\$ 4,100	\$ 5,137,657

**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, 2016**

(Page 1 of 5)

	Urban Renewal Property Acquisition Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	\$ 195	\$ 195	\$ 477	\$ (282)	\$ -	\$ -	\$ 148	\$ (148)
Total revenues	195	195	477	(282)	-	-	148	(148)
<b>Expenditures:</b>								
Current:								
Operations and maintenance	18,400	18,400	3,035	15,365	-	-	163,946	(163,946)
Capital outlay	75,000	75,000	-	75,000	472,000	768,378	146,293	622,085
Debt service:								
Bond issuance costs	-	-	-	-	12,500	12,500	-	12,500
Total expenditures	93,400	93,400	3,035	90,365	484,500	780,878	310,239	470,639
Revenues over (under) expenditures	(93,205)	(93,205)	(2,558)	(90,647)	(484,500)	(780,878)	(310,091)	(470,787)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(626)	626
Special assessment bonds issued	-	-	-	-	484,500	499,500	-	499,500
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	484,500	499,500	(626)	500,126
Net change in fund balances	\$ (93,205)	\$ (93,205)	(2,558)	\$ (90,647)	\$ -	\$ (281,378)	(310,717)	\$ 29,339
Fund balance (deficit), beginning of year			265,213				106,894	
Fund balance (deficit), end of year			\$ 262,655				\$ (203,823)	

(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, 2016**

(Page 2 of 5)

	Special Improvement Districts Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	\$ -	\$ -	\$ -	\$ -	\$ 16,074	\$ 16,074	\$ 33,748	\$ (17,674)
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,074</u>	<u>16,074</u>	<u>33,748</u>	<u>(17,674)</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	3,166	(3,166)	1,945	1,945	1,944	1
Capital outlay	944,000	1,549,247	684,371	864,876	674,844	719,130	603,313	115,817
Debt service:								
Bond issuance costs	35,000	35,000	13,500	21,500	-	-	-	-
Total expenditures	<u>979,000</u>	<u>1,584,247</u>	<u>701,037</u>	<u>883,210</u>	<u>676,789</u>	<u>721,075</u>	<u>605,257</u>	<u>115,818</u>
Revenues over (under) expenditures	<u>(979,000)</u>	<u>(1,584,247)</u>	<u>(701,037)</u>	<u>(883,210)</u>	<u>(660,715)</u>	<u>(705,001)</u>	<u>(571,509)</u>	<u>(133,492)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	975,549	975,549	989,293	(13,744)
Transfers out	-	-	(3,269)	3,269	-	-	-	-
Special assessment bonds issued	979,000	979,000	440,000	539,000	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	5,233	(5,233)
Total other financing sources (uses)	<u>979,000</u>	<u>979,000</u>	<u>436,731</u>	<u>542,269</u>	<u>975,549</u>	<u>975,549</u>	<u>994,526</u>	<u>(18,977)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (605,247)</u>	<u>(264,306)</u>	<u>\$ (340,941)</u>	<u>\$ 314,834</u>	<u>\$ 270,548</u>	<u>423,017</u>	<u>\$ (152,469)</u>
Fund balance (deficit), beginning of year			193,006				4,631,326	
Fund balance (deficit), end of year			<u>\$ (71,300)</u>				<u>\$ 5,054,343</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

(Page 3 of 5)

	Storm Sewer Construction Fund				New Library Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	\$ -	\$ -	\$ 25	\$ (25)	\$ -	\$ -	\$ 36,598	\$ (36,598)
Total revenues	<u>-</u>	<u>-</u>	<u>25</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>36,598</u>	<u>(36,598)</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	19,225	39,615	(20,390)
Capital outlay	-	5,506,895	5,432,580	74,315	-	40,824	20,426	20,398
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>5,506,895</u>	<u>5,432,580</u>	<u>74,315</u>	<u>-</u>	<u>60,049</u>	<u>60,041</u>	<u>8</u>
Revenues over (under) expenditures	<u>-</u>	<u>(5,506,895)</u>	<u>(5,432,555)</u>	<u>(74,340)</u>	<u>-</u>	<u>(60,049)</u>	<u>(23,443)</u>	<u>(36,606)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	371,668	(371,668)
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,668</u>	<u>(371,668)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$(5,506,895)</u>	<u>(5,432,555)</u>	<u>\$ (74,340)</u>	<u>\$ -</u>	<u>\$ (60,049)</u>	<u>348,225</u>	<u>\$ (408,274)</u>
Fund balance (deficit), beginning of year			5,432,570				(348,225)	
Fund balance (deficit), end of year			<u>\$ 15</u>				<u>\$ -</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

(Page 4 of 5)

	Rose Park Pool Construction Fund				Dog Park Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>								
Other	\$ -	\$ -	\$ 1	\$ (1)	20,000	\$ 20,000	\$ 101	\$ 19,899
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>20,000</u>	<u>20,000</u>	<u>101</u>	<u>19,899</u>
<b>Expenditures:</b>								
Current:								
Operations and maintenance	-	-	-	-	-	-	138	(138)
Capital outlay	-	78,334	78,334	-	10,000	10,000	-	10,000
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>78,334</u>	<u>78,334</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>138</u>	<u>9,862</u>
Revenues over (under) expenditures	<u>-</u>	<u>(78,334)</u>	<u>(78,333)</u>	<u>(1)</u>	<u>10,000</u>	<u>10,000</u>	<u>(37)</u>	<u>10,037</u>
Other financing sources (uses):								
Transfers in	-	170,000	170,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 91,666</u>	<u>91,667</u>	<u>\$ (1)</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>(37)</u>	<u>\$ 10,037</u>
Fund balance (deficit), beginning of year			-				4,137	
Fund balance (deficit), end of year			<u>\$ 91,667</u>				<u>\$ 4,100</u>	

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Capital Projects Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual**  
**For the Fiscal Year Ended June 30, 2016**

(Page 5 of 5)

Total Nonmajor Capital Project Funds				
	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Other	\$ 36,269	\$ 36,269	\$ 71,098	\$ (54,728)
Total revenues	36,269	36,269	71,098	(54,728)
<b>Expenditures:</b>				
Current:				
Operations and maintenance	20,345	39,570	211,844	(172,136)
Capital outlay	2,175,844	8,747,808	6,965,317	1,772,491
Debt service:				
Bond issuance costs	47,500	47,500	13,500	34,000
Total expenditures	2,243,689	8,834,878	7,190,661	1,634,355
Revenues over (under) expenditures	(2,207,420)	(8,798,609)	(7,119,563)	(1,689,083)
Other financing sources (uses):				
Transfers in	975,549	1,145,549	1,530,961	(385,412)
Transfers out	-	-	(3,895)	3,895
Special assessment bonds issued	1,463,500	1,478,500	440,000	1,038,500
Sale of capital assets	-	-	5,233	(5,233)
Total other financing sources (uses)	2,439,049	2,624,049	1,972,299	651,750
Net change in fund balances	\$ 231,629	\$ (6,174,560)	(5,147,264)	\$ (1,037,333)
Fund balance (deficit), beginning of year			10,284,921	
Fund balance (deficit), end of year			\$ 5,137,657	

# 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, 2016**

	<b>Cemetery Perpetual Care Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 238,112
Investments	439,063
Accrued interest receivable	720
Total assets	<u>\$ 677,895</u>
<b>Fund Balance</b>	
Liabilities:	
Total liabilities	<u>-</u>
Fund balance:	
Unspendable	<u>\$ 677,895</u>
Total fund balance	<u>\$ 677,895</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Permanent Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual**  
**For the Year Ended June 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>				
Charges for services	\$ 12,300	\$ 12,300	\$ 12,326	\$ 26
Other	1,830	1,830	4,358	2,528
Total revenues	<u>14,130</u>	<u>14,130</u>	<u>16,684</u>	<u>2,554</u>
<b>Expenditures:</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>14,130</u>	<u>14,130</u>	<u>16,684</u>	<u>2,554</u>
Other financing sources (uses):				
Transfers out	<u>(1,830)</u>	<u>(4,830)</u>	<u>(4,358)</u>	<u>472</u>
Total other financing sources (uses)	<u>(1,830)</u>	<u>(4,830)</u>	<u>(4,358)</u>	<u>472</u>
Net change in fund balances	<u>\$ 12,300</u>	<u>\$ 9,300</u>	\$ 12,326	<u>\$ 3,026</u>
Fund balance, beginning of year			<u>665,569</u>	
Fund balance, end of year			<u>\$ 677,895</u>	

# NONMAJOR ENTERPRISE FUNDS

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

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

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**  
**(Page 1 of 2)**

<b>Assets</b>	<b>Transit Fund</b>	<b>Golf Course</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 801,856	\$ 258,512	\$ 1,060,368
Investments	1,469,395	-	1,469,395
<b>Receivables:</b>			
Property taxes	69,465	-	69,465
Accounts and unbilled usage	11,972	-	11,972
Accrued interest	1,321	-	1,321
Receivables from other governments	639,344	-	639,344
Inventories	156,461	660	157,121
Prepaid items	-	4,904	4,904
Total current assets	<u>3,149,814</u>	<u>264,076</u>	<u>3,413,890</u>
<b>Noncurrent assets:</b>			
<b>Property and equipment:</b>			
Land	1,435,291	-	1,435,291
Buildings	8,161,983	1,456,691	9,618,674
Improvements other than buildings	1,005,756	-	1,005,756
Equipment and vehicles	9,404,990	-	9,404,990
Construction in progress	133,447	-	133,447
Less: accumulated depreciation	<u>(12,634,155)</u>	<u>(979,486)</u>	<u>(13,613,641)</u>
Total noncurrent assets	<u>7,507,312</u>	<u>477,205</u>	<u>7,984,517</u>
Total assets	<u>10,657,126</u>	<u>741,281</u>	<u>11,398,407</u>
<b>Deferred Outflows</b>			
Pensions	218,511	-	218,511
Total assets and deferred outflows	<u>\$ 10,875,637</u>	<u>\$ 741,281</u>	<u>\$ 11,616,918</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**  
**(Page 2 of 2)**

<b>Liabilities</b>	<b>Transit Fund</b>	<b>Golf Course</b>	<b>Total</b>
<b>Current liabilities:</b>			
Accounts payable	\$ 50,336	\$ 5,560	\$ 55,896
Accrued wages and benefits	139,688	51,169	190,857
Compensate absences	336,152	-	336,152
Total current liabilities	<u>526,176</u>	<u>56,729</u>	<u>582,905</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	120,133	-	120,133
Other post employment benefits	452,310	-	452,310
Net pension liability	2,665,839	-	2,665,839
Total noncurrent liabilities	<u>3,238,282</u>	<u>-</u>	<u>3,238,282</u>
Total liabilities	<u>3,764,458</u>	<u>56,729</u>	<u>3,821,187</u>
<b>Deferred Inflows</b>			
Pensions	248,349	-	248,349
Total deferred inflows of resources	<u>248,349</u>	<u>-</u>	<u>248,349</u>
<b>Net Position</b>			
Net investment in capital assets	7,507,312	477,205	7,984,517
<b>Restricted for:</b>			
Capital Projects	5,460	-	5,460
Unrestricted	(649,942)	207,347	(442,595)
Total net position	<u>6,862,830</u>	<u>684,552</u>	<u>7,547,382</u>
Total liabilities, deferred inflows, and net position	<u>\$ 10,875,637</u>	<u>\$ 741,281</u>	<u>\$ 11,616,918</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**

	<u>Transit Fund</u>	<u>Golf Course Fund</u>	<u>Total Nonmajor Enterprise Fund</u>
Operating revenues:			
Charges for services and use of facilities	\$ 611,564	\$ 475,924	\$ 1,087,488
Operating expenses:			
Salaries and benefits	3,700,358	196,507	3,896,865
Supplies	600,438	55,441	655,879
Contracted services	311,027	13,722	324,749
Utilities	92,546	28,314	120,860
Other	124,400	88,091	212,491
Depreciation	886,464	67,455	953,919
Total operating expenses	<u>5,715,233</u>	<u>449,530</u>	<u>6,164,763</u>
Operating income (loss)	<u>(5,103,669)</u>	<u>26,394</u>	<u>(5,077,275)</u>
Nonoperating revenues (expenses):			
Taxes	1,981,394	-	1,981,394
Intergovernmental	3,464,307	-	3,464,307
Interest and investment income	6,727	-	6,727
Other	1,399	-	1,399
Total nonoperating revenue (expense)	<u>5,453,827</u>	<u>-</u>	<u>5,453,827</u>
Income (loss) before capital contributions and transfers	<u>350,158</u>	<u>26,394</u>	<u>376,552</u>
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Change in net position	350,158	16,394	366,552
Net position, beginning of year	<u>6,512,672</u>	<u>668,158</u>	<u>7,180,830</u>
Net position, end of year	<u>\$ 6,862,830</u>	<u>\$ 684,552</u>	<u>\$ 7,547,382</u>

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 1 of 2)**

	<b>Transit Fund</b>	<b>Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 624,044	\$ 476,046	\$ 1,100,090
Cash received from other sources	(345)	-	(345)
Cash paid to employees for services	(3,623,045)	(196,507)	(3,819,552)
Cash paid to suppliers and contracted services	(1,093,322)	(180,868)	(1,274,190)
Cash paid to other sources	-	-	-
Net cash provided (used) by operating activities	<u>(4,092,668)</u>	<u>98,671</u>	<u>(3,993,997)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from tax revenues	1,996,387	-	1,996,387
Cash received from intergovernmental revenues	3,964,241	-	3,964,241
Transfers to other funds	-	(10,000)	(10,000)
Net cash provided (used) by noncapital financing activities	<u>5,960,628</u>	<u>(10,000)</u>	<u>5,950,628</u>
<b>Cash flows from capital and related financing activities:</b>			
Capital grants and contributions	342,623	-	342,623
Acquisition and construction of capital assets	(412,833)	(41,440)	(454,273)
Proceeds from sales of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(70,210)</u>	<u>(41,440)</u>	<u>(111,650)</u>
<b>Cash flows from investing activities:</b>			
Cash received from interest	7,324	-	7,324
Sale of investments	627,291	-	627,291
Purchase of investments	(2,051,971)	-	(2,051,971)
Net cash provided (used) by investing activities	<u>(1,417,356)</u>	<u>-</u>	<u>(1,417,356)</u>
Net increase (decrease) in cash and cash equivalents	380,394	47,231	427,625
<b>Cash and cash equivalents, beginning of year</b>	<u>421,462</u>	<u>211,281</u>	<u>632,743</u>
Cash and cash equivalents, end of year	<u>\$ 801,856</u>	<u>\$ 258,512</u>	<u>\$ 1,060,368</u>
<b>Cash and cash equivalents consists of:</b>			
Cash and cash equivalents	<u>\$ 801,856</u>	<u>\$ 258,512</u>	<u>\$ 1,060,368</u>
Cash and cash equivalents, end of year	<u>\$ 801,856</u>	<u>\$ 258,512</u>	<u>\$ 1,060,368</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 2 of 2)**

	<b>Transit Fund</b>	<b>Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (5,103,669)	\$ 26,394	\$ (5,077,275)
Other nonoperating income (expense)	(345)	-	(345)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense and Pension Expense	886,464	67,455	953,919
(Increase) decrease in receivables	9,722	95	9,817
(Increase) decrease in inventories	2,758	-	2,758
(Increase) decrease in prepaid items	-	27	27
Increase (decrease) in accounts payable	35,089	(1,482)	33,607
Increase (decrease) in accrued liabilities	77,313	6,182	83,495
Net cash provided (used) by operating activities	\$ (4,092,668)	\$ 98,671	\$ (3,993,997)

# 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, 2016**  
**(Page 1 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Techology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 451,254	\$ 54,535	\$ 376,099	\$ 2,347,342	\$ 161,936	\$ 986,864
Investments	826,581	100,697	693,411	4,332,302	298,876	1,827,614
Receivables:						
Accounts and unbilled usage	-	-	-	-	-	-
Accrued interest	1,292	158	1,060	7,114	469	3,006
Notes	50,000	-	-	-	-	-
Inventories	144,679	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total current assets	<u>1,473,806</u>	<u>155,390</u>	<u>1,070,570</u>	<u>6,686,758</u>	<u>461,281</u>	<u>2,817,484</u>
Noncurrent assets:						
Notes receivable	450,000	-	-	-	-	-
Property and equipment:						
Land	-	-	-	-	-	-
Buildings	32,091	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Equipment and vehicles	835,951	220,467	1,949,687	-	833,574	-
Less: accumulated depreciation	<u>(772,234)</u>	<u>(197,817)</u>	<u>(1,243,190)</u>	<u>-</u>	<u>(660,370)</u>	<u>-</u>
Total noncurrent assets	<u>545,808</u>	<u>22,650</u>	<u>706,497</u>	<u>-</u>	<u>173,204</u>	<u>-</u>
Total assets	<u>2,019,614</u>	<u>178,040</u>	<u>1,777,067</u>	<u>6,686,758</u>	<u>634,485</u>	<u>2,817,484</u>
<b>Deferred Outflows</b>						
Pensions	72,062	-	99,755	-	6,512	6,001
Total assets and deferred outflows	<u>\$ 2,091,676</u>	<u>\$ 178,040</u>	<u>\$ 1,876,822</u>	<u>\$ 6,686,758</u>	<u>\$ 640,997</u>	<u>\$ 2,823,485</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**  
**(Page 2 of 4)**

	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 109,915	\$ 390,063	\$ 141,850	\$ 302,231	\$ 5,322,089
Investments	203,656	718,975	261,492	556,635	9,820,239
Receivables:					
Accounts and unbilled usage	-	-	-	27,023	27,023
Accrued interest	303	1,112	480	734	15,728
Notes	-	-	-	-	50,000
Inventories	-	-	-	-	144,679
Prepaid items	-	-	5,912	9,527	15,439
Total current assets	<u>313,874</u>	<u>1,110,150</u>	<u>409,734</u>	<u>896,150</u>	<u>15,395,197</u>
Noncurrent assets:					
Notes receivable	-	-	-	-	450,000
Property and equipment:					
Land	-	1,989,883	-	-	1,989,883
Buildings	385,655	8,963,489	-	-	9,381,235
Improvements other than buildings	19,692	2,037,445	-	-	2,057,137
Equipment and vehicles	3,395,791	344,200	50,358	329,149	7,959,177
Less: accumulated depreciation	(2,404,273)	(3,621,942)	(18,626)	(238,979)	(9,157,431)
Total noncurrent assets	<u>1,396,865</u>	<u>9,713,075</u>	<u>31,732</u>	<u>90,170</u>	<u>12,680,001</u>
Total assets	<u>1,710,739</u>	<u>10,823,225</u>	<u>441,466</u>	<u>986,320</u>	<u>28,075,198</u>
<b>Deferred Outflows</b>					
Pensions	-	23,464	49,441	119,738	376,973
Total assets and deferred outflows	<u>\$ 1,710,739</u>	<u>\$ 10,846,689</u>	<u>\$ 490,907</u>	<u>\$ 1,106,058</u>	<u>\$ 28,452,171</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**  
**(Page 3 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Techology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 47,505	\$ 6,903	\$ 52,509	\$ 130,065	\$ 5,753	\$ 154,892
Accrued wages and benefits	48,069	-	49,292	2,510	3,333	3,080
Compensate absences	177,243	-	214,230	-	6,013	17,350
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	1,000,000	-	-
Notes payable	-	-	-	-	-	-
Total current liabilities	<u>272,817</u>	<u>6,903</u>	<u>316,031</u>	<u>1,132,575</u>	<u>15,099</u>	<u>175,322</u>
Noncurrent liabilities:						
Compensated absences	63,343	-	76,561	-	2,149	6,201
Other post employment benefits	134,366	-	142,999	-	9,264	8,171
Net pension liability	878,576	-	1,217,022	-	79,446	73,195
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	<u>1,076,285</u>	<u>-</u>	<u>1,436,582</u>	<u>-</u>	<u>90,859</u>	<u>87,567</u>
Total liabilities	<u>1,349,102</u>	<u>6,903</u>	<u>1,752,613</u>	<u>1,132,575</u>	<u>105,958</u>	<u>262,889</u>
<b>Deferred Inflows</b>						
Pensions	73,160	-	113,448	-	7,242	6,572
Total deferred inflows of resources	<u>73,160</u>	<u>-</u>	<u>113,448</u>	<u>-</u>	<u>7,242</u>	<u>6,572</u>
<b>Net Position</b>						
Net investment in capital assets	95,808	22,650	706,497	-	173,204	-
Unrestricted	573,606	148,487	(695,736)	5,554,183	354,593	2,554,024
Total net position	<u>669,414</u>	<u>171,137</u>	<u>10,761</u>	<u>5,554,183</u>	<u>527,797</u>	<u>2,554,024</u>
Total liabilities, deferred inflows, and net position	<u>\$ 2,091,676</u>	<u>\$ 178,040</u>	<u>\$ 1,876,822</u>	<u>\$ 6,686,758</u>	<u>\$ 640,997</u>	<u>\$ 2,823,485</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**  
**(Page 4 of 4)**

	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 305	\$ 34,158	\$ 2,902	\$ 5,532	\$ 440,524
Accrued wages and benefits	-	12,625	30,945	66,204	216,058
Compensate absences	-	36,052	144,188	292,456	887,532
Accrued interest payable	-	31,750	-	-	31,750
Incurred but not reported health benefits	-	-	-	-	1,000,000
Notes payable	-	385,000	-	-	385,000
Total current liabilities	<u>305</u>	<u>499,585</u>	<u>178,035</u>	<u>364,192</u>	<u>2,960,864</u>
Noncurrent liabilities:					
Compensated absences	-	12,884	51,530	104,517	317,185
Other post employment benefits	-	45,463	59,064	158,507	557,834
Net pension liability	-	286,122	601,780	1,459,915	4,596,056
Notes payable	-	2,956,252	-	-	2,956,252
Total noncurrent liabilities	<u>-</u>	<u>3,300,721</u>	<u>712,374</u>	<u>1,722,939</u>	<u>8,427,327</u>
Total liabilities	<u>305</u>	<u>3,800,306</u>	<u>890,409</u>	<u>2,087,131</u>	<u>11,388,191</u>
<b>Deferred Inflows</b>					
Pensions	-	24,648	33,787	122,716	381,573
Total deferred inflows of resources	<u>-</u>	<u>24,648</u>	<u>33,787</u>	<u>122,716</u>	<u>381,573</u>
<b>Net Position</b>					
Net investment in capital assets	1,396,865	6,371,823	31,732	90,170	8,888,749
Unrestricted	313,569	649,912	(465,021)	(1,193,959)	7,793,658
Total net position	<u>1,710,434</u>	<u>7,021,735</u>	<u>(433,289)</u>	<u>(1,103,789)</u>	<u>16,682,407</u>
Total liabilities, deferred inflows, and net position	<u>\$ 1,710,739</u>	<u>\$ 10,846,689</u>	<u>\$ 490,907</u>	<u>\$ 1,106,058</u>	<u>\$ 28,452,171</u>

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**  
**(Page 1 of 2)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
Operating revenues:						
Charges for services and use of facilities	\$ 1,649,754	\$ 103,243	\$ 2,181,539	\$ 11,136,601	\$ 372,201	\$ 1,866,226
Operating expenses:						
Salaries and benefits	1,279,715	-	1,574,553	10,979,470	103,285	95,814
Supplies	57,883	9,984	57,838	-	5,812	16
Contracted services	149,653	76,771	192,961	1,219,613	64,760	20,156
Utilities	6,938	-	28,511	-	132,132	-
Other	56,479	-	151,187	112,052	474	1,929,165
Depreciation	29,455	19,009	159,415	-	30,623	-
Total operating expenses	<u>1,580,123</u>	<u>105,764</u>	<u>2,164,465</u>	<u>12,311,135</u>	<u>337,086</u>	<u>2,045,151</u>
Operating income (loss)	<u>69,631</u>	<u>(2,521)</u>	<u>17,074</u>	<u>(1,174,534)</u>	<u>35,115</u>	<u>(178,925)</u>
Nonoperating revenues (expenses):						
Taxes	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Interest and investment income	7,256	895	6,072	44,460	2,569	19,983
Gain (loss) on sale of capital assets	1,547	-	249	-	-	-
Other	30,451	3	29,686	13,136	1,962	3,569
Total nonoperating revenue (expense)	<u>39,254</u>	<u>898</u>	<u>36,007</u>	<u>57,596</u>	<u>4,531</u>	<u>23,552</u>
Income (loss) before capital contributions and transfers	<u>108,885</u>	<u>(1,623)</u>	<u>53,081</u>	<u>(1,116,938)</u>	<u>39,646</u>	<u>(155,373)</u>
Transfers in	-	-	-	-	-	120,000
Transfers out	<u>(103,346)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,744)</u>
Change in net position	5,539	(1,623)	53,081	(1,116,938)	39,646	(49,117)
Net position, beginning of year	<u>663,875</u>	<u>172,760</u>	<u>(42,320)</u>	<u>6,671,121</u>	<u>488,151</u>	<u>2,603,141</u>
Net position, end of year	<u>\$ 669,414</u>	<u>\$ 171,137</u>	<u>\$ 10,761</u>	<u>\$ 5,554,183</u>	<u>\$ 527,797</u>	<u>\$ 2,554,024</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**  
**(Page 2 of 2)**

	<b>Radio Communications Fund</b>	<b>Facilities Management Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:					
Charges for services and use of facilities	\$ 251,945	\$ 1,152,400	\$ 1,258,001	\$ 2,084,577	\$ 22,056,487
Operating expenses:					
Salaries and benefits	-	388,068	961,558	2,002,173	17,384,636
Supplies	13,310	120,108	18,529	47,771	331,251
Contracted services	189,447	276,187	161,265	344,583	2,695,396
Utilities	15,400	226,519	14,639	37,168	461,307
Other	-	39,180	75,148	151,397	2,515,082
Depreciation	390,984	321,820	4,810	34,453	990,569
Total operating expenses	609,141	1,371,882	1,235,949	2,617,545	24,378,241
Operating income (loss)	(357,196)	(219,482)	22,052	(532,968)	(2,321,754)
Nonoperating revenues (expenses):					
Taxes	-	-	-	24,083	24,083
Interest expense	-	(57,061)	-	-	(57,061)
Interest and investment income	2,397	6,445	2,283	5,511	97,871
Gain (loss) on sale of capital assets	-	-	-	-	1,796
Other	4	41,640	17,969	42,814	181,234
Total nonoperating revenue (expense)	2,401	(8,976)	20,252	72,408	247,923
Income (loss) before capital contributions and transfers	(354,795)	(228,458)	42,304	(460,560)	(2,073,831)
Transfers in	-	475,875	18,840	-	614,715
Transfers out	-	-	-	-	(117,090)
Change in net position	(354,795)	247,417	61,144	(460,560)	(1,576,206)
Net position, beginning of year	2,065,229	6,774,318	(494,433)	(643,229)	18,258,613
Net position, end of year	\$ 1,710,434	\$ 7,021,735	\$ (433,289)	\$ (1,103,789)	\$ 16,682,407

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 1 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Cash flows from operating activities:</b>						
Cash received from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received from interfund services provided	1,649,754	103,243	2,181,539	11,136,601	372,201	1,866,226
Cash received from other sources	9,278	3	249	13,136	1,962	3,569
Cash paid to employees for services	(1,236,313)	-	(1,503,907)	(10,728,135)	(100,859)	(94,535)
Cash paid to suppliers and contracted services	(262,071)	(86,841)	(395,774)	(1,276,206)	(199,121)	(1,810,199)
Net cash provided (used) by operating activities	<u>160,648</u>	<u>16,405</u>	<u>282,107</u>	<u>(854,604)</u>	<u>74,183</u>	<u>(34,939)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers from other funds	-	-	-	-	-	120,000
Transfers to other funds	(95,770)	-	-	-	-	(13,744)
Net cash provided (used) by noncapital financing activities	<u>(95,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,256</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(42,591)	-	(204,891)	-	(14,967)	-
Proceeds from sales of capital assets	50,000	-	-	-	-	-
Cash paid for interest	-	-	-	-	-	-
Principal paid on notes payable and capital lease payable	-	-	-	-	-	-
Transfers from other funds	(7,576)	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(167)</u>	<u>-</u>	<u>(204,891)</u>	<u>-</u>	<u>(14,967)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>						
Cash received from interest	5,864	732	5,115	38,369	2,094	16,310
Sale of investments	737,152	83,445	582,314	4,457,499	241,977	1,635,010
Purchase of investments	(886,454)	(107,128)	(738,816)	(4,611,173)	(318,109)	(1,940,432)
Net cash provided by investing activities	<u>(143,438)</u>	<u>(22,951)</u>	<u>(151,387)</u>	<u>(115,305)</u>	<u>(74,038)</u>	<u>(289,112)</u>
Net increase (decrease) in cash and cash equivalents	(78,727)	(6,546)	(74,171)	(969,909)	(14,822)	(217,795)
<b>Cash and cash equivalents, beginning of year</b>	<u>529,981</u>	<u>61,081</u>	<u>450,270</u>	<u>3,317,251</u>	<u>176,758</u>	<u>1,204,659</u>
Cash and cash equivalents, end of year	<u>\$ 451,254</u>	<u>\$ 54,535</u>	<u>\$ 376,099</u>	<u>\$ 2,347,342</u>	<u>\$ 161,936</u>	<u>\$ 986,864</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 2 of 4)**

	<b>Radio Communica- tions Fund</b>	<b>Facilities Manage- ment Fund</b>	<b>Public Works Administration Fund</b>	<b>Public Works Engineering Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ -	\$ 672,276	\$ -	\$ 131,712	\$ 803,988
Cash received from interfund services provided	251,945	480,124	1,258,001	2,007,362	21,306,996
Cash received from other sources	4	-	-	29,312	57,513
Cash paid to employees for services	-	(345,845)	(900,602)	(1,926,324)	(16,836,520)
Cash paid to suppliers and contracted services	(218,180)	(699,775)	(253,661)	(579,567)	(5,781,395)
Net cash provided (used) by operating activities	<u>33,769</u>	<u>106,780</u>	<u>103,738</u>	<u>(337,505)</u>	<u>(449,418)</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	-	-	-	-	120,000
Transfers to other funds	-	-	-	-	(109,514)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,486</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	-	(59,303)	-	(6,008)	(327,760)
Proceeds from sales of capital assets	-	-	-	-	50,000
Cash paid for interest	-	(60,811)	-	-	(60,811)
Principal paid on notes payable and capital lease payable	-	(416,564)	-	-	(416,564)
Transfers from other funds	-	475,875	18,840	-	487,139
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(60,803)</u>	<u>18,840</u>	<u>(6,008)</u>	<u>(267,996)</u>
<b>Cash flows from investing activities:</b>					
Cash received from interest	1,992	5,464	1,768	5,173	82,881
Sale of investments	167,505	634,382	148,392	687,577	9,375,253
Purchase of investments	(215,920)	(766,248)	(278,654)	(593,709)	(10,456,643)
Net cash provided by investing activities	<u>(46,423)</u>	<u>(126,402)</u>	<u>(128,494)</u>	<u>99,041</u>	<u>(998,509)</u>
Net increase (decrease) in cash and cash equivalents	(12,654)	(80,425)	(5,916)	(244,472)	(1,705,437)
<b>Cash and cash equivalents, beginning of year</b>	<u>122,569</u>	<u>470,488</u>	<u>147,766</u>	<u>546,703</u>	<u>7,027,526</u>
Cash and cash equivalents, end of year	<u>\$ 109,915</u>	<u>\$ 390,063</u>	<u>\$ 141,850</u>	<u>\$ 302,231</u>	<u>\$ 5,322,089</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 3 of 4)**

	<b>Fleet Services Fund</b>	<b>Central Service Fund</b>	<b>Information Technology Fund</b>	<b>City Health Insurance Fund</b>	<b>Central Telephone Services Fund</b>	<b>Property Insurance Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 69,631	\$ (2,521)	\$ 17,074	\$ (1,174,534)	\$ 35,115	\$ (178,925)
Other nonoperating income (expense)	31,998	3	29,935	13,136	1,962	3,569
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	29,455	19,009	159,415	-	30,623	-
(Increase) decrease in receivables	-	-	-	-	-	-
(Increase) decrease in inventories	13,849	-	-	-	-	-
(Increase) decrease in prepaid items and deposits	-	-	-	-	-	-
Increase (decrease) in accounts payable	(4,967)	(86)	34,723	55,459	3,762	138,863
Increase (decrease) in accrued liabilities	20,682	-	40,960	251,335	2,721	1,554
Net cash provided (used) by operating activities	<u>\$ 160,648</u>	<u>\$ 16,405</u>	<u>\$ 282,107</u>	<u>\$ (854,604)</u>	<u>\$ 74,183</u>	<u>\$ (34,939)</u>
<b>Noncash investing, capital and financing activities:</b>						
Increase (decrease) in investment market value	993	118	774	5,375	346	3,038

(continued)

CITY OF BILLINGS, MONTANA  
Internal Service Funds  
Combining Statement of Cash Flows  
For The Fiscal Year Ended June 30, 2016  
(Page 4 of 4)

	Radio Communica- tions Fund	Facilities Manage- ment Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (357,196)	\$ (219,482)	\$ 22,052	\$ (532,968)	\$ (2,321,754)
Other nonoperating income (expense)	4	41,640	17,969	66,897	207,113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	390,984	321,820	4,810	34,453	990,569
(Increase) decrease in receivables	-	-	-	30,414	30,414
(Increase) decrease in inventories	-	-	-	-	13,849
(Increase) decrease in prepaid items and deposits	-	-	(282)	(423)	(705)
Increase (decrease) in accounts payable	(23)	(37,781)	(1,767)	1,775	189,958
Increase (decrease) in accrued liabilities	-	583	60,956	62,347	441,138
Net cash provided (used) by operating activities	<u>\$ 33,769</u>	<u>\$ 106,780</u>	<u>\$ 103,738</u>	<u>\$ (337,505)</u>	<u>\$ (449,418)</u>
<b>Noncash investing, capital and financing activities:</b>					
Increase (decrease) in investment market value	334	843	331	617	12,769

# 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.

**CITY OF BILLINGS**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 1 of 2)**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Downtown Business Improvement District</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 292,644	\$ 292,644	\$ -
Total assets	<u>\$ -</u>	<u>\$ 292,644</u>	<u>\$ 292,644</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 292,644	\$ 292,644	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 292,644</u>	<u>\$ 292,644</u>	<u>\$ -</u>
 <b>Tourism Business Improvement District</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 1,912,462	\$ 1,912,462	\$ -
Total assets	<u>\$ -</u>	<u>\$ 1,912,462</u>	<u>\$ 1,912,462</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 1,912,462	\$ 1,912,462	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 1,912,462</u>	<u>\$ 1,912,462</u>	<u>\$ -</u>
 <b>License Plate Fund</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 690	\$ 12,608	\$ 12,000	\$ 1,298
Total assets	<u>\$ 690</u>	<u>\$ 12,608</u>	<u>\$ 12,000</u>	<u>\$ 1,298</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 690	\$ 12,608	\$ 12,000	\$ 1,298
Total liabilities	<u>\$ 690</u>	<u>\$ 12,608</u>	<u>\$ 12,000</u>	<u>\$ 1,298</u>

(continued)

**CITY OF BILLINGS**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For The Fiscal Year Ended June 30, 2016**  
**(Page 2 of 2)**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Totals - All Agency Funds</b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 690	\$ 2,217,714	\$ 2,217,106	\$ 1,298
Total assets	<u>\$ 690</u>	<u>\$ 2,217,714</u>	<u>\$ 2,217,106</u>	<u>\$ 1,298</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 690	\$ 2,217,714	\$ 2,217,106	\$ 1,298
Total liabilities	<u>\$ 690</u>	<u>\$ 2,217,714</u>	<u>\$ 2,217,106</u>	<u>\$ 1,298</u>

# STATISTICAL SECTION (UNAUDITED)

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

## **Contents**

## **Pages**

### Financial Trends

177-186

*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

187-190

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

### Debt Capacity

191-199

*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

200-201

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

### Operating Information

202-206

*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									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net invested in capital assets	\$ 100,659	\$ 117,182	\$ 133,026	\$ 137,282	\$ 156,927	\$ 185,242	\$ 197,845	\$ 196,250	\$ 173,274	\$ 201,511
Restricted	51,945	50,652	55,867	58,567	56,725	58,125	67,391	71,418	61,917	62,749
Unrestricted	11,533	11,510	13,654	17,550	20,350	23,962	21,213	24,885	25,416	5,297
Total governmental activities net position	<u>\$ 164,137</u>	<u>\$ 179,344</u>	<u>\$ 202,547</u>	<u>\$ 213,399</u>	<u>\$ 234,002</u>	<u>\$ 267,329</u>	<u>\$ 286,449</u>	<u>\$ 292,553</u>	<u>\$ 260,607</u>	<u>\$ 269,557</u>
Business-type activities										
Net invested in capital assets	\$ 255,886	\$ 252,847	\$ 264,674	\$ 271,666	\$ 285,474	\$ 286,328	\$ 304,407	\$ 321,736	\$ 337,910	\$ 353,451
Restricted	3,488	3,774	4,273	5,175	5,977	5,657	6,142	9,667	7,412	4,930
Unrestricted	29,834	44,771	42,333	45,927	48,090	57,552	60,613	70,894	60,588	73,261
Total business-type activities net position	<u>\$ 289,208</u>	<u>\$ 301,392</u>	<u>\$ 311,280</u>	<u>\$ 322,768</u>	<u>\$ 339,541</u>	<u>\$ 349,537</u>	<u>\$ 371,162</u>	<u>\$ 402,297</u>	<u>\$ 405,910</u>	<u>\$ 431,642</u>
Primary government										
Net invested in capital assets	\$ 356,545	\$ 370,029	\$ 397,700	\$ 408,948	\$ 442,401	\$ 471,570	\$ 502,252	\$ 517,986	\$ 511,184	\$ 554,962
Restricted	55,433	54,426	60,140	63,742	62,702	63,782	73,533	81,085	69,329	67,679
Unrestricted	41,367	56,281	55,987	63,477	68,440	81,514	81,826	95,779	86,004	78,558
Total primary government net position	<u>\$ 453,345</u>	<u>\$ 480,736</u>	<u>\$ 513,827</u>	<u>\$ 536,167</u>	<u>\$ 573,543</u>	<u>\$ 616,866</u>	<u>\$ 657,611</u>	<u>\$ 694,850</u>	<u>\$ 666,517</u>	<u>\$ 701,199</u>

Source: City of Billings, Montana

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,844	\$ 6,289	\$ 7,288	\$ 7,240	\$ 7,397	\$ 7,543	\$ 7,249	\$ 8,319	\$ 9,533	\$ 8,166
Public safety	34,533	36,647	38,312	40,841	42,735	37,410	47,884	43,124	43,085	43,855
Public works	18,048	18,558	20,238	17,531	19,284	21,609	26,939	30,322	31,320	32,695
Public health	609	799	858	816	865	851	871	905	1,059	957
Culture and recreation	7,068	7,417	7,799	8,118	8,133	8,312	8,799	9,577	11,212	10,867
Housing and economic development	3,189	3,246	4,068	5,879	3,709	3,561	3,212	3,475	4,612	4,475
Interest on long-term debt	1,779	2,270	2,440	2,377	2,216	2,212	2,083	2,602	2,779	2,939
Total governmental activities expenses	<u>72,070</u>	<u>75,226</u>	<u>81,003</u>	<u>82,802</u>	<u>84,339</u>	<u>81,498</u>	<u>97,037</u>	<u>98,324</u>	<u>103,600</u>	<u>103,954</u>
Business-type activities:										
Solid waste	7,982	8,921	8,933	8,510	9,996	10,296	10,482	11,314	11,823	11,988
Airport	9,941	11,657	11,598	11,613	12,038	13,098	12,763	12,711	12,616	12,538
Water	13,172	15,023	15,634	15,610	16,420	16,481	17,876	17,497	17,652	18,534
Wastewater	8,466	9,074	8,905	10,050	10,168	10,831	12,291	12,232	12,314	12,953
Parking	1,836	2,272	2,718	2,784	2,616	3,166	2,057	2,095	2,538	2,425
Transit	4,971	5,080	5,338	5,564	5,737	6,017	6,021	6,264	6,170	5,715
Golf course	380	415	415	423	428	434	453	443	436	450
Total business-type activities expenses	<u>46,748</u>	<u>52,442</u>	<u>53,541</u>	<u>54,554</u>	<u>57,403</u>	<u>60,323</u>	<u>61,943</u>	<u>62,556</u>	<u>63,549</u>	<u>64,603</u>
Total primary government expenses	<u>\$ 118,818</u>	<u>\$ 127,668</u>	<u>\$ 134,544</u>	<u>\$ 137,356</u>	<u>\$ 141,742</u>	<u>\$ 141,821</u>	<u>\$ 158,980</u>	<u>\$ 160,880</u>	<u>\$ 167,149</u>	<u>\$ 168,557</u>

(continued)

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,734	\$ 1,907	\$ 2,229	\$ 2,291	\$ 2,365	\$ 2,788	\$ 2,611	\$ 2,463	\$ 2,855	\$ 3,286
Public safety	6,347	6,377	5,847	6,172	6,630	5,982	5,847	4,900	5,857	5,627
Public works	18,294	18,774	19,278	18,238	18,933	21,221	21,433	22,427	23,271	24,763
Culture and recreation	1,586	1,785	1,648	45	46	45	36	59	42	50
Other activities	167	166	123	1,772	1,838	1,887	1,948	2,074	2,326	2,472
Operating grants and contributions	11,021	11,359	11,514	13,125	12,229	7,006	12,503	13,648	16,554	11,713
Capital grants and contributions	5,415	6,963	13,182	7,555	14,133	26,658	28,524	13,626	7,884	9,643
Total governmental activities program revenues	<u>44,564</u>	<u>47,331</u>	<u>53,821</u>	<u>49,198</u>	<u>56,174</u>	<u>65,587</u>	<u>72,902</u>	<u>59,197</u>	<u>58,789</u>	<u>57,554</u>
Business-type activities:										
Charges for services:										
Solid waste	7,482	7,887	8,169	9,144	9,801	10,731	10,161	11,024	13,925	13,888
Airport	7,496	7,791	7,987	8,278	8,483	9,568	9,841	9,046	9,536	9,915
Water	17,827	18,870	19,458	21,099	19,538	23,569	25,904	22,928	24,740	25,914
Wastewater	9,554	10,230	10,574	10,282	10,919	14,144	16,123	18,054	18,469	18,915
Other activities	2,595	2,821	2,919	2,850	2,810	2,902	3,071	2,758	2,752	2,496
Operating grants and contributions	1,669	2,605	2,281	2,384	2,224	2,260	2,533	2,815	2,195	3,894
Capital grants and contributions	9,281	9,746	7,187	9,247	15,707	6,041	8,426	15,274	4,366	12,326
Total business-type activities program revenues	<u>55,904</u>	<u>59,950</u>	<u>58,575</u>	<u>63,284</u>	<u>69,482</u>	<u>69,215</u>	<u>76,059</u>	<u>81,899</u>	<u>75,983</u>	<u>87,348</u>
Total primary government program revenues	<u>\$ 100,468</u>	<u>\$ 107,281</u>	<u>\$ 112,396</u>	<u>\$ 112,482</u>	<u>\$ 125,656</u>	<u>\$ 134,802</u>	<u>\$ 148,961</u>	<u>\$ 141,096</u>	<u>\$ 134,772</u>	<u>\$ 144,902</u>
Net (expense)/revenue										
Governmental activities	\$ (30,662)	\$ (33,672)	\$ (27,182)	\$ (33,604)	\$ (25,324)	\$ (31,450)	\$ (24,135)	\$ (39,127)	\$ (44,811)	\$ (46,400)
Business-type activities	3,462	6,409	5,034	8,730	9,159	7,272	14,116	19,343	12,434	22,745
Total primary government	<u>\$ (27,200)</u>	<u>\$ (27,263)</u>	<u>\$ (22,148)</u>	<u>\$ (24,874)</u>	<u>\$ (16,165)</u>	<u>\$ (24,178)</u>	<u>\$ (10,019)</u>	<u>\$ (19,784)</u>	<u>\$ (32,377)</u>	<u>\$ (23,655)</u>

(continued)

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 23,192	\$ 26,001	\$ 25,877	\$ 28,106	\$ 31,642	\$ 31,165	\$ 32,686	\$ 36,507	\$ 32,198	\$ 36,636
Franchise fees	2,316	2,488	2,711	2,786	2,946	3,348	3,598	2,770	3,808	3,946
Business license tax	596	610	634	643	744	706	701	740	759	755
Unrestricted federal/state shared revenue	11,923	12,339	12,232	12,707	13,247	13,544	14,023	15,117	15,550	15,878
Unrestricted investment earnings	881	1,347	555	229	129	133	77	151	196	332
Gain on sale of property and equipment	1,519	235	1,478	(273)	(13)	139	465	411	949	(2,212)
Miscellaneous	50	118	124	53	77	59	78	(201)	221	194
Transfers	253	(38)	(873)	206	(1,561)	146	(4,409)	(9,046)	(4,144)	(101)
<b>Total governmental activities</b>	<u>40,730</u>	<u>43,100</u>	<u>42,738</u>	<u>44,457</u>	<u>47,211</u>	<u>49,240</u>	<u>47,219</u>	<u>46,449</u>	<u>49,537</u>	<u>55,428</u>
Business-type activities:										
Property taxes	1,548	1,630	1,744	1,774	1,833	1,880	1,864	1,992	1,865	1,981
Unrestricted federal/state shared revenue	305	306	312	324	341	341	341	-	421	-
Unrestricted investment earnings	2,793	2,358	1,336	641	436	419	226	400	445	752
Gain on sale of property and equipment	60	33	44	20	(24)	(547)	468	285	61	-
Miscellaneous	93	312	546	205	150	742	200	273	353	153
Transfers	(253)	38	873	(206)	1,561	(146)	4,409	9,046	4,144	101
<b>Total business-type activities</b>	<u>4,546</u>	<u>4,677</u>	<u>4,855</u>	<u>2,758</u>	<u>4,297</u>	<u>2,689</u>	<u>7,508</u>	<u>11,996</u>	<u>7,289</u>	<u>2,987</u>
<b>Total primary government</b>	<u>\$ 45,276</u>	<u>\$ 47,777</u>	<u>\$ 47,593</u>	<u>\$ 47,215</u>	<u>\$ 51,508</u>	<u>\$ 51,929</u>	<u>\$ 54,727</u>	<u>\$ 58,445</u>	<u>\$ 56,826</u>	<u>\$ 58,415</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 10,068	\$ 9,428	\$ 15,556	\$ 10,853	\$ 21,887	\$ 17,790	\$ 23,084	\$ 7,322	\$ 4,726	\$ 9,028
Business-type activities	8,008	11,086	9,889	11,488	13,456	9,961	21,624	31,339	19,723	25,732
<b>Total primary government net position</b>	<u>\$ 18,076</u>	<u>\$ 20,514</u>	<u>\$ 25,445</u>	<u>\$ 22,341</u>	<u>\$ 35,343</u>	<u>\$ 27,751</u>	<u>\$ 44,708</u>	<u>\$ 38,661</u>	<u>\$ 24,449</u>	<u>\$ 34,760</u>

Source: City of Billings, Montana

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2007	\$ 23,192	\$ 596	\$ 23,788
2008	26,001	610	26,611
2009	25,878	634	26,512
2010	28,106	643	28,749
2011	31,642	744	32,386
2012	31,165	706	31,871
2013	32,686	701	33,387
2014	36,507	739	37,246
2015	32,198	759	32,957
2016	36,636	755	37,391

Source: City of Billings, Montana

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

	<b>Fiscal Years</b>						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>							
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-
Committed	8,186	8,610	9,726	8,603	9,890	9,952	10,638
Unassigned	<u>5,007</u>	<u>8,131</u>	<u>10,285</u>	<u>11,612</u>	<u>13,245</u>	<u>14,928</u>	<u>16,553</u>
Total	<u>\$ 13,193</u>	<u>\$ 16,741</u>	<u>\$ 20,011</u>	<u>\$ 20,215</u>	<u>\$ 23,135</u>	<u>\$ 24,880</u>	<u>\$ 27,191</u>
<b>All other governmental funds</b>							
Unspendable	\$ 601	\$ 614	\$ 626	\$ 637	\$ 751	\$ 760	\$ 800
Restricted	40,044	39,936	43,818	64,363	56,291	72,549	71,238
Committed	9,477	8,547	7,958	8,681	7,842	10,817	10,258
Unassigned	<u>(243)</u>	<u>(496)</u>	<u>(906)</u>	<u>(470)</u>	<u>(376)</u>	<u>(396)</u>	<u>(275)</u>
Total	<u>\$ 49,879</u>	<u>\$ 48,601</u>	<u>\$ 51,496</u>	<u>\$ 73,211</u>	<u>\$ 64,508</u>	<u>\$ 83,730</u>	<u>\$ 82,021</u>

Source: City of Billings, Montana

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

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

	<b>Fiscal Years</b>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Taxes	\$ 22,953	\$ 25,446	\$ 26,006	\$ 27,841	\$ 32,062	\$ 30,654	\$ 32,131	\$ 36,457	\$ 33,763	\$ 37,286
Licenses and permits	4,786	5,200	4,952	4,759	5,126	5,611	6,513	5,489	6,984	6,879
Intergovernmental	21,425	22,044	23,933	27,219	27,704	20,698	25,518	27,768	28,279	30,061
Charges for services	10,688	10,385	10,801	9,743	10,725	11,128	10,782	11,512	11,966	13,144
Fines and forfeitures	2,017	1,869	1,650	1,809	2,035	2,052	2,393	2,064	2,079	1,964
Special assessments	16,890	17,180	18,021	17,984	18,635	20,276	21,394	21,548	22,303	22,515
Other	4,208	5,592	3,188	2,761	1,918	1,674	2,337	3,394	3,247	3,569
Total revenues	<u>82,967</u>	<u>87,716</u>	<u>88,551</u>	<u>92,116</u>	<u>98,205</u>	<u>92,093</u>	<u>101,068</u>	<u>108,232</u>	<u>108,621</u>	<u>115,418</u>
<b>Expenditures</b>										
Current:										
General government	7,083	6,452	6,942	7,147	7,208	7,323	7,335	8,288	7,869	8,074
Public safety	33,519	39,867	36,479	38,801	40,529	36,145	43,716	42,386	43,924	45,669
Public works	12,934	13,036	13,708	12,402	13,514	14,133	16,415	18,861	18,472	19,059
Public health	556	707	745	727	766	769	787	814	843	856
Culture and recreation	6,150	6,387	6,570	6,944	6,981	7,133	7,633	8,163	8,374	8,920
Housing and economic development	3,056	3,121	3,936	5,860	3,599	3,478	3,129	3,407	4,423	4,418
Capital outlay	9,858	29,671	17,072	8,313	17,007	13,980	21,874	30,294	18,893	25,726
Debt service:										
Principal	6,208	7,277	4,700	4,590	5,934	6,967	13,153	4,811	9,157	4,322
Interest and fiscal charges	1,433	1,693	1,858	2,172	1,942	1,752	2,688	2,349	2,492	2,551
Bond issuance costs	212	-	212	9	64	135	769	133	464	136
Total expenditures	<u>81,009</u>	<u>108,211</u>	<u>92,222</u>	<u>86,965</u>	<u>97,544</u>	<u>91,815</u>	<u>117,499</u>	<u>119,506</u>	<u>114,911</u>	<u>119,731</u>
Excess of revenues over (under) expenditures	<u>\$ 1,958</u>	<u>\$ (20,495)</u>	<u>\$ (3,671)</u>	<u>\$ 5,151</u>	<u>\$ 661</u>	<u>\$ 278</u>	<u>\$ (16,431)</u>	<u>\$ (11,274)</u>	<u>\$ (6,290)</u>	<u>\$ (4,313)</u>

(continued)

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

	Fiscal Years									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 25,752	\$ 23,191	\$ 20,691	\$ 21,267	\$ 25,054	\$ 24,532	\$ 26,535	\$ 24,086	\$ 28,504	\$ 26,615
Transfers out	(25,955)	(23,398)	(20,874)	(21,982)	(25,730)	(24,886)	(28,260)	(24,773)	(29,094)	(27,194)
Issuance of debt	228	4,033	213	881	1,125	3,630	33,055	-	6,270	-
Capital leases	-	404	-	-	-	-	-	-	-	-
General obligation bonds issued	12,500	-	-	-	-	-	-	-	-	-
Special assessment bonds issued	380	168	6,665	988	945	2,325	6,120	4,820	18,655	5,375
Premium on bonds issued	43	-	-	-	31	-	1,435	233	1,130	-
Bond discounts	-	-	(152)	-	(30)	(57)	(2)	-	(61)	-
Sale of capital assets	1,504	229	649	342	213	343	468	124	1,852	119
Total other financing sources (uses)	<u>14,452</u>	<u>4,627</u>	<u>7,192</u>	<u>1,496</u>	<u>1,608</u>	<u>5,887</u>	<u>39,351</u>	<u>4,490</u>	<u>27,256</u>	<u>4,915</u>
Net change in fund balances	<u>\$ 16,410</u>	<u>\$(15,868)</u>	<u>\$ 3,521</u>	<u>\$ 6,647</u>	<u>\$ 2,269</u>	<u>\$ 6,165</u>	<u>\$ 22,920</u>	<u>\$ (6,784)</u>	<u>\$ 20,966</u>	<u>\$ 602</u>
Debt service as a percentage of noncapital expenditures	10.7%	11.4%	8.7%	8.6%	9.8%	11.2%	16.6%	8.0%	12.1%	7.3%

Source: City of Billings, Montana

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2007	\$ 22,953	\$ 596	\$ 23,549
2008	25,446	610	26,056
2009	26,006	634	26,640
2010	27,841	643	28,484
2011	32,062	744	32,806
2012	30,654	706	31,360
2013	32,131	701	32,832
2014	36,457	740	37,197
2015	33,763	759	34,522
2016	37,286	755	38,041

Source: City of Billings, Montana

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

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of (ARC)</b>
2010	\$ 6,175,808	\$ 1,012,000	16%
2011	6,726,503	715,000	11%
2012	7,457,610	676,000	9%
2013	8,103,061	491,000	6%
2014	8,124,400	491,000	6%
2015	8,184,800	666,000	8%
2016	7,961,038	666,000	8%

Source: City of Billings, Montana

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

<b>Fiscal Year</b>	<b>Real Property <sup>3,4</sup></b>		<b>Personal Property</b>		<b>Total <sup>5</sup></b>		<b>Direct Tax Rate</b>	<b>Ratio of Taxable Value to Estimated Market</b>
	<b>Estimated Market Value</b>	<b>Taxable Value</b>	<b>Estimated Market Value</b>	<b>Taxable Value</b>	<b>Estimated Market Value <sup>1</sup></b>	<b>Taxable Value <sup>2</sup></b>		
2007	4,662,425,471	135,758,026	220,592,211	6,601,869	4,883,017,682	142,359,895	141.58	2.9%
2008	4,969,440,135	141,945,417	250,389,175	7,455,324	5,219,829,310	149,400,741	157.53	2.9%
2009	4,553,549,601	145,757,788	256,854,409	7,749,519	4,810,404,010 <sup>6</sup>	153,507,307	163.76	3.2%
2010	4,846,545,852	150,316,617	289,007,798	8,596,230	5,135,553,650	158,912,847	169.44	3.1%
2011	6,045,049,971	158,774,355	261,866,181	7,680,497	6,306,916,152	166,454,852	171.42	2.6%
2012	5,391,987,991	160,074,588	253,361,134	7,357,320	5,645,349,125	167,431,908	168.73	3.0%
2013	5,578,809,490	159,681,901	257,791,168	5,720,433	5,836,600,658	165,402,334	174.58	2.8%
2014	5,867,349,504	161,755,976	272,813,412	6,008,199	6,140,162,916	167,764,175	178.70	2.7%
2015	6,141,298,543	163,095,567	209,710,048	3,762,699	6,351,008,591	166,858,266	168.12	2.6%
2016	11,372,527,592 <sup>7</sup>	187,958,670	254,824,924	4,087,311	11,627,352,516	192,045,981	158.84	1.7%

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

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

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

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

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

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

<sup>7</sup> The 6 year appraisal cycle was done by the State.

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

Fiscal Year	City						County			Big Sky Economic Development	Total Direct and Overlapping	
	General <sup>4</sup>	Library <sup>4</sup>	Safety <sup>2</sup>	Transit <sup>4</sup>	General Obligation		School Education <sup>1</sup>	School District	Authority	State	Total	
2007	69.50	9.50	48.09	10.00	4.49	141.58	100.08	106.71	200.83	2.82	47.50	599.52
2008	69.50	9.50	57.25	10.00	11.28	157.53	103.56	104.12	202.96	2.94	47.50	618.61
2009	74.00	5.00	64.34	10.00	10.42	163.76	106.37	104.72	192.18	3.02	47.50	617.55
2010	74.00	5.00	71.92	10.00	8.52	169.44	106.89	102.50	193.87	3.05	47.98	623.73
2011	74.00	5.00	73.82	10.00	8.60	171.42	114.36	102.50	199.73	3.05	49.34	640.40
2012	74.00	5.00	70.75	10.00	8.98	168.73	114.44	102.50	199.19	3.05	49.96	637.87
2013	74.00	5.00	71.11	10.00	14.47	174.58	117.19	102.50	204.53	3.09	52.09	653.98
2014	74.00	5.00	74.36	10.00	15.34	178.70	118.33	102.50	215.54	3.09	49.36	667.52
2015	74.00	5.00	64.59	10.00	14.53	168.12	117.10	102.50	249.75	3.09	46.10	686.66
2016	67.64	4.57	64.41	9.17	13.05	158.84	109.58	102.50	253.28	2.87	42.95	670.02

Source: Yellowstone County, Montana, Treasurer

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

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

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

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

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

**CITY OF BILLINGS, MONTANA  
Principal Property Taxpayers  
June 30, 2016 and Ten Years Ago  
(Unaudited)**

Taxpayer	Tax Year 2015			Tax Year 2006		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Charter Communications Inc	\$ 3,443,997	1	1.8%	\$ -		0.0%
Montana Dakota Utilities	2,847,155	2	1.5%	1,162,308	3	0.8%
Centurylink INC	2,437,834	3	1.3%	-		0.0%
AT&T Mobility LLC	1,414,445	4	0.7%	999,299	4	0.7%
Verizon Wireless	1,012,625	5	0.5%	-		0.0%
Rimrock Owner LP	913,986	6	0.5%	-		0.0%
Wal-Mart Real Estate Business	862,448	7	0.4%	607,832	6	0.4%
Sisters of Charity of Leavenworth	720,243	8	0.4%	-		0.0%
Billings 401 LLC	615,851	9	0.3%	-		0.0%
Scheels All Sports INC	578,999	10	0.3%	-		0.0%
Sky West Airlines	-		0.0%	471,185	8	0.3%
Northwest Corp Transmission	-		0.0%	6,352,885	1	4.5%
Qwest Corp	-		0.0%	3,665,116	2	2.6%
Macerich Rimrock Limited Partner	-		0.0%	871,433	5	0.6%
Sysco Food Services	-		0.0%	420,062	9	0.3%
Western Sugar Co.	-		0.0%	524,007	7	0.4%
West Park Plaza Investors	-		0.0%	403,452	10	0.3%
<b>Total</b>	<b>\$ 14,847,583</b>		<b>7.7%</b>	<b>\$ 15,477,579</b>		<b>10.9%</b>
 Total taxable value	 \$ 192,045,981			 \$ 142,359,895		

Source: City of Billings, Montana

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

<b>Fiscal Year</b>	<b>Total Tax Levy<sup>1</sup> for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>		<b>Delinquent</b>
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>	
2007	18,622,292	17,800,006	95.6%	815,440	18,615,446	100.0%	822,286
2008	21,659,793	20,533,104	94.8%	734,789	21,267,893	98.2%	1,126,689
2009	23,823,598	22,640,645	95.0%	1,076,305	23,716,950	99.6%	1,182,953
2010	25,249,468	23,902,572	94.7%	723,714	24,626,286	97.5%	1,346,896
2011	26,450,937	24,813,236	93.8%	1,330,906	26,144,142	98.8%	1,637,701
2012	26,003,866	23,934,858	92.0%	1,051,668	24,986,526	96.1%	2,069,008
2013	26,886,158	25,426,270	94.6%	642,009	26,068,279	97.0%	1,459,888
2014	27,818,662	26,310,736	94.6%	658,806	26,969,542	96.9%	1,507,926
2015	26,391,143	25,590,811	97.0%	4,894,272	30,485,083	115.5%	800,332
2016	28,231,663	27,220,145	96.4%	1,041,105	28,261,250	100.1%	1,011,518

Source: City of Billings, Montana

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

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

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita
	General Obligation Bonds	Tax Incremental Bonds	Special Assessment Bonds	Intercap Notes Payable	Notes Payable	Capital Leases Payable			
2007	18,655	1,345	20,343	1,133	1,538	5,756			
2008	18,395	-	16,891	-	4,584	5,869			
2009	17,655	-	20,919	-	4,066	5,520			
2010	16,845	-	18,882	81	4,114	5,154			
2011	15,975	-	17,068	75	3,046	4,768			
2012	15,080	-	17,230	70	2,821	4,428			
2013	30,557	13,263	16,156	64	2,287	4,100			
2014	28,717	13,260	17,645	59	1,732	4,128			
2015	26,921	20,376	22,737	54	1,153	3,737			
2016	30,465	26,045	20,779	48	712	3,175			

Fiscal Year	Business-Type Activities						Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita
	Revenue Bonds Airport	Notes Payable Golf Course	Rev Bonds/Notes Payable Water	Rev Bonds/Notes Payable Wastewater	Capital Lease Payable Parking	Capital Lease Payable Airport			
2007	9,595	85	13,355	4,280	5,930	-	78,984	1.76%	0.78
2008	9,125	-	15,773	4,116	5,760	-	82,934	1.83%	0.80
2009	8,635	-	15,121	9,171	5,580	-	83,583	1.79%	0.80
2010	8,120	-	20,206	14,609	5,390	-	89,257	1.51%	0.84
2011	14,165	-	23,922	16,765	5,190	-	99,671	1.64%	0.96
2012	13,465	-	24,026	16,212	5,544	1,322	100,198	1.59%	0.96
2013	12,540	-	23,214	16,458	3,177	1,258	123,021	1.82%	1.15
2014	11,382	-	24,510	17,470	3,061	1,191	123,155	1.76%	1.13
2015	10,437	-	28,446	16,514	2,942	1,120	134,437	1.89%	1.23
2016	9,540	-	30,049	15,506	2,818	1,045	139,137	1.80%	1.26

Source: City of Billings, Montana

<sup>1</sup> Personal income amount is not available for 2006.  
Beginning in 2014, amounts are recorded as net of adjustments.

**CITY OF BILLINGS, MONTANA**  
**Ratio of General Obligation Bonded Debt Outstanding**  
**To Taxable Value and Net General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Taxable Value <sup>2</sup></b>	<b>General Obligation Bonds <sup>3</sup></b>	<b>Less: Amounts Available in Debt Service Funds <sup>4</sup></b>	<b>Net</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Net Bonded Debt Per Capita</b>
2007	101,650	137,538,752	18,655,000	528,308	18,126,692	13.2%	178.32
2008	103,100	144,941,193	18,395,000	1,731,344	16,663,656	11.5%	161.63
2009	103,994	153,347,183	17,655,000	1,849,644	15,805,356	10.3%	151.98
2010	105,845	158,912,847	16,845,000	1,720,203	15,124,797	9.5%	142.90
2011	104,170	166,454,852	15,975,000	1,549,809	14,425,191	8.7%	138.48
2012	104,170	167,431,908	15,080,000	1,233,678	13,846,322	8.3%	132.92
2013	106,954	165,402,334	30,556,896	2,465,881	28,091,015	17.0%	262.65
2014	109,059	167,764,175	28,716,650	2,310,101	26,406,549	15.7%	242.13
2015	108,869	166,858,266	26,921,315	2,653,784	24,267,531	14.5%	222.91
2016	110,263	192,045,981	25,080,980	2,852,317	22,228,663	11.6%	201.60

Sources and other information:

<sup>1</sup> Census taken every ten years. Actual census figures given for 2011.

All other years are estimated by City/County Planning, Yellowstone County, Montana.

<sup>2</sup> Yellowstone County, Montana, Assessors Office (these amounts do not include the incremental increases to the Tax Increment District).

<sup>3</sup> Amount does not include Special Assessment, tax increment or revenue bonds. In 2013, 2014, 2015 and 2016 recorded net of adjustments.

<sup>4</sup> Amount does not include Special Assessment, tax increment debt service funds or advanced cross over refunding.

**CITY OF BILLINGS, MONTANA**  
**Direct and Overlapping General Obligation Bonded Debt**  
**June 30, 2016**  
**(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percent Applicable to City <sup>2</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
<b>Yellowstone County</b>	<b>\$ 4,150,000</b> <sup>1</sup>	55.62%	<b>\$ 2,231,922</b>
<b>School Districts</b>			
School District #2	\$ 148,291,249 <sup>1</sup>	76.77%	\$ 113,843,192
Elder Grove SD #4	5,135,000 <sup>1</sup>	0.08%	\$ 4,108
Elysian SD #23	8,575,000 <sup>1</sup>	9.65%	\$ 827,488
Canyon Creek SD #44	770,000 <sup>1</sup>	0.55%	\$ 4,235
<u>Independent SD #52</u>	<u>2,720,000</u> <sup>1</sup>	0.61%	<u>\$ 16,592</u>
Total School Districts	<b>165,491,249</b>		<b>114,695,614</b>
<b>Total Overlapping Debt</b>	<b>169,641,249</b>		<b>116,927,536</b>
Direct:			
<b>City of Billings</b>			
General Obligation	\$ 32,093,610		
Tax Increment	26,032,082		
Special Assessment	21,362,720		
Intercap Notes	48,304		
Notes Payable	712,341		
<u>Capital Lease</u>	<u>\$ 3,341,252</u>		
<b>Total Direct Debt</b>	<b>\$ 83,590,309</b>	100.0%	<b>\$ 83,590,309</b>
<b>Total Direct and Overlapping Debt</b>	<b>253,231,558</b>		<b>200,517,845</b>

Source and other information:

<sup>1</sup> Finance Department, Yellowstone County, Montana.

<sup>2</sup> The percentage of overlapping debt applicable to the City is estimated using taxable property values.

Applicable percentages were estimated by determining the portion of the other government's taxable value that is within the City's boundaries and dividing it by the other government total taxable value.

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 73,734	\$ 130,496	\$ 120,260	\$ 126,264	\$ 110,757	\$ 125,971	\$ 145,915	\$ 153,504	\$ 158,762	\$ 289,112
Total net debt applicable to limit	<u>25,016</u>	<u>22,280</u>	<u>21,170</u>	<u>20,030</u>	<u>19,343</u>	<u>13,846</u>	<u>27,875</u>	<u>26,407</u>	<u>23,326</u>	<u>29,245</u>
Legal debt margin	<u>\$ 48,718</u>	<u>\$ 108,216</u>	<u>\$ 99,090</u>	<u>\$ 106,234</u>	<u>\$ 91,414</u>	<u>\$ 112,125</u>	<u>\$ 118,040</u>	<u>\$ 127,098</u>	<u>\$ 135,436</u>	<u>\$ 259,868</u>
Total net debt applicable to the limit as a percentage of debt limit	33.93%	17.07%	17.60%	15.86%	17.46%	10.99%	19.10%	17.20%	14.69%	10.12%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed market value:

Real property	\$ 11,061,197,361	
Personal property	191,962,750	
Utilities	<u>311,330,231</u>	
Total assessed value	<u>\$ 11,564,490,342</u>	
Debt amount limited to 2.5% of total assessed value		\$ 289,112,259
Less:		
General obligation bonded debt outstanding	32,093,610	
Total net debt applicable to limit		32,093,610
Plus:		
Amount set aside for repayment of GO debt		<u>2,849,107</u>
Total net debt applicable to limit		<u>29,244,503</u>
Legal debt margin		<u>\$ 259,867,756</u>

Source: City of Billings, Montana

Note: Under state law, the City of Billings, Montana's outstanding general obligation debt was not to exceed 1.51% prior to FY 08 and 2.50% starting in FY 08 of total assessed market value.

**CITY OF BILLINGS, MONTANA  
Pledged-Revenue Coverage  
Water and Wastewater Debt  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year</b>	<b>Gross Revenue <sup>1</sup></b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2007	\$ 28,495,544	\$ 15,161,687	\$ 13,333,857	\$ 763,000	\$ 519,548	\$ 1,282,548	1040%
2008	30,114,284	16,280,346	13,833,938	792,000	651,314	1,443,314	958%
2009	31,535,859	16,507,448	15,028,411	948,000	753,501	1,701,501	883%
2010	31,671,419	16,516,713	15,154,706	1,389,000	1,155,659	2,544,659	596%
2011	30,683,732	16,666,260	14,017,472	1,926,000	1,415,188	3,341,188	420%
2012	37,852,987	17,146,622	20,706,365	1,938,000	1,493,738	3,431,738	603%
2013	41,905,740	19,526,272	22,379,468	2,417,119	1,473,370	3,890,489	575%
2014	40,923,714	18,809,342	22,114,372	2,345,000	1,059,745	3,404,745	650%
2015	43,267,946	18,684,310	24,583,636	2,572,407	1,196,733	3,769,140	652%
2016	45,590,301	19,688,620	25,901,681	2,924,000	1,232,897	4,156,897	623%

Source: City of Billings, Montana

<sup>1</sup> Includes operating revenue and interest income.

<sup>2</sup> Total operating expenses exclusive of depreciation.

<sup>3</sup> SRF Loan proceeds began in FY 05-06 as well as the related principal and interest payments.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Airport Revenue Bonds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross Revenue <sup>1</sup></b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2007	\$ 7,896,925	\$ 5,370,760	\$ 2,526,165	\$ 445,000	\$ 628,802	\$ 1,073,802	235%
2008	8,084,353	6,016,118	2,068,235	470,000	600,575	1,070,575	193%
2009	8,172,942	6,499,711	1,673,231	490,000	570,242	1,060,242	158%
2010	8,351,091	6,455,160	1,895,931	515,000	538,455	1,053,455	180%
2011	8,680,524	6,589,404	2,091,120 <sup>3,4</sup>	550,000	520,438	1,070,438	195%
2012	9,907,148	7,229,282	2,677,866	700,000	587,861	1,287,861	208%
2013	10,338,400	7,156,337	3,182,063	925,000	516,438	1,441,438	221%
2014	9,518,557	7,306,389	2,212,168	960,000	488,163	1,448,163	153%
2015	9,658,046	7,198,727	2,459,319	1,000,000	455,113	1,455,113	169%
2016	10,261,314	7,095,930	3,165,384	1,040,000	417,038	1,457,038	217%

Source: City of Billings, Montana

<sup>1</sup> Includes operating revenue, other revenue, interest income and CFC income to the extent of CFC debt service.

<sup>2</sup> Total operating expense exclusive of depreciation.

<sup>3</sup> The 2000 series bonds were refunded in July of 2010 in exchange for 2010A revenue bonds.

<sup>4</sup> In Fiscal year 2011, Airport series 2010B revenue bonds were issued for the CFC project.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Special Assessment Bonds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross<sup>1</sup> Revenue</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2007	\$ 3,715,399	\$ 2,615,000	\$ 791,898	\$ 3,406,898	109.1%
2008	2,805,088	2,720,000	705,167	3,425,167	81.9%
2009	3,135,673	2,212,000	620,797	2,832,797	110.7%
2010	2,519,745	2,090,111	1,060,094	3,150,205	80.0%
2011	2,984,730	1,803,815	970,296	2,774,111	107.6%
2012	5,581,675	4,614,070	915,622	5,529,692	100.9%
2013	6,665,868	7,013,621	1,539,100	8,552,721	77.9%
2014	2,623,645	2,085,862	690,009	2,775,871	94.5%
2015	7,183,892	6,593,709	613,603	7,207,312	99.7%
2016	1,855,339	1,641,069	343,342	1,984,411	93.5%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross Revenue includes special assessments and investment earnings on reserves.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Storm Sewer Bonds<sup>2</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Gross <sup>1</sup> Revenue	Less: Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 2,994,862	\$ 1,115,485	\$ 1,879,377	\$ 880,000	\$ 113,179	\$ 993,179	189.2%
2008	3,256,003	2,369,751	886,252	900,000	95,396	995,396	89.0%
2009	3,235,041	2,625,836	609,205	920,000	77,693	997,693	61.1%
2010	3,318,326	2,156,315	1,162,011	935,000	57,961	992,961	117.0%
2011	3,289,314	4,186,201	(896,887)	960,000	35,449	995,449	-90.1%
2012	3,377,947	1,542,725	1,835,222	180,000	20,000	200,000	917.6%
2013	3,429,004	2,335,753	1,093,251	185,000	16,311	201,311	543.1%
2014	3,579,824	3,003,616	576,208	385,000	30,797	415,797	138.6%
2015	3,747,959	3,505,136	242,823	100,000	173,094	273,094	88.9%
2016	4,038,829	3,538,658	500,171	160,000	389,450	549,450	91.0%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross revenue includes assessments and investment earnings.

<sup>2</sup> Included in special assessment bonds in the financial statements and related notes.

**CITY OF BILLINGS, MONTANA**  
**Pledged-Revenue Coverage**  
**Parking Notes Payable <sup>3</sup>**  
**Last Seven Fiscal Years <sup>4</sup>**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross<sup>1</sup> Revenue</b>	<b>Less: Operating Expense <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest <sup>6</sup></b>	<b>Total</b>	
2007	\$ 1,871,083	\$ 1,047,789	\$ 823,294	\$ -	\$ -	\$ -	n/a
2008	1,955,244	1,161,458	793,786	170,431	324,964	495,395	160%
2009	1,922,134	1,545,816	376,318	179,771	315,624	495,395	76%
2010	1,764,693	1,678,525	86,168	189,622	305,773	495,395	17%
2011	1,732,269	1,551,195	181,074	200,014	295,381	495,395	37%
2012	1,724,876	2,110,306	(385,430)	210,974	284,421	495,395	-78%
2013	1,755,582	1,220,805	534,777 <sup>5</sup>	222,536	272,859	495,395	108%
2014	1,525,125	1,455,807	69,318	115,863	139,917	255,780	27%
2015	1,519,591	1,717,715	(198,124)	119,120	136,660	255,780	-77%
2016	1,590,253	1,520,808	69,445	124,485	131,295	255,780	27%

Source: City of Billings, Montana

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Gross revenue includes operating revenue and interest income.

<sup>2</sup> Total operating expense exclusive of depreciation

<sup>3</sup> Included in note payable in the financial statements and related notes.

<sup>4</sup> Note payable was issued in fiscal year 2007. Prior to 2007, there was no pledged revenue debt for Parking.

<sup>5</sup> The Capital lease for Parking was refinanced in FY2013. The debt service requirements will decrease in subsequent years.

<sup>6</sup> This interest reported is cash basis. However, the interest reported in the Government-Wide financial statement is accrued.

**CITY OF BILLINGS, MONTANA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Total Personal Income <sup>5</sup> (In thousands)</b>	<b>Per Capita Personal Income <sup>5</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2007	101,650	4,500,000	35,068	39.3	15,503	2.6%
2008	103,100	4,525,000	37,247	37.5	15,505	3.1%
2009	103,994	4,675,202	36,513	37.9	15,681	4.7%
2010	105,845	5,900,362	38,737	38.1	15,608	5.5%
2011	104,170	6,060,376	39,212	39.0	15,715	5.2%
2012	104,170	6,308,626	38,488	39.0	16,223	4.3%
2013	106,954	6,765,732	41,546	37.0	16,238	3.7%
2014	109,059	7,014,133	42,417	36.8	16,328	2.9%
2015	108,869	7,110,250	42,606	38.3	16,120	2.9%
2016	110,263	7,749,711	46,052	38.1	16,644	3.2%

Sources and other information:

- <sup>1</sup> Census taken every ten years. Actual census figures given for 2011.  
All other years are estimated by City/County Planning, Yellowstone County, Montana.
- <sup>2</sup> Census and Economic Information Center (CEIC), Montana Department of Commerce
- <sup>3</sup> Billings School District #2.
- <sup>4</sup> State of Montana Research & Analysis Bureau.
- <sup>5</sup> Bureau of Economic Analysis. Current Fiscal Year given as estimate only.

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

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Number of Employees <sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment <sup>2</sup></b>	<b>Number of Employees <sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment <sup>3</sup></b>
Billings Clinic	4,144	1	5.03%	3,250	1	4.00%
School District #2	2,005	2	2.44%	1,833	3	2.26%
St. Vincent Healthcare	1,748	3	2.12%	2,200	2	2.71%
Stillwater Mining Company	1,411	4	1.71%	1,622	4	2.00%
Avitus Group	1,118	5	1.36%	820	10	1.01%
City of Billings	892	6	1.08%	875	9	1.08%
Wal Mart	823	7	1.00%	954	7	1.17%
Yellowstone County	791	8	0.96%	1,106	5	1.36%
St John's Lutheran Home	703	9	0.85%	N/A	-	-
Montana State University-Billings	561	10	0.68%	1,025	6	1.26%
Wells Fargo	N/A	-	-	925	8	1.14%
<b>Total</b>	<b>14,196</b>		<b>17.24%</b>	<b>14,610</b>		<b>17.99%</b>

Sources and other information:

<sup>1</sup> Information obtained from each individual company. Numbers given may be estimates.

<sup>2</sup> Montana Research and Analysis Bureau, State of Montana. Based on 82,325 employees in the greater Billings Metro Area.

<sup>3</sup> Based on 81,209 employees in the greater Billings Metro Area.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	109.8	98.5	101.5	83.0	83.5	84.8	87.8	90.6	84.6	84.6
Planning and community services	36.8	36.1	37.1	28.0	31.0	31.6	31.6	31.8	38.8	39.5
Library	30.4	30.6	30.7	30.7	31.7	31.7	31.7	31.7	31.9	31.8
Public safety <sup>1</sup>										
Police	158.0	160.0	163.0	167.0	167.0	167.0	165.0	166.0	166.0	167.3
Animal shelter	7.0	9.0	10.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Fire	152.0	155.0	147.0	148.0	146.0	146.0	146.5	146.5	146.5	147.1
Streets/Traffic	44.0	43.0	43.0	43.0	43.0	45.0	45.0	45.0	45.0	47.0
Water and Wastewater	103.0	107.0	103.0	104.0	104.0	103.0	103.0	103.0	103.0	103.0
Sanitation	53.5	58.5	62.5	62.5	63.5	63.5	63.5	64.5	64.5	63.5
Parking	14.8	14.8	15.8	15.3	15.3	15.3	12.3	12.0	12.0	12.0
Aviation	53.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Transit	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Internal services	<u>38.0</u>	<u>46.0</u>	<u>49.0</u>	<u>72.0</u>	<u>74.0</u>	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>	<u>78.0</u>
Total	<u>855.6</u>	<u>869.8</u>	<u>873.9</u>	<u>871.8</u>	<u>877.3</u>	<u>881.2</u>	<u>879.7</u>	<u>884.4</u>	<u>885.6</u>	<u>892.1</u>

Source: City of Billings Annual Budget

<sup>1</sup> Police and Fire began adding staff in FY 2006 as a result of the public safety levy approved by the voters in 2004.

FY 2015 Grant positions moved out of general government

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

<b>Activity</b>	<b>Report Period<sup>1</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Police</b>											
Dispatched Calls	FY	59,958	60,156	60,112	59,840	60,686	63,915	66,510	66,111	68,817	78,484
Arrests	CY	8,348	7,256	7,631	6,815	7,324	9,116	9,265	10,214	10,064	11,942
Traffic Violations	CY	33,698	24,567	28,884	24,024	27,240	30,473	26,478	24,813	15,460	17,068
Traffic Accidents	CY	3,695	3,313	3,081	2,912	3,623	3,524	3,329	3,988	3,845	2,518
<b>Fire</b>											
Dispatched Calls	FY	11,879	11,426	10,728	10,499	10,841	11,228	11,194	11,989	Not Available <sup>2</sup>	13,263
Inspections	CY	2,723	1,835	2,840	1,021	1,972	1,191	1,209	1,553	2,027	1,043
<b>Solid Waste</b>											
Residential Customers	FY	29,981	30,477	31,101	31,554	31,800	32,359	32,772	33,127	35,623	31,721
Commerical Customers	FY	3,566	3,596	3,642	3,704	3,889	3,982	4,071	4,136	2,900	2,559
Landfill trips	FY	153,634	169,101	120,821	143,046	153,010	164,667	166,777	165,729	146,635	140,007
<b>Water</b>											
Customers	FY	28,406	28,864	29,073	29,248	29,309	29,537	29,811	30,113	30,326	30,651
Average Daily Consumption (millions of gallons)	FY	25	23	21	20	19	23	23	21	21	21.5
<b>Wastewater</b>											
Customers	FY	30,748	31,637	31,909	32,193	32,390	32,586	32,951	33,357	33,894	34,292
Average Daily Treatment (millions of gallons)	FY	16	16	15	16	16	16	16	16	16	15

Source: City of Billings Operating Budget, Billings, Montana

<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year (July 1-June30). Calendar Year stats are to date at the time of data inquiry (typically end of November).

<sup>2</sup> A new system was implemented, so an accurate number cannot be given for FY 15.

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

Date of Incorporation - 1882	Report Period <sup>1</sup>	Years										
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
<b>Form of Government - Council/Administrator</b>												
<b>Area in Square Miles</b>	FY	40.4	40.4	40.1	40.1	42.0	42.0	42.0	42.0	42.5	43.0	
<b>Activity</b>												
Public Safety												
Police												
Stations	FY	1	1	1	1	1	1	1	1	1	1	
Police Officers	FY	129	134	143	143	142	141	140	141	141.4	142	
Fire												
Stations	FY	6	7	7	7	7	7	7	7	7	7	
Firefighters/Officers/Dispatchers	FY	143	144	146	148	148	148	144	144.5	145.1	144.8	
Streets												
Streets (miles)	CY	531	540	458	523	523.4	526.2	530.0	530.0	537.8	545.1	
Streetlights	FY	7,816	7,816	7,993	8,000	8,179	8,202	8,202	8,239	8,376	8,480	
Street Light Maintenance Districts	FY	177	180	183	181	184	185	185	186	187	192	
City Parks												
Developed Acres	FY	1,080	625	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,201	
Undeveloped Acres	FY	200	440	290	290	290	290	290	290	290	282	
Natural Park Acres	FY	717	1,900	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,167	
Parking												
Garages	FY	4	4	4	4	4	4	3	3	4	4	

(continued)

Source: City of Billings Operating Budget, Billings, Montana  
<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year

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

	<b>Report Period<sup>1</sup></b>	<b>Years</b>									
		<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>Water</b>											
Water Mains (miles)	FY	433	436	441	447	447	465	467	468	476	468
Fire Hydrants	FY	3,853	3,912	3,969	4,145	4,204	4,211	4,242	4,357	4,392	4,405
Maximum Daily Capacity (millions of gallons)	FY	65	60	46	60	60	60	60	60	60	60
<b>Wastewater</b>											
Storm Sewers (miles)	FY	147	147	149	149	149.2	149.2	149.2	213.8	232.0	219.0
Sanitary Sewers (miles)	FY	429	433	444	466	473	461	486	488	497	494.5
Maximum Daily Capacity (millions of gallons)	FY	27	27	26	26	26	26	26	26	26	26

Source: City of Billings Operating Budget, Billings, Montana  
<sup>1</sup> CY represents a Calendar Year, FY represents a Fiscal Year

**CITY OF BILLINGS, MONTANA**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	<u>Construction</u> <sup>1</sup>		<u>Residential</u> <sup>2</sup>		Bank Deposits (in thousands) <sup>3</sup>	Property Value <sup>4,6</sup>
	<u>Commercial</u>					
	Number of Permits	Value	Number of Permits	Value		
2007	88	87,937,071 <sup>5</sup>	496	89,502,065	2,222,151	4,883,017,682
2008	69	107,949,910 <sup>7</sup>	388	71,378,452	2,858,991	5,219,829,310
2009	71	63,332,381	227	38,331,029 <sup>8</sup>	3,144,622	4,810,404,010
2010	67	61,242,125	278	51,019,706	3,737,755	5,135,553,650 <sup>9</sup>
2011	99	69,548,962	230	47,522,702	3,799,467	6,306,916,152
2012	62	44,776,009	265	53,596,078	4,091,359	5,645,349,125
2013	74	109,879,817 <sup>10</sup>	434	97,412,566	4,315,837	5,836,600,658
2014	79	52,150,771	333	78,673,385	4,597,034	6,140,162,916
2015	76	75,258,982	419	100,954,761	4,886,513	6,350,470,915
2016	140	79,697,699	503	93,464,621	4,904,589	11,626,879,232

Sources and other information:

<sup>1</sup> Building Department (new construction permits), City of Billings, Montana.

<sup>2</sup> Single family only.

<sup>3</sup> Individual banks and credit unions.

<sup>4</sup> State of Montana Department of Revenue.

<sup>5</sup> Commercial values increased although the number of permits issued decreased because a new commercial area is being developed, which includes hotels, a hospital, and an educational facility. Other large projects in the City include a new parking garage and trauma care center.

<sup>6</sup> For fiscal years beginning in 2006 the property value includes the Tax Increment District.

<sup>7</sup> Medical facilities had permits that totaled \$27 million. Other large projects included a senior living center, motel, office building, retail stores, bank processing center and church additions.

<sup>8</sup> Residential construction is down due to the economy.

<sup>9</sup> For Fiscal Year 2009 the State of Montana Department of Revenue did not include exempt properties.

<sup>10</sup> Commercial values increased due to several large projects, including a new library, parking garage, a large sporting goods retailer and a VA clinic.

# SINGLE AUDIT SECTION

**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, 2016, 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 29, 2016.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

### **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 29, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Billings, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Billings, Montana's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the City of Billings, Montana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Great Falls, Montana  
December 29, 2016

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 1 of 4)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Community Development Block Grants and Entitlement Grants:	14.218	Nonmajor			
Grant entitlement B-13-MC-30-001			\$ -	\$ 583,761	28,437
Grant entitlement B-14-MC-30-001			-	556,352	88,427
Grant entitlement B-15-MC-30-001			-	562,741	605,784
CFDA subtotal			-	<u>1,702,854</u>	<u>722,648</u>
Home Investment Partnerships Program:	14.239	Nonmajor			
Grant entitlement M 14 MC 300213			-	301,712	157,743
Grant entitlement M 15 MC 300213			-	263,688	181,031
CFDA subtotal			-	<u>565,400</u>	<u>338,774</u>
<b><u>Corporation for National and Community Service</u></b>					
AmeriCorps VISTA - VISTA State Support Grant 09-VSP-MT-001/10-VS-120761	94.013	Major	-	343,910	328,910
CFDA subtotal			-	<u>343,910</u>	<u>328,910</u>
<b><u>U.S. Department of Transportation</u></b>					
Airport Improvement Program:	20.106	Major			
AIP3-30-008-48			-	156,587	28,214
AIP3-30-008-49			-	1,054,185	687,717
AIP3-30-008-50			-	2,080,586	1,901,120
AIP3-30-008-51			-	346,767	320,575
AIP3-30-008-52			-	1,772,971	104,525
CFDA subtotal			-	<u>5,411,096</u>	<u>3,042,151</u>
Federal Transit Metropolitan Planning Grants	20.505	Nonmajor			
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 108693			-	144,074	144,074
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 108023			-	56,315	56,315
CFDA subtotal			-	<u>200,389</u>	<u>200,389</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 2 of 4)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation (continued)</u></b>					
<i>Federal Transit Cluster</i>					
Federal Transit Capital and Operating Assistance Formula Grants	20.507	Major			
FTA Section 9-Operating MT-90-X114			-	573,133	573,133
FTA Section 9-Operating MT-2016-003-00			-	1,838,393	1,838,393
CFDA subtotal			-	<u>2,411,526</u>	<u>2,411,526</u>
Federal Transit Metropolitan Planning Grants	20.526	Major			
FTA Section 5339-Capital-Passed Through the State of Montana			-	342,623	342,623
CFDA subtotal			-	<u>342,623</u>	<u>342,623</u>
<i>Federal Transit Cluster Subtotal</i>			-	<u>2,754,149</u>	<u>2,754,149</u>
State and Community Highway Safety:	20.600	Nonmajor			
Passed through the State of Montana:					
STEP OT Contract #107896			-	10,000	5,924
STEP OT Contract #108493			-	10,000	5,336
CFDA subtotal			-	<u>20,000</u>	<u>11,260</u>
Highway Planning and Construction:	20.205	Nonmajor			
Passed through the State of Montana					
CTEP Grant STPE 1099 (88)			-	72,662	69,849
CTEP Grant STPE 1099 (90)			-	131,015	1,431
CTEP Grant STPE 1099 (92)			-	104,642	99,843
CTEP Grant STPE 1099 (108)			-	49,265	48,243
CTEP Grant STPE 1099 (110)			-	123,617	119,929
CTEP Grant STPE 1099 (114)			-	202,989	198,275
CTEP Grant STPE 1099 (116)			-	60,862	57,940
CTEP Grant STPE 1099 (118)			-	149,781	149,781
CTEP Grant STPE 1099 (120)			-	179,944	179,944
STPU-MT UPN 6040			-	80,000	648
CTEP Grant UPN 8842 Barrett Road			-	173,522	116,137
CTEP Grant UPN 8183 Ponderosa School			-	196,285	4,128
CTEP Grant UPN 8836 Broadwater Elem. Landscape			-	163,459	2,672
Metropolitan Planning Funds SPR-PL-1 (53)			-	811,750	707,409
CFDA subtotal			-	<u>2,499,793</u>	<u>1,756,229</u>

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 3 of 4)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>U.S. Department of Interior</u></b>					
Historic Preservation Fund Grants-In-Aid:	15.904	Nonmajor			
Passed through the Montana Historic Society;					
MT-15-011			-	5,500	5,500
MT-14-SP-022			-	7,000	7,000
CFDA subtotal			-	<u>12,500</u>	<u>12,500</u>
Land and Water Conservation Fund State and Local Assistance	15.916	Nonmajor			
Passed through the State of Montana;					
P16AS00199			-	75,000	75,000
CFDA subtotal			-	<u>75,000</u>	<u>75,000</u>
<b><u>U.S. Department of Justice</u></b>					
Office of Juvenile Justice Delinquency Program	16.543	Nonmajor			
Internet Crimes Against Children 2013-MC-FX-K025			-	248,323	227,178
CFDA subtotal			-	<u>248,323</u>	<u>227,178</u>
Billings Adult Misdemeanor Treatment Court-DUI Grant	16.585	Nonmajor			
2012-DC-BX-0043			-	350,000	93,865
CFDA subtotal			-	<u>350,000</u>	<u>93,865</u>
Violence Against Women Formula Grants passed through	16.588	Nonmajor			
State of Montana Board of Crime Control					
Domestic Violence Victim/Witness 12-W03-91145			-	30,543	30,543
Domestic Violence Unit 11-W03-90931			-	39,060	39,060
Domestic Violence Investigator 15-W02-91833			-	19,022	14,059
CFDA subtotal			-	<u>88,625</u>	<u>83,662</u>
Justice Assistance Grants:	16.738	Nonmajor			
2012-DJ-BX-1081			-	52,130	3,742
2015-DJ-BX-0920			-	66,745	27,227
2013-DJ-BX-1130			-	65,371	2,221
2014-DJ-BX-0684			-	66,515	21,568
CFDA subtotal			-	<u>250,761</u>	<u>54,758</u>
Billings Adult Misdemeanor Treatment Court-Mental Health Grant	16.745	Nonmajor			
2012-MO-BX-0008			-	200,000	27,162
CFDA subtotal			-	<u>200,000</u>	<u>27,162</u>

(continued)

**CITY OF BILLINGS, MONTANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2016**  
**(Page 4 of 4)**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Major or Nonmajor</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<b><u>Department of Health and Human Services</u></b>					
Substance Abuse and Mental Health Services	93.243	Nonmajor			
Billings Adult Misdemeanor Drug Court-SAMHSA					
SAMHSA 1H79TI026115-01			-	973,806	91,866
SAMHSA 12TI24208A			-	971,630	179,779
CFDA subtotal			-	<u>1,945,436</u>	<u>271,645</u>
<b><u>Department of Homeland Security</u></b>					
Homeland Security Grant Program	97.067	Nonmajor			
2015-SS-0005-S01 - Police			-	28,000	8,803
CFDA subtotal			-	<u>28,000</u>	<u>8,803</u>
<b><u>Office of National Drug Control Policy</u></b>					
High Intensity Drug Traffic Area Award:	95.001	Nonmajor			
2016 HIDTA #G16RM0038A			-	218,740	100,385
2014 HIDTA #G14RM0038A			-	194,245	15,435
2015 HIDTA #G15RM0038A			-	196,001	86,913
CFDA subtotal			-	<u>608,986</u>	<u>202,733</u>
<b><u>Environmental Protection Agency</u></b>					
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	304,486
Briarwood Reservoir WRF-15339 80% Fed			-	2,960,000	2,511,377
CFDA subtotal			-	<u>7,840,000</u>	<u>2,815,863</u>
Total federal awards (all sources)			\$ -	<u>\$25,145,222</u>	<u>13,027,679</u>

CITY OF BILLINGS, MONTANA  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Billings, Montana for the year ended June 30, 2016. The City's reporting entity is described in Note 1 in the City's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, is included in the schedule. The information in this schedule is presented in accordance with requirements of OMB Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) Significant Accounting Policies

Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis, at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund.

**CITY OF BILLINGS, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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? No

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weakness? No

Type of auditor's report issued on compliance for major programs Unmodified

Audit findings that are required to be reported Uniform Guidance are reported in this schedule. No

Identification of major programs:

AmeriCorps VISTA - CFDA 94.013

Airport Improvement Program - CFDA 20.106

Federal Transit Cluster - CFDA 20.507 and 20.526

Dollar threshold used to distinguish between  
Type A and Type B \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF BILLINGS, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

FINDINGS - NONE

**CITY OF BILLINGS, MONTANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

FINDINGS - FINANCIAL STATEMENT AUDIT

**Prior Period Adjustment to Compensated Absences**

**2015-1**      **Criteria:** Compensated absence liabilities are required to account for the earned but unused sick and vacation liabilities of the City's employees.

**Condition:** Compensated absences were overstated due to a spreadsheet error.

**Effect:** The City's financial statements for the year ended June 30, 2015, reflect a prior period adjustment to correct the compensated absences balance.

**Cause:** Finance personnel discovered an error in the compensated absences spreadsheet. It was determined during FY15 that certain employee balances were overstated when calculating the liability to the City.

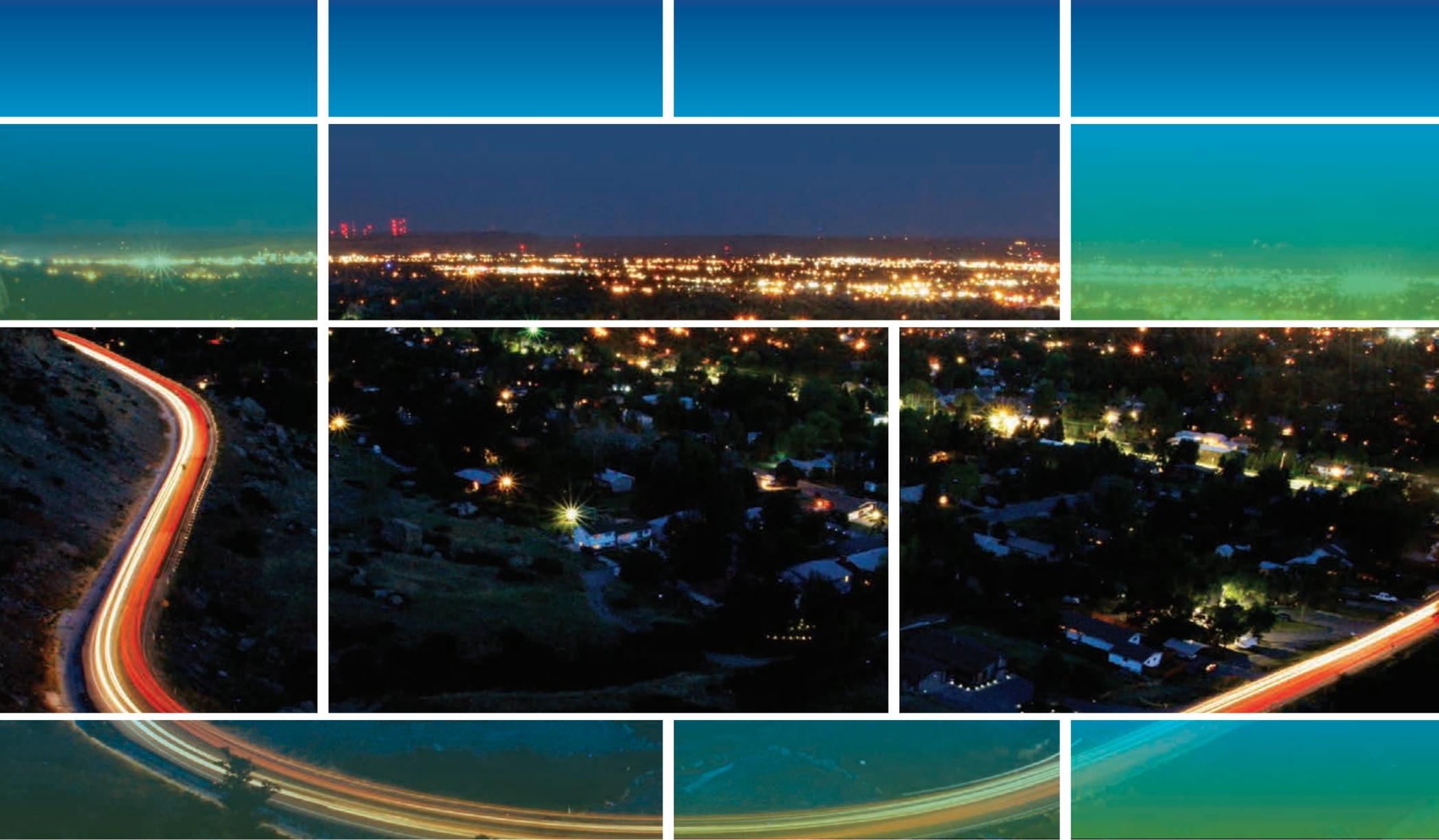
**Recommendation:** The City should continue to monitor their calculations for compensated absences.

**Management Response:** The City has corrected how it determines the accrual of compensated absences liability. The payroll software now provides a report with the correct information for determining accruals. The City has reviewed its accrual report and verified that no more duplications exist. This report will be reviewed for accuracy on an annual basis.

**Current Status:** All compensated absence liabilities were properly accounted for in the current audit period.



City of Billings, Montana



**2016** Fiscal Year