

FISCAL
YEAR

2021

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT



CITY OF BILLINGS, MONTANA

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

About the Cover

The Billings Logan International Airport is located in Montana's largest City and County, providing passenger service for a large portion of eastern Montana and northern Wyoming. The first aircraft landed at the present site of the Airport in 1927 and the Billings City Council created the Billings Airport Department via Ordinance in 1929. The Airport has continued to grow with the community and serves over 900,000 passengers in a typical year, and currently has seven airlines providing service to five Montana communities and 10 non-stop destinations throughout the year. With this growth, the decision was made to start an expansion project to better accommodate the traveling public with the focus on the replacement of the nearly 50-year-old concourses.

After going through a planning effort to determine what the new concourses should provide and some possible layouts, in 2017 the City selected Morrison-Maierle, Inc. as the project lead and to provide all engineering, and A&E Architects to do the construction design. Once some preliminary design work was completed, in 2018 the City selected Sletten Construction Company in a General Contractor - Construction Manager capacity to work hand in hand with Morrison-Maierle and A&E Architects to do the final design of the Terminal Expansion. The project was officially kicked off with a ground breaking event in September 2019, and will result in a larger screening area on the concourse level, a complete rebuild of the A & B Concourses, which increases the current five passenger loading gates to eight gates, a centralized gathering area between the two concourses, dubbed the Great Room, where the public will be able to access a new restaurant, coffee bar, liquor bar, gift shop, and comfortable lounging around a fireplace. Additionally, the old screening area on the main floor will be reconfigured to provide a reception area for arriving passengers.

Because the Airport Terminal Building still needed to be used during the entire construction process, which is projected to take almost four years to complete, the project is being built in multiple phases. The new A Concourse and Great Room area will be completed in December 2021 and used by the public in early 2022. The total project including the new B Concourse should be completed by the Autumn of 2023 at an estimated total cost of \$60 million.

CITY OF BILLINGS, MONTANA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FINANCE DEPARTMENT
ANDREW ZOELLER, CPA
FINANCE DIRECTOR

FISCAL YEAR 2021
July 1, 2020 – June 30, 2021

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INTRODUCTORY SECTION



January 10, 2022

CITY OF
Billings

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

The Annual Comprehensive Financial Report (ACFR) of the City of Billings, Montana (the City) for Fiscal Year ended June 30, 2021, is hereby submitted. This report was prepared by the Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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

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

CITY OF BILLINGS PROFILE

The City of Billings was incorporated in 1882 and is located in South Central Montana along Interstate 90. The City of Billings is located in Yellowstone County, the most populous county in Montana. Billings is the largest city in the state with a 2020 Census population of 117,116.

The City of Billings operates under a Home Rule Charter, established in 1976, with a Council-Manager form of government. Policymaking 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, 2021. 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.

The news that Montana's economic performance in 2020 will undoubtedly go down as the worst in its post-war history will not surprise many. The swift onset of the global pandemic cratered economic activity here in the spring, just as it did in most of the world. Yet, however severe our economic downturn has been, evidence continues to paint it as milder than what other states have suffered.

Over the first two quarters of last year, Montana suffered a 8.2% payroll job decline, amounting to almost 39,000 jobs. The job losses were disproportionately felt in two industries – accommodations and food (28.1% decline), and arts and entertainment (27.3%) – that were most challenged by physical distancing. With the exception of government, however, no industries were spared.

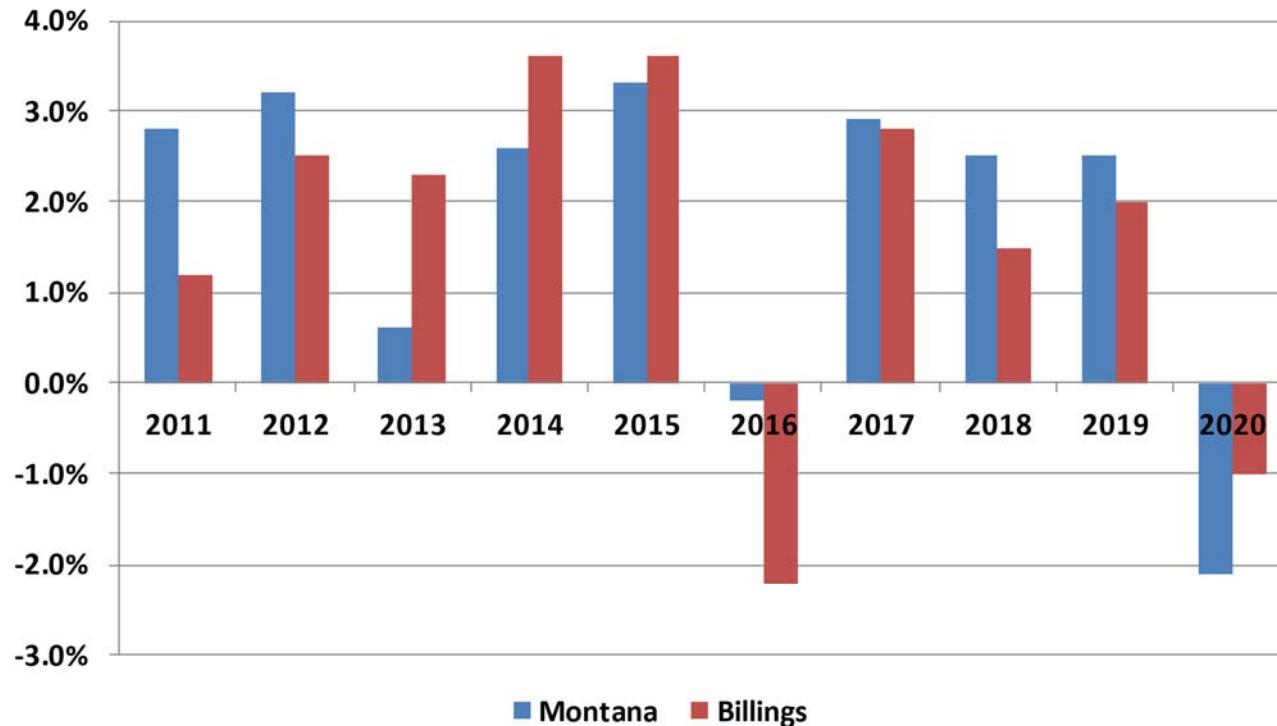
Yellowstone County, the state's largest, has had growth challenges ever since the oil price collapse of 2014-15. Prior to that time, Billings enjoyed strong growth that reflected the economic conditions of the four-state region it serves as a commercial hub. Not just energy, but agriculture across the state enjoyed very good years in the aftermath of the Great Recession, with decidedly different circumstances in both sectors playing out today.

As a county with no oil reserves, Yellowstone's connection to Bakken oil fields and other energy and mining activities is less apparent, but its numerous, high paying, mining, construction and other support services jobs have had a huge influence

on the overall fortunes of the local economy. The Bakken's thankfully brief, but severe, downturn in the months after the oil price turbulence of early 2020 creates more uncertainty for this part of the economy.

The strength of the goods side of the national economy in the midst of this downturn and the emphasis on supply and logistics plays to the strengths of the Billings economy. As pandemic disruptions ease, the region's health care industry, by far the state's largest, should get back on track as well.

Change in Nonfarm Labor Income



One of the City's largest industries is health care. Presently, the Billings Clinic Health System (approximately 4,000 employees) and Saint Vincent Healthcare (approximately 2,000 employees) employ approximately 6,000 employees. Both healthcare systems have embarked on major expansion programs that will increase the size of their facilities and their employment levels over the next several years.

LONG-TERM FINANCIAL PLANNING

The City of Billings annually completes five-year plans for the General Fund, Public Safety Fund, Library Fund, Airport Fund, Transit Fund and other operating funds. Currently, the Public Safety Fund gets around 42% of its revenue from the General Fund. Historically, the General Fund balance increased slightly through modest increases in expenditures and tax revenue. However, tax revenue increases have not been able to keep pace with the increase in expenses. As a result of this in balance, reserves will need to be used to balance future budgets. In September 2020, the residents of Billings approved a mill levy for funding Public Safety into the future. Additionally, in November of 2021 voters approved to increase property taxes to fund Police, Fire, Legal, Municipal Court, and Code Enforcement expenditures. These will both help with the increases into the future. As a result of continued population growth, the City will need to make many decisions related to expansion of City facilities over the next five years. This information will be used when completing the FY23 budget.

RELEVANT FINANCIAL POLICIES

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

The City Council followed the adopted growth policy by only annexing parcels contained within the boundaries of the policy. Following the policy helps to not overextend City services, which in turn cost more money.

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

MAJOR INITIATIVES

City Council adopts annual goals before beginning budget preparations. The Council, with the help of a consultant, adjusted and adopted updated strategic goals in 2019.

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

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

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

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

INDEPENDENT AUDIT

The State of Montana requires a biennial audit of the basic financial statements of the City by independent certified public accountants selected by the City Council. However, the City Council has recommended that an annual audit be performed. An annual audit provides a higher level of financial management and fiscal responsibility. JCCS P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Billings, Montana's financial statements for the year ended June 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Billings, Montana, for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 37th 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

For the 29th consecutive year, the City received the GFOA's Award for Distinguished Budget Presentation for its 2020-2021 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 Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, with special appreciation extended to our Accountants Jim Hauck, Donna Hjelm, and Sarah Lane. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Andy Zoeller".

Andy Zoeller, CPA
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Billings
Montana**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

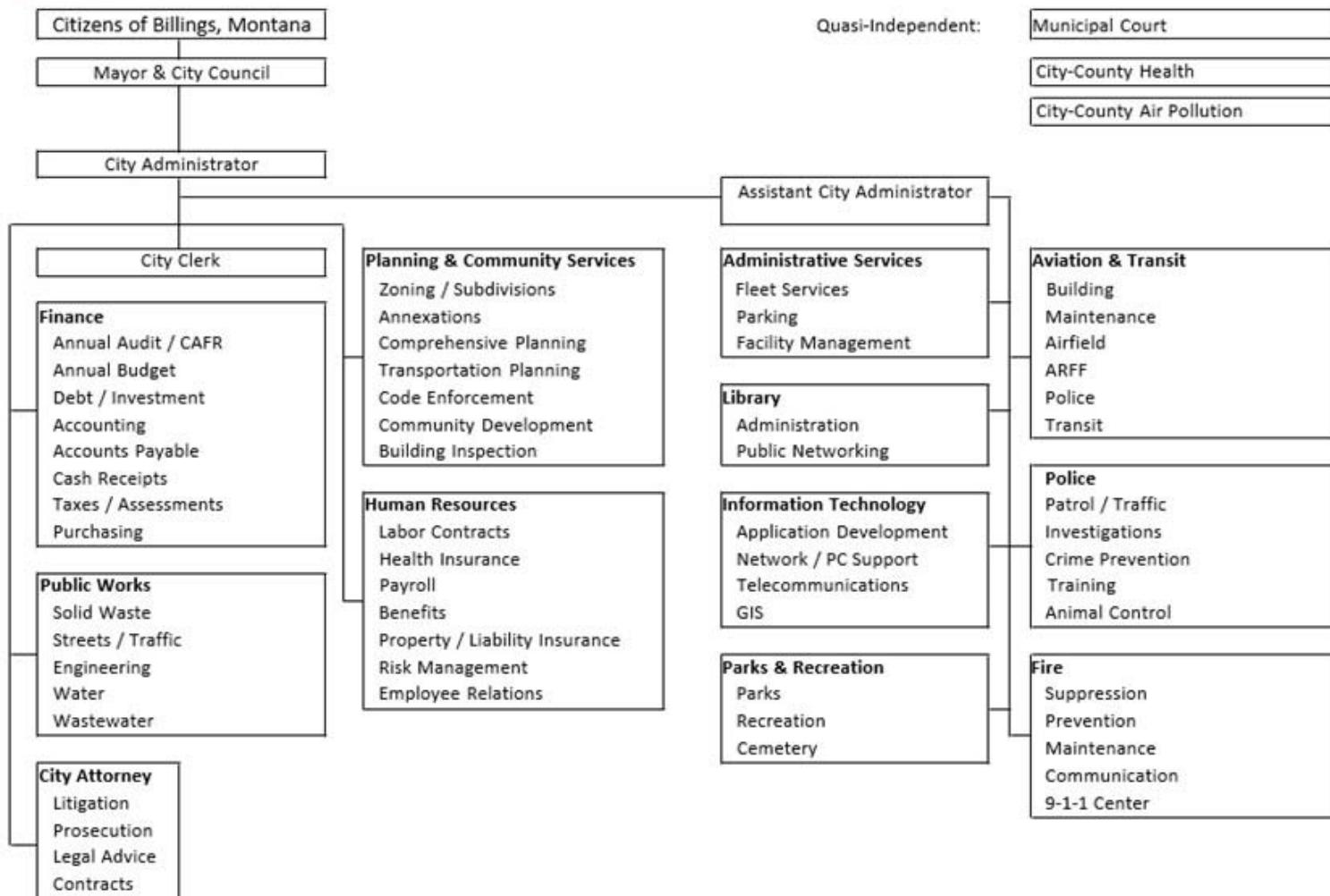
June 30, 2020

Christopher P. Morrell

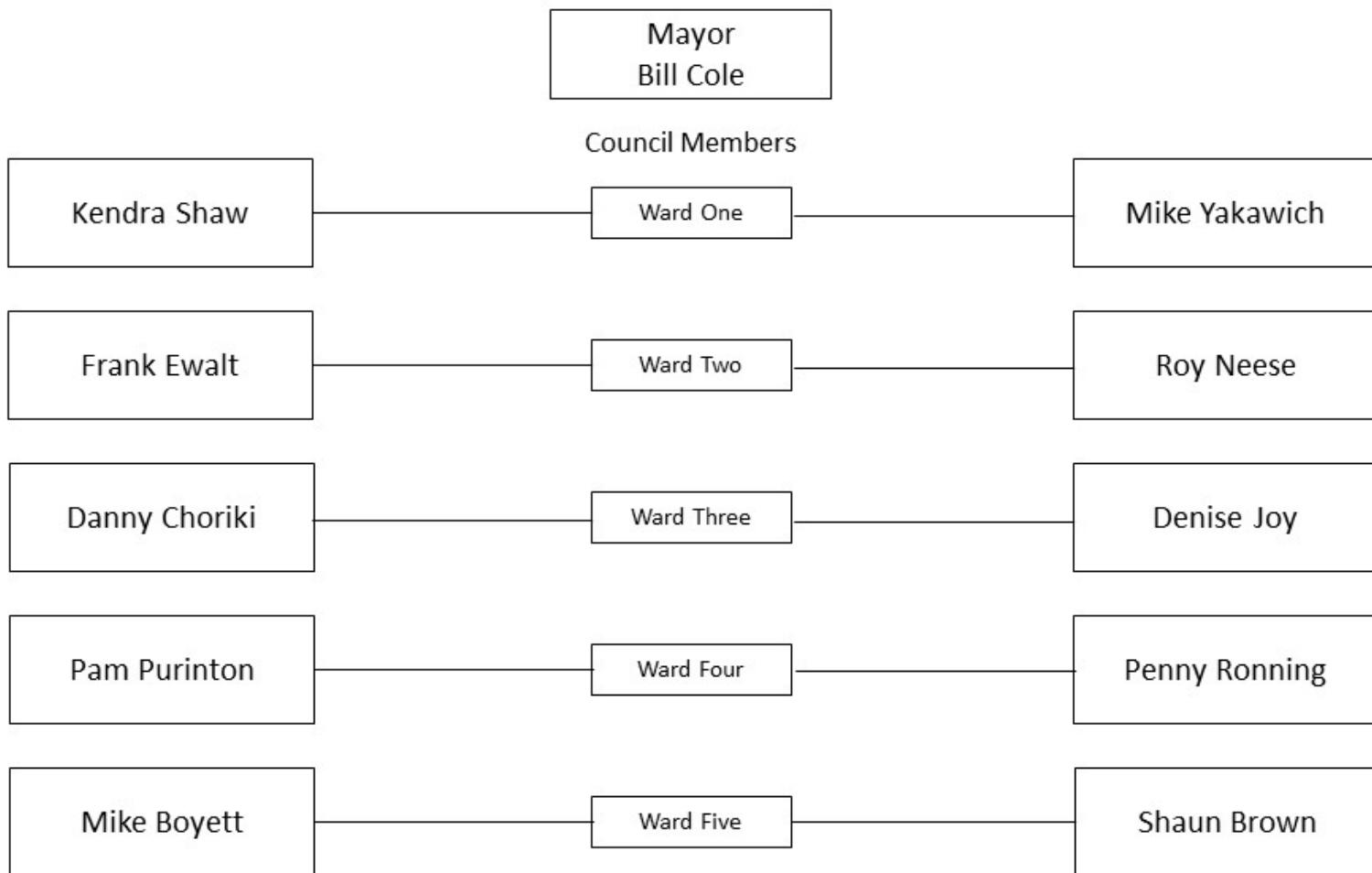
Executive Director/CEO



City of Billings, Montana
Organizational Chart



City of Billings, Montana
Official Roster



FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Billings, Montana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, other post-employment benefits information, and employee retirement pension benefits information (collectively, the required supplementary information) on pages 3 through 12 and 113 through 133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Billings, Montana's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2022, on our consideration of the City of Billings, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Billings, Montana's internal control over financial reporting and compliance.

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

Great Falls, Montana
January 10, 2022

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, 2021. In addition to this overview and analysis based on currently known facts, decisions, and conditions, the City encourages readers to consider the information presented in the City's letter of transmittal and the City's financial statements, which begin on pages i and 13 of this report, respectively.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the fiscal year end by \$866 Million (Net Position).
- The total fiscal year end governmental fund balance was \$129.9 Million as reported in the balance sheet.
- The total general fund and public safety fund balances at the fiscal year end were \$33,457,280 and \$1,769,739, respectively. More information regarding the general fund and public safety fund balances is contained in the Economic Factors and Future Outlook toward the end of the Management Discussion and Analysis (MD&A).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Net position over time may serve useful as an indicator of a government's financial position. The net position for the fiscal year ending June 30, 2021, was \$866,012,798 (assets and deferred outflows exceeded liabilities and deferred inflows), which was an increase of \$57.3 million. The increase is largely attributable to capital contributions from grants and developers and receipt of federal CARES Act and American Rescue Plan funds. The City continues to make significant investment in capital assets.

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

The following two tables present condensed financial information on the City's Net position and Changes in Net position as of, and for, the fiscal years ended June 30, 2021, and June 30, 2020:

City of Billings, Montana's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 171,743,961	\$ 132,334,288	\$ 150,398,173	\$ 152,955,588	\$ 322,142,134	\$ 285,289,876
Capital assets	298,504,771	291,995,740	557,082,222	530,520,093	855,586,993	822,515,833
Total assets	470,248,732	424,330,028	707,480,395	683,475,681	1,177,729,127	1,107,805,709
Deferred outflows	20,691,413	13,159,789	6,090,117	3,953,230	26,781,530	17,113,019
Long-term liabilities outstanding	152,233,858	128,160,278	147,261,133	149,372,695	299,494,991	277,532,973
Other liabilities	21,204,960	13,015,698	11,948,849	16,948,372	33,153,809	29,964,070
Total liabilities	173,438,818	141,175,976	159,209,982	166,321,067	332,648,800	307,497,043
Deferred inflows	3,747,794	5,602,220	2,101,265	3,069,050	5,849,059	8,671,270
Net position:						
Net investment in capital assets	223,844,149	226,974,979	443,663,389	414,789,990	667,507,538	641,764,969
Restricted	73,990,239	60,518,356	5,256,097	15,154,257	79,246,336	75,672,613
Unrestricted	15,919,145	3,218,286	103,339,779	88,094,546	119,258,924	91,312,832
Total net position	\$ 313,753,533	\$ 290,711,621	\$ 552,259,265	\$ 518,038,794	\$ 866,012,798	\$ 808,750,415

The restricted portion of fiscal year 2021 Net Position (9.2%) represents resources that are subject to external restrictions as to how they may be used.

City of Billings, Montana's Changes in Net Position

Revenues:	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 43,764,747	\$ 41,398,628	\$ 85,049,932	\$ 77,785,361	\$ 128,814,679	\$ 119,183,989
Operating grants and contributions	36,640,252	21,722,961	8,381,072	7,002,574	45,021,324	28,725,535
Capital grants and contributions	12,692,465	11,358,201	17,015,026	12,144,380	29,707,491	23,502,581
General revenues:						
Property taxes	45,106,948	41,000,209	2,396,685	2,350,880	47,503,633	43,351,089
Franchise fees	1,480,204	1,300,176	-	-	1,480,204	1,300,176
Business licenses	758,950	785,979	-	-	758,950	785,979
Unrestricted federal/state shared revenue	19,687,053	19,196,670	-	-	19,687,053	19,196,670
Unrestricted investment earnings	176,836	1,725,051	254,311	2,536,677	431,147	4,261,728
Gain/(Loss) on sale of property and equipment	19,602	242,200	26,146	18,902	45,748	261,102
Miscellaneous	4,838,743	372,231	831,604	556,485	5,670,347	928,716
Total revenues	165,165,800	139,102,306	113,954,776	102,395,259	279,120,576	241,497,565

(Continued)

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

	Governmental Activities		Business-type Activities		Total
	2021	2020	2021	2020	
Expenses:					
General government	12,206,160	10,596,995	-	-	12,206,160 10,596,995
Public safety	63,498,079	55,230,131	-	-	63,498,079 55,230,131
Public works	40,603,024	42,401,157	-	-	40,603,024 42,401,157
Public health	1,412,739	1,188,347	-	-	1,412,739 1,188,347
Culture and recreation	15,224,251	11,924,288	-	-	15,224,251 11,924,288
Housing and economic development	5,200,559	4,068,249	-	-	5,200,559 4,068,249
Interest on long-term debt	3,709,197	2,514,252	-	-	3,709,197 2,514,252
Solid Waste	-	-	16,548,274	15,117,012	16,548,274 15,117,012
Airport	-	-	12,519,061	12,930,076	12,519,061 12,930,076
Water	-	-	21,712,395	21,137,731	21,712,395 21,137,731
Wastewater	-	-	18,895,152	16,549,840	18,895,152 16,549,840
Parking	-	-	2,671,020	2,371,006	2,671,020 2,371,006
Transit	-	-	6,609,857	6,263,190	6,609,857 6,263,190
Golf Course	-	-	465,035	407,181	465,035 407,181
Total expenses	141,854,009	127,923,419	79,420,794	74,776,036	221,274,803 202,699,455
Increase in net position before transfers	23,311,791	11,178,887	34,533,982	27,619,223	57,845,773 38,798,110
Transfers	(269,865)	(282,184)	269,865	282,184	- -
Change in net position	23,041,926	10,896,703	34,803,847	27,901,407	57,845,773 38,798,110
Net position, beginning of year	290,711,607	279,814,918	518,038,794	490,137,387	808,750,401 769,952,305
Net position, end of year	\$ 313,753,533	\$ 290,711,621	\$ 552,259,265	\$ 518,038,794	\$ 866,012,798 \$ 808,750,415

Governmental activities. Net Position in governmental activities increased by \$23,041,926 during fiscal year 2021. Net Position increased due to the combination of increased operating grants and capital grants.

Business-type activities. Net Position in business-type activities increased by \$34,803,847 during fiscal year 2021. Net Position increased due to Airport, Water, Parking, and Wastewater contributed capital of \$17.2 million and increases in revenue related to charges for services.

Financial Analysis of the City's Funds

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

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

The City of Billings Public Safety Fund received approximately 21% of its funding from the General Fund. Therefore, both funds are directly related. The combined fund balances for the General and Public Safety funds experienced an increase in the current fiscal year. The increase is a direct result of the City receiving federal CARES Act money, allocated by the State of Montana.

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

Unrestricted net position in the proprietary funds is \$103,339,779 for fiscal year ended June 30, 2021, an increase of \$15.2 million. The most significant increases in unrestricted net position were related to increased net operating income in Water and Wastewater funds.

The net position of the Solid Waste Fund increased by \$1.6 million due to a net operating income of \$2.0 million. The Airport Fund's net position increased by \$14.3 million due to capital contributions of \$12.9 million. The Water Fund's net position increased by \$12.5 million due to a net operating income of \$10.5 million and \$2 million of contributed capital. The Wastewater Fund's net position increased by \$6.4 million due to a net operating income of \$6.1 million and capital contributions of \$2.1 million. The Parking Fund's net position decreased by \$531,853 due to a net operating loss. Future increases and revenue enhancements are being planned for the Parking Fund.

General Fund Budgetary Highlights

General Fund revenues were nearly the same as amounts budgeted. Variances between the final revenue budget and actual revenues received is a result of charges for services being greater than anticipated due to an increase in participation of recreation activities. Variances between the final expenditure budget and actual expenditures resulted from vacancy savings, unused funds, and vacancy savings and deferred capital expenditures in the Public Safety Fund resulting in a transfer that was less than budgeted. Additionally, the City received federal revenue through the State of Montana to assist with Public Safety expenditures.

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, 2021, was \$856 million (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 \$60 million for the end of the current fiscal year.

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

	Governmental		Business-type		Total	
	Activities		Activities		2021	2020
	2021	2020	2021	2020	2021	2020
Land	\$ 46,676,119	\$ 45,535,455	\$ 17,113,076	\$ 17,056,902	\$ 63,789,195	\$ 62,592,357
Buildings	32,655,279	29,701,634	53,147,904	52,779,642	85,803,183	82,481,276
Improvements other than buildings	31,683,274	28,791,728	63,245,992	38,945,846	94,929,266	67,737,574
Machinery and equipment	14,879,201	14,699,405	25,452,646	22,938,547	40,331,847	37,637,952
Infrastructure	161,197,064	163,229,756	354,175,906	349,029,727	515,372,970	512,259,483
Construction In progress	11,413,891	10,037,776	43,946,698	49,769,429	55,360,589	59,807,205
Total	\$ 298,504,828	\$ 291,995,754	\$ 557,082,222	\$ 530,520,093	\$ 855,587,050	\$ 822,515,847

Additional information on the City of Billings' capital assets can be found on pages 55-56 of this report.

City of Billings, Montana's Outstanding Debt

Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 24,259,578	\$ 17,885,802	\$ -	\$ -	\$ 24,259,578	\$ 17,885,802
Refunding bonds	-	-	-	670,000	-	670,000
Special assessment debt with governmental commitment	18,212,836	18,405,449	-	-	18,212,836	18,405,449
Revenue bonds	28,125,376	26,779,156	81,199,082	84,261,901	109,324,458	111,041,057
Notes payable	-	-	30,114,000	33,403,000	30,114,000	33,403,000
Intercap notes payable	2,727,737	312,228	-	-	2,727,737	312,228
Capital lease payable	1,182,342	1,638,124	2,105,751	2,969,974	3,288,093	4,608,098
Total	\$ 74,507,869	\$ 65,020,759	\$ 113,418,833	\$ 121,304,875	\$ 187,926,702	\$ 186,325,634

Long-term debt. The City of Billings had total bonded debt and notes outstanding of \$187,926,702 at the end of the current fiscal year. The majority of the debt consists of revenue bonds payable in the amount of \$139,438,458. These bonds are secured by specific revenue sources consisting mostly of loans for a major Wastewater plant project and Solid Waste Landfill drop-off facility. General Obligation Bonds in the amount of \$24,259,578 of debt is backed by the full faith and credit of the government. The remaining amounts are special assessment debt in the amount of \$18,212,836, which is assessed to benefit property owners, and \$3,288,093 for capital leases.

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, 2021, the City's general obligation bonded debt of \$24,259,578 was well below the legal debt limit of \$334,984,833. General obligation net bonded debt per capita equated to \$127.66.

Additional information on the City of Billings long-term debt can be found on pages 62-73 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 manufacturing. Most of the City's funds are in good financial condition. The funds relying on property tax struggle because of local and state tax limitations, but continue to operate with use of reserves.

Tax growth in the City has averaged slightly less than 3% over the past 10 years. While this growth allows us to keep up with the current level of service provided, it does not allow for much expansion in services. Development and construction continue to occur in Billings, during the fiscal year there was development valued at over \$337 million within the City.

Fund balance for the General Fund is above the minimum recommended reserve level as of June 30, 2021. The recommended reserve of 29% of the annual budget was derived from analyzing 10 years of cash flow needs. These reserves are necessary because property taxes, which are the greatest source of revenue for the General Fund, are paid in two installments, November 30 and May 31. As a result, cash balance in the fund decreases significantly in between tax payments.

In September of 2020, the citizens of Billings approved an increase in the number of mills levied for Public Safety. This increase will provide a much-needed boost to our Public Safety Fund and allow the City to better maintain adequate services consistent with the growth of the City. The Billings City Council, after the increase approved by voters, approved an increase in the total number of mills levied for tax year 2020 by 19.46 mills. Additionally, in November of 2021, voters approved an increase of 34 mills to fund public safety expenses. The increase in property tax revenue will not be experienced by the City of Billings until FY2023. Of the total mills levied within the City of Billings (City, County, School, and State), the City's portion is approximately 25%. The city has seen large growth in both new construction and existing property values. We expect this trend to retract some in the coming years and return to a more modest growth rate in property tax revenue for future fiscal 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 requests for additional information should be sent to the attention of the Finance Director at the following address: P.O. Box 1178, Billings, MT 59103.

BASIC FINANCIAL STATEMENTS

CITY OF BILLINGS, MONTANA

Statement of Net Position

June 30, 2021

(Page 1 of 2)

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 80,704,838	\$ 61,146,938	\$ 141,851,776
Restricted cash and cash equivalents with fiscal agent	12,816,998	3,889,087	16,706,085
Investments	70,342,004	53,064,008	123,406,012
Receivables	11,993,771	21,622,410	33,616,181
Internal balances	(5,626,120)	5,626,120	-
Inventories	354,141	1,314,733	1,668,874
Prepaid items	14,302	8,062	22,364
Property held for resale	378,824	-	378,824
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	3,726,815	3,726,815
Permanently restricted:			
Cash and cash equivalents	408,888	-	408,888
Investments	356,315	-	356,315
Capital assets:			
Land and construction in progress	58,090,010	61,059,774	119,149,784
Other capital assets, net of depreciation	240,414,761	496,022,448	736,437,209
Total capital assets	<u>298,504,771</u>	<u>557,082,222</u>	<u>855,586,993</u>
Total assets	<u>470,248,732</u>	<u>707,480,395</u>	<u>1,177,729,127</u>
<u>Deferred Outflows</u>			
Deferred charge on refunding of debt	848,160	-	848,160
Other post employment benefits	1,102,617	930,058	2,032,675
Pensions	18,740,636	5,160,059	23,900,695
Total deferred outflows	<u>20,691,413</u>	<u>6,090,117</u>	<u>26,781,530</u>

(continued)

CITY OF BILLINGS, MONTANA
Statement of Net Position
June 30, 2021
(Page 2 of 2)

	Governmental Activities	Business-type Activities	Total
<u>Liabilities</u>			
Accounts payable	4,999,498	8,638,258	13,637,756
Accrued wages and benefits	3,434,868	1,205,527	4,640,395
Incurred but not reported health benefits	1,200,338	-	1,200,338
Accrued interest	1,225,654	2,105,064	3,330,718
Unearned Revenue	1,001,445	-	1,001,445
Other liabilities	8,043,157	-	8,043,157
Claims and judgments - due within one year	1,300,000	-	1,300,000
Long-term liabilities:			
Due within one year	20,337,645	8,931,846	29,269,491
Due in more than one year	63,528,867	107,951,531	171,480,398
Other post-employment benefits	7,133,972	3,481,914	10,615,886
Net pension liability	61,233,374	22,643,527	83,876,901
Landfill closure and postclosure - due in more than one year	-	4,252,315	4,252,315
Total liabilities	<u>173,438,818</u>	<u>159,209,982</u>	<u>332,648,800</u>
<u>Deferred Inflows</u>			
Other post employment benefits	1,456,763	698,287	2,155,050
Pensions	<u>2,291,031</u>	<u>1,402,978</u>	<u>3,694,009</u>
Total deferred inflows	<u>3,747,794</u>	<u>2,101,265</u>	<u>5,849,059</u>
<u>Net Position</u>			
Net investment in capital assets	223,844,149	443,663,389	667,507,538
Restricted for:			
Public works	30,041,948	-	30,041,948
Culture and recreation	4,694,745	-	4,694,745
Housing and economic development	14,710,180	-	14,710,180
Capital projects	7,483,787	-	7,483,787
Debt service	16,294,161	5,256,097	21,550,258
Endowments - nonexpendable	765,418	-	765,418
Unrestricted	<u>15,919,145</u>	<u>103,339,779</u>	<u>119,258,924</u>
Total net position	<u>\$ 313,753,533</u>	<u>\$ 552,259,265</u>	<u>\$ 866,012,798</u>

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

CITY OF BILLINGS, MONTANA
Statement of Activities
For The Fiscal Year Ended June 30, 2021

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating	Capital Grants	Primary Government			
		Charges for Services	Grants and Contributions	and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 12,206,160	\$ 3,667,871	\$ 2,489,089	\$ 300,000	\$ (5,749,200)	\$ -	\$ (5,749,200)
Public safety	63,498,079	6,487,865	26,553,581	273,963	(30,182,670)	-	(30,182,670)
Public works	40,603,024	31,005,642	1,452,217	9,109,781	964,616	-	964,616
Public health	1,412,739	39,977	127,859	-	(1,244,903)	-	(1,244,903)
Culture and recreation	15,224,251	2,555,392	3,199,701	3,008,721	(6,460,437)	-	(6,460,437)
Housing and economic development	5,200,559	8,000	2,817,805	-	(2,374,754)	-	(2,374,754)
Interest on long-term debt	3,709,197	-	-	-	(3,709,197)	-	(3,709,197)
Total governmental activities	<u>141,854,009</u>	<u>43,764,747</u>	<u>36,640,252</u>	<u>12,692,465</u>	<u>(48,756,545)</u>	<u>-</u>	<u>(48,756,545)</u>
Business-type activities:							
Solid Waste	16,548,274	17,679,298	268,963	-	-	1,399,987	1,399,987
Airport	12,519,061	10,269,231	3,536,939	12,943,555	-	14,230,664	14,230,664
Water	21,712,395	31,513,406	240,893	1,928,343	-	11,970,247	11,970,247
Wastewater	18,895,152	22,715,860	205,065	2,143,128	-	6,168,901	6,168,901
Parking	2,671,020	1,748,804	66,057	202,415	-	(653,744)	(653,744)
Transit	6,609,857	531,947	4,063,155	-	-	(2,014,755)	(2,014,755)
Golf Course	465,035	591,386	-	-	-	126,351	126,351
Total business-type activities	<u>79,420,794</u>	<u>85,049,932</u>	<u>8,381,072</u>	<u>17,217,441</u>	<u>-</u>	<u>31,227,651</u>	<u>31,227,651</u>
Total primary government	<u>\$ 221,274,803</u>	<u>\$ 128,814,679</u>	<u>\$ 45,021,324</u>	<u>\$ 29,909,906</u>	<u>(48,756,545)</u>	<u>31,227,651</u>	<u>(17,528,894)</u>
General revenues:							
Property taxes				45,106,948	2,396,685	47,503,633	
Franchise fees				1,480,204	-	1,480,204	
Business license tax				758,950	-	758,950	
Unrestricted federal/state shared revenue				19,687,053	-	19,687,053	
Unrestricted investment earnings				176,836	254,311	431,147	
Gain on sale of capital assets				19,602	26,146	45,748	
Miscellaneous				4,838,743	629,189	5,467,932	
Transfers				(269,865)	269,865	-	
Total general revenues and transfers				<u>71,798,471</u>	<u>3,576,196</u>	<u>75,374,667</u>	
Change in net position				23,041,926	34,803,847	57,845,773	
Net position, beginning of year, as previously stated				<u>290,711,607</u>	<u>518,038,794</u>	<u>808,750,401</u>	
Prior period adjustment (Note IV H)				-	(583,376)	(583,376)	
Net position, beginning of year				<u>290,711,607</u>	<u>517,455,418</u>	<u>808,167,025</u>	
Net position, end of year				<u>\$ 313,753,533</u>	<u>\$ 552,259,265</u>	<u>\$ 866,012,798</u>	

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

CITY OF BILLINGS, MONTANA

Governmental Funds

Balance Sheet

June 30, 2021

Assets	General Fund	Public Safety Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 18,239,174	\$ 1,869,569	\$ 4,251,828	\$ 44,958,342	\$ 69,318,913
Cash with fiscal agent	-	-	-	12,816,998	12,816,998
Investments	15,841,747	1,625,643	3,713,133	39,218,949	60,399,472
Receivables:					
Property taxes	519,462	549,822	-	434,977	1,504,261
Accounts and unbilled usage	23,778	191,149	-	96,515	311,442
Delinquent special assessments	10,902	-	-	1,316,925	1,327,827
Special assessments receivable	-	-	-	5,745,390	5,745,390
Accrued interest	7,985	461	1,317	22,771	32,534
Notes	-	-	-	1,926,943	1,926,943
Due from other funds	59,519	-	-	419,987	479,506
Due from other governments	-	-	-	881,443	881,443
Inventories	-	-	-	131,880	131,880
Property held for resale	-	-	-	378,824	378,824
Total assets	\$ 34,702,567	\$ 4,236,644	\$ 7,966,278	\$ 108,349,944	\$ 155,255,433

Liabilities, Deferred Inflows and Fund Balances

Liabilities:					
Accounts payable	\$ 584,007	\$ 389,653	\$ -	\$ 3,524,986	\$ 4,498,646
Accrued wages & benefits	554,029	1,998,390	-	500,403	3,052,822
Due to other funds	-	-	-	479,506	479,506
Unearned Revenue	-	-	-	1,000,764	1,000,764
Other liabilities	-	-	7,970,157	73,000	8,043,157
Total Liabilities	\$ 1,138,036	\$ 2,388,043	\$ 7,970,157	\$ 5,578,659	\$ 17,074,895
Deferred inflows:					
Unavailable Revenue	107,251	78,862	-	8,090,759	8,276,872
Fund balances:					
Unspendable	-	-	-	897,298	897,298
Restricted	-	1,769,739	-	79,248,960	81,018,699
Committed	12,198,022	-	-	15,031,190	27,229,212
Unassigned	21,259,258	-	(3,879)	(496,922)	20,758,457
Total fund balances	\$ 33,457,280	\$ 1,769,739	\$ (3,879)	\$ 94,680,526	\$ 129,903,666
Total liabilities, deferred inflows and fund balances	\$ 34,702,567	\$ 4,236,644	\$ 7,966,278	\$ 108,349,944	\$ 155,255,433

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

CITY OF BILLINGS, MONTANA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total <i>fund balances</i> for governmental funds	\$ 129,903,666
Total <i>net position</i> reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	\$ 44,670,735
Buildings and improvements	39,734,106
Improvements other than buildings	51,563,117
Machinery and equipment	40,131,466
Infrastructure	354,874,443
Construction in progress	11,384,748
Less accumulated depreciation	<u>(253,557,975)</u> 288,800,640
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Gov't deferred outflows of resources - unavailable tax revenue	8,276,872
Gov't deferred outflows of resources - pensions	<u>17,593,736</u> 25,870,608
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	(22,260,000)
add: bond premium	(1,999,595)
Tax increment bonds payable	(27,965,000)
less: bond discount	45,168
add: bond premium	(205,544)
Special assessment bonds payable	(12,884,175)
less: bond discount	17,397
add: bond premium	(478,742)
Direct placement debt	(4,867,316)
Notes payable	(2,727,737)
Compensated absences payable	(7,913,572)
Other post-employment benefits	(6,247,543)
Net pension liability	(52,447,857)
Claims and judgments	(1,300,000)
Accrued interest	<u>(1,214,188)</u> (142,448,704)
Deferred inflow of resources related to pensions are not available to pay for current period expenditures, and therefore are not recorded in the funds	
Deferred charge on refunding	848,160
Pensions and OPEB	<u>(3,022,867)</u> (2,174,707)
Internal service funds are used by the City to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position	
	<u>13,802,030</u>
Total net position of governmental activities	<u>\$313,753,533</u>

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

CITY OF BILLINGS, MONTANA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	General Fund	Public Safety Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 17,792,484	\$ 17,242,732	\$ -	\$ 10,908,946	\$ 45,944,162
Licenses and permits	2,261,889	33,743	- -	2,446,922	4,742,554
Intergovernmental	12,259,902	23,722,078	- -	11,697,782	47,679,762
Charges for services	4,464,973	2,218,783	- -	10,169,474	16,853,230
Fines and forfeitures	1,132,756	3,506	- -	646,086	1,782,348
Special assessments	26,267	- -	- -	26,873,008	26,899,275
Other	30,804	115,375	(3,879)	3,114,103	3,256,403
Total revenues	37,969,075	43,336,217	(3,879)	65,856,321	147,157,734
Expenditures:					
Current:					
General government	7,515,835	- -	- -	2,536,636	10,052,471
Public safety	550,378	53,065,534	- -	4,010,879	57,626,791
Public works	- -	- -	- -	22,267,832	22,267,832
Public health	- -	964,656	- -	- -	964,656
Culture and recreation	4,194,343	- -	- -	6,257,748	10,452,091
Housing and economic development	- -	- -	- -	4,841,538	4,841,538
Capital outlay	1,623,238	1,810,419	- -	16,239,167	19,672,824
Debt service:					
Principal	- -	93,737	- -	4,367,690	4,461,427
Interest and fiscal charges	- -	34,248	- -	2,485,894	2,520,142
Bond issuance costs	- -	- -	- -	176,068	176,068
Total expenditures	13,883,794	55,968,594	- -	63,183,452	133,035,840
Revenues over (under) expenditures	24,085,281	(12,632,377)	(3,879)	2,672,869	14,121,894
Other financing sources (uses):					
Transfers in	4,904	11,660,471	- -	5,849,184	17,514,559
Transfers out	(13,029,515)	(1,555,621)	- -	(3,428,751)	(18,013,887)
Issuance of debt	- -	2,514,612	- -	- -	2,514,612
Premium on bond debt	- -	- -	- -	1,112,046	1,112,046
Special assessment bonds issued	- -	- -	- -	10,925,417	10,925,417
Sale of capital assets	- -	- -	- -	55,073	55,073
Total other financing sources (uses)	(13,024,611)	12,619,462	- -	14,512,969	14,107,820
Net change in fund balances	11,060,670	(12,915)	(3,879)	17,185,838	28,229,714
Fund balance, beginning of year	22,396,610	1,782,654	- -	77,494,688	101,673,952
Fund balance, end of year	\$ 33,457,280	\$ 1,769,739	\$ (3,879)	\$ 94,680,526	\$ 129,903,666

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, 2021
(Page 1 of 2)

Net change in *fund balances* - total governmental funds \$ 28,229,714

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	19,672,826	
Depreciation	<u>(19,619,830)</u>	52,996

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 position differs from the change in fund balance by the cost of the capital assets sold.

(35,471)

Donations and developer contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Donations, developer contributions and other noncash increases in capital assets	7,274,407	
Transfer to Enterprise Fund	<u>(202,415)</u>	7,071,992

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable tax revenue	(837,173)	
Deferred outflow of resources - pensions and OPEB	<u>6,764,829</u>	5,927,656

Proceeds from debt issues are other financing sources in the funds, but debt issues are long-term liabilities in the statement of net assets.

General obligation bonds issued	(7,310,000)	
Special assessment bond issued	(1,458,316)	
Tax increment bond issued	(2,165,000)	
Notes issued	<u>(2,514,612)</u>	(13,447,928)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond premiums	(947,404)	
Deferred loss on refunding	(64,361)	
Deferred inflow of resources - pensions and opeb	1,494,095	
Bond discounts	<u>(8,988)</u>	473,342

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, 2021
(Page 2 of 2)

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

General obligation debt	1,835,000
Special assessment debt	1,113,825
Direct placement debt	508,500
Tax increment debt	905,000
Notes payable	<u>99,103</u>
	4,461,428

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.

2,911,364

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	(239,302)
Other post-employment benefits	(674,193)
Net Pension Liability	(11,713,837)
Interest and amortization expenses	<u>24,165</u>
	(12,603,167)
Change in net position of governmental activities	<u>\$ 23,041,926</u>

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Net Position (Page 1 of 2)
June 30, 2021

Assets	Business-type Activities						Nonmajor Enterprise Funds	Total	Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund				
Current assets:									
Cash and cash equivalents	\$ 8,045,847	\$ 9,860,087	\$ 22,547,521	\$ 18,190,943	\$ 375,322	\$ 2,127,218	\$ 61,146,938	\$ 11,794,813	
Restricted cash and cash equivalents with fiscal agent	1,148,387	-	-	2,740,700	-	-	3,889,087	-	
Investments	6,998,306	8,596,481	19,705,069	15,976,556	320,751	1,466,845	53,064,008	10,298,847	
Receivables:									
Property taxes	-	-	-	-	-	69,243	69,243	-	
Accounts and unbilled usage	2,154,233	985,405	9,016,588	3,365,795	4,366	27,271	15,553,658	47,810	
Delinquent Special Assessments	-	-	-	-	-	-	-	-	
Accrued interest	5,048	4,679	11,894	9,465	176	784	32,046	6,162	
Notes	-	-	-	-	-	-	-	70,000	
Receivables from other governments	-	3,831,343	-	-	-	2,136,120	5,967,463	-	
Inventories	-	41,734	1,083,218	-	-	189,781	1,314,733	222,261	
Prepaid items	-	-	-	-	-	8,062	8,062	14,302	
Total current assets	18,351,821	23,319,729	52,364,290	40,283,459	700,615	6,025,324	141,045,238	22,454,195	
Noncurrent assets:									
Notes receivable	-	-	-	-	-	-	-	140,000	
Restricted investments with trustee	3,726,815	-	-	-	-	-	3,726,815	-	
Property and equipment:									
Land	493,448	4,212,206	4,347,462	959,585	5,665,085	1,435,290	17,113,076	2,005,383	
Buildings	188,095	34,132,923	25,844,697	17,907,719	36,539,189	10,188,084	124,800,707	9,381,235	
Improvements other than buildings	34,622,908	115,561,904	1,149,943	2,810,810	499,368	1,005,756	155,650,689	2,767,006	
Equipment and vehicles	20,777,647	17,472,294	18,251,528	14,608,055	698,957	9,485,481	81,293,962	8,126,065	
Infrastructure	-	-	269,238,045	275,355,577	-	-	544,593,622	-	
Construction in progress	1,387,803	25,778,168	10,827,724	5,953,003	-	-	43,946,698	29,144	
Less: accumulated depreciation	(15,635,634)	(121,148,988)	(134,869,894)	(106,204,971)	(17,267,992)	(15,189,053)	(410,316,532)	(12,604,702)	
Total noncurrent assets	45,561,082	76,008,507	194,789,505	211,389,778	26,134,607	6,925,558	560,809,037	9,844,131	
Total assets	63,912,903	99,328,236	247,153,795	251,673,237	26,835,222	12,950,882	701,854,275	32,298,326	
Deferred Outflows									
Other post employment benefits	205,571	174,534	186,661	141,489	41,018	180,785	930,058	247,447	
Pensions	1,182,872	1,001,762	1,057,111	883,050	173,683	861,581	5,160,059	2,002,070	
Total assets and deferred outflows	\$ 65,301,346	\$100,504,532	\$248,397,567	\$252,697,776	\$ 27,049,923	\$ 13,993,248	\$707,944,392	\$ 34,547,843	

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Net Position (Page 2 of 2)

June 30, 2021

Business-type Activities

Liabilities	Business-type Activities						Total	Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds		
Current liabilities:								
Accounts payable	\$ 868,793	\$ 4,202,510	\$ 2,678,993	\$ 812,639	\$ 39,997	\$ 35,326	\$ 8,638,258	\$ 500,852
Accrued wages and benefits	282,059	220,796	227,375	206,960	35,703	232,633	1,205,526	382,046
Compensated absences	592,477	676,486	600,627	550,063	52,952	346,089	2,818,694	1,175,683
Accrued interest payable	-	-	273,247	147,216	68,488	-	488,951	11,466
Incurred but not reported health benefits	-	-	-	-	-	-	-	1,200,338
Notes payable	-	-	2,225,000	1,136,000	162,153	-	3,523,153	450,000
Unearned Revenue	-	-	-	-	-	-	-	681
Accrued interest payable from restricted assets	413,387	57,026	-	1,145,700	-	-	1,616,113	-
Revenue bonds payable from restricted assets	735,000	260,000	-	1,595,000	-	-	2,590,000	-
Total current liabilities	2,891,716	5,416,818	6,005,242	5,593,578	359,293	614,048	20,880,695	3,721,066
Noncurrent liabilities:								
Compensated absences	135,755	155,005	137,623	126,036	12,132	79,300	645,851	269,386
Other post employment benefits	767,579	656,418	716,789	499,254	163,650	678,224	3,481,914	886,429
Net pension liability	5,190,714	4,395,959	4,638,847	3,875,029	762,161	3,780,817	22,643,527	8,785,547
Revenue bonds payable	21,768,314	3,638,955	-	53,201,813	-	-	78,609,082	-
Notes payable	-	-	17,692,000	9,061,000	1,943,598	-	28,696,598	732,345
Landfill closure and postclosure-payable from restricted assets	4,252,315	-	-	-	-	-	4,252,315	-
Total noncurrent liabilities	32,114,677	8,846,337	23,185,259	66,763,132	2,881,541	4,538,341	138,329,287	10,673,707
Total liabilities	35,006,393	14,263,155	29,190,501	72,356,710	3,240,834	5,152,389	159,209,982	14,394,773
Deferred Inflows								
Other post employment benefits	149,084	125,071	149,564	106,899	31,760	135,909	698,287	180,578
Pensions	321,613	272,371	287,420	240,094	47,223	234,257	1,402,978	544,347
Total deferred inflows of resources	470,697	397,442	436,984	346,993	78,983	370,166	2,101,265	724,925
Net Position								
Net investment in capital assets	19,330,953	72,109,552	174,872,505	146,395,965	24,028,856	6,925,558	443,663,389	8,521,786
Restricted for:								
Bond and notes payable ordinance reserve	-	2,425,000	1,386,571	1,444,526	-	-	5,256,097	-
Unrestricted	10,493,303	11,309,383	42,511,006	32,153,582	(298,750)	1,545,135	97,713,659	10,906,359
Total net position	29,824,256	85,843,935	218,770,082	179,994,073	23,730,106	8,470,693	546,633,145	19,428,145
Total liabilities, deferred inflows, and net position	\$ 65,301,346	\$ 100,504,532	\$ 248,397,567	\$ 252,697,776	\$ 27,049,923	\$ 13,993,248		\$ 34,547,843
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							5,626,120	
							\$552,259,265	

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Business-type Activities						Nonmajor Enterprise Funds	Totals	Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund				
Operating revenues:									
Charges for services	\$ 17,789,888	\$ 8,495,665	\$ 31,645,030	\$ 22,783,864	\$ 1,767,811		\$ 1,169,814	\$ 83,652,072	\$ 27,963,021
Operating expenses:									
Salaries and benefits	6,468,914	5,226,601	5,322,241	4,333,937	959,720		4,699,466	27,010,879	9,469,511
Supplies	2,346,414	620,125	2,397,690	1,577,136	90,810		867,116	7,899,291	428,298
Contracted services	2,351,299	765,632	3,964,654	1,752,676	472,223		399,052	9,705,536	14,986,290
Utilities	110,500	734,165	1,840,215	1,521,925	99,623		135,903	4,442,331	620,107
Other	630,072	514,564	388,159	601,234	97,639		369,083	2,600,751	3,160,571
Depreciation	3,288,703	4,501,204	7,238,365	6,871,487	854,641		604,272	23,358,672	849,078
Landfill closure and post-closure	593,004	-	-	-	-		-	593,004	-
Total operating expenses	15,788,906	12,362,291	21,151,324	16,658,395	2,574,656		7,074,892	75,610,464	29,513,855
Operating income (loss)	2,000,982	(3,866,626)	10,493,706	6,125,469	(806,845)		(5,905,078)	8,041,608	(1,550,834)
Nonoperating revenue (expenses):									
Taxes	-	-	-	-	-		2,396,685	2,396,685	54,751
Intergovernmental	268,963	3,536,939	240,893	205,065	66,057		4,063,155	8,381,072	603,992
Interest expense	(759,368)	(156,770)	(560,723)	(2,236,757)	(96,364)		-	(3,809,982)	(16,744)
Interest and investment income	44,609	23,415	83,932	90,459	717		3,790	246,922	27,350
Customer Facility Charge	-	539,577	-	-	-		-	539,577	-
Passenger Facility Charge	-	1,222,713	-	-	-		-	1,222,713	-
Gain (loss) on sale of capital assets	92,843	(27,062)	(34,818)	(30,767)	-		25,950	26,146	2,366
Other	14,770	75,534	314,173	129,264	2,167		17,465	553,373	3,279,445
Total nonoperating revenue (expense)	(338,183)	5,214,346	43,457	(1,842,736)	(27,423)		6,507,045	9,556,506	3,951,160
Income (loss) before capital contributions and transfers	1,662,799	1,347,720	10,537,163	4,282,733	(834,268)		601,967	17,598,114	2,400,326
Capital contributions	-	12,943,555	1,928,343	2,143,128	202,415		-	17,217,441	-
Transfers in	-	-	6,950	-	100,000		-	106,950	532,057
Transfers out	(30,000)	-	-	(2,550)	-		-	(32,550)	(107,129)
Change in net position	1,632,799	14,291,275	12,472,456	6,423,311	(531,853)		601,967	34,889,955	2,825,254
Net position, beginning of year	28,191,457	71,552,660	206,881,002	173,570,762	24,261,959		7,868,726	512,326,566	16,602,891
Prior period adjustment (See Note IV H)	-	-	(583,376)	-	-		-	(583,376)	-
Net position, end of year	\$ 29,824,256	\$ 85,843,935	\$ 218,770,082	\$ 179,994,073	\$ 23,730,106		\$ 8,470,693	\$ 19,428,145	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(86,108)		
Change in net position of business-type activities							\$ 34,803,847		

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(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	\$ 17,480,307	\$ 7,959,784	\$ 29,841,528	\$ 22,183,507	\$ 1,763,931	\$ 914,072	\$ 80,143,129	\$ 952,981
Cash received from interfund services provided	-	-	-	-	-	-	-	27,060,035
Cash received from other sources	-	-	314,173	129,264	-	-	443,437	3,612,955
Cash paid to employees for services	(5,161,087)	(4,393,875)	(5,181,677)	(3,533,456)	(866,530)	(3,849,839)	(22,986,464)	(7,801,428)
Cash paid to suppliers and contracted services	(7,109,105)	(1,051,535)	(10,946,234)	(9,296,422)	(730,532)	(1,758,016)	(30,891,844)	(19,072,809)
Net cash provided (used) by operating activities	5,210,115	2,514,374	14,027,790	9,482,893	166,869	(4,693,783)	26,708,258	4,751,734
Cash flows from noncapital financing activities:								
Cash received from tax revenues	-	-	-	-	-	2,407,222	2,407,222	-
Cash received from intergovernmental revenues	1,329	3,083,627	1,713	5,268	-	3,639,936	6,731,873	-
Transfers from other funds	-	-	-	-	100,000	-	100,000	-
Transfers to other funds	-	-	-	-	-	-	-	(95,770)
Net cash provided (used) by noncapital financing activities	1,329	3,083,627	1,713	5,268	100,000	6,047,158	9,239,095	(95,770)
Cash flows from capital and related financing activities:								
Capital grants and contributions	-	12,223,322	-	-	-	-	12,223,322	-
Acquisition and construction of capital assets	(11,859,322)	(14,597,956)	(9,239,544)	(11,116,914)	-	(152,686)	(46,966,422)	(268,595)
Proceeds from sales of capital assets	-	-	-	-	2,167	662	2,829	72,366
Cash paid for issuance costs	-	(313,611)	-	-	-	-	(313,611)	-
Cash paid for interest	(776,869)	(209,918)	(588,997)	(2,640,069)	(100,616)	-	(4,316,469)	(40,125)
Cash paid to refund bonds	-	(3,985,000)	-	-	-	-	(3,985,000)	-
Proceeds from bonds	-	898,955	-	-	-	-	898,955	-
Principal paid on bonds, notes and capital leases payable	(700,000)	(1,699,059)	(2,168,000)	(2,650,000)	(155,163)	-	(7,372,222)	(435,000)
Transfers from other funds	-	-	-	(2,550)	-	-	(2,550)	532,057
Transfers to other funds	(30,000)	-	6,950	-	-	-	(23,050)	(11,359)
Facilities charges	-	1,529,798	-	-	-	-	1,529,798	-
Net cash provided (used) by capital and related financing activities	(13,366,191)	(6,153,469)	(11,989,591)	(16,409,533)	(253,612)	(152,024)	(48,324,420)	(150,656)
Cash flows from investing activities:								
Cash received from interest	123,150	85,756	220,799	165,219	2,714	9,388	607,026	91,803
Sale of investments	14,816,561	11,076,672	26,320,232	25,653,416	461,512	1,585,768	79,914,161	12,452,852
Purchase of investments	(8,328,861)	(8,586,419)	(23,340,459)	(16,830,814)	(345,476)	(1,844,926)	(59,276,955)	(12,756,998)
Net cash provided (used) by investing activities	6,610,850	2,576,009	3,200,572	8,987,821	118,750	(249,770)	21,244,232	(212,343)
Net increase (decrease) in cash and cash equivalents	(1,543,897)	2,020,541	5,240,484	2,066,449	132,007	951,581	8,867,165	4,292,965
Cash and cash equivalents, beginning of year	10,738,131	7,839,546	17,307,037	18,865,194	243,315	1,175,637	56,168,860	7,501,848
Cash and cash equivalents, end of year	\$ 9,194,234	\$ 9,860,087	\$ 22,547,521	\$ 20,931,643	\$ 375,322	\$ 2,127,218	\$ 65,036,025	\$ 11,794,813
Cash and cash equivalents consists of:								
Cash and cash equivalents	\$ 8,045,847	\$ 9,860,087	\$ 22,547,521	\$ 18,190,943	\$ 375,322	\$ 2,127,218	\$ 61,146,938	\$ 11,794,813
Restricted cash and cash equivalents with fiscal agent	1,148,387	-	-	2,740,700	-	-	3,889,087	-
Cash and cash equivalents, end of year	\$ 9,194,234	\$ 9,860,087	\$ 22,547,521	\$ 20,931,643	\$ 375,322	\$ 2,127,218	\$ 65,036,025	\$ 11,794,813

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(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)								
\$ 2,000,982	\$ (3,866,626)	\$ 10,493,706	\$ 6,125,469	\$ (806,845)	\$ (5,905,078)	\$ 8,041,608	\$ (1,550,834)	
Other nonoperating income (expense)	-	75,534	314,173	129,264	2,167	43,436	564,574	3,936,288
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	3,288,703	4,501,204	7,238,365	6,871,487	854,641	604,272	23,358,672	849,078
Landfill closure and postclosure	593,004	-	-	-	-	-	593,004	-
(Increase) decrease in receivables	(309,581)	(571,005)	(1,790,734)	(602,553)	(3,880)	(8,283)	(3,286,036)	(9,619)
(Increase) decrease in receivables from other governments & other funds	-	(1,232,721)	1,387	1,551	-	(228,279)	(1,458,062)	724
(Increase) decrease in inventories	-	(3,191)	35,845	-	-	(34,946)	(2,292)	(20,319)
(Increase) decrease in prepaid items	-	-	-	645	-	(1,699)	(1,054)	1,274
Increase (decrease) in accounts payable	(1,670,820)	2,843,421	(2,405,516)	(3,843,451)	22,810	(29,897)	(5,083,453)	80,728
Increase (decrease) in accrued liabilities	1,307,827	767,758	140,564	800,481	97,976	866,691	3,981,297	1,464,414
Net cash provided (used) by operating activities	<u>\$ 5,210,115</u>	<u>\$ 2,514,374</u>	<u>\$ 14,027,790</u>	<u>\$ 9,482,893</u>	<u>\$ 166,869</u>	<u>\$ (4,693,783)</u>	<u>\$ 26,708,258</u>	<u>\$ 4,751,734</u>
Noncash investing, capital and financing activities:								
Increase (decrease) in investment market value	(43,481)	(40,160)	(87,321)	(74,760)	(1,329)	(5,598)	(252,649)	(44,408)
Contribution of capital assets	-	-	1,928,343	2,143,129	202,415	-	4,273,887	-

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

CITY OF BILLINGS, MONTANA
Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

Assets	Total Custodial Funds
Cash and cash equivalents	\$ 512
Receivables:	
Delinquent special assessments	106,365
Total Receivables	<u>106,365</u>
Total assets	<u>\$ 106,877</u>
Liabilities, Deferred Inflows and Fund Balances	
Liabilities:	
Accounts payable	\$ 512
Total liabilities	<u>512</u>
Deferred inflows:	
Unavailable Revenue	<u>106,365</u>
Net Position:	
Restricted for:	-
Individuals, organizations, and other governments	-
Total Net Position	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 106,877</u>

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

CITY OF BILLINGS, MONTANA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Total Custodial Funds
Additions:	
Tax collections for other governments	7,440
Special Assessments collections for other organizations	<u>1,896,736</u>
Total Additions	<u>1,904,176</u>
 Deductions:	
Payments made to organizations	1,904,176
Miscellaneous	-
Total Deductions	<u>1,904,176</u>
Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	<u>—</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

I. Summary of Significant Accounting Policies

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

The City's significant accounting policies are described below.

A. Reporting Entity

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

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

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

The City has no discretely presented component units.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Taxes, intergovernmental revenue, charges for service, special assessments, and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered 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 that are not required legally or by sound financial management to be accounted for in another fund.

Public Safety

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

American Rescue Plan

This fund is used to account for the expenditures related to the Federal American Rescue Plan Act.

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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Fiduciary Funds

The fiduciary funds are used to account for assets held by the City as an agent for private organizations or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City currently has three such funds including the Downtown Business Improvement District, Tourism Business Improvement

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

District, and License Plate Fund. These funds receive money from either Yellowstone County or a trust fund, and the City remits the monies to the appropriate BID or grantee as prescribed by either state law or a grant agreement.

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

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

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

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

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

1. Cash and Cash Equivalents and Investments

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

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

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

Asset-backed securities represent debt securities collateralized by a pool of mortgage and non-mortgage assets, such as trade and loan receivables, equipment leases, credit cards, etc. Commercial paper is unsecured short-term debt with maturities ranging from 1 to 270 days. U.S. Government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. Government. U.S. Government agency securities include U.S. Government and mortgage-backed securities. Repurchase agreements (REPOs) represent an agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable rate securities pay a variable rate of interest until maturity. The STIP portfolio's variable rate securities reset to LIBOR (London Interbank Offered Rate).

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

2. Receivables and Payables

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

Under its Home Rule Charter, the City is permitted to levy taxes at a maximum rate for payment for general governmental services and payment of principal and interest on long-term general obligation debt. The City is currently levying at the rate of 163.12 mills.

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

Notes receivable are reported net of allowances for amounts deemed uncollectible. Allowances are computed from receivables net of amounts collected in the 60 days subsequent to June 30, 2021. Estimates for uncollectible amounts at June 30, 2021, based on net receivables are as follows: \$40,000 for Downtown Revolving Loans based upon historical experience and 100% of notes receivable that are in default. Personal property tax is exempt from this process because an amount cannot be estimated, as this tax is not levied. There is no allowance calculated for real property taxes, as any uncollected amount results in a lien on the property.

At year end the City's Water utility had an outstanding receivable from a major customer, Heights Water District, in the amount of \$2,970,599. The City is currently working with the customer to obtain payment.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Governmental Activities:

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

Business-type Activities:

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Series 2020A Revenue Construction Bonds	
Debt service reserve	\$2,000,000
Capital replacement reserve	225,000
Series 2020B Revenue Refunding Bonds	
Debt service reserve	200,000
Solid Waste Closure/Post-Closure	3,726,815
Passenger Facility Charges	1,416,578
Customer Facility Charges	1,393,949
Transit Grantor Restriction	5,460
Total Restricted Assets	<u>\$8,967,802</u>

5. Capital Assets

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

6. Property Held for Resale

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

7. Compensated Absences

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

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

All accumulated vacation and 25% of accumulated sick leave are accrued when incurred in the government-wide and proprietary financial statements. This liability, which totals \$12,823,188 at June 30, 2021, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total \$10,721,457 at June 30, 2021.

8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations, such as notes payable, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

the life of the bonds, on a straight-line basis, over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

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

9. Pensions

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

10. Fund Balance

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

	<u>Major Special Revenue Funds</u>					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Public Safety</u>	<u>American Rescue Plan</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
Unspendable						
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 765,418	\$ 765,418	
Nonspendable form	- -	- -	- -	131,880	131,880	
Restricted						
Building Inspection	- -	- -	- -	3,506,254	3,506,254	
Tax Increment Districts	- -	- -	- -	12,307,814	12,307,814	
Roads and Streets	- -	- -	- -	16,428,270	16,428,270	
Grants	- -	- -	- -	2,529,445	2,529,445	
Cemetery Improvements	- -	- -	- -	214,542	214,542	
Emergency 911	- -	- -	- -	3,758,403	3,758,403	
Public Safety	- -	1,769,739	- -	- -	1,769,739	
Planning	- -	- -	- -	704,623	704,623	
Library	- -	- -	- -	2,120,434	2,120,434	
Street & Traffic	- -	- -	- -	5,191,481	5,191,481	
Light Maintenance Districts	- -	- -	- -	2,245,385	2,245,385	
Park Maintenance Districts	- -	- -	- -	6,394,457	6,394,457	
Sidewalk Hazard Repair	- -	- -	- -	80,646	80,646	
Debt Service	- -	- -	- -	16,283,419	16,283,419	
Capital Projects	- -	- -	- -	7,483,787	7,483,787	
Committed						
General Government	12,198,022	- -	- -	- -	12,198,022	
Arterial	- -	- -	- -	9,186,611	9,186,611	
Park Programs	- -	- -	- -	2,517,505	2,517,505	
Animal Shelter Donations	- -	- -	- -	39,896	39,896	
Library	- -	- -	- -	1,880,385	1,880,385	
Downtown Revolving Loan	- -	- -	- -	915,225	915,225	
Ball Field Maintenance	- -	- -	- -	491,568	491,568	
Unassigned						
General Government	21,259,258	- -	- -	- -	21,259,258	
Debt Service	- -	- -	- -	(1,482)	(1,482)	
Grants	- -	- -	(3,879)	(7,981)	(11,860)	
Capital Projects	- -	- -	- -	(487,459)	(487,459)	
Total Fund Balances	\$ 33,457,280	\$ 1,769,739	\$ (3,879)	\$ 94,680,526	\$ 129,903,666	

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

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

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

“Exhibit A

“Recommended Fund and Working Capital Balances Policy

“Recommended Fund and Working Capital Balances policy statement:

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

“Recommended balances purpose:

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

“Recommended balances implementation authority:

“Upon adoption of this Statement of Policy, the City of Billings Council authorizes the City Administrator to establish recommended balance procedures which may be necessary to support

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

the policy statement and adopt such documents by Administrative Order. The City Administrator will review the procedures with the City Council at a work session every five years or as deemed necessary prior to the five years.

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

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

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

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

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

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

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

11. Net Investment in capital assets

At June 30, 2021 net investment in capital assets of the primary government consisted of the following amounts:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Net property, plant, and equipment	298,504,771	557,082,222
Less:		
General obligation bonds, net	(24,259,595)	-
Revenue bonds payable, net	(28,125,376)	(81,199,082)
Notes payable and other long-term debt	(23,337,130)	(32,219,751)
Deferred charge on refunding debt	848,160	
Amount of unspent debt proceeds	213,319	-
Total net investment in capital assets	<u>\$ 223,844,149</u>	<u>\$ 443,663,389</u>

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. They are the deferred charge on refunding, the deferred amount related to pensions, and the deferred amount related to other post-employment benefits, as a result of the adoption of GASB 75. These are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded, or refunding, debt.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

period the amounts become available. The items, *pensions and OPEB*, are reported only on the accrual statements, and are a result of the City's adoption of GASB 68 and GASB 75.

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

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

E. New Accounting Pronouncements

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

Statement No. 84 "Fiduciary Activities." The provisions for this statement are effective for the current reporting period.

Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61." The provisions for this statement are effective for the current reporting period.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

Funds with deficit fund balances at June 30, 2021, are listed below. The deficit fund balances do not represent any type of legal violation.

<u>Fund</u>	<u>Deficit</u>
Nonmajor Special Revenue Funds:	
Attorney Grants	\$ 7,981
Nonmajor Capital Projects Funds	
Sidewalk and Curb Districts	487,459
Nonmajor Debt Service Funds	
Series 2010 Park	1,482
Internal Service Funds	
Information Technology	1,141,006
Public Works Administration	1,019,395
Public Works Engineering	2,144,757

A transfer will eliminate the Attorney Grants, Sidewalk and Curb District and the Series 2010 Park funds. The internal service funds deficit net position will likely not be removed, as it is largely a result of the net pension and other post-employment benefits liabilities.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

III. Detailed Notes on All Funds

A. Cash and Cash Equivalents and Investments

Cash and investments as of June 30, 2021, consist of the following:

Deposits in local banks	\$ 29,084,511
Outstanding checks and reconciling items	(3,683,179)
Montana State Short Term Investment Pool (STIP)	<u>116,859,332</u>
	<u><u>\$ 142,260,664</u></u>

Investments:

US Government and US Agency Obligations	\$ 124,613,203
Certificates of deposits	<u>2,875,939</u>
	<u><u>\$ 127,489,142</u></u>

Cash and investments as of June 30, 2021, are classified in the statement of net position as follows:

Cash and cash equivalents	\$ 141,851,776
Cash and cash equivalents, permanently restricted	<u>408,888</u>
	<u><u>\$ 142,260,664</u></u>

Investments	\$ 123,406,012
Investments, temporarily restricted	3,726,815
Investments, permanently restricted	<u>356,315</u>
	<u><u>\$ 127,489,142</u></u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

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

Fair Value

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

The City has the following recurring fair value measurements as of June 30, 2021:

U.S. Treasury securities of \$122,026,200 using quoted market prices (Level 1 inputs)

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity its fair value will be to changes in market interest rates.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

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

Investment Type	<u>Totals</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>Over 60 Months</u>
US Treasury Notes	\$ 2,587,003	\$ 282,001	\$ 310,441	\$ 1,994,561	\$ -
US Government Agency Securities	122,026,200	13,643,725	40,139,810	68,242,665	-
Certificates of Deposit	<u>2,875,939</u>	<u>2,875,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 127,489,142</u>	<u>\$ 16,801,665</u>	<u>\$ 40,450,251</u>	<u>\$ 70,237,226</u>	<u>\$ -</u>

Credit Risk

Under the City's investment policy, safety of principal is the foremost objective of the City of Billings. Each investment transaction shall seek first to 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, 2021, the City's investments in U.S. Government Agency Securities were rated AAA by Moody's Investors Service or by Standard and Poor. Of those not rated, there was an implied AAA rating. Although the Montana Short Term Investment Pool (STIP) investments have been rated by investments security type, STIP, as an external investment pool, has not been rated by the

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Total</u>	
Federal Farm Credit	Federal agency securities	44,727,601	35.10%
Federal Home Loan Bank	Federal agency securities	40,264,280	31.60%
Federal Home Loan Mortgage Corp.	Federal agency securities	22,325,091	17.52%
Federal National Mortgage Assn.	Federal agency securities	14,538,164	11.41%

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, 2021, the City had some exposure to custodial credit risk, but within compliance with Montana Code Annotated 7-6-207.

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 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, 2021, none of the City's investments are exposed to custodial credit risk because all counterparties provide insurance in excess of the investments held.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Restricted Cash and Cash Equivalents with Fiscal Agent

Cash of \$20,432,900 is restricted by bond covenants or for specific purposes as follows:

Current debt service:

Nonmajor government funds	12,816,998
Wastewater fund	2,740,700
Solid Waste	4,875,202
Total	<u>\$20,432,900</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

B. Receivables

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

	General Fund	Public Safety Fund	American Rescue Plan	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities Total
Taxes	\$ 519,462	\$ 549,822	\$ -	\$ 434,977	\$ -	\$ 1,504,261
Accounts	23,778	191,149	-	96,515	47,810	359,252
Special assessments	10,902	-	-	7,062,315	-	7,073,217
Accrued interest	7,985	461	1,317	22,771	6,162	38,696
Notes	-	-	-	1,926,943	210,000	2,136,943
From other governments	-	-	-	881,443	-	881,443
TOTAL	\$ 562,127	\$ 741,432	\$ 1,317	\$ 10,424,964	\$ 263,972	\$ 11,993,812

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Non-Major Enterprise Funds	Business-type Activities Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,243	\$ 69,243
Accounts	2,154,233	985,405	9,016,588	3,365,795	4,366	27,271	15,553,658
Accrued interest	5,048	4,679	11,894	9,465	176	784	32,046
From other governments	-	3,831,343	-	-	-	2,136,120	5,967,463
TOTAL	\$ 2,159,281	\$ 4,821,427	\$ 9,028,482	\$ 3,375,260	\$ 4,542	\$ 2,233,418	\$ 21,622,410

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

	Unavailable
Delinquent property taxes receivable:	
General fund	\$ 87,644
Public safety fund	78,863
Nonmajor governmental funds	50,737
Special assessments not yet due:	
General fund	19,607
Nonmajor governmental funds	6,113,079
Notes receivable not yet due:	
Nonmajor governmental funds	<u>1,926,943</u>
Total	<u>\$ 8,276,873</u>

C. Operating Lease Receivable

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

Cancelable:

- Operating lease agreements with the airlines for landing fees and terminal building rentals are adjusted annually based on compensatory and residual formulas, which are defined in the lease agreement. The terminal building rents are calculated using a compensatory formula to recover certain operating, capital and debt services costs. The

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

landing fee rates are calculated based on a residual methodology by which landing fees plus terminal rents plus non-airline revenues cover all of the Airport's costs. Thus, keeping the Airport fiscally whole each year. The airline lease terms are for the period of July 1, 2013 through June 30, 2021 and allows the lessee to terminate with 180 days written notice. Fiscal year 2021 revenues for landing fees and terminal building rents totaled \$1,037,665 and \$1,973,618 respectively.

- Operating lease agreements with two U.S. Government agencies consist of leases for ground and building space. Each agreement allows the lessee to terminate with 60 days written notice. Each lease's term is for a ten year period, ending August 31, 2022 and November 30, 2026. Fiscal year 2021 payments totaled \$197,718.

Non-cancelable:

- Fixed minimum rentals with annual increases based on CPI-U.
- Agreements under which the Airport receives revenue from the operation of concessions located on Airport property which provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum. Payments contingent on gross receipts that are associated with these non-cancelable leases totaled \$3,116,875 for the fiscal year ended June 30, 2021.

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

	<u>Acquisition Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 90,768	\$ -
Buildings	22,973,536	17,250,904
Non-Building Improvements	5,927,016	2,816,252
Equipment	<u>2,914,883</u>	<u>1,757,620</u>
Total	<u>\$ 31,906,203</u>	<u>\$21,824,776</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

At June 30, 2021, minimum future rents and fees to be received under the non-cancelable leases or concession agreements for each fiscal year are as follows:

Year Ending June 30:

2022	\$ 2,143,990
2023	898,028
2024	879,555
2025	758,697
2026	689,659
2027-2031	1,559,205
2032-2036	1,092,039
2037-2041	340,094
2042-2045	52,583
Total	<u>\$ 8,413,850</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

D. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental activities:	Balance				Balance
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>June 30, 2021</u>
Capital assets not being depreciated:					
Land	\$ 45,535,455	\$ 1,140,664	\$ -	\$ -	\$ 46,676,119
Construction in Progress	<u>10,037,776</u>	<u>9,102,747</u>	<u>-</u>	<u>(7,726,632)</u>	<u>11,413,891</u>
Total capital assets, not being depreciated	<u>55,573,231</u>	<u>10,243,411</u>	<u>-</u>	<u>(7,726,632)</u>	<u>58,090,010</u>
Capital assets being depreciated:					
Buildings	45,049,395	1,267,260	-	2,798,686	49,115,341
Improvements other than Buildings	49,681,358	400,767	-	4,247,998	54,330,123
Equipment	46,083,692	2,683,107	870,459	361,196	48,257,536
Infrastructure	<u>342,271,495</u>	<u>12,418,868</u>	<u>-</u>	<u>184,079</u>	<u>354,874,442</u>
Total capital assets, being depreciated	<u>483,085,940</u>	<u>16,770,002</u>	<u>870,459</u>	<u>7,591,959</u>	<u>506,577,442</u>
Less accumulated depreciation for:					
Buildings	15,347,761	1,112,301	-	-	16,460,062
Improvements other than Buildings	20,889,630	1,757,219	-	-	22,646,849
Equipment	31,384,287	2,963,710	834,989	(134,673)	33,378,335
Infrastructure	<u>179,041,739</u>	<u>14,635,639</u>	<u>-</u>	<u>-</u>	<u>193,677,378</u>
Total accumulated depreciation	<u>246,663,417</u>	<u>20,468,869</u>	<u>834,989</u>	<u>(134,673)</u>	<u>266,162,624</u>
Total capital assets, being depreciated, net	<u>236,422,523</u>	<u>(3,698,867)</u>	<u>35,470</u>	<u>7,726,632</u>	<u>240,414,818</u>
Governmental activities capital assets, net	<u>\$ 291,995,754</u>	<u>\$ 6,544,544</u>	<u>\$ 35,470</u>	<u>\$ -</u>	<u>\$ 298,504,828</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Business-type activities:	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>June 30, 2021</u>
Capital assets not being depreciated:					
Land	\$ 17,056,902	\$ 3,467	\$ -	\$ 52,707	\$ 17,113,076
Construction in Progress	49,769,429	41,430,421	583,376	(46,669,776)	43,946,698
Total capital assets, not being depreciated	66,826,331	41,433,888	583,376	(46,617,069)	61,059,774
Capital assets being depreciated:					
Buildings	121,251,392	40,829	54,665	3,563,151	124,800,707
Improvements other than Buildings	127,352,613	157,789	-	28,140,287	155,650,689
Equipment	77,172,335	4,852,068	2,841,268	2,110,827	81,293,962
Infrastructure	527,704,673	4,071,472	120,000	12,937,477	544,593,622
Total capital assets, being depreciated	853,481,013	9,122,158	3,015,933	46,751,742	906,338,980
Less accumulated depreciation for:					
Buildings	68,471,750	3,235,718	54,665	-	71,652,803
Improvements other than Buildings	88,406,767	3,997,930	-	-	92,404,697
Equipment	54,233,788	4,262,254	2,789,399	134,673	55,841,316
Infrastructure	178,674,946	11,862,770	120,000	-	190,417,716
Total accumulated depreciation	389,787,251	23,358,672	2,964,064	134,673	410,316,532
Total capital assets, being depreciated, net	463,693,762	(14,236,514)	51,869	46,617,069	496,022,448
Business-type activities capital assets, net	\$ 530,520,093	\$ 27,197,374	\$ 635,245	\$ -	\$ 557,082,222

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Governmental activities:	
General Government	\$ 67,846
Public Safety	1,231,436
Public Works	15,646,538
Public Health	188,341
Culture & recreation	2,409,584
Housing and community development	76,086
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>849,038</u>
 Total depreciation expense - governmental activities	 <u>\$ 20,468,869</u>
Business-type activities:	
Solid Waste	\$ 3,288,703
Airport	4,501,204
Water	7,238,365
Wastewater	6,871,487
Parking	854,641
Transit	549,568
Golf Course	<u>54,704</u>
 Total depreciation expense - business-type activities	 <u>\$ 23,358,672</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Construction Commitments

The City has active construction projects as of June 30, 2021. At year-end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

General Fund	\$ 174
Public Safety Fund	337
Solid Waste Fund	2,437
Airport Fund	8,231
Water Fund	11,472
Wastewater Fund	9,485
Nonmajor Enterprise Funds	6,447
Nonmajor Governmental Funds	20,655
Nonmajor Internal Services Funds	<u>1,055</u>
	<u>\$ 60,293</u>

Gas Tax, Storm Sewer assessments, and Arterial Fee assessments fund infrastructure. User fees and bonds finance Water, Wastewater, and Solid Waste projects. Grants, passenger facility charges, and charges for service fund Airport projects.

Other Commitments

At June 30, 2021, the Water fund had commitments of \$3.7 million for the West End Water Treatment Plant.

At June 30, 2021, the Airport fund had commitments of over \$7.8 million for the continued Airport Terminal Expansion.

At June 30, 2021, the Transit fund had commitments of \$6.4 million for the purchase of 17 buses.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

E. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2021, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 59,519
Nonmajor Governmental Funds	Nonmajor Governmental Funds	419,987
Totals		<u>\$479,506</u>

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

Interfund transfers:

	Transfers in:						Total
	General Fund	Public Safety Fund	Nonmajor Governmental Funds	Water Fund	Parking Fund	Internal Service	
Transfers Out:							
General	\$ -	\$ 11,410,471	\$ 1,619,044	\$ -	\$ -	\$ -	\$ 13,029,515
Public Safety	-	-	1,555,621	-	-	-	1,555,621
Nonmajor Governmental Funds	4,904	250,000	2,637,560	-	100,000	436,287	3,428,751
Solid Waste Fund	-	-	30,000	-	-	-	30,000
Wastewater Fund	-	-	2,550	-	-	-	2,550
Subtotal	<u>4,904</u>	<u>11,660,471</u>	<u>5,844,775</u>	<u>-</u>	<u>100,000</u>	<u>436,287</u>	<u>18,046,437</u>
Internal Service Funds	-	-	4,409	6,950	-	95,770	107,129
Total	\$ 4,904	\$ 11,660,471	\$ 5,849,184	\$ 6,950	\$ 100,000	\$ 532,057	\$ 18,153,566

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

F. Capital Lease Obligations

Governmental Activities:

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

Business-Type Activities:

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

Capital Lease Payable – Airport (Business-Type Activities) – On September 12, 2011, the City Council approved the Investment Grade energy audit findings. Because of this audit, the City undertook energy efficiency improvements to various buildings and facilities at the Airport and within certain City-owned parking garages. The City entered into an energy performance contract with McKinstry Essention Inc. to complete the improvements and signed a Purchase Lease Agreement with U.S. Bancorp to finance the improvements over the next 10 years.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Buildings	\$ 6,600,000	\$ 5,930,000
Accumulated Depreciation	<u>(2,244,000)</u>	<u>(2,734,389)</u>
Total	<u>\$4,356,000</u>	<u>\$3,195,611</u>

The following is a schedule, by year, of the future minimum lease payments at June 30, 2021:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	476,850	201,961
2023	473,200	201,961
2024	213,150	201,961
2025	-	201,961
2026	-	201,961
2027-2031	-	1,009,803
2032-2033	-	403,920
Total minimum lease payments	1,163,200	2,423,528
Less: Amount representing interest	(43,200)	(576,655)
Present value of minimum lease payments	\$ 1,120,000	\$ 1,846,873

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

G. Long-Term Debt

Governmental Activities:

General Obligation Bonds Payable – The City issued general obligation bonds to provide funds for governmental activities for the acquisition and construction of major capital improvements. General obligation bonds are the direct obligations and pledge the full faith and credit of the City. At June 30, 2021, the outstanding general obligation bonded indebtedness of the City, serviced by the City's debt service funds, was as follows:

General Obligation Bonds Series 2004A, issued in the total aggregate amount of \$3,460,000 and interest rate is 3.00%, due July 1, 2024, payable in annual installments of \$245,000 to \$345,000, callable on or after July 1, 2021.	\$ 1,305,000
General Obligation Bonds Series 2015, issued in the total aggregate amount of \$6,270,000 and interest ranging from 2.00%-3.50%, due July 1, 2027. These bonds were issued to refund General Obligation Bonds Series 2007A on July 1, 2018.	4,570,000
General Obligation Bonds Series 2012, issued in the total aggregate amount of \$15,460,000 and interest ranging from 2.00%-4.00%, due July 1, 2032, payable in annual installments of \$620,000 to \$860,000, callable on or after July 1, 2021.	9,075,000
General Obligation Refunding Bonds Series 2021, issued in the total aggregate amount of \$7,310,000 and interest ranging from 1.00%-5.00%, due July 1, 2032, payable in annual installments of \$530,000 to \$765,000, callable on or after July 1, 2030.	<u>7,310,000</u>
	<u>\$22,260,000</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Tax Increment Bonds Payable – At June 30, 2021, the outstanding tax increment bonds indebtedness of the City was as follows:

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

\$ 11,135,000

Tax Increment Refunding Bonds Series 2015, issued in the total aggregate amount of \$5,170,000 and interest ranging from 2.00%-4.38%, due July 1, 2039, payable in annual installments of \$125,000 to \$330,000. These bonds were issued to retire the debt for the Special Improvement District 1385 bonds.

4,425,000

Tax Increment Revenue Bonds Series 2015, issued in the total aggregate amount of \$3,165,000 and interest ranging from 2.00%-4.65%, due July 1, 2039, payable in annual installments of \$85,000 to \$200,000. The bond proceeds were used for improvements in the East Billings Urban Renewal District.

2,690,000

Tax Increment Revenue Bonds Series 2016, issued in the total aggregate amount of \$4,935,000 and interest ranging from 2.00% to 3.75%, due July 1, 2040, payable in annual installments of \$150,000 to \$295,000. The bonds were issued for reconstruct and sewer improvements in the South Billings Urban Renewal District.

4,320,000

Tax Increment Revenue Bonds Series 2018, issued in the total aggregate amount of \$3,405,000 and interest ranging from 3.00% to 5.00%, due July 2038, payable in installments of \$105,000 to \$237,000. The bonds were issued for storm sewer, sidewalk, lighting, and landscaping improvements in the East Billings Urban Renewal District.

3,230,000

Tax Increment Revenue Bonds Series 2020, issued in the total aggregate amount of \$2,165,000 and interest ranging from 2.00%-4.00% due July 2044, payable in annual installments of \$101,000 to \$108,000. The bonds were issued for a two way street conversion and installation of parking garage controls and pay stations.

2,165,000

\$27,965,000

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

The City's outstanding Special Assessment Debt from direct borrowing and direct placements related to governmental activities of \$17,751,491 secured by the revolving fund. In the event there is no money or insufficient money in the appropriate district fund with which to pay the special improvement district or sidewalk bonds the City shall annually or more often if necessary issue an order authorizing a loan or advance from the Revolving Fund for an amount sufficient to make good on any deficiency.

The various bonds outstanding at June 30, 2021, are as follows:

Special improvement districts, issued in the total aggregate amount of \$7,709,000 and interest ranging from 2.80%-6.00%, payable from the special improvement districts fund in varying installments to 2036.	\$ 4,462,491
Sidewalk and curb districts, issued in the total aggregate amount of \$4,613,000 and interest ranging from 3.25%-5.00%, payable from the sidewalk and curb districts fund in varying installments to 2034.	2,339,000
Storm Sewer Revenue Bonds Series 2013, issued in the total aggregate amount of \$4,270,000 and interest ranging from 3.00%-5.00%, payable from the storm sewer fund in varying installments to 2033, callable on or after July 1, 2023.	3,135,000
Storm Sewer Revenue Bonds Series 2015, issued in the total aggregate amount of \$9,615,000 and interest ranging from 2.00%-5.00%, payable from the Storm Sewer fund in varying installments to 2035, callable on or after July 1, 2025.	<u>7,815,000</u>
	<u>\$ 17,751,491</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Business-Type Activities:

Notes Payable – The Montana Department of Natural Resources and Conservation (DNRC) authorized the issuance of notes payable for various construction and rehabilitation projects related to the water and wastewater systems as noted in the following table. All notes are due in semi-annual installments with terms of 20 years. The covenants of both the water and wastewater notes require that funds be set aside in reserve for the delinquency of the debt. The required reserve is the highest amount of principal and interest for any annual debt service over the 20-year note payable for Wastewater, and half of the highest annual debt service payment for Water. The amounts reserved as of June 30, 2021, are \$1,444,526 for Wastewater and \$1,386,571 for Water.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The amounts outstanding as of June 30, 2021, are as follows:

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Wastewater	<u>\$ 1,136,000</u>	<u>\$ 9,061,000</u>	<u>\$10,197,000</u>
Water	<u>\$ 2,225,000</u>	<u>\$17,692,000</u>	<u>\$19,917,000</u>

Revenue Bonds Payable – At June 30, 2021, the outstanding revenue bonded indebtedness of the City was as follows:

2020A Airport Revenue Construction Bonds, yet to be issued up to the total aggregate amount of \$30,000,000 and interest ranging from 2.65% the first three years, 4.17% the next 11 years, 3.60% the remaining 10 years, due July 1, 2044, payable in semi-annual installments of principal plus interest. Interest only payments are for the first three years of issued debt.

The Series 2020A bonds shall be subject to redemption at any time, at the option of the city, in whole or in part, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest to, but excluding, the Redemption Date, without premium; provided, however, that if the Series 2020A bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020A Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	<u>Prepayment Premium % of Outstanding Principal Amount to be Prepaid</u>
On or before January 20, 2024	0%
From January 21, 2024 to and including January 20, 2028	5%
From January 21, 2028 to and including January 20, 2031	4%
From January 21, 2031 to and including January 20, 2034	3%
On or after January 21, 2034	0%

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Outstanding balance 2020A bond	\$898,955
Less current portion	0
Total	<u>\$898,955</u>

The 2020A bonds are secured by Airport Net Revenues, which are the Airport's "Gross Revenues" remaining after a provision for payment of maintenance and operating expenses. "Gross Revenues" do not include bond proceeds; Airport Improvement Plan (AIP) grants; Customer Facility Charges (CFCs) and Passenger Facility Charges (PFCs) and interest thereon; and proceeds from the sale of Airport assets.

2020B Airport Revenue Refunding Bonds issued in aggregate amount of \$3,000,000, and interest of 3.60% due July 1, 2030, payable in annual installments of \$260,000 to 350,000.

The Series 2020B Bonds shall be subject to redemption at any time, at the option of the City, in whole or in part, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest to, but excluding, the Redemption Date, without premium; provided, however, that if the Series 2020B Bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020B Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	<u>Prepayment Premium % of Outstanding Principal Amount to be Prepaid</u>
On or before January 20, 2024	0%
From July 20, 2020 to and including July 20, 2022	3%
From July 21, 2022 to and including July 20, 2024	2%
From July 21, 2024 to and including July 20, 2025	1%
On or after July 21, 2025	0%

Outstanding balance 2020B bond	\$3,000,000
Less current portion	<u>\$(260,000)</u>
Total	<u>\$2,740,000</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The 2020A and 2020B bonds are special, limited obligations of the City, and the owners may not look to the general or any other fund of the City for payment of the principal, premium, or interest thereof.

The revenue bond ordinance restrictions are as follows:

Revenue bond ordinances include various restrictive covenants. The 2020A and 2020B bond covenants require that revenues and CFC collections equal at least 125% of the debt service requirement for each fiscal year. The more significant reserve covenants require reserves for debt service, facilities and equipment replacement. The City is in compliance with all covenants as of June 30, 2021.

	<u>Airport Fund</u>
2020A Debt Service	\$ 2,000,000
2020B Debt Service	200,000
Replacement and depreciation	225,000
Operations and Maintenance	0
	<u><u>\$ 2,425,000</u></u>

Series 2020B revenue bonds were issued to refund the car wash facility bonds (2010B) and Series 2020A revenue bonds were issued to remodel the terminal building. The Airport Fund accounts for all airport activities, which include CFC collections and expenses, PFC collections (\$1,222,713) and expenses, AIP grants, and all other Airport Operations. However, investors in the Series 2020B revenue bonds rely on the revenue generated by CFC collections (\$539,577) and investors in the 2020A revenue bonds rely on airport operating revenues net of AIP grants and CFC and PFC collections.

2017 Sewer System Revenue Bonds, issued in the aggregate amount of \$56,505,000 and interest ranging from 2.00% - 5.00%, due July 1, 2036, payable in annual installments of \$1,430,000 to \$5,125,000, callable on or after July 1, 2027.

Less current portion	\$ 49,085,000
	<u>(1,595,000)</u>
Total	<u><u>\$ 47,490,000</u></u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The City will covenant to impose sewer charges on all customers of the system to provide revenues sufficient to pay the principal and interest on the bonds. A surety bond, together with the balance in the reserve account, will satisfy the reserve requirement.

2019 Solid Waste System Revenue Bonds, issued in the aggregate amount of \$21,990,000 and interest ranging from 3.00% to 5.00%, due July 1, 2039, payable in annual installments of \$1,536,425 to \$1,547,825 callable on or after July 1, 2028.

Less current portion	<u>735,000</u>
Total	<u>\$ 20,555,000</u>

The City will covenant to impose rates, fees, charges, and rentals for all services and facilities furnished to provide revenues sufficient to pay the principal and interest on the bonds. An amount equal to the maximum principal and interest payment has been placed in a reserve account.

Defeased Debt – In prior years, the City defeased certain revenue and special assessment bonds by the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2021, there were no bonds.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Summary of Debt Maturities – Annual debt service principal and interest payments required on all outstanding debt at June 30, 2021, are as follows:

GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation Bonds			Tax Increment		Special Assessment Bonds	
	Principal	Interest		Principal	Interest	Principal	Interest
2022	\$ 1,760,000	\$ 678,290		\$ 985,000	\$ 1,200,834	\$ 644,831	\$ 484,037
2023	2,530,000	706,635		1,030,000	1,163,919	760,892	455,205
2024	2,100,000	620,335		1,065,000	1,224,247	852,009	425,441
2025	2,180,000	535,835		1,115,000	1,080,884	776,443	399,165
2026	1,925,000	443,185		1,165,000	1,033,654	810,000	372,415
2027-2031	8,560,000	1,068,050		6,620,000	4,329,918	4,795,000	1,290,910
2032-2036	3,205,000	76,348		7,820,000	2,709,019	4,245,000	365,166
2037-2041	-	-		7,225,000	758,413	-	-
2042-2046	-	-		940,000	131,600	-	-
	<u>\$ 22,260,000</u>	<u>\$ 4,128,678</u>		<u>\$ 27,965,000</u>	<u>\$ 13,632,488</u>	<u>\$ 12,884,175</u>	<u>\$ 3,792,339</u>
Special Assessment							
Bonds-Direct Placement				Intercap Notes Payable		Capital Lease Payable-BOC	
	Principal	Interest		Principal	Interest	Principal	Interest
2022	\$ 146,172	\$ 195,420		\$ 175,495	\$ 44,280	\$ 450,000	\$ 26,850
2023	462,398	189,514		179,917	41,366	460,000	13,200
2024	516,213	167,296		184,455	38,379	210,000	3,150
2025	441,008	147,576		189,118	35,416	-	-
2026	451,995	128,521		188,525	32,199	-	-
2027-2031	2,043,645	365,989		1,018,825	112,435	-	-
2032-2036	805,885	60,810		791,402	26,353	-	-
2037-2041	-	-		-	-	-	-
	<u>\$ 4,867,316</u>	<u>\$ 1,255,126</u>		<u>\$ 2,727,737</u>	<u>\$ 330,428</u>	<u>\$ 1,120,000</u>	<u>\$ 43,200</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

BUSINESS TYPE ACTIVITIES

Year ending June 30	Revenue Bonds-Airport		Capital Lease Payable-Parking		Capital Lease Payable-Park II	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 260,000	\$ 127,142	\$ 42,378	\$ 11,442	\$ 119,775	\$ 82,185
2023	265,000	117,692	44,351	9,467	125,105	76,856
2024	275,000	107,972	46,419	7,401	130,672	71,289
2025	322,807	110,140	48,581	5,238	136,487	65,474
2026	332,807	98,125	50,845	2,975	142,560	59,400
2027-2031	1,844,037	295,456	26,304	605	813,800	196,004
2032-2036	214,037	98,200	-	-	378,474	25,446
2037-2041	214,037	50,085	-	-	-	-
2042-2046	171,230	12,328	-	-	-	-
	<u>\$ 3,898,955</u>	<u>\$ 1,017,140</u>	<u>\$ 258,878</u>	<u>\$ 37,128</u>	<u>\$ 1,846,873</u>	<u>\$ 576,654</u>
Notes Payable-Water						
	Principal	Interest	Principal	Interest		
2022	\$ 2,225,000	\$ 532,170	\$ 1,152,000	\$ 286,378		
2023	2,285,000	473,720	1,190,000	253,591		
2024	2,346,000	413,670	1,223,000	219,762		
2025	2,406,000	351,975	1,256,000	185,008		
2026	1,904,000	288,695	1,144,000	149,313		
2027-2031	6,284,000	823,706	3,761,000	312,657		
2032-2036	<u>2,467,000</u>	<u>138,583</u>	<u>471,000</u>	<u>21,420</u>		
	<u>\$ 19,917,000</u>	<u>\$ 3,022,519</u>	<u>\$ 10,197,000</u>	<u>\$ 1,428,129</u>		
Revenue Bonds-Wastewater						
	Principal	Interest	Principal	Interest		
2022	\$ 1,595,000	\$ 2,259,500	\$ 735,000	\$ 808,400		
2023	1,655,000	2,186,225	775,000	770,650		
2024	1,740,000	2,101,350	815,000	730,900		
2025	1,825,000	2,012,225	855,000	689,150		
2026	1,920,000	1,918,600	895,000	645,400		
2027-2031	13,390,000	7,825,500	5,195,000	2,512,275		
2032-2036	21,835,000	3,506,350	6,265,000	1,464,919		
2037-2040	<u>5,125,000</u>	<u>102,500</u>	<u>5,755,000</u>	<u>399,406</u>		
	<u>\$ 49,085,000</u>	<u>\$ 21,912,250</u>	<u>\$ 21,290,000</u>	<u>\$ 8,021,100</u>		

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Changes in Long-Term Obligations – During the year ended June 30, 2021, the following changes occurred in liabilities reported in the long-term obligations:

	Balance June 30, 2020	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2021	Due within one year
Governmental Activities:					
General obligation bonds:					
Series 2010 Parks	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
Add: premium received	2,822	-	2,822	-	-
Series 2004A Streets	1,605,000	-	300,000	1,305,000	310,000
Add: premium received	95,565	-	19,112	76,453	-
Series 2015 Refunding	5,150,000	-	580,000	4,570,000	590,000
Add: premium received	339,111	-	48,444	290,667	-
Series 2012 Library	9,915,000	-	840,000	9,075,000	9,075,000
Add: premium received	663,304	-	51,023	612,281	-
Series 2021 Refunding Library		7,310,000	-	7,310,000	-
Add: premium received		1,020,177	-	1,020,177	-
Tax Increment 2013	11,490,000	-	355,000	11,135,000	370,000
Add: premium received	31,325	-	3,481	27,844	-
Less: bond discount	(1,453)	-	(162)	(1,291)	-
Tax Increment 2015	4,585,000	-	160,000	4,425,000	165,000
Less: bond discount	(19,739)	-	(1,039)	(18,700)	-
Tax Increment 2015-EBURD	2,790,000	-	100,000	2,690,000	100,000
Less: bond discount	(26,546)	-	(1,397)	(25,149)	-
Tax Increment 2016	4,480,000	-	160,000	4,320,000	160,000
Less: bond discount	(30)	-	(2)	(28)	-
Tax Increment 2018-East	3,360,000	-	130,000	3,230,000	130,000
Add: premium received	90,599	-	4,768	85,831	-
Tax Increment 2020-27th		2,165,000	-	2,165,000	60,000
Add: premium received		91,869	-	91,869	-
Special assessment debt with governmental commitment	13,998,000	-	1,113,825	12,884,175	644,831
Less: bond discounts	(23,785)	-	(6,388)	(17,397)	-
Add: premium received	513,734	-	34,992	478,742	-
Direct Placement	3,917,500	1,458,316	508,500	4,867,316	146,172
Intercap notes payable	312,228	2,514,612	99,103	2,727,737	175,495
Capital lease payable	1,555,000	-	435,000	1,120,000	450,000
Add: premium received	83,124	-	20,782	62,342	-
Compensated absences	9,123,239	9,050,683	8,815,279	9,358,643	7,961,147
Total governmental activities	<u>\$ 74,143,998</u>	<u>\$ 23,610,657</u>	<u>\$ 13,888,143</u>	<u>\$ 83,866,512</u>	<u>\$ 20,337,645</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

	Balance June 30, 2020	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2021	Due within one year
Business Activities:					
Notes Payable					
Water from DNRC	\$ 5,799,000	\$ -	\$ 1,002,000	\$ 4,797,000	\$ 1,024,000
Water from DNRC-ARRA Part B	174,000	-	16,000	158,000	18,000
Water from DNRC-Rehab	1,523,000	-	141,000	1,382,000	145,000
Water from DNRC-Zone 4	3,702,000	-	342,000	3,360,000	353,000
Water from DNRC-Waterlines	1,335,000	-	111,000	1,224,000	113,000
Wastewater from DNRC-Briarwood	3,254,000	-	341,000	2,913,000	350,000
Wastewater from DNRC	1,513,000	-	261,000	1,252,000	267,000
Wastewater from DNRC	185,000	-	18,000	167,000	18,000
Wastewater from DNRC	2,280,000	-	211,000	2,069,000	211,000
Wastewater from DNRC-UV	1,422,000	-	117,000	1,305,000	117,000
Wastewater from DNRC-UV	491,000	-	40,000	451,000	40,000
Wastewater from DNRC-5 Mile	2,173,000	-	133,000	2,040,000	133,000
Water from DNRC-Zone 3	2,018,000	-	135,000	1,883,000	139,000
Water from DNRC-Zone 3 Chapple	4,766,000	-	266,000	4,500,000	274,000
Water from DNRC-Briarwood	2,768,000	-	155,000	2,613,000	159,000
Sewer System Revenue	50,615,000	-	1,530,000	49,085,000	1,595,000
Add: premium received	6,068,800	-	356,988	5,711,812	-
Solid Waste Revenue	21,990,000	-	700,000	21,290,000	735,000
Add: premium received	1,280,721	-	67,406	1,213,315	-
Capital lease payable - Park II	1,961,545	-	114,672	1,846,873	119,775
Capital lease payable - Parking	299,369	-	40,491	258,878	42,378
Airport Series 2010A Refunding	670,000	-	670,000	-	-
Add: premium received	-	-	-	-	-
Airport Series 2010B Revenue	4,305,000	-	4,305,000	-	-
Add: premium received	2,380	-	2,380	-	-
Airport Series 2020A	-	898,955	-	898,955	-
Airport Series 2020B	-	3,000,000	-	3,000,000	260,000
Capital lease payable - Airport	709,060	-	709,060	-	-
Compensated absences	3,303,234	3,211,817	3,050,507	3,464,544	2,818,693
Total business type activities	\$ 124,608,109	\$ 7,110,772	\$ 14,835,504	\$ 116,883,377	\$ 8,931,846

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Governmental activities include internal service fund liabilities for capital lease payable, compensated absences, and intercap notes payable. Internal service fund compensated absences totaled \$1,448,969 and \$1,445,071 at June 30, 2020 and 2021, respectively and are generally liquidated by the related internal service fund. Compensated absences for the remaining governmental activities are generally liquidated by the general fund and other governmental funds.

Arbitrage – The Tax Reform Act of 1986 (ACT) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt and now requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain City debt and interest earned on the proceeds thereof are subject to the requirements of the Act. At June 30, 2021, the City had no arbitrage rebate liability for its governmental and business-type activities.

H. Post-Employment Healthcare Benefits

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75, 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 full liability occurred in fiscal year 2017, the year that GASB 75 was implemented. A separate postemployment benefit plan report is not prepared for the health insurance plan.

Plan Measurement Date. June 30, 2021

Plan Description. The City provides continuous medical insurance coverage for eligible participants enrolled in the City sponsored plan, a single-employer plan, called the City of Billings Employee Benefit Plan (the Plan). Total plan contributions paid by the City in 2021 were 10.0% 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 ACFR and reported as an internal service fund as City Health Insurance Fund. A Plan Document describing the Plan in its entirety, including contribution rates, eligibility, etc., can be obtained from the Human Resources Department of the City of Billings.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Police and Fire employees:

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

All Other Employees:

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

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

The number of participants as of July 1, 2021, 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	902
Retired employees	<u>90</u>
Total	<u>992</u>

Funding Policy. The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. Although the City has studied the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue. The amount of covered payroll related to the plan for the year ending June 30, 2021, is \$66,994,880. The ratio of the FY 2021 net OPEB liability to annual covered payroll is 0.16.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Annual OPEB Cost and Net OPEB Liability. The City's other post-employment benefit (OPEB) cost (expense) is calculated based on the Entry Age Normal cost method based on a level percentage of projected salary, in accordance with the parameters of GASB Statement 75. The following table shows sources of changes in the net OPEB liability for the City:

Changes in Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Total OPEB Liability – Start of Year	\$9,500,482	\$ -	\$9,500,482
Changes for the year			
Service cost	485,890	-	485,890
Interest cost	216,552	-	216,552
Changes of benefit term	-	-	-
Differences between expected and actual experience	220,640	-	220,640
Changes in assumptions or other inputs	567,606	-	567,606
(Other changes, separately identified if significant)	-	-	-
Contributions – employer	-	-	-
Net Investment Income	-	-	-
Benefit payments	(375,284)	-	(375,284)
Admin Expense	-	-	-
Net change in total OPEB liability	<u>\$1,115,404</u>	<u>—</u>	<u>\$1,115,404</u>
Total OPEB Liability – End of Year	<u>\$10,615,886</u>	<u>—</u>	<u>\$10,615,886</u>

The annual OPEB expense recognized in fiscal year 2021 is as follows:

Service Cost	\$ 485,890
Interest Cost	216,552
Changes of benefit terms	-
Current recognized deferred outflows/(inflows)	
Difference between expected and actual experience	(\$362,498)
Changes in assumptions or other inputs	413,683
(Other changes, separately identified, if significant)	-
Total Expense	<u>\$753,627</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Recognition of the deferred outflows and inflows occur in future periods and, therefore, are reported on the Statement of Net Position as required by GASB Statement 75. The detailed schedule of deferred outflows and inflows related to the OPEB liability is as follows:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between actual and expected experience	\$ 193,400	(\$ 1,555,254)
Changes of assumptions	<u>1,839,275</u>	<u>(599,796)</u>
Total	<u>\$ 2,032,675</u>	<u>(\$ 2,155,050)</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources:

For Fiscal Year End:		
	2022	\$ 51,185
	2023	51,185
	2024	(121,548)
	2025	(231,099)
	2026	(123,625)
	Thereafter	\$ 251,527

Actuarial Methods and Assumptions. Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

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

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

In the June 30, 2021, actuarial valuation, the liabilities were computed using the entry age normal based on level percentage of projected salary. The actuarial assumptions utilized a 2.16% discount rate. Because the plan is unfunded, the discount rate is based on the index rate for 20-year, tax-exempt, general obligation bonds with an average rating of AA or higher. The valuation assumes a 7% healthcare cost trend increase for fiscal year 2020-2021, reduced each year until an ultimate health care cost trend rate of 4.0% is reached.

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 Health Insurance Committee may modify the Plan.

Sensitivity Analysis. Sensitivity measurements of the net OPEB liability based on health care cost trends and discount rates:

Healthcare cost trend sensitivity analysis

	Net OPEB Liability	% Difference
1% Decrease	\$ 9,421,000	-11%
Current Trend	\$10,616,000	N/A
1% Increase	\$12,355,000	16%

Discount Rate trend sensitivity analysis

	Net OPEB Liability	% Difference
1% Increase 3.16%	\$ 9,709,000	-9%
Current Trend 2.16%	\$10,616,000	N/A
1% Decrease 1.16%	\$11,937,000	12%

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

IV. Other Notes

A. Risk Management

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

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

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

For damage to and destruction of buildings and facilities, the City has elected to insure its buildings and facilities with insurance purchased from a private carrier. Such insurance has a deductible of \$250,000 per occurrence. The rateable exposure limit is \$746,813,038 (inclusive of Business Income Coverage) with a blanket policy limit of \$500 million, underwritten by Affiliated FM Insurance Company. There have been no significant changes to levels of insurance from the previous year, and settlement payments have not exceeded insurance coverage during the current year or the two previous fiscal years.

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

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 \$250,000 per individual per calendar year are covered through a private insurance carrier. The fund records health care costs as expenses when claims are incurred;

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 2019, 2020 and 2021:

	<u>Beginning-of-fiscal-year liability</u>	<u>Incurred claims and claim administrative expenses</u>	<u>Payments of claims and claim administrative expenses</u>	<u>End-of-fiscal-year liability</u>
2018-2019	907,796	9,797,165	9,937,165	767,796
2019-2020	767,796	12,464,861	12,102,660	1,129,997
2020-2021	1,129,997	11,409,304	11,338,963	1,200,338

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 79 retired and terminated employees participated in the City's health plan. Claims paid in excess of premiums received for these participants totaled approximately \$931,879 for the fiscal year ended June 30, 2021. There have been no material changes in health insurance coverage from the previous year. The City has a two-tiered health insurance plan. The amount of employee contributions is based on the level of coverage chosen from the two tiers. Beginning January 1, 2012, the City implemented a two-tiered health insurance plan and will have only one area hospital in-network. These changes were completed using the RFP process and were approved and implemented by the Health Insurance Committee in order to reduce health care costs and avoid increases in premiums for both the City and employees.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

B. Pollution Remediation

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

C. Subsequent Events

Management has evaluated subsequent events through January 10th, 2022, the date on which the financial statements were available to be issued. There are no subsequent events to report.

D. Claims and Judgments

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

Changes in Claims and Judgments:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year</u>	<u>Changes in the Estimate for Claims of Prior Periods</u>	<u>Claims Incurred During Year</u>	<u>Payments of Claims</u>	<u>End of Fiscal Year</u>	<u>Amount Due Within One Year</u>
2019	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
2020	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
2021	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 \$4,252,315 reported as landfill closure and post-closure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of approximately 56% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$3.1 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 2021. Revised closure costs were completed during fiscal year 2021, which slightly increased the total estimated remaining costs for closure and post-closure care. The City expects to close the landfill in 46 years, in the year 2067. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has established an irrevocable solid waste management financial assurance trust. The City is required to make payments into the trust over the life of the landfill to provide funds for closure and post-closure care. In fiscal year 2021, \$72,572 was paid into, or earned by, the trust. The cumulative amount of payments of \$3,726,815 is reported as restricted investments at June 30, 2021.

	Balance June 30, 2020	Accrual Amount	Balance June 30, 2021
Net change in Landfill Liability	<u>\$ 3,659,311</u>	<u>\$ 593,004</u>	<u>\$ 4,252,315</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

2. Lawsuits

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

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

The City of Billings is being sued by a group of citizens. Plaintiffs filed a class action complaint on May 16, 2018 asserting that the franchise fees assessed by the City were illegal sales taxes. The City has filed an answer denying the substance of the Plaintiffs' claims. The District Court stayed further litigation in this case pending resolution of the City's appeal of the Class Certification Order. Although the City is vigorously defending this claim, the City has estimated that a judgment could result in up to \$1,000,000.

3. Grants

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

F. **Conduit Debt**

The City has authorized the issuance of certain bonds in its name to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying government-wide financial statements. The only requirement for

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

this type of issue is to request the amount needed for City approval; and when completely paid or called, they must notify the City of this event.

As of June 30, 2021, there were two series of industrial revenue bonds outstanding. The aggregate principal amount payable for the two series issued was approximately \$7.3 million at June 30, 2021.

G. Pension Plans

The City of Billings contributes to four separate pension plans which cover substantially all full-time employees. They are the Public Employees' Retirement System-defined benefit retirement plan (PERS-DBRP), Public Employees' Retirement System-defined contribution plan (PERS-DCRP), Firefighters' Unified Retirement System (FURS), and the Municipal Police Officers' Retirement System (MPORS). The PERS-DCRP is a defined contribution plan, and the other plans are defined benefit pension systems. All plans are administered by the Public Employment Retirement Board (PERB). The City's financial statements include on-behalf contributions made by the State of Montana as described in the following plan descriptions. The City's aggregate net pension expense for all plans in FY 2021 was \$13,173,196.

**CITY OF BILLINGS
PERS-DEFINED BENEFIT
GASB 68 NOTES TO THE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2020 (MEASUREMENT DATE)
JUNE 30, 2021 (REPORTING DATE)**

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2020 measurement date for the 2021 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2021.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

General Information about the Pension Plan

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and to certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Summary of Benefits

Eligibility for benefit and benefit formulas

Service retirement:

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

Early Retirement (actuarially reduced):

- Hired prior to July 1, 2011:
 - Age 50, 5 years of membership service; or
 - Any age, 25 years of membership service.
- Hired on or after July 1, 2011:
 - Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service):

- 1) Retire before January 1, 2016, and accumulate less than 2 years of additional service credit or retire on or after January 1, 2016, and accumulate less than 5 years' additional service credit:
 - a. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 2) Retire before January 1, 2016, and accumulate at least 2 years of additional service credit:
 - a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- 3) Retire on or after January 1, 2016, and accumulate 5 years or more years of service credit:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

- Members hired prior to July 1, 2011
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
 - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired **prior to** July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Contributions: The state Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are *not* accounted for as special funding for state agencies and universities but are reported as employer contributions.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		State & Universities		Local Government		School Districts	
	Hired <7/01/11	Hired >7/01/11	Employer	Employer	State	Employer	State	
2021	7.9%	7.9%	8.870%	8.770%	0.10%	8.50%	0.370%	
2020	7.9%	7.9%	8.770%	8.670%	0.10%	8.40%	0.370%	
2019	7.9%	7.9%	8.670%	8.570%	0.10%	8.30%	0.370%	
2018	7.9%	7.9%	8.570%	8.470%	0.10%	8.20%	0.370%	
2017	7.9%	7.9%	8.470%	8.370%	0.10%	8.10%	0.370%	
2016	7.9%	7.9%	8.370%	8.270%	0.10%	8.00%	0.370%	
2015	7.9%	7.9%	8.270%	8.170%	0.10%	7.90%	0.370%	
2014	7.9%	7.9%	8.170%	8.070%	0.10%	7.80%	0.370%	
2012-2013	6.9%	7.9%	7.170%	7.070%	0.10%	6.80%	0.370%	
2010-2011	6.9%		7.170%	7.070%	0.10%	6.80%	0.370%	
2008-2009	6.9%		7.035%	6.935%	0.10%	6.80%	0.235%	
2000-2007	6.9%		6.900%	6.800%	0.10%	6.80%	0.100%	

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and contributions previously directed to the PCR are now directed to member accounts.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

3. Non-Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a Statutory Appropriation from the General Fund of \$33,951,150.

Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020 was determined by taking the results of the June 30, 2019 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid.

The employer recorded a liability of \$56,156,143 and the employer's proportionate share was 2.128569 percent.

	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 56,156,143	\$ 44,238,926	2.128569%	2.116380%	0.012189%
State of Montana Proportionate Share associated with the Employer	\$ 17,704,446	\$ 14,409,911	0.671078%	0.689367%	-0.018289%
Total	\$ 73,860,589	\$ 58,648,837	2.799647%	2.805747%	0.006100%

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- The discount rate was lowered from 7.65% to 7.34%
- The investment rate of return was lowered from 7.65% to 7.34%
- The inflation rate was reduced from 2.75% to 2.40%

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2020, the employer recognized a Pension Expense of \$ 7,921,250 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$2,895,420 for the support provided by the State of Montana for the proportionate share of the Pension Expense associated with the employer. (*Two years of pension expense are documented in the below table but are not necessary for the employer's disclosures.*)

	Pension Expense as of 6/30/2020	Pension Expense as of 6/30/2019
City of Billings' Proportionate Share of PERS	\$ 7,921,250	\$ 5,612,465
State of Montana Proportionate Share associated with the Employer	\$ 2,895,420	\$ 978,281
Total	\$10,816,670	\$ 6,590,746

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Recognition of Deferred Inflows and Outflows

At June 30, 2020, the employer recognized its proportionate share of Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 906,475	\$ 1,605,588
Projected Investment Earnings vs. Actual Investment Earnings	4,862,621	-
Changes in Assumptions	3,888,598	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	1,873,813
Employer Contributions subsequent to the measurement date	3,139,301	-
Total	\$ 12,796,995	\$ 3,479,402

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

For the Reporting Year ended June 30:	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense
2021	\$ 103,670
2022	3,160,718
2023	1,699,040
2024	1,214,864
Thereafter	\$ -

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Stand-Alone Statements

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

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial evaluation was determined using the following actuarial assumptions:

Investment Return (net of admin expense)	7.34%
Admin Expense as % of Payroll	0.30%
General Wage Growth*	3.50%
*includes Inflation at	2.40%
Merit Increases	0 to 4.8%
Postretirement Benefit Increases	

Guaranteed Annual Benefit Adjustment (GABA)

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

3% for members hired prior to July 1, 2007

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

Members hired on or after July 1, 2013

- a. 1.5% for each year PERS is funded at or above 90%;
- b. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
- c. 0% whenever the amortization period for PERS is 40 years or more.

Mortality assumptions among contributing members, service retired members and beneficiaries are based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.

Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Mortality Tables with no projections.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Target Allocations

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020 was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the *2020 OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining those two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation (78c & 78f) as of June 30, 2020, are summarized in the table below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.0%	0.11%
Domestic Equity	30.0%	6.19%
Foreign Equity	16.0%	6.92%
Fixed Income	25.0%	5.54%
Natural Resources	4.0%	3.43%
Private Equity	14.0%	10.37%
Real Estate	9.0%	5.7%
Total	100%	

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate of 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
Employer's Net Pension Liability	\$77,295,607	\$56,156,143	\$38,399,139

PERS Disclosure for the defined contribution plan

CITY OF BILLINGS contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2020, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$775,195.

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Comprehensive Annual Financial Report* and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <http://mpera.mt.gov/index.shtml>.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

CITY OF BILLINGS FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM GASB 68 NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020 (*MEASUREMENT DATE*) JUNE 30, 2021 (*REPORTING DATE*)

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Firefighters' Unified Retirement System (the Plan). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. This report provides information for employers who are using a June 30, 2020, measurement date for the 2021 reporting.

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable.

Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

General Information about the Pension Plan

Plan Description - The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first-

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries.

Benefits provided – The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Service retirement and monthly benefit formula:

- Hired on or after July 1, 1981, or has elected to be covered by GABA:
 - 20 years of membership service, regardless of age
 - 2.5% of HAC x years of service credit
- Hired prior to July 1, 1981, and who had not elected to be covered by GABA, the greater of above, or:
 - If membership service is less than 20 years:
 - 2% of the highest monthly compensation (HMC) x years of service credit or
 - If membership services is greater or equal to 20 years:
 - 50% of HMC + 2% of HMC x years of service credit in excess of 20
- Early retirement: Age 50 with 5 years of membership service – Normal retirement benefit calculated using HAC and service credit

Second retirement:

Applies to retirement system members re-employed in a FURS position on or after July 1, 2017;

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - Is not awarded service credit for the period of re-employment;
 - Is refunded the accumulated contributions associated with the period of re-employment;
 - Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - Does not accrue post-retirement benefit adjustments during the term of re-employment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - Is awarded service credit for the period of re-employment;
 - Starting the first month following termination of service, receives:
 - The same retirement benefit previously paid to the member; and
 - A second retirement benefit for the period of re-employment calculated based on the laws in effect as of the members' rehire date, and
 - Does not accrue post-retirement benefit adjustments during the term of re-employment but receives a GABA:
 - On the initial retirement benefit in January immediately following second retirement, and
 - On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

Member's compensation period used in benefit calculation

- Hired prior to July 1, 1981 and not electing GABA: highest monthly compensation (HMC);
- Hired on or after June 30, 1981 and those electing GABA: highest average compensation (HAC) during any consecutive 36 months (or shorter period of total service).
- Part-time firefighter: 15% of regular compensation of a newly confirmed full-time firefighter.

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA – and has been retired for at least 12 months - the member's benefit increases by 3% each January.

Minimum Benefit Adjustment (non-GABA)

A member with 10 or more years of membership service who has not elected to be covered under GABA – the minimum benefit provided may not be less than 50% of the monthly compensation paid to a newly confirmed active firefighter of the employer that last employed the member as a firefighter in the current fiscal year.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Contributions – The State Legislature has the authority to establish and amend contribution rates to the plan. Member and employer contributions rates are specified by the Montana Statute and are a percentage of the members' compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding: MCA 19-13-604 requires the State of Montana to contribute a percentage of the total compensation directly to the Plan annually after the end of each fiscal year. Member, Employer and State contribution rates are shown in the table below:

Fiscal Year	Member			
	Non-GABA	GABA	Employer	State
1998 - 2021	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020 was determined by taking the results of the June 30, 2019 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government's collective NPL that is associated with the non-state employer. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The employer recorded a liability of \$ 9,758,061 and the employer's proportionate share was 6.2361 percent.

	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 9,758,061	\$ 6,903,901	6.2361%	6.0184%	0.2177%
State of Montana Proportionate Share associated with the Employer	\$ 21,997,963	\$ 16,697,128	14.0583%	14.5555%	(0.4972%)
Total	\$ 31,756,024	\$ 23,601,029	20.2944%	20.5739%	(0.2795%)

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- The discount rate was lowered from 7.65% to 7.34%
- The investment rate of return was lowered from 7.65% to 7.34%
- The inflation rate was reduced from 2.75% to 2.40%

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense: At June 30, 2020 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$1,875,420. The employer also recognized grant revenue of \$4,248,108 for the support provided by the state of Montana for the proportionate share of the pension expense that is associated with the employer. (*Two years of pension expense are documented in the table below but are not necessary for the employer's disclosures.*)

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Notes to Financial Statements

	Pension Expense as of 6/30/2020	Pension Expense as of 6/30/2019
City of Billings' Proportionate Share of FURS	\$ 1,875,420	\$ 1,361,156
Employer Grant Revenue - State of Montana Proportionate Share for the Employer	\$ 4,248,108	\$ 3,478,444
Total	\$ 6,123,528	\$ 4,839,601

Recognition of deferred inflows and outflows

At June 30, 2020, the employer reported its proportionate share of FURS' deferred outflows of resources and deferred inflows of resources relate to FURS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 664,151	\$ 50,794
Projected Investment Earnings vs. Actual Investment Earnings	\$ 1,252,745	\$ -
Changes in Assumptions	\$ 1,733,454	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 107,113
Employer Contributions Subsequent to the Measurement Date	\$ 1,634,027	\$ -
Total	\$ 5,284,377	\$ 157,907

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

For the Reporting Year ended June 30:	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense	
2021	\$ 691,126	
2022	\$ 912,330	
2023	\$ 785,959	
2024	\$ 522,989	
Thereafter	\$ 580,039	

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial evaluation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.34%
Admin Expense as % of Payroll	0.13%
General Wage Growth*	3.50%
*includes Inflation at	2.40%
Merit Increases	0% to 6.30%
Post Retirement Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January • Members hired on or after July 1, 1997 or those electing GABA • Requires 12 full months of retirement before GABA will be made	3.00%
2. Minimum Benefit Adjustment (non-GABA) • Members with 10 or more years of membership service and member did not elect GABA	The minimum benefit provided should not be less than 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter
Mortality:	
• Contributing members, Service Retired Members & beneficiaries	RP-2000 Combined Employee and Annuitant Mortality Tables project to 2020 with scale BB, set back one year for males
• Disabled Members	PR-2000 Combined Mortality Table with no projections

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

June 30, 2020, was calculated using the average long-term capital market assumptions published in *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the *2020 OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation (78c & 78f) as of June 30, 2020, are summarized below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.0%	0.11%
Domestic Equity	30.0%	6.19%
Foreign Equity	16.0%	6.92%
Natural Resources	4.0%	3.43%
Core Fixed Income	20.0%	1.57%
Non-Core Fixed Income	5.0%	3.97%
Private Equity	14.0%	10.38%
Real Estate	9.0%	5.74%
Total	100%	

Discount Rate - The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The State contributed 32.61% of the salaries paid by employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2133. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate - The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change to the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.0% lower or 1.0% higher than the current rate.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

As of measurement date	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
CITY OF BILLINGS Net Pension Liability	\$15,782,068	\$9,758,061	\$4,917,736

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Comprehensive Annual Financial Report* and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <http://mpera.mt.gov/index.shtml>.

**CITY OF BILLINGS
MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM
GASB 68 NOTES TO THE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2020 (MEASUREMENT DATE)
JUNE 30, 2021 (REPORTING DATE)**

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Municipal Police Officers' Retirement System (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using June 30, 2020 measurement date for 2021 reporting.

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

General Information about the Pension Plan

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

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

Benefits provided: MPORS provides, retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Service retirement:

- 20 years of membership service, regardless of age
- Age 50 with 5 years of membership service
- 2.5% of FAC x years of service credit.

Second retirement:

Re-calculated using specific criteria for members who return to covered MPORS employment prior to July 1, 2017.

- Less than 20 years of membership service, upon re-employment, repay benefits and subsequent retirement is based on total MPORS service.
- More than 20 years of membership service, upon re-employment, receives initial benefit and a new retirement benefit based on additional service credit and FAC after re-employment.

Applies to retirement system members re-employed in a MPORS position on or after July 1, 2017.

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - Is not awarded service credit for the period of re-employment;
 - Is refunded the accumulated contributions associated with the period of reemployment;
 - Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - Does not accrue post-retirement benefit adjustments during the term of reemployment, but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - Is awarded service credit for the period of reemployment;
 - Starting the first month following termination of service, receives:
 - The same retirement benefit previously paid to the member, and
 - A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - On the initial retirement benefit in January immediately following second retirement, and
 - On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

Member's final average compensation (FAC)

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

- Hired on or after July 1, 1997, or those electing GABA and has been retired for at least 12 months, a GABA will be made each year in January equal to 3%.

Minimum benefit adjustment (non-GABA)

- The minimum benefit provided may not be less than 50% of the compensation paid to a newly confirmed police officer of the employer that last employed the member as a police officer in the current fiscal year.

Contributions – The State Legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding – MCA 19-9-702 requires the State of Montana to contribute a percentage of total compensation directly to the Plan annually after the end of each fiscal year. Member, Employer and State contribution rates are shown in the table below.

Fiscal Year	Member						
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97	GABA	Employer	State
2000-2021	5.80%	7.00%	8.50%	9.00%		14.41%	29.37%
1998-1999	7.80%	9.00%	10.50%	11.00%		14.41%	29.37%
1997	7.80%	9.00%	10.50%			14.36%	29.37%

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020 was determined by taking the results of the June 30, 2019 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government's collective NPL that is associated with the non-state employer. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$17,962,668 and employer's proportionate share was 7.3441 percent.

	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 17,962,668	\$ 14,478,256	7.3441%	7.2739%	0.0702%
State of Montana Proportionate Share associated with the Employer	\$ 36,228,917	\$ 29,482,773	14.8123%	14.8122%	0.0001%
Total	\$ 54,191,585	\$ 43,961,029	22.1564%	22.0861%	0.0703%

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- The discount rate was lowered from 7.65% to 7.34%
- The investment rate of return was lowered from 7.65% to 7.34%
- The inflation rate was reduced from 2.75% to 2.40%

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense: At June 30, 2020 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$3,376,526. The employer also recognized grant revenue of \$6,905,358 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer. (*Two years of pension expense are documented in the above table, but are not necessary for the employer's disclosures.*

As of measurement date	Pension Expense as of 6/30/2020	Pension Expense as of 6/30/2019
City of Billings' Proportionate Share of MPORS	\$ 3,376,526	\$ 2,373,758
State of Montana Proportionate Share associated with the Employer	\$ 6,905,358	\$ 3,531,790
Total	\$ 10,281,884	\$ 5,025,548

Recognition of Deferred Inflows and Outflows – At June 30, 2020, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 860,993	\$ 56,701
Projected Investment Earnings vs. Actual Investment Earnings	\$ 1,396,896	\$ -
Changes in Assumptions	\$ 1,526,468	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	\$ 155,192	\$ -
Employer Contributions subsequent to the measurement date	\$ 1,879,770	\$ -
Total	\$ 5,819,319	\$ 56,701

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

For the Reporting Year ended <u>June 30:</u>	Amount of deferred outflows and deferred inflows recognized in future years as an <u>increase or (decrease) to Pension Expense</u>
2021	\$ 1,259,185
2022	\$ 1,320,608
2023	\$ 980,293
2024	\$ 322,763
Thereafter	\$ -

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.34%
Admin Expense as % of Payroll	0.15%
General Wage Growth*	3.50%
*includes Inflation at	2.40%
Merit Increases	0% to 6.60%
Post Retirement Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
• Members hired on or after July 1, 1997, or those electing GABA	3.00%
• Requires 12 full months of retirement before GABA will be made	
2. Minimum Benefit Adjustment (non-GABA)	
• Benefit for a retired member or member's survivor and member did not elect GABA	The minimum benefit provided should not be less than 50% of the monthly compensation paid to a newly confirmed police officer of the employer that last employed the member as a police officer
Mortality:	
• Contributing members, Service Retired Members & beneficiaries	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males
• Disabled Retirees	PR-2000 Combined Mortality Table with no projections

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumption 2020 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the *2020 OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation (78c & 78f) as of June 30, 2020, are summarized below.

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis
	(a)	(b)
Cash Equivalents	2.0%	0.11%
Domestic Equity	30.0%	6.19%
Foreign Equity	16.0%	6.92%
Natural Resources	4.0%	3.43%
Core Fixed Income	20.0%	1.57%
Non-Core Fixed Income	5.0%	3.97%
Private Equity	14.0%	10.37%
Real Estate	9.0%	5.74%
Total	100.0%	

Discount Rate – The discount rate used to measure the PPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 29.37% of the salaries paid by the employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change to the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it was calculated using a discount rate 1.0% lower and 1.0% higher than the current rate.

	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
City of Billings' Net Pension Liability	\$25,606,915	\$17,962,668	\$11,864,307

Pension plan fiduciary net position – The stand-alone financial statements of the Montana Public Employees Retirement (PERB) Comprehensive Annual Financial Report and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, 406-444-3154 or both are available on the MPERA website at <http://mpera.mt.gov/index.shtml>.

H. Prior Period Adjustment

A prior period adjustment of \$583,376 was made to decrease the business-type activities' beginning net position. The adjustment was made to the Water Fund which had previously capitalized construction expenses that should have been recognized as a period expense in a prior year.

Business-type Activities		
Net Position at July 1 , 2020, as previously stated		\$ 518,038,794
Water Fund adjustment		(583,376)
Net Position at July 1 , 2020, as restated		\$ 517,455,418

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplemental Information

CITY OF BILLINGS, MONTANA

General Fund

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

For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 17,644,369	\$ 17,644,369	\$ 17,792,484	\$ (148,115)
Licenses and permits	2,088,038	2,088,038	2,261,889	(173,851)
Intergovernmental	12,065,752	12,065,752	12,259,902	(194,150)
Charges for services	4,133,225	4,133,225	4,464,973	(331,748)
Fines and forfeitures	1,511,877	1,511,877	1,132,756	379,121
Special assessments	233,000	233,000	26,267	206,733
Other	-	-	30,804	(30,804)
Total revenues	37,676,261	37,676,261	37,969,075	(292,814)
Expenditures:				
Current:				
General government	\$ 7,800,820	\$ 7,895,103	\$ 7,515,835	\$ 379,268
Public safety	594,630	597,230	550,378	46,852
Culture and recreation	4,173,744	4,210,986	4,194,343	16,643
Capital outlay	6,766	97,266	1,623,238	(1,525,972)
Total expenditures	12,575,960	12,800,585	13,883,794	(1,083,209)
Revenues over (under) expenditures	25,100,301	24,875,676	24,085,281	790,395
Other financing sources (uses):				
Transfers in	9,600	9,600	4,904	4,696
Transfers out	(29,805,165)	(29,805,165)	(13,029,515)	(16,775,650)
Total other financing sources (uses)	(29,795,565)	(29,795,565)	(13,024,611)	(16,770,954)
Net change in fund balances	\$ (4,695,264)	\$ (4,919,889)	11,060,670	\$ (15,980,559)
Fund balance, beginning of year			22,396,610	
Fund balance, end of year			\$ 33,457,280	

Required Supplemental Information

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - Public Safety
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 13,143,856	\$ 13,143,856	\$ 17,242,732	\$ (4,098,876)
Licenses and permits	35,450	35,450	33,743	1,707
Intergovernmental	3,263,382	3,263,382	16,180,092	(12,916,710)
Charges for services	2,301,727	2,301,727	2,218,783	82,944
Fines and forfeitures	2,400	2,400	3,506	(1,106)
Other	63,500	63,500	115,375	(51,875)
Total revenues	18,810,315	18,810,315	35,794,231	(16,983,916)
Expenditures:				
Current:				
Public safety	44,189,414	45,635,089	45,519,549	115,540
Public health	1,059,229	1,059,729	964,656	95,073
Capital outlay	175,000	1,508,491	1,810,419	(301,928)
Debt service:				
Principal	125,000	125,000	97,736	27,264
Interest and fiscal charges	125,000	125,000	34,248	90,752
Total expenditures	45,673,643	48,453,309	48,426,608	26,701
Revenues over (under) expenditures	(26,863,328)	(29,642,994)	(12,632,377)	(17,010,617)
Other financing sources (uses):				
Transfers in	28,418,949	28,418,949	11,660,471	16,758,478
Transfers out	(1,555,621)	(1,555,621)	(1,555,621)	-
Issuance of debt	-	-	2,514,612	(2,514,612)
Total other financing sources (uses)	26,863,328	26,863,328	12,619,462	14,243,866
Net change in fund balances	\$ -	\$ (2,779,666)	(12,915)	\$ (2,766,751)
Fund balance, beginning of year			1,782,654	
Fund balance, end of year			\$ 1,769,739	

Required Supplemental Information

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - American Rescue Plan Act Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual

For the Fiscal Year Ended June 30, 2021

	Original			
	Budget	Final Budget	Actual	Variance
Revenues:				
Other	\$ -	\$ -	\$ (3,879)	\$ 3,879
Total revenues	<u>-</u>	<u>-</u>	<u>(3,879)</u>	<u>3,879</u>
Expenditures:				
Current:				
Total expenditures	- -	- -	- -	- -
Revenues over (under) expenditures	- -	- -	(3,879)	3,879
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,879)</u>	<u>\$ 3,879</u>
Fund balance, beginning of year				
Fund balance, end of year			<u>\$ (3,879)</u>	

A. Budgetary Information

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

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

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

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

Annual appropriated budgets are adopted for all the City's funds, and all annual appropriations lapse at fiscal yearend. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end will be re-appropriated and honored during the subsequent year. The annual appropriated budget was amended during the year. The major fund amendments were for the Nonmajor Special Revenue Funds: Development Services Grants Fund; Storm Sewer Fund; North 27th Street Tax Increment Operating; South Tax Increment Operating; East Tax Increment Operating; Police Program Fund; Sidewalk Hazard Fund; Street & Traffic Fund; Arterial Streets; Gas Tax Fund; Nonmajor Capital Project Funds: Park Construction Fund; Enterprise Funds: Water Fund, and Solid Waste Fund; and Internal Service Funds: Facilities Management Fund.

Required Supplemental Information

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

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

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

	<u>Public Safety Fund</u>
<u>Revenues</u>	
Actual amounts (budgetary basis) "Total revenues" from the budget	<u>\$ 35,794,231</u>
Differences-budget to GAAP:	
On-behalf payments by the State of Montana for pension plan contributions are not a budgetary resource but are revenues for financial reporting purposes	<u>7,541,986</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 43,336,217</u>
<u>Expenditures</u>	
Actual amounts (budgetary basis) "Total expenditures" from the budget	<u>\$ 48,426,608</u>
Differences-budget to GAAP:	
On-behalf payments by the State of Montana for pension plan contributions are not a budgetary outflow but are expenditures for financial reporting purposes	<u>7,541,986</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 55,968,594</u>

C. Other Post-Employment Benefits Liability

Actuarial Assumptions and Methods

Valuation Date June 30, 2020

Measurement Date June 30, 2021

Discount Rate 2.21% per annum

For unfunded plans: Discount rate is based on index rate for 20-year tax-exempt general obligation bonds with an average rating of AA/Aa or higher [Bond Buyer 20-Bond GO Index]. For fully funded plans: Discount rate is based on expected long-term rate of return on plan investments where assets are projected to cover all future benefit payments.

Salary Increase Rate 3.0% per annum

Inflation Rate 3.0% per annum

Census Data The census was provided by the City as of June 30, 2020.

Marriage Rate The assumed number of eligible spouses is based on the current information proportions of single and family contracts in census provided.

Spouse Age Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses.

Medicare Eligibility All current and future retirees are assumed to be eligible for Medicare at age 65.

Actuarial Cost Method Entry Age Normal based on level percentage of projected salary.

Amortization Method

Experience gains and losses are amortized over a closed period of 8.1 years starting on the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).

Mortality Rates

Pub-2010 mortality table with generational scale MP-2020.

Required Supplemental Information

Plan Participation Percentage

It is assumed that 100% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time, irrevocable election to participate is made at retirement.

Health Care Cost Trend Rate

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced at 0.25% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx Benefits	7.0%	4.0%
Stop Loss Fees	7.0%	4.0%
Administration Fees	4.5%	4.5%

Per Capita Health Claim Cost

Expected retiree claim costs were developed using 24 months of historical claim experience through March 2021. An underwriting adjustment to the claims paid during 2020 were made to account for the underestimated costs due to Covid-19. The annual age 60 and 70 claim costs for retirees and their spouses are as follows:

Per Capita Cost	Age 60
Plan C – Standard Plan	\$ 9,376
Plan D – HDHP	\$ 8,651

Non-Claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee. Expenses as of January 1, 2018, are provided in the table below.

Expense Type	Per Retiree per Month
Specific Stop Loss Premium – Single	\$28.52
Specific Stop Loss Premium – Family	\$72.33
Benefit Plan Management Fee	\$23.33

Required Supplemental Information

Plan Election Percentage

Based on current retiree plan elections, future retirees are assumed to elect plan coverage at the following rates. The percentages are based on current retiree election data.

Plan Name	% Election
Standard Plan	85%
HDHP Plan	15%

Age Based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study, with sample rates shown below:

Sample Age	Male	Female
45	4.6%	1.6%
50	6.2%	4.2%
55	5.4%	2.4%
60	4.7%	3.6%
65	1.7%	2.4%
70	1.8%	2.0%
75	1.2%	1.3%
80	0.8%	1.1%

Required Supplemental Information

Retirement Age

Sample retirement ages and associated probabilities are provided in the table below. These values are based on the 2018 Actuarial Valuations of the Public Employees' Retirement System of the State of Montana, the Municipal Police Officers' Retirement System of the State of Montana, and the Firefighters' Unified Retirement System of the State of Montana.

Age	<30 YOS	>30 years or Age 60 and 25 Years YOS	Police 20+ YOS	Fire 20+ YOS
<45	0%	10%	12%	5%
50-54	3%	10%	15%	10%
55	3%	25%	20%	25%
56	4%	15%	20%	25%
57	5%	15%	20%	25%
58	5%	15%	20%	25%
59	6%	15%	20%	25%
60	8%	15%	20%	50%
61	15%	15%	20%	50%
62	25%	25%	100%	50%
63-64	15%	15%	100%	100%
65-66	30%	30%	100%	100%
67-69	25%	25%	100%	100%
70	100%	100%	100%	100%

Required Supplemental Information

Termination

The rate of withdrawal is based on the withdrawal assumption used in the 2020 Actuarial Valuations of the Public Employees' Retirement System of the State of Montana, the Municipal Police Officers' Retirement System of the State of Montana, and the Firefighters' Unified Retirement System of the State of Montana. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service. Sample rates are provided below:

Years of Service	Police	Fire	Other
0	16%	4.3%	30%
1	13%	4.3%	22.5%
2	11%	4.3%	15%
3	9%	4.3%	12.5%
4-5	7%	3%	10%
6	7%	3%	8%
7	7%	2%	6%
8-9	5%	2%	6%
10	2%	2%	6%
11-14	2%	1%	4%
15+	2%	1%	2%

Required Supplemental Information

Required Supplemental OPEB Information Other Post Employment Benefits Liability

Last Ten Fiscal Years ¹
(Dollar amounts in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Present Value of Future Benefits					
Actives	\$ 12,984	\$ 13,457	\$ 10,046	\$ 11,843	\$ 13,948
Retirees	2,797	2,350	2,470	2,255	2,993
Total	\$ 15,781	\$ 15,807	\$ 12,516	\$ 14,098	\$ 16,941
Total OPEB Liability	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actives	\$ 7,665	\$ 7,964	\$ 6,047	\$ 7,245	\$ 7,623
Retirees	2,797	2,907	2,470	2,255	2,993
Total OPEB Liability (TOL)	10,462	10,871	8,517	9,500	10,616
Fiduciary Net Position (FNP)	-	-	-	-	-
Net OPEB Liability (NOL)	\$ 10,462	\$ 10,871	\$ 8,517	\$ 9,500	\$ 10,616
Covered-employee payroll	49,636	51,621	54,617	56,529	66,995
NOL as a % of covered-employee payroll	21.1%	21.1%	15.6%	17.0%	16.0%
Total OPEB Expense	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 556	\$ 577	\$ 600	\$ 621	\$ 486
Interest cost	320	416	435	312	217
Changes of benefit terms	-	-	-	-	-
Current recognized deferred outflows/(inflows)					
Difference between actual and expected experience	(123)	(123)	(390)	(390)	(362)
Changes in assumptions or other inputs	406	405	279	344	414
Other changes, separately identified, if significant	-	-	-	-	-
Total Expense	\$ 1,159	\$ 1,275	\$ 924	\$ 887	\$ 755

¹ In FY2017, The City of Billings adopted GASB 75.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan

Required Supplemental Information

Required Supplemental OPEB Information

Changes in Net OPEB Liability

Last Ten Fiscal Years ¹

(Dollar amounts in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability - Start of Year	\$ 7,960,611	\$ 10,461,920	\$ 10,871,015	\$ 8,517,106	\$ 9,500,481
Changes for the year					
Service cost	\$ 555,749	\$ 577,256	\$ 599,538	\$ 620,522	\$ 485,890
Interest cost	319,718	416,118	435,068	311,943	216,552
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(908,269)	-	(2,062,008)	-	220,640
Changes in assumptions or other inputs	3,000,891	(10,723)	(972,358)	500,850	567,606
(Other changes, separately identified if significant)	-	-	-	-	-
Contributions - employer	-	-	-	-	-
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(466,780)	(573,556)	(354,149)	(449,940)	(375,284)
Admin expense	-	-	-	-	-
Net change in OPEB liability	\$ 2,501,309	\$ 409,095	\$ (2,353,909)	\$ 983,375	\$ 1,115,404
Total OPEB Liability - End of Year	\$ 10,461,920	\$ 10,871,015	\$ 8,517,106	\$ 9,500,481	\$ 10,615,885

¹ In FY2017, The City of Billings adopted GASB 75.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan

Required Supplemental Information

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

Schedule of the City's Proportionate Share of the Net Pension Liability
Public Employees Retirement System (PERS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of measurement date	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	56,156	44,239	43,207	51,226	41,741	34,676	30,549
Employer's proportion of the net pension liability (percentage)	2.13%	2.12%	2.07%	2.63%	2.45%	2.48%	2.45%
State's net pension liability	17,704	14,409	14,470	682	510	426	373
Total	73,860	58,648	57,677	51,908	42,251	35,102	30,922
Employer's covered payroll	35,734	34,920	34,044	32,627	29,353	28,950	27,980
Employer's proportionate share as a percent of covered payroll	157.15%	126.69%	126.91%	157.01%	142.20%	119.78%	110.07%
Plan fiduciary net position as a percent of total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.90%

¹ In FY2015, The City of Billings adopted GASB 68.

Schedule of the City's Proportionate Share of the Net Pension Liability
Firefighters' Unified Retirement System (FURS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of measurement date	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	9,758	6,904	7,280	7,218	7,367	6,829	6,450
Employer's proportion of the net pension liability (percentage)	6.23%	6.02%	6.32%	6.39%	6.45%	6.68%	6.61%
State's net pension liability	21,998	16,697	16,645	16,391	16,690	15,210	14,551
Total	31,756	23,601	23,925	23,609	24,057	22,039	21,001
Employer's covered payroll	10,941	10,436	9,955	9,546	9,083	8,973	8,583
Employer's proportionate share as a percent of covered payroll	89.19%	66.15%	73.13%	75.61%	81.11%	76.11%	75.15%
Plan fiduciary net position as a percent of total pension liability	75.34%	80.08%	79.03%	77.77%	75.48%	76.90%	76.70%

¹ In FY2015, The City of Billings adopted GASB 68.

Required Supplemental Information

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

As of measurement date	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	17,962	14,478	12,573	12,567	12,571	11,661	11,275
Employer's proportion of the net pension liability (percentage)	7.34%	7.27%	7.34%	7.06%	6.98%	7.05%	7.18%
State's net pension liability	36,229	29,482	25,694	25,613	24,955	23,627	22,778
Total	54,191	43,960	38,267	38,180	37,526	35,288	34,053
Employer's covered payroll	12,581	11,988	11,585	10,538	9,859	9,757	9,628
Employer's proportionate share as a percent of covered payroll	142.78%	120.77%	108.53%	119.25%	127.52%	119.52%	117.11%
Plan fiduciary net position as a percent of total pension liability	64.84%	68.84%	70.95%	68.34%	65.62%	66.90%	67.00%

¹ In FY2015, The City of Billings adopted GASB 68.

E. Schedules of the City's Contributions

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

As of most recent FYE (reporting date)	2021	2020	2019	2018	2017	2016	2015
Contractually required DB contributions	3,139	3,129	3,003	2,884	2,731	2,453	2,386
Plan choice rate required contributions	-	-	-	-	-	83	125
Contributions in relation to the contractually required contributions	3,139	3,129	3,003	2,884	2,731	2,536	2,510
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	35,795	35,734	34,920	34,044	32,627	29,353	28,950
Contributions of covered payroll (as a percentage)	8.77%	8.76%	8.60%	8.47%	8.37%	8.64%	8.67%

¹ In FY2015, The City of Billings adopted GASB 68.

Required Supplemental Information

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

As of most recent FYE (reporting date)	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	1,634	1,602	1,438	1,465	1,371	1,299	1,314
Contributions in relation to the contractually required contributions	1,634	1,602	1,438	1,465	1,371	1,299	1,314
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	11,379	10,941	10,436	9,955	9,546	9,083	8,973
Contributions as a percent of covered payroll	14.36%	14.64%	13.78%	14.72%	14.36%	14.30%	14.64%

¹ In FY2015, The City of Billings adopted GASB 68.

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

As of most recent FYE (reporting date)	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	1,880	1,833	1,734	1,733	1,522	1,444	1,414
Contributions in relation to the contractually required contributions	1,880	1,833	1,734	1,733	1,522	1,444	1,414
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	13,044	12,581	11,988	11,585	10,538	9,859	9,757
Contributions as a percent of covered payroll	14.41%	14.57%	14.46%	14.96%	14.44%	14.65%	14.50%

¹ In FY2015, The City of Billings adopted GASB 68.

Notes to Required Supplementary Information for the year ended June 30, 2021 (as of Measurement Date)

Changes of Benefit Terms

The following changes to the PERS plan provisions were made as identified:

2017:
Working Retiree Limitations – for PERS

Required Supplemental Information

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increase from 0.25% to 0.77%.

Lump-Sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions.

The following Actuarial Assumptions were adopted from June 30, 2019, actuarial valuations:

General Wage Growth*	3.5%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization	Level percentage of payroll, open

Required Supplemental Information

Remaining amortization period	30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year.
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of payroll	0.30%

Administrative expense are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

Changes of Benefit Terms

The following changes to the MPORS plan provisions were made as identified:

2017:

Working Retiree Limitations – For MPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
- 4) Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit – for MPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

Required Supplemental Information

- a. Is not awarded service credit for the period of reemployment;
- b. Is refunded the accumulated contributions associated with the period of reemployment;
- c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
- d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:

- a. Is awarded service credit for the period of reemployment;
- b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
- c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.

4) A member who returns to covered service is not eligible for a disability benefit.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to member accounts

- 1) Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts

- 1) Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of member's benefit.

Changes in Actuarial Assumptions and Methods

Method and Actuarial Assumptions were adopted from the June 30, 2019 actuarial valuation:

General Wage Growth*	3.5%
Investment Rate of Return*	7.65%

Required Supplemental Information

*Includes inflation at Merit salary increases	2.75%
Asset Valuation method	0% to 6.60%
Actuarial cost method	Four-year smoothed market
Amortization method	Entry Age Normal
Mortality (Healthy members)	Level percentage of pay, open
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Admin Expense as % of Payroll	For Males and Females: RP 2000 Combined Mortality Table
	0.15%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate of the System. This amount varies from year to year based on the prior year's actual administrative expenses.

Changes of Benefit Terms

The following changes to the FURS plan provision were made as identified:

2017:

Working Retiree Limitations – for FURS

1. Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
2. Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
3. Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
4. Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit – for FURS

Required Supplemental Information

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit adjustment (GABA) in January immediately following second retirement.
3. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
4. A member who returns to covered service is not eligible for a disability benefit.

Refunds

1. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts

1. Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts

- 1) Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2019, actuarial valuation:

Required Supplemental Information

General Wage Growth*	3.5%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 6.3%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year.
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.13%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate of the System. This amount varies from year to year based on the prior year's actual administrative expenses.

SUPPLEMENTAL INFORMATION

MAJOR FUNDS

BUDGET AND ACTUAL SCHEDULES

CITY OF BILLINGS, MONTANA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 17,644,369	\$ 17,644,369	\$ 17,792,484	\$ (148,115)
Licenses and permits	2,088,038	2,088,038	2,261,889	(173,851)
Intergovernmental	12,065,752	12,065,752	12,259,902	(194,150)
Charges for services	4,133,225	4,133,225	4,464,973	(331,748)
Fines and forfeitures	1,511,877	1,511,877	1,132,756	379,121
Special assessments	-	-	26,267	(26,267)
Other	233,000	233,000	30,804	202,196
Total revenues	37,676,261	37,676,261	37,969,075	(292,814)
Expenditures:				
Current:				
Salaries and benefits	9,287,492	9,290,762	9,145,800	144,962
Operations and maintenance	3,281,702	3,412,557	3,114,756	297,801
Capital outlay	6,766	97,266	1,623,238	(1,525,972)
Total expenditures	12,575,960	12,800,585	13,883,794	(1,083,209)
Revenues over (under) expenditures	25,100,301	24,875,676	24,085,281	790,395
Other financing sources (uses):				
Transfers in	9,600	9,600	4,904	4,696
Transfers out	(29,805,165)	(29,805,165)	(13,029,515)	(16,775,650)
Total other financing sources (uses)	(29,795,565)	(29,795,565)	(13,024,611)	(16,770,954)
Net change in fund balances	\$ (4,695,264)	\$ (4,919,889)	11,060,670	\$ (15,980,559)
Fund balance, beginning of year			22,396,610	
Fund balance, end of year			\$ 33,457,280	

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - Public Safety
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual

For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 13,143,856	\$ 13,143,856	\$ 17,242,732	\$ (4,098,876)
Licenses and permits	35,450	35,450	33,743	1,707
Intergovernmental	3,263,382	3,263,382	16,180,092	(12,916,710)
Charges for services	2,301,727	2,301,727	2,218,783	82,944
Fines and forfeitures	2,400	2,400	3,506	(1,106)
Other	63,500	63,500	115,375	(51,875)
Total revenues	18,810,315	18,810,315	35,794,231	(16,983,916)
Expenditures:				
Current:				
Salaries and benefits	39,005,353	39,336,324	39,782,083	(445,759)
Operations and maintenance	6,243,290	7,358,494	6,706,122	652,372
Capital outlay	175,000	1,508,491	1,810,419	(301,928)
Debt service:				
Principal	125,000	125,000	34,248	90,752
Interest and fiscal charges	125,000	125,000	93,736	31,264
Total expenditures	45,673,643	48,453,309	48,426,608	26,701
Revenues over (under) expenditures	(26,863,328)	(29,642,994)	(12,632,377)	(17,010,617)
Other financing sources (uses):				
Transfers in	28,418,949	28,418,949	11,660,471	16,758,478
Transfers out	(1,555,621)	(1,555,621)	(1,555,621)	-
Issuance of debt	-	-	2,514,612	(2,514,612)
Total other financing sources (uses)	26,863,328	26,863,328	12,619,462	14,243,866
Net change in fund balances	\$ -	\$ (2,779,666)	(12,915)	\$ (2,766,751)
Fund balance, beginning of year			1,782,654	
Fund balance, end of year			\$ 1,769,739	

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - American Rescue Plan Act Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Other	\$ -	\$ -	\$ (3,879)	\$ 3,879
Total revenues	- -	- -	(3,879)	3,879
Expenditures:				
Current:				
Total expenditures	- -	- -	- -	- -
Revenues over (under) expenditures	- -	- -	(3,879)	3,879
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,879)</u>	<u>\$ 3,879</u>
Fund balance, beginning of year			- -	
Fund balance, end of year			<u>\$ (3,879)</u>	

NONMAJOR GOVERNMENT FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

NONMAJOR DEBT SERVICE FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

NONMAJOR PERMANENT FUND

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

CITY OF BILLINGS, MONTANA
Nonmajor Government Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 37,785,937	\$ 2,601,018	\$ 4,162,499	\$ 408,888	\$ 44,958,342
Cash with fiscal agent	1,594,335	11,222,663	-	-	12,816,998
Investments	32,934,942	2,273,116	3,654,576	356,315	39,218,949
Receivables:					
Property taxes	362,264	72,713	-	-	434,977
Accounts and unbilled usage	96,515	-	-	-	96,515
Delinquent special assessments	1,273,907	43,018	-	-	1,316,925
Special assessments receivable	-	5,745,390	-	-	5,745,390
Accrued interest	18,101	2,464	1,991	215	22,771
Notes	1,926,943	-	-	-	1,926,943
Due from other funds	392,316	27,671	-	-	419,987
Due from other governments	881,443	-	-	-	881,443
Inventories	131,880	-	-	-	131,880
Property held for resale	35,000	155,996	187,828	-	378,824
Total assets	\$ 77,433,583	\$ 22,144,049	\$ 8,006,894	\$ 765,418	\$108,349,944
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,906,736	\$ -	\$ 618,250	\$ -	\$ 3,524,986
Accrued wages & benefits	500,403	-	-	-	500,403
Unearned Revenue	1,000,764	-	-	-	1,000,764
Other liabilities	-	73,000	-	-	73,000
Due to other funds	59,519	27,671	392,316	-	479,506
Total liabilities	4,467,422	100,671	1,010,566	-	5,578,659
Deferred inflows:					
Unavailable Revenue	2,329,318	5,761,441	-	-	8,090,759
Fund balance:					
Unspendable	131,880	-	-	765,418	897,298
Restricted	55,481,754	16,283,419	7,483,787	-	79,248,960
Committed	15,031,190	-	-	-	15,031,190
Unassigned	(7,981)	(1,482)	(487,459)	-	(496,922)
Total fund balances	70,636,843	16,281,937	6,996,328	765,418	94,680,526
Total liabilities, deferred inflows and fund balances	\$ 77,433,583	\$ 22,144,049	\$ 8,006,894	\$ 765,418	\$108,349,944

CITY OF BILLINGS, MONTANA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 8,769,906	\$ 2,139,040	\$ -	\$ -	\$ 10,908,946
Licenses and permits	2,446,922	-	-	-	2,446,922
Intergovernmental	11,697,782	-	-	-	11,697,782
Charges for services	10,148,832	-	-	20,642	10,169,474
Fines and forfeitures	646,086	-	-	-	646,086
Special assessments	25,628,052	1,244,956	-	-	26,873,008
Other	2,182,977	301,103	628,983	1,040	3,114,103
Total revenues	61,520,557	3,685,099	628,983	21,682	65,856,321
Expenditures:					
Current:					
General government	2,459,466	74,794	2,376	-	2,536,636
Public safety	4,010,879	-	-	-	4,010,879
Public works	22,173,180	36,652	58,000	-	22,267,832
Culture and recreation	6,257,748	-	-	-	6,257,748
Housing and economic development	4,830,116	-	11,422	-	4,841,538
Capital outlay	11,411,065	-	4,828,102	-	16,239,167
Debt service:					
Principal	905,000	3,462,690	-	-	4,367,690
Interest and fiscal charges	1,196,714	1,289,180	-	-	2,485,894
Bond issuance costs	77,975	55,093	43,000	-	176,068
Total expenditures	53,322,143	4,918,409	4,942,900	-	63,183,452
Revenues over (under) expenditures	8,198,414	(1,233,310)	(4,313,917)	21,682	2,672,869
Other financing sources (uses):					
Transfers in	3,110,287	1,000,000	1,738,897	-	5,849,184
Transfers out	(3,425,073)	-	-	(3,678)	(3,428,751)
Premium on bond debt	91,869	1,020,177	-	-	1,112,046
Special assessment bonds issued	2,165,000	7,310,000	1,450,417	-	10,925,417
Sale of capital assets	23,775	-	31,298	-	55,073
Total other financing sources (uses)	1,965,858	9,330,177	3,220,612	(3,678)	14,512,969
Net change in fund balances	10,164,272	8,096,867	(1,093,305)	18,004	17,185,838
Fund balance, beginning of year	60,472,571	8,185,070	8,089,633	747,414	77,494,688
Fund balance, end of year	\$ 70,636,843	\$ 16,281,937	\$ 6,996,328	\$ 765,418	\$ 94,680,526

NONMAJOR SPECIAL REVENUE FUNDS

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

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

- The South Tax Increment Operating Fund accounts for revenues from property tax levies in the South Tax Increment District, not including the Miller Crossing properties, on increased values. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The East Tax Increment Operating Fund accounts for revenues from property tax levies on increased taxable values in the East Tax Increment District. Amounts collected are used for the benefit of the tax increment district from which collections were assessed.
- The Parks Program Fund accounts for revenues and expenditures related to park acquisitions and park improvements.
- The Police Programs Fund accounts for the following programs: Montana Board of Crime Control, Justice Assistant Grants, High Intensity Drug Traffic Area, Technology Grants, Homeland Security Grants, Internet Crimes Against Children, Highway Traffic Safety Grants, Community Police Officer, and other law enforcement related programs.
- The Amend Park Fund accounts for funds designated for the maintenance of Amend Park.
- The Sidewalk Hazard Repair fund was established to repair sidewalk defects. Repairs are completed without bond financing and are charged to the real property owner.
- The City-County Planning Fund, through an inter-local agreement, accounts for the operation of the Planning Department, which promotes the health, safety, convenience, and welfare of the Community.
- The Building Inspection Fund accounts for building permits and inspections for private construction in the City.
- The Street & Traffic Fund accounts for street cleaning, snow removal, minor street repairs, signage, street striping, forestry, and traffic signal maintenance.
- The City Attorney Grants Fund accounts for grants from the Montana Board of Crime Control that includes the Victim/Witness Grant and Domestic Violence Unit Grant to supplement the City Attorney's efforts.
- The Fire Programs Fund accounts for the Regional HazMat Team, grants, donations, and other fire related programs.
- The Municipal Court Grants Fund is funded by grants.
- The Downtown Revolving Loan Program Fund accounts for low-interest loans to qualified property owners located in downtown Billings. Loans are funded by local banks and the City of Billings.

- Baseball Field/Stadium Donations for Capital Maintenance Fund accounts for donations to fund future capital maintenance for the new baseball field/stadium.
- The Arterial Fees Fund complements other funds in the construction of arterial streets within the City.
- The Ballpark Repair Fund accounts for minor repairs at the ballpark facility.
- The Park District 1 Fund accounts for the city-wide park assessment, maintenance, and improvements.

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021
(Page 1 of 4)

	Gas Tax Fund	EOC 911 Fund	Animal Shelter Donations Fund	Development Services Grants Fund	Library Fund	Cemetery Improvements Fund	Street Maintenance Districts Fund	Road Maintenance District 6 Fund
Assets								
Cash and cash equivalents	\$ 5,200,852	\$ 2,023,525	\$ 21,088	\$ 194,533	\$ 2,157,221	\$ 114,512	\$ 2,282,479	\$ 8,944
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	4,523,711	1,737,629	18,797	169,638	1,873,207	99,970	1,997,115	7,843
Receivables:								
Property taxes	-	-	-	-	34,614	-	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	540,568	55
Accrued interest	1,493	1,056	11	38	938	60	1,770	5
Notes	-	-	-	165,195	-	-	-	-
Due from other funds	392,316	-	-	-	-	-	-	-
Due from other governments	-	-	-	169,759	81,817	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	35,000	-	-	-	-
Total assets	<u>\$ 10,118,372</u>	<u>\$ 3,762,210</u>	<u>\$ 39,896</u>	<u>\$ 734,163</u>	<u>\$ 4,147,797</u>	<u>\$ 214,542</u>	<u>\$ 4,821,932</u>	<u>\$ 16,847</u>
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 524,799	\$ 2,209	\$ -	\$ (45,787)	\$ 39,054	\$ -	\$ -	\$ -
Accrued wages & benefits	3,970	1,598	-	20,482	102,827	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	1,000,764	-	-	-	-	-	-	-
Total liabilities	<u>1,529,533</u>	<u>3,807</u>	<u>-</u>	<u>(25,305)</u>	<u>141,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:								
Unavailable Revenue	-	-	-	165,195	5,097	-	190,049	28
Fund balances:								
Unspendable	-	-	-	-	-	-	-	-
Restricted	8,588,839	3,758,403	-	594,273	2,120,434	214,542	4,631,883	16,819
Committed	-	-	39,896	-	1,880,385	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>8,588,839</u>	<u>3,758,403</u>	<u>39,896</u>	<u>594,273</u>	<u>4,000,819</u>	<u>214,542</u>	<u>4,631,883</u>	<u>16,819</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,118,372</u>	<u>\$ 3,762,210</u>	<u>\$ 39,896</u>	<u>\$ 734,163</u>	<u>\$ 4,147,797</u>	<u>\$ 214,542</u>	<u>\$ 4,821,932</u>	<u>\$ 16,847</u>

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021
(Page 2 of 4)

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Parks Program Fund
Assets							
Cash and cash equivalents	\$ 1,220,629	\$ 842,843	\$ 1,634,428	\$ 1,863,951	\$ 3,583,595	\$ 702,632	\$ 1,237,248
Cash with fiscal agent	-	-	-	759,606	486,346	348,383	-
Investments	1,067,614	738,008	1,422,891	1,622,418	3,119,903	622,332	1,079,579
Receivables:							
Property taxes	-	-	-	205,373	81,970	40,307	-
Accounts and unbilled usage	-	-	-	-	-	-	-
Delinquent special assessments	116,333	50,851	248,054	-	-	-	-
Accrued interest	553	381	813	1,068	1,719	412	648
Notes	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
Total assets	\$ 2,405,129	\$ 1,632,083	\$ 3,306,186	\$ 4,452,416	\$ 7,273,533	\$ 1,714,066	\$ 2,317,475
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ 140,269	\$ 18,256	\$ 34,743	\$ 959,083	\$ 138,221	\$ -	\$ 50,342
Accrued wages & benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total liabilities	140,269	18,256	34,743	959,083	138,221	-	50,342
Deferred inflows:							
Unavailable Revenue	19,475	3,921	80,714	15,648	13,305	5,944	-
Fund balances:							
Unspendable	-	-	-	-	-	-	-
Restricted	2,245,385	1,609,906	3,190,729	3,477,685	7,122,007	1,708,122	-
Committed	-	-	-	-	-	-	2,267,133
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,245,385	1,609,906	3,190,729	3,477,685	7,122,007	1,708,122	2,267,133
Total liabilities, deferred inflows and fund balances	\$ 2,405,129	\$ 1,632,083	\$ 3,306,186	\$ 4,452,416	\$ 7,273,533	\$ 1,714,066	\$ 2,317,475

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021
(Page 3 of 4)

	Police Programs Fund	Amend Park Fund	Sidewalk Hazard Repair Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund
Assets								
Cash and cash equivalents	\$ 717,617	\$ 133,721	\$ 39,964	\$ 304,591	\$ 1,881,842	\$ 2,987,738	\$ 247	\$ 147,204
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	626,159	116,579	34,805	266,293	1,639,437	2,600,189	49	128,533
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Accounts and unbilled usage	39,303		5,858		51,354			
Delinquent special assessments	-	-	874	-	-	-	-	-
Accrued interest	586	72	19	130	976	735	(20)	77
Notes	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	290,137	-	-	215,045	-	-	8,303	-
Inventories	-	-	-	-	-	131,880	-	-
Property held for resale	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,673,802</u>	<u>\$ 250,372</u>	<u>\$ 81,520</u>	<u>\$ 786,059</u>	<u>\$ 3,573,609</u>	<u>\$ 5,720,542</u>	<u>\$ 8,579</u>	<u>\$ 275,814</u>
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 48,485	\$ -	\$ -	\$ 25,536	\$ 4,923	\$ 197,749	\$ 1,030	\$ 858
Accrued wages & benefits	13,540	-	-	55,900	62,432	199,432	15,530	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>62,025</u>	<u>-</u>	<u>-</u>	<u>81,436</u>	<u>67,355</u>	<u>397,181</u>	<u>16,560</u>	<u>858</u>
Deferred inflows:								
Unavailable Revenue	-	-	874	-	-	-	-	-
Fund balances:								
Unspendable	-	-	-	-	-	131,880	-	-
Restricted	1,611,777	-	80,646	704,623	3,506,254	5,191,481	-	274,956
Committed	-	250,372	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(7,981)	-
Total fund balances	<u>1,611,777</u>	<u>250,372</u>	<u>80,646</u>	<u>704,623</u>	<u>3,506,254</u>	<u>5,323,361</u>	<u>(7,981)</u>	<u>274,956</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,673,802</u>	<u>\$ 250,372</u>	<u>\$ 81,520</u>	<u>\$ 786,059</u>	<u>\$ 3,573,609</u>	<u>\$ 5,720,542</u>	<u>\$ 8,579</u>	<u>\$ 275,814</u>

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2021

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	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Ballpark Repair Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 7,202	\$ 489,760	\$ 198,817	\$ 5,081,723	\$ 63,519	\$ 2,643,512	\$ 37,785,937
Cash with fiscal agent	-	-	-	-	-	-	1,594,335
Investments	6,478	425,465	173,387	4,455,866	55,708	2,305,339	32,934,942
Receivables:							
Property taxes	-	-	-	-	-	-	362,264
Accounts and unbilled usage	-	-	-	-	-	-	96,515
Delinquent special assessments	-	-	-	213,868	-	103,304	1,273,907
Accrued interest	(12)	-	104	1,772	33	2,664	18,101
Notes	-	1,761,748	-	-	-	-	1,926,943
Due from other funds	-	-	-	-	-	-	392,316
Due from other governments	116,382	-	-	-	-	-	881,443
Inventories	-	-	-	-	-	-	131,880
Property held for resale	-	-	-	-	-	-	35,000
Total assets	\$ 130,050	\$ 2,676,973	\$ 372,308	\$ 9,753,229	\$ 119,260	\$ 5,054,819	\$ 77,433,583
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ 15,312	\$ -	\$ -	\$ 514,006	\$ -	\$ 237,648	\$ 2,906,736
Accrued wages & benefits	6,780	-	-	-	-	17,912	500,403
Due to other funds	59,519	-	-	-	-	-	59,519
Unearned Revenue	-	-	-	-	-	-	1,000,764
Total liabilities	81,611	-	-	514,006	-	255,560	4,467,422
Deferred inflows:							
Unavailable Revenue	-	1,761,748	-	52,612	-	14,708	2,329,318
Fund balances:							
Unspendable	-	-	-	-	-	-	131,880
Restricted	48,439	-	-	-	-	4,784,551	55,481,754
Committed	-	915,225	372,308	9,186,611	119,260	-	15,031,190
Unassigned	-	-	-	-	-	-	(7,981)
Total fund balances	48,439	915,225	372,308	9,186,611	119,260	4,784,551	70,636,843
Total liabilities, deferred inflows and fund balances	\$ 130,050	\$ 2,676,973	\$ 372,308	\$ 9,753,229	\$ 119,260	\$ 5,054,819	\$ 77,433,583

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021
(Page 1 of 4)

	Gas Tax Fund	EOC 911 Fund	Animal Shelter Donations Fund	Development Services Grants Fund	Library Fund	Cemetery Improvements Fund	Street Maintenance Districts Fund	Road Maintenance District 6 Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,203,323	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,792,244	991,162	-	1,172,273	1,824,951	-	-	-
Charges for services	-	-	-	8,000	5,788	25,345	-	-
Fines and forfeitures	-	-	-	-	12,616	-	-	-
Special assessments	-	-	-	-	-	-	9,590,564	2,823
Other	5,840	4,547	54	896,152	121,501	264	5,886	19
Total revenues	3,798,084	995,709	54	2,076,425	3,168,179	25,609	9,596,450	2,842
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	550,779	-	-	-	-	-	360
Public works	2,418,860	-	-	-	-	-	7,655,490	-
Culture and recreation	-	-	-	-	3,693,906	-	-	-
Housing and economic development	-	-	-	1,611,229	-	-	-	-
Capital outlay	1,845,417	49,689	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	4,264,277	600,468	-	1,611,229	3,693,906	-	7,655,490	360
Revenues over (under) expenditures	(466,193)	395,241	54	465,196	(525,727)	25,609	1,940,960	2,482
Other financing sources (uses):								
Transfers in	1,700,000	-	-	64,997	1,082,896	-	-	-
Transfers out	-	-	-	-	(40,945)	-	(1,700,000)	-
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,700,000	-	-	64,997	1,041,951	-	(1,700,000)	-
Net change in fund balances	1,233,807	395,241	54	530,193	516,224	25,609	240,960	2,482
Fund balance, beginning of year	7,355,032	3,363,162	39,842	64,080	3,484,595	188,933	4,390,923	14,337
Fund balance, end of year	\$ 8,588,839	\$ 3,758,403	\$ 39,896	\$ 594,273	\$ 4,000,819	\$ 214,542	\$ 4,631,883	\$ 16,819

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021
(Page 2 of 4)

	Light Maintenance Districts Fund	Park Maintenance Districts Fund	Storm Sewer Fund	North 27th Street Tax Increment Operating Fund	South Tax Increment Operating Fund	East Tax Increment Operating Fund	Parks Program Fund
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ 2,574,110	\$ 3,659,568	\$ 795,230	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	530	-	8,502	211,820	256,218	146,654	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Special assessments	2,441,811	1,192,247	4,748,236	-	-	-	-
Other	18,892	1,213	7,516	4,737	6,977	1,299	140,949
Total revenues	2,461,233	1,193,460	4,764,254	2,790,667	3,922,763	943,183	140,949
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	2,179,790	-	2,228,352	-	-	-	-
Culture and recreation	-	951,633	-	-	-	-	111,384
Housing and economic development	-	-	-	2,660,345	195,712	337,379	-
Capital outlay	-	-	643,816	1,587,184	2,854,607	-	-
Debt service:							
Principal	-	-	-	355,000	320,000	230,000	-
Interest and fiscal charges	-	-	-	628,754	327,044	240,916	-
Bond issuance costs	-	-	-	77,975	-	-	-
Total expenditures	2,179,790	951,633	2,872,168	5,309,258	3,697,363	808,295	111,384
Revenues over (under) expenditures	281,443	241,827	1,892,086	(2,518,591)	225,400	134,888	29,565
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(1,000,000)	(100,000)	(250,000)	-	(45,000)
Premium on bond debt	-	-	-	91,869	-	-	-
Special assessment bonds issued	-	-	-	2,165,000	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,000,000)	2,156,869	(250,000)	-	(45,000)
Net change in fund balances	281,443	241,827	892,086	(361,722)	(24,600)	134,888	(15,435)
Fund balance, beginning of year	1,963,942	1,368,079	2,298,643	3,839,407	7,146,607	1,573,234	2,282,568
Fund balance, end of year	\$ 2,245,385	\$ 1,609,906	\$ 3,190,729	\$ 3,477,685	\$ 7,122,007	\$ 1,708,122	\$ 2,267,133

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021
(Page 3 of 4)

	Police Programs Fund	Amend Park Fund	Sidewalk Hazard Repair Fund	City-County Planning Fund	Building Inspection Fund	Street & Traffic Fund	City Attorney Grants Fund	Fire Programs Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ 537,675	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	57,444	2,389,478	-	-	-
Intergovernmental	915,882	-	-	963,466	120,076	753,883	79,068	45,917
Charges for services	177,499	6,106	5,242	353,798	-	9,567,054	-	-
Fines and forfeitures	588,001	-	-	-	-	-	45,469	-
Special assessments	-	-	19,649	-	-	-	-	-
Other	171,060	354	161	804	6,165	12,540	-	22,878
Total revenues	1,852,442	6,460	25,052	1,913,187	2,515,719	10,333,477	124,537	68,795
Expenditures:								
Current:								
General government	-	-	-	1,822,982	-	-	315,178	-
Public safety	1,412,443	-	-	-	2,003,143	-	-	44,154
Public works	-	-	36,923	-	-	7,434,300	-	-
Culture and recreation	-	10,221	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-	-
Capital outlay	129,950	-	-	-	-	1,331,944	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,542,393	10,221	36,923	1,822,982	2,003,143	8,766,244	315,178	44,154
Revenues over (under) expenditures	310,049	(3,761)	(11,871)	90,205	512,576	1,567,233	(190,641)	24,641
Other financing sources (uses):								
Transfers in	-	-	-	-	-	34,409	152,985	-
Transfers out	-	(1,225)	-	(1,139)	-	(207,502)	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	23,775	-	-
Total other financing sources (uses)	-	(1,225)	-	(1,139)	-	(149,318)	152,985	-
Net change in fund balances	310,049	(4,986)	(11,871)	89,066	512,576	1,417,915	(37,656)	24,641
Fund balance, beginning of year	1,301,728	255,358	92,517	615,557	2,993,678	3,905,446	29,675	250,315
Fund balance, end of year	\$ 1,611,777	\$ 250,372	\$ 80,646	\$ 704,623	\$ 3,506,254	\$ 5,323,361	\$ (7,981)	\$ 274,956

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

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	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Ballpark Repair Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,769,906
Licenses and permits	-	-	-	-	-	-	2,446,922
Intergovernmental	404,495	-	-	-	-	10,641	11,697,782
Charges for services	-	-	-	-	-	-	10,148,832
Fines and forfeitures	-	-	-	-	-	-	646,086
Special assessments	-	-	-	4,630,401	-	3,002,321	25,628,052
Other	46	667,638	61,637	5,763	103	17,982	2,182,977
Total revenues	404,541	667,638	61,637	4,636,164	103	3,030,944	61,520,557
Expenditures:							
Current:							
General government	293,255	-	-	28,051	-	-	2,459,466
Public safety	-	-	-	-	-	-	4,010,879
Public works	-	-	-	219,465	-	-	22,173,180
Culture and recreation	-	-	20,508	-	3,144	1,466,952	6,257,748
Housing and economic development	-	25,451	-	-	-	-	4,830,116
Capital outlay	-	-	-	1,821,964	-	1,146,494	11,411,065
Debt service:							
Principal	-	-	-	-	-	-	905,000
Interest and fiscal charges	-	-	-	-	-	-	1,196,714
Bond issuance costs	-	-	-	-	-	-	77,975
Total expenditures	293,255	25,451	20,508	2,069,480	3,144	2,613,446	53,322,143
Revenues over (under) expenditures	111,286	642,187	41,129	2,566,684	(3,041)	417,498	8,198,414
Other financing sources (uses):							
Transfers in	-	-	-	-	30,000	45,000	3,110,287
Transfers out	-	-	-	-	-	(79,262)	(3,425,073)
Premium on bond debt	-	-	-	-	-	-	91,869
Special assessment bonds issued	-	-	-	-	-	-	2,165,000
Sale of capital assets	-	-	-	-	-	-	23,775
Total other financing sources (uses)	-	-	-	-	30,000	(34,262)	1,965,858
Net change in fund balances	111,286	642,187	41,129	2,566,684	26,959	383,236	10,164,272
Fund balance, beginning of year	(62,847)	273,038	331,179	6,619,927	92,301	4,401,315	60,472,571
Fund balance, end of year	\$ 48,439	\$ 915,225	\$ 372,308	\$ 9,186,611	\$ 119,260	\$ 4,784,551	\$ 70,636,843

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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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	3,830,599	3,830,599	3,792,244	38,355	1,064,460	1,064,460	991,162	73,298
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	80,000	80,000	5,840	74,160	37,300	37,300	4,547	32,753
Total revenues	3,910,599	3,910,599	3,798,084	112,515	1,101,760	1,101,760	995,709	106,051
Expenditures:								
Current:								
Salaries and benefits	80,599	80,559	67,335	13,224	178,941	178,941	35,395	143,546
Operations and maintenance	320,701	335,862	352,486	(16,624)	948,581	958,366	515,384	442,982
Capital outlay	4,215,000	8,751,639	3,844,456	4,907,183	-	49,689	49,689	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	4,616,300	9,168,060	4,264,277	4,903,783	1,127,522	1,186,996	600,468	586,528
Revenues over (under) expenditures	(705,701)	(5,257,461)	(466,193)	(4,791,268)	(25,762)	(85,236)	395,241	(480,477)
Other financing sources (uses):								
Transfers in	1,700,000	1,700,000	1,700,000	-	-	-	247,800	(247,800)
Transfers out	(106,800)	(106,800)	-	(106,800)	-	-	(247,800)	247,800
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,593,200	1,593,200	1,700,000	(106,800)	-	-	-	-
Net change in fund balances	\$ 887,499	\$ (3,664,261)	1,233,807	\$ (4,898,068)	\$ (25,762)	\$ (85,236)	395,241	\$ (480,477)
Fund balance, beginning of year			7,355,032				3,363,162	
Fund balance, end of year			\$8,588,839				\$ 3,758,403	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Animal Shelter Donation Fund				Development Services Grant Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,369,510	1,369,510	1,172,273	197,237
Charges for services	-	-	-	-	20,000	20,000	8,000	12,000
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	370	370	54	316	202,315	202,315	896,152	(693,837)
Total revenues	<u>370</u>	<u>370</u>	<u>54</u>	<u>316</u>	<u>1,591,825</u>	<u>1,591,825</u>	<u>2,076,425</u>	<u>(484,600)</u>
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	426,491	488,424	430,958	57,466
Operations and maintenance	-	-	-	-	1,026,860	2,328,128	1,174,857	1,153,271
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,453,351</u>	<u>2,816,552</u>	<u>1,605,815</u>	<u>1,210,737</u>
Revenues over (under) expenditures	<u>370</u>	<u>370</u>	<u>54</u>	<u>316</u>	<u>138,474</u>	<u>(1,224,727)</u>	<u>470,610</u>	<u>(1,695,337)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	65,000	65,000	59,583	5,417
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>59,583</u>	<u>5,417</u>
Net change in fund balances	<u>\$ 370</u>	<u>\$ 370</u>	<u>54</u>	<u>\$ 316</u>	<u>\$ 203,474</u>	<u>\$ (1,159,727)</u>	<u>530,193</u>	<u>\$ (1,689,920)</u>
Fund balance, beginning of year			39,842				64,080	
Fund balance, end of year			<u>\$ 39,896</u>				<u>\$ 594,273</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 1,192,280	\$ 1,192,280	\$ 1,203,323	\$ (11,043)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,541,224	1,541,224	1,824,951	(283,727)	-	-	-	-
Charges for services	14,075	14,075	5,788	8,287	14,000	14,000	25,345	(11,345)
Fines and forfeitures	59,000	59,000	12,616	46,384	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	133,550	133,550	121,501	12,049	1,900	1,900	264	1,636
Total revenues	2,940,129	2,940,129	3,168,179	(228,050)	15,900	15,900	25,609	(9,709)
Expenditures:								
Current:								
Salaries and benefits	2,517,435	2,517,435	2,378,926	138,509	-	-	-	-
Operations and maintenance	1,400,733	1,615,385	1,314,980	300,405	48,000	48,000	-	48,000
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	3,918,168	4,132,820	3,693,906	438,914	48,000	48,000	25,609	48,000
Revenues over (under) expenditures	(978,039)	(1,192,691)	(525,727)	(666,964)	(32,100)	(32,100)	25,609	(57,709)
Other financing sources (uses):								
Transfers in	1,073,051	1,073,051	1,082,896	(9,845)	-	-	-	-
Transfers out	(40,945)	(40,945)	(40,945)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,032,106	1,032,106	1,041,951	(9,845)	-	-	25,609	\$ (57,709)
Net change in fund balances	\$ 54,067	\$ (160,585)	516,224	\$ (676,809)	\$ (32,100)	\$ (32,100)	25,609	\$ (57,709)
Fund balance, beginning of year			3,484,595				188,933	
Fund balance, end of year			\$ 4,000,819				\$ 214,542	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Street Maintenance Districts Fund				Road Maintenance Dist. 6 Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	9,143,000	9,143,000	9,590,564	(447,564)	2,875	2,875	2,823	52
Other	55,800	55,800	5,886	49,914	105	105	19	86
Total revenues	9,198,800	9,198,800	9,596,450	(397,650)	2,980	2,980	2,842	138
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	7,655,498	7,655,498	7,655,490	8	365	365	360	5
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	7,655,498	7,655,498	7,655,490	8	365	365	360	5
Revenues over (under) expenditures	1,543,302	1,543,302	1,940,960	(397,658)	2,615	2,615	2,482	133
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,700,000)	(1,700,000)	(1,700,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,700,000)	(1,700,000)	(1,700,000)	-	-	-	-	-
Net change in fund balances	\$ (156,698)	\$ (156,698)	240,960	\$ (397,658)	\$ 2,615	\$ 2,615	2,482	\$ 133
Fund balance, beginning of year			4,390,923				14,337	
Fund balance, end of year			\$4,631,883				\$ 16,819	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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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	-	-	530	(530)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	2,500,000	2,500,000	2,441,811	58,189	1,166,336	1,166,336	1,192,247	(25,911)
Other	30,000	30,000	18,892	11,108	9,800	9,800	1,213	8,587
Total revenues	2,530,000	2,530,000	2,461,233	68,767	1,176,136	1,176,136	1,193,460	(17,324)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,988,232	3,009,639	2,179,790	829,849	855,923	979,408	951,633	27,775
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	2,988,232	3,009,639	2,179,790	829,849	855,923	979,408	951,633	27,775
Revenues over (under) expenditures	(458,232)	(479,639)	281,443	(761,082)	320,213	196,728	241,827	(45,099)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (458,232)	\$ (479,639)	281,443	\$ (761,082)	\$ 320,213	\$ 196,728	241,827	\$ (45,099)
Fund balance, beginning of year			1,963,942				1,368,079	
Fund balance, end of year			\$ 2,245,385				\$ 1,609,906	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Storm Sewer Fund				North 27th Street Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,675,000	\$ 2,675,000	\$ 2,574,110	\$ 100,890
Licenses and permits	4,000	4,000	-	4,000	-	-	-	-
Intergovernmental	-	-	8,502	(8,502)	226,908	226,908	211,820	15,088
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	4,520,000	4,520,000	4,748,236	(228,236)	-	-	-	-
Other	57,252	57,252	7,516	49,736	13,300	13,300	4,737	8,563
Total revenues	4,581,252	4,581,252	4,764,254	(183,002)	2,915,208	2,915,208	2,790,667	124,541
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,088,632	2,304,557	2,228,352	76,205	2,222,308	3,635,661	2,660,345	975,316
Capital outlay	2,680,000	3,143,221	643,816	2,499,405	-	1,675,812	1,587,184	88,628
Debt service:								
Principal	-	-	-	-	355,000	355,000	355,000	-
Interest and fiscal charges	-	-	-	-	594,284	594,284	628,754	(34,470)
Bond Issuance Costs	-	-	-	-	-	-	77,975	(77,975)
Total expenditures	4,768,632	5,447,778	2,872,168	2,575,610	3,171,592	6,260,757	5,309,258	951,499
Revenues over (under) expenditures	(187,380)	(866,526)	1,892,086	(2,758,612)	(256,384)	(3,345,549)	(2,518,591)	(826,958)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	1,824,923	(1,824,923)
Transfers out	(1,015,000)	(1,015,000)	(1,000,000)	(15,000)	(147,000)	(147,000)	(1,924,923)	1,777,923
Issuance of debt	-	-	-	-	-	-	2,256,869	(2,256,869)
Total other financing sources (uses)	(1,015,000)	(1,015,000)	(1,000,000)	(15,000)	(147,000)	(147,000)	2,156,869	(2,303,869)
Net change in fund balances	\$1,202,380	\$1,881,526	892,086	\$2,773,612	\$403,384	\$3,492,549	(361,722)	\$3,130,827
Fund balance, beginning of year			2,298,643				3,839,407	
Fund balance, end of year			\$ 3,190,729				\$3,477,685	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	South Tax Increment Operating Fund				East Tax Increment Operating Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 3,565,000	\$ 3,565,000	\$ 3,659,568	\$ (94,568)	\$ 750,700	\$ 750,700	\$ 795,230	\$ (44,530)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	274,467	274,467	256,218	18,249	156,400	156,400	146,654	9,746
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	69,700	69,700	6,977	62,723	14,300	14,300	1,299	13,001
Total revenues	3,909,167	3,909,167	3,922,763	(13,596)	921,400	921,400	943,183	(21,783)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	717,648	717,648	195,712	521,936	321,803	399,910	337,379	62,531
Capital outlay	2,284,978	5,865,076	2,854,607	3,010,469	-	-	-	-
Debt service:								
Principal	320,000	320,000	320,000	-	230,000	230,000	230,000	-
Interest and fiscal charges	330,994	330,994	327,044	3,950	240,917	240,917	240,916	1
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	3,653,620	7,233,718	3,697,363	3,536,355	792,720	870,827	808,295	62,532
Revenues over (under) expenditures	255,547	(3,324,551)	225,400	(3,549,951)	128,680	50,573	134,888	(84,315)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(250,000)	(250,000)	(250,000)	-	-	-	-	-
Net change in fund balances	\$ 5,547	\$ (3,574,551)	(24,600)	\$ (3,549,951)	\$ 128,680	\$ 50,573	134,888	\$ (84,315)
Fund balance, beginning of year			7,146,607				1,573,234	
Fund balance, end of year			<u>\$ 7,122,007</u>				<u>\$ 1,708,122</u>	

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CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Park Program Fund				Police Program Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	745,179	745,179	915,882	(170,703)
Charges for services	-	-	-	-	173,000	173,000	177,499	(4,499)
Fines and forfeitures	-	-	-	-	100,350	100,350	588,001	(487,651)
Special assessments	-	-	-	-	-	-	-	-
Other	173,780	223,021	140,949	82,072	56,276	56,276	171,060	(114,784)
Total revenues	173,780	223,021	140,949	82,072	1,074,805	1,074,805	1,852,442	(777,637)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	325,035	327,643	340,097	(12,454)
Operations and maintenance	49,221	146,212	111,384	34,828	921,446	1,278,014	1,072,346	205,668
Capital outlay	-	-	-	-	60,000	106,119	129,950	(23,831)
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	49,221	146,212	111,384	34,828	1,306,481	1,711,776	1,542,393	169,383
Revenues over (under) expenditures	124,559	76,809	29,565	47,244	(231,676)	(636,971)	310,049	(947,020)
Other financing sources (uses):								
Transfers in	5,000	5,000	-	5,000	-	-	-	-
Transfers out	-	(45,000)	(45,000)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,000	(40,000)	(45,000)	5,000	-	-	-	-
Net change in fund balances	\$ 129,559	\$ 36,809	(15,435)	\$ 52,244	\$ (231,676)	\$ (636,971)	310,049	\$ (947,020)
Fund balance, beginning of year			2,282,568				1,301,728	
Fund balance, end of year			\$2,267,133				\$1,611,777	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Amend Park Fund				Sidewalk Hazard Repair Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	55,000	55,000	6,106	48,894	15,000	15,000	5,242	9,758
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	60,000	60,000	19,649	40,351
Other	2,800	2,800	354	2,446	200	200	161	39
Total revenues	<u>57,800</u>	<u>57,800</u>	<u>6,460</u>	<u>51,340</u>	<u>75,200</u>	<u>75,200</u>	<u>25,052</u>	<u>50,148</u>
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	56,214	56,214	10,221	45,993	182,000	236,258	36,923	199,335
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>56,214</u>	<u>56,214</u>	<u>10,221</u>	<u>45,993</u>	<u>182,000</u>	<u>236,258</u>	<u>36,923</u>	<u>199,335</u>
Revenues over (under) expenditures	<u>1,586</u>	<u>1,586</u>	<u>(3,761)</u>	<u>5,347</u>	<u>(106,800)</u>	<u>(161,058)</u>	<u>(11,871)</u>	<u>(149,187)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	106,800	106,800	-	106,800
Transfers out	(4,000)	(4,000)	(1,225)	(2,775)	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(1,225)</u>	<u>(2,775)</u>	<u>106,800</u>	<u>106,800</u>	<u>-</u>	<u>106,800</u>
Net change in fund balances	<u>\$ (2,414)</u>	<u>\$ (2,414)</u>	<u>(4,986)</u>	<u>\$ 2,572</u>	<u>\$ -</u>	<u>\$ (54,258)</u>	<u>(11,871)</u>	<u>\$ (42,387)</u>
Fund balance, beginning of year			255,358				92,517	
Fund balance, end of year			<u>\$ 250,372</u>				<u>\$ 80,646</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	City-County Planning Fund				Building Inspection Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 513,000	\$ 513,000	\$ 537,675	\$ (24,675)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	43,625	43,625	57,444	(13,819)	1,655,600	1,655,600	2,389,478	(733,878)
Intergovernmental	971,969	971,969	963,466	8,503	-	-	120,076	(120,076)
Charges for services	274,330	274,330	353,798	(79,468)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	8,000	8,000	804	7,196	29,000	29,000	6,165	22,835
Total revenues	<u>1,810,924</u>	<u>1,810,924</u>	<u>1,913,187</u>	<u>(102,263)</u>	<u>1,684,600</u>	<u>1,684,600</u>	<u>2,515,719</u>	<u>(831,119)</u>
Expenditures:								
Current:								
Salaries and benefits	1,158,922	1,158,922	1,188,611	(29,689)	1,674,708	1,674,708	1,246,325	428,383
Operations and maintenance	711,717	965,334	634,371	330,963	623,318	794,918	756,818	38,100
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>1,870,639</u>	<u>2,124,256</u>	<u>1,822,982</u>	<u>301,274</u>	<u>2,298,026</u>	<u>2,469,626</u>	<u>2,003,143</u>	<u>466,483</u>
Revenues over (under) expenditures	<u>(59,715)</u>	<u>(313,332)</u>	<u>90,205</u>	<u>(403,537)</u>	<u>(613,426)</u>	<u>(785,026)</u>	<u>512,576</u>	<u>(1,297,602)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(1,139)	(1,139)	(1,139)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,139)</u>	<u>(1,139)</u>	<u>(1,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (60,854)</u>	<u>\$ (314,471)</u>	<u>89,066</u>	<u>\$ (403,537)</u>	<u>\$ (613,426)</u>	<u>\$ (785,026)</u>	<u>512,576</u>	<u>\$ (1,297,602)</u>
Fund balance, beginning of year			615,557				2,993,678	
Fund balance, end of year			<u>\$ 704,623</u>				<u>\$ 3,506,254</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
(Page 11 of 15)

	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	725,000	725,000	753,883	(28,883)	90,000	90,000	79,068	10,932
Charges for services	9,060,500	9,060,500	9,567,054	(506,554)	-	-	-	-
Fines and forfeitures	-	-	-	-	50,000	50,000	45,469	4,531
Special assessments	-	-	-	-	-	-	-	-
Other	60,000	60,000	12,540	47,460	66	66	-	66
Total revenues	9,845,500	9,845,500	10,333,477	(487,977)	140,066	140,066	124,537	15,529
Expenditures:								
Current:								
Salaries and benefits	4,358,813	4,358,813	4,011,563	347,250	315,285	315,285	315,178	107
Operations and maintenance	4,282,319	4,382,975	3,422,737	960,238	-	-	-	-
Capital outlay	1,108,035	2,271,872	1,331,944	939,928	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	9,749,167	11,013,660	8,766,244	2,247,416	315,285	315,285	315,178	107
Revenues over (under) expenditures	96,333	(1,168,160)	1,567,233	(2,735,393)	(175,219)	(175,219)	(190,641)	15,422
Other financing sources (uses):								
Transfers in	-	-	34,409	(34,409)	175,000	175,000	152,985	22,015
Transfers out	(207,502)	(207,502)	(207,502)	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	23,775	(23,775)	-	-	-	-
Total other financing sources (uses)	(207,502)	(207,502)	(149,318)	(58,184)	175,000	175,000	152,985	22,015
Net change in fund balances	\$ (111,169)	\$ (1,375,662)	1,417,915	\$ (2,793,577)	\$ (219)	\$ (219)	\$ (37,656)	\$ 37,437
Fund balance, beginning of year			3,905,446				29,675	
Fund balance, end of year			\$ 5,323,361				\$ (7,981)	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Fire Program Fund				Municipal Court Grant Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	375,000	375,000	45,917	329,083	684,410	684,410	404,495	279,915
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	18,127	18,127	22,878	(4,751)	290	290	46	244
Total revenues	393,127	393,127	68,795	324,332	684,700	684,700	404,541	280,159
Expenditures:								
Current:								
Salaries and benefits	7,000	7,000	-	7,000	275,024	275,024	158,318	116,706
Operations and maintenance	333,950	333,950	44,124	289,826	409,386	409,386	134,937	274,449
Capital outlay	-	-	30	(30)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	340,950	340,950	44,154	296,796	684,410	684,410	293,255	391,155
Revenues over (under) expenditures	52,177	52,177	24,641	27,536	290	290	111,286	(110,996)
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	\$ 52,177	\$ 52,177	24,641	\$ 27,536	\$ 290	\$ 290	111,286	\$ (110,996)
Fund balance, beginning of year			250,315					
Fund balance, end of year			\$ 274,956					\$ 48,439

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	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 forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	172,000	172,000	667,638	(495,638)	65,800	65,800	61,637	4,163
Total revenues	<u>172,000</u>	<u>172,000</u>	<u>667,638</u>	<u>(495,638)</u>	<u>65,800</u>	<u>65,800</u>	<u>61,637</u>	<u>4,163</u>
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	226,247	226,247	25,451	200,796	100,885	118,385	20,508	97,877
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>226,247</u>	<u>226,247</u>	<u>25,451</u>	<u>200,796</u>	<u>100,885</u>	<u>118,385</u>	<u>20,508</u>	<u>97,877</u>
Revenues over (under) expenditures	<u>(54,247)</u>	<u>(54,247)</u>	<u>642,187</u>	<u>(696,434)</u>	<u>(35,085)</u>	<u>(52,585)</u>	<u>41,129</u>	<u>(93,714)</u>
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	<u>\$ (54,247)</u>	<u>\$ (54,247)</u>	<u>642,187</u>	<u>\$ (696,434)</u>	<u>\$ (35,085)</u>	<u>\$ (52,585)</u>	<u>41,129</u>	<u>\$ (93,714)</u>
Fund balance, beginning of year			273,038				331,179	
Fund balance, end of year			<u>\$ 915,225</u>				<u>\$ 372,308</u>	

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Arterial Fees Fund				Ballpark Repair Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	4,395,000	4,395,000	4,630,401	(235,401)	-	-	-	-
Other	60,000	60,000	5,763	54,237	560	560	103	457
Total revenues	4,455,000	4,455,000	4,636,164	(181,164)	560	560	103	457
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	161,925	161,925	161,920	5	30,292	30,292	3,144	27,148
Capital outlay	4,050,000	7,143,650	1,907,560	5,236,090	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	4,211,925	7,305,575	2,069,480	5,236,095	30,292	30,292	3,144	27,148
Revenues over (under) expenditures	243,075	(2,850,575)	2,566,684	(5,417,259)	(29,732)	(29,732)	(3,041)	(26,691)
Other financing sources (uses):								
Transfers in	-	-	-	-	30,000	30,000	30,000	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	30,000	30,000	30,000	-
Net change in fund balances	\$ 243,075	\$ (2,850,575)	2,566,684	\$ (5,417,259)	\$ 268	\$ 268	26,959	\$ (26,691)
Fund balance, beginning of year			6,619,927				92,301	
Fund balance, end of year			\$ 9,186,611				\$ 119,260	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
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	Park District 1 Fund				Total Nonmajor Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,695,980	\$ 8,695,980	\$ 8,769,906	\$ (73,926)
Licenses and permits	-	-	-	-	1,703,225	1,703,225	2,446,922	(743,697)
Intergovernmental	437,000	437,000	10,641	426,359	12,492,126	12,492,126	11,697,782	794,344
Charges for services	-	-	-	-	9,625,905	9,625,905	10,148,832	(522,927)
Fines and forfeitures	-	-	-	-	209,350	209,350	646,086	(436,736)
Special assessments	3,000,000	3,000,000	3,002,321	(2,321)	24,787,211	24,787,211	25,628,052	(840,841)
Other	38,400	38,400	17,982	20,418	1,390,991	1,440,232	2,182,977	(742,745)
Total revenues	3,475,400	3,475,400	3,030,944	444,456	58,904,788	58,954,029	61,520,557	(2,566,528)
Expenditures:								
Current:								
Salaries and benefits	333,439	333,439	268,215	65,224	11,651,692	11,716,193	10,440,921	1,275,272
Operations and maintenance	1,353,181	1,359,372	1,198,737	160,635	30,037,385	34,487,909	27,200,389	7,287,520
Capital outlay	1,300,000	2,086,620	1,146,494	940,126	15,698,013	31,093,698	13,495,730	17,597,968
Debt service:								
Principal	-	-	-	-	905,000	905,000	905,000	-
Interest and fiscal charges	-	-	-	-	1,166,195	1,166,195	1,196,714	(30,519)
Bond issuance costs	-	-	-	-	-	-	77,975	(77,975)
Total expenditures	2,986,620	3,779,431	2,613,446	1,165,985	59,458,285	79,368,995	53,316,729	26,052,266
Revenues over (under) expenditures	488,780	(304,031)	417,498	(721,529)	(553,497)	(20,414,966)	8,203,828	(28,618,794)
Other financing sources (uses):								
Transfers in	-	45,000	45,000	-	3,154,851	3,199,851	5,177,596	(1,977,745)
Transfers out	(68,500)	(68,500)	(79,262)	10,762	(3,540,886)	(3,585,886)	(5,497,796)	1,911,910
Issuance of debt	-	-	-	-	-	-	2,256,869	(2,256,869)
Sale of capital assets	-	-	-	-	-	-	23,775	(23,775)
Total other financing sources (uses)	(68,500)	(23,500)	(34,262)	10,762	(386,035)	(386,035)	1,960,444	(2,346,479)
Net change in fund balances	\$ 420,280	\$ (327,531)	383,236	\$ (710,767)	\$ (939,532)	\$ (20,801,001)	10,164,272	\$ (30,965,273)
Fund balance, beginning of year			4,401,315				60,472,571	
Fund balance, end of year			\$ 4,784,551				\$ 70,636,843	

NONMAJOR DEBT SERVICE FUNDS

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

- The Series 2012 Library Fund accounts for the payment of debt issued for the construction of the new library building.
- The Storm Sewer Fund accounts for the payment of debt used for the construction of storm sewers.
- The Series 2010 Parks Fund accounts for payment of debt used for City-wide park improvements.
- The Series 2004A Street Improvements Fund accounts for payment of debt used for City-wide street improvements.
- The Series 2015 GO Refunding Fund accounts for the payment of the 2007A Baseball Field & Stadium Fund. A crossover refunding was done in 2015 to retire the debt on 7/1/2017.
- The Special Improvement Districts Fund accounts for the accumulation for and payment of special assessment debt used for the construction of projects within special improvement districts.
- 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, 2021

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Street Improvements Fund	Series 2004A	Series 2015 G.O. Refunding Fund	Special Improvement Districts Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
Assets									
Cash and cash equivalents	\$ 169,738	\$ 543,778	\$ -	\$ 22,947	\$ 98,078	\$ 1,578,323	\$ 188,154	\$ 2,601,018	
Cash with fiscal agent	9,233,550	798,222	-	329,575	673,525	176,017	11,774	11,222,663	
Investments	147,647	475,398	(1,621)	19,958	91,683	1,369,090	170,961	2,273,116	
Receivables:									
Property taxes	37,440	-	180	11,086	24,007	-	-	72,713	
Delinquent special assessments	-	-	-	-	-	23,955	19,063	43,018	
Special assessments receivable	-	-	-	-	-	3,978,497	1,766,893	5,745,390	
Accrued interest	195	288	119	52	396	1,968	(554)	2,464	
Due from other funds	-	-	-	-	-	27,671	-	27,671	
Property held for resale	-	-	-	-	-	155,996	-	155,996	
Total assets	\$ 9,588,570	\$ 1,817,686	\$ (1,322)	\$ 383,618	\$ 887,689	\$ 7,311,517	\$ 2,156,291	\$ 22,144,049	
Liabilities, Deferred Inflows and Fund Balances									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,239	\$ 13,432	\$ 27,671	
Other liabilities	-	-	-	-	-	63,000	10,000	73,000	
Total liabilities	-	-	-	-	-	77,239	23,432	100,671	
Deferred Inflows:									
Unavailable Revenue	5,349	-	160	1,689	3,545	3,980,212	1,770,486	5,761,441	
Fund balances:									
Restricted	9,583,221	1,817,686	-	381,929	884,144	3,254,066	362,373	16,283,419	
Unassigned	-	-	(1,482)	-	-	-	-	(1,482)	
Total fund balances	9,583,221	1,817,686	(1,482)	381,929	884,144	3,254,066	362,373	16,281,937	
Total liabilities, deferred inflows and fund balances	\$ 9,588,570	\$ 1,817,686	\$ (1,322)	\$ 383,618	\$ 887,689	\$ 7,311,517	\$ 2,156,291	\$ 22,144,049	

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvements Fund	Series 2015 G.O. Refunding Fund	Special Improvement Districts Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
Revenues:								
Taxes	\$ 1,109,126	\$ -	\$ 715	\$ 324,754	\$ 704,445	\$ -	\$ -	\$ 2,139,040
Special assessments	-	-	-	-	-	834,206	410,750	1,244,956
Other	300,930	2,877	(9)	219	437	3,582	(6,933)	301,103
Total revenues	1,410,056	2,877	706	324,973	704,882	837,788	403,817	3,685,099
Expenditures:								
Current:								
General government	61,824	5,408	260	410	6,892	-	-	74,794
Public works	-	-	-	-	-	32,152	4,500	36,652
Principal	840,000	575,000	115,000	300,000	580,000	664,190	388,500	3,462,690
Interest and fiscal charges	338,500	428,227	8,497	48,212	172,850	192,035	100,859	1,289,180
Bond issuance costs	55,093	-	-	-	-	-	-	55,093
Total expenditures	1,295,417	1,008,635	123,757	348,622	759,742	888,377	493,859	4,918,409
Revenues over (under) expenditures	114,639	(1,005,758)	(123,051)	(23,649)	(54,860)	(50,589)	(90,042)	(1,233,310)
Other financing sources:								
Transfers in	-	1,000,000	-	-	-	-	-	1,000,000
Premium on bond debt	1,020,177	-	-	-	-	-	-	1,020,177
Special assessment bonds issued	7,310,000	-	-	-	-	-	-	7,310,000
Total other financing sources (uses)	8,330,177	1,000,000	-	-	-	-	-	9,330,177
Net change in fund balances	8,444,816	(5,758)	(123,051)	(23,649)	(54,860)	(50,589)	(90,042)	8,096,867
Fund balance, beginning of year	1,138,405	1,823,444	121,569	405,578	939,004	3,304,655	452,415	8,185,070
Fund balance, end of year	\$ 9,583,221	\$ 1,817,686	\$ (1,482)	\$ 381,929	\$ 884,144	\$ 3,254,066	\$ 362,373	\$ 16,281,937

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
(Page 1 of 4)

	Series 2012 Library Fund				Storm Sewer Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 1,105,722	\$ 1,105,722	\$ 1,109,126	\$ (3,404)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Other	1,500	1,500	300,930	(299,430)	11,900	11,900	2,877	9,023
Total revenues	<u>1,107,222</u>	<u>1,107,222</u>	<u>1,410,056</u>	<u>(302,834)</u>	<u>11,900</u>	<u>11,900</u>	<u>2,877</u>	<u>9,023</u>
Expenditures:								
Current:								
Operations and maintenance	9,656	61,824	61,824	-	12,825	12,825	8,216	4,609
Debt service:								
Principal	840,000	840,000	840,000	-	575,000	575,000	575,000	-
Interest and fiscal charges	336,800	338,855	338,500	355	425,770	425,770	425,419	351
Bond issuance costs	-	55,093	55,093	-	-	-	-	-
Total expenditures	<u>1,186,456</u>	<u>1,295,772</u>	<u>1,295,417</u>	<u>355</u>	<u>1,013,595</u>	<u>1,013,595</u>	<u>1,008,635</u>	<u>4,960</u>
Revenues over (under) expenditures	<u>(79,234)</u>	<u>(188,550)</u>	<u>114,639</u>	<u>(303,189)</u>	<u>(1,001,695)</u>	<u>(1,001,695)</u>	<u>(1,005,758)</u>	<u>4,063</u>
Other financing sources:								
Transfers in	-	-	-	-	1,015,000	1,015,000	1,000,000	15,000
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	7,310,000	(7,310,000)	-	-	-	-
Premium on bond debt	-	-	1,020,177	(1,020,177)	-	-	-	-
Total other financing sources	-	-	<u>8,330,177</u>	<u>(8,330,177)</u>	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,000,000</u>	<u>15,000</u>
Net change in fund balances	<u>\$ (79,234)</u>	<u>\$ (188,550)</u>	<u>8,444,816</u>	<u>\$ (8,633,366)</u>	<u>\$ 13,305</u>	<u>\$ 13,305</u>	<u>(5,758)</u>	<u>\$ 19,063</u>
Fund balance, beginning of year			1,138,405				1,823,444	
Fund balance, end of year			<u>\$ 9,583,221</u>				<u>\$ 1,817,686</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
(Page 2 of 4)

	Series 2010 Parks Fund				Series 2004A Street Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ 715	\$ (715)	\$ 323,334	\$ 323,334	\$ 324,754	\$ (1,420)
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	(9)	9	860	860	219	641
Total revenues	-	-	706	(706)	324,194	324,194	324,973	(779)
Expenditures:								
Current:								
Operations and maintenance	6,476	6,751	6,682	69	7,807	7,807	4,622	3,185
Debt service:								
Principal	115,000	115,000	115,000	-	300,000	300,000	300,000	-
Interest and fiscal charges	2,075	2,075	2,075	-	44,000	44,000	44,000	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	123,551	123,826	123,757	69	351,807	351,807	348,622	3,185
Revenues over (under) expenditures	(123,551)	(123,826)	(123,051)	(775)	(27,613)	(27,613)	(23,649)	(3,964)
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (123,551)	\$ (123,826)	(123,051)	\$ (775)	\$ (27,613)	\$ (27,613)	(23,649)	\$ (3,964)
Fund balance, beginning of year			121,569				405,578	
Fund balance, end of year			\$ (1,482)				\$ 381,929	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021

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	Series 2015 G.O. Refunding Fund				Special Improvement Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 700,557	\$ 700,557	\$ 704,445	\$ (3,888)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	945,000	945,000	834,206	110,794
Other	2,000	2,000	437	1,563	27,000	27,000	3,582	23,418
Total revenues	<u>702,557</u>	<u>702,557</u>	<u>704,882</u>	<u>(2,325)</u>	<u>972,000</u>	<u>972,000</u>	<u>837,788</u>	<u>134,212</u>
Expenditures:								
Current:								
Operations and maintenance	9,833	9,833	6,542	3,291	54,700	58,700	39,852	18,848
Debt service:								
Principal	580,000	580,000	580,000	-	650,000	650,000	664,190	(14,190)
Interest and fiscal charges	173,200	173,200	173,200	-	152,800	152,800	184,335	(31,535)
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>763,033</u>	<u>763,033</u>	<u>759,742</u>	<u>3,291</u>	<u>857,500</u>	<u>861,500</u>	<u>888,377</u>	<u>(26,877)</u>
Revenues over (under) expenditures	<u>(60,476)</u>	<u>(60,476)</u>	<u>(54,860)</u>	<u>(5,616)</u>	<u>114,500</u>	<u>110,500</u>	<u>(50,589)</u>	<u>161,089</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (60,476)</u>	<u>\$ (60,476)</u>	<u>(54,860)</u>	<u>\$ (5,616)</u>	<u>\$ 114,500</u>	<u>\$ 110,500</u>	<u>(50,589)</u>	<u>\$ 161,089</u>
Fund balance, beginning of year			939,004				3,304,655	
Fund balance, end of year			<u>\$ 884,144</u>				<u>\$ 3,254,066</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
(Page 4 of 4)

	Sidewalk and Curb Districts Fund				Total Nonmajor Debt Service Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,129,613	\$ 2,129,613	\$ 2,139,040	\$ (9,427)
Special assessments	525,000	525,000	410,750	114,250	1,470,000	1,470,000	1,244,956	225,044
Other	8,000	8,000	(3,833)	11,833	51,260	51,260	304,203	(252,943)
Total revenues	<u>533,000</u>	<u>533,000</u>	<u>406,917</u>	<u>126,083</u>	<u>3,650,873</u>	<u>3,650,873</u>	<u>3,688,199</u>	<u>(37,326)</u>
Expenditures:								
Current:								
Operations and maintenance	7,150	7,150	7,600	(450)	108,447	164,890	135,338	29,552
Debt service:								
Principal	350,000	388,600	388,500	100	3,410,000	3,448,600	3,462,690	(14,090)
Interest and fiscal charges	105,750	105,750	100,859	4,891	1,240,395	1,242,450	1,268,388	(25,938)
Bond issuance costs	-	-	-	-	-	55,093	55,093	-
Total expenditures	<u>462,900</u>	<u>501,500</u>	<u>496,959</u>	<u>4,541</u>	<u>4,758,842</u>	<u>4,911,033</u>	<u>4,921,509</u>	<u>(10,476)</u>
Revenues over (under) expenditures	<u>70,100</u>	<u>31,500</u>	<u>(90,042)</u>	<u>121,542</u>	<u>(1,107,969)</u>	<u>(1,260,160)</u>	<u>(1,233,310)</u>	<u>(26,850)</u>
Other financing sources:								
Transfers in	-	-	-	-	1,015,000	1,015,000	1,000,000	15,000
Transfers out	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	7,310,000	(7,310,000)
Premium on bond debt	-	-	-	-	-	-	1,020,177	(1,020,177)
Total other financing sources	-	-	-	-	1,015,000	1,015,000	9,330,177	(8,315,177)
Net change in fund balances	<u>\$ 70,100</u>	<u>\$ 31,500</u>	<u>(90,042)</u>	<u>\$ 121,542</u>	<u>\$ (92,969)</u>	<u>\$ (245,160)</u>	<u>8,096,867</u>	<u>\$ 8,288,327</u>
Fund balance, beginning of year			452,415				8,185,070	
			<u>\$ 362,373</u>				<u>\$ 16,281,937</u>	

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2021

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Park Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
Assets							
Cash and cash equivalents	\$ 19,064	\$ 66,041	\$ 355,957	\$ 3,640,864	\$ 77,920	\$ 2,653	\$ 4,162,499
Cash with fiscal agent							-
Investments	16,780	57,782	309,810	3,195,062	72,822	2,320	3,654,576
Receivables:							
Accrued interest	10	-	55	1,883	43	-	1,991
Property held for resale	187,828	-	-	-	-	-	187,828
Total assets	\$ 223,682	\$ 123,823	\$ 665,822	\$ 6,837,809	\$ 150,785	\$ 4,973	\$ 8,006,894
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	221,406	354,808	\$ 40,938	1,098	\$ -	\$ 618,250
Due to other funds	-	389,876	2,440	-	-	-	392,316
Total Liabilities	-	611,282	357,248	40,938	1,098	-	1,010,566
Fund balance (deficit)							
Restricted	223,682	-	308,574	6,796,871	149,687	4,973	7,483,787
Unassigned	-	(487,459)	-	-	-	-	(487,459)
Total fund balance (deficit)	223,682	(487,459)	308,574	6,796,871	149,687	4,973	6,996,328
Total liabilities and fund balances	\$ 223,682	\$ 123,823	\$ 665,822	\$ 6,837,809	\$ 150,785	\$ 4,973	\$ 8,006,894

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvements Districts Fund	Capital Replacement Fund	Park Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
Revenues:							
Other	\$ 63	\$ 67,101	\$ 524,650	\$ 9,623	\$ 316	\$ 27,230	\$ 628,983
Total revenues	63	67,101	524,650	9,623	316	27,230	628,983
Expenditures:							
Current:							
General government	-	-	-	2,376	-	-	2,376
Public safety	-	-	-	-	-	-	-
Public works	-	-	58,000	-	-	-	58,000
Housing and economic development	11,422	-	-	-	-	-	11,422
Capital outlay	-	646,870	1,972,639	2,141,561	22,947	44,085	4,828,102
Debt service:							
Bond issuance costs	-	21,000	22,000	-	-	-	43,000
Total expenditures	11,422	667,870	2,052,639	2,143,937	22,947	44,085	4,942,900
Revenues over (under) expenditures	(11,359)	(600,769)	(1,527,989)	(2,134,314)	(22,631)	(16,855)	(4,313,917)
Other financing sources (uses):							
Transfers in	-	-	-	1,738,897	-	-	1,738,897
Transfers out	-	-	-	-	-	-	-
Special assessment bonds issued	-	317,101	1,133,316	-	-	-	1,450,417
Sale of capital assets	-	-	-	31,298	-	-	31,298
Total other financing sources (uses)	-	317,101	1,133,316	1,770,195	-	-	3,220,612
Net change in fund balances	(11,359)	(283,668)	(394,673)	(364,119)	(22,631)	(16,855)	(1,093,305)
Fund balance (deficit), beginning of year	235,041	(203,791)	703,247	7,160,990	172,318	21,828	8,089,633
Fund balance (deficit), end of year	\$ 223,682	\$ (487,459)	\$ 308,574	\$ 6,796,871	\$ 149,687	\$ 4,973	\$ 6,996,328

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021

(Page 1 of 4)

	Urban Renewal Property Acquisition Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	\$ 1,000	\$ 1,000	\$ 63	\$ 937	\$ 1,401,607	\$ 1,401,607	\$ 384,202	\$ 1,017,405
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>63</u>	<u>937</u>	<u>1,401,607</u>	<u>1,401,607</u>	<u>384,202</u>	<u>1,017,405</u>
Expenditures:								
Current:								
Operations and maintenance	12,809	12,809	11,422	1,387	-	-	-	-
Capital outlay	50,000	50,000	-	50,000	1,180,000	2,897,718	646,870	2,250,848
Debt service:								
Bond issuance costs	-	-	-	-	30,000	30,000	21,000	9,000
Total expenditures	<u>62,809</u>	<u>62,809</u>	<u>11,422</u>	<u>51,387</u>	<u>1,210,000</u>	<u>2,927,718</u>	<u>667,870</u>	<u>2,259,848</u>
Revenues over (under) expenditures	<u>(61,809)</u>	<u>(61,809)</u>	<u>(11,359)</u>	<u>(50,450)</u>	<u>191,607</u>	<u>(1,526,111)</u>	<u>(283,668)</u>	<u>(1,242,443)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (61,809)</u>	<u>\$ (61,809)</u>	<u>(11,359)</u>	<u>\$ (50,450)</u>	<u>\$ 191,607</u>	<u>\$ (1,526,111)</u>	<u>(283,668)</u>	<u>\$ (1,242,443)</u>
Fund balance (deficit), beginning of year			235,041				(203,791)	
Fund balance (deficit), end of year			<u>\$ 223,682</u>				<u>\$ (487,459)</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021

(Page 2 of 4)

	Special Improvement Districts Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	\$ 2,426,053	\$ 2,426,053	\$ 1,657,966	\$ 768,087	\$ 80,400	\$ 80,400	\$ 40,921	\$ 39,479
Total revenues	<u>2,426,053</u>	<u>2,426,053</u>	<u>1,657,966</u>	<u>768,087</u>	<u>80,400</u>	<u>80,400</u>	<u>40,921</u>	<u>39,479</u>
Expenditures:								
Current:								
Operations and maintenance	-	-	58,000	(58,000)	2,375	2,375	2,376	(1)
Capital outlay	2,400,000	5,424,819	1,972,639	3,452,180	2,225,179	2,928,285	2,141,561	786,724
Debt service:								
Bond issuance costs	80,000	80,000	22,000	58,000	-	-	-	-
Total expenditures	<u>2,480,000</u>	<u>5,504,819</u>	<u>2,052,639</u>	<u>3,452,180</u>	<u>2,227,554</u>	<u>2,930,660</u>	<u>2,143,937</u>	<u>786,723</u>
Revenues over (under) expenditures	<u>(53,947)</u>	<u>(3,078,766)</u>	<u>(394,673)</u>	<u>(2,684,093)</u>	<u>(2,147,154)</u>	<u>(2,850,260)</u>	<u>(2,103,016)</u>	<u>(747,244)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	1,725,585	1,725,585	1,738,897	(13,312)
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,725,585	1,725,585	1,738,897	(13,312)
Net change in fund balances	<u>\$ (53,947)</u>	<u>\$ (3,078,766)</u>	<u>(394,673)</u>	<u>\$ (2,684,093)</u>	<u>\$ (421,569)</u>	<u>\$ (1,124,675)</u>	<u>(364,119)</u>	<u>\$ (760,556)</u>
Fund balance (deficit), beginning of year			703,247				7,160,990	
Fund balance (deficit), end of year			<u>\$ 308,574</u>				<u>\$ 6,796,871</u>	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021

(Page 3 of 4)

	Park Construction Fund				Dog Park Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Other	\$ -	\$ -	\$ 316	\$ (316)	\$ 10,000	\$ 10,000	\$ 27,230	\$ (17,230)
Total revenues	-	-	316	(316)	10,000	10,000	27,230	(17,230)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	-	-	-	-
Capital outlay	-	112,952	22,947	90,005	10,000	45,000	44,085	915
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	112,952	22,947	90,005	10,000	45,000	44,085	915
Revenues over (under) expenditures	-	(112,952)	(22,631)	(90,321)	-	(35,000)	(16,855)	(18,145)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ (112,952)	(22,631)	\$ (90,321)	\$ -	\$ (35,000)	(16,855)	\$ (18,145)
Fund balance (deficit), beginning of year			172,318				21,828	
Fund balance (deficit), end of year			\$ 149,687				\$ 4,973	

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2021
(Page 4 of 4)

	Total Nonmajor Capital Project Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Other	\$ 3,919,060	\$ 3,919,060	\$ 2,110,698	\$ 1,808,362
Total revenues	<u>3,919,060</u>	<u>3,919,060</u>	<u>2,110,698</u>	<u>1,808,362</u>
Expenditures:				
Current:				
Operations and maintenance	15,184	15,184	71,798	(56,614)
Capital outlay	5,865,179	11,458,774	4,828,102	6,630,672
Debt service:				
Bond issuance costs	110,000	110,000	43,000	67,000
Total expenditures	<u>5,990,363</u>	<u>11,583,958</u>	<u>4,942,900</u>	<u>6,641,058</u>
Revenues over (under) expenditures	<u>(2,071,303)</u>	<u>(7,664,898)</u>	<u>(2,832,202)</u>	<u>(4,832,696)</u>
Other financing sources (uses):				
Transfers in	1,725,585	1,725,585	1,738,897	(13,312)
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>1,725,585</u>	<u>1,725,585</u>	<u>1,738,897</u>	<u>(13,312)</u>
Net change in fund balances	<u>\$ (345,718)</u>	<u>\$ (5,939,313)</u>	<u>(1,093,305)</u>	<u>\$ (4,846,008)</u>
Fund balance (deficit), beginning of year			8,089,633	
Fund balance (deficit), end of year			<u>\$ 6,996,328</u>	

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, 2021

	Cemetery Perpetual Care Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 408,888
Cash with fiscal agent	356,315
Investments	215
Accrued interest receivable	\$ 765,418
Total assets	<hr/>
<hr/>	
Fund Balance	
Liabilities:	-
Total liabilities	-
Fund balance:	
Unspendable	\$ 765,418
Total fund balance	<hr/>

CITY OF BILLINGS, MONTANA
Nonmajor Permanent Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 14,750	\$ 14,750	\$ 20,642	\$ 5,892
Other	8,660	8,660	1,040	(7,620)
Total revenues	<u>23,410</u>	<u>23,410</u>	<u>21,682</u>	<u>(1,728)</u>
Expenditures:				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	<u>23,410</u>	<u>23,410</u>	<u>21,682</u>	<u>(1,728)</u>
Other financing sources (uses):				
Transfers out	(5,600)	(5,600)	(3,678)	1,922
Total other financing sources (uses)	<u>(5,600)</u>	<u>(5,600)</u>	<u>(3,678)</u>	<u>1,922</u>
Net change in fund balances	<u>\$ 17,810</u>	<u>\$ 17,810</u>	<u>\$ 18,004</u>	<u>\$ 194</u>
Fund balance, beginning of year			<u>747,414</u>	
Fund balance, end of year			<u>\$ 765,418</u>	

NONMAJOR ENTERPRISE FUNDS

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

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

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2021
(Page 1 of 2)

	Transit Fund	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,687,544	\$ 439,674	\$ 2,127,218
Restricted cash and cash equivalents with fiscal agent	-	-	-
Investments	1,466,845	-	1,466,845
Receivables:			
Property taxes	69,243	-	69,243
Accounts and unbilled usage	27,271	-	27,271
Accrued interest	784	-	784
Receivables from other governments	2,136,120	-	2,136,120
Inventories	189,121	660	189,781
Prepaid items	-	8,062	8,062
Total current assets	<u>5,576,928</u>	<u>448,396</u>	<u>6,025,324</u>
Noncurrent assets:			
Property and equipment:			
Land	1,435,290	-	1,435,290
Buildings	8,642,862	1,545,222	10,188,084
Improvements other than buildings	1,005,756	-	1,005,756
Equipment and vehicles	9,485,481	-	9,485,481
Construction in progress	-	-	-
Less: accumulated depreciation	<u>(13,981,951)</u>	<u>(1,207,102)</u>	<u>(15,189,053)</u>
Total noncurrent assets	<u>6,587,438</u>	<u>338,120</u>	<u>6,925,558</u>
Total assets	<u>12,164,366</u>	<u>786,516</u>	<u>12,950,882</u>
Deferred Outflows			
Other post employment benefits	180,785	-	180,785
Pensions	861,581	-	861,581
Total assets and deferred outflows	<u>\$ 13,206,732</u>	<u>\$ 786,516</u>	<u>\$ 13,993,248</u>

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2021
(Page 2 of 2)

	Transit Fund	Golf Course	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 29,999	\$ 5,327	\$ 35,326
Accrued wages and benefits	188,841	43,792	232,633
Compensated absences	346,089	-	346,089
Total current liabilities	<u>564,929</u>	<u>49,119</u>	<u>614,048</u>
Noncurrent liabilities:			
Compensated absences	79,300	-	79,300
Other post employment benefits	678,224	-	678,224
Net pension liability	3,780,817	-	3,780,817
Total noncurrent liabilities	<u>4,538,341</u>	<u>-</u>	<u>4,538,341</u>
Total liabilities	<u>5,103,270</u>	<u>49,119</u>	<u>5,152,389</u>
Deferred Inflows			
Other post employment benefits	135,909	-	135,909
Pensions	234,257	-	234,257
Total deferred inflows of resources	<u>370,166</u>	<u>-</u>	<u>370,166</u>
Net Position			
Net investment in capital assets	6,587,438	338,120	6,925,558
Restricted for:			
Unrestricted	1,145,858	399,277	1,545,135
Total net position	<u>7,733,296</u>	<u>737,397</u>	<u>8,470,693</u>
Total liabilities, deferred inflows, and net position	<u>\$ 13,206,732</u>	<u>\$ 786,516</u>	<u>\$ 13,993,248</u>

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Fund
Operating revenues:			
Charges for services and use of facilities	\$ 578,428	\$ 591,386	\$ 1,169,814
Operating expenses:			
Salaries and benefits	4,480,856	218,610	4,699,466
Supplies	796,369	70,747	867,116
Contracted services	376,618	22,434	399,052
Utilities	108,602	27,301	135,903
Other	297,844	71,239	369,083
Depreciation	549,568	54,704	604,272
Total operating expenses	6,609,857	465,035	7,074,892
Operating income (loss)	(6,031,429)	126,351	(5,905,078)
Nonoperating revenues (expenses):			
Taxes	2,396,685	-	2,396,685
Intergovernmental	4,063,155	-	4,063,155
Interest and investment income	3,769	21	3,790
Gain (loss) on sale of capital assets	-	25,950	25,950
Other	17,465	-	17,465
Total nonoperating revenue (expense)	6,481,074	25,971	6,507,045
Income (loss) before capital contributions and transfers	449,645	152,322	601,967
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	449,645	152,322	601,967
Net position, beginning of year	7,283,651	585,075	7,868,726
Net position, end of year	\$ 7,733,296	\$ 737,397	\$ 8,470,693

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(Page 1 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 324,385	\$ 589,687	\$ 914,072
Cash received from other sources	-	-	-
Cash paid to employees for services	(3,631,229)	(218,610)	(3,849,839)
Cash paid to suppliers and contracted services	(1,606,940)	(151,076)	(1,758,016)
Net cash provided (used) by operating activities	<u>(4,913,784)</u>	<u>220,001</u>	<u>(4,693,783)</u>
Cash flows from noncapital financing activities:			
Cash received from tax revenues	2,407,222	-	2,407,222
Cash received from intergovernmental revenues	3,639,936	-	3,639,936
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>6,047,158</u>	<u>-</u>	<u>6,047,158</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(130,864)	(21,822)	(152,686)
Proceeds from sales of capital assets	662	-	662
Transfers From Other Funds	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(130,202)</u>	<u>(21,822)</u>	<u>(152,024)</u>
Cash flows from investing activities:			
Cash received from interest	9,367	21	9,388
Sale of investments	1,585,744	24	1,585,768
Purchase of investments	(1,844,905)	(21)	(1,844,926)
Net cash provided (used) by investing activities	<u>(249,794)</u>	<u>24</u>	<u>(249,770)</u>
Net increase (decrease) in cash and cash equivalents	753,378	198,203	951,581
Cash and cash equivalents, beginning of year			
Cash and cash equivalents, end of year	<u>\$ 1,687,544</u>	<u>\$ 439,674</u>	<u>\$ 2,127,218</u>
Cash and cash equivalents consists of:			
Cash and cash equivalents	\$ 1,687,544	\$ 439,674	\$ 2,127,218
Cash and cash equivalents, end of year	<u>\$ 1,687,544</u>	<u>\$ 439,674</u>	<u>\$ 2,127,218</u>

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(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)			
	\$ (6,031,429)	\$ 126,351	\$ (5,905,078)
Other nonoperating income (expense)	17,465	25,971	43,436
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	549,568	54,704	604,272
(Increase) decrease in receivables	(8,283)	-	(8,283)
(Increase) decrease in receivables from other governments	(228,279)	-	(228,279)
(Increase) decrease in inventories	(34,946)	-	(34,946)
(Increase) decrease in prepaid items	-	(1,699)	(1,699)
Increase (decrease) in accounts payable	(27,507)	(2,390)	(29,897)
Increase (decrease) in accrued liabilities	849,627	17,064	866,691
Net cash provided (used) by operating activities	<u>\$ (4,913,784)</u>	<u>\$ 220,001</u>	<u>\$ (4,693,783)</u>
Noncash investing, capital and financing activities:			
Increase (decrease) in investment market value	(5,598)	-	(5,598)

INTERNAL SERVICE FUNDS

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

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

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2021
(Page 1 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 849,929	\$ 126,294	\$ 557,883	\$ 5,797,593	\$ 165,805	\$ 490,580
Investments	735,077	110,350	485,764	5,066,850	145,291	434,241
Receivables:						
Accounts and unbilled usage	-	-	-	825	-	-
Accrued interest	432	65	296	3,099	86	282
Notes	70,000	-	-	-	-	-
Inventories	222,261	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total current assets	<u>1,877,699</u>	<u>236,709</u>	<u>1,043,943</u>	<u>10,868,367</u>	<u>311,182</u>	<u>925,103</u>
Noncurrent assets:						
Notes receivable	140,000	-	-	-	-	-
Property and equipment:						
Land	-	-	-	-	-	-
Buildings	32,091	-	-	-	-	-
Improvements other than buildings	-	-	87,575	-	-	-
Equipment and vehicles	1,006,746	112,382	1,920,184	-	831,464	-
Construction in progress	-	-	-	-	-	-
Less: accumulated depreciation	(996,025)	(95,332)	(1,710,290)	-	(413,703)	-
Total noncurrent assets	<u>182,812</u>	<u>17,050</u>	<u>297,469</u>	<u>-</u>	<u>417,761</u>	<u>-</u>
Total assets	<u>2,060,511</u>	<u>253,759</u>	<u>1,341,412</u>	<u>10,868,367</u>	<u>728,943</u>	<u>925,103</u>
Deferred Outflows						
Other post employment benefits	59,148	-	57,753	-	3,762	3,199
Pensions	354,849	-	485,308	-	41,620	28,670
Total assets and deferred outflows	<u>\$2,474,508</u>	<u>\$ 253,759</u>	<u>\$ 1,884,473</u>	<u>\$10,868,367</u>	<u>\$ 774,325</u>	<u>\$ 956,972</u>

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2021
(Page 2 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 401,174	\$ 2,542,526	\$ 497,457	\$ 365,572	\$ 11,794,813
Investments	350,938	2,219,206	433,362	317,768	10,298,847
Receivables:					
Accounts and unbilled usage	-	22,935	-	24,050	47,810
Accrued interest	217	1,364	247	74	6,162
Notes	-	-	-	-	70,000
Inventories	-	-	-	-	222,261
Prepaid items	-	-	-	14,302	14,302
Total current assets	<u>752,329</u>	<u>4,786,031</u>	<u>931,066</u>	<u>721,766</u>	<u>22,454,195</u>
Noncurrent assets:					
Notes receivable	-	-	-	-	140,000
Property and equipment:					
Land	-	2,005,383	-	-	2,005,383
Buildings	385,655	8,963,489	-	-	9,381,235
Improvements other than buildings	19,692	2,659,739	-	-	2,767,006
Equipment and vehicles	3,395,791	378,683	63,679	417,136	8,126,065
Construction in progress	-	19,900	9,244	-	29,144
Less: accumulated depreciation	(3,707,542)	(5,279,509)	(49,658)	(352,643)	(12,604,702)
Total noncurrent assets	<u>93,596</u>	<u>8,747,685</u>	<u>23,265</u>	<u>64,493</u>	<u>9,844,131</u>
Total assets	<u>845,925</u>	<u>13,533,716</u>	<u>954,331</u>	<u>786,259</u>	<u>32,298,326</u>
Deferred Outflows					
Other post employment benefits	-	19,411	36,514	67,660	247,447
Pensions	-	94,897	413,888	582,838	2,002,070
Total assets and deferred outflows	<u>\$ 845,925</u>	<u>\$ 13,648,024</u>	<u>\$ 1,404,733</u>	<u>\$ 1,436,757</u>	<u>\$34,547,843</u>

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2021
(Page 3 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Liabilities						
Current liabilities:						
Accounts payable	\$ 103,478	\$ 6,273	\$ 71,192	\$ 117,792	\$ 3,087	\$ 32,050
Accrued wages and benefits	69,695	-	95,636	-	8,962	5,158
Compensated absences	276,339	-	272,555	-	14,832	27,490
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	1,200,338	-	-
Notes payable	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total current liabilities	449,512	6,273	439,383	1,318,130	26,881	64,698
Noncurrent liabilities:						
Compensated absences	63,318	-	62,451	-	3,398	6,298
Other post employment benefits	212,114	-	214,691	-	14,727	12,296
Net pension liability	1,557,157	-	2,129,644	-	182,640	125,812
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	1,832,589	-	2,406,786	-	200,765	144,406
Total liabilities	2,282,101	6,273	2,846,169	1,318,130	227,646	209,104
Deferred Inflows						
Other post employment benefits	42,060	-	47,357	-	2,387	2,419
Pensions	96,481	-	131,951	-	11,316	7,795
Total deferred inflows of resources	138,541	-	179,308	-	13,703	10,214
Net Position						
Net investment in capital assets	42,812	17,050	297,469	-	417,761	-
Unrestricted	11,054	230,436	(1,438,473)	9,550,237	115,215	737,654
Total net position	53,866	247,486	(1,141,004)	9,550,237	532,976	737,654
Total liabilities, deferred inflows, and net position	\$ 2,474,508	\$ 253,759	\$ 1,884,473	\$ 10,868,367	\$ 774,325	\$ 956,972

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2021
(Page 4 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 1,502	\$ 83,951	\$ 56,892	\$ 24,635	\$ 500,852
Accrued wages and benefits	-	20,310	74,637	107,648	382,046
Compensated absences	-	46,164	183,566	354,737	1,175,683
Accrued interest payable	-	11,466	-	-	11,466
Incurred but not reported health benefits	-	-	-	-	1,200,338
Notes payable	-	450,000	-	-	450,000
Unearned Revenue	-	-	-	681	681
Total current liabilities	1,502	611,891	315,095	487,701	3,721,066
Noncurrent liabilities:					
Compensated absences	-	10,578	42,061	81,282	269,386
Other post employment benefits	-	69,246	119,012	244,343	886,429
Net pension liability	-	416,431	1,816,236	2,557,627	8,785,547
Notes payable	-	732,345	-	-	732,345
Total noncurrent liabilities	-	1,228,600	1,977,309	2,883,252	10,673,707
Total liabilities	1,502	1,840,491	2,292,404	3,370,953	14,394,773
Deferred Inflows					
Other post employment benefits	-	15,072	19,191	52,092	180,578
Pensions	-	25,802	112,533	158,469	544,347
Total deferred inflows of resources	-	40,874	131,724	210,561	724,925
Net Position					
Net investment in capital assets	93,596	7,565,340	23,265	64,493	8,521,786
Unrestricted	750,827	4,201,319	(1,042,660)	(2,209,250)	10,906,359
Total net position	844,423	11,766,659	(1,019,395)	(2,144,757)	19,428,145
Total liabilities, deferred inflows, and net position	\$ 845,925	\$ 13,648,024	\$ 1,404,733	\$ 1,436,757	\$ 34,547,843

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

(Page 1 of 2)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Operating revenues:						
Charges for services and use of facilities	\$ 1,857,644	\$ 113,826	\$ 2,479,130	\$ 13,386,032	\$ 432,384	\$ 2,066,500
Operating expenses:						
Salaries and benefits	1,855,926	-	2,137,201	34,200	211,378	131,095
Supplies	82,797	6,784	88,307	-	4,989	32
Contracted services	197,633	78,280	223,917	12,447,777	18,890	26,954
Utilities	8,201	-	6,742	-	231,222	-
Other	63,729	-	358,508	73,558	611	2,431,180
Depreciation	13,622	8,742	116,379	-	83,710	-
Total operating expenses	2,221,908	93,806	2,931,054	12,555,535	550,800	2,589,261
Operating income (loss)	(364,264)	20,020	(451,924)	830,497	(118,416)	(522,761)
Nonoperating revenues (expenses):						
Taxes	-	-	-	-	-	-
Intergovernmental	98,366	-	169,972	40	10,453	6,487
Interest expense	-	-	-	-	-	-
Interest and investment income	2,039	300	1,348	14,532	500	628
Gain (loss) on sale of capital assets	2,366	-	-	-	-	-
Other	17,142	-	50,651	-	-	45
Total nonoperating revenue (expense)	119,913	300	221,971	14,572	10,953	7,160
Income (loss) before capital contributions and transfers	(244,351)	20,320	(229,953)	845,069	(107,463)	(515,601)
Transfers in	-	-	-	-	-	-
Transfers out	(107,129)	-	-	-	-	-
Change in net position	(351,480)	20,320	(229,953)	845,069	(107,463)	(515,601)
Net position, beginning of year	405,346	227,166	(911,051)	8,705,168	640,439	1,253,255
Net position, end of year	\$ 53,866	\$ 247,486	\$ (1,141,004)	\$ 9,550,237	\$ 532,976	\$ 737,654

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(Page 2 of 2)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Operating revenues:					
Charges for services and use of facilities	\$ 310,884	\$ 1,375,971	\$ 2,888,600	\$ 3,052,050	\$27,963,021
Operating expenses:					
Salaries and benefits	-	462,722	1,979,242	2,657,747	9,469,511
Supplies	11	152,228	56,100	37,050	428,298
Contracted services	194,052	581,563	815,793	401,431	14,986,290
Utilities	15,659	304,546	12,943	40,794	620,107
Other	-	24,824	46,661	161,500	3,160,571
Depreciation	260,653	339,756	5,793	20,423	849,078
Total operating expenses	470,375	1,865,639	2,916,532	3,318,945	29,513,855
Operating income (loss)	(159,491)	(489,668)	(27,932)	(266,895)	(1,550,834)
Nonoperating revenues (expenses):					
Taxes	-	-	-	54,751	54,751
Intergovernmental	-	88,605	97,969	132,100	603,992
Interest expense	-	(16,744)	-	-	(16,744)
Interest and investment income	1,062	5,820	935	186	27,350
Gain (loss) on sale of capital assets	-	-	-	-	2,366
Other	-	3,210,421	237	949	3,279,445
Total nonoperating revenue (expense)	1,062	3,288,102	99,141	187,986	3,951,160
Income (loss) before capital contributions and transfers	(158,429)	2,798,434	71,209	(78,909)	2,400,326
Transfers in	-	532,057	-	-	532,057
Transfers out	-	-	-	-	(107,129)
Change in net position	(158,429)	3,330,491	71,209	(78,909)	2,825,254
Net position, beginning of year	1,002,852	8,436,168	(1,090,604)	(2,065,848)	16,602,891
Net position, end of year	\$ 844,423	\$ 11,766,659	\$ (1,019,395)	\$ (2,144,757)	\$19,428,145

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(Page 1 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Telephone Services Fund	Central Property Insurance Fund
Cash flows from operating activities:						
Cash received from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received from interfund services provided	1,857,644	113,826	2,482,729	13,385,207	433,420	2,066,500
Cash received from other sources	37,587	-	110,818	-	-	45
Cash paid to employees for services	(1,538,810)	-	(1,856,532)	-	(159,350)	(109,250)
Cash paid to suppliers and contracted services	(348,967)	(85,485)	(634,013)	(12,529,570)	(239,474)	(2,426,766)
Net cash provided (used) by operating activities	<u>7,454</u>	<u>28,341</u>	<u>103,002</u>	<u>855,637</u>	<u>34,596</u>	<u>(469,471)</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(95,770)	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(95,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	-	-	(82,904)	-
Proceeds from sales of capital assets	72,366	-	-	-	-	-
Cash paid for interest	-	-	-	-	-	-
Principal paid on notes payable and capital lease payable	-	-	-	-	-	-
Transfers to other funds	(11,359)	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>61,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,904)</u>	<u>-</u>
Cash flows from investing activities:						
Cash received from interest	7,329	1,051	4,653	49,784	1,808	4,704
Sale of investments	1,093,733	141,509	651,507	6,755,602	250,864	888,682
Purchase of investments	(903,881)	(130,735)	(600,498)	(6,001,525)	(197,857)	(508,657)
Net cash provided (used) by investing activities	<u>197,181</u>	<u>11,825</u>	<u>55,662</u>	<u>803,861</u>	<u>54,815</u>	<u>384,729</u>
Net increase (decrease) in cash and cash equivalents	<u>169,872</u>	<u>40,166</u>	<u>158,664</u>	<u>1,659,498</u>	<u>6,507</u>	<u>(84,742)</u>
Cash and cash equivalents, beginning of year						
Cash and cash equivalents, end of year	<u>\$ 849,929</u>	<u>\$ 126,294</u>	<u>\$ 557,883</u>	<u>\$ 5,797,593</u>	<u>\$ 165,805</u>	<u>\$ 490,580</u>

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(Page 2 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ -	\$ 782,682	\$ -	\$ 170,299	\$ 952,981
Cash received from interfund services provided	310,884	573,472	2,888,727	2,947,626	27,060,035
Cash received from other sources	-	3,326,896	4,560	133,049	3,612,955
Cash paid to employees for services	-	(417,359)	(1,464,409)	(2,255,718)	(7,801,428)
Cash paid to suppliers and contracted services	(216,354)	(1,021,624)	(943,399)	(627,157)	(19,072,809)
Net cash provided (used) by operating activities	<u>94,530</u>	<u>3,244,067</u>	<u>485,479</u>	<u>368,099</u>	<u>4,751,734</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	(95,770)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(95,770)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(151,088)	(9,244)	(25,359)	(268,595)
Proceeds from sales of capital assets	-	-	-	-	72,366
Cash paid for interest	-	(40,125)	-	-	(40,125)
Principal paid on notes payable and capital lease payable	-	(435,000)	-	-	(435,000)
Transfers to other funds	-	-	-	-	(11,359)
Transfers from other funds	-	532,057	-	-	532,057
Net cash provided (used) by capital and related financing activities	-	(94,156)	(9,244)	(25,359)	(150,656)
Cash flows from investing activities:					
Cash received from interest	3,450	14,832	3,417	775	91,803
Sale of investments	447,428	1,378,261	493,392	351,874	12,452,852
Purchase of investments	(416,347)	(2,689,991)	(769,388)	(538,119)	(12,756,998)
Net cash provided by investing activities	<u>34,531</u>	<u>(1,296,898)</u>	<u>(272,579)</u>	<u>(185,470)</u>	<u>(212,343)</u>
Net increase (decrease) in cash and cash equivalents	129,061	1,853,013	203,656	157,270	4,292,965
Cash and cash equivalents, beginning of year					
Cash and cash equivalents, end of year	<u>\$ 401,174</u>	<u>\$ 2,542,526</u>	<u>\$ 497,457</u>	<u>\$ 365,572</u>	<u>\$ 11,794,813</u>

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(Page 3 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Central Telephone Services Fund	Property Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (364,264)	\$ 20,020	\$ (451,924)	\$ 830,497	\$ (118,416)	\$ (522,761)
Other nonoperating income (expense)	119,913	-	221,971	-	10,953	7,160
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	13,622	8,742	116,379	-	83,710	-
(Increase) decrease in receivables	-	-	-	(825)	-	-
(Increase) decrease in receivables from other governments & other funds	-	-	(3,599)	-	-	-
(Increase) decrease in inventories	(20,319)	-	-	-	-	-
(Increase) decrease in prepaid items and deposits	-	-	-	-	-	-
Increase (decrease) in accounts payable	23,712	(421)	43,461	(44,376)	(7,756)	31,823
Increase (decrease) in accrued liabilities	234,790	-	176,714	70,341	66,105	14,307
Net cash provided (used) by operating activities	\$ 7,454	\$ 28,341	\$ 103,002	\$ 855,637	\$ 34,596	\$ (469,471)
Noncash investing, capital and financing activities:						
Increase (decrease) in investment market value	(3,276)	(493)	(2,098)	(23,562)	(733)	(2,087)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021
(Page 4 of 4)

	Radio Communications Fund	Facilities Manage- ment Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)					
	\$ (159,491)	\$ (489,668)	\$ (27,932)	\$ (266,895)	\$ (1,550,834)
Other nonoperating income (expense)	1,062	3,288,102	99,141	187,986	3,936,288
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	260,653	339,756	5,793	20,423	849,078
(AIncrease) decrease in receivables	-	(19,817)	127	10,896	(9,619)
(AIncrease) decrease in receivables from other governments & other funds	-	-	4,323	-	724
(AIncrease) decrease in inventories	-	-	-	-	(20,319)
(AIncrease) decrease in prepaid items and deposits	-	-	3,116	(1,842)	1,274
Increase (decrease) in accounts payable	(7,694)	41,537	(15,018)	15,460	80,728
Increase (decrease) in accrued liabilities	-	84,157	415,929	402,071	1,464,414
Net cash provided (used) by operating activities	<u><u>\$ 94,530</u></u>	<u><u>\$ 3,244,067</u></u>	<u><u>\$ 485,479</u></u>	<u><u>\$ 368,099</u></u>	<u><u>\$ 4,751,734</u></u>
Noncash investing, capital and financing activities:					
Increase (decrease) in investment market value	(1,617)	(8,307)	(1,681)	(554)	(44,408)

CUSTODIAL FUNDS

The City's Custodial Funds and their purposes are:

- The Downtown Business Improvement District Fund accounts for amounts the City receives from Yellowstone County for Billings Business Improvement District (BID) assessments and remits the same to the BID as required by State Statutes.
- The Tourism Business Improvement District Fund accounts for amounts the City receives from Yellowstone County for Billings Tourism Business Improvement District (TBID) assessments and remits the same to the TBID as required by State Statutes.
- The License Plate Fund accounts for amounts the City receives from Yellowstone County for license plate assessments and remits the same to the License Plate Fund as required by State Statutes.

CITY OF BILLINGS, MONTANA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Downtown Business Improvement District	Tourism Business Improvement District	License Plate Fund	Total Custodial Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 512	\$ 512
Receivables:				
Delinquent special assessments	25,497	80,868	-	106,365
Total Receivables	<u>25,497</u>	<u>80,868</u>	<u>-</u>	<u>106,365</u>
Total assets	<u>\$ 25,497</u>	<u>\$ 80,868</u>	<u>\$ 512</u>	<u>\$ 106,877</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 512	\$ 512
Total liabilities	<u>-</u>	<u>-</u>	<u>512</u>	<u>512</u>
Deferred inflows:				
Unavailable Revenue	25,497	80,868	-	106,365
Net Position:				
Restricted for:				
Individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 25,497</u>	<u>\$ 80,868</u>	<u>\$ 512</u>	<u>\$ 106,877</u>

CITY OF BILLINGS, MONTANA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Downtown Business Improvement District	Tourism Business Improvement District	License Plate Fund	Total Custodial Funds
Additions:				
Tax collections for other governments	-	-	7,440	7,440
Special Assessments collections for other organizations	403,089	1,493,647	-	1,896,736
Total Additions	403,089	1,493,647	7,440	1,904,176
Deductions:				
Payments made to organizations	403,089	1,493,647	7,440	1,904,176
Miscellaneous	-	-	-	-
Total Deductions	403,089	1,493,647	7,440	1,904,176
Net increase (decrease) in fiduciary net position	-	-	-	-
Net position - beginning	-	-	-	-
Net position - ending	-	-	-	-

STATISTICAL SECTION (UNAUDITED)

This part of the City of Billings' annual comprehensive 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.

<u>Contents</u>	<u>Pages</u>
Financial Trends	193-201
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	202-205
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	206-214
<i>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.</i>	
Demographic and Economic Information	215-216
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within the City of Billings.</i>	
Operating Information	217-221
<i>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.</i>	

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net invested in capital assets	\$ 185,242	\$ 197,845	\$ 196,250	\$ 173,274	\$ 201,511	\$ 208,499	\$ 213,236	\$ 219,975	\$ 226,975	\$ 223,844
Restricted	58,125	67,391	71,418	61,917	62,749	53,672	64,435	57,055	60,518	73,990
Unrestricted	23,962	21,213	24,885	25,416	5,297	11,293	1,067	2,785	3,218	15,919
Total governmental activities net position	<u><u>\$ 267,329</u></u>	<u><u>\$ 286,449</u></u>	<u><u>\$ 292,553</u></u>	<u><u>\$ 260,607</u></u>	<u><u>\$ 269,557</u></u>	<u><u>\$ 273,464</u></u>	<u><u>\$ 278,738</u></u>	<u><u>\$ 279,815</u></u>	<u><u>\$ 290,711</u></u>	<u><u>\$ 313,753</u></u>
Business-type activities										
Net invested in capital assets	\$ 286,328	\$ 304,407	\$ 321,736	\$ 337,910	\$ 353,451	\$ 309,890	\$ 325,091	\$ 372,952	\$ 414,790	\$ 443,663
Restricted	5,657	6,142	9,667	7,412	4,930	55,101	28,198	26,771	15,154	5,256
Unrestricted	57,552	60,613	70,894	60,588	73,261	87,687	117,362	90,415	88,095	103,340
Total business-type activities net position	<u><u>\$ 349,537</u></u>	<u><u>\$ 371,162</u></u>	<u><u>\$ 402,297</u></u>	<u><u>\$ 405,910</u></u>	<u><u>\$ 431,642</u></u>	<u><u>\$ 452,678</u></u>	<u><u>\$ 470,651</u></u>	<u><u>\$ 490,138</u></u>	<u><u>\$ 518,039</u></u>	<u><u>\$ 552,259</u></u>
Primary government										
Net invested in capital assets	\$ 471,570	\$ 502,252	\$ 517,986	\$ 511,184	\$ 554,962	\$ 518,389	\$ 538,327	\$ 592,927	\$ 641,765	\$ 667,507
Restricted	63,782	73,533	81,085	69,329	67,679	108,773	92,633	83,826	75,672	79,246
Unrestricted	81,514	81,826	95,779	86,004	78,558	98,980	118,429	93,200	91,313	119,259
Total primary government net position	<u><u>\$ 616,866</u></u>	<u><u>\$ 657,611</u></u>	<u><u>\$ 694,850</u></u>	<u><u>\$ 666,517</u></u>	<u><u>\$ 701,199</u></u>	<u><u>\$ 726,142</u></u>	<u><u>\$ 749,389</u></u>	<u><u>\$ 769,953</u></u>	<u><u>\$ 808,750</u></u>	<u><u>\$ 866,012</u></u>

Source: City of Billings, Montana

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 7,543	\$ 7,249	\$ 8,319	\$ 9,533	\$ 8,166	\$ 8,801	\$ 9,167	\$ 8,679	\$ 10,597	\$ 12,206
Public safety	37,410	47,884	43,124	43,085	43,855	45,516	52,599	39,965	55,230	63,498
Public works	21,609	26,939	30,322	31,320	32,695	38,203	37,156	40,942	42,401	40,603
Public health	851	871	905	1,059	957	1,002	1,038	1,449	1,188	1,413
Culture and recreation	8,312	8,799	9,577	11,212	10,867	11,269	11,458	17,397	11,924	15,224
Housing and economic development	3,561	3,212	3,475	4,612	4,475	5,890	5,338	4,984	4,068	5,201
Interest on long-term debt	2,212	2,083	2,602	2,779	2,939	2,775	2,830	2,560	2,514	3,709
Total governmental activities expenses	81,498	97,037	98,324	103,600	103,954	113,456	119,586	115,976	127,922	141,854
Business-type activities:										
Solid waste	10,296	10,482	11,314	11,823	11,988	12,117	13,753	14,163	15,117	16,548
Airport	13,098	12,763	12,711	12,616	12,538	12,907	14,067	13,088	12,930	12,519
Water	16,481	17,876	17,497	17,652	18,534	19,534	20,673	20,096	21,138	21,712
Wastewater	10,831	12,291	12,232	12,314	12,953	14,750	14,975	15,751	16,550	18,895
Parking	3,166	2,057	2,095	2,538	2,425	2,401	2,503	2,431	2,371	2,671
Transit	6,017	6,021	6,264	6,170	5,715	5,667	5,993	6,146	6,263	6,610
Golf course	434	453	443	436	450	478	435	466	407	465
Total business-type activities expenses	60,323	61,943	62,556	63,549	64,603	67,854	72,399	72,141	74,776	79,420
Total primary government expenses	\$ 141,821	\$ 158,980	\$ 160,880	\$ 167,149	\$ 168,557	\$ 181,310	\$ 191,985	\$ 188,117	\$ 202,698	\$ 221,274

(continued)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,788	\$ 2,611	\$ 2,463	\$ 2,855	\$ 3,286	\$ 3,414	\$ 3,560	\$ 3,439	\$ 3,046	\$ 3,668
Public safety	5,982	5,847	4,900	5,857	5,627	5,200	5,166	5,362	5,917	6,488
Public works	21,221	21,433	22,427	23,271	24,763	25,476	27,892	29,006	30,012	31,006
Culture and recreation	45	36	59	42	50	48	56	48	46	40
Other activities	1,887	1,948	2,074	2,326	2,472	2,411	2,301	2,492	2,378	2,563
Operating grants and contributions	7,006	12,503	13,648	16,554	11,713	12,034	18,856	7,914	21,723	36,640
Capital grants and contributions	26,658	28,524	13,626	7,884	9,568	11,036	7,118	6,060	11,358	12,692
Total governmental activities program revenues	<u>65,587</u>	<u>72,902</u>	<u>59,197</u>	<u>58,789</u>	<u>57,479</u>	<u>59,619</u>	<u>64,949</u>	<u>54,321</u>	<u>74,480</u>	<u>93,097</u>
Business-type activities:										
Charges for services:										
Solid waste	10,731	10,161	11,024	13,925	13,888	14,715	15,407	15,474	16,791	17,679
Airport	9,568	9,841	9,046	9,536	9,915	10,078	12,356	12,887	11,153	10,269
Water	23,569	25,904	22,928	24,740	25,914	24,686	27,995	25,326	26,201	31,512
Wastewater	14,144	16,123	18,054	18,469	18,915	19,798	19,518	23,970	20,971	22,716
Other activities	2,902	3,071	2,758	2,752	2,496	2,675	2,856	3,002	2,669	2,872
Operating grants and contributions	2,260	2,533	2,815	2,195	3,894	4,024	3,721	1,462	7,003	8,381
Capital grants and contributions	6,041	8,426	15,274	4,366	12,326	9,163	3,745	3,170	12,143	17,014
Total business-type activities program revenues	<u>69,215</u>	<u>76,059</u>	<u>81,899</u>	<u>75,983</u>	<u>87,348</u>	<u>85,139</u>	<u>85,598</u>	<u>85,291</u>	<u>96,931</u>	<u>110,443</u>
Total primary government program revenues	<u>\$ 134,802</u>	<u>\$ 148,961</u>	<u>\$ 141,096</u>	<u>\$ 134,772</u>	<u>\$ 144,827</u>	<u>\$ 144,758</u>	<u>\$ 150,547</u>	<u>\$ 139,612</u>	<u>\$ 171,411</u>	<u>\$ 203,540</u>
Net (expense)/revenue										
Governmental activities	\$ (31,450)	\$ (24,135)	\$ (39,127)	\$ (44,811)	\$ (46,475)	\$ (53,837)	\$ (54,637)	\$ (61,655)	\$ (53,442)	\$ (48,757)
Business-type activities	7,272	14,116	19,343	12,434	22,745	17,285	13,199	13,150	22,155	31,023
Total primary government	<u>\$ (24,178)</u>	<u>\$ (10,019)</u>	<u>\$ (19,784)</u>	<u>\$ (32,377)</u>	<u>\$ (23,730)</u>	<u>\$ (36,552)</u>	<u>\$ (41,438)</u>	<u>\$ (48,505)</u>	<u>\$ (31,287)</u>	<u>\$ (17,734)</u>

(continued)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 31,165	\$ 32,686	\$ 36,507	\$ 32,198	\$ 36,636	\$ 37,269	\$ 38,684	\$ 39,670	\$ 41,000	\$ 45,107
Franchise fees	3,348	3,598	2,770	3,808	3,946	3,833	3,852	1,458	1,300	1,480
Business license tax	706	701	740	759	755	763	762	766	786	759
Unrestricted federal/state shared revenue	13,544	14,023	15,117	15,550	15,878	16,408	17,139	18,109	19,198	19,688
Unrestricted investment earnings	133	77	151	196	332	228	428	2,314	1,725	177
Gain on sale of property and equipment	139	465	411	949	(2,212)	267	140	58	242	20
Miscellaneous	59	78	(201)	221	194	144	(783)	441	372	4,839
Transfers	146	(4,409)	(9,046)	(4,144)	(101)	(502)	(309)	(85)	(282)	(270)
Total governmental activities	<u>49,240</u>	<u>47,219</u>	<u>46,449</u>	<u>49,537</u>	<u>55,428</u>	<u>58,410</u>	<u>59,913</u>	<u>62,731</u>	<u>64,341</u>	<u>71,800</u>
Business-type activities:										
Property taxes	1,880	1,864	1,992	1,865	1,981	2,054	2,230	2,264	2,351	2,397
Unrestricted federal/state shared revenue	341	341	-	421	-	-	-	-	-	-
Unrestricted investment earnings	419	226	400	445	752	657	1,498	3,596	2,537	254
Gain on sale of property and equipment	(547)	468	285	61	-	28	24	170	19	26
Miscellaneous	742	200	273	353	153	835	711	219	556	832
Transfers	(146)	4,409	9,046	4,144	101	502	309	85	282	270
Total business-type activities	<u>2,689</u>	<u>7,508</u>	<u>11,996</u>	<u>7,289</u>	<u>2,987</u>	<u>4,076</u>	<u>4,772</u>	<u>6,334</u>	<u>5,745</u>	<u>3,779</u>
Total primary government	<u>\$ 51,929</u>	<u>\$ 54,727</u>	<u>\$ 58,445</u>	<u>\$ 56,826</u>	<u>\$ 58,415</u>	<u>\$ 62,486</u>	<u>\$ 64,685</u>	<u>\$ 69,065</u>	<u>\$ 70,086</u>	<u>\$ 75,579</u>
Change in Net Position										
Governmental activities	\$ 17,790	\$ 23,084	\$ 7,322	\$ 4,726	\$ 8,953	\$ 4,573	\$ 5,276	\$ 1,076	\$ 10,899	\$ 23,043
Business-type activities	9,961	21,624	31,339	19,723	25,732	21,361	17,971	19,484	27,900	34,802
Total primary government net position	<u>\$ 27,751</u>	<u>\$ 44,708</u>	<u>\$ 38,661</u>	<u>\$ 24,449</u>	<u>\$ 34,685</u>	<u>\$ 25,934</u>	<u>\$ 23,247</u>	<u>\$ 20,560</u>	<u>\$ 38,799</u>	<u>\$ 57,845</u>

Source: City of Billings, Montana

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

Fiscal Year	Business		Total
	Property Tax	License Tax	
2012	31,165	706	31,871
2013	32,686	701	33,387
2014	36,507	739	37,246
2015	32,198	759	32,957
2016	36,636	755	37,391
2017	37,269	763	38,032
2018	38,684	762	39,446
2019	39,670	766	40,436
2020	41,000	786	41,786
2021	45,107	759	45,866

Source: City of Billings, Montana

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	9,726	8,603	9,890	9,952	10,638	11,651	11,858	12,723	12,289	12,198
Unassigned	10,285	11,612	13,245	14,928	16,553	16,621	15,860	9,676	10,108	21,259
Total	\$20,011	\$20,215	\$23,135	\$24,880	\$27,191	\$28,272	\$27,718	\$22,399	\$22,397	\$33,457
All other governmental funds										
Unspendable	\$ 626	\$ 637	\$ 751	\$ 760	\$ 800	\$ 808	\$ 859	\$ 906	\$ 902	\$ 897
Restricted	43,818	64,363	56,291	72,549	71,238	72,033	63,728	63,182	67,110	81,019
Committed	7,958	8,681	7,842	10,817	10,258	9,022	10,709	9,242	11,532	15,031
Unassigned	(906)	(470)	(376)	(396)	(275)	(118)	(23)	(246)	(267)	(501)
Total	\$51,496	\$73,211	\$64,508	\$83,730	\$82,021	\$81,745	\$75,273	\$73,084	\$79,277	\$96,446

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)

	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 30,654	\$ 32,131	\$ 36,457	\$ 33,763	\$ 37,286	\$ 37,213	\$ 38,619	\$ 39,787	\$ 41,210	\$ 45,944
Licenses and permits	5,611	6,513	5,489	6,984	6,879	6,596	6,456	4,074	4,507	4,743
Intergovernmental	20,698	25,518	27,768	28,279	30,061	28,991	30,225	32,132	39,945	47,680
Charges for services	11,128	10,782	11,512	11,966	13,144	13,565	14,613	15,654	15,436	16,853
Fines and forfeitures	2,052	2,393	2,064	2,079	1,964	1,754	1,838	1,751	1,471	1,782
Special assessments	20,276	21,394	21,548	22,303	22,515	22,921	24,319	24,874	25,246	26,899
Other	1,674	2,337	3,394	3,247	3,569	4,200	4,097	4,308	3,526	3,256
Total revenues	<u>92,093</u>	<u>101,068</u>	<u>108,232</u>	<u>108,621</u>	<u>115,418</u>	<u>115,240</u>	<u>120,167</u>	<u>122,580</u>	<u>131,341</u>	<u>147,157</u>
Expenditures										
Current:										
General government	7,323	7,335	8,288	7,869	8,074	8,331	8,859	9,499	9,705	10,052
Public safety	36,145	43,716	42,386	43,924	45,669	47,106	50,111	53,168	54,248	57,627
Public works	14,133	16,415	18,861	18,472	19,059	21,862	21,926	23,207	24,213	22,267
Public health	769	787	814	843	856	821	854	964	931	965
Culture and recreation	7,133	7,633	8,163	8,374	8,920	8,201	8,911	10,384	9,526	10,452
Housing and economic development	3,478	3,129	3,407	4,423	4,418	5,718	5,217	4,582	3,975	4,841
Capital outlay	13,980	21,874	30,294	18,893	25,726	14,445	17,818	26,544	16,531	19,673
Debt service:										
Principal	6,967	13,153	4,811	9,157	4,322	4,801	11,481	3,896	4,028	4,461
Interest and fiscal charges	1,752	2,688	2,349	2,492	2,551	2,734	2,951	2,530	2,541	2,520
Bond issuance costs	135	769	133	464	136	69	28	75	15	176
Total expenditures	<u>91,815</u>	<u>117,499</u>	<u>119,506</u>	<u>114,911</u>	<u>119,731</u>	<u>114,088</u>	<u>128,156</u>	<u>134,849</u>	<u>125,713</u>	<u>133,034</u>
Excess of revenues over (under) expenditures	\$ 278	\$(16,431)	\$(11,274)	\$ (6,290)	\$ (4,313)	\$ 1,152	\$ (7,989)	\$(12,269)	\$ 5,628	\$ 14,123

(continued)

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

	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses)										
Transfers in	\$ 24,532	\$ 26,535	\$ 24,086	\$ 28,504	\$ 26,615	\$ 28,252	\$ 34,501	\$ 33,474	\$ 27,990	\$ 17,514
Transfers out	(24,886)	(28,260)	(24,773)	(29,094)	(27,194)	(29,023)	(35,098)	(33,950)	(28,812)	(18,014)
Issuance of debt	3,630	33,055	-	6,270	-	-	-	3,465	285	2,516
Special assessment bonds issued	2,325	6,120	4,820	18,655	5,375	226	1,415	1,625	857	10,925
Premium on bonds issued	-	1,435	233	1,130	-	-	-	95	-	1,112
Bond discounts	(57)	(2)	-	(61)	-	-	-	-	-	-
Sale of capital assets	343	468	124	1,852	119	267	140	58	243	55
Total other financing sources (uses)	<u>5,887</u>	<u>39,351</u>	<u>4,490</u>	<u>27,256</u>	<u>4,915</u>	<u>(278)</u>	<u>958</u>	<u>4,767</u>	<u>563</u>	<u>14,108</u>
Net change in fund balances	<u>\$ 6,165</u>	<u>\$ 22,920</u>	<u>\$ (6,784)</u>	<u>\$ 20,966</u>	<u>\$ 602</u>	<u>\$ 874</u>	<u>\$ (7,031)</u>	<u>\$ (7,502)</u>	<u>\$ 6,191</u>	<u>\$ 28,231</u>
Debt service as a percentage of noncapital expenditures	11.2%	16.6%	8.0%	12.1%	7.3%	7.6%	13.1%	5.9%	6.0%	6.2%

Source: City of Billings, Montana

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

Fiscal Year	Business		
	Property	License	Total
2012	30,654	706	31,360
2013	32,131	701	32,832
2014	36,457	740	37,197
2015	33,763	759	34,522
2016	37,286	755	38,041
2017	37,213	763	37,976
2018	38,684	762	39,446
2019	39,787	766	40,553
2020	41,210	786	41,996
2021	45,944	759	46,703

Source: City of Billings, Montana

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

Fiscal Year	Real Property ^{3,4}		Personal Property		Total		Direct Tax Rate	Ratio of Taxable Value to Estimated Market
	Estimated Market Value	Taxable Value	Estimated Market Value	Taxable Value	Estimated Market Value ¹	Taxable Value ²		
2012	5,391,987,991	160,074,588	253,361,134	7,357,320	5,645,349,125	167,431,908	168.73	3.0%
2013	5,578,809,490	159,681,901	257,791,168	5,720,433	5,836,600,658	165,402,334	174.58	2.8%
2014	5,867,349,504	161,755,976	272,813,412	6,008,199	6,140,162,916	167,764,175	178.70	2.7%
2015	6,141,298,543	163,095,567	209,710,048	3,762,699	6,351,008,591	166,858,266	168.12	2.6%
2016	11,372,527,592 ⁵	187,958,670	254,824,924	4,087,311	11,627,352,516	192,045,981	158.84	1.7%
2017	11,491,184,706	191,197,155	252,088,832	3,979,017	11,743,273,538	195,176,172	160.40	1.7%
2018	12,191,541,683	199,511,334	279,769,621	4,331,658	12,471,311,304	203,842,992	159.00	1.6%
2019	12,273,523,077	200,187,216	282,104,998	4,354,464	12,555,628,075	204,541,680	163.12	1.6%
2020	12,976,135,665	210,145,002	293,702,841	4,593,206	13,269,838,506	214,738,208	160.02	1.6%
2021	13,101,213,404	213,024,539	298,179,913	4,666,927	13,399,393,317	217,691,466	179.48	1.6%

¹ State of Montana Department of Revenue (both real and personal property).

² Yellowstone County, Montana, Assessors Office (both real and personal property).

³ Market value and taxable value includes Utilities category.

⁴ Breakdown of commercial and residential property values is not available.

⁵ The 6 year appraisal cycle was done by the State, going forward it will be every 2 years.

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

Fiscal	City						Big Sky			Total		
	Public			General Obligation			School	School	Economic Development	Direct and Overlapping		
Year	General ³	Library ³	Safety	Transit ³	Bonds	Total ²	County	Education ¹	District	Authority	State	Total
2012	74.00	5.00	70.75	10.00	8.98	168.73	114.44	102.50	199.19	3.05	49.96	637.87
2013	74.00	5.00	71.11	10.00	14.47 ⁴	174.58	117.19	102.50	204.53	3.09	52.09	653.98
2014	74.00	5.00	74.36	10.00	15.34	178.70	118.33	102.50	215.54	3.09	49.36	667.52
2015	74.00	5.00	64.59	10.00	14.53	168.12	117.10	102.50	249.75	3.09	46.10	686.66
2016	67.64	4.57	64.41	9.17	13.05	158.84	109.58	102.50	253.28	2.87	42.95	670.02
2017	70.61	4.77	64.30	9.54	11.18	160.40	113.71	102.50	255.52	2.95	50.61	685.69
2018	70.61	5.00	62.40	10.00	10.99	159.00	112.09	102.50	263.96	3.17	51.64	692.36
2019	74.00	5.00	62.88	10.00	11.24	163.12	124.76	102.50	272.73	3.29	47.87	714.27
2020	74.00	5.00	60.17	10.00	10.85	160.02	123.03	102.50	269.06	3.24	42.94	700.79
2021	74.00	5.00	80.00 ⁵	10.00	10.48	179.48	124.16	102.50	272.91	3.28	49.98	732.31

Source: Yellowstone County, Montana, Treasurer

¹ Includes School Equalization Levy and other Education Levies.

² Under State Law, voter approval is required for additional tax rate increases.

³ General mills are fixed by charter, increases require an amendment to the charter.

⁴ General Obligation Library Bond for 6.12 mills was issued.

⁵ Voters approved 60 mills for PS II no longer at the cap of 8.2 million

CITY OF BILLINGS, MONTANA
Principal Property Taxpayers
June 30, 2021 and Ten Years Ago
(Unaudited)

Taxpayer	Tax Year 2020			Tax Year 2011		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Northwestern Energy	\$ 10,850,450	1	5.0%	\$ 6,708,949	1	4.0%
Montana Dakota Utilities	4,813,605	2	2.2%	1,542,024	4	0.9%
Charter Communications	2,076,599	3	1.0%	-	-	0.0%
Verizon Wireless	1,917,820	4	0.9%	1,015,787	6	0.6%
AT&T Communications	1,267,614	5	0.6%	445,474	10	0.3%
Lumen Technologies	1,163,399	6	0.5%	-	-	0.0%
Wal-Mart/Sam's Real Estate	919,064	7	0.4%	776,378	7	0.5%
Rimrock Owner LP	913,068	8	0.4%	-	-	0.0%
Scheels All Sports Inc	571,502	9	0.3%	-	-	0.0%
United Parcel Service Inc	571,022	10	0.3%	-	-	0.0%
Centurylink Inc	-	-	0.0%	1,189,572	5	0.7%
Billings 401 LLC	-	-	0.0%	-	-	0.0%
Wells Fargo Corporate Prop.	-	-	0.0%	460,366	9	0.3%
Qwest Corp	-	-	0.0%	1,776,008	3	1.1%
Macerich Rimrock Limited Partner	-	-	0.0%	651,868	8	0.4%
Bresnan Broadband	-	-	0.0%	6,206,380	2	3.7%
Western Sugar Co.	-	-	0.0%	-	-	0.0%
Total	<u>\$ 25,064,143</u>		<u>11.5%</u>	<u>\$ 20,772,806</u>		<u>12.4%</u>
Total taxable value	\$ 217,691,466			\$ 167,431,908		

Source: City of Billings, Montana

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

Fiscal Year	Total Tax Levy¹ for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Delinquent
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2012	26,003,866	23,934,858	92.0%	1,051,668	24,986,526	96.1%	2,069,008
2013	26,886,158	25,426,270	94.6%	642,009	26,068,279	97.0%	1,459,888
2014	27,818,662	26,310,736	94.6%	658,806	26,969,542	96.9%	1,507,926
2015	26,391,143	25,590,811	97.0%	4,894,272	30,485,083	115.5%	800,332
2016	28,231,663	27,220,145	96.4%	1,041,105	28,261,250	100.1%	1,011,518
2017	28,795,414	27,087,538	94.1%	770,715	27,858,253	96.7%	1,707,876
2018	30,101,821	28,340,613	94.1%	1,644,651	29,985,264	99.6%	1,761,208
2019	31,249,233	29,999,888	96.0%	1,699,576	31,699,464	101.4%	1,249,345
2020	31,902,292	30,755,958	96.4%	1,229,472	31,985,430	100.3%	1,146,334
2021	36,501,009	35,308,395	96.7%	1,154,970	36,463,365	99.9%	1,192,614

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)

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Tax Increment Bonds	Special Assessment Bonds	Intercap Notes Payable	Notes Payable	Capital Leases Payable		
2012	15,080	-	17,230	70	2,821	4,428		
2013	30,557	13,263	16,156	64	2,287	4,100		
2014	28,717	13,260	17,645	59	1,732	4,128		
2015	26,921	20,376	22,737	54	1,153	3,737		
2016	32,094	26,032	21,363	48	712	3,362		
2017	30,109	25,516	19,585	43	249	2,935		
2018	21,669	24,810	18,767	38	-	2,515		
2019	19,797	27,640	18,954	32	-	2,084		
2020	17,885	26,779	18,405	312	-	1,638		
2021	24,260	28,125	18,213	2,727	-	1,182		
Business-Type Activities								
Fiscal Year	Revenue Bonds	Revenue Bonds	Notes Payable	Notes Payable	Revenue Bonds	Capital Lease Payable	Capital Lease Payable	
	Airport	Wastewater	Water	Wastewater	Solid Waste	Airport	Primary Government	
							Percentage of Personal Income	
2012	13,465	-	24,026	16,212	-	5,544	1,322	100,198 2.50%
2013	12,540	-	23,214	16,458	-	3,177	1,258	123,074 2.77%
2014	11,382	-	24,510	17,470	-	3,061	1,191	123,155 2.66%
2015	10,437	-	28,446	16,514	-	2,942	1,120	134,437 2.90%
2016	9,559	-	30,049	15,506	-	2,818	1,045	142,588 2.81%
2017	8,473	63,305	28,264	14,503	-	2,687	968	196,637 3.78%
2018	7,348	59,980	28,257	13,470	-	2,551	886	180,291 3.30%
2019	6,184	58,532	24,199	12,408	23,338	2,409	799	196,376 3.45%
2020	4,977	56,684	22,085	11,318	23,271	2,261	709	186,324 3.15%
2021	3,899	54,797	19,917	10,197	22,503	2,106	614	188,540 2.84%

Source: City of Billings, Montana

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

Fiscal Year	Population ¹	Taxable Value ²	General Obligation Bonds ³	Less: Amounts Available in Debt		Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Net Bonded Debt Per Capita
				Service Funds ⁴	Net			
2012	104,170	167,431,908	15,080,000	1,233,678	13,846,322	8.3%	132.92	
2013	106,954	165,402,334	30,556,896	2,465,881	28,091,015	17.0%	262.65	
2014	109,059	167,764,175	28,716,650	2,310,101	26,406,549	15.7%	242.13	
2015	108,869	166,858,266	26,921,315	2,653,784	24,267,531	14.5%	222.91	
2016	110,263	181,997,580	32,093,610	2,852,317	29,241,293	16.1%	265.20	
2017	110,323	185,589,273	30,109,235	2,505,033	27,604,202	14.9%	250.21	
2018	109,642	193,797,788	21,668,610	2,392,468	19,276,142	9.9%	175.81	
2019	109,544	195,708,313	19,797,206	2,468,288	17,328,918	8.9%	158.19	
2020	109,431	204,149,357	17,885,802	2,429,945	15,455,857	7.6%	141.24	
2021	117,116	207,822,943	24,259,578	10,236,650	14,022,928	6.7%	119.74	

Sources and other information:

¹ Census taken every ten years. Actual census figures given for 2021.

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

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

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

⁴ Amount does not include Special Assessment, tax increment debt service funds

CITY OF BILLINGS, MONTANA
Direct and Overlapping General Obligation Bonded Debt
June 30, 2021
(Unaudited)

Governmental Unit	Debt Outstanding	Percent Applicable to City ²	Estimated Share of Overlapping Debt
Overlapping:			
Yellowstone County	\$ 9,147,106 ¹	54.89%	\$ 5,020,846
School Districts			
School District #2	\$ 132,469,502 ¹	42.80%	\$ 56,696,947
Elder Grove SD #4	17,085,000 ¹	0.10%	\$ 17,085
Elysian SD #23	6,695,000 ¹	5.35%	\$ 358,183
Canyon Creek SD #44	145,000 ¹	0.32%	\$ 464
Independent SD #52	1,845,000 ¹	0.30%	\$ 5,535
Total School Districts	158,239,502		57,078,213
Total Overlapping Debt	167,386,608		62,099,060
Direct:			
City of Billings			
General Obligation	\$ 24,259,578		
Tax Increment	28,125,376		
Special Assessment	17,780,096		
Intercap Notes	2,727,737		
Capital Lease	1,182,342		
Total Direct Debt	\$ 74,075,129	100.0%	\$ 74,075,129
Total Direct and Overlapping Debt	241,461,737		136,174,189

Source and other information:

¹ Finance Department, Yellowstone County, Montana.

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

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

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

	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Debt limit	\$ 125,971	\$ 145,915	\$ 153,504	\$ 158,762	\$ 289,112	\$ 291,981	\$ 311,783	\$ 313,872	\$ 331,727	\$ 334,985	
Total net debt applicable to limit	13,846	27,875	26,407	23,326	27,260	32,622	23,758	21,887	20,014	34,613	
Legal debt margin	<u>\$ 112,125</u>	<u>\$ 118,040</u>	<u>\$ 127,098</u>	<u>\$ 135,436</u>	<u>\$ 261,852</u>	<u>\$ 259,360</u>	<u>\$ 288,024</u>	<u>\$ 291,985</u>	<u>\$ 311,713</u>	<u>\$ 300,372</u>	
Total net debt applicable to the limit as a percentage of debt limit	10.99%	19.10%	17.20%	14.69%	9.43%	11.17%	7.62%	6.97%	6.03%	10.33%	

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed market value:	
Real property	\$ 12,775,103,673
Personal property	298,179,913
Utilities	<u>326,109,731</u>
Total assessed value	<u>\$ 13,399,393,317</u>
Debt amount limited to 2.5% of total assessed value	\$334,984,833
Less:	
General obligation bonded debt outstanding	24,259,578
Total net debt applicable to limit	24,259,578
Plus:	
Amount set aside for repayment of GO debt	<u>(10,353,375)</u>
Total net debt applicable to limit	<u>13,906,203</u>
Legal debt margin	<u>\$300,371,880</u>

Source: City of Billings, Montana

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

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

Fiscal Year	Gross Revenue ¹	Less: Operating Expense ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	\$ 37,852,987	\$ 17,146,622	\$ 20,706,365	\$ 1,938,000	\$ 1,493,738	\$ 3,431,738	603%
2013	41,905,740	19,526,272	22,379,468	2,417,119	1,473,370	3,890,489	575%
2014	40,923,714	18,809,342	22,114,372	2,345,000	1,059,745	3,404,745	650%
2015	43,267,946	18,684,310	24,583,636	2,572,407	1,196,733	3,769,140	652%
2016	44,906,310	19,688,620	25,217,690	2,924,000	1,232,897	4,156,897	607%
2017	46,152,358	21,104,769	25,047,589	2,957,000	1,229,859	4,186,859	598%
2018	48,671,532	21,804,167	26,867,365	6,025,000	3,572,904	9,597,904	280%
2019	51,824,655	21,032,368	30,792,287	4,550,000	3,447,181	7,997,181	385%
2020	49,051,466	22,700,211	26,351,255	4,679,000	2,946,113	7,625,113	346%
2021	54,603,285	23,699,867	30,903,418	4,819,000	2,797,480	7,616,480	406%

Source: City of Billings, Montana

¹ Includes operating revenue and interest income.

² Total operating expenses exclusive of depreciation.

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	Add:CFC revenue not to exceed		Less: Operating Expense ²	Net Revenue Available for Debt Service	Debt Service Requirements				
		2010B Debt Serv	2000/2010A			2000/2010A	2020B	2020B	Total	Coverage
2012	\$ 9,792,472	\$ 292,793	\$ 7,229,282	\$ 2,855,983	^{3, 4}	\$ 700,000	\$ 295,068	\$ -	\$ 292,793	\$ 1,287,861 222%
2013	9,997,736	475,469	7,156,337	3,316,868		690,000	275,968	235,000	240,469	1,441,437 230%
2014	9,159,665	483,194	7,306,389	2,336,470		710,000	254,968	250,000	233,194	1,448,162 161%
2015	9,683,881	495,394	7,198,727	2,980,548		730,000	229,719	270,000	225,394	1,455,113 205%
2016	10,279,572	492,219	7,095,930	3,675,861		765,000	199,818	275,000	217,219	1,457,037 252%
2017	10,556,892	493,819	7,453,340	3,597,371		795,000	166,631	285,000	208,819	1,455,450 247%
2018	11,761,416	495,119	8,618,384	3,638,151		825,000	131,728	295,000	200,119	1,451,847 251%
2019	11,396,600	491,006	7,526,174	4,361,432		860,000	95,362	300,000	191,006	1,446,368 302%
2020	11,377,081	491,281	7,597,295	4,271,067		895,000	54,756	310,000	181,281	1,441,037 296%
2021	12,131,553	490,644	7,861,087	4,761,110 ^{5, 6}		670,000	16,750	320,000	170,644	1,177,394 404%

Source: City of Billings, Montana

¹ Includes operating revenue, intergovernmental revenue, other revenue, interest income net of CFC and PFC interest.

² Total operating expense exclusive of depreciation.

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

⁴ In FY 2011, Airport series 2010B revenue bonds were issued for the CFC project.

⁵ In FY 2021, Airport series 2010B revenue bonds were refunded for the CFC project. The CFC bonds are now 2020 B Series.

⁶ Also, In FY 2021, Airport series 2020A revenue bond draws began for the new terminal. These debt service amounts are not material and are excluded.

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	Gross¹ Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$ 5,581,675	\$ 4,614,070	\$ 915,622	\$ 5,529,692	100.9%
2013	6,665,868	7,013,621	1,539,100	8,552,721	77.9%
2014	2,623,645	2,085,862	690,009	2,775,871	94.5%
2015	7,183,892	6,593,709	613,603	7,207,312	99.7%
2016	1,855,339	1,641,069	343,342	1,984,411	93.5%
2017	1,676,582	1,527,648	308,749	1,836,397	91.3%
2018	1,774,099	1,686,466	257,392	1,943,858	91.3%
2019	1,551,560	871,327	274,229	1,145,556	135.4%
2020	1,387,550	822,734	285,151	1,107,885	125.2%
2021	1,244,705	1,052,690	285,194	1,337,884	93.0%

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 Bonds²
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Gross¹		Less: Operating	Net Revenue Available for	Debt Service Requirements			Coverage
	Revenue	Expense	Debt Service	Principal	Interest	Total		
2012	\$ 3,377,947	\$ 1,542,725	\$ 1,835,222	\$ 180,000	\$ 20,000	\$ 200,000		917.6%
2013	3,429,004	2,335,753	1,093,251	185,000	16,311	201,311		543.1%
2014	3,579,824	3,003,616	576,208	385,000	30,797	415,797		138.6%
2015	3,747,959	3,505,136	242,823	100,000	173,094	273,094		88.9%
2016	4,038,829	3,538,658	500,171	160,000	389,450	549,450		91.0%
2017	4,239,414	2,508,407	1,731,007	465,000	487,220	952,220		181.8%
2018	4,359,288	2,926,665	1,432,623	530,000	476,528	1,006,528		142.3%
2019	4,619,127	7,972,036	(3,352,909) ³	545,000	459,369	1,004,369		-333.8%
2020	4,622,541	3,362,035	1,260,506	560,000	445,122	1,005,122		125.4%
2021	4,764,254	2,872,168	1,892,086	575,000	425,419	1,000,419		189.1%

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.

³ Storm Sewer reserves were used in FY2019 to fund capital projects.

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

Fiscal	Gross¹		Less: Operating	Net Revenue Available for	Debt Service Requirements			Coverage
	Year	Revenue			Debt Service	Principal	Interest ⁴	
2012	\$ 1,724,876		\$ 2,110,306	\$ (385,430)	\$ 210,974	\$ 284,421	\$ 495,395	-78%
2013	1,755,582		1,220,805	534,777	³ 222,536	272,859	495,395	108%
2014	1,525,125		1,455,807	69,318	115,863	139,917	255,780	27%
2015	1,519,591		1,717,715	(198,124)	119,120	136,660	255,780	-77%
2016	1,590,253		1,520,808	69,445	124,485	131,295	255,780	27%
2017	1,636,217		1,538,722	97,495	130,092	125,688	255,780	38%
2018	1,673,213		1,673,343	(130)	135,952	119,828	255,780	0%
2019	1,755,684		1,608,964	146,720	142,076	113,704	255,780	57%
2020	1,755,004		1,540,872	214,132	148,476	107,304	255,780	84%
2021	1,936,752		1,816,379	120,373	155,163	100,617	255,780	47%

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 Tax Increment TF and interest income.

² Total operating expense exclusive of depreciation

³ The Capital lease for Parking was refinanced in FY2013. The debt service requirements will decrease in subsequent years.

⁴ This interest reported is cash basis. However, the interest reported in the Government-Wide financial statement is accrued.

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

Fiscal Year	Total Personal Income ⁵		Per Capita		School Enrollment ³	Unemployment Rate ⁴
	Population ¹	(In thousands)	Personal Income ⁵	Median Age ²		
2012	104,170	4,009,295	38,488	39.0	16,223	4.3%
2013	106,954	4,443,511	41,546	37.0	16,238	3.7%
2014	109,059	4,625,956	42,417	36.8	16,328	2.9%
2015	108,869	4,638,473	42,606	38.3	16,120	2.9%
2016	110,263	5,077,832	46,052	38.1	16,644	3.2%
2017	110,323	5,201,509	47,148	38.1	16,648	3.2%
2018	109,642	5,455,786	49,760	38.3	16,649	3.0%
2019	109,544	5,698,369	52,019	37.6	16,649	2.9%
2020	109,431	5,916,825	54,069	38.2	16,677	4.9%
2021	117,116	6,634,504	56,649	36.9	16,945	3.1%

Sources and other information:

- ¹ Census taken every ten years. Actual census figures given for 2021.
 All other years are estimated by City/County Planning, Yellowstone County, Montana.
- ² Census and Economic Information Center (CEIC), Montana Department of Commerce
- ³ Billings School District #2.
- ⁴ State of Montana Research & Analysis Bureau.
- ⁵ Bureau of Economic Analysis. Current Fiscal Year given as estimate only.

CITY OF BILLINGS, MONTANA
Top 20 Private Employers in Yellowstone County
(Unaudited)

2020

Employer	Number of Employees¹
Billings Clinic	1,000 or More
St. Vincent Healthcare	1,000 or More
Wal-Mart	1,000 or More
Albertsons Food & Drug	500-999
Cenex Harvest States	500-999
First Interstate Bank	500-999
SCL Medical Group	500-999
St John's United	500-999
Wells Fargo	500-999
Charter Communications	250-499
Costco	250-499
ExxonMobil	250-499
Phillips 66 Company	250-499
Rocky Mountain College	250-499
ROI Solutions	250-499
Sysco Food Service	250-499
Target	250-499
Town Pump	250-499
United Parcel Service	250-499

Sources and other information:

Montana Department of Labor and Industry

Note: This list does not include governmental or railroad employers. Number of employees for each firm is not available.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	84.8	87.8	90.6	84.6	84.6	85.9	88.9	86.9	92.4	93.6
Planning and community services	31.6	31.6	31.8	38.8	39.5	40.3	44.6	42.1	42.1	42.8
Library	31.7	31.7	31.7	31.9	31.8	32.8	32.8	32.8	32.8	32.8
Public safety										
Police	167.0	165.0	166.0	166.0	167.3	173.3	170.3	171.3	177.3	177.3
Animal shelter	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Police Grants	-	-	-	-	-	-	-	4.0	4.0	4.0
Fire	146.0	146.5	146.5	146.5	147.1	157.1	156.8	158.8	159.8	159.8
Emergency Operating Center	-	-	-	-	-	-	-	0.3	1.3	1.3
Streets/Traffic	45.0	45.0	45.0	45.0	47.0	47.0	48.0	48.0	48.0	48.0
Water and Wastewater	103.0	103.0	103.0	103.0	103.0	104.1	104.0	103.0	97.0	97.1
Sanitation	63.5	63.5	64.5	64.5	63.5	63.5	63.5	64.5	67.0	69.0
Parking	15.3	12.3	12.0	12.0	12.0	12.5	12.5	12.5	12.5	12.5
Aviation	56.0	56.0	56.0	56.0	56.0	55.6	54.4	54.4	54.4	54.7
Transit	55.3	55.3	55.3	55.3	55.3	55.7	55.9	55.9	55.9	55.6
Internal services	75.0	75.0	75.0	75.0	78.0	77.0	78.0	79.0	88.8	89.1
Total	881.2	879.7	884.4	885.6	892.1	911.8	916.7	920.5	940.3	944.6

Source: City of Billings Annual Budget

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

Activity	Report Period¹	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police											
Dispatched Calls	FY	63,915	66,510	66,111	68,817	78,484	88,447	95,214	92,912	96,080	94,532
Arrests	CY	9,116	9,265	10,214	10,064	11,942	12,084	11,011	11,026	10,299	11,538
Traffic Violations	CY	30,473	26,478	24,813	15,460	17,068	24,463	23,973	27,149	22,609	17,871
Traffic Accidents	CY	3,524	3,329	3,988	3,845	2,518	2,521	2,395	2,610	2,318	1,772
Fire											
Dispatched Calls	FY	11,228	11,194	11,989 lot Available ²		13,263	13,880	14,441	15,810	16,264	18,365
Inspections	CY	1,191	1,209	1,553	2,027	1,043	2,516	1,058	1,497	942	729
Solid Waste											
Residential Customers	FY	32,359	32,772	33,127	35,623	31,721	31,874	32,055	32,413	32,845	33,182
Commerical Customers	FY	3,982	4,071	4,136	2,900	2,559	2,624	2,603	2,586	2,591	2,641
Landfill trips	FY	164,667	166,777	165,729	146,635	140,007	154,894	151,795	174,773	177,850	127,053
Water											
Customers	FY	29,537	29,811	30,113	30,326	30,651	30,311	31,435	32,811	32,674	32,948
Average Daily Consumption (millions of gallons)	FY	23	23	21	21	21.5	21.3	22	19	21	23.1
Wastewater											
Customers	FY	32,586	32,951	33,357	33,894	34,292	34,543	35,302	35,292	35,667	35,937
Average Daily Treatment (millions of gallons)	FY	16	16	16	16	15	16	18.7	19	22	18.9

Source: City of Billings Operating Budget, Billings, Montana

¹ CY represents a Calendar Year, FY represents a Fiscal Year (July 1-June 30). Calendar Year stats are to date at the time of data inquiry (typically end of November).

² A new system was implemented, so an accurate number cannot be given for FY15.

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

	Report Period¹	Years									
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Date of Incorporation - 1882											
Form of Government - Council/Administrator											
Area in Square Miles	FY	42.0	42.0	42.0	42.5	43.0	42.9	43.0	43.0	44.8	44.5
Activity											
Public Safety											
Police											
Stations	FY	1	1	1	1	1	1	1	1	1	1
Police Officers	FY	141	140	141	141.4	142	150	145	154*	182	154
Fire											
Stations	FY	7	7	7	7	7	7	7	7	7	7
Firefighters/Officers/Dispatchers	FY	148	144	144.5	145.1	144.8	153.8	155.8	155.8	156.5	156.5
Streets											
Streets (miles)	CY	526.2	530.0	530.0	537.8	545.1	545.6	545.6	545.6	633.0**	559.1
Streetlights	FY	8,202	8,202	8,239	8,376	8,480	8,202	8,533	8,796	8,691	8,881
Street Light Maintenance Districts	FY	185	185	186	187	192	185	194	193	194	197
City Parks											
Developed Acres	FY	1,183	1,183	1,183	1,183	1,201	1,204	1,204	1,223	1,223	1,223
Undeveloped Acres	FY	290	290	290	290	282	279	279	268	268	268
Natural Park Acres	FY	1,107	1,107	1,107	1,107	1,167	1,213	1,213	1,213	1,213	1,213
Parking											
Garages	FY	4	4	3	3	4	4	4	4	4	4

(continued)

Source: City of Billings Operating Budget, Billings, Montana

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

* Number reflects a change to Authorized vs. Actuals for the previous years.

** Includes all Federal, State and City Streets in the City Limits of Billings

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

	Report Period¹	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water											
Water Mains (miles)	FY	465	467	468	476	468	481	487	492	484	487
Fire Hydrants	FY	4,211	4,242	4,357	4,392	4,405	4,211	4,517	4,645	4,670	4,717
Maximum Daily Capacity (millions of gallons)	FY	60	60	60	60	60	60	60	60	60	60
Wastewater											
Storm Sewers (miles)	FY	149.2	149.2	213.8	232.0	219	264	270	272	276	279
Sanitary Sewers (miles)	FY	461	486	488	497	494.5	499	502	507	510	513
Maximum Daily Capacity (millions of gallons)	FY	26	26	26	26	26	26	26	30	30	30

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)

Fiscal Year	Construction ¹		Residential ²		Bank Deposits (in thousands) ³	Property Value ⁴		
	Commercial		Number of					
	Permits	Value	Permits	Value				
2012	62	44,776,009	265	53,596,078	4,091,359	5,645,349,125		
2013	74	109,879,817	434	97,412,566	4,315,837	5,836,600,658		
2014	79	52,150,771	333	78,673,385	4,597,034	6,140,162,916		
2015	76	75,258,982	419	100,954,761	4,886,513	6,350,470,915		
2016	84	79,697,699	503	93,464,621	4,904,589	11,626,879,232		
2017	67	78,801,883	294	69,702,982	5,019,961	11,743,014,785		
2018	55	59,259,933	308	71,519,348	5,169,216	12,470,840,779		
2019	69	67,294,314	304	77,974,865	5,207,328	12,559,773,345		
2020	74	53,986,705	264	70,830,904	6,093,106	13,269,068,603		
2021	60	33,288,129	432	119,913,110	6,842,613 ⁶	13,399,393,317		

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 due to several large projects, including a new library, parking garage, a large sporting goods retailer and a VA clinic.
- ⁶ FDIC.gov individual banks

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Billings, Montana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Billings, Montana's basic financial statements and have issued our report thereon dated January 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Billings, Montana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Billings, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Billings, Montana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Great Falls, Montana
January 10, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Billings, Montana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Billings, Montana's major federal programs for the year ended June 30, 2021. The City of Billings, Montana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Billings, Montana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Billings, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Billings, Montana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City of Billings, Montana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Billings, Montana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Billings, Montana's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Great Falls, Montana
January 10, 2022

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Page 1 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants and Entitlement Grants:	14.218			
Grant entitlement B-18-MC-30-001		-	663,860	681
Grant entitlement B-19-MC-30-001		-	649,979	164,089
Grant entitlement B-20-MC-30-001		-	657,820	477,306
CFDA and Cluster subtotal		<hr/>	<hr/>	<hr/>
		1,971,659	642,076	
Home Investment Partnerships Program:	14.239			
Grant entitlement M 18 MC 300213		-	378,067	11,077
Grant Entitlement M 19 MC 300213		-	320,788	22,435
Grant Entitlement M 20 MC 300213		-	349,053	568,404
CFDA subtotal		<hr/>	<hr/>	<hr/>
		1,047,908	601,916	
<u>Corporation for National and Community Service</u>				
AmeriCorps VISTA - VISTA State Support Grant	94.013			
14-VSP-MT-001/10-VS-120761		-	422,381	374,611
CFDA Subtotal		<hr/>	<hr/>	<hr/>
		422,381	374,611	
<u>U.S. Department of Transportation</u>				
Airport Improvement Program:	20.106			
AIP3-30-0008-060-2019		-	3,197,856	745,044
AIP3-30-0008-061-2019		-	916,347	218,858
AIP3-30-0008-062-2019		-	442,526	19,529
AIP3-30-0008-063-2019		-	2,000,000	290,216
AIP3-30-0008-064-2020		-	283,788	159,593
AIP3-30-0008-065-2020		-	2,352,628	2,352,628
AIP3-30-0008-066-2020		-	809,375	20,234
AIP3-30-0008-068-2020		-	4,764,805	4,764,805
AIP3-30-0008-069-2021		-	1,325,105	87,214
AIP3-30-0008-072-2021		-	7,821,663	2,424,073
COVID-19 Airport Improvement Program - CARES ACT:	20.106			
AIP3-30-0008-067-2020		-	4,750,795	3,193,804
AIP3-30-0008-070-2021		-	3,543,629	678,591
AIP3-30-0008-073-2021		-	7,970,215	1,182,770
CFDA subtotal of 20.106 Federal Awards		<hr/>	<hr/>	<hr/>
		40,178,732	16,137,359	

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Page 2 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation (continued)</u>				
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 111627	20.505	-	233,926	168,047
FTA Section 5303-Operating-Passed Through the State of Montana Contract # 111001	-	200,474	38,249	
CFDA subtotal	-	434,400	206,296	
<i>Federal Transit Cluster</i>				
Federal Transit Metropolitan Planning Grants	20.507			
Federal Transit Capital & Ops Assistance Formula Grants				
FTA Section 9-Operating MT-2021-009-00		-	1,891,355	1,891,355
COVID-19 Federal Transit Capital & Ops Assistance Formula Grants-CARES ACT				
FTA Section 9-Operating MT-2020-027-00		-	5,358,483	819,673
CFDA subtotal	-	7,249,838	2,711,028	
Federal Transit Metropolitan Planning Grants	20.526			
FTA Section 5339-Capital-Passed Through the State of Montana Contract #111461		-	19,542	19,542
FTA Section 5339-Capital-Passed Through the State of Montana Contract #111463		-	103,733	103,733
FTA Section 5339-Capital-Passed Through the State of Montana Contract #111171		-	22,238	22,238
FTA Section 5339(b)-Discretionary Capital Grant MT-2020-007-00		-	1,360,000	51,423
FTA Section 5339(b)-Discretionary Capital Grant MT-2021-013-00		-	840,000	137,829
CFDA subtotal	-	2,345,513	334,765	
<i>Federal Transit Cluster subtotal</i>	-	9,595,351	3,045,793	
<i>Highway Planning and Construction Cluster</i>				
State and Community Highway Safety:	20.600			
Passed through the State of Montana:				
STEP OT Contract #110771		-	8,000	5,294
STEP OT Contract #110120		-	11,013	5,293
CFDA and Cluster subtotal	-	19,013	10,587	
Highway Planning and Construction:	20.205			
Passed through the State of Montana				
STPU-MT UPN 6040		-	-	-
Metropolitan Planning Funds SPR-PL-1 (57) Contract #110611		-	895,583	895,583
CFDA subtotal	-	895,583	895,583	

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Page 3 of 5)

Federal Grantor	Federal CFDA Number	Passed Through to Subrecipients	Program Amount or Grant Award	Expenditures
<u>U.S. Department of Transportation (continued)</u>				
Federal Railroad Administration Traspassing Grant	20.301			
Railroad Trespassing Enforcement		-	50,000	39,213
CFDA subtotal		-	50,000	39,213
State Homeland Security Program	20.703			
HMEP-BILDRPDID		-	10,318	10,318
CFDA subtotal		-	10,318	10,318
<u>U.S. Department of Interior</u>				
Historic Preservation Fund Grants-In-Aid:	15.904			
Passed through the Montana Historic Society;				
MT-19-011		-	6,000	6,000
CFDA subtotal		-	6,000	6,000
Land and Water Conservation Fund State and Local Assistance	15.916			
Passed through the State of Montana;				
MT-19 -30-00737 F-1		-	125,000	125,000
CFDA subtotal		-	125,000	125,000
<u>U.S. Department of Justice</u>				
COVID-19 Coronavirus Emergency Supplemental Funding	16.034			
2020-VD-BX-1038		-	230,612	127,101
CFDA subtotal		-	230,612	127,101
Office of Juvenile Justice Delinquency Program	16.543			
Internet Crimes Against Children 2016-MC-FX-K038		-	513,294	3,175
CFDA Subtotal		-	513,294	3,175
Bureau of Justice Assistance	16.838			
COSSAP 2020-AR-BX-0091		-	900,000	488
CFDA Subtotal		-	900,000	488
Equitable Sharing Program	16.922			
Asset Forfeiture		-	62,674	62,374
CFDA Subtotal		-	62,674	62,374
Billings Adult Misdemeanor Treatment Court-DUI Grant	16.585			
2017DCBX0023		-	399,956	113,393
CFDA subtotal		-	399,956	113,393

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Page 4 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<u>U.S. Department of Justice (continued)</u>				
Violence Against Women Formula Grants passed through State of Montana Board of Crime Control	16.588			
Domestic Violence Unit 18-W02-92246		-	34,000	8,961
Domestic Violence Investigator 19-W02-92434		-	35,032	9,224
Domestic Violence Investigator 20-W02-92606		-	27,331	3,580
Domestic Violence Unit 120-W03-92618		-	90,000	79,068
CFDA subtotal		-	186,363	100,833
Project Safe Neighborhoods	16.609			
19-001-92645		-	40,000	12,009
CFDA subtotal		-	82,000	12,009
Justice Assistance Grants:	16.738			
2017-DJ-BX-0534		-	86,119	56,254
2018-DJ-BX-0412		-	86,331	55,532
2019-DJ-BX-0772		-	84,717	21,575
2020-DJ-BX-0926		13,135	84,237	16,668
CFDA subtotal		13,135	341,404	150,029
Billings Adult Misdemeanor Treatment Court-Mental Health Grant	16.745			
2016-DC-BX-0099		-	349,253	57,738
CFDA subtotal		-	349,253	57,738
<u>Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services	93.243			
Billings Adult Misdemeanor Drug Court-SAMHSA SAMHSA 20-HG01-91126		-	397,501	221,920
CFDA subtotal		-	397,501	221,920
<u>Department of Homeland Security</u>				
Homeland Security Grant Program	97.067			
17HSBLNGPD		-	85,000	85,000
EMW-2018-SS-00021		-	89,982	390
EMW-2019-SS-00010		-	95,971	54,627
EMW-2019-SS-00010 (Fire)		-	250,000	32,248
CFDA subtotal		-	520,953	172,265

(continued)

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021
(Page 5 of 5)

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
<u>Office of National Drug Control Policy</u>				
High Intensity Drug Traffic Area Award:	95.001			
2018 HIDTA #G18RM0038A		-	358,741	98,682
2019 HIDTA #G19RM0038A		-	200,000	138,173
2020 HIDTA #G20RM0038A		-	182,562	105,932
2021 HIDTA #G21RM0038A		-	228,697	87,941
CFDA subtotal		-	970,000	430,729
<u>U.S. Department of the Treasury</u>	21.019			
CARES Act: Local Government Services passed through State of Montana				
COVID-19 Stay Connected - Billings Public Library		-	1,830	1,830
COVID-19 City of Billings		-	13,361,554	13,361,554
CFDA Subtotal		-	13,363,384	13,363,384
Total federal awards (all sources)	13,135	73,073,739	36,910,190	

CITY OF BILLINGS, MONTANA
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Billings, Montana for the year ended June 30, 2021. The City's reporting entity is described in Note 1 in the City's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, is included in the schedule. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) Significant Accounting Policies

Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis, at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund. Such expenditures are recognized following the cost principles in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The City has elected not to use the 10% De Minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF BILLINGS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weakness? No

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weakness? No

Type of auditor's report issued on compliance for major programs Unmodified

Audit findings that are required to be reported in accordance with the Uniform Guidance Section 200.516 in Part III are reported in this schedule. No

Identification of major programs:

Airport Improvement Program - CFDA 20.106

Federal Transit Cluster - CFDA 20.507 and 20.526

COVID-19 CARES Act - CFDA 21.019

Dollar threshold used to distinguish between Type A and Type B \$1,107,306

Auditee qualified as low-risk auditee? Yes

CITY OF BILLINGS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

FINDINGS - NONE

CITY OF BILLINGS, MONTANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

FINDINGS - NONE

