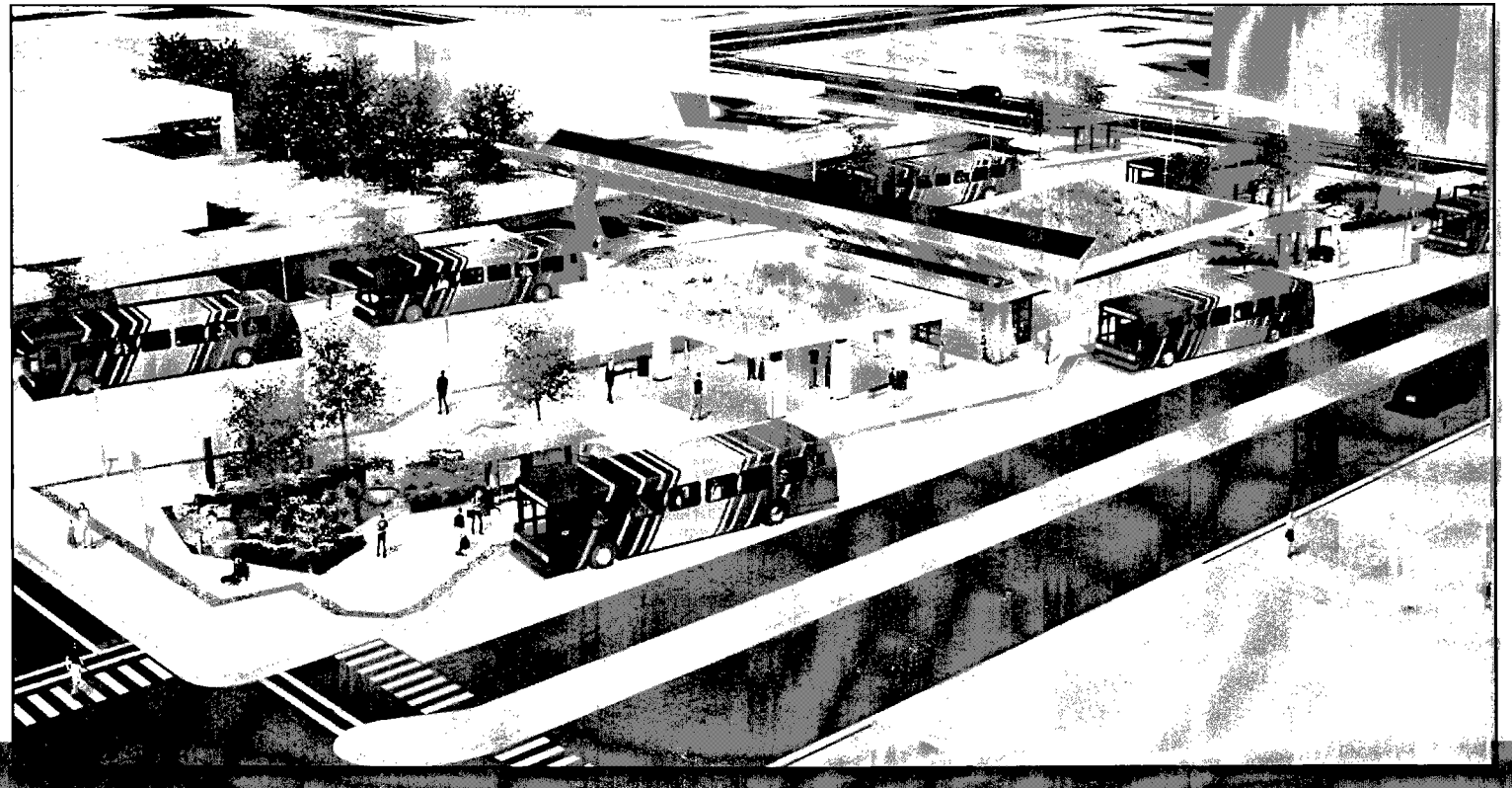
City of Billings, Montana

FISCAL YEAR 2009

JULY 1, 2008 - JUNE 30, 2009

Comprehensive Annual Financial Report



ABOUT THE COVER

The new Downtown MET Transfer Center is located on North 25th Street between 2nd Avenue North and 3rd Avenue North. The Transfer Center was dedicated on July 2, and opened for use on July 27, 2009.

This innovative Transit Transfer Center is designed with 15 bus parking spaces, passenger shelters, benches, a covered passenger pavilion and a driver break area. Once completed, this will be the first transfer center in the northwest region that will meet Leadership in Energy and Environmental Design (LEED) standards. The entire project must meet stringent environmental, energy, and sustainability standards to be LEED certified; two of the more visible features meeting the standards are the photovoltaic panels located on top of the passenger walkway and a vegetative roof that covers the passenger pavilion and driver's area. Both of these features were designed to reduce the facilities yearly operational and maintenance costs. This $5.5 million project was 80% funded with a Federal Transit Administration capital grant.

Most importantly, this project will significantly enhance passenger safety. The current Downtown Transit Transfer area spans four City blocks, which requires many of MET's passengers to traverse busy City streets to transfer between buses. The new design will allow passengers to quickly and safely make transfers in one centralized location.

The MET staff and users are excited about this important new City facility in the heart of the growing downtown area. "Getting there by bus" will soon be a lot easier!

CITY OF BILLINGS, MONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEPARTMENT OF ADMINISTRATION
FINANCE DIVISION

PATRICK M. WEBER
FINANCIAL SERVICES MANAGER

FISCAL YEAR 2009

July 1, 2008 – June 30, 2009

INTRODUCTORY SECTION (UNAUDITED)

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INTRODUCTORY SECTION

CITY OF BILLINGS

DEPARTMENT OF ADMINISTRATION
FINANCE DIVISION
P.O BOX 1178
BILLINGS, MONTANA 59103
(406) 657-8207

FACSIMILE (406) 247-8608

December 31, 2009

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, 2009, is hereby submitted. This report was prepared by the City Administration Department, Finance Division. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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

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

CITY OF BILLINGS PROFILE

The City of Billings was incorporated in 1882 and is located in South Central Montana along Interstate 90. The City of Billings is located in Yellowstone County; the most populous county in Montana. Billings is the largest city in the state with a 2000 Census population of 89,847 and a current estimate of 103,994.

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.

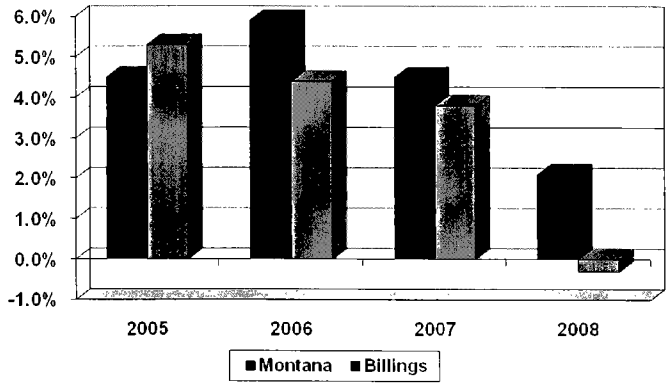
The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

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, 2009. Per state law, encumbrances are automatically re-appropriated and added to the following year's adopted budget. This re-appropriation takes place without council action.

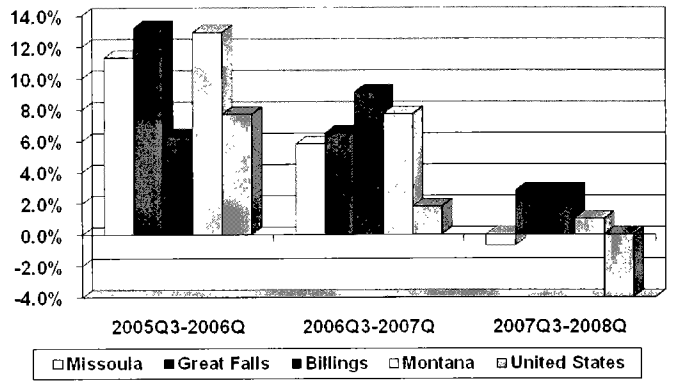
ECONOMIC CONDITION AND OUTLOOK

The University of Montana – Missoula, Bureau of Business and Economic Research publishes its Economic Outlook for selected counties in Montana. Following is some information contained in the publication. With an unemployment rate of 5.0% as of June 2009, the Billings economy is healthier than many parts of the United States and the stable growth of the past decade as the following two charts indicate has slowed given the recent economic events.

Change in Nonfarm Labor Income



Index of Single-Family Home Prices



One of the City's largest industries is health care. Presently, the Billings Clinic Health System (3,275 employees) and Saint Vincent Hospital and Health Care Center (approximately 2,156 employees) employ approximately 5,431 employees. Both health care systems have embarked on major expansion programs that will increase the size of their facilities and their employment levels over the next several years.

There are also three new commercial developments within Billings' city limits. The Gabel road development was created several years ago and contains restaurants, hotels, a Sportsman Warehouse and various other retail businesses. The two newest are located on the corner of King Avenue North and Shiloh Road and the second at the corner of South Billings Boulevard and King Avenue East. The development on King Avenue North has Kohl's, Starbucks, Carmike Theatre and various other retail businesses. The development on King Avenue East has a Cabela's, Sam's Club, and plans for hotel(s), restaurants and other retail businesses.

MAJOR INITIATIVES

The City Council adopts annual goals before beginning budget preparations.

- Comprehensive Orderly Growth

  One: Create an Infill Policy.

  Two: Identify areas that are favored for future growth.

  Three: Establish service level preferences.

  Four: Investigate funding strategies.

- Transportation Linkages

  One: Encourage the State to fund and complete the Inner Belt Loop in the Heights.

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.
- Finished construction of the MET transfer center.
- Completed multiple road construction projects.

DEPARTMENT FOCUS

The City of Billings annually selects a department to highlight for its efforts and accomplishments. For Fiscal Year 2008-2009, the Billings Fire Department will be highlighted.

The Billings Fire Department is comprised of five primary divisions. These divisions include the Administration, Suppression, Training, Fire Prevention, and Communications Center. The department has a total of 145 full time positions with the majority of personnel (105) assigned to the Suppression Division.

The Fire Departments primary responsibility is to deliver emergency services in the form of fire protection, emergency medical care, and the mitigation of hazardous material incidents. Other important responsibilities are the provision of code enforcement including inspections and detail plan review of commercial and residential projects.

The Communications Center has 30 full time personnel and is the sole provider of all radio communications for local City and County agencies including the Fire and Police Department, Airport Fire and Police, Sheriffs Department, Yellowstone County Emergency Management, American Medical Response (AMR) ambulance service, and all other City departments. The Communications Center answered 229,160 calls in 2008 and 55,322 were directly tied to the 911 call line.

The Billings Fire department responds to emergencies from seven strategically located fire stations. Each station has a minimum of one fire engine with a three person crew and two of the stations are capable of providing elevated ladder units ranging from 75-105 feet. A fleet of brush trucks are used for off road emergencies including grass fires that impact the urban wild land interface. The Fire Department has an average response time of approximately 5 minutes. This is well within the national recommendations for all emergencies including medical and fire related emergencies.

The Fire Department will be exploring moving to Quick Response Vehicles (QRV's) in the near future. These vehicles will be used to respond to the majority of medical calls as well as vehicle accidents, brush fires and minor incidents. These lighter and more versatile vehicles are projected to reduce maintenance costs, extend the life of full size fire engines, and provider a safety apparatus that meets the vast majority of the department's responses.

The Fire Department provides special services including hazardous material mitigation for Billings as well as a significant regional area of Montana as part of a State supported program. Special rescue team members are equipped and trained in rescues involving high and low angle rope rescue, confined space and trench rescue, and unusual emergency situations such as major vehicle accidents.

In 2008, the Fire Department responded to approximately 10,493 alarms. Although structure fires are an important responsibility they constituted only .83 % of the overall alarm load. Emergency medical calls comprised 67% of the total alarm load. The Fire Departments response to other situations such as vehicle accidents, false calls, and minor emergencies comprised the majority of the remaining alarms.

The development of a partnership between the City of Billings and Yellowstone County resulted in a "Billings Urban Fire Service Area" (BUFSA) expanded coverage area. This partnership is designed to provide the same quality of emergency services to a number of surrounding County properties including open space as well as commercial and residential structures located outside of the City of Billings geographical area. This agreement not only enhances the protection of County property that is contiguous to the City but it provides a preventive quick response service especially in the area of wild land fire suppression that if left unchecked would eventually impact City property.

The Billings Fire Department has a number of critical challenges facing the organization in the near future. The aging radio system is due for replacement and the transition to a more interoperable digital VHF system is being researched. The communications center is planning a move to a more conducive structure that will accommodate the centers growth, technology, and equipment needs. The addition of staffing and the construction of satellite fire stations are of concern given the funding capabilities associated with the general fund financial support.

Another project under review is the development of a regional training center. A partnership with private and public organizations including the MSUB College of Technology is working on a state of the art emergency service training center that will support all emergency services as well as community partners such as the area refineries. The Fire Department currently does not have a full service training facility and this impacts our overall capability to practice the many skills needed in our profession.

A fire department is an essential service provided by a municipality. On a daily basis the men and women of the Billings Fire Department respond to and assist citizens experiencing serious emergencies impacting their lives and property. Truly the quality of a community is dependent on the level of governmental services provided. The Billings Fire Department provides a multi-dimensional number of services in a professional manner to all citizens of our community and surrounding area.

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. Eide Bailly LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Billings, Montana's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

CASH MANAGEMENT

The City earned $2,097,818 in its investment program in fiscal year 2009. The City's average rate of return amounted to 2.27% on an average monthly investment balance of approximately $90.8million.

The City invests its cash primarily in demand deposits, obligations of the U.S. Treasury and government agencies, repurchase agreements, certificates of deposit, and the State of Montana Board of Investments Short Term Investment Pool (STIP). The City's Investment Policy is to minimize credit and market risks, while maintaining a competitive yield on its portfolio. Demand deposits are insured and collateralized as required by Montana State law. Investment securities are insured and collateralized as required by the City's Investment Policy. All collateral on the City's investments is held by the City, or its agents, as required by State law.

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, 2008. This was the twenty-fitth 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting the current report to GFOA to determine its eligibility for another certificate.

For the seventeenth consecutive year, the City received the GFOA's Award for Distinguished Budget Presentation for its 2008-2009 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 Division. Each member of the division has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

Patrick M. Weber

Financial Services Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Billings
Montana

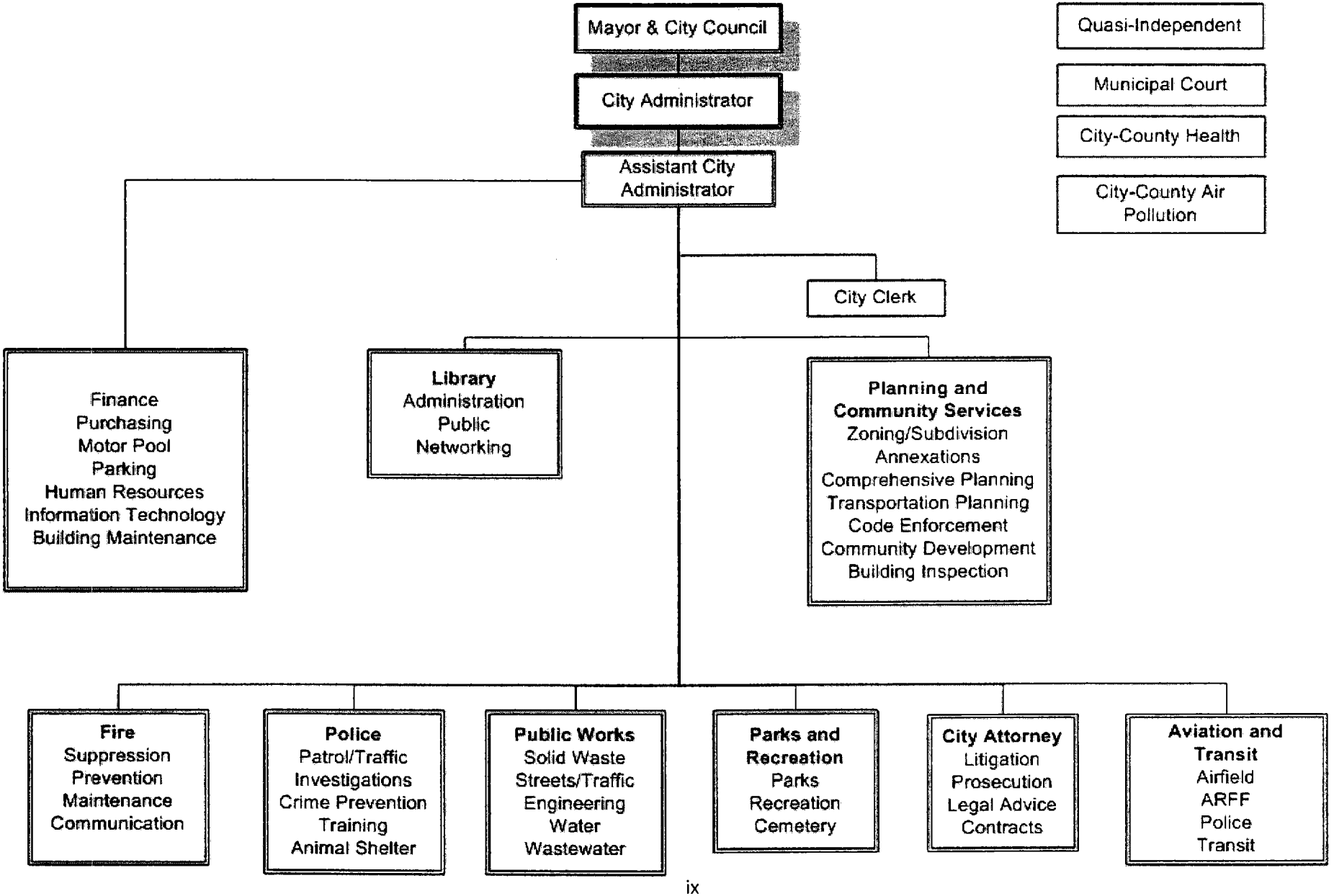
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Billings
Organizational Chart



Mayor
Ron Tussing

Council Members

Jim Ronquillo	Ward One	**Peggie Denney Gaghen**
Denis Pitman	Ward Two	**Larry Brewster**
Vince Ruegamer	Ward Three	**Chris "Shoots" Veis**
Jani McCall	Ward Four	**Ed Ulledalen**
Richard Clark	Ward Five	**Mark Astle**

FINANCIAL SECTION

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **City of Billings, Montana's**, management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Public Safety Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note G to the financial statements, the City of Billings, MT included a prior period adjustment to correct an error in the recording of park land acquired in previous years due to annexations and park land dedication by subdivision developers.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 30, 2009, on our consideration of the **City of Billings, Montana's** internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis as found in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, major fund budget to actual schedules, combining and individual nonmajor fund financial statements, supporting schedules, and statistical data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the **City of Billings, Montana**. The major fund budget to actual schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical data marked unaudited, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Eide Bailly LLP

Billings, Montana
December 30, 2009

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, 2009. 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 15 of this report, respectively.

Financial Highlights

- The assets of the City exceeded its liabilities at the fiscal year end by $513,826,652 (Net Assets).
- The total fiscal year end governmental fund balance was $56,425,587 as reported in the balance sheet.
- The unreserved general fund and public safety fund balances at fiscal year end were $10,312,910 and $1,718,631, 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, and
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 assets presents information on all of the City's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases and decreases in net assets 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 assets have changed during the fiscal year just ended. All changes in net assets 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 is 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 balances 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 18-24 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 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 25-29 of this report.

Government-wide Financial Analysis

Net assets over time may serve useful as an indicator of a government's financial position. The net assets for the fiscal year ending June 30, 2009, were $ 513,826,652 (assets exceeded liabilities), an increase of $25,445,480.

The City's largest portion of net assets 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 Assets and Changes in Net Assets as of, and for, the fiscal years ended June 30, 2009 and June 30, 2008:

City of Billings, Montana's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 88,134,392	$ 81,917,301	$ 60,157,001	$ 58,916,130	$ 148,291,393	$ 140,833,431
Capital assets	176,875,158	165,687,864	302,956,045	287,178,460	479,831,203	452,866,324
Total assets	265,009,550	247,605,165	363,113,046	346,094,590	628,122,596	593,699,755
Long-term liabilities outstanding	54,711,614	50,834,671	44,210,146	39,686,330	98,921,760	90,521,001
Other liabilities	7,751,413	9,780,916	7,622,771	5,016,666	15,374,184	14,797,582
Total liabilities	62,463,027	60,615,587	51,832,917	44,702,996	114,295,944	105,318,583
Net assets:						
Invested in capital assets, net of related debt	133,025,665	124,827,704	264,674,147	252,847,241	397,699,812	377,674,945
Restricted	55,867,078	50,651,834	4,272,707	3,773,643	60,139,785	54,425,477
Unrestricted	13,653,780	11,510,040	42,333,275	44,770,710	55,987,055	56,280,750
Total net assets	$ 202,546,523	$ 186,989,578	$ 311,280,129	$ 301,391,594	$ 513,826,652	$ 488,381,172

The restricted portion of fiscal year 2009 Net Assets (11.7%) represents resources that are subject to external restrictions as to how they may be used.

City of Billings, Montana's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
Revenues:	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	$ 29,124,436	$ 29,009,400	$ 49,106,168	$ 47,598,146	$ 78,230,604	$ 76,607,546
Operating grants and contributions	11,514,178	11,358,783	2,280,750	2,604,632	13,794,928	13,963,415
Capital grants and contributions	13,183,186	6,963,191	7,186,764	9,746,271	20,369,950	16,709,462
General revenues:						
Property taxes	25,876,891	26,001,371	1,744,254	1,630,110	27,621,145	27,631,481
Franchise fees	2,711,170	2,487,829	-	-	2,711,170	2,487,829
Business licenses	634,475	609,969	-	-	634,475	609,969
Unrestricted federal/state shared revenue	12,231,505	12,339,397	312,194	306,468	12,543,699	12,645,865
Unrestricted investment earnings	555,335	1,347,169	1,335,688	2,357,543	1,891,023	3,704,712
Gain on sale of property and equipment	1,477,634	235,347	43,986	33,186	1,521,620	268,533
Miscellaneous	124,310	117,560	546,429	311,568	670,739	429,128
Total revenues	97,433,120	90,470,016	62,556,233	64,587,924	159,989,353	155,057,940

(Continued)

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

	Governmental Activities		Business-type Activities		Total	
Expenses:	2009	2008	2009	2008	2009	2008
General government	7,287,776	6,288,843	-	-	7,287,776	6,288,843
Public safety	38,311,791	36,646,601	-	-	38,311,791	36,646,601
Public works	20,238,384	18,557,893	-	-	20,238,384	18,557,893
Public health	857,598	798,899	-	-	857,598	798,899
Culture and recreation	7,799,166	7,417,156	-	-	7,799,166	7,417,156
Housing and economic development	4,068,355	3,245,517	-	-	4,068,355	3,245,517
Other	-	-	-	-	-	-
Interest on long-term debt	2,440,454	2,270,422	-	-	2,440,454	2,270,422
Solid Waste	-	-	8,933,234	8,921,043	8,933,234	8,921,043
Airport	-	-	11,598,103	11,657,035	11,598,103	11,657,035
Water	-	-	15,633,608	15,023,082	15,633,608	15,023,082
Wastewater	-	-	8,904,328	9,074,153	8,904,328	9,074,153
Parking	-	-	2,718,008	2,272,174	2,718,008	2,272,174
Transit	-	-	5,338,206	5,079,955	5,338,206	5,079,955
Golf Course	-	-	414,862	414,975	414,862	414,975
Total expenses	81,003,524	75,225,331	53,540,349	52,442,417	134,543,873	127,667,748
Increase in net assets before transfers	16,429,596	15,244,685	9,015,884	12,145,507	25,445,480	27,390,192
Transfers	(872,651)	(37,922)	872,651	37,922	-	-
Change in net assets	15,556,945	15,206,763	9,888,535	12,183,429	25,445,480	27,390,192
Net assets, beginning of year as restated	186,989,578	171,782,815	301,391,594	289,208,165	488,381,172	460,990,980
Net assets, end of year	$ 202,546,523	$ 186,989,578	$ 311,280,129	$ 301,391,594	$ 513,826,652	$ 488,381,172

Governmental activities. Net Assets in governmental activities increased by $15,556,945 during fiscal year 2009. This is a combination of an increase of current and other assets of $6,217,091, an increase in capital assets of $11,187,294 and debt proceeds spent on capital assets. The majority of the increases resulted from investment in right of way, infrastructure, parkland, trails, public safety equipment, and park improvements.

- Public Works - $11,599,085 for right of way and infrastructure construction and improvements.
- Culture and Recreation - $3,429,016 for parkland and $779,900 park improvements.
- Public Safety - $1,683,894 for fire and police vehicles and equipment.

Business-type activities. Net Assets in business-type activities' increased by $9,888,534 during fiscal year 2009. Program revenues restricted for the acquisition and/or construction of capital assets were received in fiscal year 2009. The program revenues in excess of expenses in water of $4,413,568 and wastewater of $2,249,659 will be used for construction projects. The program revenues with capital requirements are:

- Airport - $3,643,483 for airport improvements, and
- Transit - $2,416,028 for construction of the downtown transfer center.

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, 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 combined fund balance for governmental funds for the fiscal year ending June 30, 2009, was $56,425,587. Fund balance has been reserved to indicate it is not available for spending as follows: commitments to liquidate contracts from the prior fiscal year $5,463,296, property held for resale $595,125, debt service $11,191,986, and endowments $591,252.

The City of Billings Public Safety Fund received approximately 61% of its funding from the General Fund. Therefore, both funds are directly related. The General Fund of the City of Billings had an unreserved fund balance of $10,312,910 and total fund balance of $10,369,184 for the end of the current fiscal year. The Public Safety Fund had an unreserved fund balance of $1,718,631 and total fund balance of $1,896,929 for the end of the current fiscal year. The designated portion of fund balance for future employee benefits in the General Fund and Public Safety Fund were $956,999 and $1,718,631, respectively.

The combined balance for the General and Public Safety funds increased by $2,611,222 in the current year.

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 assets in the major proprietary funds was $36,619,646 for fiscal year ended June 30, 2009; a decrease of $1.7 million. The most significant decreases in unrestricted net assets were in Solid Waste and Wastewater. The majority of these decreases resulted from major capital construction.

General Fund Budgetary Highlights

Significant variances between the final revenue budget and actual revenue resulted from receiving less property taxes, intergovernmental, fines and forfeitures, and other revenue. Variances between the final expenditure budget and actual expenditures resulted mainly from vacancy savings, council contingency was not used and a cost of services study that was not implemented. The difference between the original budget and final budget was mainly due to budget amendments for mental health costs for Municipal Court and additional funding for weed abatement.

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, 2009, was $479,831,203 (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 $17.4 million for the end of the current fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 30,101,434	$ 25,926,044	$ 10,951,714	$ 11,127,098	$ 41,053,148	$ 37,053,142
Buildings	15,583,608	16,032,010	37,260,943	39,152,982	52,844,551	55,184,992
Improvements other than buildings	24,775,655	24,583,974	32,930,869	32,176,681	57,706,524	56,760,655
Machinery and equipment	9,021,864	8,317,338	18,146,631	18,931,694	27,168,495	27,249,032
Infrastructure	94,570,153	80,480,797	175,721,455	172,504,080	270,291,608	252,984,877
Construction In progress	2,822,444	10,347,701	27,944,433	13,285,925	30,766,877	23,633,626
Total	$ 176,875,158	$ 165,687,864	$ 302,956,045	$ 287,178,460	$ 479,831,203	$ 452,866,324

Additional information on the City of Billings' capital assets can be found on pages 55-58 of this report.

City of Billings, Montana's Outstanding Debt

Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 17,655,000	$ 18,395,000	$ -	$ -	$ 17,655,000	$ 18,395,000
Tax increment bonds with governmental commitment	-	-	-	-	-	-
Special assessment debt with governmental commitment	20,919,000	16,891,000	-	-	20,919,000	16,891,000
Revenue bonds	-	-	8,635,000	9,125,000	8,635,000	9,125,000
Notes payable	4,066,112	4,584,465	24,292,773	19,889,000	28,358,885	24,473,465
Capital lease payable	5,520,380	5,868,681	5,579,798	5,759,569	11,100,178	11,628,250
Total	$ 48,160,492	$ 45,739,146	$ 38,507,571	$ 34,773,569	$ 86,668,063	$ 80,512,715

Long-term debt. The City of Billings had total bonded debt and notes outstanding of $86,668,063 at the end of the current fiscal year. The majority of the debt consists of $17,655,000 of debt backed by the full faith and credit of the government, special assessment debt in the amount of $20,919,000, which is assessed to benefiting property owners, $8,635,000 of revenue bonds for business-type activities secured by specified revenue sources and $11,100,178 for capital leases. Notes payable in the amount of $24,292,773 for business activity consists of three loans from DNRC for Water and Wastewater projects. Notes payable in the amount of $4,066,112 for governmental activity is a combination of notes for the Dehler Scoreboard, Fire Fighter lawsuit, and revolving loans.

Under the current State statutes, City general obligation bonded debt issuances are subject to a legal limitation based on 2.50% of assessed market value of the property subject to taxation. As of June 30, 2009, the City's general obligation bonded debt of $17,655,000, combined with general obligation notes payable of $100,000 and a general obligation lease payable of $5,264,723, was well below the legal debt limit of $120,260,100. General obligation net bonded debt per capita equated to $151.98.

Additional information on the City of Billings long-term debt can be found on pages 63-72 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.

Property tax income has failed to keep up with inflation over the last 13 years. 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 slightly above the minimum recommended reserve level as of June 30, 2009. The recommended reserve of 22% 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 of each year and property taxes are the major income for these funds. Cash balances decrease between July 1st and November 30th, therefore, the reserves are needed to pay expenditures over these five months.

Net assets have increased for both governmental and business-type activities. The major source for the increase was acquisition of property and equipment.

The 2009 Legislature adopted an appraised value phase-in for the next six years starting in tax year 2009. The Legislature set the phase-in of property taxes such that they would not increase. Given this, the tax supported funds will not be able to increase services over the next six years.

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 requesting additional information should be sent to the attention of the Financial Services Manager at the following address: P.O. Box 1178, Billings, MT, 59103.

BASIC FINANCIAL STATEMENTS

CITY OF BILLINGS, MONTANA
Statement of Net Assets
June 30, 2009
(Page 1 of 2)

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 15,407,988	$ 8,994,548	$ 24,402,536
Restricted cash and cash equivalents with fiscal agent	3,409,324	1,751,911	5,161,235
Investments	49,770,671	29,710,601	79,481,272
Receivables (net of allowance of $658,296)	26,323,403	7,394,244	33,717,647
Internal balances	(8,817,310)	8,817,310	-
Inventories	232,052	1,141,248	1,373,300
Prepaid items	32,000	17,873	49,873
Bond issue costs, net	593,307	78,564	671,871
Property held for resale	595,125	-	595,125
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	2,250,702	2,250,702
Permanently restricted:			
Cash and cash equivalents	135,174	-	135,174
Investments	452,658	-	452,658
Property and equipment:			
Land and construction in progress	32,923,878	38,896,147	71,820,025
Other property and equipment, net of depreciation	143,951,280	264,059,898	408,011,178
Total assets	265,009,550	363,113,046	628,122,596
Liabilities			
Accounts payable	2,698,103	5,876,615	8,574,718
Accrued wages and benefits	1,849,923	805,083	2,655,006
Incurred but not reported health benefits	700,000	-	700,000
Accrued interest	1,082,639	941,073	2,023,712
Other liabilities	203,838	-	203,838
Unearned revenue	666,910	-	666,910
Claims and judgments - due within one year	550,000	-	550,000
Long-term liabilities:			
Due within one year	6,499,706	3,347,879	9,847,585
Due in more than one year	47,183,772	37,740,250	84,924,022
Other post-employment benefits	1,028,136	514,864	1,543,000
Landfill closure and postclosure - due in more than one year	-	2,607,153	2,607,153
Total liabilities	62,463,027	51,832,917	114,295,944

(continued)

CITY OF BILLINGS, MONTANA
Statement of Net Assets
June 30, 2009
(Page 2 of 2)

	Governmental Activities	Business-type Activities	Total
Net assets			
Invested in capital assets, net of related debt	133,025,665	264,674,147	397,699,812
Restricted for:			
General government	197,178	-	197,178
Public safety	5,939,554	-	5,939,554
Public works	7,027,349	-	7,027,349
Public health	73,926	-	73,926
Culture and recreation	5,522,185	-	5,522,185
Housing and economic development	6,456,300	-	6,456,300
Capital projects	689,314	-	689,314
Debt service	29,370,020	4,272,707	33,642,727
Endowments - nonexpendable	591,252	-	591,252
Unrestricted	13,653,780	42,333,275	55,987,055
Total net assets	$ 202,546,523	$ 311,280,129	$ 513,826,652

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

CITY OF BILLINGS
Statement of Activities
For The Fiscal Year Ended June 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary government							
Governmental activities:							
General government	$ 7,287,776	$ 2,228,819	$ 887,926	$ -	$ (4,171,031)	$ -	$ (4,171,031)
Public safety	38,311,791	5,846,694	6,932,962	353,683	(25,178,452)	-	(25,178,452)
Public works	20,238,384	19,277,538	469,969	8,700,802	8,209,925	-	8,209,925
Public health	857,598	115,917	19,890	-	(721,791)	-	(721,791)
Culture and recreation	7,799,166	1,647,632	1,071,068	4,128,701	(951,765)	-	(951,765)
Housing and economic development	4,068,355	7,836	2,132,363	-	(1,928,156)	-	(1,928,156)
Interest on long-term debt	2,440,454	-	-	-	(2,440,454)	-	(2,440,454)
Total governmental activities	81,003,524	29,124,436	11,514,178	13,183,186	(27,181,724)	-	(27,181,724)
Business-type activities:							
Solid Waste	8,933,234	8,169,101	-	-	-	(764,133)	(764,133)
Airport	11,598,103	7,986,909	425,427	3,643,483	-	457,716	457,716
Water	15,633,608	19,457,931	37,980	551,265	-	4,413,568	4,413,568
Wastewater	8,904,328	10,573,539	4,460	575,988	-	2,249,659	2,249,659
Parking	2,718,008	1,859,732	-	-	-	(858,276)	(858,276)
Transit	5,338,206	636,051	1,812,883	2,416,028	-	(473,244)	(473,244)
Golf Course	414,862	422,905	-	-	-	8,043	8,043
Total business-type activities	53,540,349	49,106,168	2,280,750	7,186,764	-	5,033,333	5,033,333
Total primary government	$ 134,543,873	$ 78,230,604	$ 13,794,928	$ 20,369,950	(27,181,724)	5,033,333	(22,148,391)
General revenues:							
Property taxes					25,876,891	1,744,254	27,621,145
Franchise fees					2,711,170	-	2,711,170
Business license tax					634,475	-	634,475
Unrestricted federal/state shared revenue					12,231,505	312,194	12,543,699
Unrestricted investment earnings					555,335	1,335,688	1,891,023
Gain on sale of property and equipment					1,477,634	43,986	1,521,620
Miscellaneous					124,310	546,429	670,739
Transfers					(872,651)	872,651	-
Total general revenues and transfers					42,738,669	4,855,202	47,593,871
Change in net assets					15,556,945	9,888,535	25,445,480
Net assets, beginning of year, as previously stated					179,343,921	301,391,594	480,735,515
Prior period adjustment (Note IV F)					7,645,657	-	7,645,657
Net assets (deficit), beginning of year, restated					186,989,578	301,391,594	488,381,172
Net assets, end of year					$ 202,546,523	$ 311,280,129	$ 513,826,652

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

CITY OF BILLINGS, MONTANA
Governmental Funds
Balance Sheet
June 30, 2009

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 2,682,230	$ 927,774	$ 1,312,604	$ 9,043,501	$ 13,966,109
Cash with fiscal agent	-	-	1,326,475	2,082,849	3,409,324
Investments	7,769,176	3,093,347	4,371,483	29,702,900	44,936,906
Receivables:					
Property taxes	619,905	528,771	-	423,643	1,572,319
Accounts and unbilled usage	364,542	3,441	-	108,053	476,036
Delinquent special assessments	28,320	-	144,750	735,741	908,811
Deferred special assessments	1,765	-	15,602,696	970,103	16,574,564
Accrued interest	28,142	21,679	34,944	205,121	289,886
Notes	-	-	-	4,497,744	4,497,744
Due from other funds	114,182	-	263,746	573,807	951,735
Receivables from other governments	-	-	-	1,114,320	1,114,320
Prepaid items	18,000	-	-	5,000	23,000
Property held for resale	-	-	155,997	439,128	595,125
Total assets	$ 11,626,262	$ 4,575,012	$ 23,212,695	$ 49,901,910	$ 89,315,879
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 474,851	$ 54,845	$ 250	$ 1,877,185	$ 2,407,131
Accrued wages & benefits	365,342	1,046,981	-	305,117	1,717,440
Due to other funds	3,303	1,244,656	-	4,093,314	5,341,273
Other liabilities	-	-	133,838	70,000	203,838
Deferred revenue	413,582	331,601	15,676,556	6,798,871	23,220,610
Total liabilities	1,257,078	2,678,083	15,810,644	13,144,487	32,890,292
Fund balances:					
Reserved for:					
Encumbrances	56,274	178,298	-	5,228,724	5,463,296
Property held for resale	-	-	155,997	439,128	595,125
Debt service	-	-	7,246,054	3,945,932	11,191,986
Endowments	-	-	-	591,252	591,252
Unreserved:					
Designated for payment of future employee benefits:					
General fund	956,999	-	-	-	956,999
Special revenue fund	-	1,718,631	-	1,044,419	2,763,050
Designated for capital replacement:					
Special revenue fund	-	-	-	1,489,754	1,489,754
Unreserved undesignated, reported in:					
General Fund	9,355,911	-	-	-	9,355,911
Special revenue funds	-	-	-	17,626,730	17,626,730
Capital projects funds	-	-	-	6,391,484	6,391,484
Total fund balances	10,369,184	1,896,929	7,402,051	36,757,423	56,425,587
Total liabilities and fund balances	$ 11,626,262	$ 4,575,012	$ 23,212,695	$ 49,901,910	$ 89,315,879

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

CITY OF BILLINGS, MONTANA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2009

Total *fund balances* for governmental funds		$ 56,425,587
Total *net assets* reported for governmental activities in the statement of net assets 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	$ 28,715,105	
Buildings and improvements	15,176,325	
Improvements other than buildings	29,271,343	
Machinery and equipment	22,480,194	
Infrastructure	157,490,487	
Construction in progress	2,822,444	
Less accumulated depreciation	(90,755,041)	165,200,857
Other long-term assets are not available to pay for the current-period expenditures and therefore are deferred in the funds		22,553,700
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	(17,655,000)	
add: bond premium	(65,178)	
Special assessment bonds payable	(20,919,000)	
less: deferred charge on refunding	54,878	
less: bond discount	396,730	
add: bond premium	(17,855)	
Notes payable	(4,066,112)	
Capital lease payable	(255,656)	
Bond Issuance costs	593,308	
Compensated absences payable	(5,368,913)	
Other post-employment benefits	(941,885)	
Claims and judgments	(550,000)	
Accrued interest	(992,437)	(49,787,120)
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 assets		8,153,499
Total net assets of governmental activities		$ 202,546,523

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 Fiscal Year Ended June 30, 2009

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 12,808,095	$ 10,246,717	$ -	$ 2,951,086	$ 26,005,898
Licenses and permits	3,628,053	131,710	-	1,192,100	4,951,863
Intergovernmental	8,288,760	6,368,003	-	9,276,563	23,933,326
Charges for services	4,405,725	1,132,832	-	5,262,934	10,801,491
Fines and forfeitures	1,372,325	-	-	277,085	1,649,410
Special assessments	44,744	-	2,612,975	15,363,569	18,021,288
Other	189,689	91,190	142,525	2,764,206	3,187,610
Total revenues	30,737,391	17,970,452	2,755,500	37,087,543	88,550,886
Expenditures:					
Current:					
General government	5,355,681	-	-	1,586,505	6,942,186
Public safety	285,789	31,756,478	-	4,436,498	36,478,765
Public works	2,212,073	-	-	11,496,183	13,708,256
Public health	-	722,875	-	22,208	745,083
Culture and recreation	2,883,560	-	-	3,686,544	6,570,104
Housing and economic development	-	-	-	3,935,859	3,935,859
Capital outlay	86,587	75,217	-	16,910,470	17,072,274
Debt service:					
Principal	-	400,255	1,833,000	2,466,463	4,699,718
Interest and fiscal charges	-	278,240	554,400	1,024,967	1,857,607
Bond issuance costs	-	-	-	211,918	211,918
Total expenditures	10,823,690	33,233,065	2,387,400	45,777,615	92,221,770
Revenues over (under) expenditures	19,913,701	(15,262,613)	368,100	(8,690,072)	(3,670,884)
Other financing sources (uses):					
Transfers in	252,253	16,393,337	266,529	3,778,701	20,690,820
Transfers out	(17,703,576)	(983,605)	(65,052)	(2,121,565)	(20,873,798)
Bond discount costs	-	-	-	(152,275)	(152,275)
Issuance of debt	-	-	-	212,769	212,769
Special assessment bonds issued	-	-	-	6,665,000	6,665,000
Sale of capital assets	1,725	-	-	647,193	648,918
Total other financing sources (uses)	(17,449,598)	15,409,732	201,477	9,029,823	7,191,434
Net change in fund balances	2,464,103	147,119	569,577	339,751	3,520,550
Fund balance, beginning of year	7,905,081	1,749,810	6,832,474	36,417,672	52,905,037
Fund balances at end of year	$ 10,369,184	$ 1,896,929	$ 7,402,051	$ 36,757,423	$ 56,425,587

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, 2009
(Page 1 of 2)

Net change in *fund balances* - total governmental funds		$ 3,520,550
The change in *net assets* 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	$ 17,072,274	
Capital assets contributed to Enterprise Funds	(678,542)	
Depreciation	(8,568,377)	7,825,355
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.		(326,650)
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 and developer contributions	3,813,904	
Transfer from Internal Service Fund	156,175	3,970,079
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,332,090
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	(6,665,000)	
Special assessment bond issued from debt issues recorded as Charge for Services in Wastewater Fund	(495,000)	
Notes issued	(212,769)	(7,372,769)
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 discounts	152,275	
Bond issuance cost	211,918	364,193

(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, 2009
(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 assets.		
General obligation debt	740,000	
Special assessment debt	3,132,000	
Capital lease payable	96,596	
Notes payable	731,122	4,699,718
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.		24,004
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	(505,505)	
Other post-employment benefits	(941,885)	
Claims and judgments	285,000	
Interest and amortization expenses	(317,235)	(1,479,625)
Change in net assets of governmental activities		$ 15,556,945

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

CITY OF BILLINGS, MONTANA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 13,077,833	$ 13,077,833	$ 12,808,095	$ (269,738)
Licenses and permits	3,314,039	3,314,039	3,628,053	314,014
Intergovernmental	8,413,955	8,413,955	8,288,760	(125,195)
Charges for services	4,451,429	4,451,429	4,405,725	(45,704)
Fines and forfeitures	1,535,988	1,535,988	1,372,325	(163,663)
Special assessments	18,500	18,500	44,744	26,244
Other	453,176	453,176	189,689	(263,487)
Total revenues	31,264,920	31,264,920	30,737,391	(527,529)
Expenditures:				
Current:				
General government	5,795,837	5,842,184	5,355,681	486,503
Public safety	274,616	309,391	285,789	23,602
Public works	2,473,564	2,473,564	2,212,073	261,491
Culture and recreation	2,880,955	2,929,966	2,883,560	46,406
Capital outlay	400,474	400,474	86,587	313,887
Total expenditures	11,825,446	11,955,579	10,823,690	1,131,889
Revenues over (under) expenditures	19,439,474	19,309,341	19,913,701	604,360
Other financing sources (uses):				
Transfers in	257,758	257,758	252,253	(5,505)
Transfers out	(19,856,742)	(19,981,742)	(17,703,576)	2,278,166
Sale of capital assets	-	-	1,725	1,725
Total other financing sources (uses)	(19,598,984)	(19,723,984)	(17,449,598)	2,274,386
Net change in fund balances	$ (159,510)	$ (414,643)	2,464,103	$ 2,878,746
Fund balance, beginning of year			7,905,081	
Fund balances at end of year			$ 10,369,184	

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

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - Public Safety
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 10,334,554	$ 10,334,554	$ 10,246,717	$ (87,837)
Licenses and permits	151,604	151,604	131,710	(19,894)
Intergovernmental	1,902,386	1,902,386	1,921,591	19,205
Charges for services	1,141,704	1,141,704	1,132,832	(8,872)
Other	95,336	95,336	91,190	(4,146)
Total revenues	13,625,584	13,625,584	13,524,040	(101,544)
Expenditures:				
Current:				
Public safety	28,438,179	28,438,179	27,310,066	1,128,113
Public health	804,785	804,785	722,875	81,910
Capital outlay	113,607	113,607	75,217	38,390
Debt service:				
Principal	1,015,973	1,015,973	400,255	615,718
Interest and fiscal charges	285,998	285,998	278,240	7,758
Total expenditures	30,658,542	30,658,542	28,786,653	1,871,889
Revenues over (under) expenditures	(17,032,958)	(17,032,958)	(15,262,613)	1,770,345
Other financing sources (uses):				
Transfers in	18,500,000	18,500,000	16,393,337	(2,106,663)
Transfers out	(956,098)	(983,605)	(983,605)	-
Total other financing sources (uses)	17,543,902	17,516,395	15,409,732	(2,106,663)
Net change in fund balances	$ 510,944	$ 483,437	147,119	$ (336,318)
Fund balance, beginning of year			1,749,810	
Fund balances at end of year			$ 1,896,929	

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Net Assets
June 30, 2009
(Page 1 of 2)

	Business-type Activities							
Assets	**Solid Waste Fund**	**Airport Fund**	**Water Fund**	**Wasterwater Fund**	**Parking Fund**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Current assets:								
Cash and cash equivalents	$ 1,582,408	$ 1,813,267	$ 3,371,316	$ 1,060,868	$ 603,850	$ 562,839	$ 8,994,548	$ 1,577,053
Restricted cash and cash equivalents with fiscal agent	-	775,244	618,519	357,499	-	649	1,751,911	-
Investments	5,275,989	6,075,189	11,321,622	3,557,203	2,014,540	1,466,058	29,710,601	5,286,423
Receivables:								
Property taxes	-	-	-	-	-	85,318	85,318	-
Accounts and unbilled usage	570,549	667,580	2,060,876	1,092,097	5,728	38,999	4,435,829	-
Accrued interest	33,382	48,119	99,627	29,680	14,969	7,316	233,093	39,723
Notes	-	-	-	-	-	-	-	50,000
Due from other funds	4,389,538	-	-	-	-	-	4,389,538	-
Receivables from other governments	-	1,023,036	744,937	395,160	-	476,871	2,640,004	-
Inventories	-	7,548	1,133,041	-	-	659	1,141,248	232,052
Prepaid items	-	-	6,500	6,500	-	4,873	17,873	9,000
Total current assets	11,851,866	10,409,983	19,356,438	6,499,007	2,639,087	2,643,582	53,399,963	7,194,251
Noncurrent assets:								
Bond issue costs, net	-	78,564	-	-	-	-	78,564	-
Notes receivable	-	-	-	-	-	-	-	800,000
Restricted investments with trustee	2,250,702	-	-	-	-	-	2,250,702	-
Property and equipment::								
Land	493,448	3,076,010	1,405,918	465,545	4,075,502	1,435,291	10,951,714	1,386,329
Buildings	188,095	23,576,114	13,927,388	13,839,626	24,020,590	4,621,998	80,173,811	9,349,144
Improvements other than buildings	3,421,829	71,580,215	1,241,174	2,810,810	400,568	987,849	80,442,445	2,006,539
Equipment and vehicles	9,969,850	8,445,306	14,647,442	12,562,630	701,133	8,438,164	54,764,525	3,205,753
Infrastructure	-	-	150,721,017	118,184,776	-	-	268,905,793	-
Construction in progress	87,054	1,840,378	9,657,997	12,738,491	12,375	3,608,138	27,944,433	-
Less: accumulated depreciation	(6,918,920)	(66,061,890)	(71,223,151)	(57,072,572)	(11,453,918)	(7,496,225)	(220,226,676)	(4,273,464)
Total noncurrent assets	9,492,058	42,534,697	120,377,785	103,529,306	17,756,250	11,595,215	305,285,311	12,474,301
Total assets	21,343,924	52,944,680	139,734,223	110,028,313	20,395,337	14,238,797	358,685,274	19,668,552

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Net Assets
June 30, 2009
(Page 2 of 2)

	Business-type Activities							
	Solid Waste Fund	Airport Fund	Water Fund	Wasterwater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities								
Current liabilities:								
Accounts payable	141,901	787,562	2,344,522	1,908,736	39,352	654,542	5,876,615	290,972
Accrued wages and benefits	158,641	148,765	173,080	128,231	26,636	169,730	805,083	132,483
Compensate absences	288,774	332,413	404,082	276,777	24,351	241,860	1,568,257	292,082
Accrued interest payable	-	-	283,519	142,499	254,811	-	680,829	90,202
Incurred but not reported health benefits	-	-	-	-	-	-	-	700,000
Notes payable	-	-	676,000	399,000	189,622	-	1,264,622	264,809
Due to other funds	-	-	-	-	-	-	-	-
Accrued interest payable from restricted assets	-	260,244	-	-	-	-	260,244	-
Revenue bonds payable from restricted assets	-	515,000	-	-	-	-	515,000	-
Total current liabilities	589,316	2,043,984	3,881,203	2,855,243	534,772	1,066,132	10,970,650	1,770,548
Noncurrent liabilities:								
Compensated absences	227,957	262,405	318,980	218,486	19,223	190,923	1,237,974	230,566
Other post employment benefits	108,862	95,880	112,779	71,337	25,336	100,670	514,864	86,251
Revenue bonds payable	-	8,120,000	-	-	-	-	8,120,000	-
Deferred loss on bond refunding	-	(225,673)	-	-	-	-	(225,673)	-
Notes payable	-	-	14,445,000	8,772,773	5,390,176	-	28,607,949	4,999,915
Landfill closure and postclosure-payable from restricted assets	2,250,702	-	-	-	-	-	2,250,702	-
Landfill closure and postclosure	356,451	-	-	-	-	-	356,451	-
Total noncurrent liabilities	2,943,972	8,252,612	14,876,759	9,062,596	5,434,735	291,593	40,862,267	5,316,732
Total liabilities	3,533,288	10,296,596	18,757,962	11,917,839	5,969,507	1,357,725	51,832,917	7,087,280
Net assets								
Invested in capital assets, net of related debt	7,241,356	34,046,806	105,256,785	94,357,533	12,176,452	11,595,215	264,674,147	6,409,580
Restricted for:								
Bond and notes payable ordinance reserve	-	2,317,183	1,237,994	717,530	-	-	4,272,707	-
Unrestricted	10,569,280	6,284,095	14,481,482	3,035,411	2,249,378	1,285,857	37,905,503	6,171,692
Total net assets	$17,810,636	$42,648,084	$ 120,976,261	$98,110,474	$14,425,830	$12,881,072	306,852,357	$12,581,272

Some amount reported for business-type activities in the statement of net assets are different because certain internal fund net assets and liabilities are included with business-type activities is reported with business-type activities.	4,427,772
Net assets of business-type activities	$ 311,280,129

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended June 30, 2009

	Business-type Activities							
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating revenues:								
Charges for services and use of facilities	$ 8,169,101	$ 7,986,909	$ 19,457,931	$ 11,479,389	$ 1,859,732	$ 1,058,956	$ 50,012,018	$ 16,806,845
Operating expenses:								
Salaries and benefits	3,617,268	3,732,876	4,078,875	2,683,107	607,691	3,355,965	18,075,782	11,768,342
Supplies	1,621,922	765,355	2,091,097	1,025,946	375,506	728,622	6,608,448	309,779
Contracted services	1,112,348	1,066,793	1,434,223	916,880	361,314	318,331	5,209,889	1,749,378
Utilities	56,620	756,686	1,714,745	891,170	138,958	123,249	3,681,428	503,948
Other	1,121,943	178,001	1,088,063	583,342	62,347	215,578	3,249,274	2,230,707
Depreciation	1,236,352	4,375,459	4,676,032	3,131,677	842,902	987,643	15,250,065	442,455
Landfill closure and post-closure	187,845	-	-	-	-	-	187,845	-
Total operating expenses	8,954,298	10,875,170	15,083,035	9,232,122	2,388,718	5,729,388	52,262,731	17,004,609
Operating income (loss)	(785,197)	(2,888,261)	4,374,896	2,247,267	(528,986)	(4,670,432)	(2,250,713)	(197,764)
Nonoperating revenue (expenses):								
Taxes	-	-	-	-	-	1,744,254	1,744,254	-
Intergovernmental	-	425,427	37,980	4,460	-	2,125,077	2,592,944	-
Interest expense	-	(558,838)	(573,206)	(149,588)	(307,415)	-	(1,589,047)	(276,907)
Interest and investment income	399,763	186,033	448,115	150,424	62,402	35,800	1,282,537	168,314
Passenger Facilities Charges	-	1,030,321	-	-	-	-	1,030,321	-
Gain (loss) on sale of capital assets	14,996	(138,122)	26,617	-	2,373	(3,932)	(98,068)	1,844
Other	-	188,850	328,945	(1,341)	-	(7,578)	508,876	(22,015)
Total nonoperating revenue (expense)	414,759	1,133,671	268,451	3,955	(242,640)	3,893,621	5,471,817	(128,764)
Income (loss) before capital contributions and transfers	(370,438)	(1,754,590)	4,643,347	2,251,222	(771,626)	(776,811)	3,221,104	(326,528)
Capital contributions	-	2,613,162	551,265	1,249,020	-	2,416,028	6,829,475	5,510
Transfers in	-	-	-	-	-	-	-	532,055
Transfers out	-	-	-	-	(233,308)	(20,000)	(253,308)	(95,769)
Change in net assets	(370,438)	858,572	5,194,612	3,500,242	(1,004,934)	1,619,217	9,797,271	115,268
Net assets, beginning of year	18,181,074	41,789,512	115,781,649	94,610,232	15,430,764	11,261,855		12,466,004
Net assets, end of year	$ 17,810,636	$ 42,648,084	$ 120,976,261	$ 98,110,474	$ 14,425,830	$ 12,881,072		$ 12,581,272

Some amount reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal funds is reported with business-type activities. $ 91,264

Change in net assets of business-type activities $ 9,888,535

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	$ 8,806,407	$ 7,410,900	$ 18,497,785	$ 10,997,416	$ 1,854,004	$ 733,005	$ 48,299,517	$ 485,951
Cash received from interfund services provided	-	-	-	-	-	-	-	16,320,893
Cash received from other sources	-	188,850	355,562		2,373	2,422	549,207	86,844
Cash paid to employees for services	(3,483,347)	(3,573,627)	(3,963,005)	(2,627,401)	(574,593)	(3,249,005)	(17,470,978)	(11,633,368)
Cash paid to suppliers and contracted services	(4,317,498)	(2,790,304)	(5,042,879)	(2,347,407)	(935,309)	(782,279)	(16,215,676)	(5,175,768)
Cash paid to other sources	-	-	-	(1,341)	-	(10,000)	(11,341)	(108,859)
Net cash provided (used) by operating activities	1,005,562	1,235,819	9,847,463	6,021,267	346,475	(3,305,857)	15,150,729	(24,307)
Cash flows from noncapital financing activities:								
Cash received from tax revenues	-	-	-	-	-	1,752,991	1,752,991	-
Cash received from intergovernmental revenues	-	425,427	37,980	4,460	-	2,125,077	2,592,944	-
Transfers to other funds	-	-	-	-	(233,308)	(20,000)	(253,308)	(95,769)
Loans repaid to other funds	-	-	-	-	-	-	-	(16,084)
Net cash provided (used) by noncapital financing activities	-	425,427	37,980	4,460	(233,308)	3,858,068	4,092,627	(111,853)
Cash flows from capital and related financing activities:								
Capital contributions	-	2,613,162	551,265	1,249,020	-	2,416,028	6,829,475	-
Acquisition and construction of capital assets	(2,921,993)	(3,815,411)	(9,076,209)	(11,860,152)	(12,375)	(3,389,604)	(31,075,744)	(155,455)
Proceeds from sales of capital assets	17,705	-	-	-	-	-	17,705	71,844
Cash paid for interest	-	(533,840)	(583,968)	(169,532)	(315,624)	-	(1,602,964)	(281,220)
Loan proceeds	-	-	-	5,351,773	-	-	5,351,773	-
Principal paid on bonds, notes and capital leases payable	-	(490,000)	(652,000)	(296,000)	(179,771)	-	(1,617,771)	(251,706)
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-	532,055
Passenger facilities charges	-	1,030,321	-	-	-	-	1,030,321	-
Net cash provided (used) by capital and related financing activities	(2,904,288)	(1,195,768)	(9,760,912)	(5,724,891)	(507,770)	(973,576)	(21,067,205)	(84,482)
Cash flows from investing activities:								
Cash received from interest	411,786	155,976	377,486	134,220	56,282	36,067	1,171,817	144,713
Sale of investments	7,729,210	7,156,609	13,688,203	4,264,670	2,739,337	2,084,607	37,662,636	6,508,965
Purchase of investments	(7,601,422)	(8,438,845)	(15,689,920)	(4,937,222)	(2,810,285)	(2,052,935)	(41,530,629)	(7,339,518)
Net cash provided (used) by investing activities	539,574	(1,126,260)	(1,624,231)	(538,332)	(14,666)	67,739	(2,696,176)	(685,840)
Net increase (decrease) in cash and cash equivalents	(1,359,152)	(660,782)	(1,499,700)	(237,496)	(409,269)	(353,626)	(4,520,025)	(906,482)
Cash and cash equivalents, beginning of year	2,941,560	3,249,293	5,489,535	1,655,863	1,013,119	917,114	15,266,484	2,483,535
Cash and cash equivalents, end of year	$ 1,582,408	$ 2,588,511	$ 3,989,835	$ 1,418,367	$ 603,850	$ 563,488	$ 10,746,459	$ 1,577,053
Cash and cash equivalents consists of:								
Cash and cash equivalents	$ 1,582,408	$ 1,813,267	$ 3,371,316	$ 1,060,868	$ 603,850	$ 562,839	$ 8,994,548	$ 1,577,053
Restricted cash and cash equivalents with fiscal agent		775,244	618,519	357,499	-	649	1,751,911	-
Cash and cash equivalents, end of year	$ 1,582,408	$ 2,588,511	$ 3,989,835	$ 1,418,367	$ 603,850	$ 563,488	$ 10,746,459	$ 1,577,053

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	$ (785,197)	$ (2,888,261)	$ 4,374,896	$ 2,247,267	$ (528,986)	$ (4,670,432)	$ (2,250,713)	$ (197,764)
Other nonoperating income (expense)	-	188,850	355,562	(1,341)	2,373	(7,578)	537,866	(22,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	1,236,352	4,375,459	4,676,032	3,131,677	842,902	987,643	15,250,065	442,455
Landfill closure and postclosure	187,845	-	-	-	-	-	187,845	-
(Increase) decrease in receivables	(179,296)	(188,173)	(72,106)	(80,313)	(5,728)	(14,064)	(539,680)	-
(Increase) decrease in receivables from other governments & other funds	816,602	(380,288)	(744,937)	(395,160)	-	(311,873)	(1,015,656)	-
(Increase) decrease in inventories	-	(7,548)	(136,603)	-	-	-	(144,151)	87,348
(Increase) decrease in prepaid items	-	-	(6,500)	(6,500)	-	(14)	(13,014)	(9,000)
Increase (decrease) in accounts payable	(404,665)	(23,469)	1,285,249	1,069,931	2,816	604,323	2,534,185	(460,306)
Increase (decrease) in accrued liabilities	133,921	159,249	115,870	55,706	33,098	106,138	603,982	134,975
Net cash provided (used) by operating activities	$ 1,005,562	$ 1,235,819	$ 9,847,463	$ 6,021,267	$ 346,475	$ (3,305,857)	$ 15,150,729	$ (24,307)
Noncash investing, capital and financing activities:								
Increase (decrease) in investment market value	7,975	22,406	51,563	12,994	6,314	4,115	105,367	18,653
Contribution of capital assets	-	-	4,643,347	2,251,222	-	-	6,894,569	5,510

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

CITY OF BILLINGS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

	Agency Funds
Assets	
Due from other governments	$ 5,400
Total assets	$ 5,400
Liabilities	
Accounts payable	$ 5,400
Total liabilities	$ 5,400

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

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

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

The City's significant accounting policies are described below.

A. Reporting Entity

The City of Billings financial statements include those separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the organization's governing body must be appointed by the City, and either a) the City must be able to impose its will, or b) the City may potentially benefit financially or be financially responsible for the organization. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Data from these units are combined with data of the primary government.

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

Par 3 Golf Course: 19 South 19th Street West, Billings, Montana 59102

The City has no discretely presented component units.

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

protection), and general administrative services.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

General Fund

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

Public Safety Fund

The Public Safety Fund accounts for the Police Department operations, including the Animal Shelter, and the Fire Department operations.

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.

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 four 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 motor pool, postage and copying, information technology, health care benefits, telephone services, liability and property insurance, radio communication services, facilities management, and public works administration on a cost reimbursement basis.

Fiduciary funds

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

The City has prepared its government-wide and proprietary fund financial statements in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict 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 nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing 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 nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets 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 is managed by the City's financial services manager. Investments and cash equivalents consist primarily of U.S. Treasury and U.S. agency obligations, State of Montana Short-Term Investment Pool (STIP), and overnight repurchase agreements collateralized by U.S. government securities held by the financial institution.

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.

STIP is uncategorized. The STIP portfolio includes asset-backed and variable rate securities to provide diversification and competitive rate of return. These securities are described below:

Asset-backed Securities are debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases and credit cards, etc., pledged by the issuer. Asset-backed securities have one or more forms of credit enhancement to raise the quality of the security. Examples of credit enhancement include, but are not limited to, letter of credit, reserve fund, or senior/subordinate arrangements.

Variable Rate (Floating-Rate) Securities provide many advantages of short-term bonds because they are designed to minimize the investor's interest rate risk. As with variable rate loans issued by banks, the interest rate paid by the issuer of these securities is reset periodically depending on market conditions. The value of these securities will usually remain at or near par because their interest rates are reset to maintain a current market yield. STIP's variable rate securities float with the London Interbank Offering Rate (LIBOR), which is similar to the European federal funds rate.

According to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools", STIP is considered an external investment pool. An external investment pool is defined as an arrangement that pools the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. Although STIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, the Board manages STIP consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As a 2a-7-like pool, STIP utilizes an amortized cost unit value, rather than fair value to report assets.

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

2. Receivables and Payables

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

Under its Home Rule Charter, the City is permitted to levy taxes at a maximum rate, currently 163.76 for payment for general governmental services and payment of principal and interest on long-term general obligation debt.

All property within the City limits is assessed on taxable market value. Property taxes are in two installments, due on November 30th and May 31st of each fiscal year. Payments not received on or before these dates are considered delinquent and accrue interest at a 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 to delinquency. Property tax revenue is budgeted for the ensuing fiscal year.

Property tax, special assessment, and notes receivable are reported net of allowances for amounts deemed uncollectible. Allowances are computed from receivables net of amounts collected in the 60 days subsequent to June 30, 2009. Estimated percentages for uncollectible amounts at June 30, 2009, based on net receivables are as follows: 15% of delinquent property, 15% of delinquent special assessments, 2% of notes receivable that are current, and 100% of notes receivable that are in default.

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 its 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 assets 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.

In Water and Wastewater, the notes payable ordinance reserve account is used to set aside resources from operations for debt service.

5. Capital Assets

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

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

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

Fund	Total Interest Expense	Capitalized Interest	Construction Project
Airport Fund	$ 570,242	$ 11,404	Airport – Perimeter Security Fence and Revolving Door Replacement
Wastewater Fund	234,855	85,268	Briarwood Sewer Project

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

Asset	Years
Buildings	5-50
Improvements other than buildings	5-50
Equipment and Vehicles	3-30
Infrastructure	10-40

6. Property Held for Resale

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

7. Compensated absences

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

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

All accumulated vacation and 25% of accumulated sick leave are accrued when incurred in the government-wide and proprietary financial statements. This liability, which totals $8,697,791 at June 30, 2009, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total $8,959,728 at June 30, 2009.

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 assets. Bond premiums, discounts, and issuance costs 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Reserved – indicates the portion of fund equity which has been legally segregated for specific purposes.
Unreserved– Designated – represents tentative management plans that are subject to change.
Unreserved undesignated – the portion of fund equity which is available for appropriation in future periods.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are legally required and are prepared for all the City's governmental funds. Except for on-behalf payments by the State of Montana for pension plan contributions, these budgets are prepared on the same basis

and use the same accounting practices as are used to account for and prepare financial reports for the governmental funds, consistent with accounting principles generally accepted in the United States of America.

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

1) On or before June 1st, all departments and agencies of the City submit requests for appropriations to the city administrator so that a budget may be prepared.

2) Before June 10th, the proposed budget and tax levy must be submitted to the city clerk and then is presented to the city council for review and approval.

3) The council holds public hearings and a final budget and tax levy must be prepared, adopted and submitted to the county auditor, no later than the second Monday in August or within 45 calendar days of receiving certified taxable values from the 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 year end. 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; Special Improvement Districts Fund; Nonmajor Special Revenue Funds: Storm Sewer Fund, Police Programs Fund, Transportation Enhancement Fund, Fire Programs Fund, Park Maintenance Districts Fund, Municipal Court Grants Fund, Development Services Grants Fund, and Arterial Fees Fund; Nonmajor Capital Project Funds: Tax Increment South and Baseball Field/Stadium Construction Fund; Enterprise Funds: Solid Waste Fund, Airport Fund, Water Fund, Wastewater Fund, and Parking Fund; and Internal Service Fund: Property Insurance 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.

The variance from budget in the nonmajor special revenue funds capital outlay in the amount of approximately $9 million is due to budgeted construction projects not being completed prior to fiscal year end.

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

	Public Safety Fund
Revenues	
Actual amounts (budgetary basis) "Total revenues" from the budget	$ 13,524,040
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	4,446,412
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 17,970,452
Expenditures	
Acutal amounts (budgetary basis) "Total expenditures" from the budget	$ 28,786,653
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	4,446,412
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 33,233,065

C. Deficit Fund Equity

Funds with deficit fund balances at June 30, 2009, are listed below. The deficit fund balances do not represent any type of legal violation.

Fund	Deficit
Nonmajor Special Revenue Funds:	
Transportation Enhancement	$ 20,069
Arterial Fees Fund	$ 1,368,735
Nonmajor Capital Projects Funds:	
Sidewalk and Curb Districts	$ 242,529
Baseball Field / Stadium Construction	$ 50,770

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

The Arterial Fees Fund deficit fund balance will be eliminated when the interfund loan from Solid Waste Fund is paid back.

The Sidewalk and Curb Districts deficit fund balance will be eliminated by sale of bonds during fiscal year 2010.

The Baseball Field / Stadium Construction Fund deficit fund balance will be eliminated by reimbursements from federal grant programs.

III. Detailed Notes on All Funds

A. Cash and Cash Equivalents and Investments

Cash and investments as of June 30, 2009, consist of the following:

Cash and cash equivalents:	
Deposits in local banks	$ 1,819,442
Outstanding checks and reconciling items	(5,105,873)
Repurchase agreements	16,684,753
Montana State Short Term Investment Pool (STIP)	6,219
Municipal Investor Account	11,133,169
	$ 24,537,710
Investments:	
US Government and US Agency Obligations	$ 63,924,632
Certificate of deposits	18,260,000
	$ 82,184,632

Cash and investments as of June 30, 2009, are classified in the statement of net assets as follows:

Cash and cash equivalents	$ 24,402,536
Cash and cash equivalents, permanently restricted	135,174
	$ 24,537,710
Investments	$ 79,481,272
Investments, temporarily restricted	2,250,702
Investments, permanently restricted	452,658
	$ 82,184,632

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

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

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

Interest Rate Risk

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

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that 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. The City's investment policy states that the funds average maturity may not exceed 397 days.

Investment Type	Totals	12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
US Treasury Notes	$ 15,260	$ 15,260	$ -	$ -	$ -
US Government Agency Securities	63,909,372	11,742,392	44,627,681	6,102,399	1,436,900
Certificates of Deposit	18,260,000	18,260,000	-	-	-
	$ 82,184,632	$ 30,017,652	$ 44,627,681	$ 6,102,399	$ 1,436,900

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, 2009, the City's investments in US Government Agency Securities were rated AAA by Moody's Investor's Service or by Standard and Poor. Of those not rated, there was an implied AAA rating. Although the Montana Short Term Investment Pool (STIP) investments have been rated by investments security type, STIP, as an external investment pool, has not been rated by the Nationally Recognized Statistical Rating Organizations. More information on STIP is available at the Montana Department of Commerce Board of Investments website at http://www.investmentmt.com/Programs/STIP.

Concentration of Credit Risk

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

Issuer	Investment Type	Total	
US Bank	Certificates of deposit	$ 16,760,000	20.41%
Federal Farm Credit	Federal agency securities	21,520,377	26.21%
Federal Home Loan Bank	Federal agency securities	21,233,580	25.86%
Federal Home Loan Mtg Corp	Federal agency securities	10,273,462	12.51%
Federal National Mortgage Assoc	Federal agency securities	10,801,623	13.16%

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, 2009, the City had no exposure to custodial credit risk because all of the City's deposits with financial institutions were insured and collateralized which is allowed by state law.

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

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

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g.,broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. City policy requires investments to be collateralized by the actual security held in safekeeping by the primary agent. As of June 30, 2009, 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 $5,161,235 is restricted by bond covenants or for specific purposes as follows:

Current debt service:	
Special Improvements Districts Fund	$ 1,326,475
Nonmajor government funds	2,082,849
Airport Fund	775,244
Water Fund	618,519
Wastewater Fund	357,499
Nonmajor enterprise funds	649
Total	$ 5,161,235

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.

	General Fund	Public Safety Fund	Special Improvement Districts Fund	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities Total
Taxes	$ 692,415	$ 587,289	$ -	$ 490,216	$ -	$ 1,769,920
Accounts	364,542	3,441	-	108,053	-	476,036
Special assessments	30,085		15,760,477	1,769,838	-	17,560,400
Accrued interest	28,142	21,679	34,944	205,121	39,723	329,609
Notes	-	-	-	4,837,712	850,000	5,687,712
From other governments	-	-	-	1,114,320	-	1,114,320
Gross receivables	1,115,184	612,409	15,795,421	8,525,260	889,723	26,937,997
Less: Allowance	(72,510)	(58,518)	(13,031)	(470,535)	-	(614,594)
TOTAL	$ 1,042,674	$ 553,891	$ 15,782,390	$ 8,054,725	$ 889,723	$ 26,323,403

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Non-Major Enterprise Funds	Business-type Activities Total
Taxes	$ -	$ -	$ -	$ -	$ -	$ 94,812	$ 94,812
Accounts	604,757	667,580	2,060,876	1,092,097	5,728	38,999	4,470,037
Special assessments	-	-	-	-	-	-	-
Accrued interest	33,382	48,119	99,627	29,680	14,969	7,316	233,093
Notes	-	-	-	-	-	-	-
From other governments	-	1,023,036	744,937	395,160	-	476,871	2,640,004
Gross receivables	638,139	1,738,735	2,905,440	1,516,937	20,697	617,998	7,437,946
Less: Allowance	(34,208)	-	-	-	-	(9,494)	(43,702)
TOTAL	$ 603,931	$ 1,738,735	$ 2,905,440	$ 1,516,937	$ 20,697	$ 608,504	$ 7,394,244

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable:		
General fund	$ 392,596	$ -
Public safety fund	331,601	-
Nonmajor governmental funds	454,203	-
Special assessments not yet due:		
General fund	20,986	-
Special improvement districts fund	15,676,556	-
Nonmajor governmental funds	1,253,457	-
Notes receivable not yet due:		
Nonmajor governmental funds	4,424,301	-
Developer contributions prior to related construction:		
Non major governmental funds	-	666,910
Total	$ 22,553,700	$ 666,910

C. Operating Lease Receivable

The City leases a certain amount of its property to others under operating leases which expire through 2029. The property under long-term lease is primarily the airport and related facilities which are recorded at a cost of approximately $108,000,000, and accumulated depreciation of approximately $66,000,000. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2009:

Year ending June 30:	
2010	$3,381,829
2011	2,149,439
2012	886,621
2013	676,524
2014	497,407
2015-2019	1,868,081
2020-2024	1,305,945
2025-2029	541,466
Total	$ 11,307,312

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

Governmental activities:	Balance June 30, 2008 (As restated)	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land	$ 25,926,044	$ 4,225,943	$ 50,553	$ 30,101,434
Construction in Progress	10,347,701	1,704,095	9,229,352	2,822,444
Total capital assets, not being depreciated	36,273,745	5,930,038	9,279,905	32,923,878
Capital assets being depreciated:				
Buildings	24,394,744	130,725	-	24,525,469
Improvements other than Buildings	30,127,688	1,150,194	-	31,277,882
Equipment	23,885,097	2,428,991	628,141	25,685,947
Infrastructure	137,613,041	19,877,446	-	157,490,487
Total capital assets, being depreciated	216,020,570	23,587,356	628,141	238,979,785
Less accumulated depreciation for:				
Buildings	8,362,734	579,127	-	8,941,861
Improvements other than Buildings	5,543,714	958,513	-	6,502,227
Equipment	15,567,759	1,685,102	588,778	16,664,083
Infrastructure	57,132,244	5,788,090	-	62,920,334
Total accumulated depreciation	86,606,451	9,010,832	588,778	95,028,505
Total capital assets, being depreciated, net	129,414,119	14,576,524	39,363	143,951,280
Governmental activities capital assets, net	$ 165,687,864	$ 20,506,562	$ 9,319,268	$ 176,875,158

Business-type activities:	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land	$ 11,127,098	$ -	$ 175,384	$ 10,951,714
Construction in Progress	13,285,925	24,764,584	10,106,076	27,944,433
Total capital assets, not being depreciated	24,413,023	24,764,584	10,281,460	38,896,147
Capital assets being depreciated:				
Buildings	79,534,121	928,584	288,894	80,173,811
Improvements other than Buildings	76,706,794	3,735,651	-	80,442,445
Equipment	52,887,294	2,645,443	768,212	54,764,525
Infrastructure	260,095,399	9,251,809	441,415	268,905,793
Total capital assets, being depreciated	469,223,608	16,561,487	1,498,521	484,286,574
Less accumulated depreciation for:				
Buildings	40,381,138	2,803,664	271,934	42,912,868
Improvements other than Buildings	44,530,113	2,981,463	-	47,511,576
Equipment	33,955,600	3,430,503	768,209	36,617,894
Infrastructure	87,591,319	6,034,435	441,416	93,184,338
Total accumulated depreciation	206,458,170	15,250,065	1,481,559	220,226,676
Total capital assets, being depreciated, net	262,765,438	1,311,422	16,962	264,059,898
Business-type activities capital assets, net	$ 287,178,461	$ 26,076,006	$ 10,298,422	$ 302,956,045

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

Governmental actvities:		
General Government	$	53,168
Public Safety		1,084,830
Public Works		6,151,943
Public Health		59,044
Culture & recreation		1,110,309
Housing and community development		109,083
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		442,455
Total depreciation expense - govenmental activities	$	9,010,832
Business-type activities:		
Solid Waste	$	1,236,352
Airport		4,375,459
Water		4,676,032
Wastewater		3,131,677
Parking		842,902
Transit		919,258
Golf Course		68,385
Total depreciation expense - business-type activities	$	15,250,065

Construction Commitments

The City has active construction projects as of June 30, 2009. At year end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

Infrastructure - Gas Tax projects	$ 1,228
Infrastructure - Storm Sewer projects	300
Infrastructure - Arterial Fees	232
Transportation Enhancement projects	259
Water projects	5,294
Wastewater projects	4,668
Airport projects	4,635
Solid Waste projects	215
Other	564
Total	$ 17,395

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

The Solid Waste fund had a commitment of $1,163,896 to purchase six garbage trucks.

At June 30, 2009, the Tax Increment fund had commitments of $2,348,539 for economic development.

At June 30, 2009, the Airport Fund also had commitments for a high speed runway broom ($503,000), an ARFF water tender truck chassis ($121,000), and an emergency generator for the terminal building ($864,000). These purchases are being funded by the passenger facility charges.

E. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2009, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 114,182
Special Improvement Districts	Nonmajor Governmental Funds	263,746
Nonmajor Governmental Funds	Nonmajor Governmental Funds	570,504
Nonmajor Governmental Funds	General Fund	3,303
Solid Waste Fund	Public Safety	1,244,656
Solid Waste Fund	Nonmajor Governmental Funds	3,144,882
Totals		$5,341,273

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. The Solid Waste fund advanced the Arterial Fees fund $3,144,882 for the King Avenue West project. To the extent certain transactions between funds had not been paid or received at year end, balances of interfund amounts receivable and payable are reported as due to and due from other funds. All interfund balances are expected to be repaid within one year, except for the $1,244,656 due from Public Safety fund and the $3,144,882 due from Arterial Fees fund to the Solid Waste fund. These are due in annual installments maturing in Fiscal Year 2011 and are payable on demand.

Interfund transfers:

	Transfers in:					
	General Fund	Public Safety Fund	Special Improvement Districts Fund	Nonmajor Governmental Funds	Internal Service	Total
Transfers out:						
General	$ -	$ 16,393,337	$ -	$ 1,230,431	$ 79,808	$ 17,703,576
Public Safety	-	-	-	834,629	148,976	983,605
Special Improvement Districts Fund	-	-	-	65,052	-	65,052
Nonmajor Governmental Funds	18,945	-	266,529	1,628,589	207,502	2,121,565
Parking Fund	233,308	-	-	-	-	233,308
Nonmajor Enterprise Funds	-	-	-	20,000	-	20,000
Subtotal	252,253	16,393,337	266,529	3,778,701	436,286	21,127,106
Internal Service Funds	-	-	-	-	95,769	95,769
Total	$ 252,253	$ 16,393,337	$ 266,529	$ 3,778,701	$ 532,055	$ 21,222,875

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 Operations Center – On March 1, 2003, the City entered into a capital lease to partially finance the construction of the Billings Operations Center. The term of the lease ends on March 1, 2023, at which time the City will purchase the building for $1.

Capital Lease Payable—Portable Computers – On September 12, 2007, the City signed a capital lease obligation with Portable Computer Systems, Inc. to finance the purchase of 74 portable computers to be used in police cars. The first loan payment was due in December 2007. The lease term ends in November 2011, at which time the City may purchase the equipment for $1.

Business-Type Activities:

Capital Lease Payable – Park II (Business-Type Activities) – On September 1, 2006, the City signed a capital lease obligation with Koch Financial 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. The first lease payment was due in September 2008. The construction was completed in September 2008 as well.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business–type Activities
Assets:		
Buildings	$ 6,600,000	$ 5,930,000
Equipment	404,500	-
Accumulated depreciation	(820,115)	(362,389)
Total	$ 6,184,385	$ 5,567,611

The following is a schedule, by year, of the future minimum lease payments at June 30, 2009:

Year ending June 30	Governmental Activities	Business-type Activities
2010	$ 644,501	$ 495,395
2011	644,501	495,395
2012	578,907	495,395
2013	532,056	495,395
2014	532,056	495,395
2015-2019	2,660,280	2,476,977
2020-2024	2,128,224	2,476,977
2025-2027	-	1,486,188
Total minimum lease payments	7,720,525	8,917,117
Less: Amount representing interest	(2,200,145)	(3,337,319)
Present value of minimum lease payments	$ 5,520,380	$ 5,579,798

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, 2009, the outstanding general obligation bonded indebtedness of the City, serviced by the City's debt service funds, was as follows:

General Obligation Bonds Series 2000, issued in the total aggregate amount of $1,700,000, and interest ranging from 5.10%-6.25%, due July 1, 2020, payable in annual installments of $20,000 to $140,000, callable on or after July 1, 2010.	$ 1,260,000
General Obligation Bonds Series 2004A, issued in the total aggregate amount of $5,200,000, and interest ranging from 3.00%-4.20%, due July 1, 2024, payable in annual installments of $190,000 to $365,000, callable on or after July 1, 2014.	4,365,000
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.	10,375,000
General Obligation Bonds Series 2007B, issued in the total aggregate amount of $1,800,000, and interest ranging from 4.00%-4.10%, due July 1, 2017, payable in annual installments of $145,000 to $215,000, callable on or after July 1, 2012.	1,655,000
	$ 17,655,000

Special Assessment Debt With Government Commitment – Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within the special improvement district. State Law states, "To the extent that such special assessment collections are not sufficient to make the required debt service payments, the City is obligated to levy and collect a general property tax on all taxable property in the City to provide additional funding for the debt service payments." However, since the City of Billings is governed by its Charter, the voters must approve all levy increases. The cash reserve balance in the special improvement districts fund must equal at least 10% of the principal amount of bonds outstanding. The bonds are issued with specified maturity dates, but must be called and repaid earlier, at par value plus accrued interest, if the related special assessments are collected. The various bonds outstanding at June 30, 2009, are as follows:

Special improvement districts, issued in the total aggregate amount of $24,194,000 and interest rates ranging from 4.5%-6.25%, payable from the special improvement districts fund in varying installments to 2028.	$16,929,000
Sidewalk and curb districts, issued in the total aggregate amount of $5,944,000 and interest rates ranging from 4.5%-7.00% payable from the sidewalk and curb districts fund in varying installments to 2021.	1,345,000
Storm Sewer Gross Revenue Refunding Series 2003, issued in the total aggregate amount of $7,055,000 and interest rates ranging from 2.00%-3.00%, payable from the storm sewer fund in varying installments to 2014, callable on or after July 1, 2005.	2,645,000
	$ 20,919,000

Notes Payable - In the current year, the City borrowed an additional $212,769 and paid $427,463 on its revolving line of credit from various banks for the downtown revolving loan program fund. The maximum combined loan balance from all banks is $3,200,000. The proceeds of the notes were used to make loans to various entities (end-loans) with approved construction and/or acquisition projects in the downtown area. The notes are secured by end-loan collateral and by end-loan principal and interest payments to the City. The City uses principal and interest payments from end-loans to determine its monthly installment to the banks. Interest is adjusted each November 1 to the preceding September 30 prime rate less 300 basis points with a floor of 4%. At June 30, 2009, the rate was 4.00% and the outstanding notes payable due within one year are based on estimated current collections of all loans receivable in the fund.

Due within one year	Due after one year	Total
$ 400,000	$ 172,600	$ 572,600

On August 1, 2002, the City borrowed $100,000 from Wells Fargo Bank to provide direct loans to low and moderate-income homebuyers in targeted redevelopment areas in and around the City. The note is unsecured and principal is due in whole at August 1, 2012, and will be paid from the Development Services Grants Fund. Subsequent to June 30, 2009, this note was paid in full. Interest is fixed at .891% (the 10 year US Treasury rate at August 1, 2002 less 3.5%) for 10 years. At June 30, 2009, the amount outstanding is as follows:

Due within one year	Due after one year	Total
$ –	$ 100,000	$ 100,000

On November 27, 2007, the City borrowed $3,719,000 from Koch Financial Corporation to pay the fire fighter lawsuit settlement. 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, 2009, the amount outstanding is as follows:

Due within one year	Due after one year	Total
$ 318,565	$ 2,944,447	$ 3,263,012

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, 2009, the amount outstanding is as follows:

Due within one year	Due after one year	Total
$ 10,270	$ 120,230	$ 130,500

Business-Type Activities:

Notes Payable – The Montana Department of Natural Resources and Conservation (DNRC) authorized the issuance of notes payable for construction of a new Headworks Building at the Wastewater Treatment Plant in the amount of $4,515,000. During the period ending June 30, 2006 and 2007 note proceeds of $4,385,627 and $129,373, respectively, were received into the Wastewater Fund. DNRC also authorized the issuance of notes payable in the amount of $17,300,000 for rehabilitation of the Filter Complex at the Water Treatment Plant. During the period ending June 30, 2006, 2007, and 2008 note proceeds of $5,753,785, $8,500,215 and of $3,046,000, respectively, were received into the Water Fund. Both notes are due in semi-annual installments, mature through July 2025, and have a fixed interest rate of 3.75%. The covenants of both the Water and Wastewater notes require that funds be set aside in reserve for the delinquency of the debt. The required reserve is the highest amount of principal and interest for any annual debt service over the 20 year note payable. The reserved amounts are $323,719 for Wastewater and $1,237,994 for Water.

Notes Payable – The Montana Department of Natural Resources and Conservation (DNRC) authorized the issuance of notes payable for the construction of Sewer Improvements located in the Briarwood Subdivision. The approved amount was for $7,400,000. During the period ended June 30, 2009, note proceeds of $5,351,773 were received into the Wastewater Fund. The note has a fixed interest rate of 3.75% and is due in annual installments through July 2028. The required reserve amount is 7.943% of the amount drawn. The reserve amount as of June 30, 2009, is $393,811 in the Wastewater Fund.

	Due within One year	Due after One year	Total
Wastewater	$ 399,000	$8,772,773	$9,171,773
Water	$ 676,000	$14,445,000	$15,121,000

Revenue Bonds Payable – At June 30, 2009, the outstanding revenue bonded indebtedness of the City was as follows:

2000 Airport Revenue Refunding Bonds issued on April 1, 2000 with principal totaling $11,965,000, and interest ranging from 4.70%-6.20% due July 1, 2020, payable in annual installments of $350,000 to $970,000, callable on or after July 1, 2010.	$ 8,635,000
Deferred loss on bond refunding	(225,673)
	8,409,327
Less current portion	(515,000)
Total	$ 7,894,327

Of the bonds outstanding, $ 8,635,000 will be paid from the airport fund.

Revenue bond ordinances include various restrictive covenants. The more significant covenants restrict net assets for replacement of facilities, operations, and debt service. Some covenants also specify minimum required operating revenue. The City is in compliance with all covenants as of June 30, 2009.

The revenue bond ordinance restrictions are as follows:

	Airport Fund
Debt service	$ 1,032,773
Replacement and depreciation	225,000
Operations and Maintenance	1,059,410
	$ 2,317,183

Defeased Debt – In prior years, the City defeased certain revenue and special assessment bonds by placing 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, 2009, $8,825,000 of outstanding revenue bonds and $4,540,000 of outstanding special assessment bonds are considered defeased.

Summary of Debt Maturities – Annual debt service principal and interest payments required on all outstanding debt at June 30, 2009, are as follows:

GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation Bonds		Notes Payable		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal*	Interest
2010	$ 810,000	$ 737,364	$ 728,835	$ 164,086	$ 1,160,000	$ 961,533
2011	845,000	703,953	518,640	146,881	1,220,000	1,037,497
2012	875,000	669,030	363,241	129,681	995,000	999,848
2013	910,000	632,601	481,301	111,621	1,290,000	951,586
2014	945,000	593,059	400,262	92,660	1,963,000	882,265
2015-2019	5,125,000	2,319,139	1,573,833	161,351	9,461,000	2,892,506
2020-2024	4,875,000	1,243,898	-	-	2,855,000	1,256,580
2025-2029	3,270,000	274,444	-	-	1,975,000	332,209
	$ 17,655,000	$ 7,173,488	$ 4,066,112	$ 806,280	$ 20,919,000	$ 9,314,024

	Capital Lease Payable-Facilities Management		Capital Lease Payable-Public Safety	
	Principal	Interest	Principal	Interest
2010	$ 264,809	$ 267,247	$ 101,842	$ 10,603
2011	278,594	253,461	107,373	5,072
2012	293,100	238,957	46,441	410
2013	308,358	223,698	-	-
2014	324,411	207,645	-	-
2015-2019	1,893,675	766,605	-	-
2020-2024	1,901,777	226,447	-	-
	$ 5,264,724	$ 2,184,060	$ 255,656	$ 16,085

* $33,000 called but not redeemed is reported as a current liability at June 30, 2009

BUSINESS TYPE ACTIVITIES

Year ending June 30	Revenue Bonds-Airport	
	Principal	Interest
2010	$ 515,000	$ 491,905
2011	550,000	460,830
2012	575,000	427,768
2013	610,000	392,083
2014	645,000	353,705
2015-2019	3,855,000	1,088,625
2020-2024	1,885,000	60,140
2025-2029	-	-
	$ 8,635,000	$ 3,275,056

	Notes Payable-Water		Notes Payable-Wastewater		Capital Lease Payable-Parking	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 676,000	$ 560,756	$ 399,000	$ 310,438	$ 189,622	$ 305,773
2011	702,000	535,163	379,000	325,454	200,014	295,382
2012	729,000	508,594	393,000	311,129	210,975	284,421
2013	757,000	480,994	409,000	296,241	222,536	272,859
2014	785,000	437,625	424,000	259,335	234,731	260,664
2015-2019	4,395,000	1,792,744	2,365,000	1,151,376	1,381,293	1,095,683
2020-2024	5,289,000	910,558	2,852,000	668,114	1,803,585	673,392
2025-2029	1,788,000	67,462	1,950,773	152,906	1,337,042	149,146
	$ 15,121,000	$ 5,293,896	$ 9,171,773	$ 3,474,993	$ 5,579,798	$ 3,337,320

Changes in Long-Term Obligations – During the year ended June 30, 2009, the following changes occurred in liabilities:

	Balance June 30, 2008	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2009	Due within one year
Governmental Activities:					
General obligation bonds:					
Series 2000 Parks	$ 1,330,000	$ -	$ 70,000	$ 1,260,000	$ 75,000
Series 2004A Streets	4,565,000	-	200,000	4,365,000	205,000
Add: premium received	28,015	-	1,697	26,318	-
Series 2007A Ballpark	10,700,000	-	325,000	10,375,000	375,000
Add: premium received	41,019	-	2,159	38,860	-
Series 2007B Ballpark	1,800,000	-	145,000	1,655,000	155,000
Tax increment bonds:					
2003 Refunding	-	-	-	-	-
Less:deferred loss on refunding	-	-	-	-	-
Less:bond discount	-	-	-	-	-
Special assessment debt with governmental commitment	16,891,000	7,160,000	3,132,000	20,919,000	1,160,000
Less: bond discounts	(283,378)	(152,275)	(38,923)	(396,730)	-
Less: deferred loss on refunding	(65,854)	-	(10,976)	(54,878)	-
Add: premium received	21,426	-	3,571	17,855	-
Intercap notes payable	-	-	-	-	-
Notes payable	4,584,465	212,769	731,122	4,066,112	728,835
Capital lease payable	5,868,681	-	348,301	5,520,380	366,651
Compensated absences	5,354,297	4,171,771	3,634,507	5,891,561	3,434,220
Total governmental activities	$ 50,834,671	$ 11,392,265	$ 8,543,458	$ 53,683,478	$ 6,499,706

	Balance June 30, 2008	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2009	Due within one year
Business Activities:					
Notes Payable					
Water from DNRC	$ 15,773,000	$ -	$ 652,000	$ 15,121,000	$ 676,000
Wastewater from DNRC - Briarwood	-	5,351,773	126,000	5,225,773	223,000
Wastewater from DNRC	4,116,000	-	170,000	3,946,000	176,000
Capital lease payable - Park II	5,759,569	-	179,771	5,579,798	189,622
Airport Series 2000 Refunding	9,125,000	-	490,000	8,635,000	515,000
Less: deferred loss on refunding	(262,579)	-	(36,906)	(225,673)	-
Compensated absences	2,756,032	1,719,634	1,669,435	2,806,231	1,568,257
Total business type activities	$ 37,267,022	$ 7,071,407	$ 3,250,300	$ 41,088,129	$ 3,347,879

Governmental activities include internal service fund liabilities for capital lease payable, compensated absences, and intercap notes payable. Internal service fund compensated absences totaled $490,890 and $522,648 at June 30, 2008, and 2009 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 of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. At June 30, 2009, 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 the 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 during the year ended June 30, 2009, 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.

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 2009 were 9.2% 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 Human Resources Department of the City of Billings.

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

Police and Fire Employees:
Must complete a minimum of 20 year 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 three self insured medical plans: Plan B, 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, 2008, 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	852
Retired employees	148
Total	1,000

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 a actuarial basis, these financial statements assume that pay-as-you-go funding will continue.

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

Level Dollar Amortization

Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method:	
ARC Normal Cost	$ 1,604,000
Amortization	1,012,000
Annual required contribution	2,616,000
Contribution for fiscal year ended June 30, 2009	(1,073,000)
Increase in net OPEB	1,543,000
Net OPEB Obligation - beginning of year	--
Net OPEB Obligation - end of year	$ 1,543,000
Percent of annual OPEB cost contributed	41%

Benefit Obligation, Normal Cost and Funding Progress

Actuarial Value of Assets	$ --
Actuarial Accrued Liability:	
Active Employees:	$ 14,813,000
Retired Employees:	10,539,000
Unfunded actuarial liability (UAAL)	$ 25,352,000

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes 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 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, 2008, actuarial valuation, the liabilities were computed using the projected unit credit method and the level percentage of projected payroll amortization. The actuarial assumptions utilized a 4.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.5% rate. The valuation assumes a 11% healthcare cost trend increase for fiscal year 2008-2009, reduced by decrements to a rate of 5.0% after 12 years.

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 Insurance (MMIA - Liability Insurance) and the Montana Municipal Interlocal Authority - Workers' Compensation (MMIA - Workers' Compensation) insurance programs. These entities are public entity risk pools currently operating as common risk management and insurance programs, pursuant to their formation by Interlocal Agreements under the Interlocal Cooperation Act. The City pays annual premiums to the MMIA - Liability Insurance and the MMIA - Workers' Compensation for its general liability and workers' compensation insurance coverage's and for its portion of the debt service for the bonds sold by the MMIA - Liability Insurance and the MMIA - Workers' Compensation to establish initial insurance reserves. The City remains responsible for its portion of these bond issues. There have been no significant changes to levels of insurance from the previous year. Additionally, two settlement payments have exceeded or were not covered by insurance during the current year or two previous fiscal years. MMIA - Liability Insurance has obtained reinsurance through commercial companies for claims in excess of $750,000 per claim and $1.5 million per occurrence. MMIA - Workers' Compensation has obtained reinsurance through commercial companies for claims in excess of $750,000 for each accident, limited to $10 million.

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

For damage to and destruction of buildings and facilities, the City has elected to insure its buildings and facilities with insurance purchased from a private carrier. Such insurance has a deductible of $25,000 per occurrence with a maximum paid of $100 million. 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 two previous fiscal years. The City does not insure for damage and destruction of vehicles and equipment. During the fiscal year ended June 30, 2009, the City's cost to repair and/or replace damaged property and equipment totaled $191,623.

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 $200,000 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 2007, 2008, and 2009:

	Beginning-of-fiscal-year liability	Incurred claims and claim administrative expenses	Payments of claims and claim administrative expenses	End-of-fiscal-year liability
2006-2007	$ 1,400,000	7,396,228	7,296,228	$ 1,500,000
2007-2008	$ 1,500,000	6,382,663	7,182,663	$ 700,000
2008-2009	$ 700,000	8,309,402	8,309,402	$ 700,000

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

Approximately 148 retired and terminated employees participated in the City's health plan. Claims paid in excess of premiums received for these participants totaled approximately $1,075,814 for the fiscal year ended June 30, 2009. There have been no material changes in health insurance coverage from the previous year. The City has a three tiered health insurance plan. The amount of employee contributions is based on the level of coverage chosen from the three tiers.

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.

The federal government previously donated a facility that contains asbestos contamination. The contamination has been identified by the federal government, but does not pose imminent danger. At this time, costs are not reasonably estimable and the project does not require immediate remediation.

C. Subsequent Events

The City of Billings water and wastewater projects were selected to receive the American Recovery and Reinvestment Act (ARRA) funding for a portion of the loans through the Department of Natural Resources and Conservation (DNRC).

The wastewater loan of $6,137,000 consists of three parts. Upon completion of the ARRA program requirements, $390,700 of the loan will be forgiven. A reduced interest of 1.75% will be applied to $359,300 of the loan. The remaining amount of the loan, $5,387,000 will be issued at a rate of 3.75% per annum payable over 20 years.

The water loan of $3,500,000 consists of three parts. $416,300 of the loan will be forgiven upon completion of the ARRA

The water loan of $3,500,000 consists of three parts. $416,300 of the loan will be forgiven upon completion of the ARRA program requirements. A reduced interest of 1.75% will be applied to $333,700 of the loan. The remaining amount of the loan, $2,750,000 will be issued at a rate of 3.75% per annum payable over 20 years.

The Department of Natural Resources and Conservation (DNRC) also authorized the issuance of $7,412,000 water revenue bonds on September 14, 2009. The proceeds from the bond sale will go towards construction of a two million gallon reservoir and a pump station.

On July 13, 2009, the City issued $509,000 in Special Improvement District bonds for Districts 1372 and 1386. The interest on the bonds is 5.28%. The bonds are payable from assessments levied against the property owners in the districts.

The City issued $297,000 in bonds for sidewalk projects on August 24, 2009. The interest on the bonds is 5.95%. The bonds are payable from assessments levied against the property owners in the districts.

D. Claims and Judgments

The City was sued by a former Deputy City Attorney for wrongful discharge. The Court upheld the City's right to terminate but found for the plaintiff on the count of not allowing her due process during the termination. The Judge awarded the plaintiff $125,000 in damages.

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 $550,000 for insurance deductibles and amounts not covered by insurance.

Changes in Claims and Judgments:

Fiscal Year	Beginning of Fiscal Year	Changes in the Estimate for Claims of Prior Periods	Claims Incurred During Year	Payments of Claims	End of Fiscal Year	Amount Due Within One Year
2007	4,551,000	262,000	-	-	4,813,000	4,813,000
2008	4,813,000	-	835,000	(4,813,000)	835,000	835,000
2009	835,000	-	-	(285,000)	550,000	550,000

E. Contingent Liabilities

1. Landfill Closure and Post-closure

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on the estimate of landfill capacity used as of each balance sheet date. The $2,607,153 reported as landfill closure and post-closure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of approximately 38 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $4.0 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 2009. These amounts were based on engineering estimates completed for the landfill during fiscal year 2003. The City expects to close the landfill in 40 years, in the year 2049. Actual cost 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 2009, $236,983 was paid into the trust. The cumulative amount of payments of $2,250,702 is reported as restricted investments at June 30, 2009.

	Balance June 30, 2008	Accrual Amount	Balance June, 30 2009
Net Change in Landfill Liability	$ 2,419,308	$ 187,845	$ 2,607,153

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 currently employed police officer. The District Court issued a summary judgment of $1.3 million plus attorney fees in favor of the officer. The Montana Municipal Interlocal Authority (MMIA) paid the judgment of $1.6 million including legal fees.

The judgment did not itemize the amount for each individual claim. As MMIA provides liability insurance for only certain claims, they have asked the City to reimburse them for two-thirds of the judgment, approximately $1.1 million. This dispute will most likely result in mediation to attempt resolution of this matter.

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. Industrial Revenue Bonds

From time to time, the City has issued industrial revenue bonds 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, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying government-wide financial statements. The only requirement for this type of issue is to request the amount needed for City approval; most times this amount is in excess of the actual amount issued. When completely paid or called, they must notify the City of this event.

As of June 30, 2009, there were 20 series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued after July 1, 1997, was approximately $16.3 million at June 30, 2009. The aggregate principal amount payable at June 30, 2009, for the 17 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled $62.9 million.

G. Prior Period Adjustment

In the Statement of Net Assets – Governmental Activities, beginning net assets were restated for a prior period adjustment in the amount of $7,645,657. The adjustment is to record park land acquired in previous years due to annexations and park land dedications by subdivision developers.

	Governmental Activities
Net assets, as previously reported	$ 179,343,921
Prior period adjustment	7,645,657
Net assets, as restated	$ 186,989,578

H. Pension Plans

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

1. Descriptions of Individual Pension Plans

Public Employees' Retirement System (PERS)

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

PERS-defined benefit retirement plan (DBRP)

The PERS-defined benefit retirement plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, Chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, and certain employees of the school districts and university system.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits for employees with less than 25 years of service are determined by taking 1/56 times the number of years of service times the highest average compensation during any consecutive 36 months, and for employees with 25 years of service or greater the monthly retirement benefits are determined by taking 1/50 times the number of years of service times the highest average compensation during any consecutive 36 months. A guaranteed annual benefit adjustment (GABA) is provided each January for benefit recipients if they have been receiving a benefit for at least 12 months.

The GABA adjustment is 3% for members hired before July 1, 2007, and 1.5% for members hired on or after July 1, 2007. Members' rights became vested after five years of service.

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

Membership in the plan on June 30, 2008, is as follows:

Number of Members	
Retirees and Beneficiaries	16,627
Vested Terminated	2,579
Non-vested Terminated	6,268
Active	28,293
Total Membership	53,767
Number of participating employers:	528

PERS-defined contribution retirement plan (DCRP)

The PERS-defined contribution retirement plan (DCRP) is a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, and certain employees of the school districts and university system. Contribution rates can only be amended by the Legislature. A percentage of the employer contribution will be used to maintain the funding of the defined benefit plan.

The PERS-DCRP provides for retirement, disability, and death benefits to plan members and their beneficiaries based on the balance in the members' 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 five 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, will provide disability benefits to eligible members of the PERS-DCRP.

The employer and state rate of 6.9% for fiscal year 2007 is allocated as follows: 4.19% allocated to the member's retirement account, 2.37% allocated to the defined benefit plan choice rate, 0.04% allocated to defined contribution education fund, and 0.3% allocated to the long-term disability plan.

Membership in the plan on June 30, 2008, is as follows:

	Number of Members
Retirees and beneficiaries	6
Vested Terminated	131
Non-vested Terminated	350
Active	1,769
Total Membership	2,256

Number of participating employers: 233

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

Firefighters' Unified Retirement System (FURS)

FURS is a statewide retirement plan established in 1981 and governed by Title 19, chapters 2 and 13, MCA. This system provides retirement benefits to firefighters employed by first and second-class cities and other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001.

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

Membership in the plan on June 30, 2008, is as follows:

	Number of Members
Retirees and beneficiaries	535
Vested Terminated	9
Non-vested Terminated	52
Active	525
Total Membership	1,121
Number of participating employers:	19

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

Municipal Police Officers' Retirement System (MPORS)

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

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

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of MPORS have the opportunity to participate in the DROP by filing a one-time irrevocable election with the Board. The DROP is governed by Title 19, Chapter 9, Part 12, MCA. An eligible member must have completed at least 20 years of membership service. They may elect to participate in the DROP for a minimum of one month and a maximum of five years, and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During the participation in the DROP, all mandatory contributions continue to be made to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the DROP account until the end of the DROP participation period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit and the DROP account cannot be distributed until employment is formally terminated.

Membership in the plan on June 30, 2008, is as follows:

	Number of Members
Retirees and Beneficiaries	636
Vested Terminated	34
Non-vested Terminated	58
Active	673
Total Membership	1,401
Number of participating employers:	27

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

2. Funding Policy

Public Employees' Retirement System - The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 6.9% of monthly compensation. For Fiscal Year 2006 and Fiscal Year 2007 local government entity employers were required to contribute 6.8% of members' compensation. Beginning in Fiscal Year 2008, local governments are required to contribute 6.935% of members' compensation. The State of Montana is required to contribute .1% of members' compensation on behalf of local government entities. One hundred percent of required contributions were made for the current year and each of the two preceding years. Required contributions were made as follows:

Fiscal Year	City	Employee	State of Montana
2006-2007	$ 1,674,949	$ 1,699,110	$ 24,625
2007-2008	1,793,506	1,783,415	25,847
2008-2009	1,896,746	1,884,257	27,308

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

Fiscal Year	City	Employee	State of Montana
2006-2007	$ 894,707	$ 662,007	$ 2,019,327
2007-2008	922,606	686,706	2,095,138
2008-2009	1,120,763	759,137	2,316,191

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

Fiscal Year	City	Employee	State of Montana
2006-2007	$ 972,469	$ 602,989	$ 1,982,056
2007-2008	995,089	619,007	2,028,159
2008-2009	1,045,599	651,794	2,130,221

SUPPLEMENTAL INFORMATION

MAJOR FUNDS

BUDGET AND ACTUAL SCHEDULES

CITY OF BILLINGS, MONTANA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 13,077,833	$ 13,077,833	$ 12,808,095	$ (269,738)
Licenses and permits	3,314,039	3,314,039	3,628,053	314,014
Intergovernmental	8,413,955	8,413,955	8,288,760	(125,195)
Charges for services	4,451,429	4,451,429	4,405,725	(45,704)
Fines and forfeitures	1,535,988	1,535,988	1,372,325	(163,663)
Special assessments	18,500	18,500	44,744	26,244
Other	453,176	453,176	189,689	(263,487)
Total revenues	31,264,920	31,264,920	30,737,391	(527,529)
Expenditures:				
Current:				
Salaries and benefits	7,306,366	7,316,966	6,932,074	384,892
Operations and maintenance	4,118,606	4,238,139	3,805,029	433,110
Capital outlay	400,474	400,474	86,587	313,887
Total expenditures	11,825,446	11,955,579	10,823,690	1,131,889
Revenues over (under) expenditures	19,439,474	19,309,341	19,913,701	604,360
Other financing sources (uses):				
Transfers in	257,758	257,758	252,253	(5,505)
Transfers out	(19,856,742)	(19,981,742)	(17,703,576)	2,278,166
Sale of capital assets	-	-	1,725	1,725
Total other financing sources (uses)	(19,598,984)	(19,723,984)	(17,449,598)	2,274,386
Net change in fund balances	$ (159,510)	$ (414,643)	2,464,103	$ 2,878,746
Fund balance, beginning of year			7,905,081	
Fund balances at end of year			$ 10,369,184	

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - Public Safety
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 10,334,554	$ 10,334,554	$ 10,246,717	$ (87,837)
Licenses and permits	151,604	151,604	131,710	(19,894)
Intergovernmental	1,902,386	1,902,386	1,921,591	19,205
Charges for services	1,141,704	1,141,704	1,132,832	(8,872)
Other	95,336	95,336	91,190	(4,146)
Total revenues	13,625,584	13,625,584	13,524,040	(101,544)
Expenditures:				
Current:				
Salaries and benefits	24,648,212	24,648,212	23,774,419	873,793
Operations and maintenance	4,594,752	4,594,752	4,258,522	336,230
Capital outlay	113,607	113,607	75,217	38,390
Debt service:				
Principal	1,015,973	1,015,973	400,255	615,718
Interest and fiscal charges	285,998	285,998	278,240	7,758
Total expenditures	30,658,542	30,658,542	28,786,653	1,871,889
Revenues over (under) expenditures	(17,032,958)	(17,032,958)	(15,262,613)	1,770,345
Other financing sources (uses):				
Transfers in	18,500,000	18,500,000	16,393,337	(2,106,663)
Transfers out	(956,098)	(983,605)	(983,605)	-
Total other financing sources (uses)	17,543,902	17,516,395	15,409,732	(2,106,663)
Net change in fund balances	$ 510,944	$ 483,437	147,119	$ (336,318)
Fund balance, beginning of year			1,749,810	
Fund balances at end of year			$ 1,896,929	

CITY OF BILLINGS, MONTANA
Major Debt Service Fund - Special Improvement Districts Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Special assessments	$ 2,767,297	$ 2,767,297	$ 2,612,975	$ (154,322)
Other	169,207	169,207	142,525	(26,682)
Total revenues	2,936,504	2,936,504	2,755,500	(181,004)
Expenditures:				
Debt service:				
Principal	2,726,000	2,726,000	1,833,000	893,000
Interest and fiscal charges	630,276	630,276	554,400	75,876
Total expenditures	3,356,276	3,356,276	2,387,400	968,876
Revenues over (under) expenditures	(419,772)	(419,772)	368,100	787,869
Other financing sources (uses):				
Transfers in	-	266,530	266,529	(1)
Transfers out	-	(66,053)	(65,052)	1,001
Total other financing sources (uses)	-	200,477	201,477	1,000
Net change in fund balances	$ (419,772)	$ (219,295)	569,577	$ 788,869
Fund balance, beginning of year			6,832,474	
Fund balances at end of year			$ 7,402,051	

NONMAJOR GOVERNMENTAL 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 Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	$ 6,554,306	$ 593,203	$ 1,760,818	$ 135,174	$ 9,043,501
Cash with fiscal agent	-	2,082,849	-	-	2,082,849
Investments	21,786,592	1,550,335	5,913,315	452,658	29,702,900
Receivables:					
Property taxes	334,142	89,501	-	-	423,643
Accounts and unbilled usage	108,053	-	-	-	108,053
Delinquent special assessments	713,997	21,744	-	-	735,741
Deferred special assessments	-	970,103	-	-	970,103
Accrued interest	140,260	12,943	48,498	3,420	205,121
Notes	3,193,265	1,304,479	-	-	4,497,744
Due from other funds	573,807	-	-	-	573,807
Due from other governments	1,082,539	-	31,781	-	1,114,320
Prepaid items	5,000	-	-	-	5,000
Property held for resale	103,800	-	335,328	-	439,128
Total assets	$ 34,595,761	$ 6,625,157	$ 8,089,740	$ 591,252	$ 49,901,910
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 1,264,253	$ -	$ 612,932	$ -	$ 1,877,185
Accrued wages & benefits	305,117	-	-	-	305,117
Due to other funds	3,542,323	263,746	287,245	-	4,093,314
Other liabilities	-	70,000	-	-	70,000
Deferred revenue	4,453,392	2,345,479	-	-	6,798,871
Total liabilities	9,565,085	2,679,225	900,177	-	13,144,487
Fund balance:					
Reserved for:					
Encumbrances	4,765,973	-	462,751	-	5,228,724
Property held for resale	103,800	-	335,328	-	439,128
Debt service	-	3,945,932	-	-	3,945,932
Endowments	-	-	-	591,252	591,252
Unreserved:					
Designated for payment of future employee benefits	1,044,419	-	-	-	1,044,419
Designated for capital replacement	1,489,754	-	-	-	1,489,754
Undesignated	17,626,730	-	6,391,484	-	24,018,214
Total fund balances	25,030,676	3,945,932	7,189,563	591,252	36,757,423
Total liabilities and fund balances	$ 34,595,761	$ 6,625,157	$ 8,089,740	$ 591,252	$ 49,901,910

CITY OF BILLINGS, MONTANA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For The Fiscal Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	$ 1,437,722	$ 1,513,364	$ -	$ -	$ 2,951,086
Licenses and permits	1,192,100	-	-	-	1,192,100
Intergovernmental	9,238,347	-	38,216	-	9,276,563
Charges for services	5,250,844	-	-	12,090	5,262,934
Fines and forfeitures	277,085	-	-	-	277,085
Special assessments	14,990,403	373,166	-	-	15,363,569
Other	1,819,575	152,401	778,174	14,056	2,764,206
Total revenues	34,206,076	2,038,931	816,390	26,146	37,087,543
Expenditures:					
Current:					
General Government	1,586,505	-	-	-	1,586,505
Public safety	4,436,498	-	-	-	4,436,498
Public works	11,496,183	-	-	-	11,496,183
Public health	22,208	-	-	-	22,208
Culture and recreation	3,686,544	-	-	-	3,686,544
Housing and economic development	3,935,859	-	-	-	3,935,859
Capital outlay	9,226,271	-	7,684,199	-	16,910,470
Debt service:					
Principal	427,463	2,039,000	-	-	2,466,463
Interest and fiscal charges	108,068	916,899	-	-	1,024,967
Bond issuance costs	-	-	211,918	-	211,918
Total expenditures	34,925,599	2,955,899	7,896,117	-	45,777,615
Revenues over (under) expenditures	(719,523)	(916,968)	(7,079,727)	26,146	(8,690,072)
Other financing sources (uses):					
Transfers in	1,253,730	911,052	1,613,919	-	3,778,701
Transfers out	(1,840,980)	-	(266,529)	(14,056)	(2,121,565)
Bond discount costs	-	-	(152,275)	-	(152,275)
Issuance of debt	212,769	-	-	-	212,769
Special assessment bonds issued	-	-	6,665,000	-	6,665,000
Sale of capital assets	647,193	-	-	-	647,193
Total other financing sources (uses)	272,712	911,052	7,860,115	(14,056)	9,029,823
Net change in fund balances	(446,811)	(5,916)	780,388	12,090	339,751
Fund balance, beginning of year	25,477,487	3,951,848	6,409,175	579,162	36,417,672
Fund balance, end of year	$ 25,030,676	$ 3,945,932	$ 7,189,563	$ 591,252	$ 36,757,423

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 Donation 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 Parmly Billings Library.
- The Cemetery Improvements Fund accounts for expansion projects at the cemetery.
- The Street Maintenance Districts Fund accounts for various street programs.
- The Fire Hydrant Maintenance District Fund accounts for the maintenance of fire hydrants.
- The Light Maintenance Districts Fund accounts for the maintenance of street lighting systems within several such districts in the City.
- The Park Maintenance Districts Fund accounts for revenues and expenditures which are related to parks maintenance within the various districts of the City.
- The Storm Sewer Fund accounts for the operation and maintenance of the storm sewer system.
- The Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the Downtown and North 27th 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.

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combing Balance Sheet
June 30, 2009
(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
Assets							
Cash and cash equivalents	$ 775,860	$ 781,500	$ 16,799	$ 87,035	$ 814,194	$ 62,470	$ 361,034
Investments	2,589,203	2,617,102	56,685	130,622	2,722,044	209,440	1,202,831
Receivables:							
Property taxes	-	-	-	-	52,272	-	-
Accounts and unbilled usage	-	-	-	-	25,458	-	-
Delinquent special assessments	-	-	-	-	-	-	212,387
Accrued interest	15,539	18,105	442	2,322	18,542	1,551	5,019
Notes	-	-	-	317,178	-	-	-
Due from other funds	530,230	-	-	-	-	-	-
Receivables from other governments	19,376	-	-	166,594	69,238	-	-
Prepaid items	-	-	-	-	-	-	-
Property held for resale	-	-	-	103,800	-	-	-
Total assets	$ 3,930,208	$ 3,416,707	$ 73,926	$ 807,551	$ 3,701,748	$ 273,461	$ 1,781,271
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 228,311	$ 1,004	$ -	$ 63,167	$ 41,398	$ -	$ -
Accrued wages & benefits	2,331	-	-	9,998	64,067	-	-
Due to other funds	-	-	-	41,256	-	-	-
Deferred revenue	666,910	-	-	314,603	36,777	-	104,735
Total liabilities	897,552	1,004	-	429,024	142,242	-	104,735
Fund balance (deficit)							
Reserved for:							
Encumbrances	1,228,188	894	3,750	-	99,963	-	-
Property held for resale	-	-	-	103,800	-	-	-
Unreserved:							
Designated for payment of future employee benefits	11,071	-	-	19,170	316,932	-	-
Designated for capital replacement	-	1,489,754	-	-	-	-	-
Undesignated	1,793,397	1,925,055	70,176	255,557	3,142,611	273,461	1,676,536
Total fund balance (deficit)	3,032,656	3,415,703	73,926	378,527	3,559,506	273,461	1,676,536
Total liabilities and fund balances	$ 3,930,208	$ 3,416,707	$ 73,926	$ 807,551	$ 3,701,748	$ 273,461	$ 1,781,271

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combing Balance Sheet
June 30, 2009
(Page 2 of 4)

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	Tax Increment Fund	Parks Program Fund	Police Programs Fund	Amend Park Fund
Assets							
Cash and cash equivalents	$ 235,196	$ 71,912	$ 620,820	$ 787,877	$ 387,932	$ 99,442	$ 46,349
Investments	786,552	240,164	2,078,172	2,637,177	1,301,589	333,067	155,209
Receivables:							
Property taxes	-	-	-	278,045	-	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-
Delinquent special assessments	83,862	22,126	164,223	-	-	-	-
Accrued interest	3,406	1,111	15,725	19,179	8,422	3,003	1,183
Notes	-	-	-	-	170,000	-	-
Due from other funds	-	-	-	-	-	1,159	-
Receivables from other governments	-	-	10,970	-	-	146,322	-
Prepaid items	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
Total assets	$ 1,109,016	$ 335,313	$ 2,889,910	$ 3,722,278	$ 1,867,943	$ 582,993	$ 202,741
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ -	$ 37,634	$ 442,893	$ 6,513	$ -	$ 27,001	$ -
Accrued wages & benefits	-	-	-	-	-	10,905	-
Due to other funds	40,274	-	-	-	-	-	-
Deferred revenue	35,658	12,351	80,687	276,827	160,000	-	-
Total liabilities	75,932	49,985	523,580	283,340	160,000	37,906	-
Fund balance (deficit)							
Reserved for:							
Encumbrances	-	500	306,989	2,360,539	-	203,787	-
Property held for resale	-	-	-	-	-	-	-
Unreserved:							
Designated for payment of future employee benefits	-	-	-	-	-	-	-
Designated for capital replacement	-	-	-	-	-	-	-
Undesignated	1,033,084	284,828	2,059,341	1,078,399	1,707,943	341,300	202,741
Total fund balance (deficit)	1,033,084	285,328	2,366,330	3,438,938	1,707,943	545,087	202,741
Total liabilities and fund balances	$ 1,109,016	$ 335,313	$ 2,889,910	$ 3,722,278	$ 1,867,943	$ 582,993	$ 202,741

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combing Balance Sheet
June 30, 2009
(Page 3 of 4)

	Transportation Enhancement Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund	Municipal Court Grants Fund
Assets							
Cash and cash equivalents	$ -	$ 37,045	$ 148,931	$ 273,730	$ 2,953	$ 14,349	$ 18
Investments	-	122,987	499,196	915,968	9,691	48,086	62
Receivables:							
Property taxes	-	3,825	-	-	-	-	-
Accounts and unbilled usage	-	-	20,525	62,070	-	-	-
Delinquent special assessments	-	-	-	-	-	-	-
Accrued interest	-	166	4,433	3,775	23	477	-
Notes	-	-	-	-	-	-	-
Due from other funds	-	-	-	40,274	2,144	-	-
Receivables from other governments	369,130	168,686	-	3,064	-	-	129,159
Prepaid items	-	-	5,000	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
Total assets	$ 369,130	$ 332,709	$ 678,085	$ 1,298,881	$ 14,811	$ 62,912	$ 129,239
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 146,214	$ 13,925	$ 2,878	$ 102,790	$ -	$ 6,273	$ 44,973
Accrued wages & benefits	-	26,333	52,396	124,912	7,930	-	6,245
Due to other funds	242,985	874	-	-	-	-	72,052
Deferred revenue	-	3,825	-	-	-	-	-
Total liabilities	389,199	44,957	55,274	227,702	7,930	6,273	123,270
Fund balance (deficit)							
Reserved for:							
Encumbrances	258,980	500	-	33,056	-	25,867	2,095
Property held for resale	-	-	-	-	-	-	-
Unreserved:							
Designated for payment of future employee benefits	-	79,333	160,309	457,604	-	-	-
Designated for capital replacement	-	-	-	-	-	-	-
Undesignated	(279,049)	207,919	462,502	580,519	6,881	30,772	3,874
Total fund balance (deficit)	(20,069)	287,752	622,811	1,071,179	6,881	56,639	5,969
Total liabilities and fund balances	$ 369,130	$ 332,709	$ 678,085	$ 1,298,881	$ 14,811	$ 62,912	$ 129,239

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combing Balance Sheet
June 30, 2009
(Page 4 of 4)

	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	$ 8,632	$ 60,552	$ 403,562	$ 6,554,306
Investments	30,577	202,587	1,370,958	21,786,592
Receivables:				
Property taxes	-	-	-	334,142
Accounts and unbilled usage	-	-	-	108,053
Delinquent special assessments	-	-	155,518	713,997
Accrued interest	286	1,429	6,777	140,260
Notes	2,706,087	-	-	3,193,265
Due from other funds	-	-	-	573,807
Receivables from other governments	-	-	-	1,082,539
Prepaid items	-	-	-	5,000
Property held for resale	-	-	-	103,800
Total assets	$ 2,745,582	$ 264,568	$ 1,936,815	$ 34,595,761
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ 81,390	$ 1,264,253
Accrued wages & benefits	-	-	-	305,117
Due to other funds	-	-	3,144,882	3,542,323
Deferred revenue	2,645,219	-	79,278	4,453,392
Total liabilities	2,645,219	-	3,305,550	9,565,085
Fund balance (deficit)				
Reserved for:				
Encumbrances	-	-	240,865	4,765,973
Property held for resale	-	-	-	103,800
Unreserved:				
Designated for payment of future employee benefits	-	-	-	1,044,419
Designated for capital replacement	-	-	-	1,489,754
Undesignated	100,363	264,568	(1,609,600)	17,626,730
Total fund balance (deficit)	100,363	264,568	(1,368,735)	25,030,676
Total liabilities and fund balances	$ 2,745,582	$ 264,568	$ 1,936,815	$ 34,595,761

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009
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	Gas Tax Fund	EOC 911 Fund	Animal Shelter Donations Fund	Development Services Grants Fund	Library Fund	Cemetery Improvements Fund	Street Maintenance Districts Fund	Fire Hydrant Maintenance District Fund
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ 977,909	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,833,378	953,608	-	1,534,187	941,485	-	-	90,952
Charges for services	203,757	-	-	7,836	155,218	14,722	-	-
Fines and forfeitures	-	-	-	-	101,361	-	-	-
Special assessments	-	-	-	-	-	-	4,288,375	1,961,473
Other	159,047	71,295	9,349	280,115	127,067	6,313	11,464	35,246
Total revenues	2,196,182	1,024,903	9,349	1,822,138	2,303,040	21,035	4,299,839	2,087,671
EXPENDITURES:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	347,723	-	-	-	-	-	1,677,333
Public works	348,564	-	-	-	-	6,236	3,372,888	-
Public health	-	-	22,208	-	-	-	-	-
Culture and recreation	-	-	-	-	2,772,300	-	-	-
Housing and economic development	-	-	-	1,727,306	-	-	-	-
Capital outlay	2,163,254	72,921	-	-	36,263	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	2,511,818	420,644	22,208	1,727,306	2,808,563	6,236	3,372,888	1,677,333
Revenues over (under) expenditures	(315,636)	604,259	(12,859)	94,832	(505,523)	14,799	926,951	410,338
Other financing sources (uses):								
Transfers in	150,000	-	-	121,024	678,386	-	-	-
Transfers out	-	-	-	-	(25,504)	-	(150,000)	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	298,180	-	-	-	193	-	-	-
Total other financing sources (uses)	448,180	-	-	121,024	653,075	-	(150,000)	-
Net change in fund balances	132,544	604,259	(12,859)	215,856	147,552	14,799	776,951	410,338
Fund balance (deficit), beginning of year	2,900,112	2,811,444	86,785	162,671	3,411,954	258,662	899,585	1,603,214
Fund balances (deficit), end of year	$ 3,032,656	$ 3,415,703	$ 73,926	$ 378,527	$ 3,559,506	$ 273,461	$ 1,676,536	$ 2,013,552

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009
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	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	Tax Increment Fund	Parks Program Fund	Police Programs Fund	Amend Park Fund
REVENUES:							
Taxes	$ -	$ -	$ -	$ 118,926	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	835	-	10,970	857,757	-	1,001,969	-
Charges for services	-	-	-	-	-	69,527	-
Fines and forfeitures	-	-	-	-	-	106,099	-
Special assessments	2,101,619	567,582	3,110,792	-	-	-	-
Other	11,402	3,460	85,630	133,589	121,975	32,066	4,889
Total revenues	2,113,856	571,042	3,207,392	1,110,272	121,975	1,209,661	4,889
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	651,134	-
Public works	1,948,565	-	980,852	-	-	-	-
Public health	-	-	-	-	-	-	-
Culture and recreation	-	682,303	-	-	20,185	-	525
Housing and economic development	-	-	-	1,958,502	-	-	-
Capital outlay	-	-	1,644,984	-	7,303	556,319	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	1,948,565	682,303	2,625,836	1,958,502	27,488	1,207,453	525
Revenues over (under) expenditures	165,291	(111,261)	581,556	(848,230)	94,487	2,208	4,364
Other financing sources (uses):							
Transfers in	-	-	-	-	20,000	1,600	-
Transfers out	-	-	(846,000)	-	-	-	(4,889)
Issuance of debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	44,423	-	304,397	-	-
Total other financing sources (uses)	-	-	(801,577)	-	324,397	1,600	(4,889)
Net change in fund balances	165,291	(111,261)	(220,021)	(848,230)	418,884	3,808	(525)
Fund balance (deficit), beginning of year	867,793	396,589	2,586,351	4,287,168	1,289,059	541,279	203,266
Fund balances (deficit), end of year	$ 1,033,084	$ 285,328	$ 2,366,330	$ 3,438,938	$ 1,707,943	$ 545,087	$ 202,741

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
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	Transportation Enhancement Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund	Municipal Court Grants Fund
REVENUES:							
Taxes	$ -	$ 340,887	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	17,765	1,174,335	-	-	-	-
Intergovernmental	500,453	541,154	-	519,974	90,000	105,840	255,785
Charges for services	-	310,750	340	4,488,614	-	-	80
Fines and forfeitures	-	-	-	-	69,625	-	-
Special assessments	-	-	-	-	-	-	-
Other	-	414	23,687	68,828	41	2,191	-
Total revenues	500,453	1,210,970	1,198,362	5,077,416	159,666	108,031	255,865
EXPENDITURES:							
Current:							
General government	-	1,122,594	-	-	208,703	-	255,208
Public safety	-	-	1,677,423	-	-	82,885	-
Public works	-	-	-	4,724,657	-	-	-
Public health	-	-	-	-	-	-	-
Culture and recreation	-	-	-	206,272	-	-	-
Housing and economic development	-	-	-	-	-	-	-
Capital outlay	520,522	-	-	45,904	-	39,901	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	520,522	1,122,594	1,677,423	4,976,833	208,703	122,786	255,208
Revenues over (under) expenditures	(20,069)	88,376	(479,061)	100,583	(49,037)	(14,755)	657
Other financing sources (uses):							
Transfers in	-	41,000	-	160,000	54,213	27,507	-
Transfers out	-	(2,607)	-	(811,980)	-	-	-
Issuance of debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	38,393	-	(651,980)	54,213	27,507	-
Net change in fund balances	(20,069)	126,769	(479,061)	(551,397)	5,176	12,752	657
Fund balance (deficit), beginning of year	-	160,983	1,101,872	1,622,576	1,705	43,887	5,312
Fund balances (deficit), end of year	$ (20,069)	$ 287,752	$ 622,811	$ 1,071,179	$ 6,881	$ 56,639	$ 5,969

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009
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	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Total Nonmajor Special Revenue Funds
REVENUES:				
Taxes	$ -	$ -	$ -	$ 1,437,722
Licenses and permits	-	-	-	1,192,100
Intergovernmental	-	-	-	9,238,347
Charges for services	-	-	-	5,250,844
Fines and forfeitures	-	-	-	277,085
Special assessments	-	-	2,960,562	14,990,403
Other	531,362	70,443	29,702	1,819,575
Total revenues	531,362	70,443	2,990,264	34,206,076
EXPENDITURES:				
Current:				
General government	-	-	-	1,586,505
Public safety	-	-	-	4,436,498
Public works	-	-	114,421	11,496,183
Public health	-	-	-	22,208
Culture and recreation	-	4,959	-	3,686,544
Housing and economic development	250,051	-	-	3,935,859
Capital outlay	-	-	4,138,900	9,226,271
Debt service:				
Principal	427,463	-	-	427,463
Interest and fiscal charges	37,537	-	70,531	108,068
Total expenditures	715,051	4,959	4,323,852	34,925,599
Revenues over (under) expenditures	(183,689)	65,484	(1,333,588)	(719,523)
Other financing sources (uses):				
Transfers in	-	-	-	1,253,730
Transfers out	-	-	-	(1,840,980)
Issuance of debt	212,769	-	-	212,769
Sale of capital assets	-	-	-	647,193
Total other financing sources (uses)	212,769	-	-	272,712
Net change in fund balances	29,080	65,484	(1,333,588)	(446,811)
Fund balance (deficit), beginning of year	71,283	199,084	(35,147)	25,477,487
Fund balances (deficit), end of year	$ 100,363	$ 264,568	$ (1,368,735)	$ 25,030,676

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
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	Gas Tax Fund				EOC 911 Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,809,356	3,809,356	1,833,378	(1,975,978)	626,476	626,476	953,608	327,132
Charges for services	300,000	300,000	203,757	(96,243)	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	140,291	140,291	159,047	18,756	64,516	64,516	71,295	6,779
Total revenues	4,249,647	4,249,647	2,196,182	(2,053,465)	690,992	690,992	1,024,903	333,911
Expenditures:								
Current:								
Salaries and benefits	60,988	60,988	60,716	272	-	-	-	-
Operations and maintenance	311,325	311,325	287,848	23,477	649,379	649,379	347,723	301,656
Capital outlay	6,495,779	6,495,779	2,163,254	4,332,525	190,783	190,783	72,921	117,862
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	6,868,092	6,868,092	2,511,818	4,356,274	840,162	840,162	420,644	419,518
Revenues over (under) expenditures	(2,618,445)	(2,618,445)	(315,636)	2,302,809	(149,170)	(149,170)	604,259	753,429
Other financing sources (uses):								
Transfers in	150,000	150,000	150,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	298,180	298,180	-	-	-	-
Total other financing sources (uses)	150,000	150,000	448,180	298,180	-	-	-	-
Net change in fund balances	$ (2,468,445)	$ (2,468,445)	132,544	$ 2,600,989	$ (149,170)	$ (149,170)	604,259	$ 753,429
Fund balance (deficit), beginning of year			2,900,112				2,811,444	
Fund balances (deficit), end of year			$ 3,032,656				$ 3,415,703	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Animal Shelter Donation Fund				Development Services Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,843,251	1,843,251	1,534,187	(309,064)
Charges for services	-	-	-	-	-	-	7,836	7,836
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	15,281	15,281	9,349	(5,932)	-	-	280,115	280,115
Total revenues	15,281	15,281	9,349	(5,932)	1,843,251	1,843,251	1,822,138	(21,113)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	254,472	254,472	235,621	18,851
Operations and maintenance	46,970	46,970	22,208	24,762	2,497,563	2,432,103	1,491,685	940,418
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	46,970	46,970	22,208	24,762	2,752,035	2,686,575	1,727,306	959,269
Revenues over (under) expenditures	(31,689)	(31,689)	(12,859)	18,830	(908,784)	(843,324)	94,832	938,156
Other financing sources (uses):								
Transfers in	-	-	-	-	-	125,000	121,024	(3,976)
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	125,000	121,024	(3,976)
Net change in fund balances	$ (31,689)	$ (31,689)	(12,859)	$ 18,830	$ (908,784)	$ (718,324)	215,856	$ 934,180
Fund balance (deficit), beginning of year			86,785				162,671	
Fund balances (deficit), end of year			$ 73,926				$ 378,527	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 883,668	$ 883,668	$ 977,909	$ 94,241	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	884,427	884,427	941,485	57,058	-	-	-	-
Charges for services	221,420	221,420	155,218	(66,202)	14,000	14,000	14,722	722
Fines and forteitures	89,000	89,000	101,361	12,361	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	191,432	191,432	127,067	(64,365)	6,554	6,554	6,313	(241)
Total revenues	2,269,947	2,269,947	2,303,040	33,093	20,554	20,554	21,035	481
Expenditures:								
Current:								
Salaries and benefits	1,674,387	1,674,387	1,651,375	23,012	-	-	-	-
Operations and maintenance	1,220,727	1,220,727	1,120,925	99,802	10,000	10,000	6,236	3,764
Capital outlay	301,157	301,157	36,263	264,894	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,196,271	3,196,271	2,808,563	387,708	10,000	10,000	6,236	3,764
Revenues over (under) expenditures	(926,324)	(926,324)	(505,523)	420,801	10,554	10,554	14,799	4,245
Other financing sources (uses):								
Transfers in	795,392	795,392	678,386	(117,006)	-	-	-	-
Transfers out	(25,504)	(25,504)	(25,504)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	400	400	193	(207)	-	-	-	-
Total other financing sources (uses)	770,288	770,288	653,075	(117,213)	-	-	-	-
Net change in fund balances	$ (156,036)	$ (156,036)	147,552	$ 303,588	$ 10,554	$ 10,554	14,799	$ 4,245
Fund balance (deficit), beginning of year			3,411,954				258,662	
Fund balances (deficit), end of year			$ 3,559,506				$ 273,461	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Street Maintenance Districts Fund				Fire Hydrant District Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	88,000	88,000	90,952	2,952
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	4,366,870	4,366,870	4,288,375	(78,495)	1,870,186	1,870,186	1,961,473	91,287
Other	6,914	6,914	11,464	4,550	31,667	31,667	35,246	3,579
Total revenues	4,373,784	4,373,784	4,299,839	(73,945)	1,989,853	1,989,853	2,087,671	97,818
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	3,383,302	3,383,302	3,372,888	10,414	1,705,441	1,705,441	1,677,333	28,108
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,383,302	3,383,302	3,372,888	10,414	1,705,441	1,705,441	1,677,333	28,108
Revenues over (under) expenditures	990,482	990,482	926,951	(63,531)	284,412	284,412	410,338	125,926
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(150,000)	(150,000)	(150,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	-	-	-	-	-
Net change in fund balances	$ 840,482	$ 840,482	776,951	$ (63,531)	$ 284,412	$ 284,412	410,338	$ 125,926
Fund balance (deficit), beginning of year			899,585				1,603,214	
Fund balances (deficit), end of year			$ 1,676,536				$ 2,013,552	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Light Maintenance Districts Fund				Park Maintenance Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	835	835	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	2,150,000	2,150,000	2,101,619	(48,381)	579,108	579,108	567,582	(11,526)
Other	8,034	8,034	11,402	3,368	19,675	19,675	3,460	(16,215)
Total revenues	2,158,034	2,158,034	2,113,856	(44,178)	598,783	598,783	571,042	(27,741)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,101,972	2,101,972	1,948,565	153,407	549,461	683,061	682,303	758
Capital outlay	5,000	5,000	-	5,000	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	2,106,972	2,106,972	1,948,565	158,407	549,461	683,061	682,303	758
Revenues over (under) expenditures	51,062	51,062	165,291	114,229	49,322	(84,278)	(111,261)	(26,983)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ 51,062	$ 51,062	165,291	$ 114,229	$ 49,322	$ (84,278)	(111,261)	$ (26,983)
Fund balance (deficit), beginning of year			867,793				396,589	
Fund balances (deficit), end of year			$ 1,033,084				$ 285,328	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Storm Sewer Fund				Tax Increment Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ 54,000	$ 54,000	$ 118,926	$ 64,926
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	10,970	10,970	-	-	857,757	857,757
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	3,144,440	3,144,440	3,110,792	(33,648)	-	-	-	-
Other	76,150	76,150	85,630	9,480	43,498	43,498	133,589	90,091
Total revenues	3,220,590	3,220,590	3,207,392	(13,198)	97,498	97,498	1,110,272	1,012,774
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	894,739	894,739	980,852	(86,113)	4,304,041	4,319,041	1,958,502	2,360,539
Capital outlay	2,541,743	3,441,743	1,644,984	1,796,759	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,436,482	4,336,482	2,625,836	1,710,646	4,304,041	4,319,041	1,958,502	2,360,539
Revenues over (under) expenditures	(215,892)	(1,115,892)	581,556	1,697,448	(4,206,543)	(4,221,543)	(848,230)	3,373,313
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(997,443)	(997,443)	(846,000)	151,443	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	44,423	44,423	-	-	-	-
Total other financing sources (uses)	(997,443)	(997,443)	(801,577)	195,866	-	-	-	-
Net change in fund balances	$(1,213,335)	$(2,113,335)	(220,021)	$ 1,893,314	$(4,206,543)	$(4,221,543)	(848,230)	$ 3,373,313
Fund balance (deficit), beginning of year			2,586,351				4,287,168	
Fund balances (deficit), end of year			$ 2,366,330				$ 3,438,938	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Park Program Fund				Police Programs Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	570,907	1,297,414	1,001,969	(295,445)
Charges for services	-	-	-	-	-	76,203	69,527	(6,676)
Fines and forteitures	-	-	-	-	105,000	140,000	106,099	(33,901)
Special assessments	-	-	-	-	-	-	-	-
Other	184,000	184,000	121,975	(62,025)	13,469	33,086	32,066	(1,020)
Total revenues	184,000	184,000	121,975	(62,025)	689,376	1,546,703	1,209,661	(337,042)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	413,642	461,562	376,663	84,899
Operations and maintenance	52,536	53,525	20,185	33,340	271,465	398,372	274,471	123,901
Capital outlay	12,494	12,494	7,303	5,191	27,210	811,220	556,319	254,901
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	65,030	66,019	27,488	38,531	712,317	1,671,154	1,207,453	463,701
Revenues over (under) expenditures	118,970	117,981	94,487	(23,494)	(22,941)	(124,451)	2,208	126,659
Other financing sources (uses):								
Transfers in	-	-	20,000	20,000	1,600	1,600	1,600	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	304,397	304,397	-	-	-	-
Total other financing sources (uses)	-	-	324,397	324,397	1,600	1,600	1,600	-
Net change in fund balances	$ 118,970	$ 117,981	418,884	$ 300,903	$ (21,341)	$ (122,851)	3,808	$ 126,659
Fund balance (deficit), beginning of year			1,289,059				541,279	
Fund balances (deficit), end of year			$ 1,707,943				$ 545,087	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Amend Park Fund				Transportation Enhancement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	780,800	1,385,457	500,453	(885,004)
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	9,500	9,500	4,889	(4,611)	-	-	-	-
Total revenues	9,500	9,500	4,889	(4,611)	780,800	1,385,457	500,453	(885,004)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	525	525	525	-	-	-	-	-
Capital outlay	-	-	-	-	781,533	1,386,190	520,522	865,668
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	525	525	525	-	781,533	1,386,190	520,522	865,668
Revenues over (under) expenditures	8,975	8,975	4,364	(4,611)	(733)	(733)	(20,069)	(19,336)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(8,975)	(8,975)	(4,889)	4,086	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(8,975)	(8,975)	(4,889)	4,086	-	-	-	-
Net change in fund balances	$ -	$ -	(525)	$ (525)	$ (733)	$ (733)	(20,069)	$ (19,336)
Fund balance (deficit), beginning of year			203,266				-	
Fund balances (deficit), end of year			$ 202,741				$ (20,069)	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	City-County Planning Fund				Building Inspection Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 296,500	$ 296,500	$ 340,887	$ 44,387	$ -	$ -	$ -	$ -
Licenses and permits	33,100	33,100	17,765	(15,335)	1,525,600	1,525,600	1,174,335	(351,265)
Intergovernmental	581,534	595,736	541,154	(54,582)	-	-	-	-
Charges for services	324,640	379,615	310,750	(68,865)	1,500	1,500	340	(1,160)
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	1,006	1,006	414	(592)	31,229	31,229	23,687	(7,542)
Total revenues	1,236,780	1,305,957	1,210,970	(94,987)	1,558,329	1,558,329	1,198,362	(359,967)
Expenditures:								
Current:								
Salaries and benefits	847,806	847,806	801,845	45,961	1,209,886	1,209,886	1,236,010	(26,124)
Operations and maintenance	432,005	446,207	320,749	125,458	526,594	526,594	441,413	85,181
Capital outlay	-	-	-	-	33,552	33,552	-	33,552
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	1,279,811	1,294,013	1,122,594	171,419	1,770,032	1,770,032	1,677,423	92,609
Revenues over (under) expenditures	(43,031)	11,944	88,376	76,432	(211,703)	(211,703)	(479,061)	(267,358)
Other financing sources (uses):								
Transfers in	41,000	41,000	41,000	-	-	-	-	-
Transfers out	(2,607)	(2,607)	(2,607)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	38,393	38,393	38,393	-	-	-	-	-
Net change in fund balances	$ (4,638)	$ 50,337	126,769	$ 76,432	$ (211,703)	$ (211,703)	(479,061)	$ (267,358)
Fund balance (deficit), beginning of year			160,983				1,101,872	
Fund balances (deficit), end of year			$ 287,752				$ 622,811	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Street & Traffic Fund				City Attorney Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	520,095	520,095	519,974	(121)	90,000	90,000	90,000	-
Charges for services	4,541,435	4,541,435	4,488,614	(52,821)	-	-	-	-
Fines and forteitures	-	-	-	-	57,000	57,000	69,625	12,625
Special assessments	-	-	-	-	-	-	-	-
Other	30,474	30,474	68,828	38,354	9	9	41	32
Total revenues	5,092,004	5,092,004	5,077,416	(14,588)	147,009	147,009	159,666	12,657
Expenditures:								
Current:								
Salaries and benefits	2,649,857	2,723,857	2,718,287	5,570	215,542	215,542	207,503	8,039
Operations and maintenance	2,298,066	2,298,066	2,212,642	85,424	1,200	1,200	1,200	-
Capital outlay	32,000	32,000	45,904	(13,904)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	4,979,923	5,053,923	4,976,833	77,090	216,742	216,742	208,703	8,039
Revenues over (under) expenditures	112,081	38,081	100,583	62,502	(69,733)	(69,733)	(49,037)	20,696
Other financing sources (uses):								
Transfers in	160,000	160,000	160,000	-	69,733	69,733	54,213	(15,520)
Transfers out	(811,980)	(811,980)	(811,980)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(651,980)	(651,980)	(651,980)	-	69,733	69,733	54,213	(15,520)
Net change in fund balances	$ (539,899)	$ (613,899)	(551,397)	$ 62,502	$ -	$ -	5,176	$ 5,176
Fund balance (deficit), beginning of year			1,622,576				1,705	
Fund balances (deficit), end of year			$ 1,071,179				$ 6,881	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Fire Programs Fund				Municipal Court Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	44,167	180,065	105,840	(74,225)	113,700	366,186	255,785	(110,401)
Charges for services	-	-	-	-	-	30,000	80	(29,920)
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	1,754	1,754	2,191	437	-	-	-	-
Total revenues	45,921	181,819	108,031	(73,788)	113,700	396,186	255,865	(140,321)
Expenditures:								
Current:								
Salaries and benefits	-	6,266	7,330	(1,064)	45,000	81,895	61,544	20,351
Operations and maintenance	47,485	162,367	75,555	86,812	103,700	349,291	193,664	155,627
Capital outlay	-	42,257	39,901	2,356	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	47,485	210,890	122,786	88,104	148,700	431,186	255,208	175,978
Revenues over (under) expenditures	(1,564)	(29,071)	(14,755)	14,316	(35,000)	(35,000)	657	35,657
Other financing sources (uses):								
Transfers in	-	27,507	27,507	-	35,000	35,000	-	(35,000)
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	27,507	27,507	-	35,000	35,000	-	(35,000)
Net change in fund balances	$ (1,564)	$ (1,564)	12,752	$ 14,316	$ -	$ -	657	$ 657
Fund balance (deficit), beginning of year			43,887				5,312	
Fund balances (deficit), end of year			$ 56,639				$ 5,969	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Downtown Revolving Loan Fund				Baseball Field / Stadium Donation For Capital Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forteitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	901,104	901,104	531,362	(369,742)	105,500	110,460	70,443	(40,017)
Total revenues	901,104	901,104	531,362	(369,742)	105,500	110,460	70,443	(40,017)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	1,056,600	1,056,600	250,051	806,549	-	4,960	4,959	1
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	743,400	743,400	427,463	315,937	-	-	-	-
Interest and fiscal charges	100,000	100,000	37,537	62,463	-	-	-	-
Total expenditures	1,900,000	1,900,000	715,051	1,184,949	-	4,960	4,959	1
Revenues over (under) expenditures	(998,896)	(998,896)	(183,689)	815,207	105,500	105,500	65,484	(40,016)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	1,000,000	1,000,000	212,769	(787,231)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,000,000	1,000,000	212,769	(787,231)	-	-	-	-
Net change in fund balances	$ 1,104	$ 1,104	29,080	$ 27,976	$ 105,500	$ 105,500	65,484	$ (40,016)
Fund balance (deficit), beginning of year			71,283				199,084	
Fund balances (deficit), end of year			$ 100,363				$ 264,568	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Arterial Fees Fund				Total Nonmajor Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ 1,234,168	$ 1,234,168	$ 1,437,722	203,554
Licenses and permits	-	-	-	-	1,558,700	1,558,700	1,192,100	(366,600)
Intergovernmental	1,028,600	1,028,600	-	(1,028,600)	10,981,313	12,715,063	9,238,347	(3,476,716)
Charges for services	-	-	-	-	5,402,995	5,564,173	5,250,844	(313,329)
Fines and forfeitures	-	-	-	-	251,000	286,000	277,085	(8,915)
Special assessments	2,733,099	2,733,099	2,960,562	227,463	14,843,703	14,843,703	14,990,403	146,700
Other	90,002	90,002	29,702	(60,300)	1,972,059	1,996,636	1,819,575	(177,061)
Total revenues	3,851,701	3,851,701	2,990,264	(861,437)	36,243,938	38,198,443	34,206,076	(3,992,367)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	7,371,580	7,536,661	7,356,894	179,767
Operations and maintenance	117,629	117,629	114,421	3,208	22,582,725	23,173,396	17,806,903	5,366,493
Capital outlay	5,653,106	5,653,106	4,138,900	1,514,206	16,074,357	18,405,281	9,226,271	9,179,010
Debt service:								
Principal	-	-	-	-	743,400	743,400	427,463	315,937
Interest and fiscal charges	180,202	180,202	70,531	109,671	280,202	280,202	108,068	172,134
Total expenditures	5,950,937	5,950,937	4,323,852	1,627,085	47,052,264	50,138,940	34,925,599	15,213,341
Revenues over (under) expenditures	(2,099,236)	(2,099,236)	(1,333,588)	765,648	(10,808,326)	(11,940,497)	(719,523)	11,220,974
Other financing sources (uses):								
Transfers in	-	3,144,882	-	(3,144,882)	1,252,725	4,550,114	1,253,730	(3,296,384)
Transfers out	-	-	-	-	(1,996,509)	(1,996,509)	(1,840,980)	155,529
Issuance of debt	-	-	-	-	1,000,000	1,000,000	212,769	(787,231)
Sale of capital assets	-	-	-	-	400	400	647,193	646,793
Total other financing sources (uses)	-	3,144,882	-	(3,144,882)	256,616	3,554,005	272,712	(3,281,293)
Net change in fund balances	$ (2,099,236)	$ 1,045,646	(1,333,588)	$ (2,379,234)	$ (10,551,710)	$ (8,386,492)	(446,811)	$ 7,939,681
Fund balance (deficit), beginning of year			(35,147)				25,477,487	
Fund balances (deficit), end of year			$ (1,368,735)				$ 25,030,676	

NONMAJOR DEBT SERVICE FUNDS

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

- The Storm Sewer Fund accounts for the payment of debt used for the construction of storm sewers.
- The Series 2000 Parks Fund accounts for payment of debt used for City-wide park improvements.
- The Series 2004A Street Improvements Fund accounts for payment of debt used for City-wide street improvements.
- The Series 2007A Baseball Field/Stadium Fund accounts for payment of debt used for the construction of the new baseball field and stadium.
- The Series 2007B Baseball Field/Stadium Fund accounts for payment of debt used for the construction of certain portions of the new baseball field and stadium that will be donated from individual pledges.
- The Sidewalk and Curb Districts Fund accounts for the accumulation for and payment of special assessment debt used for the construction of sidewalks and curbs.

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2009

	Storm Sewer Fund	Series 2000 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
Assets							
Cash and cash equivalents	$ 230,934	$ 38,067	$ 49,488	$ 51,996	$ 130,800	$ 91,918	$ 593,203
Cash with fiscal agent	968,080	-	286,121	602,872	188,410	37,366	2,082,849
Investments	773,022	126,963	165,404	173,174	-	311,772	1,550,335
Receivables:							
Property taxes	-	9,646	24,693	55,162	-	-	89,501
Delinquent special assessments	-	-	-	-	-	21,744	21,744
Deferred special assessments	-	-	-	-	-	970,103	970,103
Accrued interest	6,678	555	1,678	2,110	-	1,922	12,943
Notes	-	-	-	-	1,304,479	-	1,304,479
Total assets	$ 1,978,714	$ 175,231	$ 527,384	$ 885,314	$ 1,623,689	$ 1,434,825	$ 6,625,157
Liabilities and Fund Balances							
Liabilities:							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ 263,746	$ 263,746
Other liabilities	-	-	-	-	-	70,000	70,000
Deferred revenue	-	6,207	15,938	35,350	1,304,479	983,505	2,345,479
Total liabilities	-	6,207	15,938	35,350	1,304,479	1,317,251	2,679,225
Fund balances:							
Reserved for - debt service	1,978,714	169,024	511,446	849,964	319,210	117,574	3,945,932
Total fund balances	1,978,714	169,024	511,446	849,964	319,210	117,574	3,945,932
Total liabilities and fund balances	$ 1,978,714	$ 175,231	$ 527,384	$ 885,314	$ 1,623,689	$ 1,434,825	$ 6,625,157

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009

	Storm Sewer Fund	Series 2000 Parks Fund	Series 2004A Street Improvements Fund	Series 2007A Baseball Field/Stadium Fund	Series 2007B Baseball Field/Stadium Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
REVENUES:							
Taxes	$ -	$ 164,900	$ 419,964	$ 928,500	$ -	$ -	$ 1,513,364
Special assessments	-	-	-	-	-	373,166	373,166
Other	27,649	1,594	5,281	5,724	105,146	7,007	152,401
Total revenues	27,649	166,494	425,245	934,224	105,146	380,173	2,038,931
EXPENDITURES:							
Debt service:							
Principal	920,000	70,000	200,000	325,000	145,000	379,000	2,039,000
Interest and fiscal charges	77,693	72,393	167,496	463,179	69,741	66,397	916,899
Total expenditures	997,693	142,393	367,496	788,179	214,741	445,397	2,955,899
Revenues over (under) expenditures	(970,044)	24,101	57,749	146,045	(109,595)	(65,224)	(916,968)
Other financing sources:							
Transfers in	846,000	-	-	-	-	65,052	911,052
Total other financing sources	846,000	-	-	-	-	65,052	911,052
Net change in fund balances	(124,044)	24,101	57,749	146,045	(109,595)	(172)	(5,916)
Fund balance, beginning of year	2,102,758	144,923	453,697	703,919	428,805	117,746	3,951,848
Fund balances at end of year	$ 1,978,714	$ 169,024	$ 511,446	$ 849,964	$ 319,210	$ 117,574	$ 3,945,932

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Storm Sewer Fund				Series 2000 Parks Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ 148,767	$ 148,767	$ 164,900	$ 16,133
Special assessments	-	-	-	-	-	-	-	-
Other	30,026	30,026	27,649	(2,377)	739	739	1,594	855
Total revenues	30,026	30,026	27,649	(2,377)	149,506	149,506	166,494	16,988
Expenditures:								
Current:								
Principal	920,000	920,000	920,000	-	70,000	70,000	70,000	-
Interest and fiscal charges	77,443	77,693	77,693	-	72,393	72,393	72,393	-
Total expenditures	997,443	997,693	997,693	-	142,393	142,393	142,393	-
Revenues over (under) expenditures	(967,417)	(967,667)	(970,044)	(2,377)	7,113	7,113	24,101	16,988
Other financing sources:								
Transfers in	997,443	997,443	846,000	(151,443)	-	-	-	-
Total other financing sources	997,443	997,443	846,000	(151,443)	-	-	-	-
Net change in fund balances	$ 30,026	$ 29,776	$ (124,044)	$ (153,820)	$ 7,113	$ 7,113	$ 24,101	$ 16,988
Fund balance, beginning of year			2,102,758				144,923	
Fund balances at end of year			$ 1,978,714				$ 169,024	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Series 2004A Street Improvements Fund				Series 2007A Baseball Field / Stadium Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ 379,070	$ 379,070	$ 419,964	$ 40,894	$ 858,272	$ 858,272	$ 928,500	$ 70,228
Special assessments	-	-	-	-	-	-	-	-
Other	2,303	2,303	5,281	2,978	485	485	5,724	5,239
Total revenues	381,373	381,373	425,245	43,872	858,757	858,757	934,224	75,467
Expenditures:								
Current:								
Principal	200,000	200,000	200,000	-	325,000	325,000	325,000	-
Interest and fiscal charges	167,746	167,746	167,496	250	463,206	463,206	463,179	27
Total expenditures	367,746	367,746	367,496	250	788,206	788,206	788,179	27
Revenues over (under) expenditures	13,627	13,627	57,749	44,122	70,551	70,551	146,045	75,494
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	$ 13,627	$ 13,627	$ 57,749	$ 44,122	$ 70,551	$ 70,551	$ 146,045	$ 75,494
Fund balance, beginning of year			453,697				703,919	
Fund balances at end of year			$ 511,446				$ 849,964	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Series 2007B Baseball Field / Stadium Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	558,249	558,249	373,166	(185,083)
Other	255,085	255,085	105,146	(149,939)	4,200	4,200	7,007	2,807
Total revenues	255,085	255,085	105,146	(149,939)	562,449	562,449	380,173	(182,276)
Expenditures:								
Current:								
Principal	145,000	145,000	145,000	-	425,000	425,000	379,000	46,000
Interest and fiscal charges	69,741	69,741	69,741	-	78,274	78,274	66,397	11,877
Total expenditures	214,741	214,741	214,741	-	503,274	503,274	445,397	57,877
Revenues over (under) expenditures	40,344	40,344	(109,595)	(149,939)	59,175	59,175	(65,224)	(124,399)
Other financing sources:								
Transfers in	-	-	-	-	-	65,053	65,052	(1)
Total other financing sources	-	-	-	-	-	65,053	65,052	(1)
Net change in fund balances	$ 40,344	$ 40,344	$ (109,595)	$ (149,939)	$ 59,175	$ 124,228	$ (172)	$(124,400)
Fund balance, beginning of year			428,805				117,746	
Fund balances at end of year			$ 319,210				$ 117,574	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Total Nonmajor Debt Service Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$1,386,109	$ 1,386,109	$ 1,513,364	$ 127,255
Special assessments	558,249	558,249	373,166	(185,083)
Other	292,838	292,838	152,401	(140,437)
Total revenues	2,237,196	2,237,196	2,038,931	(198,265)
Expenditures:				
Current:				
Principal	2,085,000	2,085,000	2,039,000	46,000
Interest and fiscal charges	928,803	929,053	916,899	12,154
Total expenditures	3,013,803	3,014,053	2,955,899	58,154
Revenues over (under) expenditures	(776,607)	(776,857)	(916,968)	(140,111)
Other financing sources:				
Transfers in	997,443	1,062,496	911,052	(151,444)
Total other financing sources	997,443	1,062,496	911,052	(151,444)
Net change in fund balances	$ 220,836	$ 285,639	$ (5,916)	$ (291,555)
Fund balance, beginning of year			3,951,848	
Fund balances at end of year			$ 3,945,932	

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.
- Tax Increment South Fund accounts for the capital infrastructure and road improvements in the South Billings Tax Increment District, which includes a portion of King Avenue East.
- 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 Fire Station #7 Construction Fund is used to construct a new fire station located at 54th and Grand Ave.
- The Capital Replacement Fund is used for capital replacement for governmental funds.
- The Series 2000 Parks Improvements Fund accounts for the construction of city-wide parks improvements which were financed by general obligation bonds.
- The Aquatic Facilities Construction Fund accounts for construction of aquatic facilities.
- The Baseball Field / Stadium Construction Fund accounts for the demolition of the existing Cobb Field, and for the construction of the new baseball field and stadium.

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2009
(Page 1 of 2)

	Urban Renewal Property Acquisition Fund	Tax Increment South Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Fire Station #7 Construction Fund	Capital Replacement Fund	Series 2000 Parks Improvements Fund
Assets							
Cash and cash equivalents	$ 8,611	$ 102,472	$ 1,306	$ 84,746	$ -	$ 1,516,272	$ 27,771
Investments	29,230	340,557	4,386	285,620	-	5,089,341	93,595
Receivables:							
Accrued interest	253	4,452	36	2,243	-	39,172	1,215
Receivables from other government	-	-	-	-	-	-	31,781
Property held for resale	335,328	-	-	-	-	-	-
Total assets	$ 373,422	$ 447,481	$ 5,728	$ 372,609	$ -	$ 6,644,785	$ 154,362
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 905	$ 324,869	$ 17,633	$ 109,003	$ -	$ 24,618	$ 27,438
Due to other funds	-	-	230,624	56,621	-	-	-
Total liabilities	905	324,869	248,257	165,624	-	24,618	27,438
Fund balance (deficit)							
Reserved for:							
Encumbrances	-	89,303	183,594	3,040	-	72,361	87,203
Property held for resale	335,328	-	-	-	-	-	-
Unreserved-undesignated	37,189	33,309	(426,123)	203,945	-	6,547,806	39,721
Total fund balance (deficit)	372,517	122,612	(242,529)	206,985	-	6,620,167	126,924
Total liabilities and fund balances	$ 373,422	$ 447,481	$ 5,728	$ 372,609	$ -	$ 6,644,785	$ 154,362

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2009
(Page 2 of 2)

	Aquatic Facilities Construction Fund	Baseball Field/Stadium Construction Fund	Total Nonmajor Capital Projects Funds
Assets			
Cash and cash equivalents	$ 8,194	$ 11,446	$ 1,760,818
Investments	25,256	45,330	5,913,315
Receivables:			
Accrued interest	207	920	48,498
Receivables from other government	-	-	31,781
Property held for resale	-	-	335,328
Total assets	$ 33,657	$ 57,696	$ 8,089,740
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 108,466	$ 612,932
Due to other funds	-	-	287,245
Total liabilities	-	108,466	900,177
Fund balance (deficit)			
Reserved for:			
Encumbrances	-	27,250	462,751
Property held for resale	-	-	335,328
Unreserved-undesignated	33,657	(78,020)	6,391,484
Total fund balance (deficit)	33,657	(50,770)	7,189,563
Total liabilities and fund balances	$ 33,657	$ 57,696	$ 8,089,740

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Urban Renewal Property Acquisition Fund	Tax Increment South Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Fire Station #7 Construction Fund	Capital Replacement Fund	Series 2000 Parks Improvements Fund
REVENUES:							
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,216
Other	1,106	8,938	173	381,708	-	198,571	27,024
Total revenues	1,106	8,938	173	381,708	-	198,571	65,240
EXPENDITURES:							
Capital outlay	12,389	4,145,787	137,652	1,292,036	1,037	1,592,832	189,255
Debt service:							
Bond issuance costs	-	177,043	4,124	30,751	-	-	-
Total expenditures	12,389	4,322,830	141,776	1,322,787	1,037	1,592,832	189,255
Revenues over (under) expenditures	(11,283)	(4,313,892)	(141,603)	(941,079)	(1,037)	(1,394,261)	(124,015)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	1,613,919	-
Transfers out	-	(266,529)	-	-	-	-	-
Bond discount costs	-	(134,000)	-	(18,275)	-	-	-
Special assessment bonds issued	-	5,360,000	230,000	1,075,000	-	-	-
Total other financing sources (uses)	-	4,959,471	230,000	1,056,725	-	1,613,919	-
Net change in fund balances	(11,283)	645,579	88,397	115,646	(1,037)	219,658	(124,015)
Fund balance (deficit), beginning of year	383,800	(522,967)	(330,926)	91,339	1,037	6,400,509	250,939
Fund balance (deficit), end of year	$ 372,517	$ 122,612	$ (242,529)	$ 206,985	$ -	$ 6,620,167	$ 126,924

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2009
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	Aquatic Facilities Construction Fund	Baseball Field/Stadium Construction Fund	Total Nonmajor Capital Projects Funds
REVENUES:			
Intergovernmental	$ -	$ -	$ 38,216
Other	849	159,805	778,174
Total revenues	849	159,805	816,390
EXPENDITURES:			
Capital outlay	-	313,211	7,684,199
Debt service:			
Bond issuance costs	-	-	211,918
Total expenditures	-	313,211	7,896,117
Revenues over (under) expenditures	849	(153,406)	(7,079,727)
Other financing sources (uses):			
Transfers in	-	-	1,613,919
Transfers out	-	-	(266,529)
Bond discount costs	-	-	(152,275)
Special assessment bonds issued	-	-	6,665,000
Total other financing sources (uses)	-	-	7,860,115
Net change in fund balances	849	(153,406)	780,388
Fund balance (deficit), beginning of year	32,808	102,636	6,409,175
Fund balance (deficit), end of year	$ 33,657	$ (50,770)	$ 7,189,563

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Urban Renewal Property Acquisition Fund				Tax Increment - South Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	101,657	101,657	1,106	(100,551)	-	-	8,938	8,938
Total revenues	101,657	101,657	1,106	(100,551)	-	-	8,938	8,938
Expenditures:								
Capital outlay	90,071	90,071	12,389	77,682	4,560,807	5,160,807	4,145,787	1,015,020
Debt service:								
Bond issuance costs	-	-	-	-	1,474	1,474	177,043	(175,569)
Total expenditures	90,071	90,071	12,389	77,682	4,562,281	5,162,281	4,322,830	839,451
Revenues over (under) expenditures	11,586	11,586	(11,283)	(22,869)	(4,562,281)	(5,162,281)	(4,313,892)	848,389
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(266,530)	(266,529)	1
Bond discount costs	-	-	-	-	-	-	(134,000)	(134,000)
Special assessment bonds issued	-	-	-	-	4,500,000	4,500,000	5,360,000	860,000
Total other financing sources (uses)	-	-	-	-	4,500,000	4,233,470	4,959,471	726,001
Net change in fund balances	$ 11,586	$ 11,586	(11,283)	$ (22,869)	$ (62,281)	$ (928,811)	645,579	$ 1,574,390
Fund balance (deficit), beginning of year			383,800				(522,967)	
Fund balance (deficit), end of year			$ 372,517				$ 122,612	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Sidewalk and Curb Districts Fund				Special Improvement Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	173	173	-	-	381,708	381,708
Total revenues	-	-	173	173	-	-	381,708	381,708
Expenditures:								
Capital outlay	785,028	785,028	137,652	647,376	6,977,482	6,977,482	1,292,036	5,685,446
Debt service:								
Bond issuance costs	-	-	4,124	(4,124)	-	-	30,751	(30,751)
Total expenditures	785,028	785,028	141,776	643,252	6,977,482	6,977,482	1,322,787	5,654,695
Revenues over (under) expenditures	(785,028)	(785,028)	(141,603)	643,425	(6,977,482)	(6,977,482)	(941,079)	6,036,403
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	(18,275)	(18,275)
Special assessment bonds issued	761,421	761,421	230,000	(531,421)	6,224,571	6,224,571	1,075,000	(5,149,571)
Total other financing sources (uses)	761,421	761,421	230,000	(531,421)	6,224,571	6,224,571	1,056,725	(5,167,846)
Net change in fund balances	$ (23,607)	$ (23,607)	88,397	$ 112,004	$ (752,911)	$ (752,911)	115,646	$ 868,557
Fund balance (deficit), beginning of year			(330,926)				91,339	
Fund balance (deficit), end of year			$ (242,529)				$ 206,985	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Fire Station #7 Construction Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	171,460	171,460	198,571	27,111
Total revenues	-	-	-	-	171,460	171,460	198,571	27,111
Expenditures:								
Capital outlay	1,037	1,037	1,037	-	2,002,482	2,002,482	1,592,832	409,650
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,037	1,037	1,037	-	2,002,482	2,002,482	1,592,832	409,650
Revenues over (under) expenditures	(1,037)	(1,037)	(1,037)	-	(1,831,022)	(1,831,022)	(1,394,261)	436,761
Other financing sources (uses):								
Transfers in	-	-	-	-	1,613,919	1,613,919	1,613,919	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,613,919	1,613,919	1,613,919	-
Net change in fund balances	$ (1,037)	$ (1,037)	(1,037)	$ -	$ (217,103)	$ (217,103)	219,658	$ 436,761
Fund balance (deficit), beginning of year			1,037				6,400,509	
Fund balance (deficit), end of year			$ -				$ 6,620,167	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Series 2000 Parks Improvements Fund				Aquatic Facilities Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Intergovernmental	$ -	$ -	$ 38,216	$ 38,216	$ -	$ -	$ -	$ -
Other	31,306	31,306	27,024	(4,282)	923	923	849	(74)
Total revenues	31,306	31,306	65,240	33,934	923	923	849	(74)
Expenditures:								
Capital outlay	372,784	372,784	189,255	183,529	-	20,000	-	20,000
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	372,784	372,784	189,255	183,529	-	20,000	-	20,000
Revenues over (under) expenditures	(341,478)	(341,478)	(124,015)	217,463	923	(19,077)	849	19,926
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	$ (341,478)	$ (341,478)	(124,015)	$ 217,463	$ 923	$ (19,077)	849	$ 19,926
Fund balance (deficit), beginning of year			250,939				32,808	
Fund balance (deficit), end of year			$ 126,924				$ 33,657	

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CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For The Fiscal Year Ended June 30, 2009
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	Baseball Field/Stadium Construction Fund				Total Nonmajor Capital Project Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Intergovernmental	$ -	$ 328,300	$ -	$ (328,300)	$ -	$ 328,300	$ 38,216	$ (290,084)
Other	969	161,811	159,805	(2,006)	306,315	467,157	778,174	311,017
Total revenues	969	490,111	159,805	(330,306)	306,315	795,457	816,390	20,933
Expenditures:								
Capital outlay	98,778	587,920	313,211	274,709	14,888,469	15,997,611	7,684,199	8,313,412
Debt service:								
Bond issuance costs	-	-	-	-	1,474	1,474	211,918	(210,444)
Total expenditures	98,778	587,920	313,211	274,709	14,889,943	15,999,085	7,896,117	8,102,968
Revenues over (under) expenditures	(97,809)	(97,809)	(153,406)	(55,597)	(14,583,628)	(15,203,628)	(7,079,727)	8,123,901
Other financing sources (uses):								
Transfers in	-	-	-	-	1,613,919	1,613,919	1,613,919	-
Transfers out	-	-	-	-	-	(266,530)	(266,529)	1
Bond discount costs	-	-	-	-	-	-	(152,275)	(152,275)
Special assessment bonds issued	-	-	-	-	11,485,992	11,485,992	6,665,000	(4,820,992)
Total other financing sources (uses)	-	-	-	-	13,099,911	12,833,381	7,860,115	(4,973,266)
Net change in fund balances	$ (97,809)	$ (97,809)	(153,406)	$ (55,597)	$(1,483,717)	$(2,370,247)	780,388	$ 3,150,635
Fund balance (deficit), beginning of year			102,636				6,409,175	
Fund balance (deficit), end of year			$ (50,770)				$ 7,189,563	

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, 2009

	Cemetery Perpetual Care Fund
Assets	
Cash and cash equivalents	$ 135,174
Investments	452,658
Accrued interest receivable	3,420
Total assets	$ 591,252
Fund Balance	
Fund balance:	
Reserved for endowments	$ 591,252
Total fund balance	$ 591,252

CITY OF BILLINGS, MONTANA
Nonmajor Permanent Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For The Fiscal Year Ended June 30, 2009

	Cemetery Perpetual Care Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	$ 12,600	$ 12,600	$ 12,090	$ (510)
Other	15,475	15,475	14,056	(1,419)
Total revenues	28,075	28,075	26,146	(1,929)
Other financing sources (uses):				
Transfers out	(15,475)	(15,475)	(14,056)	1,419
Total other financing sources (uses)	(15,475)	(15,475)	(14,056)	1,419
Net change in fund balances	$ 12,600	$ 12,600	12,090	$ (510)
			579,162	
			$ 591,252	

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 operations 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 Assets
June 30, 2009
(Page 1 of 2)

Assets	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Current assets:			
Cash and cash equivalents	$ 441,117	$ 121,722	$ 562,839
Restricted cash and cash equivalents with fiscal agent	-	649	649
Investments	1,466,058	-	1,466,058
Receivables:			
Property taxes	85,318	-	85,318
Accounts and unbilled usage	36,056	2,943	38,999
Accrued interest	7,316	-	7,316
Receivables from other governments	476,871	-	476,871
Inventories	-	659	659
Prepaid items	-	4,873	4,873
Total current assets	2,512,736	130,846	2,643,582
Noncurrent assets:			
Property and equipment:			
Land	1,435,291	-	1,435,291
Buildings	3,440,770	1,181,228	4,621,998
Improvements other than buildings	987,849	-	987,849
Equipment and vehicles	8,438,164	-	8,438,164
Constuction in progress	3,608,138	-	3,608,138
Less: accumulated depreciation	(6,847,652)	(648,573)	(7,496,225)
Total noncurrent assets	11,062,560	532,655	11,595,215
Total assets	13,575,296	663,501	14,238,797

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Net Assets
June 30, 2009
(Page 2 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Liabilities			
Current liabilities:			
Accounts payable	650,821	3,721	654,542
Accrued wages and benefits	131,305	38,425	169,730
Compensated absences	241,860	-	241,860
Total current liabilities	1,023,986	42,146	1,066,132
Noncurrent liabilities:			
Compensated absences	190,923	-	190,923
Other post employment benefits	100,670	-	100,670
Total noncurrent liabilities	291,593	-	291,593
Total liabilities	1,315,579	42,146	1,357,725
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	11,062,560	532,655	11,595,215
Unrestricted	1,197,157	88,700	1,285,857
Total net assets	$ 12,259,717	$ 621,355	$ 12,881,072

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For The Fiscal Year Ended June 30, 2009

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Fund
Operating revenues:			
Charges for services and use of facilities	$ 636,051	$ 422,905	$ 1,058,956
Operating expenses:			
Salaries and benefits	3,149,272	206,693	3,355,965
Supplies	675,206	53,416	728,622
Contracted services	306,952	11,379	318,331
Utilities	100,036	23,213	123,249
Other	177,734	37,844	215,578
Depreciation	919,258	68,385	987,643
Total operating expenses	5,328,458	400,930	5,729,388
Operating income (loss)	(4,692,407)	21,975	(4,670,432)
Nonoperating revenues (expenses):			
Taxes	1,744,254	-	1,744,254
Intergovernmental	2,125,077	-	2,125,077
Interest and investment income	35,242	558	35,800
Gain (loss) on sale of capital assets	-	(3,932)	(3,932)
Other	2,422	(10,000)	(7,578)
Total nonoperating revenue (expense)	3,906,995	(13,374)	3,893,621
Income (loss) before capital contributions and transfers	(785,412)	8,601	(776,811)
Capital contributions	2,416,028	-	2,416,028
Transfers out	-	(20,000)	(20,000)
Change in net assets	1,630,616	(11,399)	1,619,217
Net assets, beginning of year	10,629,101	632,754	11,261,855
Net assets, end of year	$ 12,259,717	$ 621,355	$ 12,881,072

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers and users	$ 306,620	$ 426,385	$ 733,005
Cash received from other sources	2,422	-	2,422
Cash paid to employees for services	(3,042,312)	(206,693)	(3,249,005)
Cash paid to suppliers and contracted services	(649,800)	(132,479)	(782,279)
Cash paid to other sources	-	(10,000)	(10,000)
Net cash provided (used) by operating activities	(3,383,070)	77,213	(3,305,857)
Cash flows from noncapital financing activities:			
Cash received from tax revenues	1,752,991	-	1,752,991
Cash received from intergovernmental revenues	2,125,077	-	2,125,077
Transfers to other funds	-	(20,000)	(20,000)
Net cash provided (used) by noncapital financing activities	3,878,068	(20,000)	3,858,068
Cash flows from capital and related financing activities:			
Capital contributions	2,416,028	-	2,416,028
Acquisition and construction of capital assets	(3,320,645)	(68,959)	(3,389,604)
Net cash provided (used) by capital and related financing activities	(904,617)	(68,959)	(973,576)
Cash flows from investing activities:			
Cash received from interest	35,508	559	36,067
Sale of investments	2,084,607	-	2,084,607
Purchase of investments	(2,052,935)	-	(2,052,935)
Net cash provided (used) by investing activities	67,180	559	67,739
Net increase (decrease) in cash and cash equivalents	(342,439)	(11,187)	(353,626)
Cash and cash equivalents, beginning of year	783,556	133,558	917,114
Cash and cash equivalents, end of year	$ 441,117	$ 122,371	$ 563,488
Cash and cash equivalents consists of:			
Cash and cash equivalents	$ 441,117	$ 121,722	$ 562,839
Restricted cash and cash equivalents with fiscal agent	-	649	649
Cash and cash equivalents, end of year	$ 441,117	$ 122,371	$ 563,488

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (4,692,407)	$ 21,975	$ (4,670,432)
Other nonoperating income (expense)	2,422	(10,000)	(7,578)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	919,258	68,385	987,643
(Increase) decrease in receivables	(17,558)	3,494	(14,064)
(Increase) decrease in receivables from other governments	(311,873)	-	(311,873)
(Increase) decrease in prepaid items	-	(14)	(14)
Increase (decrease) in accounts payable	610,128	(5,805)	604,323
Increase (decrease) in accrued liabilities	106,960	(822)	106,138
Net cash provided (used) by operating activities	$ (3,383,070)	$ 77,213	$ (3,305,857)
Noncash investing, capital and financing activities:			
Increase (decrease) in investment market value	4,115	-	4,115

INTERNAL SERVICE FUNDS

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

- The Motor Pool 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 City services.
- The Information Technology Fund accounts for technology services used in the operation of 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 Facility Management Fund accounts for amounts received for paying facilities management costs.
- The Public Works Administration Fund provides administration services to the Public Works operational divisions.

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
(Page 1 of 4)

Assets	Motor Pool Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Current assets:						
Cash and cash equivalents	$ 155,562	$ 28,772	$ 172,125	$ 503,164	$ 61,667	$ 417,984
Investments	515,272	96,478	576,577	1,687,293	206,715	1,407,906
Receivables:						
Accrued interest	3,671	737	3,754	13,296	1,380	12,139
Notes	50,000	-	-	-	-	-
Inventories	232,052	-	-	-	-	-
Prepaid items	-	-	9,000	-	-	-
Total current assets	956,557	125,987	761,456	2,203,753	269,762	1,838,029
Noncurrent assets:						
Notes receivable	800,000	-	-	-	-	-
Property and equipment:						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Equipment and vehicles	590,192	146,046	793,792	-	405,396	-
Less: accumulated depreciation	(317,911)	(87,783)	(538,590)	-	(356,052)	-
Total noncurrent assets	1,072,281	58,263	255,202	-	49,344	-
Total assets	2,028,838	184,250	1,016,658	2,203,753	319,106	1,838,029

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
(Page 2 of 4)

Assets	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Total Internal Service Funds
Current assets:				
Cash and cash equivalents	$ 128,637	$ 38,083	$ 71,059	$ 1,577,053
Investments	430,813	127,632	237,737	5,286,423
Receivables:				
Accrued interest	2,691	651	1,404	39,723
Notes	-	-	-	50,000
Inventories	-	-	-	232,052
Prepaid items	-	-	-	9,000
Total current assets	562,141	166,366	310,200	7,194,251
Noncurrent assets:				
Notes receivable	-	-	-	800,000
Property and equipment:				
Land	-	1,386,329	-	1,386,329
Buildings	385,655	8,963,489	-	9,349,144
Improvements other than buildings	19,692	1,986,847	-	2,006,539
Equipment and vehicles	1,216,958	53,369	-	3,205,753
Less: accumulated depreciation	(1,509,169)	(1,463,959)	-	(4,273,464)
Total noncurrent assets	113,136	10,926,075	-	12,474,301
Total assets	675,277	11,092,441	310,200	19,668,552

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
(Page 3 of 4)

	Motor Pool Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Liabilities						
Current liabilities:						
Accounts payable	33,618	5,863	53,650	115,997	4,360	33,356
Accrued wages and benefits	37,723	-	50,811	1,359	3,009	2,902
Compensated absences	86,637	-	122,245	-	676	9,032
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	700,000	-	-
Notes payable	-	-	-	-	-	-
Total current liabilities	157,978	5,863	226,706	817,356	8,045	45,290
Noncurrent liabilities:						
Compensated absences	68,390	-	96,499	-	533	7,130
Other post employment benefits	28,336	-	31,428	-	2,150	1,809
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	96,726	-	127,927	-	2,683	8,939
Total liabilities	254,704	5,863	354,633	817,356	10,728	54,229
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	272,281	58,263	255,202	-	49,344	-
Unrestricted	1,501,853	120,124	406,823	1,386,397	259,034	1,783,800
Total net assets	$ 1,774,134	$ 178,387	$ 662,025	$ 1,386,397	$ 308,378	$ 1,783,800

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
(Page 4 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Total Internal Service Funds
Liabilities				
Current liabilities:				
Accounts payable	3,614	38,948	1,566	290,972
Accrued wages and benefits	-	12,582	24,097	132,483
Compensated absences	-	16,586	56,906	292,082
Accrued interest payable	-	90,202	-	90,202
Incurred but not reported health benefits	-	-	-	700,000
Notes payable	-	264,809	-	264,809
Total current liabilities	3,614	423,127	82,569	1,770,548
Noncurrent liabilities:				
Compensated absences	-	13,093	44,921	230,566
Other post employment benefits	-	9,807	12,721	86,251
Notes payable	-	4,999,915	-	4,999,915
Total noncurrent liabilities	-	5,022,815	57,642	5,316,732
Total liabilities	3,614	5,445,942	140,211	7,087,280
Net Assets				
Net assets:				
Invested in capital assets, net of related debt	113,136	5,661,351	-	6,409,577
Unrestricted	558,527	(14,852)	169,989	6,171,695
Total net assets	$ 671,663	$ 5,646,499	$ 169,989	$ 12,581,272

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For The Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Motor Pool Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Operating revenues:						
Charges for services and use of facilities	$ 1,222,574	$ 86,373	$ 1,903,646	$ 8,834,274	$ 347,786	$ 2,120,611
Operating expenses:						
Salaries and benefits	928,712	-	1,297,524	8,448,300	97,470	76,103
Supplies	50,333	32,748	91,786	-	6,542	359
Contracted services	85,441	54,350	164,921	853,324	52,861	10,629
Utilities	6,394	-	52,318	-	143,479	-
Other	48,614	-	106,668	81,279	990	1,903,480
Depreciation	47,086	18,368	52,058	-	10,813	-
Total operating expenses	1,166,580	105,466	1,765,275	9,382,903	312,155	1,990,571
Operating income (loss)	55,994	(19,093)	138,371	(548,629)	35,631	130,040
Nonoperating revenues (expenses):						
Interest expense	-	-	-	-	-	-
Interest and investment income	13,552	3,131	13,881	58,523	5,462	55,980
Gain (loss) on sale of capital assets	1,844	-	-	-	-	-
Other	7,263	-	1,863	1,855	-	75,863
Total nonoperating revenue (expense)	22,659	3,131	15,744	60,378	5,462	131,843
Income (loss) before capital contributions and transfers	78,653	(15,962)	154,115	(488,251)	41,093	261,883
Capital contributions	-	-	-	-	5,510	-
Transfers in	-	-	-	-	-	-
Transfers out	(95,769)	-	-	-	-	-
Change in net assets	(17,116)	(15,962)	154,115	(488,251)	46,603	261,883
Net assets, beginning of year	1,791,250	194,349	507,910	1,874,648	261,775	1,521,917
Net assets, end of year	$ 1,774,134	$ 178,387	$ 662,025	$ 1,386,397	$ 308,378	$ 1,783,800

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For The Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Total Internal Service Funds
Operating revenues:				
Charges for services and use of facilities	$ 333,702	$ 980,794	$ 977,084	$ 16,806,844
Operating expenses:				
Salaries and benefits	-	294,876	625,358	11,768,343
Supplies	-	87,232	40,778	309,778
Contracted services	180,652	216,189	131,011	1,749,378
Utilities	16,646	269,323	15,788	503,948
Other	1,839	31,412	56,424	2,230,706
Depreciation	18,984	295,146	-	442,455
Total operating expenses	218,121	1,194,178	869,359	17,004,608
Operating income (loss)	115,581	(213,384)	107,725	(197,764)
Nonoperating revenues (expenses):				
Interest expense	-	(276,907)	-	(276,907)
Interest and investment income	9,222	3,522	5,041	168,314
Gain (loss) on sale of capital assets	-	-	-	1,844
Other	-	(108,859)	-	(22,015)
Total nonoperating revenue (expense)	9,222	(382,244)	5,041	(128,764)
Income (loss) before capital contributions and transfers	124,803	(595,628)	112,766	(326,528)
Capital contributions	-	-	-	5,510
Transfers in	-	532,055	-	532,055
Transfers out	-	-	-	(95,769)
Change in net assets	124,803	(63,573)	112,766	115,268
Net assets, beginning of year	546,860	5,710,072	57,223	12,466,004
Net assets, end of year	$ 671,663	$ 5,646,499	$ 169,989	$ 12,581,272

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 1 of 4)

	Motor Pool Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Cash flows from operating activities:						
Cash received from customers and users	$ -	$ -	$ -	$ -	$ -	$ -
Cash received from interfund services provided	1,222,574	86,373	1,903,646	8,834,274	347,786	2,120,611
Cash received from other sources	7,263	-	1,863	1,855	-	75,863
Cash paid to employees for services	(891,739)	-	(1,238,517)	(8,448,043)	(119,059)	(69,905)
Cash paid to suppliers and contracted services	(172,903)	(86,870)	(389,747)	(1,004,799)	(199,658)	(2,281,969)
Cash paid to other sources	-	-	-	-	-	-
Net cash provided (used) by operating activities	165,195	(497)	277,245	(616,713)	29,069	(155,400)
Cash flows from noncapital financing activities:						
Transfers to other funds	(95,769)	-	-	-	-	-
Loan repaid to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	(95,769)	-	-	-	-	-
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(22,680)	(86,051)	-	-	-
Proceeds from sales of capital assets	71,844	-	-	-	-	-
Cash paid for interest	-	-	-	-	-	-
Principal paid on notes payable and capital lease payable	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	71,844	(22,680)	(86,051)	-	-	-
Cash flows from investing activities:						
Cash received from interest	11,156	2,876	11,375	51,376	4,634	48,525
Sale of investments	548,135	133,273	584,189	2,354,884	234,861	1,812,437
Purchase of investments	(723,978)	(133,904)	(801,059)	(2,341,696)	(286,995)	(1,945,275)
Net cash provided by investing activities	(164,687)	2,245	(205,495)	64,564	(47,500)	(84,313)
Net increase (decrease) in cash and cash equivalents	(23,417)	(20,932)	(14,301)	(552,149)	(18,431)	(239,713)
Cash and cash equivalents, beginning of year	178,979	49,704	186,426	1,055,313	80,098	657,697
Cash and cash equivalents, end of year	$ 155,562	$ 28,772	$ 172,125	$ 503,164	$ 61,667	$ 417,984

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 2 of 4)

	Radio Communica-tions Fund	Facilities Manage-ment Fund	Public Works Administration Fund	Total Internal Service Funds
Cash flows from operating activities:				
Cash received from customers and users	$ -	$ 485,951	$ -	$ 485,951
Cash received from interfund services provided	333,702	494,843	977,084	16,320,893
Cash received from other sources	-	-	-	86,844
Cash paid to employees for services	-	(273,581)	(592,524)	(11,633,368)
Cash paid to suppliers and contracted services	(197,529)	(598,183)	(244,110)	(5,175,768)
Cash paid to other sources	-	(108,859)	-	(108,859)
Net cash provided (used) by operating activities	136,173	171	140,450	(24,307)
Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	-	(95,769)
Loan repaid to other funds	-	(16,084)	-	(16,084)
Net cash provided (used) by noncapital financing activities	-	(16,084)	-	(111,853)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(46,724)	-	(155,455)
Proceeds from sales of capital assets	-	-	-	71,844
Cash paid for interest	-	(281,220)	-	(281,220)
Principal paid on notes payable and capital lease payable	-	(251,706)	-	(251,706)
Transfers from other funds	-	532,055	-	532,055
Net cash provided (used) by capital and related financing activities	-	(47,595)	-	(84,482)
Cash flows from investing activities:				
Cash received from interest	7,626	3,645	3,500	144,713
Sale of investments	441,587	198,097	201,502	6,508,965
Purchase of investments	(598,672)	(177,234)	(330,705)	(7,339,518)
Net cash provided by investing activities	(149,459)	24,508	(125,703)	(685,840)
Net increase (decrease) in cash and cash equivalents	(13,286)	(39,000)	14,747	(906,482)
Cash and cash equivalents, beginning of year	141,923	77,083	56,312	2,483,535
Cash and cash equivalents, end of year	$ 128,637	$ 38,083	$ 71,059	$ 1,577,053

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 3 of 4)

	Motor Pool Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	$ 55,994	$ (19,093)	$ 138,371	$ (548,629)	$ 35,631	$ 130,040
Other nonoperating income (expense)	7,263	-	1,863	1,855	-	75,863
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	47,086	18,368	52,058	-	10,813	-
(Increase) decrease in inventories	87,348	-	-	-	-	-
(Increase) decrease in prepaid items	-	-	(9,000)	-	-	-
Increase (decrease) in accounts payable	(69,469)	228	34,946	(70,196)	4,214	(367,501)
Increase (decrease) in accrued liabilities	36,973	-	59,007	257	(21,589)	6,198
Net cash provided (used) by operating activities	$ 165,195	$ (497)	$ 277,245	$ (616,713)	$ 29,069	$ (155,400)
Noncash investing, capital and financing activities:						
Increase (decrease) in investment market value	1,334	328	1,535	7,108	612	5,806
Contribution of capital assets	-	-	-	-	5,510	-

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2009
(Page 4 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Total Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 115,581	$ (213,384)	$ 107,725	$ (197,764)
Other nonoperating income (expense)	-	(108,859)	-	(22,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	18,984	295,146	-	442,455
(Increase) decrease in inventories	-	-	-	87,348
(Increase) decrease in prepaid items	-	-	-	(9,000)
Increase (decrease) in accounts payable	1,608	5,973	(109)	(460,306)
Increase (decrease) in accrued liabilities	-	21,295	32,834	134,975
Net cash provided (used) by operating activities	$ 136,173	$ 171	$ 140,450	$ (24,307)
Noncash investing, capital and financing activities:				
Increase (decrease) in investment market value	1,017	342	571	18,653
Contribution of capital assets	-	-	-	5,510

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 (BID) assessments and remits the same to the BID as required by State Statutes.

- The License Plate Fund accounts for amounts the City receives from Yellowstone County for license plate assessments and remits the same to the License Plate Fund as required by State Statutes.

- The Montana Arts Council Fund accounts for amounts received from the Montana Arts Council - Cultural Trust Fund and remits to the grantee. The City is named as sponsor in the agreement between the State and the grantee and the City's involvement is limited to remitting the monies to the named grantee upon receipt.

CITY OF BILLINGS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Downtown Business Improvement District				
Assets				
Cash and cash equivalents	$ -	$ 157,944	$ 157,944	$ -
Due from other governments	1,645	-	1,645	-
Total assets	$ 1,645	$ 157,944	$ 159,589	$ -
Liabilities				
Accounts payable	$ -	$ 157,944	$ 157,944	$ -
Due to other governments	1,645	-	1,645	-
Total liabilities	$ 1,645	$ 157,944	$ 159,589	$ -
Tourism Business Improvement District				
Assets				
Cash and cash equivalents	$ -	$ 552,623	$ 552,623	$ -
Due from other governments	6,742	-	6,742	-
Total assets	$ 6,742	$ 552,623	$ 559,365	$ -
Liabilities				
Accounts payable	$ -	$ 552,623	$ 552,623	$ -
Due to other governments	6,742	-	6,742	-
Total liabilities	$ 6,742	$ 552,623	$ 559,365	$ -
License Plate Fund				
Assets				
Cash and cash equivalents	$ -	$ 10,780	$ 10,780	$ -
Total assets	$ -	$ 10,780	$ 10,780	$ -
Liabilities				
Accounts payable	$ -	$ 10,780	$ 10,780	$ -
Total liabilities	$ -	$ 10,780	$ 10,780	$ -

(continued)

CITY OF BILLINGS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Montana Arts Council				
Assets				
Cash and cash equivalents	$ -	$ 16,200	$ 16,200	$ -
Due from other governments	-	5,400	-	5,400
Total assets	$ -	$ 21,600	$ 16,200	$ 5,400
Liabilities				
Accounts payable	$ -	$ 16,200	$ 10,800	$ 5,400
Total liabilities	$ -	$ 16,200	$ 10,800	$ 5,400
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	$ -	$ 737,547	$ 737,547	$ -
Due from other governments	8,387	5,400	8,387	5,400
Total assets	$ 8,387	$ 742,947	$ 745,934	$ 5,400
Liabilities				
Accounts payable	$ -	$ 737,547	$ 732,147	$ 5,400
Due to other governments	8,387	-	8,387	-
Total liabilities	$ 8,387	$ 737,547	$ 740,534	$ 5,400

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 150-158

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 159-162

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

Debt Capacity 163-171

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 172-173

These schedules offered demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information 174-178

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 Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	$ 42,796	$ 65,754	$ 77,148	$ 86,426	$ 100,659	$ 117,182	$ 133,026
Restricted	43,501	53,599	50,545	52,517	51,945	50,652	55,867
Unrestricted	27,069	6,157	3,480	7,112	11,533	11,510	13,654
Total governmental activities net assets	$ 113,366	$ 125,510	$ 131,173	$ 146,055	$ 164,137	$ 179,344	$ 202,547
Business-type activities							
Invested in capital assets, net of related debt	$ 193,219	$ 203,427	$ 215,134	$ 237,516	$ 255,886	$ 252,847	$ 264,674
Restricted	2,081	2,081	2,105	2,839	3,488	3,774	4,273
Unrestricted	28,822	41,282	45,973	35,153	29,834	44,771	42,333
Total business-type activities net assets	$ 224,122	$ 246,790	$ 263,212	$ 275,508	$ 289,208	$ 301,392	$ 311,280
Primary government							
Invested in capital assets, net of related debt	$ 236,015	$ 269,181	$ 292,282	$ 323,942	$ 356,545	$ 370,029	$ 397,700
Restricted	45,582	55,680	52,650	55,356	55,433	54,426	60,140
Unrestricted	55,891	47,439	49,453	42,265	41,367	56,281	55,987
Total primary government net assets	$ 337,488	$ 372,300	$ 394,385	$ 421,563	$ 453,345	$ 480,736	$ 513,827

Source: City of Billings, Montana

[1] The City implemented GASB 34 in fiscal year 2003, therefore this schedule presents data for fiscal year 2003 and thereafter.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	$ 5,471	$ 5,744	$ 6,457	$ 7,016	$ 6,844	$ 6,289	$ 7,288
Public safety	24,762	25,867	31,215	29,754	34,533	36,647	38,312
Public works	11,803	13,976	13,328	14,476	18,048	18,558	20,238
Public health	498	610	572	588	609	799	858
Culture and recreation	6,621	7,297	6,282	6,687	7,068	7,417	7,799
Housing and economic development	4,155	6,650	5,358	4,145	3,189	3,246	4,068
Interest on long-term debt	1,955	1,685	1,809	1,830	1,779	2,270	2,440
Total governmental activities expenses	55,265	61,829	65,021	64,496	72,070	75,226	81,003
Business-type activities:							
Solid waste	6,445	6,387	6,969	7,321	7,982	8,921	8,933
Airport	9,186	9,246	9,493	9,832	9,941	11,657	11,598
Water	10,453	10,722	11,398	12,724	13,172	15,023	15,634
Wastewater	7,336	7,204	7,683	8,467	8,466	9,074	8,905
Parking	1,573	1,590	1,525	1,607	1,836	2,272	2,718
Transit	4,164	4,170	4,356	4,681	4,971	5,080	5,338
Golf course	352	363	340	392	380	415	415
Total business-type activities expenses	39,509	39,682	41,764	45,024	46,748	52,442	53,541
Total primary government expenses	$ 94,774	$ 101,511	$ 106,785	$ 109,520	$ 118,818	$ 127,668	$ 134,544

(continued)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Program Revenues							
Governmental activities:							
Charges for services:							
General government	$ 2,041	$ 1,498	$ 2,113	$ 1,921	$ 1,734	$ 1,907	$ 2,229
Public safety	5,007	4,993	4,873	5,426	6,347	6,377	5,847
Public works	11,756	13,455	17,064	18,097	18,294	18,774	19,278
Culture and recreation	1,209	1,290	1,372	1,632	1,586	1,785	1,648
Other activities	176	178	198	158	167	166	123
Operating grants and contributions	6,985	12,513	6,591	7,557	11,021	11,359	11,514
Captial grants and contributions	7,453	9,049	8,460	8,297	5,415	6,963	13,182
Total governmental activities program revenues	34,627	42,976	40,671	43,088	44,564	47,331	53,821
Business-type activities:							
Charges for services:							
Solid waste	6,997	7,393	7,500	7,456	7,482	7,887	8,169
Airport	6,559	6,809	6,863	7,045	7,496	7,791	7,987
Water	15,230	15,731	14,468	16,398	17,827	18,870	19,458
Wastewater	9,481	9,108	9,125	9,684	9,554	10,230	10,574
Other activities	2,225	2,324	2,305	2,362	2,595	2,821	2,919
Operating grants and contributions	1,497	1,740	1,465	1,487	1,669	2,605	2,281
Captial grants and contributions	7,745	7,506	11,146	9,386	9,281	9,746	7,187
Total business-type activities program revenues	49,734	50,611	52,872	53,818	55,904	59,950	58,575
Total primary government program revenues	$ 84,361	$ 93,587	$ 93,543	$ 96,906	$ 100,468	$ 107,281	$ 112,396
Net (expense)/revenue							
Governmental activities	$ (20,638)	$ (18,853)	$ (24,350)	$ (21,408)	$ (27,506)	$ (27,895)	$ (27,182)
Business-type activities	10,225	10,929	11,108	8,794	9,156	7,508	5,034
Total primary government	$ (10,413)	$ (7,924)	$ (13,242)	$ (12,614)	$ (18,350)	$ (20,387)	$ (22,148)

(continued)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	$ 15,084	$ 16,303	$ 17,088	$ 20,371	$ 23,192	26001	$ 25,877
Franchise fees	1,903	1,903	2,030	2,128	2,316	2488	2,711
Business license tax	559	578	594	613	596	610	634
Unrestricted federal/state shared revenue	11,226	11,350	11,723	11,835	11,923	12339	12,232
Grants and contributions not restricted	113	-	-	-	-	0	-
Unrestricted investment earnings	345	229	384	562	881	1347	555
Gain on sale of property and equipment	5,424	94	221	179	1,519	235	1,478
Miscellaneous	261	272	223	403	50	118	124
Transfers	(1,696)	266	(2,250)	200	253	(38)	(873)
Total governmental activities	33,219	30,995	30,013	36,291	40,730	43,100	42,738
Business-type activities:							
Property taxes	1,601	1,406	1,420	1,544	1,548	1630	1,744
Unrestricted federal/state shared revenue	-	-	306	306	305	306	312
Unrestricted investment earnings	721	474	1,000	1,728	2,793	2358	1,336
Gain on sale of property and equipment	60	-	255	10	60	33	44
Miscellaneous	-	123	84	113	93	312	546
Transfers	1,696	(266)	2,250	(200)	(253)	38	873
Total business-type activities	4,078	1,737	5,315	3,501	4,546	4,677	4,855
Total primary government	$ 37,297	$ 32,732	$ 35,328	$ 39,792	$ 45,276	$ 47,777	$ 47,593
Change in Net Assets							
Governmental activities	$ 12,581	$ 12,142	$ 5,663	$ 14,883	$ 13,224	$ 15,205	$ 15,556
Business-type activities	14,303	12,666	16,423	12,295	13,702	12,185	9,889
Total primary government net assets	$ 26,884	$ 24,808	$ 22,086	$ 27,178	$ 26,926	$ 27,390	$ 25,445

Source: City of Billings, Montana

[1] The City implemented GASB 34 in fiscal year 2003, therefore this schedule presents data for fiscal year 2003 and thereafter.

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

Fiscal Year	Property Tax	Business License Tax	Total
2003	$ 15,084	$ 559	$ 15,643
2004	16,303	578	16,881
2005	17,088	594	17,682
2006	20,371	613	20,984
2007	23,192	596	23,788
2008	26,001	610	26,611
2009	25,878	634	26,512

Source: City of Billings, Montana

[1] The City implemented GASB 34 in fiscal year 2003, therefore this schedule presents data for fiscal year 2003 and thereafter.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	$ 122	$ 233	$ 211	$ 312	$ 748	$ 715	$ 145	$ 36	$ 130	$ 56
Unreserved	11,557	9,231	8,337	9,684	7,382	6,471	7,579	7,613	7,775	10,313
Total general fund	$ 11,679	$ 9,464	$ 8,548	$ 9,996	$ 8,130	$ 7,186	$ 7,724	$ 7,649	$ 7,905	$ 10,369
All other governmental funds										
Reserved	$ 15,415	$ 18,744	$ 17,962	$ 23,799	$ 19,863	$ 26,718	$ 18,947	$ 21,485	$ 22,651	$ 17,785
Unreserved, reported in:										
Special revenue funds	25,248	25,013	25,919	19,908	18,148	18,597	20,868	22,448	17,309	21,880
Debt service funds	-	-	-	-	14	-	-	908	-	-
Capital projects funds	4,095	3,648	1,882	3,868	3,603	2,835	4,824	16,283	5,040	6,392
Total all other governmental funds	$ 44,758	$ 47,405	$ 45,763	$ 47,575	$ 41,628	$ 48,150	$ 44,639	$ 61,124	$ 45,000	$ 46,057

Source: City of Billings, Montana

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	$ 19,343	$ 15,024	$ 14,679	$ 14,942	$ 16,443	$17,008	$20,049	$22,953	$ 25,446	$26,006
Licenses and permits	1,752	3,410	3,483	3,868	4,109	4,281	4,340	4,786	5,200	4,952
Intergovernmental	11,518	15,508	19,184	17,061	16,123	16,951	17,818	21,425	22,044	23,933
Charges for services:	6,427	6,909	6,943	8,525	9,012	10,270	10,776	10,688	10,385	10,801
Fines and forfeitures	1,638	1,604	1,486	1,419	1,605	1,401	1,651	2,017	1,869	1,650
Special assessments	11,221	10,496	11,769	12,881	14,348	16,149	16,874	16,890	17,180	18,021
Other	4,329	5,945	4,334	4,453	2,443	5,513	3,604	4,208	5,592	3,188
Total revenues	56,228	58,896	61,878	63,149	64,083	71,573	75,112	82,967	87,716	88,551
Expenditures										
Current:										
General government	5,479	4,863	5,546	5,252	5,567	6,358	6,679	7,083	6,452	6,942
Public safety	18,704	20,554	21,502	23,164	24,482	25,799	27,652	33,519	39,867	36,479
Public works	8,422	9,150	9,375	9,715	12,028	11,756	12,482	12,934	13,036	13,708
Public health	407	450	481	476	566	510	520	556	707	745
Culture and recreation	4,123	4,129	4,342	5,167	5,803	5,353	5,603	6,150	6,387	6,570
Housing and economic development	2,193	3,345	4,289	3,988	6,468	5,182	3,984	3,056	3,121	3,936
Capital outlay	10,615	13,273	14,505	17,781	13,748	10,454	13,996	9,858	29,671	17,072
Debt service:										
Principal	5,473	4,327	4,541	6,223	5,961	7,253	9,436	6,208	7,277	4,700
Interest and fiscal charges	2,105	1,958	1,982	1,829	1,642	1,538	1,565	1,433	1,693	1,858
Bond issuance costs	-	-	-	204	57	113	55	212	-	212
Total expenditures	57,521	62,049	66,563	73,799	76,322	74,316	81,972	81,009	108,211	92,222
Excess of revenues over (under) expenditures	$ (1,293)	$ (3,153)	$ (4,685)	$(10,650)	$ (12,239)	$ (2,743)	$ (6,860)	$ 1,958	$(20,495)	$ (3,671)

(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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses)										
Transfers in	$ 22,028	$ 21,978	$ 22,849	$ 24,672	$ 22,725	$22,123	$22,903	$25,752	$ 23,191	$20,691
Transfers out	(21,192)	(21,759)	(22,554)	(26,846)	(22,848)	(22,296)	(23,086)	(25,955)	(23,398)	(20,874)
Issuance of Debt	-	-	-	1,677	4,434	1,108	611	228	4,033	213
Capital leases	-	-	-	-	-	-	-	-	404	
General obligation bonds issued	1,690	-	-	-	-	5,200	-	12,500	-	-
Special assessment bonds issued	2,420	4,083	1,832	14,123	-	-	-	380	168	6,665
Special assessment refunding bonds issued	-	-	-	6,240	7,055	1,275	3,371		-	-
Payment to bond refunding escrow agent	-	-	-	(6,393)	(6,976)	-	-	-	-	-
Premium on bonds issued	-	-	-	-	39	34	-	43	-	-
Bond discounts	-	-	-	(364)	(50)	(15)	(41)	-	-	(152)
Sale of capital assets	-	-	-	-	47	169	128	1,504	229	649
Total other financing sources (uses)	4,946	4,302	2,127	13,109	4,426	7,598	3,886	14,452	4,627	7,192
Special item										
Proceeds from sale of industrial real estate	-	-	-	1,250	-	-	-	-	-	-
Net change in fund balances	$ 3,653	$ 1,149	$ (2,558)	$ 3,709	$ (7,813)	$ 4,855	$ (2,974)	$16,410	$(15,868)	$ 3,521
Debt service as a percentage of noncapital expenditures	16.2%	12.9%	12.5%	14.7%	12.2%	13.9%	16.3%	11.0%	11.4%	9.0%

Source: City of Billings, Montana
Other expenditures were reclassed to Public Works for fiscal years 2000-2006.
Franchise fees were included in taxes revenue for fiscal year 2000.
Special assessment bonds issued and general obligation bonds issued are reported at net for fiscal years 2000-2002.

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

Fiscal Year	Property Tax	Business License Tax	Total
2000	$ 17,774	$ 526	$ 18,300
2001	15,024	543	15,567
2002	14,679	541	15,220
2003	14,942	559	15,501
2004	16,443	578	17,021
2005	17,008	594	17,602
2006	20,049	613	20,662
2007	22,953	596	23,549
2008	25,446	610	26,056
2009	26,006	634	26,640

Source: City of Billings, Montana

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

Fiscal Year	Real Property [4,5] Estimated Market Value	Real Property [4,5] Assessed Value	Personal Property Estimated Market Value	Personal Property Assessed Value	Total [6] Estimated Market Value [1]	Total [6] Assessed Value [2]	Direct Tax Rate	Ratio of Assessed Value to Estimated Market
2000	$ 3,342,720,703	$ 109,761,950	$ 145,306,879	$ 8,365,069	$ 3,488,027,582	$ 118,127,019	94.00	3.4%
2001	2,990,498,385 [3]	108,502,208	164,915,146	5,121,147	3,155,413,531	113,623,355	100.34	3.6%
2002	3,216,482,711	109,163,684	129,870,715	5,274,032	3,346,353,426	114,437,716	105.34	3.4%
2003	3,370,233,762	110,188,140	175,995,572	6,131,540	3,546,229,334	116,319,680	110.23	3.3%
2004	3,620,368,422	116,311,480	175,412,091	6,113,768	3,795,780,513	122,425,248	110.23	3.2%
2005	4,084,077,847	120,765,730	203,536,288	6,138,153	4,287,614,135	126,903,883	113.73	3.0%
2006	4,357,782,535	129,033,010	216,372,762	6,498,495	4,574,155,297	135,531,505	132.81	3.0%
2007	4,662,425,471	135,758,026	220,592,211	6,601,869	4,883,017,682	142,359,895	141.58	2.9%
2008	4,969,440,135	141,945,417	250,389,175	7,455,324	5,219,829,310	149,400,741	157.53	2.9%
2009	4,553,549,601	145,757,788	256,854,409	7,749,519	4,810,404,010 [7]	153,507,307	163.76	3.2%

[1] State of Montana Department of Revenue (both real and personal property).
[2] Yellowstone County, Montana, Assessors Office (both real and personal property).
[3] Market value decrease due to 1999 legislation passed.
[4] Market value and assessed value includes Utilities category.
[5] Breakdown of commercial and residential property values is not available.
[6] Market value and assessed value for fiscal years beginning in 2006 include incremental increases to the Tax Increment District.
[7] For Fiscal Year 2009 State of Montana Department of Revenue did not include exempt properties.

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

	City						County					
Fiscal Year	General [5]	Library [5]	Public Safety [3]	Transit [5]	General Obligation Bonds [6]	Total [4]	Other [1]	School Education [2]	School District	Big Sky Economic Development Authority	State	Total Direct and Overlapping Total
2000	69.50	9.50	5.00	10.00	0.00	94.00	61.56	98.51	176.94	2.13	47.50	480.64
2001	69.50	9.50	10.00	10.00	1.34	100.34	63.95	94.87	165.92	2.33	47.50	474.91
2002	69.50	9.50	15.00	10.00	1.34	105.34	69.09	93.28	198.91	2.41	47.50	516.53
2003	69.50	9.50	20.00	10.00	1.23	110.23	75.58	104.18	220.36	2.48	47.50	560.33
2004	69.50	9.50	20.00	10.00	1.23	110.23	86.00	112.43	224.67	2.46	47.50	583.29
2005	69.50	9.50	20.00	10.00	4.73	113.73	90.32	111.45	222.88	2.71	47.50	588.59
2006	69.50	9.50	39.64	10.00	4.17	132.81	93.76	106.60	224.99	2.76	47.50	608.42
2007	69.50	9.50	48.09	10.00	4.49	141.58	100.08	106.71	200.83	2.82	47.50	599.52
2008	69.50	9.50	57.25	10.00	11.28	157.53	103.56	104.12	202.96	2.94	47.50	618.61
2009	74.00	5.00	64.34	10.00	10.42	163.76	106.37	104.72	192.18	3.02	47.50	617.55

Source: Yellowstone County, Montana, Treasurer

[1] Includes operating and debt service.

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

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

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

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

[6] During FY 08 Ball Park Bonds were issued for 7.07 mills thus increasing the General Obligation Bond total to 11.28.

CITY OF BILLINGS, MONTANA
Principal Property Taxpayers
June 30, 2009 and Nine Years Ago
(Unaudited)

	Tax Year 2008			Tax Year 1999		
Taxpayer	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Northwestern Corp Transmission	$ 6,583,031	1	4.3%	$ 5,519,554	2	4.7%
Qwest Corporation	3,486,827	2	2.3%	-		0.0%
Montana Dakota Utilities	1,456,447	3	0.9%	1,477,326	3	1.3%
Macerich Rimrock	881,286	4	0.6%	762,555	5	0.6%
Western Sugar Company	702,581	5	0.5%	633,655	6	0.5%
AT& T Communications	690,824	6	0.5%	1,251,847	4	1.1%
Wal-mart Real estate	614,805	7	0.4%	-		0.0%
IRET Properties	500,774	8	0.3%	-		0.0%
Verizon Wireless	472,279	9	0.3%	-		0.0%
Skywest Airlines	418,800	10	0.3%	-		0.0%
U. S. West	-		0.0%	6,115,677	1	5.2%
United Industires	-		0.0%	554,494	7	0.5%
West Park Plaza Investors	-		0.0%	372,571	10	0.3%
Montana Rail Link, INC.	-		0.0%	437,810	8	0.4%
Sprint Communications	-		0.0%	402,645	9	0.3%
	$ 15,807,654		10.3%	$ 17,528,134		14.8%

Source: City of Billings, Montana

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

Fiscal Year	Total Tax Levy[1] for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 10,319,873	$ 9,870,806	95.6%	$ 448,227	$ 10,319,033	100.0%
2001	10,905,259	10,401,014	95.4%	503,768	10,904,782	100.0%
2002	11,484,409	11,057,917	96.3%	426,640	11,484,557	100.0%
2003	12,188,312	11,461,919	94.0%	729,565	12,191,484	100.0%
2004	12,858,681	12,191,932	94.8%	686,540	12,878,472	99.9%
2005	13,774,151	13,121,474	95.3%	650,073	13,771,547	100.0%
2006	16,740,890	15,911,958	95.0%	813,555	16,725,513	99.9%
2007	18,622,292	17,800,006	95.6%	815,440	18,615,446	100.0%
2008	21,659,793	20,533,104	94.8%	734,789	21,267,893	98.2%
2009	23,823,598	22,640,645	95.0%	-	22,640,645	95.0%

Source: City of Billings, Montana

[1] The total tax levy, collections and outstanding delinquent taxes are net of tax increment amounts.

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

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Tax Increment Bonds	Special Assessment Bonds	Intercap Notes Payable	Notes Payable	Capital Leases Payable
2000	$ 1,700	$ 10,570	$ 22,773	$ 413	$ -	$ -
2001	1,700	9,465	23,761	386	-	-
2002	1,680	8,300	22,375	351	-	-
2003	1,630	6,240	32,584	1,157	835	6,600
2004	1,575	5,120	28,572	2,713	3,139	6,405
2005	6,720	3,905	24,713	2,195	3,915	6,199
2006	6,410	2,645	23,458	1,616	1,866	5,983
2007	18,655	1,345	20,343	1,133	1,538	5,756
2008	18,395	-	16,891	-	4,584	5,869
2009	17,655	-	20,919	-	4,066	5,520

	Business-Type Activities							
Fiscal Year	Revenue Bonds Airport	Notes Payable Golf Course	Rev Bonds/ Notes Payable Water	Rev Bonds/ Notes Payable Wastewater	Notes Payable Parking	Total Primary Government	Percentage of Personal Income [2]	Per Capita
2000	$ 11,965	$ 376	$ 3,480	$ 4,825	$ -	$ 56,102	1.64%	$ 0.60
2001	11,965	335	-	-	-	47,612	1.28%	0.53
2002	11,615	293	-	-	-	44,614	1.18%	0.49
2003	11,250	280	-	-	-	60,576	1.53%	0.65
2004	10,865	228	-	-	-	58,617	1.37%	0.60
2005	10,465	175	-	-	-	58,287	1.28%	0.59
2006	10,040	126	5,460	4,309	-	61,913	n/a	0.62
2007	9,595	85	13,355	4,280	5,930	82,015	1.82%	0.81
2008	9,125	-	15,773	4,116	5,760	80,513	1.78%	0.78
2009	8,635	-	15,121	9,171	5,580	86,667	1.85%	0.83

Source: City of Billings, Montana
[1] The City implemented GASB 34 in fiscal year 2003 and the debt by type was not classified as Governmental and Business-Type Activities prior to 2003.
[2] Personal income amount is not available for 2006.

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

Fiscal Year	Population [1]	Assessed Value [2]	General Obligation Bonds [3]	Less: Amounts Available in Debt Service Funds [4]	Net	Percentage of Estimated Actual Taxable Value of Property	Net Bonded Debt Per Capita
2000	92,988	$ 118,127,019	$ 1,700,000	$ 31	$ 1,699,969	1.4%	18.28
2001	89,847	113,623,355	1,700,000	75,190	1,624,810	1.4%	18.08
2002	91,195	114,437,716	1,680,000	109,462	1,570,538	1.4%	17.22
2003	93,388	116,319,680	1,630,000	101,701	1,528,299	1.3%	16.37
2004	97,253	122,425,248	1,575,000	103,368	1,471,632	1.2%	15.13
2005	99,198	126,903,883	6,720,000	522,301	6,197,699	4.9%	62.48
2006	100,148	132,165,804	6,410,000	456,867	5,953,133	4.5%	59.44
2007	101,650	137,538,752	18,655,000	528,308	18,126,692	13.2%	178.32
2008	103,100	144,941,193	18,395,000	1,731,344	16,663,656	11.5%	161.63
2009	103,994	153,347,183	17,655,000	1,849,644	15,805,356	10.3%	151.98

Sources and other information:

[1] Census taken every ten years. Actual census figures given for 2001.
All other years are estimated by City/County Planning, Yellowstone County, Montana.

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

[3] Amount does not include Special Assessment, tax increment or revenue bonds.

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

CITY OF BILLINGS, MONTANA
Direct and Overlapping General Obligation Bonded Debt
June 30, 2009
(Unaudited)

Governmental Unit	Debt Outstanding [1]	Percent Applicable to City [4]	Estimated Share of Overlapping Debt
Overlapping:			
County	$ 6,275,000 [2]	57.9%	$ 3,633,225
Direct:			
City	17,655,000 [3]	100.0%	17,655,000
Total direct and overlapping debt	$ 23,930,000		$ 21,288,225

Source and other information:

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

[2] Finance Department, Yellowstone County, Montana.

[3] City of Billings, Montana

[4] The percentage of overlapping debt applicable to the City is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the other government's taxable value that is within the City's boundaries and dividing it by the other govenment's total taxable value.

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

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 33,075	$ 31,814	$ 50,530	$ 53,193	$ 57,316	$ 64,743	$ 69,070	$ 73,734	$ 130,496	$ 120,260
Total net debt applicable to limit	2,113	2,011	1,922	9,286	10,590	14,592	13,552	25,016	22,280	21,170
Legal debt margin	$ 30,962	$ 29,803	$ 48,608	$ 43,907	$ 46,726	$ 50,151	$ 55,518	$ 48,718	$ 108,216	$ 99,090
Total net debt applicable to the limit as a percentage of debt limit	6.39%	6.32%	3.80%	17.46%	18.48%	22.54%	19.62%	33.93%	17.07%	17.60%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed market value:		
Real property		$ 4,319,622
Personal property		256,854
Utilities		233,928
Total assessed value		$ 4,810,404
Debt limit (2.5% of total assessed market value)		$ 120,260
Debt applicable to limit:		
General obligation bonds	$ 17,655	
General obligation notes payable	100	
General obligation lease payable	5,265	
General obligation debt		23,020
Less: Amount set aside for repayment of general obligation debt		(1,850)
Total net debt applicable to limit		21,170
Legal debt margin		$ 99,090

Source: City of Billings, Montana
Note: Under state law, the City of Billings, Montana's oustanding general obligation debt should not exceed 1.51 percent of total assessed market value. For FY 08 the percent was changed to 2.5 percent.

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

Fiscal Year	Gross Revenue [1]	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2000	$ 20,552,392	$ 9,624,523	$ 10,927,869	$ 2,115,000	$ 470,110	$ 2,585,110	4.2
2001	22,279,772	10,293,141	11,986,631	2,215,000	352,180	2,567,180	4.7
2002	20,611,574	11,134,497	9,477,077	2,345,000	233,516	2,578,516	3.7
2003	25,010,600	11,346,464	13,664,136	3,975,000 [3]	-	3,975,000	3.4
2004	25,056,254	11,784,291	13,271,963	-	-	-	N/A
2005	23,987,979	12,659,436	11,328,543	-	-	-	N/A
2006	26,806,825	14,385,330	12,421,495	371,000 [4]	85,658	456,658	27.2
2007	28,495,544	15,161,687	13,333,857	763,000	519,548	1,282,548	10.4
2008	30,114,284	16,280,346	13,833,938	792,000	651,314	1,443,314	9.6
2009	31,535,859	16,507,448	15,028,411	948,000	753,501	1,701,501	8.8

Source: City of Billings, Montana

[1] Includes operating revenue and interest income.

[2] Total operating expenses exclusive of depreciation.

[3] 1991 revenue bonds due on 7-1-2005 were retired on 7-1-2002, required principal for fiscal year 2003 was $1,630,000.

[4] SRF Loan proceeds began in FY 05-06 as well as the related principal and interest payments.

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

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

Fiscal Year	Gross Revenue [1]	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	$ 5,898,798	$ 3,917,967	$ 1,980,831	$ - [3]	$ 841,020	$ 841,020	2.4
2001	5,774,356	4,202,241	1,572,115	- [4]	781,459	781,459	2.0
2002	5,874,025	4,780,843	1,093,182	350,000	745,510	1,095,510	1.0
2003	6,370,051	4,940,516	1,429,535	365,000	721,941	1,086,941	1.3
2004	6,865,738	4,904,501	1,961,237	385,000	683,963	1,068,963	1.8
2005	7,009,310	5,135,523	1,873,787	400,000	676,581	1,076,581	1.7
2006	7,328,189	5,351,434	1,976,755	425,000	649,790	1,074,790	1.8
2007	7,896,925	5,370,760	2,526,165	445,000	628,802	1,073,802	2.4
2008	8,084,353	6,016,118	2,068,235	470,000	600,575	1,070,575	1.9
2009	8,172,942	6,499,711	1,673,231	490,000	570,242	1,060,242	1.6

Source: City of Billings, Montana

[1] Includes operating revenue and interest income.

[2] Total operating expense exclusive of depreciation.

[3] 1990-1991 Bonds were refunded in exchange for 2000 Series refunding bonds.

[4] First principal payment for 2000 Series bond was due on July 1, 2002.

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

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

Fiscal Year	Gross[1] Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2000	$ 3,695,828	$ 3,873,000	$ 875,672	$ 4,748,672	77.8%
2001	3,388,106	2,614,804	719,815	3,334,619	101.6%
2002	4,062,459	2,711,911	809,828	3,521,739	115.4%
2003	5,369,724	3,441,934	760,408	4,202,342	127.8%
2004	5,020,314	3,541,665	997,598	4,539,263	110.6%
2005	3,930,214	4,288,762	986,261	5,275,023	74.5%
2006	3,813,756	3,761,424	850,015	4,611,439	82.7%
2007	3,715,399	2,615,000	791,898	3,406,898	109.1%
2008	2,805,088	2,720,000	705,167	3,425,167	81.9%
2009	3,135,673	2,212,000	620,797	2,832,797	110.7%

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

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

Fiscal Year	Gross[1] Revenue	Less: Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	$ 2,393,643	$ 1,085,052	$ 1,308,591	$ 550,000	$ 529,729	$ 1,079,729	221.7%
2001	2,312,283	1,102,967	1,209,316	580,000	502,850	1,082,850	213.5%
2002	2,349,341	1,139,081	1,210,260	610,000	472,583	1,082,583	217.0%
2003	2,446,110	853,566	1,592,544	635,000	436,958	1,071,958	228.2%
2004	2,673,684	737,419	1,936,265	670,000	285,554	955,554	279.8%
2005	2,795,567	1,081,148	1,714,419	845,000	146,660	991,660	281.9%
2006	2,986,222	2,445,344	540,878	865,000	131,118	996,118	299.8%
2007	2,994,862	1,115,485	1,879,377	880,000	113,179	993,179	301.5%
2008	3,256,003	2,369,751	886,252	900,000	95,396	995,396	327.1%
2009	3,235,041	2,625,836	609,205	920,000	77,693	997,693	324.3%

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

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

Fiscal Year	Gross [1] Revenue	Less: Operating Expense [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	1.6
2009	1,922,134	1,545,816	376,318	179,771	315,624	495,395	0.8

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

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

Fiscal Year	Population [1]	Total Personal Income [5] *(In billions)*	Per Capita Income [2]	Median Age [2]	School Enrollment [3]	Unemployment Rate [4]
2000	92,988	3,421,198	24,425	35.8	15,309	3.7%
2001	89,847	3,722,060	25,253	36.9	15,462	3.7%
2002	91,195	3,795,815	25,632	36.9	15,697	4.5%
2003	93,388	3,955,466	25,323	36.9	15,737	3.4%
2004	97,253	4,265,063	26,057	36.9	15,718	3.1%
2005	99,198	4,536,682	29,421	36.9	15,704	3.3%
2006	100,148	Not Available	31,220	36.8	15,604	3.5%
2007	101,650	4,500,000	35,068	39.3	15,503	2.6%
2008	103,100	4,525,000	37,247	37.5	15,505	3.1%
2009	103,994	4,675,202	36,513	37.9	15,681	4.7%

Sources and other information:

[1] Census taken every ten years. Actual census figures given for 2001.
All other years are estimated by City/County Planning, Yellowstone County, Montana.

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

[3] Billings School District #2.

[4] State of Montana Research & Analysis Bureau.

[5] Census and Economic Information Center (CEIC), Montana Department of Commerce. Current Fiscal Year given as estimate only.

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

	2009			2000		
Employer	**Number of Employees [1]**	**Rank**	**Percentage of Total City Employment [2]**	**Number of Employees [1]**	**Rank**	**Percentage of Total City Employment [3]**
Billings Clinic	3,275	1	4.13%	2,100	1	-
St. Vincent Healthcare	2,156	2	2.72%	1,453	3	-
School District #2	2,017	3	2.54%	2,022	2	-
Stillwater Mining Company	1,300	4	1.64%	825	4	-
City Of Billings	897	5	1.13%	800	5	-
Wal Mart	816	6	1.03%	426	10	-
Wells Fargo Bank & Operations	774	7	0.98%	529	8	-
Yellowstone County	670	8	0.85%	720	6	-
Montana State University-Billings	500	9	0.63%	480	9	-
Avitus Group	472	10	0.60%	711	7	-
Total	12,877		16.25%	10,066		-

Sources and other information:

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

[2] Montana Research and Analysis Bureau, State of Montana. Based on 79,266 employees in the greater Billings Metro Area.

[3] Total City Employment not available for 2000.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	86.8	90.3	91.2	103.3	107.8	107.3	115.3	109.8	98.5	101.5
Planning and community services	25.0	27.5	27.5	29.2	31.3	34.3	35.8	36.8	36.1	37.1
Library	28.5	28.5	28.5	28.5	29.6	30.2	30.2	30.4	30.6	30.7
Public safety[1]										
Police	142.0	142.0	145.0	149.0	153.0	150.0	155.0	158.0	160.0	163.0
Animal shelter	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	9.0	10.0
Fire	130.5	130.5	131.5	139.2	139.2	139.0	146.0	152.0	155.0	147.0
Fire Service Area[2]	10.0	10.0	10.0	-	-	-	-	-	-	-
Streets/Traffic	36.0	36.0	36.0	39.0	39.0	39.0	40.0	44.0	43.0	43.0
Water and Wastewater	104.5	104.5	103.0	103.0	103.0	97.0	101.0	103.0	107.0	103.0
Sanitation	47.0	47.0	47.0	50.0	50.0	51.5	52.5	53.5	58.5	62.5
Parking	13.8	13.8	13.8	13.8	14.8	14.8	14.8	14.8	14.8	15.8
Aviation	48.0	48.0	48.0	52.0	53.0	53.0	53.0	53.0	56.0	56.0
Transit	49.4	49.4	55.1	55.7	55.3	55.3	55.3	55.3	55.3	55.3
Internal services	25.0	25.0	25.0	27.0	28.0	33.0	34.5	38.0	46.0	49.0
Total	753.5	759.5	768.6	796.7	811.0	811.4	840.4	855.6	869.8	873.9

Source: City of Billings Annual Budget

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

[2] Fire Service Area FTE's are combined with Fire for fiscal years after 2002.

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

Activity	Report Period[1]	Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police											
Dispatched Calls	FY	54,389	53,867	53,654	55,304	57,382	59,857	59,736	59,958	60,156	60,112
Arrests	CY	6,256	9,700	8,153	8,052	8,311	8,069	7,360	8,348	7,256	7,631
Traffic Violations	CY	21,432	31,563	27,772	31,835	24,529	28,056	37,143	33,698	24,567	28,884
Traffic Accidents	CY	3,876	3,563	3,722	3,784	3,328	3,504	7,136	3,695	3,313	3,081
Fire											
Dispatched Calls	FY	7,840	8,610	8,873	9,340	9,673	11,309	11,629	11,879	11,426	10,728
Inspections	CY	2,594	1,704	1,857	2,516	2,728	2,464	1,799	2,723	1,835	2,840
Solid Waste											
Residential Customers	FY	26,439	26,798	27,109	28,873	28,286	28,805	29,381	29,981	30,477	31,101
Commerical Customers	FY	2,872	2,911	2,914	3,743	3,331	3,436	3,511	3,566	3,596	3,642
Landfill trips	FY	92,122	118,927	125,513	50,000	140,407	145,690	150,872	153,634	169,101	120,821
Water											
Customers	FY	26,046	26,195	26,383	26,882	27,651	27,656	28,055	28,406	28,864	29,073
Average Daily Consumption (millions of gallons)	FY	20	21	21	21	24	19	25	25	23	21
Wastewater											
Customers	FY	27,226	27,560	27,995	28,555	29,334	29,719	30,235	30,748	31,637	31,909
Average Daily Treatment (millions of gallons)	FY	14	14	14	15	15	15	15	16	16	15

Source: City of Billings Operating Budget, Billings, Montana

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

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

Date of Incorporation - 1882	Report Period[1]	2000	2001	2002	2003	2004	2005	2006	2007	2008
Form of Government - Council/Administrator										
Area in Square Miles	FY	33.5	34.0	38.0	38.8	38.8	38.8	39.1	40.4	40.4
Activity										
Public Safety										
Police										
Stations	FY	1	1	1	1	1	1	1	1	1
Police Officers	FY	118	118	122	122	128	129	132	129	134
Fire										
Stations	FY	6	6	6	6	6	6	6	6	7
Firefighters/Officers/Dispatchers	FY	141	141	142	142	135	145	144	143	144
Streets										
Streets (miles)	CY	477	478	481	501	510	521	531	531	540
Streetlights	FY	7,327	7,563	7,583	7,722	7,722	7,624	7,660	7,816	7,816
Street Light Maintenance Districts	FY	152	157	158	168	168	168	168	177	180
City Parks										
Developed Acres	FY	479	479	482	489	505	522	534	1,080	625
Undeveloped Acres	FY	360	360	441	426	445	457	460	200	440
Natural Park Acres	FY	1,699	1,701	1,701	1,771	1,868	1,892	1,909	717	1,900
Parking										
Garages	FY	4	4	4	4	4	4	4	4	4

Source: City of Billings Operating Budget, Billings, Montana

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

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

	Report Period[1]	2000	2001	2002	2003	2004	2005	2006	2007	2008
Water										
Water Mains (miles)	FY	373	373	376	379	404	413	426	433	436
Fire Hydrants	FY	3,306	3,366	3,453	3,533	3,676	3,681	3,825	3,853	3,912
Maximum Daily Capacity (millions of gallons)	FY	50	50	50	50	50	50	60	65	60
Wastewater										
Storm Sewers (miles)	FY	124	128	132	136	139	141	146	147	147
Sanitary Sewers (miles)	FY	359	363	370	376	396	412	423	429	433
Maximum Daily Capacity (millions of gallons)	FY	26	26	26	26	26	26	26	27	27

Source: City of Billings Operating Budget, Billings, Montana

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

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

	Construction [1]					
	Commercial		Residential [2]			
Fiscal Year	Number of Permits	Value	Number of Permits	Value	Bank Deposits (in thousands) [3]	Property Value [4,6]
2000	66	$ 20,061,817	266	$ 31,537,336	$ 1,261,449	$ 3,488,027,582
2001	85	29,942,729	305	38,371,251	1,388,220	3,155,413,531
2002	76	34,629,914	350	45,096,527	1,448,089	3,346,353,426
2003	94	34,640,124	450	62,714,706	1,607,785	3,546,229,334
2004	129	44,527,113	569	91,458,054	1,645,937	3,795,780,513
2005	112	52,378,039	560	92,302,312	1,720,366	4,287,614,135
2006	113	47,749,028	503	93,464,621	1,930,591	4,574,155,297
2007	88	87,937,071 [5]	496	89,502,065	2,222,151	4,883,017,682
2008	69	107,949,910 [7]	388	71,378,452	2,858,991	5,219,829,310
2009	71	63,332,381	227	38,331,029 [8]	3,144,622	4,810,404,010 [9]

Sources and other information:

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

[2] Single family only.

[3] Individual banks.

[4] State of Montana Department of Revenue.

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

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

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

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

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

SINGLE AUDIT SECTION

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S 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*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Billings, Montana**, as of and for the year ended June 30, 2009, which collectively comprise the City of Billings, Montana's basic financial statements and have issued our report thereon dated December 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Billings, Montana's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies 09-1 and 09-2 described in the accompanying schedule of findings and questioned costs to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Billings, Montana's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Billings, Montana's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Billings' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit The City of Billings' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, state agencies, the federal cognizant audit agency and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Billings, Montana
December 30, 2009

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of **City of Billings, Montana** with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. **City of Billings, Montana's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **City of Billings, Montana's** management. Our responsibility is to express an opinion on **City of Billings, Montana's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of Billings, Montana's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **City of Billings, Montana's** compliance with those requirements.

In our opinion, **City of Billings, Montana** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of **City of Billings, Montana** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **City of Billings, Montana's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do no express an opinion on the effectiveness of the **City of Billings, Montana's** internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Billings, Montana
December 30, 2009

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009
(Page 1 of 5)

Federal Grantor	Federal CFDA Number	Major or Nonmajor	Program Amount or Grant Award	Unexpended Revenue Balance June 30, 2008	Revenue	Expenditures	Unexpended Revenue Balance June 30, 2009
U.S. Department of Housing and Urban Development							
Community Development Block Grants and Entitlement Grants:	14.218	Nonmajor					
Grant entitlement B-99-Mc-30-001			$ 896,000	$ -	$ 25,000	$ 25,000	$ -
Grant entitlement B-00-Mc-30-001			890,000	-	20,000	20,000	-
Grant entitlement B-06-Mc-30-001			726,020	-	34,324	34,324	-
Grant entitlement B-07-Mc-30-001			726,175	-	115,677	115,677	-
Grant entitlement B-08-Mc-30-001			701,191	-	449,646	449,646	-
CFDA subtotal			3,939,386	-	644,647	644,647	-
HUD Fair Housing Initiative Program Grant FH400G07023	14.408	Nonmajor	99,923	4,762	49,961	54,723	-
CFDA subtotal			99,923	4,762 [1]	49,961	54,723	-
Special Project Grant-Consolidated Appropriations Act 2008	14.251	Nonmajor					
B-08-SP-MT-0509			262,640	-	1,260	1,260	-
CFDA subtotal			262,640	-	1,260	1,260	-
Home Investment Partnerships Program:	14.239	Nonmajor					
Grant entitlement M 06 MC 300213			504,467	-	33,442	33,442	-
Grant entitlement M 07 MC 300213			500,839	-	107,054	107,054	-
Grant entitlement M 08 MC 300213			483,983	-	561,858	561,858	-
Passed through the Montana Department of Commerce							
American Dream Downpayment Initiative M06-SG3001-01			10,000	-	10,000	10,000	-
CFDA subtotal			1,499,289	-	712,354	712,354	-
U.S. Department of Agriculture							
Passed through the State of Montana Department of Public Health and Human Services							
Housing First Project 08-028-36001-0	10.561	Nonmajor	300,000	-	125,965	125,965	-
CFDA subtotal			300,000	-	125,965	125,965	-

[1] Amount of advance received in fiscal year 2008.

(continued)

U.S. Department of Transportation							
Airport Improvement Program:	20.106	Nonmajor					
AIP3-30-008-29			2,002,983	-	(35,825)	(35,825) [3]	-
AIP3-30-008-32			475,000	-	198,386	198,386	-
AIP3-30-008-33			3,456,846	-	9,880	9,880	-
AIP3-30-008-34			1,706,535	-	1,026,463	1,026,463	-
AIP3-30-008-35			2,996,447	-	689,234	689,234	-
AIP3-30-008-36			1,479,492	-	653,171	653,171	-
AIP3-30-008-37			1,134,558	-	310,574	310,574	-
CFDA subtotal			13,251,861	-	2,851,883	2,851,883	-
Federal Transit Capital and Operating Assistance Formula Grants	20.507	Major					
FTA Section 9-Capital MT-03-0017-03			5,446,303	-	39,291	39,291	-
FTA Section 9-Capital MT-03-0026			4,383,547	-	2,376,737	2,376,737	-
FTA Section 9-Operating MT-90-4077			1,336,479	-	1,336,479	1,336,479	-
CFDA subtotal			11,166,329	-	3,752,507	3,752,507	-
Federal Transit Metropolitan Planning Grants	20.505	Nonmajor					
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 103686			141,138	-	17,411	17,411	-
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 104201			151,191	-	140,680	140,680	-
CFDA subtotal			292,329	-	158,091	158,091	-
State and Community Highway Safety:	20.600	Nonmajor					
Passed through the State of Montana:							
STEP OT 2008-13-13-04 & 2008-09-08-04			14,000	-	6,665	6,665	-
STEP OT 2009-11-04-01 & 2009-17-04-01			14,500	-	11,143	11,143	-
2009-16-21-01			170,895	-	76,025	76,025	-
CFDA subtotal			199,395	-	93,833	93,833	-

[3] Grant funds were returned to correct the drawdown error.

(continued)

U.S. Department of Transporation (continued)							
Highway Planning and Construction:	20.205	Nonmajor					
TCSP-007-Q69 Alklali Creek Trail			495,654	-	8,169	8,169	-
Passed through the State of Montana							
CTEP Grant STPE 1099 (41)			175,961	-	7,559	7,559	-
CTEP Grant STPE 1099 (44)			55,000	-	1,514	1,514	-
CTEP Grant STPE 1099 (48)			65,000	-	1,250	1,250	-
CTEP Grant STPE 1099 (53)			125,000	-	102,023	102,023	-
CTEP Grant STPE 1099 (55)			312,406	-	288,779	288,779	-
CTEP Grant STPE 1099 (59)			301,762	-	98,694	98,694	-
CTEP Grant STPE 1099 (63)			92,325	-	30,681	30,681	-
Metropolitan Planning Funds SPR-PL-1 (46)			760,200	-	131,936	131,936	-
Metropolitan Planning Funds SPR-PL-1 (47)			700,100	-	402,032	402,032	-
STPU (U-1033) 86.58% Federal 13.42% State of Montana			155,844	-	3,855	3,855	-
Montana Air & Congestion Initiative CM 1034 (1)			2,193,839	-	7,478	7,478	-
Montana Air & congestion Initiative CM 1099(32)			1,609,000	-	19,169	19,169	-
CFDA subtotal			7,042,091	-	1,103,139	1,103,139	-
U.S. Department of Army, Corp of Engineers							
Section 595-W912EF-08-3-0006	12.110	Nonmajor					
Billings West Wicks			245,000	-	53,410	53,410	-
CFDA subtotal			245,000	-	53,410	53,410	-
U.S. Department of Interior							
Historic Preservation Fund Grants-In-Aid:	15.904	Nonmajor					
Passed through the Montana Historic Society;							
MT 08-012			6,000	-	5,234	5,234	-
MT 09-012			5,500	-	952	952	-
CFDA subtotal			11,500	-	6,186	6,186	-
U.S. Department of Justice							
Office of Juvenile Justice Delinquency Program	16.543	Nonmajor					
Internet Crimes Against Children 2007-DD-BX-K077			250,000	-	154,693	154,693	-
CFDA subtotal			250,000	-	154,693	154,693	-
Violence Against Women Formula Grants passed through	16.588	Nonmajor					
State of Montana Board of Crime Control							
Victim/Witness Program 08-W03-90290			38,000	-	38,000	38,000	-
Domestic Violence Unit 08-W03-90294			52,000	-	52,000	52,000	-
CFDA subtotal			90,000	-	90,000	90,000	-

(continued)

U.S. Department of Justice (continued)							
Justice Assistance Grants:							
2007-JAF #DJ-BX-1306	16.738	Nonmajor	82,370	-	535	535	-
2008-JAF #DJ-BX-0640			11,390	-	11,390	11,390	-
CFDA subtotal			93,760	-	11,925	11,925	-
Technology Grants:							
2008-CK-WX-0035 Crime Scene Vehicle	16.710	Nonmajor	177,707	-	149,193	149,193	-
2008-CK-WX-0125 Digital Video Cameras			205,766	-	204,490	204,490	-
CFDA subtotal			383,473	-	353,683	353,683	-
Office of Justice Porgrams:							
Adult Misdemeanor Mental Health Treatment Court 2008-MO-BX-0010	16.745	Nonmnajor	249,415	-	12,639	12,639	-
CFDA subtotal			249,415	-	12,639	12,639	-
Office of Justice Porgrams:							
Internet Crimes Against Children 2009-SN-B9-K037	16.800	Nonmajor	422,046	-	2,606	2,606	-
CFDA subtotal			422,046	-	2,606	2,606	-
Department of Homeland Security							
Assistance to Firefighters Grant:	97.044	Nonmajor					
EMW-2008-FO-10125-Confined Space			48,738	-	48,738	48,738	-
CFDA subtotal			48,738	-	48,738	48,738	-
Fire Management Assistance Grant Program: Passed through the State of Montana-Department of Military Affairs-Disaster & Emergency Services Division	97.046	Nonmajor					
2006-GE-T60-0062			12,935	-	12,935	12,935	-
CFDA subtotal			12,935	-	12,935	12,935	-
Homeland Security Grant Program	97.067	Nonmajor					
Training 2006-GE-T6-0062			10,000	-	6,782	6,782	-
Bomb Unit Equipment 2008-GE-T8-0023			298,200	-	150,470	150,470	-
CFDA subtotal			308,200	-	157,252	157,252	-
Office of National Drug Control Policy							
High Intensity Drug Traffic Area Award:	PUBLIC LAW 108-7	Nonmajor					
2006 HIDTA #16PRMP606Z			235,659	-	28,863	28,863	-
2007 HIDTA #17PRMP606Z			187,155	-	47,434	47,434	-
2008 HIDTA #18PRMP606Z			138,121	-	64,371	64,371	-
2009 HIDTA #G09RM0038A			138,010	-	43,012	43,012	-
CFDA subtotal			698,945	-	183,680	183,680	-

(continued)

Environmental Protection Agency

Capitalization Grant-State Revolving Fund Passed Through the State of Montana-Dept of Natural Resources and Conservation.	65.458	Major						
Briarwood Sewer Improvements 2008 SRF - 01974 83.3% Fed			6,164,200	-		4,458,027	4,458,027	-
Wastewaterline Replacement 2009 SRF - 10187 83.3% Fed			4,487,371	-		-	611,530	(611,530)
CFDA subtotal			10,651,571	-		4,458,027	5,069,557	(611,530) [2]
Capitalization Grant-State Revolving Fund Passed Through the State of Montana-Dept of Natural Resources and Conservation.	65.468	Major						
Wastewaterline Replacement 2009 SRF - 10185 100% Fed			390,700	-		390,700	390,700	-
Wastewaterline Replacement 2009 SRF - 10186 100% Fed			359,300	-		-	359,300	(359,300)
Waterline Replacement 2009 WRF - 10153 100% Fed			416,300	-		416,300	416,300	-
Waterline Replacement 2009 WRF - 10154 100% Fed			333,700	-		-	333,700	(333,700)
Waterline Replacement 2009 WRF - 10155 80%Fed			2,200,000	-		-	522,102	(522,102)
CFDA subtotal			3,700,000	-		807,000	2,022,102	(1,215,102) [2]
Total federal awards (all sources)			$ 55,218,826	$ 4,762	[1]	$ 15,846,414	$ 17,677,808	$ (1,826,632) [2]

[1] Amount of advance received in fiscal year 2008.

[2] Expenditures were incurred during FY2009 and the corresponding revenue will be recognized in subsequent years. (See Footnote)

[3] Grant funds were returned to correct the drawdown error.

CITY OF BILLINGS, MONTANA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Billings, Montana and is presented using the basis of accounting consistent with the basis of accounting used in the basic financial statement fund statements which is described in Note 1. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Relationship to General-Purpose Financial Statements

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

	Inter-governmental	Capital Contributions	Notes Payable	Total
Special revenue funds:				
Gas Tax Fund	$ 30,502	$ -	$ -	$ 30,502
Development Services Grants Fund	1,534,187	-	-	1,534,187
Police Program Fund	881,647	-	-	881,647
Transportation Enhancement Fund	500,453	-	-	500,453
City-County Planning Fund	540,154	-	-	540,154
City Attorney Grants Fund	90,000	-	-	90,000
Fire Programs Fund	61,673	-	-	61,673
Municipal Drug Court Grant Fund	88,664	-	-	88,664
Storm Sewer Fund	10,970	-	-	10,970
Capital projects fund:				
Series 2000 Parks Improvements Fund	38,216	-	-	38,216
Enterprise funds:				
Airport Fund	238,721	2,613,162	-	2,851,883
Transit Fund	1,494,570	2,416,028	-	3,910,598
Water Fund	37,980	416,300	-	454,280
Wastewater Fund	4,460	390,700	4,458,027	4,853,187
Total	$ 5,552,197	$ 5,836,190	$ 4,458,027	$ 15,846,414

CITY OF BILLINGS, MONTANA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

State, local, and federal revenue of $1,802,876 in the Gas Tax Fund, $120,322 in the Police Programs Fund, $44,167 in the Fire Programs Fund, $167,121 in the Municipal Court Grants Fund, and $1,000 in the City-County Planning Fund are also included in the intergovernmental revenue as reported in the non-major special revenue funds-combining statements of revenues, expenditures and changes in fund balance. Other Intergovernmental revenue of $630,507 in the Transit fund and, $186,706 in the Airport fund are also included in the basic financial statements. Infrastructure capital contributions of $134,965 in the Water Fund and $858,320 in the Wastewater Fund are also included in the basic financial statements. Note proceeds of $5,351,773 were received in the Wastewater Fund. This note payable was funded with 16.7% state funds ($893,746) and 83.3% Federal funds ($4,458,027).

A. SUMMARY OF AUDIT RESULTS

1. The auditors report expresses an unqualified opinion of the basic financial statements of the **City of Billings**.

2. Two significant deficiencies in internal control were disclosed by the audit of the financial statements. We consider significant deficiency 09-1 to be a material weakness.

3. No instances of noncompliance material to the financial statements of the **City of Billings** were disclosed during the audit.

4. The auditor's report on compliance for the major federal award programs for the **City of Billings** expresses an unqualified opinion.

5. No significant deficiencies were disclosed in the in the report on internal control over compliance.

6. Audit findings relative to the major federal award programs for the **City of Billings** are reported in Part C of the schedule.

7. The programs tested as a major programs were Capitalization Grant- State Revolving Fund CFDA 66.458, Capitalization Grant-State Revolving Fund CFDA 66.468, and Federal Transit Capital and Operating Assistance Formula Grants CFDA 20.507.

8. The threshold for distinguishing a Type A program was $500,000.

9. The City of Billings was determined not to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #09-1 Dedicated Land Acquisitions

Condition: It was noted while testing the incurred land acquisition added in year ending June 30, 2009, that a significant portion of the land was received in prior years. The total of dedicated land received in prior years and recorded in year ending June 30, 2009, was $7,645,657.

Criteria: Government Accounting Standards require that property acquisitions be recorded in the year acquired.

Cause: The City has not developed an internal control system to assure all dedicated land is recorded in the year acquired.

Effect: The amount recorded results in an overstatement of revenues recorded as dedicated land in the current year and an understatement of dedicated land recorded as revenues in prior years.

Recommendation: To ensure accurate reporting, we recommend recording dedicated land in the year acquired and developing a system of controls to assure all dedicated land is being recorded.

Management's response: The land acquisition problem was a finding during the FY 07 audit. Finance has collaborated with the Parks Supervisor and Land Management Coordinator rectifying the previous problem. A procedure has not been written but procedures have been created to avoid this situation in the future. Gathering the necessary information including identifying and valuing dedicated land was a timely process requiring research by City staff. All land acquisition since the initial finding has been recorded and all previous reporting periods have been corrected.

Finding #09-2 Destruction of Forms I-9 prior to deadline

Condition: During the FY 2008 audit, it was noted during the testwork of state compliance that the City has not followed the prescribed deadline of destroying employee Form I-9's after 3 years employment or 1 year after employment termination, whichever is later. In current year compliance testwork it was noted the City was in compliance with I-9 retention for all new hires, however have elected not to replace those I-9's previously destroyed.

Criteria: Montana State Compliance guidelines state "employers must retain completed Forms I-9 for all employees for 3 years after the date they hire an employee or 1 year after the date employment is terminated, whichever is later."

Cause: The state guidelines were incorrectly interpreted by the employees of the City.

Effect: The destruction of employee I-9 prior to the state prescribed deadlines places the City in noncompliance

Recommendation: We recommend that all employees handling Form I-9's are informed of the proper retention period, per State guidelines.

Management's response: Human Resource is aware of this issue as it was a finding during the FY 08 audit. Procedures have been put in place so that each new employee's I-9 is placed in that employee's personnel file rather than filed all together. Human Resources has consulted the City Attorney's office and received an opinion that it is not necessary at this time to replace the destroyed I-9's. This will be a finding for many years as the City does not plan to replace the destroyed I-9's.

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT –NONE.

CITY OF BILLINGS

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Summary Schedule of Prior Year Audit Findings

June 30, 2008

None

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BILLINGS

MONTANA

City of Billings, Montana

City of Billings, Montana