

FISCAL YEAR
2023
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT



CITY OF BILLINGS, MONTANA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

ABOUT THE COVER

Pictured is the highly anticipated West End Water system. This system will give Billings the ability to isolate our water supply from intake from the Yellowstone River in order to withstand both natural and man-made disasters, such as drought, flooding, chemical spills, oil pipeline breaks, ice jams, etc. With a water surface area of 160 acres and a volume of 3,020 acre-ft., the reservoirs will be able to provide 40 days' worth of drinking water for the city, should such a disaster occur. Completion of this project is expected in the Spring of 2026.

Photo Credit: City of Billings Public Works

CITY OF BILLINGS, MONTANA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FINANCE DEPARTMENT

ANDREW ZOELLER, CPA
FINANCE DIRECTOR

FISCAL YEAR 2023

July 1, 2022 – June 30, 2023

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INTRODUCTORY SECTION



March 13, 2024

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, 2023, 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, 2023. 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.

Many of the factors that have been important in shaping the pattern and pace of economic growth around the state are beginning to change. Money is no longer cheap – interest rates have surged right along with inflation. A dangerous war in eastern Europe has disrupted energy and agricultural markets. And the federal government has moved from neutrality to outright hostility to fossil fuel investment.

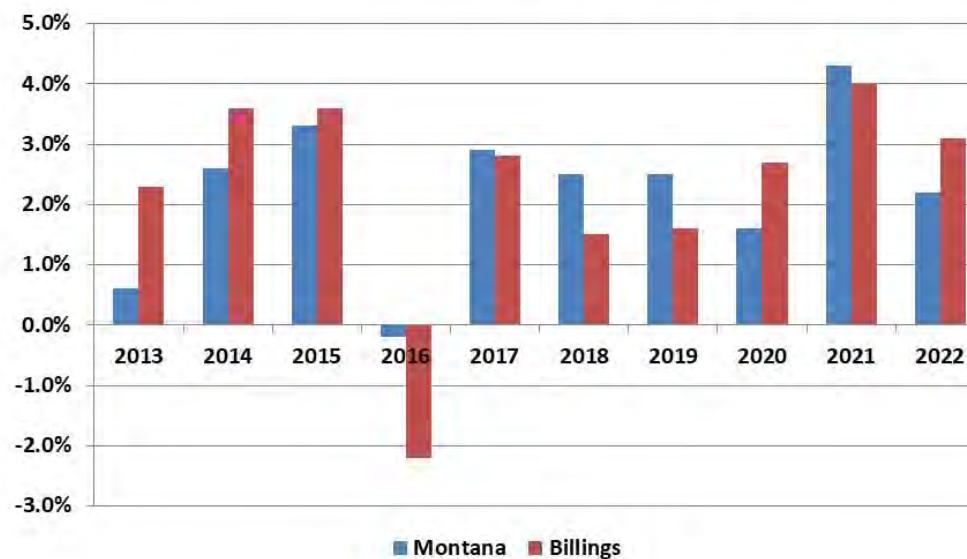
With one important exception, economic growth surged in 2021, as measured by inflation-adjusted nonfarm earnings. The exception was the eastern oil-patch counties, which continue to tread water as much of the national investment in oil production was directed elsewhere. The statewide average growth was over 5.3%, which was the highest since 2006.

What drove growth in 2021, of course, was the reopening of the economy after the pandemic. But more than that simple explanation was at work. 2021 was a huge year for visitor spending, with the counties adjacent to Glacier and Yellowstone national Parks seeing much of that surge. Evidence of red-hot housing markets was also apparent, especially in the areas of the state with stronger in-migration from other states. Not just construction, but also banks and lending institutions had a very strong year.

Total wages paid in the first half of 2022 showed a moderation in growth. Wages are only about 60% of earnings, however. A different story is told by Montana income tax collections, which have continued to exhibit strong growth right up to the current time.

Yellowstone County - The state's largest regional economy also has the largest geographical footprint of any other Montana city, serving markets in portions of four different states. That is one reason why the Billings area had a subpar economic performance for the latter half of the previous decade, particularly in the immediate wake of the Bakken oil field's bust. Its steady improvement in the last two years has followed a recipe shared by many parts of the state: steady improvement in core industries with a dose of strong visitor spending. One key sector that did not improve was health care, but the sluggish growth of the state's largest health care cluster fared no worse than elsewhere in the state. On the plus side, the areas of banking and finance, retail, wholesale and transportation related businesses enjoyed better growth. A new spark of growth came from the city's "discovery" as an affordable, high quality-of-life destination for in-migration by a number of national news outlets.

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 40% of its revenue from the General Fund. Historically, the General Fund balance increased slightly through modest increases in expenditures and tax revenue.. 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 FY25 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 adjusted and adopted updated strategic goals in 2022.

- Improve the safety of Billings
- Invest in core infrastructure
- Increase parks, trails, recreation, and cultural investments
- Improve the built environment through quality design
- Build a high-performance organization (HPO) principled in our core values

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, 2023. 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, 2022. This was the 39th 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.

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 Nicole Ratzlaff. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



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

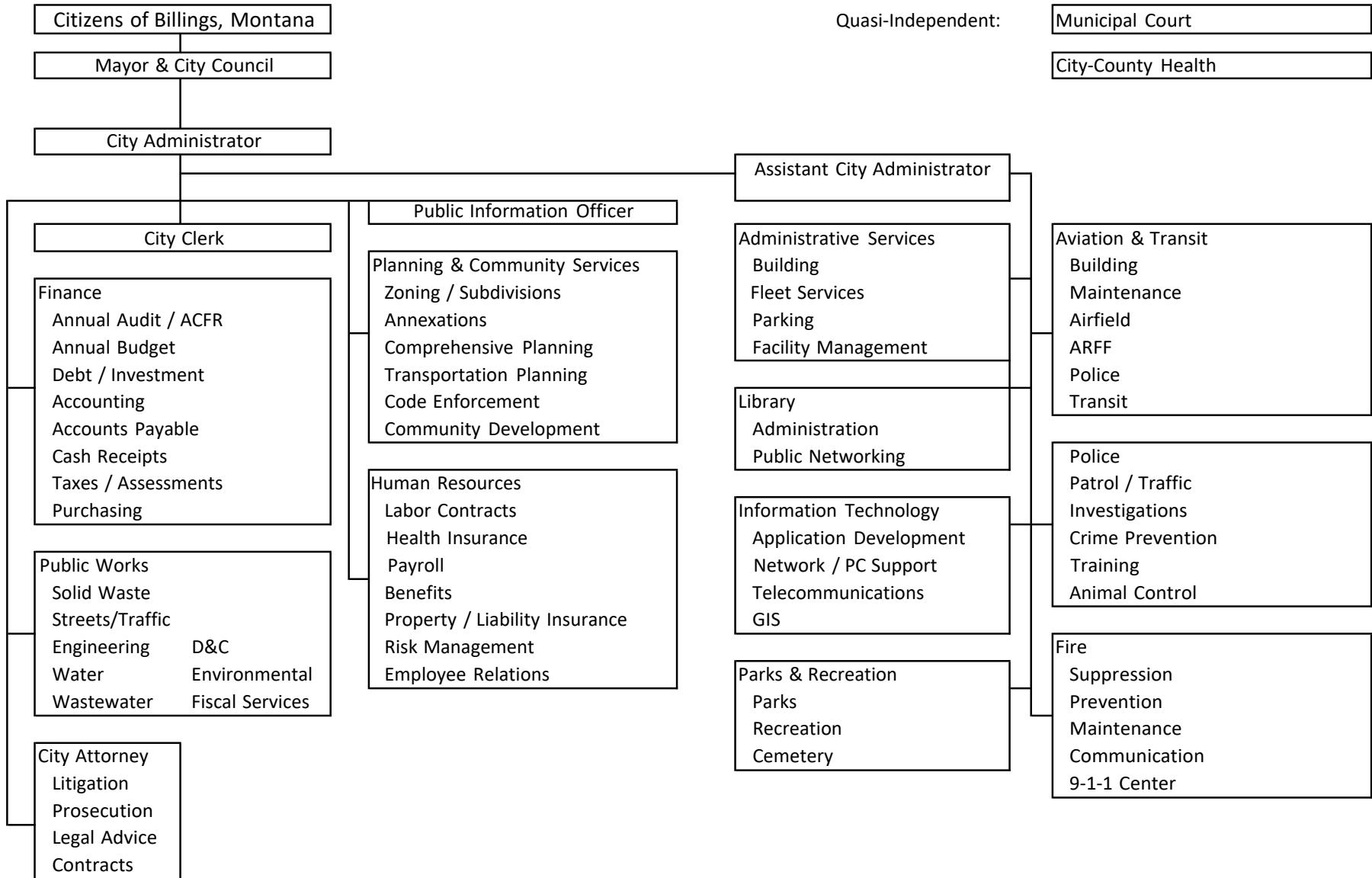
June 30, 2022

Christopher P. Morrell

Executive Director/CEO



City of Billings, Montana Organizational Chart

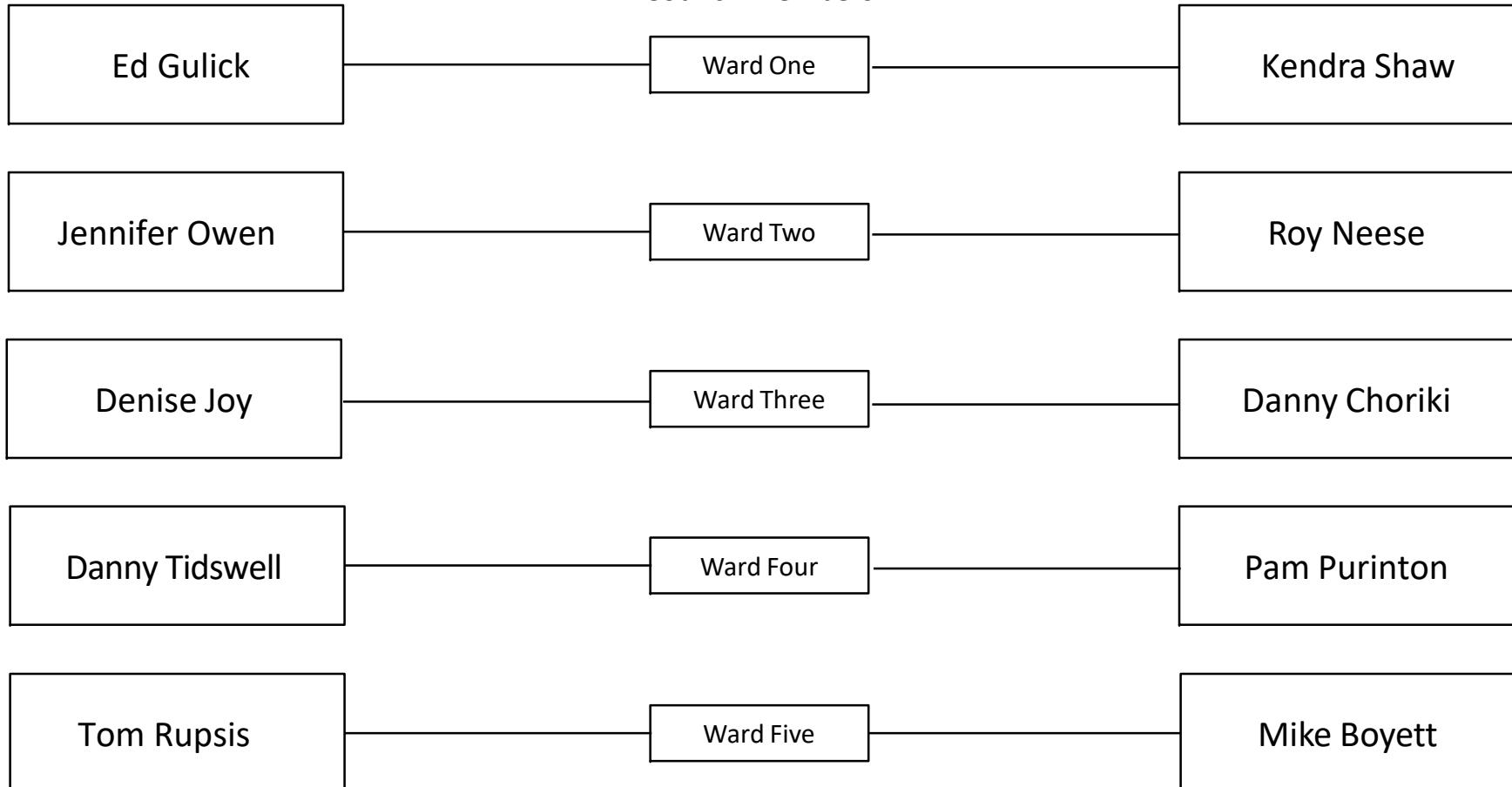




City of Billings, Montana
Official Roster

Mayor
Bill Cole

Council Members



FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Opinions

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, 2023, 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.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Billings, Montana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Billings, Montana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Billings, Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Billings, Montana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4 through 13 and 123 through 143 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, 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
March 13, 2024

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, 2023. 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 \$983 Million (Net Position).
- The total fiscal year end governmental fund balance was \$125.5 Million as reported in the balance sheet.
- The total general fund and public safety fund balances at the fiscal year end were \$12,754,877 and \$2,567,456, 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 17-22 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 23-27 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, 2023, was \$982,754,347 (assets and deferred outflows exceeded liabilities and deferred inflows), which was an increase of \$63.8 million. The increase is largely attributable to capital contributions from grants and developers and receipt of federal 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, 2023, and June 30, 2022:

City of Billings, Montana's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 161,927,995	\$ 158,002,142	\$ 177,300,185	\$ 162,692,756	\$ 339,228,180	\$ 320,694,898
Capital assets	337,915,417	323,570,944	605,911,301	586,441,483	943,826,718	910,012,427
Total assets	499,843,412	481,573,086	783,211,486	749,134,239	1,283,054,898	1,230,707,325
Deferred outflows	17,429,288	16,895,006	4,570,997	4,464,049	22,000,285	21,359,055
Long-term liabilities outstanding	140,330,902	121,938,525	135,493,748	135,248,249	275,824,650	257,186,774
Other liabilities	18,004,875	26,741,639	14,362,359	13,580,512	32,367,234	40,322,151
Total liabilities	158,335,777	148,680,164	149,856,107	148,828,761	308,191,884	297,508,925
Deferred inflows	5,266,192	20,500,878	8,842,760	15,147,499	14,108,952	35,648,377
Net position:						
Net investment in capital assets	272,226,830	258,772,732	505,791,106	479,578,198	778,017,936	738,350,930
Restricted	88,796,116	75,216,705	5,256,097	5,256,097	94,052,213	80,472,802
Unrestricted	(7,352,215)	(4,702,387)	118,036,413	104,787,733	110,684,198	100,085,346
Total net position	\$ 353,670,731	\$ 329,287,050	\$ 629,083,616	\$ 589,622,028	\$ 982,754,347	\$ 918,909,078

The restricted portion of fiscal year 2023 Net Position (9.6%) represents resources that are subject to external restrictions as to how they may be used.

City of Billings, Montana's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 45,719,563	\$ 45,054,604	\$ 92,039,463	\$ 89,047,785	\$ 137,759,026	\$ 134,102,389
Operating grants and contributions	27,617,157	21,155,496	12,671,963	13,744,957	40,289,120	34,900,453
Capital grants and contributions	16,321,005	11,287,526	16,162,311	18,238,194	32,483,316	29,525,720
General revenues:						
Property taxes	55,308,129	49,897,934	2,567,659	2,508,073	57,875,788	52,406,007
Franchise fees	1,234,441	1,238,084	-	-	1,234,441	1,238,084
Business licenses	738,127	701,458	-	-	738,127	701,458
Unrestricted federal/state shared revenue	18,698,476	20,326,320	-	-	18,698,476	20,326,320
Unrestricted investment earnings	2,782,817	(1,540,946)	3,145,331	(1,737,135)	5,928,148	(3,278,081)
Gain/(Loss) on sale of property and equipment	58,049	800,907	81	(15,947)	58,130	784,960
Miscellaneous	865,612	762,076	2,644,710	976,159	3,510,322	1,738,235
Total revenues	169,343,376	149,683,459	129,231,518	122,762,086	298,574,894	272,445,545

(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses:						
General government	13,173,759	13,562,287	-	-	13,173,759	13,562,287
Public safety	68,799,123	59,187,352	-	-	68,799,123	59,187,352
Public works	40,965,068	40,097,110	-	-	40,965,068	40,097,110
Public health	1,137,482	1,124,461	-	-	1,137,482	1,124,461
Culture and recreation	13,499,247	13,513,548	-	-	13,499,247	13,513,548
Housing and economic development	4,341,728	4,121,431	-	-	4,341,728	4,121,431
Interest on long-term debt	2,478,157	1,959,112	-	-	2,478,157	1,959,112
Solid Waste	-	-	23,255,407	20,862,519	23,255,407	20,862,519
Airport	-	-	12,930,311	12,525,700	12,930,311	12,525,700
Water	-	-	23,631,246	22,193,815	23,631,246	22,193,815
Wastewater	-	-	19,987,628	19,689,953	19,987,628	19,689,953
Parking	-	-	2,546,887	2,686,609	2,546,887	2,686,609
Transit	-	-	7,314,236	6,981,643	7,314,236	6,981,643
Golf Course	-	-	700,630	520,352	700,630	520,352
Total expenses	144,394,564	133,565,301	90,366,345	85,460,591	234,760,909	219,025,892
Increase in net position before transfers	24,948,812	16,118,158	38,865,173	37,301,495	63,813,985	53,419,653
Transfers	(565,131)	(199,311)	565,131	199,311	-	-
Change in net position	24,383,681	15,918,847	39,430,304	37,500,806	63,813,985	53,419,653
Net position, beginning of year	329,287,050	313,753,533	589,622,028	552,259,265	918,909,078	866,012,798
Prior period adjustment	-	(385,330)	31,284	(138,043)	31,284	(523,373)
Net position, end of year	\$ 353,670,731	\$ 329,287,050	\$ 629,083,616	\$ 589,622,028	\$ 982,754,347	\$ 918,909,078

Governmental activities. Net Position in governmental activities increased by \$24,383,681 during fiscal year 2023. Net Position increased due to the combination of increased operating grants, capital grants, and property tax revenue.

Business-type activities. Net Position in business-type activities increased by \$39,461,588 during fiscal year 2023. Net Position increased due to Airport, Water, Parking, and Wastewater contributed capital of \$16.1 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 40% 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 a large reduction in the current fiscal year. The decrease is related to the City's purchase of a new law and justice/city hall building. The City used excess reserves in the General fund to acquire the building without debt. Future additional capital outlay will occur as remodeling construction begins.

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 \$118,036,413 for fiscal year ended June 30, 2023, an increase of \$13 million. The most significant increases in unrestricted net position were related to increased net operating income in Water and Wastewater funds.

The Solid Waste Fund's net position decreased by \$514,000 due to a net operating loss of \$2.7 million, largely driven by an increase in the landfill closure and post-closure expenses. The Airport Fund's net position increased by \$11.4 million due to capital contributions of \$10.5 million. The Water Fund's net position increased by \$19.3 million due to a net operating income of \$15.4 million and \$3.9 million of contributed capital. The Wastewater Fund's net position increased by \$8.3 million due to a net operating income of \$6.1 million and capital contributions of \$2.2 million. The Parking Fund's net position decreased by \$70,000 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, and some unused funds

Capital Asset and Debt Administration

Capital Assets. The City of Billings investment in capital and leased assets for its governmental and business-type activities as of June 30, 2023, was \$943 million (net of accumulated depreciation). The investment in capital assets includes land; construction in progress; buildings; improvements other than buildings, equipment and vehicles; infrastructure, subscription assets, and leased assets. The City had construction commitments of \$103 million for the end of the current fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 46,676,119	\$ 46,676,119	\$ 17,665,489	\$ 17,665,489	\$ 64,341,608	\$ 64,341,608
Buildings	30,467,530	31,624,477	47,537,794	51,144,030	78,005,324	82,768,507
Improvements other than buildings	31,879,521	31,862,042	61,885,978	60,995,793	93,765,499	92,857,835
Machinery and equipment	17,332,234	16,312,917	25,604,335	29,020,879	42,936,569	45,333,796
Infrastructure	171,570,640	162,607,996	362,417,497	351,555,796	533,988,137	514,163,792
Lease Asset	815,605	976,052	18,761	-	834,366	976,052
Subscription Asset	170,826	-	-	-	170,826	-
Construction In progress	39,002,941	33,511,343	90,781,447	76,059,496	129,784,388	109,570,839
Total	\$ 337,915,417	\$ 323,571,050	\$ 605,911,301	\$ 586,441,483	\$ 943,826,718	\$ 910,012,429

Additional information on the City of Billings' capital assets can be found on pages 62-65 of this report.

City of Billings, Montana's Outstanding Debt

Long-term Debt

	Governmental		Business-type		Total	
	Activities	2023	Activities	2022	2023	2022
General obligation bonds	\$ 11,691,699	\$ 13,511,998	\$ -	\$ -	\$ 11,691,699	\$ 13,511,998
Refunding bonds	-	-	2,475,000	2,740,000	2,475,000	2,740,000
Special assessment debt with governmental commitment	20,771,626	20,498,598	-	-	20,771,626	20,498,598
Revenue bonds	29,076,781	27,130,733	72,590,294	75,444,688	101,667,075	102,575,421
Notes payable	-	-	23,262,000	26,735,000	23,262,000	26,735,000
Intercap notes payable	2,369,900	2,536,134	-	-	2,369,900	2,536,134
Capital lease payable	230,778	711,560	1,774,141	1,943,598	2,004,919	2,655,158
Total	\$ 64,140,784	\$ 64,389,023	\$ 100,101,435	\$ 106,863,286	\$ 164,242,219	\$ 171,252,309

Long-term debt. The City of Billings had total bonded debt and notes outstanding of \$164,242,219 at the end of the current fiscal year. The majority of the debt consists of revenue bonds payable in the amount of \$101,667,075. 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 \$11,691,699 of debt is backed by the full faith and credit of the government. The remaining amounts are special assessment debt in the amount of \$20,771,626, which is assessed to benefit property owners, and \$2,004,919 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, 2023, the City's general obligation bonded debt of \$11,691,699 was well below the legal debt limit of \$346,411,019. General obligation net bonded debt per capita equated to \$84.67.

Additional information on the City of Billings long-term debt can be found on pages 69-80 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 \$378 million within the City.

Fund balance for the General Fund is slightly above the minimum recommended reserve level as of June 30, 2023. 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 November of 2021, voters approved an increase of 34 mills to fund public safety expenses. The increase in property tax revenue was realized by the City of Billings in FY2023. As a result, a significant increase in property tax revenue is observed in FY23. Future years will not likely see this kind of increase, as new operating levies are not planned in the near term. However, the City has seen large growth in real estate values. In 2023 the City saw an increase in property values of 22%. This is the highest one year increase in property values that we have on record.

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, 2023
(Page 1 of 3)

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 73,941,891	\$ 70,787,276	\$ 144,729,167
Restricted cash and cash equivalents with fiscal agent	4,760,046	6,101,799	10,861,845
Investments	69,405,481	66,121,852	135,527,333
Receivables	17,038,798	16,328,971	33,367,769
Internal balances	(5,720,656)	5,720,656	-
Inventories	462,823	1,591,438	2,054,261
Prepaid items	34,437	9,048	43,485
Lease Receivable	826,944	6,736,850	7,563,794
Property held for resale	378,825	-	378,825
Restricted assets:			
Temporarily restricted:			
Investments with trustee	-	3,902,295	3,902,295
Permanently restricted:			
Cash and cash equivalents	413,258	-	413,258
Investments	386,148	-	386,148
Capital assets:			
Land and construction in progress	85,679,062	108,446,936	194,125,998
Other capital, lease, and subscription assets, net of depreciation and amortization	<u>252,236,355</u>	<u>497,464,365</u>	<u>749,700,720</u>
Total capital assets	<u>337,915,417</u>	<u>605,911,301</u>	<u>943,826,718</u>
Total assets	<u>499,843,412</u>	<u>783,211,486</u>	<u>1,283,054,898</u>
<u>Deferred Outflows</u>			
Deferred charge on refunding of debt	720,582	-	720,582
Other post employment benefits	1,108,912	930,810	2,039,722
Pensions	<u>15,599,794</u>	<u>3,640,187</u>	<u>19,239,981</u>
Total deferred outflows	<u>17,429,288</u>	<u>4,570,997</u>	<u>22,000,285</u>

(continued)

CITY OF BILLINGS, MONTANA

Statement of Net Position

June 30, 2023

(Page 2 of 3)

	Governmental Activities	Business-type Activities	Total
<u>Liabilities</u>			
Accounts payable	7,795,145	10,398,527	18,193,672
Accrued wages and benefits	1,551,711	672,461	2,224,172
Incurred but not reported health benefits	1,108,000	-	1,108,000
Accrued interest	1,259,006	1,890,637	3,149,643
Unearned Revenue	2,468,013	734	2,468,747
Other liabilities	73,000	1,400,000	1,473,000
Claims and judgments - due within one year	3,750,000	-	3,750,000
Long-term liabilities:			
Due within one year	13,102,302	9,476,169	22,578,471
Due in more than one year	61,244,833	94,162,513	155,407,346
Subscription based-IT arrangements	168,833	-	168,833
Other post-employment benefits	7,568,691	3,662,284	11,230,975
Lease Liability	822,126	18,761	840,887
Net pension liability	57,424,117	20,415,813	77,839,930
Landfill closure and postclosure - due in more than one year	-	7,758,208	7,758,208
Total liabilities	<u>158,335,777</u>	<u>149,856,107</u>	<u>308,191,884</u>
<u>Deferred Inflows</u>			
Other post employment benefits	1,483,029	711,863	2,194,892
Leases	752,984	6,636,271	7,389,255
Pensions	3,030,179	1,494,626	4,524,805
Total deferred inflows	<u>5,266,192</u>	<u>8,842,760</u>	<u>14,108,952</u>

(continued)

CITY OF BILLINGS, MONTANA
Statement of Net Position
June 30, 2023
(Page 3 of 3)

<u>Net Position</u>	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	272,226,830	505,791,106	778,017,936
Restricted for:			
Public works	37,523,549	-	37,523,549
Culture and recreation	5,314,577	-	5,314,577
Housing and economic development	15,116,039	-	15,116,039
Capital projects	22,625,869	-	22,625,869
Debt service	7,415,342	5,256,097	12,671,439
Endowments - nonexpendable	800,740	-	800,740
Unrestricted	<u>(7,352,215)</u>	<u>118,036,413</u>	<u>110,684,198</u>
Total net position	<u><u>\$ 353,670,731</u></u>	<u><u>\$ 629,083,616</u></u>	<u><u>\$ 982,754,347</u></u>

CITY OF BILLINGS, MONTANA
Statement of Activities
For The Fiscal Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital Grants	Primary Government		Total
		Charges for Services	Grants and Contributions	and Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs:							
Primary government							
Governmental activities:							
General government	\$ 13,173,759	\$ 3,898,254	\$ 10,959,217	\$ 2,104,185	\$ 3,787,897	\$ -	\$ 3,787,897
Public safety	68,799,123	6,976,439	12,779,386	259,967	(48,783,331)	\$ -	(48,783,331)
Public works	40,965,068	32,054,624	316,004	10,285,451	1,691,011	\$ -	1,691,011
Public health	1,137,482	25,937	(11,353)	-	(1,122,898)	\$ -	(1,122,898)
Culture and recreation	13,499,247	2,758,809	1,340,393	3,660,558	(5,739,487)	\$ -	(5,739,487)
Housing and economic development	4,341,728	5,500	2,233,510	10,844	(2,091,874)	\$ -	(2,091,874)
Interest on long-term debt	2,478,157	-	-	-	(2,478,157)	\$ -	(2,478,157)
Total governmental activities	<u>144,394,564</u>	<u>45,719,563</u>	<u>27,617,157</u>	<u>16,321,005</u>	<u>(54,736,839)</u>	<u>-</u>	<u>(54,736,839)</u>
Business-type activities:							
Solid Waste	23,255,407	19,979,884	149,645	-	-	(3,125,878)	(3,125,878)
Airport	12,930,311	12,994,968	225,938	10,523,170	-	10,813,765	10,813,765
Water	23,631,246	31,777,571	5,663,427	3,470,719	-	17,280,471	17,280,471
Wastewater	19,987,628	23,569,614	1,910,462	2,168,422	-	7,660,870	7,660,870
Parking	2,546,887	2,262,402	19,783	-	-	(264,702)	(264,702)
Transit	7,314,236	775,117	4,702,708	-	-	(1,836,411)	(1,836,411)
Golf Course	700,630	679,907	-	-	-	(20,723)	(20,723)
Total business-type activities	<u>90,366,345</u>	<u>92,039,463</u>	<u>12,671,963</u>	<u>16,162,311</u>	<u>-</u>	<u>30,507,392</u>	<u>30,507,392</u>
Total primary government	<u>\$ 234,760,909</u>	<u>\$ 137,759,026</u>	<u>\$ 40,289,120</u>	<u>\$ 32,483,316</u>	<u>(54,736,839)</u>	<u>30,507,392</u>	<u>(24,229,447)</u>
General revenues:							
Property taxes				55,308,129	2,567,659	57,875,788	
Franchise fees				1,234,441	-	1,234,441	
Business license tax				738,127	-	738,127	
Unrestricted federal/state shared revenue				18,698,476	-	18,698,476	
Unrestricted investment earnings				2,782,817	3,145,331	5,928,148	
Gain on sale of capital assets				58,049	81	58,130	
Miscellaneous				865,612	2,644,710	3,510,322	
Transfers				(565,131)	565,131	-	
Total general revenues and transfers				<u>79,120,520</u>	<u>8,922,912</u>	<u>88,043,432</u>	
Change in net position				24,383,681	39,430,304	63,813,985	
Net position, beginning of year, as previously stated				<u>329,287,050</u>	<u>589,622,028</u>	<u>918,909,078</u>	
Prior period adjustment (Note IV H)				<u>-</u>	<u>31,284</u>	<u>31,284</u>	
Net position, beginning of year				<u>329,287,050</u>	<u>589,653,312</u>	<u>918,940,362</u>	
Net position, end of year				<u>\$ 353,670,731</u>	<u>\$ 629,083,616</u>	<u>\$ 982,754,347</u>	

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

CITY OF BILLINGS, MONTANA
Governmental Funds
Balance Sheet
June 30, 2023

Assets	General Fund	Public Safety Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,369,891	\$ 1,211,177	\$ 482,953	\$ 55,809,434	\$ 63,873,455
Cash with fiscal agent	-	-	-	4,760,046	4,760,046
Investments	5,863,169	1,145,030	349,276	52,640,537	59,998,012
Receivables:					
Property taxes	707,664	1,100,477	-	627,992	2,436,133
Accounts and unbilled usage	42,053	267,927	-	140,481	450,461
Delinquent special assessments	1,071	-	-	1,401,943	1,403,014
Special assessments receivable	-	-	-	8,734,974	8,734,974
Accrued interest	16,606	3,345	4,985	118,192	143,128
Notes	-	-	-	622,860	622,860
Due from other funds	265,562	-	-	306,666	572,228
Due from other governments	-	4,985	-	2,997,256	3,002,241
Inventories	-	3,330	-	155,292	158,622
Prepaid items	2,175	-	-	17,085	19,260
Property held for resale	-	-	-	378,825	378,825
Total assets	\$ 13,268,191	\$ 3,736,271	\$ 837,214	\$ 128,711,583	\$ 146,553,259

Liabilities, Deferred Inflows and Fund Balances

Liabilities:					
Accounts payable	\$ 160,810	\$ 231,441	\$ -	\$ 6,657,845	\$ 7,050,096
Accrued wages & benefits	273,861	840,832	-	258,019	1,372,712
Due to other funds	-	-	-	330,616	330,616
Unearned Revenue	-	-	-	2,465,666	2,465,666
Other liabilities	-	-	-	73,000	73,000
Total liabilities	\$ 434,671	\$ 1,072,273	\$ -	\$ 9,785,146	\$ 11,292,090
Total Liabilities	\$ 434,671	\$ 1,072,273	\$ -	\$ 9,785,146	\$ 11,292,090
Deferred inflows:					
Unavailable Revenue	78,643	96,542	-	9,548,425	\$ 9,723,610
Fund balances:					
Unspendable	-	-	-	956,032	956,032
Restricted	-	2,567,456	837,214	94,890,455	98,295,125
Committed	11,210,074	-	-	13,597,188	24,807,262
Unassigned	1,544,803	-	-	(65,663)	1,479,140
Total fund balances	\$ 12,754,877	\$ 2,567,456	\$ 837,214	\$ 109,378,012	\$ 125,537,559
Total liabilities, deferred inflows and fund balances	\$ 13,268,191	\$ 3,736,271	\$ 837,214	\$ 128,711,583	\$ 146,553,259

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, 2023

Total <i>fund balances</i> for governmental funds	\$ 125,537,559
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	39,940,715
Improvements other than buildings	55,648,071
Machinery and equipment	45,398,019
Infrastructure	396,489,697
Construction in progress	38,553,901
Less accumulated depreciation	<u>(292,768,702)</u> 327,932,436
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Govt deferred outflows of resources - unavailable tax revenue	9,723,610
Lease Receivable	779,444
Govt deferred outflows of resources - pensions and OPEB	<u>15,044,847</u> 25,547,901
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	(10,625,000)
add: bond premium	(1,066,699)
Tax increment bonds payable	(28,950,000)
less: bond discount	(181,058)
add: bond premium	54,277
Special assessment bonds payable	(11,188,452)
less: bond discount	6,290
add: bond premium	(408,758)
Direct placement debt	(9,180,706)
Notes payable	(2,369,900)
Compensated absences payable	(8,685,402)
Other post-employment benefits	(6,628,491)
Net pension liability	(49,473,775)
Claims and judgments	(3,750,000)
Accrued interest	<u>(1,256,640)</u> (133,704,314)
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	720,581
Deferred inflows of resources - leases	(705,198)
Deferred inflows of resources - pensions & OPEB	<u>(3,744,565)</u> (3,729,182)
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>12,086,331</u>
Total net position of governmental activities	<u>\$ 353,670,731</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, 2023

	General Fund	Public Safety Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 19,195,911	\$ 26,309,620	\$ -	\$ 10,868,867	\$ 56,374,398
Licenses and permits	1,986,222	18,385	-	2,697,264	4,701,871
Intergovernmental	12,853,964	12,082,479	8,940,314	14,668,890	48,545,647
Charges for services	4,713,641	2,783,602	-	9,995,118	17,492,361
Fines and forfeitures	1,116,457	45,662	-	221,465	1,383,584
Special assessments	17,005	-	-	29,257,177	29,274,182
Other	152,246	153,577	257,784	3,613,792	4,177,399
Total revenues	40,035,446	41,393,325	9,198,098	71,322,573	161,949,442
Expenditures:					
Current:					
General government	8,920,309	-	-	3,167,222	12,087,531
Public safety	947,570	58,714,378	-	5,039,017	64,700,965
Public works	-	-	-	22,585,119	22,585,119
Public health	-	917,192	-	17,105	934,297
Culture and recreation	4,734,211	-	-	6,751,368	11,485,579
Housing and economic development	-	-	-	4,258,335	4,258,335
Capital outlay	108,621	751,580	3,235,040	25,131,518	29,226,759
Debt service:					
Principal	-	166,234	-	4,097,293	4,263,527
Interest and fiscal charges	-	38,663	-	2,388,823	2,427,486
Bond issuance costs	-	-	-	156,450	156,450
Total expenditures	14,710,711	60,588,047	3,235,040	73,592,250	152,126,048
Revenues over (under) expenditures	25,324,735	(19,194,722)	5,963,058	(2,269,677)	9,823,394
Other financing sources (uses):					
Transfers in	19,303	22,081,034	-	18,664,954	40,765,291
Transfers out	(24,168,462)	(2,363,451)	(9,715,000)	(5,270,645)	(41,517,558)
Bond discount costs	-	-	-	(14,905)	(14,905)
Special assessment bonds issued	-	-	-	4,710,593	4,710,593
Sale of capital assets	-	107	-	29,053	29,160
Total other financing sources (uses)	(24,149,159)	19,717,690	(9,715,000)	18,119,050	3,972,581
Net change in fund balances	1,175,576	522,968	(3,751,942)	15,849,373	13,795,975
Fund balance, beginning of year	11,579,301	2,044,488	4,589,156	93,528,639	111,741,584
Fund balance, end of year	\$ 12,754,877	\$ 2,567,456	\$ 837,214	\$ 109,378,012	\$ 125,537,559

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, 2023
(Page 1 of 2)

Net change in *fund balances* - total governmental funds \$ 13,795,975

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	29,234,997	
Depreciation	<u>(21,255,689)</u>	
		7,979,308

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.

28,886

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	7,076,523	
Transfer to Enterprise Fund	<u>(455,131)</u>	
		6,621,392

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

Unavailable tax revenue	(1,066,309)	
Lease receivable	184,817	
Deferred outflow of resources - pensions and OPEB	<u>512,657</u>	
		(368,835)

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

Special assessment bond issued	(1,710,593)	
Tax increment bond issued	<u>(3,000,000)</u>	
		(4,710,593)

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	207,534	
Deferred loss on refunding	(63,789)	
Deferred inflow of resources - pensions and opeb	13,365,532	
Deferred inflow of resources - leases	<u>(116,007)</u>	
Bond discounts	6,989	
		13,400,259

**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, 2023
(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	1,660,000
Special assessment debt	805,892
Direct placement debt	601,401
Tax increment debt	1,030,000
Notes payable	<u>166,234</u>
	4,263,527

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.

(479,080)

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	(452,976)
Other post-employment benefits	(1,007,931)
Net Pension Liability	(14,636,271)
Interest and amortization expenses	<u>(49,980)</u>
Change in net position of governmental activities	<u>\$ 24,383,681</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, 2023

Assets	Business-type Activities							Internal Service Funds	
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total		
Current assets:									
Cash and cash equivalents	\$ 9,070,670	\$ 11,665,893	\$ 29,538,287	\$ 15,836,686	\$ 696,766	\$ 3,978,974	\$ 70,787,276	\$ 10,481,694	
Restricted cash and cash equivalents with fiscal agent	1,190,638	-	1,379,396	3,531,765	-	-	6,101,799	-	
Investments	8,477,604	10,973,489	27,834,075	14,818,851	653,832	3,364,001	66,121,852	9,793,617	
Receivables:									
Property taxes	-	-	-	-	-	95,760	95,760	-	
Accounts and unbilled usage	2,434,950	1,034,624	3,831,112	2,892,822	22,554	4,979	10,221,041	140,734	
Delinquent Special Assessments	-	-	-	-	-	-	-	2,397	
Accrued interest	29,066	37,387	91,908	48,797	2,213	11,799	221,170	32,856	
Notes	-	-	-	-	-	-	-	70,000	
Lease Receivable	82,151	6,646,319	8,380	-	-	-	6,736,850	47,500	
Receivables from other governments	-	1,342,710	3,710,025	-	-	738,265	5,791,000	-	
Inventories	-	41,586	1,363,460	-	-	186,392	1,591,438	304,201	
Prepaid items	-	-	-	-	-	9,048	9,048	15,177	
Total current assets	21,285,079	31,742,008	67,756,643	37,128,921	1,375,365	8,389,218	167,677,234	20,888,176	
Noncurrent assets:									
Notes receivable	-	-	-	-	-	-	-	-	
Restricted investments with trustee	3,902,295	-	-	-	-	-	3,902,295	-	
Property and equipment:									
Land	493,448	4,764,618	4,347,462	959,585	5,665,085	1,435,291	17,665,489	2,005,383	
Buildings	983,554	34,236,879	25,862,415	18,156,288	36,539,190	10,405,147	126,183,473	9,381,235	
Improvements other than buildings	36,375,346	119,171,223	1,386,633	3,044,360	578,056	1,767,713	162,323,331	2,830,868	
Equipment and vehicles	22,577,378	17,272,092	18,560,883	15,195,562	844,746	10,811,986	85,262,647	8,556,743	
Infrastructure	-	-	286,726,584	290,582,075	-	-	577,308,659	-	
Construction in progress	1,917,244	53,498,523	20,255,535	14,982,935	-	127,210	90,781,447	449,043	
Lease asset	18,761	-	-	-	-	-	18,761	1,136,499	
Subscription asset	-	-	-	-	-	-	-	254,496	
Less: accumulated depreciation/amortization	(23,262,926)	(129,514,490)	(149,984,827)	(120,428,579)	(18,932,857)	(11,508,827)	(453,632,506)	(14,631,286)	
Total noncurrent assets	43,005,100	99,428,845	207,154,685	222,492,226	24,694,220	13,038,520	609,813,596	9,982,981	
Total assets	64,290,179	131,170,853	274,911,328	259,621,147	26,069,585	21,427,738	777,490,830	30,871,157	
Deferred Outflows									
Other post employment benefits	207,531	174,415	186,397	141,427	40,656	180,384	930,810	246,294	
Pensions	860,578	739,883	721,434	601,670	113,770	602,852	3,640,187	1,417,565	
Total assets and deferred outflows	\$ 65,358,288	\$ 132,085,151	\$ 275,819,159	\$ 260,364,244	\$ 26,224,011	\$ 22,210,974	\$ 782,061,827	\$ 32,535,016	

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Net Position (Page 2 of 2)
June 30, 2023

Liabilities	Business-type Activities								Internal Service Funds			
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Total					
Current liabilities:												
Accounts payable	\$ 1,355,460	\$ 4,204,434	\$ 2,536,229	\$ 1,676,527	\$ 33,743	\$ 592,134	\$ 10,398,527	\$ 745,049				
Accrued wages and benefits	162,453	105,895	104,163	93,602	13,915	192,433	672,461	178,999				
Due to Other Funds	-	-	-	-	-	-	-	241,612				
Compensated absences	607,904	660,831	568,716	643,522	48,857	373,238	2,903,068	1,248,260				
Accrued interest payable	-	-	214,396	114,340	59,407	-	388,143	2,366				
Incurred but not reported health benefits	-	-	-	-	-	-	-	1,108,000				
Notes payable	-	-	2,346,000	1,220,000	177,101	-	3,743,101	230,782				
Unearned Revenue	-	-	-	-	-	734	734	2,347				
Accrued interest payable from restricted assets	375,638	54,431	-	1,072,425	-	-	1,502,494	-				
Revenue bonds payable from restricted assets	815,000	275,000	-	1,740,000	-	-	2,830,000	-				
Total current liabilities	3,316,455	5,300,591	5,769,504	6,560,416	333,023	1,158,539	22,438,528	3,757,415				
Noncurrent liabilities:												
Compensated absences	132,798	144,359	124,237	140,578	10,673	81,535	634,180	272,685				
Other post employment benefits	816,115	689,256	749,853	525,404	170,414	711,242	3,662,284	940,200				
Net pension liability	4,826,509	4,149,599	4,046,128	3,374,436	638,075	3,381,066	20,415,813	7,950,342				
Revenue bonds payable	20,043,502	3,098,955	-	49,092,836	-	-	72,235,293	-				
Notes payable	-	-	13,061,000	6,635,000	1,597,040	-	21,293,040	-				
Lease liability	18,761	-	-	-	-	-	18,761	822,126				
Other Liabilities	-	-	1,400,000	-	-	-	1,400,000	168,833				
Landfill closure and postclosure-payable from restricted assets	7,758,208	-	-	-	-	-	7,758,208	-				
Total noncurrent liabilities	33,595,893	8,082,169	19,381,218	59,768,254	2,416,202	4,173,843	127,417,579	10,154,186				
Total liabilities	36,912,348	13,382,760	25,150,722	66,328,670	2,749,225	5,332,382	149,856,107	13,911,601				
Deferred Inflows												
Other post employment benefits	150,209	127,910	152,631	109,113	32,832	139,168	711,863	186,604				
Leases	80,838	6,547,401	8,032	-	-	-	6,636,271	47,786				
Pensions	353,345	303,789	296,214	247,040	46,713	247,525	1,494,626	582,039				
Total deferred inflows of resources	584,392	6,979,100	456,877	356,153	79,545	386,693	8,842,760	816,429				
Net Position												
Net investment in capital assets	18,225,542	96,054,890	191,747,685	163,804,390	22,920,079	13,038,520	505,791,106	8,740,458				
Restricted for:												
Bond and notes payable ordinance reserve	-	2,425,000	1,386,571	1,444,526	-	-	5,256,097	-				
Unrestricted	9,636,006	13,243,401	57,077,304	28,430,505	475,162	3,453,379	112,315,757	9,066,528				
Total net position	27,861,548	111,723,291	250,211,560	193,679,421	23,395,241	16,491,899	623,362,960	17,806,986				
Total liabilities, deferred inflows, and net position	\$ 65,358,288	\$ 132,085,151	\$ 275,819,159	\$ 260,364,244	\$ 26,224,011	\$ 22,210,974	5,720,656	\$ 32,535,016				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds												
Net position of business-type activities								\$ 629,083,616				

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

	Business-type Activities							Internal Service Funds
	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Nonmajor Enterprise Funds	Totals	
Operating revenues:								
Charges for services	\$ 19,979,884	\$ 10,646,186	\$ 31,777,571	\$ 23,569,614	\$ 2,262,402	\$ 1,455,024	\$ 89,690,681	\$ 31,328,851
Operating expenses:								
Salaries and benefits	6,686,003	5,338,901	5,135,579	4,360,530	785,777	4,795,091	27,101,881	9,909,265
Supplies	4,178,485	977,250	3,480,973	1,955,309	109,708	861,663	11,563,388	813,536
Contracted services	6,317,592	1,068,111	4,035,912	2,344,347	489,699	602,953	14,858,614	16,875,054
Utilities	128,185	968,320	2,049,304	1,733,175	106,789	96,923	5,082,696	905,922
Other	718,839	226,436	502,173	388,148	96,441	527,588	2,459,625	3,776,094
Depreciation	3,685,419	4,254,901	7,745,755	7,144,424	845,186	1,102,216	24,777,901	1,067,276
Landfill closure and post-closure	925,205	-	-	-	-	-	925,205	-
Total operating expenses	22,639,728	12,833,919	22,949,696	17,925,933	2,433,600	7,986,434	86,769,310	33,347,147
Operating income (loss)	(2,659,844)	(2,187,733)	8,827,875	5,643,681	(171,198)	(6,531,410)	2,921,371	(2,018,296)
Nonoperating revenue (expenses):								
Taxes	-	-	-	-	-	2,567,659	2,567,659	86,380
Intergovernmental	149,645	225,938	5,663,427	1,910,462	19,783	4,702,708	12,671,963	246,501
Interest expense	(684,269)	(112,178)	(443,805)	(2,025,353)	(81,684)	-	(3,347,289)	4,134
Interest and investment income	420,107	609,231	1,277,210	696,507	24,688	117,588	3,145,331	425,350
Customer Facility Charge	-	723,405	-	-	-	-	723,405	-
Passenger Facility Charge	-	1,625,377	-	-	-	-	1,625,377	-
Gain (loss) on sale of capital assets	-	910	(1,772)	(49,494)	4,459	45,978	81	2,904
Other	2,260,977	64,774	34,146	9,129	4,038	28,445	2,401,509	125,174
Total nonoperating revenue (expense)	2,146,460	3,137,457	6,529,206	541,251	(28,716)	7,462,378	19,788,036	890,443
Income (loss) before capital contributions and transfers	(513,384)	949,724	15,357,081	6,184,932	(199,914)	930,968	22,709,407	(1,127,853)
Capital contributions	-	10,523,170	3,925,849	2,168,422	-	-	16,617,441	-
Transfers in	-	-	-	-	130,000	-	130,000	741,524
Transfers out	(1,472)	(1,728)	(144)	-	-	(20,000)	(23,344)	(95,914)
Change in net position	(514,856)	11,471,166	19,282,786	8,353,354	(69,914)	910,968	39,433,504	(482,243)
Net position, beginning of year	28,376,404	100,252,125	230,897,490	185,326,067	23,465,155	15,580,931	583,898,172	18,289,229
Prior period adjustment (See Note IVH)	-	-	31,284	-	-	-	31,284	-
Net position, end of year	<u>\$ 27,861,548</u>	<u>\$ 111,723,291</u>	<u>\$ 250,211,560</u>	<u>\$ 193,679,421</u>	<u>\$ 23,395,241</u>	<u>\$ 16,491,899</u>	<u>\$ 17,806,986</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(3,200)		
Change in net position of business-type activities						<u>\$ 39,430,304</u>		

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

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2023
(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	\$ 19,830,230	\$ 10,490,209	\$ 32,203,854	\$ 23,789,062	\$ 2,270,484	\$ 1,494,340	\$ 90,078,179	\$ 31,235,059
Cash received from other sources	2,260,977	64,774	34,146	9,129	4,038	28,148	2,401,212	125,174
Cash paid to employees for services	(6,588,898)	(5,421,188)	(5,252,080)	(4,298,265)	(850,749)	(4,788,823)	(27,200,003)	(9,692,372)
Cash paid to suppliers and contracted services	(10,329,026)	(2,414,004)	(9,902,003)	(8,937,306)	(806,891)	(1,610,698)	(33,999,928)	(22,227,911)
Net cash provided (used) by operating activities	<u>5,173,283</u>	<u>2,719,791</u>	<u>17,083,917</u>	<u>10,562,620</u>	<u>616,882</u>	<u>(4,877,033)</u>	<u>31,279,460</u>	<u>(560,050)</u>
Cash flows from noncapital financing activities:								
Cash received from tax revenues	-	-	-	-	-	2,542,759	2,542,759	81,012
Cash received from intergovernmental revenues	149,645	225,938	1,953,402	1,910,462	19,783	4,702,708	8,961,938	246,501
Cash received from local community sponsors								
Transfers from other funds	-	-	-	-	130,000	-	130,000	983,136
Net cash provided (used) by noncapital financing activities	<u>149,645</u>	<u>225,938</u>	<u>1,953,402</u>	<u>1,910,462</u>	<u>149,783</u>	<u>7,245,467</u>	<u>11,634,697</u>	<u>1,310,649</u>
Cash flows from capital and related financing activities:								
Capital grants and contributions	-	9,209,580	-	-	-	668,194	9,877,774	-
Acquisition and construction of capital assets	(3,220,544)	(11,664,235)	(13,361,483)	(8,368,630)	(86,588)	(1,447,523)	(38,149,003)	(782,161)
Proceeds from sales of capital assets	-	910	(1,772)	(10,997)	4,459	45,978	38,578	72,904
Cash paid for interest	(703,643)	(118,638)	(473,630)	(2,083,408)	(86,324)	-	(3,465,643)	(466)
Proceeds from bonds	-	-	1,400,000	-	-	-	1,400,000	168,833
Principal paid on bonds, notes and capital leases payable	(823,645)	(265,000)	(2,285,000)	(3,199,988)	(169,457)	-	(6,743,090)	(639,731)
Transfers to other funds	(1,472)	(1,728)	(144)	-	-	(20,000)	(23,344)	(95,914)
Facilities charges	-	2,348,782	-	-	-	-	2,348,782	-
Net cash provided (used) by capital and related financing activities	<u>(4,749,304)</u>	<u>(490,329)</u>	<u>(14,722,029)</u>	<u>(13,663,023)</u>	<u>(337,910)</u>	<u>(753,351)</u>	<u>(34,715,946)</u>	<u>(1,276,535)</u>
Cash flows from investing activities:								
Cash received from interest	165,083	502,267	1,052,083	599,650	19,613	97,273	2,435,969	532,488
Sale of investments	81,089,270	103,124,375	262,529,753	142,467,207	6,033,991	31,126,297	626,370,893	94,147,080
Purchase of investments	(81,404,129)	(104,693,266)	(265,046,687)	(142,084,976)	(6,252,062)	(31,941,232)	(631,422,352)	(94,189,771)
Net cash provided (used) by investing activities	<u>(149,776)</u>	<u>(1,066,624)</u>	<u>(1,464,851)</u>	<u>981,881</u>	<u>(198,458)</u>	<u>(717,662)</u>	<u>(2,615,490)</u>	<u>489,797</u>
Net increase (decrease) in cash and cash equivalents	<u>423,848</u>	<u>1,388,776</u>	<u>2,850,439</u>	<u>(208,060)</u>	<u>230,297</u>	<u>897,421</u>	<u>5,582,721</u>	<u>(36,139)</u>
Cash and cash equivalents, beginning of year								
Cash and cash equivalents, end of year	<u>\$ 10,261,308</u>	<u>\$ 11,665,893</u>	<u>\$ 30,917,683</u>	<u>\$ 19,368,451</u>	<u>\$ 696,766</u>	<u>\$ 3,978,974</u>	<u>\$ 76,889,075</u>	<u>\$ 10,481,694</u>
Cash and cash equivalents consists of:								
Cash and cash equivalents	\$ 9,070,670	\$ 11,665,893	\$ 29,538,287	\$ 15,836,686	\$ 696,766	\$ 3,978,974	\$ 70,787,276	\$ 10,481,694
Restricted cash and cash equivalents with fiscal agent	1,190,638	-	1,379,396	3,531,765	-	-	6,101,799	-
Cash and cash equivalents, end of year	<u>\$ 10,261,308</u>	<u>\$ 11,665,893</u>	<u>\$ 30,917,683</u>	<u>\$ 19,368,451</u>	<u>\$ 696,766</u>	<u>\$ 3,978,974</u>	<u>\$ 76,889,075</u>	<u>\$ 10,481,694</u>

(continued)

CITY OF BILLINGS, MONTANA
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2023
(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)								
Operating income (loss)	\$ (2,659,844)	\$ (2,187,733)	\$ 8,827,875	\$ 5,643,681	\$ (171,198)	\$ (6,531,410)	\$ 2,921,371	\$ (2,018,296)
Other nonoperating income (expense)	2,260,977	64,774	34,146	9,129	4,038	28,148	2,401,212	125,174
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	3,685,419	4,254,901	7,745,755	7,144,424	845,186	1,102,216	24,777,901	1,067,276
Amortization expense	-	-	-	-	-	-	-	-
Landfill closure and postclosure	925,205	-	-	-	-	-	925,205	-
(Increase) decrease in receivables	(150,758)	(184,717)	426,447	219,448	8,082	39,316	357,818	(94,558)
(Increase) decrease in inventories	-	(1,590)	(158,937)	-	-	752	(159,775)	51,462
(Increase) decrease in prepaid items	-	-	-	-	-	335	335	(388)
Increase (decrease) in accounts payable	1,015,179	856,443	325,132	(2,516,327)	(4,254)	489,000	165,173	113,387
Increase (decrease) in accrued liabilities	97,105	(82,287)	(116,501)	62,265	(64,972)	6,268	(98,122)	195,893
Net cash provided (used) by operating activities	\$ 5,173,283	\$ 2,719,791	\$ 17,083,917	\$ 10,562,620	\$ 616,882	\$ (4,865,375)	\$ 31,291,118	\$ (560,050)
Noncash investing, capital and financing activities:								
Increase (decrease) in investment market value	43,343	78,673	151,852	60,156	3,178	-	337,202	(130,250)
Contribution of capital assets	-	10,523,170	3,925,849	2,168,422	-	-	16,617,441	-

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, 2023

Assets	Total Custodial Funds
Cash and cash equivalents	\$ 352
Receivables:	
Delinquent special assessments	53,009
Total Receivables	<u>53,009</u>
Investments	
Total assets	<u><u>\$ 53,361</u></u>
Liabilities, Deferred Inflows and Fund Balances	
Liabilities:	
Deferred inflows:	
Unavailable Revenue	\$ 53,009
Total Net Position	<u>352</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 53,361</u></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, 2023

	Total Custodial Funds
Investments earnings:	
Tax collections for other governments	\$ 6,272
Special Assessments collections for other organizations	<u>2,331,531</u>
Total Additions	<u>2,337,803</u>
 Deductions:	
Payments made to organizations	2,337,451
Total Deductions	<u>2,337,451</u>
Net increase (decrease) in fiduciary net position	352
Net position - beginning	-
Net position - ending	<u>\$ 352</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.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Business Improvement District (DBID) annual budgets. However, the City is not able to impose its will on the three entities. Nor is there a potential for the three entities to provide specific financial benefits to, or impose specific financial burdens on, the City. As a result, the Billings Housing Authority, the TBID, and the DBID are considered related organizations and not component units of the City.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Fiduciary funds are reported using the economic resources measurement focus. 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 District, and License Plate Fund. These funds

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 211.00 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, 2023. Estimates for uncollectible amounts at June 30, 2023, 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.

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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 current debt service" account is used to segregate resources accumulated for debt service payments. The "capital replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset replacements.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

DNRC – Notes Payable – Water	\$1,386,571
DNRC – Notes Payable – Wastewater	1,444,526
 Solid Waste Closure/Post-Closure	 3,902,295
 Series 2020A Airport Revenue Construction Bonds	
Debt service reserve	\$2,000,000
Capital replacement reserve	225,000
 Series 2020B Airport Revenue Refunding Bonds	
Debt service reserve	200,000
 Passenger Facility Charges	 4,594,360
Customer Facility Charges	2,242,044
Airport Grantor Restriction	221,705
Transit Grantor Restriction	<u>49,279</u>
 Total Restricted Assets	 <u>\$16,265,780</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 \$13,379,459 at June 30, 2023, includes the related FICA, Medicare, and retirement costs. The unrecorded accumulated sick leave benefits total \$11,362,399 at June 30, 2023.

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 un-spendable, 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 Funds</u>						
	<u>General Fund</u>	<u>Public Safety</u>	<u>American Rescue Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
Unspendable						
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 800,740	\$ 800,740	
Nonspendable form	- -	- -	- -	155,292	155,292	
Restricted						
Building Inspection	- -	- -	- -	4,547,342	4,547,342	
Tax Increment Districts	- -	- -	- -	12,510,057	12,510,057	
Roads and Streets	- -	- -	- -	21,403,197	21,403,197	
Grants	- -	- -	- -	1,933,658	1,933,658	
Cemetery Improvements	- -	- -	- -	224,465	224,465	
Emergency 911	- -	- -	- -	4,585,554	4,585,554	
Public Safety	- 2,567,456	2,567,456	- -	- -	2,567,456	
Planning	- -	- -	- -	1,139,676	1,139,676	
Library	- -	- -	- -	2,610,650	2,610,650	
Street & Traffic	- -	- -	- -	7,634,347	7,634,347	
Light Maintenance Districts	- -	- -	- -	2,178,365	2,178,365	
Park Maintenance Districts	- -	- -	- -	6,007,063	6,007,063	
Sidewalk Hazard Repair	- -	- -	- -	81,553	81,553	
Debt Service	- -	- 837,214	837,214	7,408,659	8,245,873	
Capital Projects	- -	- -	- -	22,625,869	22,625,869	
Committed						
General Government	11,210,074	- -	- -	- -	11,210,074	
Arterial	- -	- -	- -	6,418,386	6,418,386	
Park Programs	- -	- -	- -	2,371,024	2,371,024	
Animal Shelter Donations	- -	- -	- -	22,832	22,832	
Library	- -	- -	- -	2,315,105	2,315,105	
Downtown Revolving Loan	- -	- -	- -	1,880,034	1,880,034	
Ball Field Maintenance	- -	- -	- -	577,199	577,199	
Grants	- -	- -	- -	12,608	12,608	
Unassigned						
General Government	1,544,803	- -	- -	- -	1,544,803	
Debt Service	- -	- -	- -	(1,384)	(1,384)	
Grants	- -	- -	- -	(64,279)	(64,279)	
Total Fund Balances	\$ 12,754,877	\$ 2,567,456	\$ 837,214	\$ 109,378,012	\$ 125,537,559	

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, 2023 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	\$ 337,884,456	\$ 605,911,301
Less:		
General obligation bonds, net	(11,691,699)	-
Revenue bonds payable, net	(29,328,344)	(76,839,435)
Notes payable and other long-term debt	(24,398,166)	(23,262,000)
Deferred charge on refunding debt	720,581	-
Lease and Subscription Liabilities	(990,959)	(18,761)
Amount of unspent debt proceeds	-	-
Total net investment in capital assets	<u>\$ 272,195,869</u>	<u>\$ 505,791,105</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 assets 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 assets 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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the 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. 91 "Conduit Debt Obligations." The provisions for this statement are effective for the current reporting period.

Statement No. 94 "Public Private and Public – Public Partnerships and Availability Payment Arrangements." The provisions for this statement are effective for the current reporting period.

Statement No. 96, "Subscription – Based Information Technology Arrangements" The provisions for this statement are effective for the current reporting period.

Statement No. 99, "Omnibus 2022" 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, 2023, 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	\$ 9,165
Bike Path/Trail Donation Fund	55,114
Nonmajor Debt Service Funds	
Series 2010 Park	1,384
Internal Service Funds	
Information Technology	958,674
Public Works Administration	694,562
Public Works Engineering	2,414,474

A transfer will eliminate the Attorney Grants, Bike Path/Trail Donations 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, 2023, consist of the following:

Deposits in local banks	\$ 14,069,421
Outstanding checks and reconciling items	(2,614,537)
Montana State Short Term Investment Pool (STIP)	<u>133,687,541</u>
	<u><u>\$ 145,142,425</u></u>

Investments:

US Government and US Agency Obligations	\$ 136,436,701
Certificates of deposits	<u>3,379,075</u>
	<u><u>\$ 139,815,776</u></u>

Cash and investments as of June 30, 2023, are classified in the statement of net position as follows:

Cash and cash equivalents	\$ 144,729,167
Cash and cash equivalents, permanently restricted	<u>413,258</u>
	<u><u>\$ 145,142,425</u></u>

Investments	\$ 135,527,333
Investments, temporarily restricted	3,902,295
Investments, permanently restricted	<u>386,148</u>
	<u><u>\$ 139,815,776</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, 2023:

U.S. Treasury securities of \$133,335,987 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>	12 Months or <u>Less</u>	13 to 24 Months	25 to 60 Months	Over 60 Months
US Treasury Notes	\$ 3,100,714	\$ 95,348	\$ 747,133	\$ 2,221,612	\$ 36,621
US Government Agency Securities	133,335,987	99,384,081	31,500,152	2,451,754	-
Certificates of Deposit	3,379,075	3,379,075	-	-	-
	<u>\$ 139,815,776</u>	<u>\$ 102,858,504</u>	<u>\$ 32,247,285</u>	<u>\$ 4,673,366</u>	<u>\$ 36,621</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, 2023, 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 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>.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 Bank	Federal agency securities	\$33,996,786	24.32%
Federal Home Loan Bank	Federal agency securities	\$70,019,592	50.10%
Federal Home Loan Mortgage Corp.	Federal agency securities	\$23,928,997	17.12%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2023, 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, 2023, none of the City's investments are exposed to custodial credit risk because all counterparties provide insurance in excess of the investments held.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Restricted Cash and Cash Equivalents with Fiscal Agent

Cash of \$14,764,139 is restricted by bond covenants or for specific purposes as follows:

Current debt service:

Nonmajor government funds	\$ 4,760,045
Water fund	1,379,396
Wastewater fund	3,531,765
Solid Waste	5,092,933
Total	<u>\$14,764,139</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	\$ 707,664	\$ 1,100,477	\$ -	\$ 627,992	\$ -	\$ 2,436,133
Accounts	42,053	267,927	-	140,481	140,734	591,195
Special assessments	1,071	-	-	10,136,917	2,397	10,140,385
Accrued interest	16,606	3,345	4,985	118,192	32,856	175,984
Notes	-	-	-	622,860	70,000	692,860
From other governments	-	4,985	-	2,997,256	-	3,002,241
TOTAL	\$ 767,394	\$ 1,376,734	\$ 4,985	\$ 14,643,698	\$ 245,987	\$ 17,038,798

	Solid Waste Fund	Airport Fund	Water Fund	Wastewater Fund	Parking Fund	Non-Major Enterprise Funds	Business-type Activities Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,760	\$ 95,760
Accounts	2,434,950	1,034,624	3,831,112	2,892,822	22,554	4,979	10,221,041
Accrued interest	29,066	37,387	91,908	48,797	2,213	11,799	221,170
From other governments	-	1,342,710	3,710,025	-	-	738,265	5,791,000
TOTAL	\$ 2,464,016	\$ 2,414,721	\$ 7,633,045	\$ 2,941,619	\$ 24,767	\$ 850,803	\$ 16,328,971

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	\$ 69,693
Public safety fund	96,542
Nonmajor governmental funds	43,940
Special assessments not yet due:	
General fund	8,950
Nonmajor governmental funds	8,881,625
Notes receivable not yet due:	
Nonmajor governmental funds	<u>622,860</u>
Total	<u>\$ 9,723,610</u>

C. Operating Lease Receivable, GASB 87 Leases, and SBITA contracts

Regulated Leases:

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:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 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, 2023 and allows the lessee to terminate with 180 days written notice. Fiscal year 2023 revenues for landing fees and terminal building rents totaled \$1,013,530 and \$1,634,125 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 November 30, 2026. Fiscal year 2023 payments totaled \$208,061.

Non-cancelable:

- Annual 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 \$3,203,993 for the fiscal year ended June 30, 2023.

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	23,050,879	17,979,300
Non-Building Improvements	6,020,018	3,094,743
Equipment	2,819,550	1,865,056
Total	<u>\$ 31,981,215</u>	<u>\$22,939,099</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

At June 30, 2023, minimum future rents and fees to be received under the non-cancelable leases or concession agreements for each fiscal year are as follows:

<u>Year Ending June 30:</u>	
2024	\$ 3,203,993
2025	3,095,306
2026	3,004,167
2027	2,891,327
2028	638,641
2029-2033	2,634,018
2034-2038	1,619,766
2039-2043	795,593
2044-2049	575,231
Total	<u>\$ 18,458,042</u>

GASB 87 Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases a nonfinancial asset in the form of a building. The related obligation is presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide *Statement of Net Position*.

The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of June 30, 2023, the City had minimum principal and interest payment requirements for its leasing activities with a remaining term in excess of one year as follows:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Governmental Activities	<u>Liability</u>		<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Payment</u>	<u>Liability Ending Balance</u>
	<u>Beginning Balance</u>					
Fiscal year ending June 30:						
2023	\$ 999,837		\$ 158,950	\$ 4,669	\$ 163,619	\$ 840,888
2024	\$ 840,888		\$ 167,550	\$ 4,337	\$ 171,887	\$ 673,338
2025	673,338		\$ 164,490	3,396	167,887	508,848
2026	508,848		\$ 165,439	2,448	167,887	343,409
2027	343,409		\$ 166,396	1,491	167,887	177,013
2028	177,013		\$ 163,361	525	163,887	13,651
2029	13,651		\$ 13,651	6	13,657	-
				<u>\$ 840,887</u>		

Additionally as the lessor, the City leases City-owned properties such as land and buildings. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term.

The City's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

As of June 30, 2023, the City had minimum principal and interest lease receivable payments for its leasing activities with a remaining term in excess of one year as follows:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

	<u>Receivable</u>			<u>Receivable</u>	
	<u>Beginning</u> <u>Balance</u>	<u>Total Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Payment</u>	<u>Ending</u> <u>Balance</u>
Government-wide Activities					
Fiscal year ending June 30:					
2023	<u>\$ 10,585,288</u>	<u>\$ 3,021,493</u>	<u>\$ 108,111</u>	<u>\$3,129,605</u>	<u>\$ 7,563,794</u>
2024	\$ 7,563,794	\$ 3,045,995	\$ 80,081	\$3,126,077	\$ 4,517,799
2025	4,517,799	1,889,388	48,937	1,938,325	2,628,410
2026	2,628,410	841,911	33,446	875,357	1,786,499
2027	1,786,499	728,987	20,703	749,691	1,057,512
2028	1,057,512	226,762	13,335	240,096	830,750
2029-2049	830,750	<u>830,750</u>	80,447	911,197	0
			<u>\$ 7,563,793</u>		

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

	<u>Receivable</u>				<u>Receivable</u>
	<u>Beginning</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Ending</u>
	<u>Balance</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u>
Business-type Activities					
Fiscal year ending June 30:					
2023	\$ 9,732,311	<u>\$ 2,995,461</u>	<u>\$ 96,909</u>	<u>\$ 3,097,478</u>	<u>\$ 6,736,850</u>
2024	\$ 6,784,350	\$ 2,967,199	\$ 66,555	\$ 3,033,754	\$ 3,817,151
2025	3,817,151	1,808,164	37,636	1,845,800	\$ 2,008,986
2026	2,008,986	759,646	22,980	782,626	\$ 1,249,341
2027	1,249,341	675,660	11,090	686,750	\$ 573,681
2028	573,681	202,659	4,281	206,941	\$ 371,021
2029-2049	371,021	<u>371,021</u>	5,665	376,686	0
			<u><u>\$ 6,784,349</u></u>		
Governmental Activities					
Fiscal year ending June 30:					
2023	\$ 852,976	<u>\$ 20,925</u>	<u>\$ 11,202</u>	<u>\$ 32,126</u>	<u>\$ 832,052</u>
2024	\$ 779,444	\$ 78,796	\$ 13,526	\$ 92,323	\$ 700,648
2025	700,648	81,224	11,301	92,525	619,424
2026	619,424	82,265	10,465	92,731	537,159
2027	537,159	53,328	9,613	62,941	483,831
2028	483,831	24,102	9,053	33,155	459,729
2029-2049	459,729	<u>459,729</u>	74,782	534,511	(0)
			<u><u>\$ 779,444</u></u>		

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments payable during the remaining SBITA term. A SBITA asset is presented as part of Equipment, in the Capital Assets section, on the government-wide Statement of Net Position and presented as part of Equipment in the Capital Assets note in table D.

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the City does not have commitments under SBITA that have not commenced as of the end of the Fiscal Year 2023.

As of June 30, 2023, the City had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Governmental Activities	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>SBITA</u>
	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>	<u>Asset</u> <u>Liability</u>
7/1/2022				\$ 254,496
Fiscal year ending June 30:				
2023	\$ 85,663	\$ 1,529	\$ 87,192	\$ 168,833
2024	\$ 83,505	\$ 3,687	\$ 87,192	\$ 85,328
2025	\$ 85,328	1,864	87,192	\$ -
SBITA Liability	<u>\$168,833</u>			

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

D. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental activities:	Balance				Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>June 30, 2023</u>
Capital assets not being depreciated:					
Land	\$ 46,676,119	\$ -	\$ -	\$ -	\$ 46,676,119
Construction in Progress	33,511,343	25,830,104	-	(20,338,506)	39,002,941
Total capital assets, not being depreciated	80,187,462	25,830,104	-	(20,338,506)	85,679,060
Capital assets being depreciated/amortized:					
Buildings	49,321,950	-	-	-	49,321,950
Improvements other than Buildings	56,413,578	562,073	-	1,503,288	58,478,939
Equipment	50,753,682	2,951,437	923,562	1,142,140	53,923,697
Infrastructure	371,720,096	7,076,523	-	17,693,078	396,489,697
Lease Asset	1,136,499	-	-	-	1,136,499
SBITA Asset	-	254,496	-	-	254,496
Total capital assets, being depreciated/amortized	529,345,805	10,844,530	923,562	20,338,506	559,605,278
Less accumulated depreciation/amortization for:					
Buildings	17,697,473	1,156,947	-	-	18,854,420
Improvements other than Buildings	24,551,536	2,047,882	-	-	26,599,418
Equipment	34,440,765	3,060,441	909,743	-	36,591,463
Infrastructure	209,112,100	15,813,578	6,621	-	224,919,057
Lease Asset	160,447	160,447	-	-	320,894
SBITA Asset	-	83,670	-	-	83,670
Total accumulated depreciation	285,962,321	22,322,965	916,364	-	307,368,922
Total capital assets, being depreciated/amortized, net	243,383,484	(11,478,435)	7,198	20,338,506	252,236,357
Governmental activities capital assets, net	\$ 323,570,946	\$ 14,351,669	\$ 7,198	\$ -	\$ 337,915,417

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Business-type activities:	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>Balance</u>
	<u>June 30, 2022</u>				<u>June 30, 2023</u>
Capital assets not being depreciated:					
Land	\$ 17,665,489	\$ -	\$ -	\$ -	\$ 17,665,489
Construction in Progress	76,059,496	33,043,763	(31,284)	(18,353,096)	90,781,447
Total capital assets, not being depreciated	<u>93,724,985</u>	<u>33,043,763</u>	<u>(31,284)</u>	<u>(18,353,096)</u>	<u>108,446,936</u>
Capital assets being depreciated:					
Buildings	125,944,730	222,813	-	15,930	126,183,473
Improvements other than Buildings	158,019,445	3,209,766	-	1,094,120	162,323,331
Equipment	85,723,319	1,628,834	2,155,039	65,533	85,262,647
Infrastructure	554,117,076	6,094,270	80,200	17,177,513	577,308,659
Lease asset	-	18,761	-	-	18,761
Total capital assets, being depreciated	<u>923,804,570</u>	<u>11,174,444</u>	<u>2,235,239</u>	<u>18,353,096</u>	<u>951,096,871</u>
Less accumulated depreciation for:					
Buildings	74,800,700	3,844,979	-	-	78,645,679
Improvements other than Buildings	97,023,651	3,413,702	-	-	100,437,353
Equipment	56,702,441	5,109,138	2,153,267	-	59,658,312
Infrastructure	202,561,280	12,410,082	80,200	-	214,891,162
Total accumulated depreciation	<u>431,088,072</u>	<u>24,777,901</u>	<u>2,233,467</u>	<u>-</u>	<u>453,632,506</u>
Total capital assets, being depreciated, net	<u>492,716,498</u>	<u>(13,603,457)</u>	<u>1,772</u>	<u>18,353,096</u>	<u>497,464,365</u>
Business-type activities capital assets, net	<u>\$ 586,441,483</u>	<u>\$ 19,440,306</u>	<u>\$ (29,512)</u>	<u>\$ -</u>	<u>\$ 605,911,301</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

Governmental activities:	
General Government	\$ 64,968
Public Safety	1,495,731
Public Works	16,773,311
Public Health	182,749
Culture & recreation	2,662,419
Housing and community development	75,422
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,068,365</u>
 Total depreciation expense - governmental activities	 <u>\$ 22,322,965</u>
Business-type activities:	
Solid Waste	\$ 3,685,419
Airport	4,254,901
Water	7,745,755
Wastewater	7,144,424
Parking	845,186
Transit	1,024,414
Golf Course	<u>77,802</u>
 Total depreciation expense - business-type activities	 <u>\$ 24,777,901</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Construction Commitments

The City has active construction projects as of June 30, 2023. At year-end, the City's commitments with the contractors, rounded to the nearest thousand, are as follows:

General Fund	\$ 530
Public Safety Fund	364
Solid Waste Fund	8,867
Airport Fund	14,401
Water Fund	8,254
Wastewater Fund	10,201
Nonmajor Enterprise Funds	6,478
Nonmajor Governmental Funds	52,639
Nonmajor Internal Services Funds	1,962
	<u>\$ 103,696</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, 2023, the Arterial Street fund had commitments of \$9.7 million for the Inner Belt Loop Connector.

At June 30, 2023, the Stillwater Construction fund had commitments of over \$20.4 million for the continued remodel of the Stillwater City Hall Building.

At June 30, 2023, the Wastewater fund had commitments of \$4.5 million for improvements to various sewer extensions and replacements.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

E. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2023, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$23,950
General Fund	Internal Service Funds	241,612
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>306,666</u>
Totals		<u><u>\$572,228</u></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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Interfund transfers:

	Transfers in:						
	General Fund	Public Safety Fund	Nonmajor Governmental Funds	Parking Fund	Internal Service	Total	
Transfers Out:							
General	\$ -	\$ 21,876,136	\$ 2,292,326	\$ -	\$ -	\$ 24,168,462	
Public Safety	-	-	2,363,451	-	-	2,363,451	
ARPA Fund	-	-	9,715,000	-	-	9,715,000	
Nonmajor Governmental Funds	19,303	204,898	4,268,284	130,000	648,160	5,270,645	
Solid Waste Fund	-	-	-	-	1,472	1,472	
Airport Fund	-	-	-	-	1,728	1,728	
Water Fund	-	-	-	-	144	144	
Nonmajor Enterprise Fund	-	-	20,000	-	-	20,000	
Subtotal	19,303	22,081,034	18,659,061	130,000	651,504	41,540,902	
Internal Service Funds	-	-	5,894	-	90,020	95,914	
Total	\$ 19,303	\$ 22,081,034	\$ 18,664,955	\$ 130,000	\$ 741,524	\$ 41,636,816	

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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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.

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>(2,508,000)</u>	<u>(3,129,722)</u>
Total	<u>\$ 4,092,000</u>	<u>\$ 2,800,278</u>

The following is a schedule, by year, of the future minimum lease payments at June 30, 2023:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2024	\$ 213,150	\$ 201,961
2025	-	201,961
2026	-	201,961
2027	-	201,961
2028	-	201,961
2029-2033	<u>-</u>	<u>1,009,800</u>
Total minimum lease payments	213,150	2,019,605
Less: Amount representing interest	<u>(3,150)</u>	<u>(417,612)</u>
Present value of minimum lease payments	<u>\$ 210,000</u>	<u>\$ 1,601,993</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

G. Long-Term Debt

Governmental Activities:

General Obligation Bonds Payable – The City issued general obligation bonds to provide funds for governmental activities for the acquisition and construction of major capital improvements. General obligation bonds are the direct obligations and pledge the full faith and credit of the City. At June 30, 2023, 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.	\$ 675,000
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.	3,375,000
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>6,575,000</u>
	<u>\$10,625,000</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Tax Increment Bonds Payable – At June 30, 2023, 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.

\$ 10,375,000

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.

4,090,000

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.

2,485,000

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.

3,995,000

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.

2,965,000

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.

2,040,000

Tax Increment Revenue Bonds Series 2022, issued in the total aggregate amount of \$3,000,000 and interest ranging from 5.00% to 5.88% due to July 2047, payable in annual installments from \$65,000 to \$210,000. The bonds were issued for Street Improvements within the district.

3,000,000

\$28,950,000

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 \$20,369,158 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, 2023, are as follows:

Special improvement districts, issued in the total aggregate amount of \$12,645,316 and interest ranging from 2.80%-5.50%, payable from the special improvement districts fund in varying installments to 2036.	\$ 6,214,680
Sidewalk and curb districts, issued in the total aggregate amount of \$6,591,593 and interest ranging from 3.25%-5.97%, payable from the sidewalk and curb districts fund in varying installments to 2034.	4,049,478
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.	2,750,000
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>6,995,000</u>
	<u>\$ 20,369,158</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, 2023, 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, 2023, are as follows:

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Wastewater	<u>\$ 1,220,000</u>	<u>\$ 6,635,000</u>	<u>\$ 7,855,000</u>
Water	<u>\$ 2,346,000</u>	<u>\$13,061,000</u>	<u>\$15,407,000</u>

Revenue Bonds Payable – At June 30, 2023, the outstanding revenue bonded indebtedness of the City was as follows:

2020A Airport Revenue Construction Bonds, authorized 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:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

<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%
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:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

<u>Redemption Date</u>	<u>Prepayment Premium % of Outstanding Principal Amount to be Prepaid</u>
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	\$2,475,000
Less current portion	<u>(275,000)</u>
Total	<u><u>\$2,200,000</u></u>

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, 2023.

	<u>Airport Fund</u>
2020A Debt Service	\$ 2,000,000
2020B Debt Service	200,000
Replacement and depreciation	225,000
Operations and Maintenance	<u>0</u>
	<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 (\$1,625,377) and expenses, AIP grants, and all other Airport Operations. However, investors in the

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Series 2020B revenue bonds rely on the revenue generated by CFC collections (\$723,405) 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	\$ 45,835,000
Total	<u>(1,740,000)</u>
	<u>\$ 44,095,000</u>

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	\$ 19,780,000
Total	<u>(815,000)</u>
	<u>\$ 18,965,000</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, 2023, 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, 2023, are as follows:

GOVERNMENTAL ACTIVITIES

Year ending June 30	General Obligation Bonds		Tax Increment		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	1,480,000	364,385	1,185,000	1,324,588	767,009	414,312
2025	1,540,000	301,835	1,180,000	1,239,828	776,443	389,268
2026	1,260,000	235,285	1,230,000	1,189,348	785,000	363,163
2027	1,320,000	177,885	1,270,000	1,135,398	900,000	333,040
2028	1,375,000	123,085	1,335,000	1,076,191	1,120,000	293,663
2029-2033	3,650,000	158,878	7,510,000	4,401,067	4,350,000	909,913
2034-2038	-	-	9,610,000	2,498,177	2,490,000	110,671
2039-2043	-	-	3,760,000	708,024	-	-
2044-2048	-	-	1,870,000	226,775	-	-
	<u>\$ 10,625,000</u>	<u>\$ 1,361,353</u>	<u>\$ 28,950,000</u>	<u>\$ 13,799,396</u>	<u>\$ 11,188,452</u>	<u>\$ 2,814,030</u>

	Special Assessment Bonds-Direct Placement		Intercap Notes Payable		Capital Lease Payable-BOC	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	484,276	397,051	171,884	133,790	210,000	3,150
2025	731,755	391,943	177,719	124,172	-	-
2026	796,849	328,881	183,764	113,518	-	-
2027	839,387	293,674	190,009	102,863	-	-
2028	837,460	257,651	196,467	91,845	-	-
2029-2033	3,808,725	751,275	1,087,126	280,729	-	-
2034-2038	1,682,254	110,922	362,931	20,919	-	-
2039-2043	-	-	-	-	-	-
	<u>\$ 9,180,706</u>	<u>\$ 2,531,397</u>	<u>\$ 2,369,900</u>	<u>\$ 867,836</u>	<u>\$ 210,000</u>	<u>\$ 3,150</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
2024	275,000	118,472	46,419	7,401	130,672	71,289
2025	308,955	107,879	48,581	5,238	136,487	65,474
2026	320,000	96,390	50,845	2,975	142,560	59,400
2027	335,000	84,429	26,303	605	148,904	53,056
2028	350,000	71,914	-	-	155,530	46,430
2029-2033	1,190,000	182,862	-	-	887,840	121,964
2034-2038	215,000	88,404	-	-	-	-
2039-2043	260,000	43,380	-	-	-	-
2044-2048	120,000	4,320	-	-	-	-
	<u>\$ 3,373,955</u>	<u>\$ 798,050</u>	<u>\$ 172,148</u>	<u>\$ 16,219</u>	<u>\$ 1,601,993</u>	<u>\$ 417,612</u>
 Notes Payable-Water						
	Principal	Interest	Principal	Interest		
2024	2,346,000	413,580	1,220,000	219,837		
2025	2,406,000	351,885	1,256,000	185,098		
2026	1,904,000	288,605	1,144,000	149,403		
2027	1,387,000	242,749	1,030,000	117,632		
2028	1,428,000	201,960	1,061,000	86,562		
2029-2033	4,913,000	470,745	2,047,000	128,608		
2034-2038	1,023,000	31,475	97,000	1,455		
2039-2044	-	-	-	-		
	<u>\$ 15,407,000</u>	<u>\$ 2,000,999</u>	<u>\$ 7,855,000</u>	<u>\$ 888,595</u>		
 Revenue Bonds-Wastewater						
	Principal	Interest	Principal	Interest		
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	2,165,000	1,816,475	940,000	599,525		
2028	2,415,000	1,701,975	990,000	551,275		
2029-2033	16,755,000	6,319,375	5,660,000	2,061,202		
2034-2038	19,015,000	1,596,525	6,655,000	1,060,688		
2039-2044	-	-	2,970,000	103,913		
	<u>\$ 45,835,000</u>	<u>\$ 17,466,525</u>	<u>\$ 19,780,000</u>	<u>\$ 6,442,052</u>		

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Changes in Long-Term Obligations – During the year ended June 30, 2023, the following changes occurred in liabilities reported in the long-term obligations:

	Balance June 30, 2022	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2023	Due within one year
Governmental Activities:					
General obligation bonds:					
Series 2004A Streets	\$ 995,000	\$ -	\$ 320,000	\$ 675,000	\$ 330,000
Add: premium received	57,341		19,112	38,229	
Series 2015 Refunding	3,980,000		605,000	3,375,000	620,000
Add: premium received	242,223		48,444	193,779	
Series 2021 Refunding Library	7,310,000		735,000	6,575,000	530,000
Add: premium received	927,434		92,743	834,691	
Tax Increment 2013	10,765,000		390,000	10,375,000	415,000
Add: premium received	24,363		3,481	20,882	
Less: bond discount	(1,129)		(162)	(967)	
Tax Increment 2015	4,260,000		170,000	4,090,000	175,000
Less: bond discount	(17,661)		(1,039)	(16,622)	
Tax Increment 2015-EBURD	2,590,000		105,000	2,485,000	105,000
Less: bond discount	(23,752)		(1,397)	(22,355)	
Tax Increment 2016	4,160,000		165,000	3,995,000	165,000
Less: bond discount	(26)		(2)	(24)	
Tax Increment 2018-East	3,100,000		135,000	2,965,000	140,000
Add: premium received	81,063		4,768	76,295	
Tax Increment 2020-27th	2,105,000		65,000	2,040,000	65,000
Add: premium received	87,875		3,994	83,881	
Tax Increment 2022-South		3,000,000		3,000,000	120,000
Add: premium received		(14,905)	(596)	(14,309)	
Special assessment debt with governmental commitment	11,994,344		805,892	11,188,452	767,010
Less: bond discounts	(11,010)		(4,720)	(6,290)	
Add: premium received	443,750		34,992	408,758	
Direct Placement	8,071,514	1,710,593	601,401	9,180,706	484,276
Intercap notes payable	2,536,134		166,234	2,369,900	171,883
Capital lease payable	670,000		460,000	210,000	210,000
Add: premium received	41,560		20,782	20,778	
Compensated absences	9,790,970	10,023,324	9,607,947	10,206,347	8,804,133
Total governmental activities	<u>\$ 74,179,993</u>	<u>\$ 14,719,012</u>	<u>\$ 14,551,874</u>	<u>\$ 74,347,131</u>	<u>\$ 13,102,302</u>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

	Balance June 30, 2022	Issued/ Accrued	Refunded/ Redeemed/ Matured	Balance June 30, 2023	Due within one year				
Business Activities:									
Notes Payable									
Water from DNRC	\$ 3,773,000	\$ -	\$ 1,048,000	\$ 2,725,000	\$ 1,072,000				
Water from DNRC-ARRA Part B	140,000		18,000	122,000	18,000				
Water from DNRC-Rehab	1,237,000		149,000	1,088,000	154,000				
Water from DNRC-Zone 4	3,007,000		363,000	2,644,000	374,000				
Water from DNRC-Waterlines	1,111,000		117,000	994,000	121,000				
Wastewater from DNRC-Briarwood	2,561,000		363,000	2,198,000	373,000				
Wastewater from DNRC	985,000		274,000	711,000	280,000				
Wastewater from DNRC	149,000		18,000	131,000	19,000				
Wastewater from DNRC	1,852,000		224,000	1,628,000	230,000				
Wastewater from DNRC-UV	1,184,000		125,000	1,059,000	129,000				
Wastewater from DNRC-UV	409,000		43,000	366,000	44,000				
Wastewater from DNRC-5 Mile	1,903,000		141,000	1,762,000	145,000				
Water from DNRC-Zone 3	1,744,000		143,000	1,601,000	148,000				
Water from DNRC-Zone 3 Chapple	4,226,000		284,000	3,942,000	292,000				
Water from DNRC-Briarwood	2,454,000		163,000	2,291,000	167,000				
Sewer System Revenue	47,490,000		1,655,000	45,835,000	1,740,000				
Add: premium received	5,354,824		356,988	4,997,836					
Solid Waste Revenue	20,555,000		775,000	19,780,000	815,000				
Add: premium received	1,145,909		67,406	1,078,503					
Capital lease payable - Park II	1,727,098		125,105	1,601,993	130,682				
Capital lease payable - Parking	216,500		44,352	172,148	46,419				
Airport Series 2020A	898,955			898,955					
Airport Series 2020B	2,740,000		265,000	2,475,000	275,000				
Compensated absences	3,588,488	3,298,483	3,349,724	3,537,247	2,903,067				
Total business type activities	\$ 110,451,774	\$ 3,298,483	\$ 10,111,575	\$ 103,638,682	\$ 9,476,168				

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 \$1,558,545 and \$1,520,945 at June 30, 2022 and 2023, 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 rebateable 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, 2023, 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. 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.

Plan Measurement Date. June 30, 2023

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 2023 were 18.0% 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, 2023, 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	913
Retired employees	<u>76</u>
Total	<u>989</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, 2023, is \$63,445,103. The ratio of the FY 2023 net OPEB liability to annual covered payroll is 0.18.

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	\$9,578,587	\$ -	\$9,578,587
Changes for the year			
Service cost	466,230	-	466,230
Interest cost	347,220	-	347,220
Changes of benefit term	-	-	-
Differences between expected and actual experience	547,434	-	547,434
Changes in assumptions or other inputs	764,165	-	764,165
(Other changes, separately identified if significant)	-	-	-
Contributions – employer	-	-	-
Net Investment Income	-	-	-
Benefit payments	(472,667)	-	(472,667)
Admin Expense	-	-	-
Net change in total OPEB liability	<u>\$1,652,382</u>	<u>—</u>	<u>\$1,652,382</u>
Total OPEB Liability – End of Year	<u>\$11,230,969</u>	<u>\$ -</u>	<u>\$11,230,969</u>

The annual OPEB expense recognized in fiscal year 2023 is as follows:

Service Cost	\$ 466,230
Interest Cost	347,220
Changes of benefit terms	-
Current recognized deferred outflows/(inflows)	
Difference between expected and actual experience	(292,314)
Changes in assumptions or other inputs	335,608
(Other changes, separately identified, if significant)	-
Total Expense	<u>\$856,744</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	\$ 616,172	(\$ 775,778)
Changes of assumptions	<u>1,423,548</u>	<u>(1,419,114)</u>
Total	<u>\$ 2,039,720</u>	<u>(\$ 2,194,892)</u>

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

For Fiscal Year End:		
	2024	\$ (129,439)
	2025	(238,990)
	2026	(131,516)
	2027	136,589
	2028	89,423
	Thereafter	\$ 118,759

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, 2023, actuarial valuation, the liabilities were computed using the entry age normal based on level percentage of projected salary. The actuarial assumptions utilized a 3.65% 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 6.5% healthcare cost trend increase for fiscal year 2022-2023, 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	\$ 9,866,000	-12%
Current Trend	\$11,231,000	N/A
1% Increase	\$12,863,000	15%

Discount Rate trend sensitivity analysis

	Net OPEB Liability	% Difference
1% Increase 4.65%	\$10,124,000	-10%
Current Trend 3.65%	\$11,231,000	N/A
1% Decrease 2.65%	\$12,506,000	11%

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 2021, 2022 and 2023:

	<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>
2020-2021	1,129,997	11,409,304	11,338,963	1,200,338
2021-2022	1,200,338	13,075,668	13,147,006	1,129,000
2022-2023	1,129,000	12,021,693	12,042,693	1,108,000

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

Approximately 99 retired and terminated employees participated in the City's health plan. Claims paid in excess of premiums received for these participants totaled approximately \$ 87,828 for the fiscal year ended June 30, 2023. 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 March 13th, 2024, 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 \$3,750,000 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>
2021	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,300,000	\$ 1,300,000
2022	\$ 1,300,000	\$ (2,450,000)	\$ -	\$ -	\$ 3,750,000	\$ 3,750,000
2023	\$ 3,750,000	\$ -	\$ -	\$ -	\$ 3,750,000	\$ 3,750,000

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 many 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 \$7,758,208 reported as landfill closure and post-closure care liability at June 30, 2023, represents the cumulative amount reported to date based on the use of approximately 60% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.2 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 2023. Revised closure costs were completed during fiscal year 2021. During fiscal year 2022, additional post-closure costs were increased by \$4,732,800 for the gas flair project. The City expects to close the landfill in 44 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 2023, \$213,524 was funded into the trust. The trust market value declined \$21,247 during the year. The cumulative amount of payments of \$3,902,295 is reported as restricted investments at June 30, 2023.

	Balance <u>June 30, 2022</u>	Accrual <u>Amount</u>	Balance <u>June 30, 2023</u>
Net change in Landfill Liability	<u>\$ 6,833,003</u>	<u>\$ 925,205</u>	<u>\$ 7,758,208</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 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 \$3,600,000.

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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

To further promote the general welfare of the City and its residents, the City of Billings has issued two bonds that will improve a higher education facility. The 2004 note is secured by certain land, land improvements, buildings and accounts receivable and the note 2011 is secured by equipment. The notes are not a general obligation or indebtedness of the City. As of June 30, 2023, the bonds have an aggregate outstanding principal amount payable of \$6,214,300.00.

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 2023 was \$14,376,908.

**CITY OF BILLINGS
PERS-DEFINED BENEFIT
GASB 68 NOTES TO THE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2022 (MEASUREMENT DATE)
JUNE 30, 2023 (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 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, 2022, measurement date for the 2023 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, 2023.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Summary of Significant Accounting Policies - 79

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 – 76a, 76b, 76c

Plan Description – 76a: 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 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 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. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

Benefits provided – 76b: 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

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:

- 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):

- 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 refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - No service credit for second employment;
 - Start the same benefit amount the month following termination; and
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retire before January 1, 2016, and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- Retire on or after January 1, 2016, and accumulate 5 years or more years of service credit:
 - The same retirement as prior to the return to service;
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - 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 – 76c: 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	
2023	7.900%	7.900%	9.070%	8.970%	0.10%	8.70%	0.370%	
2022	7.900%	7.900%	8.970%	8.870%	0.10%	8.60%	0.370%	
2021	7.900%	7.900%	8.870%	8.770%	0.10%	8.50%	0.370%	
2020	7.900%	7.900%	8.770%	8.670%	0.10%	8.40%	0.370%	
2019	7.900%	7.900%	8.670%	8.570%	0.10%	8.30%	0.370%	
2018	7.900%	7.900%	8.570%	8.470%	0.10%	8.20%	0.370%	
2017	7.900%	7.900%	8.470%	8.370%	0.10%	8.10%	0.370%	
2016	7.900%	7.900%	8.370%	8.270%	0.10%	8.00%	0.370%	
2015	7.900%	7.900%	8.270%	8.170%	0.10%	7.90%	0.370%	
2014	7.900%	7.900%	8.170%	8.070%	0.10%	7.80%	0.370%	
2012-2013	6.900%	7.900%	7.170%	7.070%	0.10%	6.80%	0.370%	
2010-2011	6.900%		7.170%	7.070%	0.10%	6.80%	0.370%	
2008-2009	6.900%		7.035%	6.935%	0.10%	6.80%	0.235%	
2000-2007	6.900%		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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

- 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.
- d.

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 \$34,633,570.

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. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, 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 the particular employer to the total state contributions paid.

The employer recorded a liability of \$51,431,998 and the employer's proportionate share was 2.162930 percent.

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 51,431,998	\$ 36,767,047	2.162930%	2.027719%	0.135211%
State of Montana Proportionate Share associated with the Employer	15,384,782	10,850,534	0.646994%	0.598412%	0.048582%
Total	\$ 66,816,780	\$ 47,617,581	2.809924%	2.626131%	0.183793%

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 increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- Updated all mortality tables to the PUB2010 tables for general employees.
- Updated the rates of withdrawal, retirement, and disability.
- Lowered the payroll growth assumption from 3.50% to 3.25%.
- The inflation rate was increased from 2.40% to 2.75%.

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 to the Plan 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.

Pension Expense - At June 30, 2022, the employer recognized a Pension Expense of \$ 5,676,035 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$1,594,643 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 6/30/2022	Pension Expense as of 6/30/2021
City of Billings' Proportionate Share of PERS	\$ 5,676,035	\$ 724,912
State of Montana Proportionate Share associated with the Employer	1,594,643	3,037,981
Total	\$7,270,678	\$3,762,893

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Recognition of Deferred Inflows and Outflows - At June 30, 2022, 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	\$ 655,654	\$ 0
Projected Investment Earnings vs. Actual Investment Earnings	1,511,567	0
Changes in Assumptions	1,916,668	3,765,296
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,289,263	0
Employer Contributions subsequent to the measurement date	3,797,293	-
Total	\$ 9,170,445	\$ 3,765,296

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

For the Measurement Year ended June 30:	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense
2023	\$ 827,465
2024	(1,030,827)
2025	(1,630,298)
2026	3,441,516
Thereafter	\$ -

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Actuarial Assumptions - The total pension liability as of June 30, 2022, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth *	3.50%
*includes Inflation at	2.75%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
• 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.	
• Members hired prior to July 1, 2007	3.0%
• Members hired between July 1, 2007 & June 30, 2013	1.5%
• Members hired on or after July 1, 2013	
• For each year PERS is funded at or above 90%	1.5%
• The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	
• 0% whenever the amortization period for PERS is 40 years or more	0%
Mortality:	
• Active Participants	PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Mortality continued:	
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Healthy Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Discount Rate – 78a, 78b, 78d, 78e: The discount rate used to measure the TPL was 7.30%. 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 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. 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 2126. 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.

Target Allocations - The long-term rate of return as of June 30, 2022, was based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	3.0%	(0.33%)
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100%	

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 7.30%, 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 (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Employer's Net Pension Liability	\$74,141,624	\$51,431,998	\$32,378,894

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, 2022, 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 344 employers that have participants in the PERS-DCRP totaled \$1,681,603.

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 <https://mpera.mt.gov/about/annualreports1/annualreports>.

**CITY OF BILLINGS
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM
GASB 68 NOTES TO THE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2022 (MEASUREMENT DATE)
JUNE 30, 2023 (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, 2022, measurement date for the 2023 reporting.

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 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- 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.

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:

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

- 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.
- 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).

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

- 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.

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 - 2023	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. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, are displayed below. The employer's

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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 \$ 9,378,898 and the employer's proportionate share was 5.9042 percent.

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 9,378,898	\$ 5,291,540	5.9042%	6.1835%	(0.2793%)
State of Montana Proportionate Share associated with the Employer	21,219,343	12,010,105	13.3580%	14.0345%	(0.6765%)
Total	\$ 30,598,241	\$ 17,301,645	19.2622%	20.2180%	(0.9558%)

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 increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- The payroll growth rate was reduced from 3.50% to 3.25%.
- All mortality tables were updated to the PUB2010 tables for public safety employees.
- Updated the rates of withdrawal, retirement, disability and merit increase scales.
- The inflation rate was increased from 2.40% to 2.75%.

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 to the Plan 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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Pension Expense: At June 30, 2022 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$1,831,095. The employer also recognized grant revenue of \$4,341,929 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.*)

	Pension Expense as of 6/30/2022	Pension Expense as of 6/30/2021
City of Billings' Proportionate Share of FURS	\$ 1,831,095	\$ 972,520
Employer Grant Revenue - State of Montana Proportionate Share for the Employer	4,341,929	2,279,643
Total	\$ 6,173,024	\$ 3,252,162

Recognition of deferred inflows and outflows - At June 30, 2022, 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	\$ 817,983	\$ 18,326
Projected Investment Earnings vs. Actual Investment Earnings	589,048	-
Changes in Assumptions	2,437,351	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	233,756
Employer Contributions Subsequent to the Measurement Date	1,878,635	-
Total	\$ 5,723,017	\$ 252,082

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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

For the Measurement 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>	
2023	\$	820,893
2024		572,488
2025		354,409
2026		1,469,369
Thereafter	\$	375,141

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial evaluation was determined using the following actuarial assumptions.

Investment Return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth* *includes Inflation at	3.50% 2.75%
Merit Increases	1.00% to 6.40%
Post Retirement Increases <ol style="list-style-type: none"> 1. Guaranteed Annual Benefit Adjustment (GABA) each January <ul style="list-style-type: none"> • Members hired on or after July 1, 1997 or those electing GABA • Requires 12 full months of retirement before GABA will be made 2. Minimum Benefit Adjustment (non-GABA) <ul style="list-style-type: none"> • Members with 10 or more years of membership service and member did not elect GABA 	3.00%
	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 fire fighter

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Mortality:	
• Active Participants	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retirees	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
• Contingent Survivors	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending June 30, 2021.

Discount Rate – 78a, 78b, 78d, 78e: The discount rate used to measure the TPL was 7.30%. 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

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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.

Target Allocations – 78c and 78f: The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rate of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	3.0%	(0.33)%
Domestic Equity	30.0%	5.90%
Foreign Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100%	

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 7.30%, 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.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
CITY OF BILLINGS Net Pension Liability	\$16,255,147	\$9,378,898	\$3,888,251

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 <https://mpera.mt.gov/about/annualreports1/annualreports>.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

CITY OF BILLINGS
MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM
GASB 68 NOTES TO THE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2022 (*MEASUREMENT DATE*)
JUNE 30, 2023 (*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, 2022 measurement date for 2023 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 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).

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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.

Service retirement and monthly benefit formula:

- 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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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;
- 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.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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
2000-2023	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%

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

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. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, 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 the particular employer to the total state contributions paid. The employer recorded a liability of \$17,029,007 and the employer's proportionate share was 7.2091 percent.

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
City of Billings' Proportionate Share	\$ 17,029,007	\$ 13,102,992	7.2091%	7.2078%	0.0013%
State of Montana Proportionate Share associated with the Employer	34,610,829	26,632,527	14.6523%	14.6503%	0.0020%
Total	\$ 51,639,836	\$ 39,735,519	21.8614%	21.8581%	0.0033%

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 increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- All mortality assumptions were updated to the PUB2010 tables for public safety employees.
- Rates of withdrawal, retirement, disability retirement, and merit increases were updated.
- Payroll growth assumption was lowered from 3.50% to 3.25%.
- The inflation rate was increased from 2.40% to 2.75%.

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 to the Plan 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.

Pension Expense: At June 30, 2022 measurement date, the employer recognized its proportionate share of the Plan's pension expense of \$2,860,366. The employer also recognized grant revenue of \$5,933,972 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 6/30/2022	Pension Expense as of 6/30/2021
City of Billings' Proportionate Share of MPORS	\$ 2,860,366	\$ 2,226,880
State of Montana Proportionate Share associated with the Employer	5,933,972	4,515,010
Total	\$ 8,794,337	\$ 6,741,890

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Recognition of Deferred Inflows and Outflows – At June 30, 2022, 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	\$ 75,737	\$ 89,221
Projected Investment Earnings vs. Actual Investment Earnings	620,259	-
Changes in Assumptions	1,502,806	326,858
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	91,345
Employer Contributions subsequent to the measurement date	2,147,710	-
Total	\$ 4,346,512	507,424

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

For the Measurement Year ended <u>June 30:</u>	<u>Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense</u>
2023	\$ 927,280
2024	281,269
2025	(438,809)
2026	921,638
Thereafter	\$ -

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

Actuarial Assumptions – The total pension liability as of June 30, 2022, was determined by an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of admin expense)	7.30%
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	1.00% to 6.40%
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:	
• Active Participants	PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retirees	PUB-2010 Safety Amount Weighted Healthy Retiree mortality table projected to 2021 set forward one year for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
• Disabled Retiree	PUB-2010 Safety Amount Weighted Disabled Retiree mortality table projected to 2021, set forward 1 year for males.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

• Contingent Survivor	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.
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The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending June 30, 2021.

Discount Rate – The discount rate used to measure the PPL was 7.30%. 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.

Target Allocations – 78c and 78f: The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022 is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the longterm expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis
Cash	3.0%	(0.33%)
Domestic Equity	30%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100.0%	

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 7.30%, 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 (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
City of Billings' Net Pension Liability	\$25,660,328	\$17,029,007	\$10,174,022

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 <https://mpera.mt.gov/about/annualreports1/annualreports..>

CITY OF BILLINGS, MONTANA

Notes to Financial Statements

H. Prior Period Adjustment

A prior period adjustment of \$31,284.91 was made to increase the business-type activities' beginning net position. The adjustment was made to the Water Fund which had a discrepancy in the Construction in Progress in that it was understated by \$31,284.91 in the previous year.

Business-type Activities

Net Position at July 1, 2022, as previously stated	\$ 583,898,172
Water Fund adjustment	31,285
Net Position at July 1, 2022, as restated	<u>\$ 583,929,457</u>

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplemental Information

CITY OF BILLINGS, MONTANA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 18,735,115	\$ 18,735,115	\$ 19,195,911	\$ (460,796)
Licenses and permits	1,968,454	1,968,454	1,986,222	(17,768)
Intergovernmental	12,780,294	12,780,294	12,853,964	(73,670)
Charges for services	4,731,924	4,731,924	4,713,641	18,283
Fines and forfeitures	1,294,046	1,294,046	1,116,457	177,589
Special assessments	-	-	17,005	(17,005)
Other	33,744	33,745	152,247	(118,502)
 Total revenues	 39,543,577	 39,543,578	 40,035,447	 (491,869)
 Expenditures:				
Current:				
General government	\$ 9,873,132	\$ 9,970,002	\$ 8,920,310	\$ 1,049,692
Public safety	1,061,467	1,061,467	947,570	113,897
Culture and recreation	4,682,993	4,686,702	4,734,211	(47,509)
Capital outlay	82,000	108,166	108,621	(455)
Total expenditures	<u>15,699,592</u>	<u>15,826,337</u>	<u>14,710,712</u>	<u>1,115,625</u>
 Revenues over (under) expenditures	 23,843,985	 23,717,241	 25,324,735	 (1,607,494)
 Other financing sources (uses):				
Transfers in	10,600	10,600	19,303	(8,703)
Transfers out	(24,017,835)	(24,033,835)	(24,168,462)	134,627
Total other financing sources (uses)	<u>(24,007,235)</u>	<u>(24,023,235)</u>	<u>(24,149,159)</u>	<u>125,924</u>
Net change in fund balances	<u>\$ (163,250)</u>	<u>\$ (305,994)</u>	<u>1,175,576</u>	<u>\$ (1,481,570)</u>
 Fund balance, beginning of year			 11,579,301	
Fund balance, end of year		123	 \$ 12,754,877	

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, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 26,084,144	\$ 26,084,144	\$ 26,309,620	\$ (225,476)
Licenses and permits	35,000	35,000	18,385	16,615
Intergovernmental	3,659,697	3,659,697	3,438,908	220,789
Charges for services	2,407,757	2,407,757	2,783,602	(375,845)
Fines and forfeitures	8,400	8,400	45,662	(37,262)
Other	60,870	60,870	153,577	(92,707)
 Total revenues	 32,255,868	 32,255,868	 32,749,754	 (493,886)
 Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	50,892,103	51,092,371	50,070,807	1,021,564
Public health	1,131,604	1,131,604	917,192	214,412
Capital outlay	380,000	1,540,352	751,580	788,772
Debt service:				
Principal	174,555	174,555	166,234	8,321
Interest and fiscal charges	39,520	39,520	38,663	857
 Total expenditures	 52,617,782	 53,978,402	 51,944,476	 2,033,926
 Revenues over (under) expenditures	 (20,361,914)	 (21,722,534)	 (19,194,722)	 (2,527,812)
 Other financing sources (uses):				
Transfers in	22,514,211	22,514,211	22,081,034	433,177
Transfers out	(2,152,297)	(2,152,297)	(2,363,451)	211,154
Sale of capital assets	-	-	107	(107)
Total other financing sources (uses)	20,361,914	20,361,914	19,717,690	644,224
Net change in fund balances	\$ -	\$ (1,360,620)	\$ 522,968	\$ (1,883,588)
Fund balance, beginning of year			2,044,488	
Fund balance, end of year		124	\$ 2,567,456	

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, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,940,314	8,940,314	8,940,314	- -
Other	14,933	14,933	257,784	(242,851)
 Total revenues	 8,955,247	 8,955,247	 9,198,098	 (242,851)
Expenditures:				
Capital Outlay	- -	4,701,250	3,235,040	1,466,210
Total expenditures	- -	4,701,250	3,235,040	1,466,210
 Revenues over (under) expenditures	 8,955,247	 4,253,997	 5,963,058	 (1,709,061)
 Other financing sources (uses):				
Transfers in	- -	- -	- -	- -
Transfers out	(8,969,247)	(9,135,000)	(9,715,000)	580,000
Total other financing sources (uses)	<u>(8,969,247)</u>	<u>(9,135,000)</u>	<u>(9,715,000)</u>	<u>580,000</u>
Net change in fund balances	<u>\$ (14,000)</u>	<u>\$ (4,881,003)</u>	<u>(3,751,942)</u>	<u>\$ (1,129,061)</u>
 Fund balance, beginning of year			 4,589,156	
Fund balance, end of year			 <u>\$ 837,214</u>	

Required Supplemental Information

A. Budgetary Information

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

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

- 1) On or before June 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 General Fund and American Rescue Plan Fund.

Management can transfer appropriations between and among expenditure classes of salaries and benefits, operations and maintenance, capital outlay, interest and debt redemption, or miscellaneous without city council approval or a public hearing.

Required Supplemental Information

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		\$ 32,749,754
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>8,643,571</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds		<u>\$ 41,393,325</u>
<u>Expenditures</u>		
Actual amounts (budgetary basis) "Total expenditures" from the budget		\$ 51,944,476
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>8,643,571</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds		<u>\$ 60,588,047</u>

C. Other Post-Employment Benefits Liability

Actuarial Assumptions and Methods

Valuation Date June 30, 2023

Measurement Date June 30, 2023

Discount Rate 3.54% per annum (BOY)

3.65% per annum (EOY)

Source: Bond Buyer 20-Bond GO index

Salary Increase Rate 3.0% per annum

Inflation Rate 2.5% per annum

Census Data The census was provided by the City as of June 30, 2023.

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/Assumptions gains and losses are amortized over a closed period of 7.8 years starting 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 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

Required Supplemental Information

Plan Participation Percentage

The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 50% 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	6.5%	4.0%
Stop Loss Fees	6.5%	4.0%
Administration Fees	4.0%	4.0%

Per Capita Health Claim Cost

Expected retiree claim costs were developed using 24 months of historical claim experience through March 2023. The annual age 60 claim costs for retirees and their spouses are provided in the table below.

Per Capita Cost	Age 60
Standard Plan	\$ 10,527
HDHP	\$ 9,713

Non-Claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee. Expenses for FYE 2023 are provided in the table below.

Expense Type	Per Retiree per Month
Specific Stop Loss Premium – Single	\$32.14
Specific Stop Loss Premium – Family	\$81.21
Administrative Fee	\$22.01

Plan Election Percentage

Based on current retiree plan elections, future retirees are assumed to elect plan coverage at the following rates.

Plan Name	% Election
Standard Plan	76%
HDHP Plan	24%

Required Supplemental Information

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%

Retirement Age

Sample retirement ages and associated probabilities are provided in the table below. These values are based on the 2022 Actuarial Valuation Reports of the PERS, MPORS and FURS.

Age	<30 YOS	30+ YOS or 65 w/ 25 YOS	Police	Fire
			26+ YOS	20+ YOS
<50	0%	10%	42%	16%
50-54	4.5%	15.8%	42%	16%
55	5.5%	15.8%	42%	25%
56-58	6%	15.8%	42%	25%
59	7%	15.8%	42%	25%
60	9%	15.8%	42%	25%
61	9%	15.8%	42%	40%
62	15%	22%	42%	40%
63-64	15%	22%	42%	100%
65-66	30%	35%	100%	100%
67	25%	35%	100%	100%
68-69	25%	30%	100%	100%
70	100%	100%	100%	100%

Required Supplemental Information

Termination

The rate of withdrawal is based on the withdrawal assumption used in the 2022 Actuarial Valuation Reports of the PERS, MPORS and FURS. 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	Other	Police	Fire
0	35%	16%	9%
1	27%	13%	7%
2	18%	10%	5%
3	14%	8%	4%
4	11%	7%	3%
5	11%	7%	2%
6	10%	7%	2%
7	9%	7%	2%
8	8%	5%	2%
9	7%	5%	2%
10	6%	5%	2%
11	6%	5%	2%
12	5%	3%	1%
13	5%	2%	1%
14	4.5%	2%	1%
15+	3%	2%	1%

Required Supplemental Information

Required Supplemental OPEB Information Other Post Employment Benefits Liability Last Ten Fiscal Years¹ (Dollar amounts in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Present Value of Future Benefits							
Actives	\$ 12,984	\$ 13,457	\$ 10,046	\$ 11,843	\$ 13,948	\$ 10,992	\$ 14,209
Retirees	2,797	2,350	2,470	2,255	2,993	2,459	2,569
Total	\$ 15,781	\$ 15,807	\$ 12,516	\$ 14,098	\$ 16,941	\$ 13,451	\$ 16,778
Total OPEB Liability	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actives	\$ 7,665	\$ 7,964	\$ 6,047	\$ 7,245	\$ 7,623	\$ 7,120	\$ 8,662
Retirees	2,797	2,907	2,470	2,255	2,993	2,459	2,569
Total OPEB Liability (TOL)	10,462	10,871	8,517	9,500	10,616	9,579	11,231
Fiduciary Net Position (FNP)	-	-	-	-	-	-	-
Net OPEB Liability (NOL)	\$ 10,462	\$ 10,871	\$ 8,517	\$ 9,500	\$ 10,616	\$ 9,579	\$ 11,231
Covered-employee payroll	49,636	51,621	54,617	56,529	66,995	69,340	63,445
NOL as a % of covered-employee payroll	21.1%	21.1%	15.6%	16.8%	15.8%	13.8%	18.0%
Total OPEB Expense	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Service cost	\$ 556	\$ 577	\$ 600	\$ 621	\$ 486	\$ 594	\$ 466
Interest cost	320	416	435	312	217	237	347
Current recognized deferred outflows/(inflows)							
Difference between actual and expected experience	(123)	(123)	(390)	(390)	(362)	(363)	(292)
Changes in assumptions or other inputs	406	405	279	344	414	238	336
Total Expense	\$ 1,159	\$ 1,275	\$ 924	\$ 887	\$ 755	\$ 706	\$ 857

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 Years¹

(Dollar amounts in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability - Start of Year	\$ 7,960,611	\$ 10,461,920	\$ 10,871,015	\$ 8,517,106	\$ 9,500,481	\$ 10,615,885	\$ 9,578,587
Changes for the year							
Service cost	\$ 555,749	\$ 577,256	\$ 599,538	\$ 620,522	\$ 485,890	\$ 594,195	\$ 466,230
Interest cost	319,718	416,118	435,068	311,943	216,552	237,355	347,220
Differences between expected and actual experience	(908,269)	-	(2,062,008)	-	220,640	-	547,434
Changes in assumptions or other inputs	3,000,891	(10,723)	(972,358)	500,850	567,606	(1,425,964)	764,165
Benefit payments	(466,780)	(573,556)	(354,149)	(449,940)	(375,284)	(442,885)	(472,667)
Net change in OPEB liability	\$ 2,501,309	\$ 409,095	\$ (2,353,909)	\$ 983,375	\$ 1,115,404	\$ (1,037,299)	\$ 1,652,382
Total OPEB Liability - End of Year	\$ 10,461,920	\$ 10,871,015	\$ 8,517,106	\$ 9,500,481	\$ 10,615,885	\$ 9,578,586	\$ 11,230,969

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 Years ¹
(Dollar amounts in Thousands)

As of measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	51,432	36,767	56,156	44,239	43,207	51,226	41,741	34,676	30,549
Employer's proportion of the net pension liability (percentage)	2.16%	2.03%	2.13%	2.12%	2.07%	2.63%	2.45%	2.48%	2.45%
State's net pension liability	15,385	10,850	17,704	14,409	14,470	682	510	426	373
Total	66,817	47,617	73,860	58,648	57,677	51,908	42,251	35,102	30,922
Employer's covered payroll	37,984	35,795	35,734	34,920	34,044	32,627	29,353	28,950	27,980
Employer's proportionate share as a percent of covered payroll	135.40%	102.71%	157.15%	126.69%	126.91%	157.01%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percent of total pension liability	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

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
Firefighters' Unified Retirement System (FURS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	9,379	5,292	9,758	6,904	7,280	7,218	7,367	6,829	6,450
Employer's proportion of the net pension liability (percentage)	5.90%	6.18%	6.23%	6.02%	6.32%	6.39%	6.45%	6.68%	6.61%
State's net pension liability	21,219	12,010	21,998	16,697	16,645	16,391	16,690	15,210	14,551
Total	30,598	17,302	31,756	23,601	23,925	23,609	24,057	22,039	21,001
Employer's covered payroll	11,440	11,379	10,941	10,436	9,955	9,546	9,083	8,973	8,583
Employer's proportionate share as a percent of covered payroll	81.98%	46.50%	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	78.76%	87.72%	75.34%	80.08%	79.03%	77.77%	75.48%	76.90%	76.71%

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

Schedule of the City's Proportionate Share of the Net Pension Liability
Municipal Police Officers' Retirement System (MPORS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of measurement date	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	17,029	13,103	17,962	14,478	12,573	12,567	12,571	11,661	11,275
Employer's proportion of the net pension liability (percentage)	7.21%	7.21%	7.34%	7.27%	7.34%	7.06%	6.98%	7.05%	7.18%
State's net pension liability	34,611	26,633	36,229	29,482	25,694	25,613	24,955	23,627	22,778
Total	51,640	39,736	54,191	43,960	38,267	38,180	37,526	35,288	34,053
Employer's covered payroll	13,448	13,045	12,581	11,988	11,585	10,538	9,859	9,757	9,628
Employer's proportionate share as a percent of covered payroll	126.62%	100.45%	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	69.67%	75.76%	64.84%	68.84%	70.95%	68.34%	65.62%	66.90%	67.01%

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

Required Supplemental Information

E. Schedules of the City's Contributions

Schedule of the City's Contributions
Public Employees Retirement System (PERS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of most recent FYE (reporting date)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required DB contributions	3,797	3,381	3,174	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	3,797	3,381	3,174	3,129	3,003	2,884	2,731	2,536	2,510
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Employer's covered payroll	42,333	37,984	35,795	35,734	34,920	34,044	32,627	29,353	28,950
Contributions of covered payroll (as a percentage)	8.97%	8.90%	8.87%	8.76%	8.60%	8.47%	8.37%	8.64%	8.67%

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

Schedule of the City's Contributions
Firefighters' Unified Retirement System (FURS)
Last Ten Fiscal Years¹
(Dollar amounts in Thousands)

As of most recent FYE (reporting date)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	1,879	1,655	1,628	1,602	1,438	1,465	1,371	1,299	1,314
Contributions in relation to the contractually required contributions	1,879	1,655	1,628	1,602	1,438	1,465	1,371	1,299	1,314
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Employer's covered payroll	13,082	11,441	11,379	10,941	10,436	9,955	9,546	9,083	8,973
Contributions as a percent of covered payroll	14.36%	14.46%	14.31%	14.64%	13.78%	14.72%	14.36%	14.30%	14.64%

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

Required Supplemental Information

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)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	2,148	1,952	1,877	1,833	1,734	1,733	1,522	1,444	1,414
Contributions in relation to the contractually required contributions	2,148	1,952	1,877	1,833	1,734	1,733	1,522	1,444	1,414
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Employer's covered payroll	14,904	13,448	13,045	12,581	11,988	11,585	10,538	9,859	9,757
Contributions as a percent of covered payroll	14.41%	14.52%	14.39%	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, 2022 (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

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 and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

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
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	0.29%

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.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

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

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

Required Supplemental Information

- 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 and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

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%

Required Supplemental Information

Administrative expenses 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.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

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:
 - 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.

Required Supplemental Information

- 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 assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

General Wage Growth*	3.5%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 6.60%
Asset Valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, 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	0.17%

Administrative expenses 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.

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

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, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 18,735,115	\$ 18,735,115	\$ 19,195,911	\$ (460,796)
Licenses and permits	1,968,454	1,968,454	1,986,222	(17,768)
Intergovernmental	12,780,294	12,780,294	12,853,964	(73,670)
Charges for services	4,731,924	4,731,924	4,677,141	54,783
Fines and forfeitures	1,294,046	1,294,046	1,152,957	141,089
Special assessments	-	-	17,005	(17,005)
Other	<u>33,744</u>	<u>33,744</u>	<u>152,247</u>	<u>(118,503)</u>
 Total revenues	 <u>39,543,577</u>	 <u>39,543,577</u>	 <u>40,035,447</u>	 <u>(491,870)</u>
 Expenditures:				
Current:				
Salaries and benefits	11,389,786	11,389,786	10,738,021	651,765
Operations and maintenance	4,227,806	4,203,384	3,855,832	347,552
Capital outlay	<u>82,000</u>	<u>233,166</u>	<u>116,859</u>	<u>116,307</u>
Total expenditures	<u>15,699,592</u>	<u>15,826,336</u>	<u>14,710,712</u>	<u>1,115,624</u>
Revenues over (under) expenditures	<u>23,843,985</u>	<u>23,717,241</u>	<u>25,324,735</u>	<u>(1,607,494)</u>
 Other financing sources (uses):				
Transfers in	10,600	10,600	19,303	(8,703)
Transfers out	(24,017,835)	(24,033,835)	(24,168,462)	134,627
Total other financing sources (uses)	<u>(24,007,235)</u>	<u>(24,023,235)</u>	<u>(24,149,159)</u>	<u>125,924</u>
Net change in fund balances	<u>\$ (163,250)</u>	<u>\$ (305,994)</u>	<u>1,175,576</u>	<u>\$ (1,481,570)</u>
 Fund balance, beginning of year			 <u>11,579,301</u>	
Fund balance, end of year			 <u>\$ 12,754,877</u>	

CITY OF BILLINGS, MONTANA
Major Special Revenue Fund - Public Safety
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 26,084,144	\$ 26,084,144	\$ 26,309,620	\$ (225,476)
Licenses and permits	35,000	35,000	18,385	16,615
Intergovernmental	3,659,697	3,659,697	3,438,908	220,789
Charges for services	2,407,757	2,407,757	2,783,602	(375,845)
Fines and forfeitures	8,400	8,400	45,662	(37,262)
Other	60,870	60,870	153,577	(92,707)
Total revenues	32,255,868	32,255,868	32,749,754	(493,886)
Expenditures:				
Current:				
Salaries and benefits	43,428,425	43,562,025	43,121,095	440,930
Operations and maintenance	8,595,282	8,661,950	7,866,904	795,046
Capital outlay	380,000	1,540,352	751,580	788,772
Debt service:				
Principal	174,555	174,555	166,234	8,321
Interest and fiscal charges	39,520	39,520	38,663	857
Total expenditures	52,617,782	53,978,402	51,944,476	2,033,926
Revenues over (under) expenditures	(20,361,914)	(21,722,534)	(19,194,722)	(2,527,812)
Other financing sources (uses):				
Transfers in	22,514,211	22,514,211	22,081,034	433,177
Transfers out	(2,152,297)	(2,152,297)	(2,363,451)	211,154
Sale of capital assets	-	-	107	(107)
Total other financing sources (uses)	20,361,914	20,361,914	19,717,690	644,224
Net change in fund balances	\$ -	\$ (1,360,620)	\$ 522,968	\$ (1,883,588)
Fund balance, beginning of year			2,044,488	
Fund balance, end of year			\$ 2,567,456	

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, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,940,314	8,940,314	8,940,314	-
Other	14,933	14,933	257,784	(242,851)
Total revenues	8,955,247	8,955,247	9,198,098	(242,851)
Expenditures:				
Capital Outlay	- -	4,701,250	3,235,040	1,466,210
Total expenditures	- -	4,701,250	3,235,040	1,466,210
Revenues over (under) expenditures	8,955,247	4,253,997	5,963,058	(1,709,061)
Other financing sources (uses):				
Transfers in	- -	- -	- -	- -
Transfers out	(8,969,247)	(9,135,000)	(9,715,000)	580,000
Total other financing sources (uses)	(8,969,247)	(9,135,000)	(9,715,000)	580,000
Net change in fund balances	\$ (14,000)	\$ (4,881,003)	(3,751,942)	\$ (1,129,061)
Fund balance, beginning of year			4,589,156	
Fund balance, end of year			\$ 837,214	

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 special 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, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 40,416,698	\$ 2,606,484	\$ 12,372,994	\$ 413,258	\$ 55,809,434
Cash with fiscal agent	1,857,762	2,902,284	-	-	4,760,046
Investments	38,748,168	1,671,871	11,834,350	386,148	52,640,537
Receivables:					
Property taxes	550,704	77,288	-	-	627,992
Accounts and unbilled usage	140,481	-	-	-	140,481
Delinquent special assessments	1,323,512	78,431	-	-	1,401,943
Special assessments receivable	-	8,734,974	-	-	8,734,974
Accrued interest	129,522	6,618	(19,282)	1,334	118,192
Notes	622,860	-	-	-	622,860
Due from other funds	306,666	-	-	-	306,666
Due from other governments	2,997,256	-	-	-	2,997,256
Inventories	155,292	-	-	-	155,292
Prepaid items	17,085	-	-	-	17,085
Property held for resale	35,000	155,997	187,828	-	378,825
Total assets	\$ 87,301,006	\$ 16,233,947	\$ 24,375,890	\$ 800,740	\$ 128,711,583
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,214,090	\$ 400	\$ 1,443,355	\$ -	\$ 6,657,845
Accrued wages & benefits	258,019	-	-	-	258,019
Unearned Revenue	2,465,666	-	-	-	2,465,666
Other liabilities	-	73,000	-	-	73,000
Due to other funds	23,950	-	306,666	-	330,616
Total liabilities	7,961,725	73,400	1,750,021	-	9,785,146
Deferred inflows:					
Unavailable Revenue	795,153	8,753,272	-	-	9,548,425
Fund balance:					
Unspendable	155,292	-	-	800,740	956,032
Restricted	64,855,927	7,408,659	22,625,869	-	94,890,455
Committed	13,597,188	-	-	-	13,597,188
Unassigned	(64,279)	(1,384)	-	-	(65,663)
Total fund balances	78,544,128	7,407,275	22,625,869	800,740	109,378,012
Total liabilities, deferred inflows and fund balances	\$ 87,301,006	\$ 16,233,947	\$ 24,375,890	\$ 800,740	\$ 128,711,583

CITY OF BILLINGS, MONTANA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 8,925,931	\$ 1,742,936	\$ 200,000	\$ -	\$ 10,868,867
Licenses and permits	2,697,264	-	-	-	2,697,264
Intergovernmental	14,668,890	-	-	-	14,668,890
Charges for services	9,975,422	-	-	19,696	9,995,118
Fines and forfeitures	221,465	-	-	-	221,465
Special assessments	27,730,503	1,526,674	-	-	29,257,177
Other	2,927,098	98,061	570,742	17,891	3,613,792
Total revenues	67,146,573	3,367,671	770,742	37,587	71,322,573
Expenditures:					
Current:					
General government	3,145,852	19,546	1,824	-	3,167,222
Public safety	4,694,390	-	344,627	-	5,039,017
Public works	22,521,134	12,650	51,335	-	22,585,119
Public health	17,105	-	-	-	17,105
Culture and recreation	6,748,268	3,100	-	-	6,751,368
Housing and economic development	4,250,008	-	8,327	-	4,258,335
Capital outlay	17,612,578	-	7,518,940	-	25,131,518
Debt service:					
Principal	1,030,000	3,067,293	-	-	4,097,293
Interest and fiscal charges	1,167,469	1,221,354	-	-	2,388,823
Bond issuance costs	111,500	-	44,950	-	156,450
Total expenditures	61,298,304	4,323,943	7,970,003	-	73,592,250
Revenues over (under) expenditures	5,848,269	(956,272)	(7,199,261)	37,587	(2,269,677)
Other financing sources (uses):					
Transfers in	2,123,099	1,844,647	14,697,208	-	18,664,954
Transfers out	(3,881,145)	(2)	(1,374,645)	(14,853)	(5,270,645)
Bond discount costs	(14,905)	-	-	-	(14,905)
Special assessment bonds issued	3,000,000	-	1,710,593	-	4,710,593
Sale of capital assets	58	-	28,995	-	29,053
Total other financing sources (uses)	1,227,107	1,844,645	15,062,151	(14,853)	18,119,050
Net change in fund balances	7,075,376	888,373	7,862,890	22,734	15,849,373
Fund balance, beginning of year	71,468,752	6,518,902	14,762,979	778,006	93,528,639
Fund balance, end of year	\$ 78,544,128	\$ 7,407,275	\$ 22,625,869	\$ 800,740	\$ 109,378,012

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 Developmental 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 Fun 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 within 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 processes.

- 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 Program 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 Hazzard 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.
- The 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 with in the City.
- The Ballpark Repair Fund accounts for minor repairs at the ballpark facility.
- The Bike Path/Trail Donation Fund accounts for the funds accumulated for trails development.
- The Park District 1 Fund accounts for the citywide park assessment, maintenance and improvements.

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023
(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	\$ 4,579,843	\$ 2,393,882	\$ 11,759	\$ 290,357	\$ 2,535,777	\$ 115,879	\$ 5,180,880	\$ 11,096
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	4,299,074	2,223,198	11,036	265,881	2,381,561	108,224	4,956,838	10,478
Receivables:								
Property taxes	-	-	-	-	49,454	-	-	-
Accounts and unbilled usage	-	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	730,394	83
Accrued interest	14,549	7,539	37	1,979	7,717	362	16,834	35
Notes	-	-	-	-	-	-	-	-
Due from other funds	306,666	-	-	-	-	-	-	-
Due from other governments	-	-	-	416,571	83,127	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	5,437	-	-	-	-
Property held for resale	-	-	-	35,000	-	-	-	-
Total assets	\$ 9,200,132	\$ 4,624,619	\$ 22,832	\$ 1,015,225	\$ 5,057,636	\$ 224,465	\$ 10,884,946	\$ 21,692
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 423,582	\$ 35,905	\$ -	\$ 93,880	\$ 81,335	\$ -	\$ 522,476	\$ -
Accrued wages & benefits	1,861	3,160	-	9,638	46,345	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	2,465,666	-	-	-	-	-	-	-
Total liabilities	2,891,109	39,065	-	103,518	127,680	-	522,476	-
Deferred inflows:								
Unavailable Revenue	-	-	-	-	4,201	-	68,285	55
Fund balances:								
Unspendable	-	-	-	-	-	-	-	-
Restricted	6,309,023	4,585,554	-	911,707	2,610,650	224,465	10,294,185	21,637
Committed	-	-	22,832	-	2,315,105	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	6,309,023	4,585,554	22,832	911,707	4,925,755	224,465	10,294,185	21,637
Total liabilities, deferred inflows and fund balances	\$ 9,200,132	\$ 4,624,619	\$ 22,832	\$ 1,015,225	\$ 5,057,636	\$ 224,465	\$ 10,884,946	\$ 21,692

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023
(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	\$ 1,152,607	\$ 1,056,634	\$ 2,060,750	\$ 1,176,678	\$ 3,594,127	\$ 894,624	\$ 1,137,667
Cash with fiscal agent	-	-	-	788,016	713,413	356,333	-
Investments	1,080,825	1,001,939	2,706,757	1,086,742	3,375,583	851,546	1,059,311
Receivables:							
Property taxes	-	-	-	295,764	155,998	49,488	-
Accounts and unbilled usage	-	-	-	-	-	-	-
Delinquent special assessments	126,838	52,305	258,480	-	-	-	-
Accrued interest	3,621	3,250	8,984	3,996	11,110	2,294	3,688
Notes	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
Total assets	\$ 2,363,891	\$ 2,114,128	\$ 5,034,971	\$ 3,351,196	\$ 7,850,231	\$ 2,154,285	\$ 2,200,666
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ 167,673	\$ 20,801	\$ 227,767	\$ 579,340	\$ 25,861	\$ 207,398	\$ 52,812
Accrued wages & benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total liabilities	167,673	20,801	227,767	579,340	25,861	207,398	52,812
Deferred inflows:							
Unavailable Revenue	17,853	5,048	28,852	2,910	23,995	6,151	-
Fund balances:							
Unspendable	-	-	-	-	-	-	-
Restricted	2,178,365	2,088,279	4,778,352	2,768,946	7,800,375	1,940,736	-
Committed	-	-	-	-	-	-	2,147,854
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,178,365	2,088,279	4,778,352	2,768,946	7,800,375	1,940,736	2,147,854
Total liabilities, deferred inflows and fund balances	\$ 2,363,891	\$ 2,114,128	\$ 5,034,971	\$ 3,351,196	\$ 7,850,231	\$ 2,154,285	\$ 2,200,666

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023
(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	\$ 285,242	\$ 123,906	\$ 46,471	\$ 435,373	\$ 2,321,962	\$ 4,065,945	\$ -	\$ 146,772
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	249,951	115,811	43,272	415,063	2,177,950	3,847,099	(459)	136,598
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Accounts and unbilled usage	63,874	-	4,063	-	72,544	-	-	-
Delinquent special assessments	-	-	-	-	-	-	-	-
Accrued interest	1,702	373	147	1,402	7,347	10,815	(46)	504
Notes	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	306,383	-	-	335,455	-	-	-	-
Inventories	-	-	-	-	-	155,292	-	-
Prepaid expense	-	-	-	4,657	6,991	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Total assets	\$ 907,152	\$ 240,090	\$ 93,953	\$ 1,191,950	\$ 4,586,794	\$ 8,079,151	\$ (505)	\$ 283,874
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ 159,561	\$ 16,920	\$ 12,400	\$ 27,028	\$ 10,019	\$ 179,731	\$ -	\$ -
Accrued wages & benefits	9,514	-	-	25,246	29,433	109,781	8,660	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	169,075	16,920	12,400	52,274	39,452	289,512	8,660	-
Deferred inflows:								
Unavailable Revenue	-	-	-	-	-	-	-	-
Fund balances:								
Unspendable	-	-	-	-	-	155,292	-	-
Restricted	738,077	-	81,553	1,139,676	4,547,342	7,634,347	-	283,874
Committed	-	223,170	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(9,165)	-
Total fund balances	738,077	223,170	81,553	1,139,676	4,547,342	7,789,639	(9,165)	283,874
Total liabilities, deferred inflows and fund balances	\$ 907,152	\$ 240,090	\$ 93,953	\$ 1,191,950	\$ 4,586,794	\$ 8,079,151	\$ (505)	\$ 283,874

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2023

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Baseball

Field/Stadium

Donations for

Capital

Maintenance

Fund

Arterial Fees

Fund

Ballpark

Repair Fund

Bike Path/Trail

Donation Fund

Park District 1

Fund

**Total
Nonmajor
Special
Revenue
Funds**

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball	Field/Stadium	Donations for	Capital	Maintenance	Arterial Fees	Fund	Ballpark	Repair Fund	Bike Path/Trail	Donation Fund	Park District 1	Fund	Total Nonmajor Special Revenue Funds
Assets																
Cash and cash equivalents	\$ (1,593)	\$ 963,425		\$ 220,759	\$ 3,448,215		\$ 76,723	\$ 13,815		\$ 2,077,123		\$ 40,416,698				
Cash with fiscal agent	-	-		-	-		-	-		-		-		-	1,857,762	
Investments	(1,523)	913,580		206,564	3,210,330		72,209		12,642		1,930,088		38,748,168			
Receivables:																
Property taxes	-	-		-	-		-	-		-		-		-	550,704	
Accounts and unbilled usage	-	-		-	-		-	-		-		-		-	140,481	
Delinquent special assessments	-	-		-	809		-	-		-	154,603		1,323,512			
Accrued interest	(15)	3,029		700	10,800		244		31		6,494		129,522			
Notes	-	622,860		-	-		-	-		-	-	-		-	622,860	
Due from other funds	-	-		-	-		-	-		-	-	-		-	306,666	
Due from other governments	58,980	-		-	1,233,862		-	-	562,878		-	-		-	2,997,256	
Inventories	-	-		-	-		-	-		-	-	-		-	155,292	
Prepaid expense	-	-		-	-		-	-		-	-	-		-	17,085	
Property held for resale	-	-		-	-		-	-		-	-	-		-	35,000	
Total assets	\$ 55,849	\$ 2,502,894		\$ 428,023	\$ 7,904,016		\$ 149,176		\$ 589,366		\$ 4,168,308		\$ 87,301,006			
Liabilities, Deferred Inflows and Fund Balances																
Liabilities:																
Accounts payable	\$ 16,187	\$ -		\$ -	\$ 1,484,910		\$ -	\$ 644,480		\$ 224,024		\$ 5,214,090				
Accrued wages & benefits	3,104	-		-	-		-	-		-	11,277		258,019			
Due to other funds	23,950	-		-	-		-	-		-	-	-		-	23,950	
Unearned Revenue	-	-		-	-		-	-		-	-	-		-	2,465,666	
Total liabilities	43,241	-		-	1,484,910		-	644,480		235,301		7,961,725				
Deferred inflows:																
Unavailable Revenue	-	622,860		-	720		-	-		-	14,223		795,153			
Fund balances:																
Unspendable	-	-		-	-		-	-		-	-	-		-	155,292	
Restricted	-	-		-	-		-	-		-	3,918,784		64,855,927			
Committed	12,608	1,880,034		428,023	6,418,386		149,176	-	-	-	-	-		-	13,597,188	
Unassigned	-	-		-	-		-	-	(55,114)	-	-	-		-	(64,279)	
Total fund balances	12,608	1,880,034		428,023	6,418,386		149,176	(55,114)		3,918,784		78,544,128				
Total liabilities, deferred inflows and fund balances	\$ 55,849	\$ 2,502,894		\$ 428,023	\$ 7,904,016		\$ 149,176	\$ 589,366		\$ 4,168,308		\$ 87,301,006				

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
(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	\$ -	\$ -	\$ -	\$ -	\$ 1,286,309	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,881,502	1,180,253	-	1,609,826	1,781,515	-	-	-
Charges for services	-	-	-	5,500	15,455	19,559	-	-
Fines and forfeitures	-	-	-	-	15,655	-	-	-
Special assessments	-	-	-	-	-	-	15,020,802	2,798
Other	251,159	98,105	595	-	191,802	5,151	231,633	454
Total revenues	2,132,661	1,278,358	595	1,615,326	3,290,736	24,710	15,252,435	3,252
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	663,326	-	-	-	-	-	588
Public works	1,224,291	-	-	-	-	-	7,649,002	-
Public health	-	-	17,105	-	-	-	-	-
Culture and recreation	-	-	-	-	3,861,781	44,240	-	-
Housing and economic development	-	-	-	1,231,053	-	-	-	-
Capital outlay	2,031,642	-	-	525,406	-	-	1,732,903	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	3,255,933	663,326	17,105	1,756,459	3,861,781	44,240	9,381,905	588
Revenues over (under) expenditures	(1,123,272)	615,032	(16,510)	(141,133)	(571,045)	(19,530)	5,870,530	2,664
Other financing sources (uses):								
Transfers in	-	-	-	65,183	1,144,540	-	-	-
Transfers out	-	-	-	-	(43,705)	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	58	-	-	-
Total other financing sources (uses)	-	-	-	65,183	1,100,893	-	-	-
Net change in fund balances	(1,123,272)	615,032	(16,510)	(75,950)	529,848	(19,530)	5,870,530	2,664
Fund balance, beginning of year	7,432,295	3,970,522	39,342	987,657	4,395,907	243,995	4,423,655	18,973
Fund balance, end of year	\$ 6,309,023	\$ 4,585,554	\$ 22,832	\$ 911,707	\$ 4,925,755	\$ 224,465	\$ 10,294,185	\$ 21,637

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
(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	\$ -	\$ -	\$ -	\$ 2,572,010	\$ 3,739,610	\$ 763,861	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	266,797	292,587	171,479	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Special assessments	2,482,477	1,273,855	5,286,125	-	-	-	-
Other	80,461	38,826	128,860	81,756	141,527	39,196	185,857
Total revenues	2,562,938	1,312,681	5,414,985	2,920,563	4,173,724	974,536	185,857
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	2,803,742	-	1,925,327	-	-	-	-
Public health	-	-	-	-	-	-	-
Culture and recreation	-	1,002,503	-	-	-	-	20,193
Housing and economic development	-	-	-	2,005,118	411,034	373,159	-
Capital outlay	-	-	835,841	297,001	3,003,721	-	62,988
Debt service:							
Principal	-	-	-	455,000	335,000	240,000	-
Interest and fiscal charges	-	-	-	628,509	311,894	227,066	-
Bond issuance costs	-	-	-	-	111,500	-	-
Total expenditures	2,803,742	1,002,503	2,761,168	3,385,628	4,173,149	840,225	83,181
Revenues over (under) expenditures	(240,804)	310,178	2,653,817	(465,065)	575	134,311	102,676
Other financing sources (uses):							
Transfers in	-	-	-	43,000	-	-	20,000
Transfers out	-	-	(1,835,000)	(173,000)	(204,898)	-	(225,000)
Bond discount costs	-	-	-	-	(14,905)	-	-
Special assessment bonds issued	-	-	-	-	3,000,000	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,835,000)	(130,000)	2,780,197	-	(205,000)
Net change in fund balances	(240,804)	310,178	818,817	(595,065)	2,780,772	134,311	(102,324)
Fund balance, beginning of year	2,419,169	1,778,101	3,959,535	3,364,011	5,019,603	1,806,425	2,250,178
Fund balance, end of year	\$ 2,178,365	\$ 2,088,279	\$ 4,778,352	\$ 2,768,946	\$ 7,800,375	\$ 1,940,736	\$ 2,147,854

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
(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	\$ -	\$ -	\$ -	\$ 564,141	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	95,507	2,601,757	-	-	-
Intergovernmental	736,595	-	-	1,292,511	-	792,049	104,974	317,093
Charges for services	222,344	17,148	4,610	455,018	-	9,209,847	-	22,683
Fines and forfeitures	158,237	-	-	-	-	-	47,573	-
Special assessments	-	-	17,926	-	-	-	-	-
Other	83,544	5,370	1,924	25,850	106,523	100,651	(5)	54,337
Total revenues	1,200,720	22,518	24,460	2,433,027	2,708,280	10,102,547	152,542	394,113
Expenditures:								
Current:								
General government	-	-	-	2,165,843	-	-	597,730	-
Public safety	1,372,775	-	-	-	2,283,355	-	-	374,346
Public works	-	-	38,670	-	-	8,317,145	-	-
Public health	-	-	-	-	-	-	-	-
Culture and recreation	-	26,567	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	228,916	595,247	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,372,775	26,567	38,670	2,165,843	2,512,271	8,912,392	597,730	374,346
Revenues over (under) expenditures	(172,055)	(4,049)	(14,210)	267,184	196,009	1,190,155	(445,188)	19,767
Other financing sources (uses):								
Transfers in	353,818	-	-	17,031	3,000	2,750	443,777	-
Transfers out	(853,818)	(4,450)	-	(4,736)	-	(208,078)	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(500,000)	(4,450)	-	12,295	3,000	(205,328)	443,777	-
Net change in fund balances	(672,055)	(8,499)	(14,210)	279,479	199,009	984,827	(1,411)	19,767
Fund balance, beginning of year	1,410,132	231,669	95,763	860,197	4,348,333	6,804,812	(7,754)	264,107
Fund balance, end of year	\$ 738,077	\$ 223,170	\$ 81,553	\$ 1,139,676	\$ 4,547,342	\$ 7,789,639	\$ (9,165)	\$ 283,874

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

(Page 4 of 4)

	Municipal Court Grant Fund	Downtown Revolving Loan Fund	Baseball Field/Stadium Donations for Capital Maintenance Fund	Arterial Fees Fund	Ballpark Repair Fund	Bike Path/Trail Donation Fund	Park District 1 Fund	Total Nonmajor Special Revenue Funds
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,925,931
Licenses and permits	-	-	-	-	-	-	-	2,697,264
Intergovernmental	451,369	-	-	1,621,424	-	2,104,185	64,731	14,668,890
Charges for services	-	-	-	-	-	-	3,258	9,975,422
Fines and forfeitures	-	-	-	-	-	-	-	221,465
Special assessments	-	-	-	30,399	-	-	3,616,121	27,730,503
Other	4	701,371	23,191	248,453	3,296	93	97,114	2,927,098
Total revenues	451,373	701,371	23,191	1,900,276	3,296	2,104,278	3,781,224	67,146,573
Expenditures:								
Current:								
General government	382,279	-	-	-	-	-	-	3,145,852
Public safety	-	-	-	-	-	-	-	4,694,390
Public works	-	-	-	562,957	-	-	-	22,521,134
Public health	-	-	-	-	-	-	-	17,105
Culture and recreation	-	-	19,875	-	16,270	-	1,756,839	6,748,268
Housing and economic development	-	229,644	-	-	-	-	-	4,250,008
Capital outlay	-	-	-	3,765,625	-	2,171,308	2,361,980	17,612,578
Debt service:								
Principal	-	-	-	-	-	-	-	1,030,000
Interest and fiscal charges	-	-	-	-	-	-	-	1,167,469
Bond issuance costs	-	-	-	-	-	-	-	111,500
Total expenditures	382,279	229,644	19,875	4,328,582	16,270	2,171,308	4,118,819	61,298,304
Revenues over (under) expenditures	69,094	471,727	3,316	(2,428,306)	(12,974)	(67,030)	(337,595)	5,848,269
Other financing sources (uses):								
Transfers in	-	-	-	-	30,000	-	-	2,123,099
Transfers out	-	-	-	-	-	-	(328,460)	(3,881,145)
Bond discount costs	-	-	-	-	-	-	-	(14,905)
Special assessment bonds issued	-	-	-	-	-	-	-	3,000,000
Sale of capital assets	-	-	-	-	-	-	-	58
Total other financing sources (uses)	-	-	-	-	30,000	-	(328,460)	1,227,107
Net change in fund balances	69,094	471,727	3,316	(2,428,306)	17,026	(67,030)	(666,055)	7,075,376
Fund balance, beginning of year	(56,486)	1,408,307	424,707	8,846,692	132,150	11,916	4,584,839	71,468,752
Fund balance, end of year	\$ 12,608	\$ 1,880,034	\$ 428,023	\$ 6,418,386	\$ 149,176	\$ (55,114)	\$ 3,918,784	\$ 78,544,128

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, 2023
(Page 1 of 16)

	Gas Tax Fund				EOC 911 Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,052,594	4,052,594	1,881,502	2,171,092	1,022,763	1,022,763	1,180,253	(157,490)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	77,000	77,000	251,158	(174,158)	6,968	6,968	98,105	(91,137)
Total revenues	<u>4,129,594</u>	<u>4,129,594</u>	<u>2,132,660</u>	<u>1,996,934</u>	<u>1,029,731</u>	<u>1,029,731</u>	<u>1,278,358</u>	<u>(248,627)</u>
Expenditures:								
Current:								
Salaries and benefits	92,593	92,593	92,893	(300)	159,835	159,835	162,919	(3,084)
Operations and maintenance	339,430	367,000	1,131,397	(764,397)	1,034,969	1,038,064	500,407	537,657
Capital outlay	6,834,410	8,798,987	2,031,642	6,767,345	-	2,195,000	-	2,195,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	<u>7,266,433</u>	<u>9,258,580</u>	<u>3,255,932</u>	<u>6,002,648</u>	<u>1,194,804</u>	<u>3,392,899</u>	<u>663,326</u>	<u>2,729,573</u>
Revenues over (under) expenditures	<u>(3,136,839)</u>	<u>(5,128,986)</u>	<u>(1,123,272)</u>	<u>(4,005,714)</u>	<u>(165,073)</u>	<u>(2,363,168)</u>	<u>615,032</u>	<u>(2,978,200)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$(3,136,839)</u>	<u>\$(5,128,986)</u>	<u>(1,123,272)</u>	<u>\$(4,005,714)</u>	<u>\$(165,073)</u>	<u>\$(2,363,168)</u>	<u>615,032</u>	<u>\$(2,978,200)</u>
Fund balance, beginning of year			7,432,295				3,970,522	
Fund balance, end of year			<u>\$ 6,309,023</u>				<u>\$ 4,585,554</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, 2023
(Page 2 of 16)

	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	-	-	-	-	2,631,571	2,988,289	866,650	2,121,639
Charges for services	-	-	-	-	15,000	15,000	5,500	9,500
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	62	62	595	(533)	332,894	418,305	743,175	(324,870)
Total revenues	62	62	595	(533)	2,979,465	3,421,594	1,615,325	1,806,269
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	480,250	493,856	473,840	20,016
Operations and maintenance	-	17,105	17,105	-	2,043,021	3,767,895	757,212	3,010,683
Capital outlay	-	-	-	-	-	1,310,871	525,406	785,465
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	-	17,105	17,105	-	2,523,271	5,572,622	1,756,458	3,816,164
Revenues over (under) expenditures	62	(17,043)	(16,510)	(533)	456,194	(2,151,028)	(141,133)	(2,009,895)
Other financing sources (uses):								
Transfers in	-	-	-	-	65,200	65,200	65,183	17
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	65,200	65,200	65,183	17
Net change in fund balances	\$ 62	\$ (17,043)	\$ (16,510)	\$ (533)	\$ 521,394	\$ (2,085,828)	\$ (75,950)	\$ (2,009,878)
Fund balance, beginning of year			39,342				987,657	
Fund balance, end of year			\$ 22,832				\$ 911,707	

(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, 2023
(Page 3 of 16)

	Library Fund				Cemetery Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 1,265,971	\$ 1,265,971	\$ 1,286,309	\$ (20,338)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,729,466	1,729,466	1,781,515	(52,049)	-	-	-	-
Charges for services	14,550	14,550	15,455	(905)	14,000	14,000	19,559	(5,559)
Fines and forfeitures	17,500	17,500	15,655	1,845	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	120,771	120,771	191,860	(71,089)	411	411	5,151	(4,740)
Total revenues	3,148,258	3,148,258	3,290,794	(142,536)	14,411	14,411	24,710	(10,299)
Expenditures:								
Current:								
Salaries and benefits	2,636,423	2,636,423	2,439,881	196,542	-	-	-	-
Operations and maintenance	1,504,435	1,577,679	1,421,900	155,779	-	52,000	44,240	7,760
Capital outlay	10,000	10,000	-	10,000	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	4,150,858	4,224,102	3,861,781	362,321	-	52,000	44,240	7,760
Revenues over (under) expenditures	(1,002,600)	(1,075,844)	(570,987)	(504,857)	14,411	(37,589)	(19,530)	(18,059)
Other financing sources (uses):								
Transfers in	1,139,373	1,139,373	1,144,540	(5,167)	-	-	-	-
Transfers out	(43,705)	(43,705)	(43,705)	-	-	-	-	-
Total other financing sources (uses)	1,095,668	1,095,668	1,100,835	(5,167)	-	-	-	-
Net change in fund balances	\$ 93,068	\$ 19,824	529,848	\$ (510,024)	\$ 14,411	\$ (37,589)	(19,530)	\$ (18,059)
Fund balance, beginning of year			4,395,907				243,995	
Fund balance, end of year			\$ 4,925,755				\$ 224,465	

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, 2023
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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	14,635,000	14,635,000	15,020,802	(385,802)	2,875	2,875	2,798	77
Other	20,700	20,700	231,633	(210,933)	-	-	454	(454)
Total revenues	14,655,700	14,655,700	15,252,435	(596,735)	2,875	2,875	3,252	(377)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	7,346,279	7,346,279	7,649,002	(302,723)	584	584	588	(4)
Capital outlay	5,725,000	5,725,000	1,732,903	3,992,097	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	13,071,279	13,071,279	9,381,905	3,689,374	584	584	588	(4)
Revenues over (under) expenditures	1,584,421	1,584,421	5,870,530	(4,286,109)	2,291	2,291	2,664	(373)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 1,584,421	\$ 1,584,421	5,870,530	\$(4,286,109)	\$ 2,291	\$ 2,291	2,664	\$ (373)
Fund balance, beginning of year			4,423,655				18,973	
Fund balance, end of year			\$ 10,294,185				\$ 21,637	

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
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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	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	2,400,000	2,400,000	2,482,477	(82,477)	1,270,200	1,270,200	1,273,855	(3,655)
Other	5,000	5,000	80,461	(75,461)	2,321	2,321	38,826	(36,505)
Total revenues	<u>2,405,000</u>	<u>2,405,000</u>	<u>2,562,938</u>	<u>(157,938)</u>	<u>1,272,521</u>	<u>1,272,521</u>	<u>1,312,681</u>	<u>(40,160)</u>
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,913,208	2,942,983	2,803,742	139,241	1,236,341	1,236,341	1,002,503	233,838
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	<u>2,913,208</u>	<u>2,942,983</u>	<u>2,803,742</u>	<u>139,241</u>	<u>1,236,341</u>	<u>1,236,341</u>	<u>1,002,503</u>	<u>233,838</u>
Revenues over (under) expenditures	<u>(508,208)</u>	<u>(537,983)</u>	<u>(240,804)</u>	<u>(297,179)</u>	<u>36,180</u>	<u>36,180</u>	<u>310,178</u>	<u>(273,998)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (508,208)</u>	<u>\$ (537,983)</u>	<u>(240,804)</u>	<u>\$ (297,179)</u>	<u>\$ 36,180</u>	<u>\$ 36,180</u>	<u>310,178</u>	<u>\$ (273,998)</u>
Fund balance, beginning of year			2,419,169				1,778,101	
Fund balance, end of year			<u>\$ 2,178,365</u>				<u>\$ 2,088,279</u>	

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual
For the Fiscal Year Ended June 30, 2023
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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	\$ -	\$ -	\$ -	\$ -	\$ 2,678,000	\$ 2,678,000	\$ 2,572,010	\$ 105,990
Licenses and permits	500	500	-	500	-	-	-	-
Intergovernmental	-	-	-	-	211,821	211,821	266,797	(54,976)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	5,100,000	5,100,000	5,286,125	(186,125)	-	-	-	-
Other	21,110	21,110	128,860	(107,750)	5,033	5,033	81,756	(76,723)
Total revenues	<u>5,121,610</u>	<u>5,121,610</u>	<u>5,414,985</u>	<u>(293,375)</u>	<u>2,894,854</u>	<u>2,894,854</u>	<u>2,920,563</u>	<u>(25,709)</u>
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,100,098	2,511,756	1,925,327	586,429	2,231,281	2,425,095	2,005,118	419,977
Capital outlay	3,585,000	4,645,110	835,841	3,809,269	395,000	401,400	297,001	104,399
Debt service:								
Principal	-	-	-	-	580,000	580,000	455,000	125,000
Interest and fiscal charges	-	-	-	-	755,412	755,412	628,509	126,903
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	<u>5,685,098</u>	<u>7,156,866</u>	<u>2,761,168</u>	<u>4,395,698</u>	<u>3,961,693</u>	<u>4,161,907</u>	<u>3,385,628</u>	<u>776,279</u>
Revenues over (under) expenditures	<u>(563,488)</u>	<u>(2,035,256)</u>	<u>2,653,817</u>	<u>(4,689,073)</u>	<u>(1,066,839)</u>	<u>(1,267,053)</u>	<u>(465,065)</u>	<u>(801,988)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	43,000	(43,000)
Transfers out	(1,015,000)	(1,015,000)	(1,835,000)	820,000	(130,000)	(130,000)	(173,000)	43,000
Total other financing sources (uses)	<u>(1,015,000)</u>	<u>(1,015,000)</u>	<u>(1,835,000)</u>	<u>820,000</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,578,488)</u>	<u>\$ (3,050,256)</u>	<u>818,817</u>	<u>\$ (3,869,073)</u>	<u>\$ (1,196,839)</u>	<u>\$ (1,397,053)</u>	<u>(595,065)</u>	<u>\$ (801,988)</u>
Fund balance, beginning of year			3,959,535				3,364,011	
Fund balance, end of year			<u>\$ 4,778,352</u>				<u>\$ 2,768,946</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, 2023
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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	\$ 3,683,000	\$ 3,683,000	\$ 3,739,610	\$ (56,610)	\$ 778,000	\$ 778,000	\$ 763,861	\$ 14,139
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	256,218	256,218	292,587	(36,369)	146,654	146,654	171,479	(24,825)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	11,573	11,573	3,141,526	(3,129,953)	2,411	2,411	39,196	(36,785)
Total revenues	3,950,791	3,950,791	7,173,723	(3,222,932)	927,065	927,065	974,536	(47,471)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	2,091,070	2,091,070	425,938	1,665,132	327,958	430,771	373,159	57,612
Capital outlay	2,600,000	5,059,750	3,003,721	2,056,029	-	-	-	-
Debt service:								
Principal	335,000	335,000	335,000	-	240,000	240,000	240,000	-
Interest and fiscal charges	310,346	310,346	311,894	(1,548)	226,977	226,977	227,066	(89)
Bond Issuance Costs	-	-	111,500	(111,500)	-	-	-	-
Total expenditures	5,336,416	7,796,166	4,188,053	3,608,113	794,935	897,748	840,225	57,523
Revenues over (under) expenditures	(1,385,625)	(3,845,375)	2,985,670	(6,831,045)	132,130	29,317	134,311	(104,994)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(214,075)	(214,075)	(204,898)	(9,177)	-	-	-	-
Total other financing sources (uses)	(214,075)	(214,075)	(204,898)	(9,177)	-	-	-	-
Net change in fund balances	\$ (1,599,700)	\$ (4,059,450)	2,780,772	\$ (6,840,222)	\$ 132,130	\$ 29,317	134,311	\$ (104,994)
Fund balance, beginning of year			5,019,603				1,806,425	
Fund balance, end of year			\$ 7,800,375				\$ 1,940,736	

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, 2023
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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	-	-	-	-	753,443	753,443	736,595	16,848
Charges for services	-	-	-	-	276,144	276,144	222,344	53,800
Fines and forfeitures	-	-	-	-	125,000	125,000	158,237	(33,237)
Special assessments	-	-	-	-	-	-	-	-
Other	118,927	118,927	185,857	(66,930)	163,128	163,128	83,543	79,585
Total revenues	118,927	118,927	185,857	(66,930)	1,317,715	1,317,715	1,200,719	116,996
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	481,587	481,587	408,320	73,267
Operations and maintenance	25,445	29,295	20,193	9,102	859,856	1,166,560	964,454	202,106
Capital outlay	125,000	125,000	62,988	62,012	282,857	282,857	-	282,857
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total expenditures	150,445	154,295	83,181	71,114	1,624,300	1,931,004	1,372,774	558,230
Revenues over (under) expenditures	(31,518)	(35,368)	102,676	(138,044)	(306,585)	(613,289)	(172,055)	(441,234)
Other financing sources (uses):								
Transfers in	5,000	5,000	20,000	(15,000)	-	-	353,818	(353,818)
Transfers out	-	(225,000)	(225,000)	-	-	(500,000)	(853,818)	353,818
Total other financing sources (uses)	5,000	(220,000)	(205,000)	(15,000)	-	(500,000)	(500,000)	-
Net change in fund balances	\$ (26,518)	\$ (255,368)	(102,324)	\$ (153,044)	\$ (306,585)	\$ (1,113,289)	(672,055)	\$ (441,234)
Fund balance, beginning of year			2,250,178				1,410,132	
Fund balance, end of year			\$ 2,147,854				\$ 738,077	

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, 2023
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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	25,000	25,000	17,148	7,852	12,000	12,000	4,610	7,390
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	63,154	63,154	17,926	45,228
Other	448	448	5,370	(4,922)	200	200	1,924	(1,724)
Total revenues	25,448	25,448	22,518	2,930	75,354	75,354	24,460	50,894
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	26,018	26,018	26,567	(549)	150,000	181,350	38,670	142,680
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	26,018	26,018	26,567	(549)	150,000	181,350	38,670	142,680
Revenues over (under) expenditures	(570)	(570)	(4,049)	3,479	(74,646)	(105,996)	(14,210)	(91,786)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(5,000)	(5,000)	(4,450)	(550)	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(5,000)	(5,000)	(4,450)	(550)	-	-	-	-
Net change in fund balances	\$ (5,570)	\$ (5,570)	\$ (8,499)	\$ 2,929	\$ (74,646)	\$ (105,996)	\$ (14,210)	\$ (91,786)
Fund balance, beginning of year			231,669				95,763	
Fund balance, end of year			\$ 223,170				\$ 81,553	

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, 2023
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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	\$ 523,000	\$ 523,000	\$ 564,141	\$ (41,141)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	81,250	81,250	95,507	(14,257)	2,630,500	2,630,500	2,601,757	28,743
Intergovernmental	1,139,969	1,139,969	1,292,511	(152,542)	-	-	-	-
Charges for services	324,532	324,532	455,018	(130,486)	10,000	10,000	-	10,000
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	903	903	25,851	(24,948)	6,996	6,996	106,522	(99,526)
Total revenues	<u>2,069,654</u>	<u>2,069,654</u>	<u>2,433,028</u>	<u>(363,374)</u>	<u>2,647,496</u>	<u>2,647,496</u>	<u>2,708,279</u>	<u>(60,783)</u>
Expenditures:								
Current:								
Salaries and benefits	1,353,556	1,353,556	1,298,750	54,806	1,557,941	1,557,941	1,597,581	(39,640)
Operations and maintenance	896,804	1,201,548	867,094	334,454	893,537	893,749	685,773	207,976
Capital outlay	-	-	-	-	560,000	614,316	228,916	385,400
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>2,250,360</u>	<u>2,555,104</u>	<u>2,165,844</u>	<u>389,260</u>	<u>3,011,478</u>	<u>3,066,006</u>	<u>2,512,270</u>	<u>553,736</u>
Revenues over (under) expenditures	<u>(180,706)</u>	<u>(485,450)</u>	<u>267,184</u>	<u>(752,634)</u>	<u>(363,982)</u>	<u>(418,510)</u>	<u>196,009</u>	<u>(614,519)</u>
Other financing sources (uses):								
Transfers in	1,031	1,031	17,031	(16,000)	-	-	3,000	(3,000)
Transfers out	(4,736)	(4,736)	(4,736)	-	(309,126)	(309,126)	-	(309,126)
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,705)</u>	<u>(3,705)</u>	<u>12,295</u>	<u>(16,000)</u>	<u>(309,126)</u>	<u>(309,126)</u>	<u>3,000</u>	<u>(312,126)</u>
Net change in fund balances	<u>\$ (184,411)</u>	<u>\$ (489,155)</u>	<u>279,479</u>	<u>\$ (768,634)</u>	<u>\$ (673,108)</u>	<u>\$ (727,636)</u>	<u>199,009</u>	<u>\$ (926,645)</u>
Fund balance, beginning of year			860,197				4,348,333	
Fund balance, end of year			<u>\$ 1,139,676</u>				<u>\$ 4,547,342</u>	

CITY OF BILLINGS, MONTANA
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
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	Street & Traffic Fund				City Attorney Grants Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	760,000	760,000	792,049	(32,049)	155,458	155,458	104,974	50,484
Charges for services	9,127,500	9,127,500	9,209,847	(82,347)	-	-	-	-
Fines and forfeitures	-	-	-	-	46,000	46,000	47,573	(1,573)
Special assessments	-	-	-	-	-	-	-	-
Other	20,000	20,000	100,650	(80,650)	-	-	(5)	5
Total revenues	<u>9,907,500</u>	<u>9,907,500</u>	<u>10,102,546</u>	<u>(195,046)</u>	<u>201,458</u>	<u>201,458</u>	<u>152,542</u>	<u>48,916</u>
Expenditures:								
Current:								
Salaries and benefits	4,714,126	4,714,126	4,432,277	281,849	586,405	586,405	585,875	530
Operations and maintenance	4,577,978	4,770,202	3,884,867	885,335	-	319	11,855	(11,536)
Capital outlay	971,684	1,593,683	595,247	998,436	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>10,263,788</u>	<u>11,078,011</u>	<u>8,912,391</u>	<u>2,165,620</u>	<u>586,405</u>	<u>586,724</u>	<u>597,730</u>	<u>(11,006)</u>
Revenues over (under) expenditures	<u>(356,288)</u>	<u>(1,170,511)</u>	<u>1,190,155</u>	<u>(2,360,666)</u>	<u>(384,947)</u>	<u>(385,266)</u>	<u>(445,188)</u>	<u>59,922</u>
Other financing sources (uses):								
Transfers in	-	-	2,750	(2,750)	385,300	385,300	443,777	(58,477)
Transfers out	(207,502)	(207,502)	(208,078)	576	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(207,502)</u>	<u>(207,502)</u>	<u>(205,328)</u>	<u>(2,174)</u>	<u>385,300</u>	<u>385,300</u>	<u>443,777</u>	<u>(58,477)</u>
Net change in fund balances	<u>\$ (563,790)</u>	<u>\$ (1,378,013)</u>	<u>984,827</u>	<u>\$(2,362,840)</u>	<u>\$ 353</u>	<u>\$ 34</u>	<u>(1,411)</u>	<u>\$ 1,445</u>
Fund balance, beginning of year			6,804,812				(7,754)	
Fund balance, end of year			<u>\$ 7,789,639</u>				<u>\$ (9,165)</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, 2023
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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	351,280	351,280	317,093	34,187	516,006	516,006	451,369	64,637
Charges for services	-	-	22,683	(22,683)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Other	25,005	25,005	54,337	(29,332)	-	-	4	(4)
Total revenues	376,285	376,285	394,113	(17,828)	516,006	516,006	451,373	64,633
Expenditures:								
Current:								
Salaries and benefits	7,040	7,040	-	7,040	171,018	171,018	144,165	26,853
Operations and maintenance	466,050	470,953	374,346	96,607	344,988	344,988	238,114	106,874
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	473,090	477,993	374,346	103,647	516,006	516,006	382,279	133,727
Revenues over (under) expenditures	(96,805)	(101,708)	19,767	(121,475)	-	-	69,094	(69,094)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (96,805)	\$ (101,708)	19,767	\$ (121,475)	\$ -	\$ -	69,094	\$ (69,094)
Fund balance, beginning of year			264,107				(56,486)	
Fund balance, end of year			\$ 283,874				\$ 12,608	

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, 2023
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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	200,000	200,000	701,371	(501,371)	61,195	61,195	23,191	38,004
Total revenues	200,000	200,000	701,371	(501,371)	61,195	61,195	23,191	38,004
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	821,787	821,787	229,644	592,143	1,279	2,239	19,875	(17,636)
Capital outlay	-	-	-	-	120,000	120,000	-	120,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	821,787	821,787	229,644	592,143	121,279	122,239	19,875	102,364
Revenues over (under) expenditures	(621,787)	(621,787)	471,727	(1,093,514)	(60,084)	(61,044)	3,316	(64,360)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (621,787)	\$ (621,787)	471,727	\$ (1,093,514)	\$ (60,084)	\$ (61,044)	3,316	\$ (64,360)
Fund balance, beginning of year			1,408,307				424,707	
Fund balance, end of year			\$ 1,880,034				\$ 428,023	

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, 2023
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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	7,620,385	7,620,385	1,621,424	5,998,961	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	30,399	(30,399)	-	-	-	-
Other	10,000	10,000	248,453	(238,453)	223	223	3,296	(3,073)
Total revenues	7,630,385	7,630,385	1,900,276	5,730,109	223	223	3,296	(3,073)
Expenditures:								
Current:								
Salaries and benefits	-	-	-	-	-	-	-	-
Operations and maintenance	164,999	164,999	562,957	(397,958)	30,744	123,861	16,270	107,591
Capital outlay	13,951,050	16,157,570	3,765,625	12,391,945	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	14,116,049	16,322,569	4,328,582	11,993,987	30,744	123,861	16,270	107,591
Revenues over (under) expenditures	(6,485,664)	(8,692,184)	(2,428,306)	(6,263,878)	(30,521)	(123,638)	(12,974)	(110,664)
Other financing sources (uses):								
Transfers in	-	-	-	-	30,000	30,000	30,000	-
Transfers out	-	-	-	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	30,000	30,000	30,000	-
Net change in fund balances	\$(6,485,664)	\$(8,692,184)	(2,428,306)	\$(6,263,878)	\$ (521)	\$ (93,638)	17,026	\$ (110,664)
Fund balance, beginning of year			8,846,692				132,150	
Fund balance, end of year			\$ 6,418,386				\$ 149,176	

Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual
For the Fiscal Year Ended June 30, 2023
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	Park District 1 Fund				Bike Path/Trail Donation			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	64,731	(64,731)	-	-	2,104,185	(2,104,185)
Charges for services	-	-	3,258	(3,258)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	3,611,597	3,611,597	3,616,121	(4,524)	-	-	-	-
Other	8,341	8,341	97,114	(88,773)	138	138	93	45
Total revenues	<u>3,619,938</u>	<u>3,619,938</u>	<u>3,781,224</u>	<u>(161,286)</u>	<u>138</u>	<u>138</u>	<u>2,104,278</u>	<u>(2,104,140)</u>
Expenditures:								
Current:								
Salaries and benefits	457,288	457,288	357,326	99,962	-	-	-	-
Operations and maintenance	1,510,440	1,519,940	1,399,513	120,427	-	-	-	-
Capital outlay	1,568,750	3,865,921	2,361,980	1,503,941	-	3,800,000	2,171,308	1,628,692
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>3,536,478</u>	<u>5,843,149</u>	<u>4,118,819</u>	<u>1,724,330</u>	<u>-</u>	<u>3,800,000</u>	<u>2,171,308</u>	<u>1,628,692</u>
Revenues over (under) expenditures	<u>83,460</u>	<u>(2,223,211)</u>	<u>(337,595)</u>	<u>(1,885,616)</u>	<u>138</u>	<u>(3,799,862)</u>	<u>(67,030)</u>	<u>(3,732,832)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(328,460)	(328,460)	(328,460)	-	-	-	-	-
Bond discount costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(328,460)</u>	<u>(328,460)</u>	<u>(328,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (245,000)</u>	<u>\$(2,551,671)</u>	<u>(666,055)</u>	<u>\$(1,885,616)</u>	<u>\$ 138</u>	<u>\$(3,799,862)</u>	<u>(67,030)</u>	<u>\$(3,732,832)</u>
Fund balance, beginning of year			4,584,839				11,916	
Fund balance, end of year			<u>\$ 3,918,784</u>				<u>\$ (55,114)</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, 2023
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Total Nonmajor Special Revenue Funds				
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 8,927,971	\$ 8,927,971	\$ 8,925,931	\$ 2,040
Licenses and permits	2,712,250	2,712,250	2,697,264	14,986
Intergovernmental	21,347,628	21,704,346	13,925,714	7,778,632
Charges for services	9,818,726	9,818,726	9,975,422	(156,696)
Fines and forfeitures	188,500	188,500	221,465	(32,965)
Special assessments	27,082,826	27,082,826	27,730,503	(647,677)
Other	1,221,758	1,307,169	6,670,327	(5,363,158)
 Total revenues	 71,299,659	 71,741,788	 70,146,626	 1,595,162
Expenditures:				
Current:				
Salaries and benefits	12,698,062	12,711,668	11,993,827	717,841
Operations and maintenance	33,938,599	37,522,430	29,397,830	8,124,600
Capital outlay	36,728,751	54,705,465	17,612,578	37,092,887
Debt service:				
Principal	1,155,000	1,155,000	1,030,000	125,000
Interest and fiscal charges	1,292,735	1,292,735	1,167,469	125,266
Bond issuance costs	-	-	111,500	(111,500)
Total expenditures	 85,813,147	 107,387,298	 61,313,204	 46,074,094
 Revenues over (under) expenditures	 (14,513,488)	 (35,645,510)	 8,833,422	 (44,478,932)
 Other financing sources (uses):				
Transfers in	416,331	416,331	496,558	(80,227)
Transfers out	354,749	354,749	1,080,817	(726,068)
Bond discount costs	(1,402,780)	(2,127,780)	(3,335,421)	1,207,641
Total other financing sources (uses)	 (631,700)	 (1,356,700)	 (1,758,046)	 401,346
Net change in fund balances	 \$ (15,145,188)	 \$ (37,002,210)	 7,075,376	 \$ (44,077,586)
Fund balance, beginning of year			71,468,752	
Fund balance, end of year		172	 \$ 78,544,128	

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 Fire Station Construction Fund accounts for the costs of the construction of Fire Station #8.
- The City Hall Construction Fund accounts for the costs to relocate City Hall to the Stillwater Building.
- The Dog Park Construction Fund accounts for the construction of the new dog parks in Billings.

CITY OF BILLINGS, MONTANA

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2023

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvement s Fund	Series 2015 G.O. Refunding Fund	Special Improvement Districts Fund	Sidewalk Curb Districts Fund	Total Nonmajor Debt Service Funds
Assets								
Cash and cash equivalents	\$ 92,466	\$ 1,356,396	\$ 60	\$ 1,939	\$ 56,552	\$ 794,505	\$ 304,566	\$ 2,606,484
Cash with fiscal agent	650,218	823,947	-	340,125	685,600	381,575	20,819	2,902,284
Investments	75,869	512,393	(1,563)	(260)	56,483	735,178	293,771	1,671,871
Property taxes	28,747	-	5	15,447	33,089	-	-	77,288
Delinquent special assessments	-	-	-	-	-	40,408	38,023	78,431
Special assessments receivable	-	-	-	-	-	5,567,021	3,167,953	8,734,974
Accrued interest	415	1,669	119	67	433	3,488	427	6,618
Property held for resale	-	-	-	-	-	155,997	-	155,997
Total assets	\$ 847,715	\$ 2,694,405	\$ (1,379)	\$ 357,318	\$ 832,157	\$ 7,678,172	\$ 3,825,559	\$ 16,233,947
Liabilities, Deferred Inflows and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 400
Other liabilities	-	-	-	-	-	63,000	10,000	73,000
Total liabilities	-	-	-	-	-	63,400	10,000	73,400
Deferred Inflows:								
Unavailable Revenue	2,506	-	5	1,349	2,823	5,573,022	3,173,567	8,753,272
Fund balances:								
Restricted	845,209	2,694,405	-	355,969	829,334	2,041,750	641,992	7,408,659
Unassigned	-	-	(1,384)	-	-	-	-	(1,384)
Total fund balances	845,209	2,694,405	(1,384)	355,969	829,334	2,041,750	641,992	7,407,275
Total liabilities, deferred inflows and fund balances	\$ 847,715	\$ 2,694,405	\$ (1,379)	\$ 357,318	\$ 832,157	\$ 7,678,172	\$ 3,825,559	\$ 16,233,947

CITY OF BILLINGS, MONTANA

Nonmajor Debt Service Funds

Combining Statement of Revenue, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	Series 2012 Library Fund	Storm Sewer Fund	Series 2010 Parks Fund	Series 2004A Street Improvement s Fund	Series 2015 G.O. Refunding Fund	Special Improvement Districts Fund	Sidewalk and Curb Districts Fund	Total Nonmajor Debt Service Funds
Revenues:								
Taxes	\$ 641,336	\$ -	\$ 6	\$ 350,503	\$ 751,091	\$ -	\$ -	\$ 1,742,936
Special assessments	-	-	-	-	-	910,697	615,977	1,526,674
Other	11,774	29,173	(1)	4,078	7,877	38,956	6,204	98,061
Total revenues	653,110	29,173	5	354,581	758,968	949,653	622,181	3,367,671
Expenditures:								
Current:								
General government	10,482	3,448	-	150	5,466	-	-	19,546
Public works	-	-	-	-	-	6,350	6,300	12,650
Culture and recreation	-	-	-	-	-	-	3,100	3,100
Principal	735,000	615,000	-	320,000	605,000	536,179	256,114	3,067,293
Interest and fiscal charges	259,210	384,617	-	31,454	140,675	266,137	139,261	1,221,354
Total expenditures	1,004,692	1,003,065	-	351,604	751,141	808,666	404,775	4,323,943
Revenues over (under) expenditures	(351,582)	(973,892)	5	2,977	7,827	140,987	217,406	(956,272)
Other financing sources:								
Transfers in	-	1,835,000	-	-	-	2,456	7,191	1,844,647
Transfers out	-	-	-	-	-	-	(2)	(2)
Total other financing sources (uses)	-	1,835,000	-	-	-	2,456	7,189	1,844,645
Net change in fund balances	(351,582)	861,108	5	2,977	7,827	143,443	224,595	888,373
Prior period adjustment (Note)								
Fund balance, beginning of year	1,196,791	1,833,297	(1,389)	352,992	821,507	1,898,307	417,397	6,518,902
Fund balance, end of year	\$ 845,209	\$ 2,694,405	\$ (1,384)	\$ 355,969	\$ 829,334	\$ 2,041,750	\$ 641,992	\$ 7,407,275

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, 2023
(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	\$ 637,368	\$ 637,368	\$ 641,336	\$ (3,968)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Other	1,060	1,060	11,773	(10,713)	1,907	1,907	29,172	(27,265)
Total revenues	638,428	638,428	653,109	(14,681)	1,907	1,907	29,172	(27,265)
Expenditures:								
Current:								
Operations and maintenance	13,433	13,433	10,482	2,951	10,494	10,494	5,596	4,898
Principal	735,000	735,000	735,000	-	615,000	615,000	615,000	-
Interest and fiscal charges	259,511	259,511	259,210	301	382,019	382,019	382,469	(450)
Total expenditures	1,007,944	1,007,944	1,004,692	3,252	1,007,513	1,007,513	1,003,065	4,448
Revenues over (under) expenditures	(369,516)	(369,516)	(351,583)	(17,933)	(1,005,606)	(1,005,606)	(973,893)	(31,713)
Other financing sources:								
Transfers in	-	-	-	-	1,015,000	1,015,000	1,835,000	(820,000)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	1,015,000	1,015,000	1,835,000	(820,000)
Net change in fund balances	\$ (369,516)	\$ (369,516)	(351,583)	\$ (17,933)	\$ 9,394	\$ 9,394	861,107	\$ (851,713)
Fund balance, beginning of year			1,196,791				1,833,297	
Fund balance, end of year			\$ 845,208					\$ 2,694,404

(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, 2023
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	Parks Series 2000 GO Debt				Series 2004A Street Improvements Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ 6	\$ (6)	\$ 348,830	\$ 348,830	\$ 350,503	\$ (1,673)
Special assessments	-	-	-	-	-	-	-	-
Other	-	-	-	-	150	150	4,078	(3,928)
Total revenues	-	-	6	(6)	348,980	348,980	354,581	(5,601)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	6,508	6,508	6,154	354
Principal	-	-	-	-	320,000	320,000	320,000	-
Interest and fiscal charges	-	-	-	-	25,400	25,400	25,450	(50)
Total expenditures	-	-	-	-	351,908	351,908	351,604	304
Revenues over (under) expenditures	-	-	6	(6)	(2,928)	(2,928)	2,977	(5,905)
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	6	\$ (6)	\$ (2,928)	\$ (2,928)	2,977	\$ (5,905)
Fund balance, beginning of year			(1,389)				352,992	
Fund balance, end of year			\$ (1,383)				\$ 355,969	

(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, 2023

(Page 3 of 4)

	Series 2015 G.O. Refunding Fund				Special Improvement Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ 747,185	\$ 747,185	\$ 751,091	\$ (3,906)	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	908,000	908,000	910,697	(2,697)
Other	250	250	7,877	(7,627)	6,010	6,010	38,956	(32,946)
Total revenues	<u>747,435</u>	<u>747,435</u>	<u>758,968</u>	<u>(11,533)</u>	<u>914,010</u>	<u>914,010</u>	<u>949,653</u>	<u>(35,643)</u>
Expenditures:								
Current:								
Operations and maintenance	8,418	8,418	5,466	2,952	62,900	62,900	7,000	55,900
Principal	605,000	605,000	605,000	-	880,000	880,000	536,179	343,821
Interest and fiscal charges	140,625	140,625	140,675	(50)	298,200	298,200	265,487	32,713
Total expenditures	<u>754,043</u>	<u>754,043</u>	<u>751,141</u>	<u>2,902</u>	<u>1,241,100</u>	<u>1,241,100</u>	<u>808,666</u>	<u>432,434</u>
Revenues over (under) expenditures	<u>(6,608)</u>	<u>(6,608)</u>	<u>7,827</u>	<u>(14,435)</u>	<u>(327,090)</u>	<u>(327,090)</u>	<u>140,987</u>	<u>(468,077)</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	2,456	(2,456)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	2,456	(2,456)
Net change in fund balances	<u>\$ (6,608)</u>	<u>\$ (6,608)</u>	<u>7,827</u>	<u>\$ (14,435)</u>	<u>\$ (327,090)</u>	<u>\$ (327,090)</u>	<u>143,443</u>	<u>\$ (470,533)</u>
Fund balance, beginning of year			821,507				1,898,307	
Fund balance, end of year			<u>\$ 829,334</u>				<u>\$ 2,041,750</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, 2023
(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	\$ -	\$ -	\$ -	\$ -	\$ 1,733,383	\$ 1,733,383	\$ 1,742,936	\$ (9,553)
Special assessments	583,000	583,000	615,977	(32,977)	1,491,000	1,491,000	1,526,674	(35,674)
Other	300	300	6,203	(5,903)	9,677	9,677	98,059	(88,382)
Total revenues	<u>583,300</u>	<u>583,300</u>	<u>622,180</u>	<u>(38,880)</u>	<u>3,234,060</u>	<u>3,234,060</u>	<u>3,367,669</u>	<u>(133,609)</u>
Expenditures:								
Current:								
Operations and maintenance	14,300	14,300	9,400	4,900	116,053	116,053	44,098	71,955
Principal	372,000	372,000	256,114	115,886	3,527,000	3,527,000	3,067,293	459,707
Interest and fiscal charges	141,400	141,400	139,261	2,139	1,247,155	1,247,155	1,212,552	34,603
Total expenditures	<u>527,700</u>	<u>527,700</u>	<u>404,775</u>	<u>122,925</u>	<u>4,890,208</u>	<u>4,890,208</u>	<u>4,323,943</u>	<u>566,265</u>
Revenues over (under) expenditures	<u>55,600</u>	<u>55,600</u>	<u>217,405</u>	<u>(161,805)</u>	<u>(1,656,148)</u>	<u>(1,656,148)</u>	<u>(956,274)</u>	<u>(699,874)</u>
Other financing sources:								
Transfers in	-	-	7,191	(7,191)	1,015,000	1,015,000	1,844,647	(829,647)
Transfers out	-	-	(2)	2	-	-	(2)	2
Total other financing sources	-	-	7,189	(7,189)	1,015,000	1,015,000	1,844,645	(829,645)
Net change in fund balances	<u>\$ 55,600</u>	<u>\$ 55,600</u>	<u>224,594</u>	<u>\$ (168,994)</u>	<u>\$ (641,148)</u>	<u>\$ (641,148)</u>	<u>888,371</u>	<u>\$ (1,529,519)</u>
Fund balance, beginning of year			417,397				6,518,902	
Fund balance, end of year			<u>\$ 641,991</u>				<u>\$ 7,407,273</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 Fire Station Construction Fund accounts for the costs of the construction of Fire Station #8.
- The City Hall Construction Fund accounts for the costs to relocate City Hall to the Stillwater Building.
- 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, 2023

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvement s Districts Fund	Capital Replacement Fund	Park Construction Fund	Fire Station Construction Fund	City Hall Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
Assets									
Cash and cash equivalents	\$ 9,292	\$ 247,984	\$ 162,235	\$ 3,358,212	\$ 33,976	\$ 241,715	\$ 8,316,972	\$ 2,608	\$ 12,372,994
Investments	8,579	235,420	141,353	3,163,117	37,674	205,933	8,039,743	2,531	11,834,350
Accrued interest	30	719	543	10,619	106	487	(31,737)	(49)	(19,282)
Property held for resale	187,828	-	-	-	-	-	-	-	187,828
Total assets	\$ 205,729	\$ 484,123	\$ 304,131	\$ 6,531,948	\$ 71,756	\$ 448,135	\$ 16,324,978	\$ 5,090	\$ 24,375,890
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ 207,627	\$ 69,273	\$ 126,933	\$ -	\$ -	\$ 1,039,522	\$ -	1,443,355
Due to other funds	-	252,109	54,557	-	-	-	-	-	306,666
Total Liabilities	-	459,736	123,830	126,933	-	-	1,039,522	-	1,750,021
Fund balance (deficit)									
Restricted	205,729	24,387	180,301	6,405,015	71,756	448,135	15,285,456	5,090	22,625,869
Total fund balance (deficit)	205,729	24,387	180,301	6,405,015	71,756	448,135	15,285,456	5,090	22,625,869
Total liabilities and fund balances	\$ 205,729	\$ 484,123	\$ 304,131	\$ 6,531,948	\$ 71,756	\$ 448,135	\$ 16,324,978	\$ 5,090	\$ 24,375,890

CITY OF BILLINGS, MONTANA
Nonmajor Capital Projects Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Urban Renewal Property Acquisition Fund	Sidewalk and Curb Districts Fund	Special Improvement s Districts Fund	Capital Replacement Fund	Park Construction Fund	Fire Station Construction Fund	City Hall Construction Fund	Dog Park Construction Fund	Total Nonmajor Capital Projects Funds
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
Other	455	2,033	75,789	182,109	1,264	18,502	290,479	111	570,742
Total revenues	455	2,033	75,789	182,109	1,264	18,502	490,479	111	770,742
Expenditures:									
Current:									
General government	-	-	-	1,824	-	-	-	-	1,824
Public safety	-	-	-	342,024	-	2,603	-	-	344,627
Public works	-	32,641	18,694	-	-	-	-	-	51,335
Housing and economic development	8,327	-	-	-	-	-	-	-	8,327
Capital outlay	-	771,282	220,317	2,353,641	-	680,530	3,493,170	-	7,518,940
Bond issuance costs	-	44,950	-	-	-	-	-	-	44,950
Total expenditures	8,327	848,873	239,011	2,697,489	1,264	683,133	3,493,170	-	7,970,003
Revenues over (under) expenditures	(7,872)	(846,840)	(163,222)	(2,515,380)	1,264	(664,631)	(3,002,691)	111	(7,199,261)
Other financing sources (uses):									
Transfers in	-	-	-	2,472,208	-	500,000	11,725,000	-	14,697,208
Transfers out	-	(7,189)	(2,456)	(500,000)	-	(865,000)	-	-	(1,374,645)
Special assessment bonds issued	-	1,710,593	-	-	-	-	-	-	1,710,593
Sale of capital assets	-	-	-	28,995	-	-	-	-	28,995
Total other financing sources (uses)	-	1,703,404	(2,456)	2,001,203	-	(365,000)	11,725,000	-	15,062,151
Net change in fund balances	(7,872)	856,564	(165,678)	(514,177)	1,264	(1,029,631)	8,722,309	111	7,862,890
Fund balance (deficit), beginning of year	213,601	(832,177)	345,979	6,919,192	70,492	1,477,766	6,563,147	4,979	14,762,979
Fund balance (deficit), end of year	\$ 205,729	\$ 24,387	\$ 180,301	\$ 6,405,015	\$ 71,756	\$ 448,135	\$ 15,285,456	\$ 5,090	\$ 22,625,869

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, 2023
(Page 1 of 5)

	Urban Renewal Property Acquisition Fund				Sidewalk and Curb Districts Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	67	67	455	(388)	2,600,528	2,600,528	1,712,627	887,901
Total revenues	<u>67</u>	<u>67</u>	<u>455</u>	<u>(388)</u>	<u>2,600,528</u>	<u>2,600,528</u>	<u>1,712,627</u>	<u>887,901</u>
Expenditures:								
Current:								
Operations and maintenance	12,570	12,570	8,327	4,243	-	-	32,641	(32,641)
Capital outlay	50,000	50,000	-	50,000	2,574,275	2,664,653	771,282	1,893,371
Debt service:								
Bond issuance costs	-	-	-	-	25,000	25,000	44,950	(19,950)
Total expenditures	<u>62,570</u>	<u>62,570</u>	<u>8,327</u>	<u>54,243</u>	<u>2,599,275</u>	<u>2,689,653</u>	<u>848,873</u>	<u>1,840,780</u>
Revenues over (under) expenditures	<u>(62,503)</u>	<u>(62,503)</u>	<u>(7,872)</u>	<u>(54,631)</u>	<u>1,253</u>	<u>(89,125)</u>	<u>863,754</u>	<u>(952,879)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(7,189)	7,189
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,189)</u>	<u>7,189</u>
Net change in fund balances	<u>\$ (62,503)</u>	<u>\$ (62,503)</u>	<u>(7,872)</u>	<u>\$ (54,631)</u>	<u>\$ 1,253</u>	<u>\$ (89,125)</u>	<u>856,565</u>	<u>\$ (945,690)</u>
Fund balance (deficit), beginning of year			213,601				(832,177)	
Fund balance (deficit), end of year			<u>\$ 205,729</u>				<u>\$ 24,388</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, 2023

(Page 2 of 5)

	Special Improvement Districts Fund				Capital Replacement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	2,808,000	2,808,000	75,790	2,732,210	12,267	12,267	211,104	(198,837)
Total revenues	2,808,000	2,808,000	75,790	2,732,210	12,267	12,267	211,104	(198,837)
Expenditures:								
Current:								
Operations and maintenance	-	-	18,694	(18,694)	2,615	420,615	343,848	76,767
Capital outlay	2,760,000	2,790,774	220,317	2,570,457	1,145,398	2,862,475	2,353,641	508,834
Debt service:								
Bond issuance costs	48,000	48,000	-	48,000	-	-	-	-
Total expenditures	2,808,000	2,838,774	239,011	2,599,763	1,148,013	3,283,090	2,697,489	585,601
Revenues over (under) expenditures	-	(30,774)	(163,221)	132,447	(1,135,746)	(3,270,823)	(2,486,385)	(784,438)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,892,208	1,892,208	2,472,208	(580,000)
Transfers out	-	-	(2,456)	2,456	-	(500,000)	(500,000)	-
Total other financing sources (uses)	-	-	(2,456)	2,456	1,892,208	1,392,208	1,972,208	(580,000)
Net change in fund balances	\$ -	\$ (30,774)	(165,677)	\$ 134,903	\$ 756,462	\$ (1,878,615)	\$ (514,177)	\$ (1,364,438)
Fund balance (deficit), beginning of year			345,978				6,919,192	
Fund balance (deficit), end of year			\$ 180,301				\$ 6,405,015	

(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, 2023

(Page 3 of 5)

	Park Construction Fund				Fire Station Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	1,265	(1,265)	875	875	18,501	(17,626)
Total revenues	-	-	1,265	(1,265)	875	875	18,501	(17,626)
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	-	-	2,603	(2,603)
Capital outlay	-	-	-	-	-	1,135,000	680,530	454,470
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	1,135,000	683,133	451,867
Revenues over (under) expenditures	-	-	1,265	(1,265)	875	(1,134,125)	(664,632)	(469,493)
Other financing sources (uses):								
Transfers in	-	-	-	-	500,000	500,000	500,000	-
Transfers out	-	-	-	-	-	(865,000)	(865,000)	-
Total other financing sources (uses)	-	-	-	-	500,000	(365,000)	(365,000)	-
Net change in fund balances	\$ -	\$ -	1,265	\$ (1,265)	\$ 500,875	\$ (1,499,125)	\$ (1,029,632)	\$ (469,493)
Fund balance (deficit), beginning of year			70,492				1,477,766	
Fund balance (deficit), end of year			\$ 71,757				\$ 448,134	

(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, 2023

(Page 4 of 5)

	City Hall Construction Fund				Dog Park Construction Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenues:								
Taxes	\$ -	\$ -	\$ 200,000	\$ (200,000)	\$ -	\$ -	\$ -	\$ -
Other	-	-	290,478	(290,478)	5,000	5,000	110	4,890
Total revenues	-	-	490,478	(490,478)	5,000	5,000	110	4,890
Expenditures:								
Current:								
Operations and maintenance	-	-	-	-	-	-	-	-
Capital outlay	14,681,433	24,015,918	3,493,170	20,522,748	5,000	5,000	-	5,000
Debt service:								
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	14,681,433	24,015,918	3,493,170	20,522,748	5,000	5,000	-	5,000
Revenues over (under) expenditures	(14,681,433)	(24,015,918)	(3,002,692)	(21,013,226)	-	-	110	(110)
Other financing sources (uses):								
Transfers in	9,278,373	9,278,373	11,725,000	(2,446,627)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	9,278,373	9,278,373	11,725,000	(2,446,627)	-	-	-	-
Net change in fund balances	\$ (5,403,060)	\$ (14,737,545)	8,722,308	\$ (23,459,853)	\$ -	\$ -	110	\$ (110)
Fund balance (deficit), beginning of year			6,563,147				4,979	
Fund balance (deficit), end of year			\$ 15,285,455				\$ 5,089	

(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, 2023
(Page 5 of 5)

	Total Nonmajor Capital Project Funds			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ -	\$ -	\$ 200,000	\$ (200,000)
Other	5,426,737	5,426,737	2,310,330	3,116,407
Total revenues	5,426,737	5,426,737	2,510,330	2,916,407
Expenditures:				
Current:				
Operations and maintenance	15,185	433,185	406,113	27,072
Capital outlay	21,216,106	33,523,820	7,518,940	26,004,880
Debt service:				
Bond issuance costs	73,000	73,000	44,950	28,050
Total expenditures	21,304,291	34,030,005	7,970,003	26,060,002
Revenues over (under) expenditures	(15,877,554)	(28,603,268)	(5,459,673)	(23,143,595)
Other financing sources (uses):				
Transfers in	11,670,581	11,670,581	14,697,208	(3,026,627)
Transfers out	-	(1,365,000)	(1,374,645)	9,645
Total other financing sources (uses)	11,670,581	10,305,581	13,322,563	(3,016,982)
Net change in fund balances	\$ (4,206,973)	\$ (18,297,687)	7,862,890	\$(26,160,577)
Fund balance (deficit), beginning of year			14,762,978	
Fund balance (deficit), end of year			\$ 22,625,868	

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, 2023

	Cemetery Perpetual Care Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 413,258
Investments	386,148
Accrued interest receivable	1,334
Total assets	\$ 800,740
<hr/>	
Fund Balance	
Liabilities:	-
Total liabilities	-
Fund balance:	
Unspendable	\$ 800,740
Total fund balance	\$ 800,740

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, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 15,750	\$ 15,750	\$ 19,696	\$ 3,946
Other	1,444	1,444	17,891	16,447
Total revenues	<u>17,194</u>	<u>17,194</u>	<u>37,587</u>	<u>20,393</u>
Expenditures:				
Current:				
Revenues over (under) expenditures	<u>17,194</u>	<u>17,194</u>	<u>37,587</u>	<u>20,393</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(5,600)	(5,600)	(14,853)	(9,253)
Total other financing sources (uses)	<u>(5,600)</u>	<u>(5,600)</u>	<u>(14,853)</u>	<u>(9,253)</u>
Net change in fund balances	<u>\$ 11,594</u>	<u>\$ 11,594</u>	22,734	<u>\$ 11,140</u>
Fund balance, beginning of year			778,006	
Fund balance, end of year			<u>\$ 800,740</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 non-major 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, 2023
(Page 1 of 2)

Assets	Transit Fund	Golf Course	Total
Current assets:			
Cash and cash equivalents	\$ 3,559,686	\$ 419,288	\$ 3,978,974
Restricted cash and cash equivalents with			
Investments	3,364,001	-	3,364,001
Receivables:			
Property taxes	95,760	-	95,760
Accounts and unbilled usage	4,979	-	4,979
Accrued interest	11,799	-	11,799
Receivables from other governments	738,265	-	738,265
Inventories	185,732	660	186,392
Prepaid items	-	9,048	9,048
Total current assets	7,960,222	428,996	8,389,218
Noncurrent assets:			
Property and equipment:			
Land	1,435,291	-	1,435,291
Buildings	8,642,862	1,762,285	10,405,147
Improvements other than buildings	1,767,713	-	1,767,713
Equipment and vehicles	10,811,986	-	10,811,986
Construction in progress	127,210	-	127,210
Less: accumulated depreciation/amortization	(10,186,580)	(1,322,247)	(11,508,827)
Total noncurrent assets	12,598,482	440,038	13,038,520
Total assets	20,558,704	869,034	21,427,738
Deferred Outflows			
Other post employment benefits	180,384	-	180,384
Pensions	602,852	-	602,852
Total assets and deferred outflows	\$ 21,341,940	\$ 869,034	\$ 22,210,974

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Net Position

June 30, 2023

(Page 2 of 2)

Liabilities	Transit Fund	Golf Course	Total
Current liabilities:			
Accounts payable	\$ 590,554	\$ 1,580	\$ 592,134
Accrued wages and benefits	107,613	84,820	192,433
Compensated absences	373,238	-	373,238
Unearned Revenue	734	-	734
Total current liabilities	1,072,139	86,400	1,158,539
Noncurrent liabilities:			
Compensated absences	81,535	-	81,535
Other post employment benefits	711,242	-	711,242
Net pension liability	3,381,066	-	3,381,066
Total noncurrent liabilities	4,173,843	-	4,173,843
Total liabilities	5,245,982	86,400	5,332,382
Deferred Inflows			
Other post employment benefits	139,168	-	139,168
Pensions	247,525	-	247,525
Total deferred inflows of resources	386,693	-	386,693
Net Position			
Net investment in capital assets	12,598,482	440,038	13,038,520
Restricted for:			
Unrestricted	3,110,783	342,596	3,453,379
Total net position	15,709,265	782,634	16,491,899
Total liabilities, deferred inflows, and net position	\$ 21,341,940	\$ 869,034	\$ 22,210,974

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Fund
Operating revenues:			
Charges for services and use of facilities	\$ 775,117	\$ 679,907	\$ 1,455,024
Operating expenses:			
Salaries and benefits	4,533,264	261,827	4,795,091
Supplies	797,668	63,995	861,663
Contracted services	572,451	30,502	602,953
Utilities	70,461	26,462	96,923
Other	287,546	240,042	527,588
Depreciation	1,024,414	77,802	1,102,216
Total operating expenses	7,285,804	700,630	7,986,434
Operating income (loss)	(6,510,687)	(20,723)	(6,531,410)
Nonoperating revenues (expenses):			
Taxes	2,567,659	-	2,567,659
Intergovernmental	4,702,708	-	4,702,708
Interest and investment income	117,588	-	117,588
Gain (loss) on sale of capital assets	45,978	-	45,978
Other	28,148	297	28,445
Total nonoperating revenue (expense)	7,462,081	297	7,462,378
Income (loss) before capital contributions and transfers	951,394	(20,426)	930,968
Transfers in	-	-	-
Transfers out	-	(20,000)	(20,000)
Change in net position	951,394	(40,426)	910,968
Net position, beginning of year	14,757,871	823,060	15,580,931
Net position, end of year	\$ 15,709,265	\$ 782,634	\$ 16,491,899

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2023
(Page 1 of 2)

	Transit Fund	Golf Course Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 814,433	\$ 679,907	\$ 1,494,340
Cash received from other sources	28,148	-	28,148
Cash paid to employees for services	(4,549,597)	(239,226)	(4,788,823)
Cash paid to suppliers and contracted services	(1,226,970)	(383,728)	(1,610,698)
Net cash provided (used) by operating activities	<u>(4,933,986)</u>	<u>56,953</u>	<u>(4,877,033)</u>
Cash flows from noncapital financing activities:			
Cash received from tax revenues	2,542,759	-	2,542,759
Cash received from intergovernmental revenues	4,702,708	-	4,702,708
Net cash provided (used) by noncapital financing activities	<u>7,245,467</u>	<u>-</u>	<u>7,245,467</u>
Cash flows from capital and related financing activities:			
Capital grants and contributions	668,194	-	668,194
Acquisition and construction of capital assets	(1,438,521)	(9,002)	(1,447,523)
Proceeds from sales of capital assets	45,978	-	45,978
Transfers From Other Funds	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(724,349)</u>	<u>(29,002)</u>	<u>(753,351)</u>
Cash flows from investing activities:			
Cash received from interest	96,976	297	97,273
Sale of investments	31,126,297	-	31,126,297
Purchase of investments	<u>(31,941,232)</u>	<u>-</u>	<u>(31,941,232)</u>
Net cash provided (used) by investing activities	<u>(717,959)</u>	<u>297</u>	<u>(717,662)</u>
Net increase (decrease) in cash and cash equivalents	869,173	28,248	897,421
Cash and cash equivalents, beginning of year			
Cash and cash equivalents, end of year	<u>\$ 3,559,686</u>	<u>\$ 419,288</u>	<u>\$ 3,978,974</u>
Cash and cash equivalents consists of:			
Cash and cash equivalents	\$ 3,559,686	\$ 419,288	\$ 3,978,974
Cash and cash equivalents, end of year	<u>\$ 3,559,686</u>	<u>\$ 419,288</u>	<u>\$ 3,978,974</u>

(continued)

CITY OF BILLINGS, MONTANA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2023
(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)			
	\$ (6,510,687)	\$ (20,723)	\$ (6,531,410)
Other nonoperating income (expense)	28,148	-	28,148
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,024,414	77,802	1,102,216
(Increase) decrease in receivables	39,316	-	39,316
(Increase) decrease in inventories	752	-	752
(Increase) decrease in prepaid items	-	335	335
Increase (decrease) in accounts payable	500,404	(11,404)	489,000
Increase (decrease) in accrued liabilities	(16,333)	22,601	6,268
Net cash provided (used) by operating activities	<u><u>\$ (4,933,986)</u></u>	<u><u>\$ 68,611</u></u>	<u><u>\$ (4,865,375)</u></u>

INTERNAL SERVICE FUNDS

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

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

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(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						
Cash and cash equivalents	\$ 984,814	\$ 118,372	\$ 571,683	\$ 5,728,322	\$ 179,089	\$ -
Restricted cash and cash equivalents with Investments	919,289	110,562	537,863	5,383,985	167,848	(14,066)
Receivables:						
Accounts and unbilled usage	-	-	-	(61)	-	-
Accrued interest	2,957	375	1,821	18,085	569	-
Delinquent Special Assessments	-	-	-	-	-	-
Notes	70,000	-	-	-	-	-
Lease Receivable	-	-	-	-	-	-
Inventories	304,201	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total current assets	2,281,261	229,309	1,111,367	11,130,331	347,506	(14,066)
Noncurrent assets:						
Land	-	-	-	-	-	-
Buildings	32,091	-	-	-	-	-
Improvements other than buildings	-	-	87,575	-	-	-
Equipment and vehicles	1,006,747	126,771	2,089,917	-	831,465	-
Construction in progress	-	-	-	-	-	-
Lease asset	-	-	-	-	-	-
Subscription Asset	-	-	254,496	-	-	-
Less: accumulated depreciation/amortization	(1,009,059)	(85,859)	(1,930,776)	-	(573,978)	-
Total noncurrent assets	29,779	40,912	501,212	-	257,487	-
Total assets	2,311,040	270,221	1,612,579	11,130,331	604,993	(14,066)
Deferred Outflows						
Other post employment benefits	57,835	-	58,321	-	3,583	3,186
Pensions	230,801	-	354,178	-	27,546	19,055
Total assets and deferred outflows	\$ 2,599,676	\$ 270,221	\$ 2,025,078	\$ 11,130,331	\$ 636,122	\$ 8,175

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(Page 2 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Total Internal Service Funds
Assets					
Cash and cash equivalents	\$ 344,521	\$ 1,766,490	\$ 608,658	\$ 179,745	\$ 10,481,694
Restricted cash and cash equivalents with Investments	319,612	1,628,860	574,133	165,531	9,793,617
Receivables:					
Accounts and unbilled usage	-	-	-	140,795	140,734
Accrued interest	1,092	5,565	1,950	442	32,856
Delinquent Special Assessments	-	-	-	2,397	2,397
Notes	-	-	-	-	70,000
Lease Receivable	-	-	47,500	-	47,500
Inventories	-	-	-	-	304,201
Prepaid items	-	-	-	15,177	15,177
Total current assets	<u>665,225</u>	<u>3,400,915</u>	<u>1,232,241</u>	<u>504,087</u>	<u>20,888,176</u>
Noncurrent assets:					
Land	-	2,005,383	-	-	2,005,383
Buildings	385,655	8,963,489	-	-	9,381,235
Improvements other than buildings	19,692	2,723,601	-	-	2,830,868
Equipment and vehicles	3,395,791	585,563	85,522	434,967	8,556,743
Construction in progress	433,210	15,833	-	-	449,043
Lease asset	-	-	-	1,136,499	1,136,499
Subscription Asset	-	-	-	-	254,496
Less: accumulated depreciation/amortization	<u>(4,228,850)</u>	<u>(6,037,257)</u>	<u>(63,966)</u>	<u>(701,541)</u>	<u>(14,631,286)</u>
Total noncurrent assets	<u>5,498</u>	<u>8,256,612</u>	<u>21,556</u>	<u>869,925</u>	<u>9,982,981</u>
Total assets	<u>670,723</u>	<u>11,657,527</u>	<u>1,253,797</u>	<u>1,374,012</u>	<u>30,871,157</u>
Deferred Outflows					
Other post employment benefits	-	19,657	35,832	67,880	246,294
Pensions	-	79,031	285,669	421,285	1,417,565
Total assets and deferred outflows	<u>\$ 670,723</u>	<u>\$ 11,756,215</u>	<u>\$ 1,575,298</u>	<u>\$ 1,863,177</u>	<u>\$ 32,535,016</u>

(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(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	\$ 89,899	\$ 6,856	\$ 39,243	\$ 117,769	\$ 6,186	\$ 66,184
Accrued wages and benefits	32,236	-	40,250	-	3,280	2,196
Due to other funds	-	-	-	-	-	241,612
Compensated absences	189,268	-	268,673	-	18,438	34,128
Accrued interest payable	-	-	-	-	-	-
Incurred but not reported health benefits	-	-	-	1,108,000	-	-
Notes payable	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total current liabilities	311,403	6,856	348,166	1,225,769	27,904	344,120
Noncurrent liabilities:						
Compensated absences	41,346	-	58,692	-	4,028	7,455
Other post employment benefits	219,907	-	228,581	-	15,403	12,922
Net pension liability	1,294,436	-	1,986,389	-	154,489	106,870
Lease liability	-	-	-	-	-	-
Subscription Liability	-	-	168,833	-	-	-
Total noncurrent liabilities	1,555,689	-	2,442,495	-	173,920	127,247
Total liabilities	1,867,092	6,856	2,790,661	1,225,769	201,824	471,367
Deferred Inflows						
Other post employment benefits	44,582	-	47,669	-	2,699	2,489
Leases	-	-	-	-	-	-
Pensions	94,765	-	145,422	-	11,310	7,824
Total deferred inflows of resources	139,347	-	193,091	-	14,009	10,313
Net Position						
Net investment in capital assets	29,779	40,912	332,379	-	257,487	-
Restricted for:						
Unrestricted	563,458	222,453	(1,291,053)	9,904,562	162,802	(473,505)
Total net position	593,237	263,365	(958,674)	9,904,562	420,289	(473,505)
Total liabilities, deferred inflows, and net position	\$ 2,599,676	\$ 270,221	\$ 2,025,078	\$ 11,130,331	\$ 636,122	\$ 8,175

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(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	\$ 2,175	\$ 376,171	\$ 29,340	\$ 11,226	\$ 745,049
Accrued wages and benefits	-	11,705	36,517	52,815	178,999
Due to other funds	-	-	-	-	241,612
Compensated absences	-	59,490	233,808	444,455	1,248,260
Accrued interest payable	-	2,366	-	-	2,366
Incurred but not reported health benefits	-	-	-	-	1,108,000
Notes payable	-	230,782	-	-	230,782
Unearned Revenue	-	-	-	2,347	2,347
Total current liabilities	2,175	680,514	299,665	510,843	3,757,415
Noncurrent liabilities:					
Compensated absences	-	12,996	51,076	97,092	272,685
Other post employment benefits	-	73,730	130,758	258,899	940,200
Net pension liability	-	443,243	1,602,158	2,362,757	7,950,342
Lease liability	-	-	-	822,126	822,126
Subscription Liability	-	-	-	-	168,833
Total noncurrent liabilities	-	529,969	1,783,992	3,540,874	10,154,186
Total liabilities	2,175	1,210,483	2,083,657	4,051,717	13,911,601
Deferred Inflows					
Other post employment benefits	-	15,083	21,124	52,958	186,604
Leases	-	-	47,786	-	47,786
Pensions	-	32,449	117,293	172,976	582,039
Total deferred inflows of resources	-	47,532	186,203	225,934	816,429
Net Position					
Net investment in capital assets	5,498	8,005,048	21,556	47,799	8,740,458
Restricted for:					
Unrestricted	663,050	2,493,152	(716,118)	(2,462,273)	9,066,528
Total net position	668,548	10,498,200	(694,562)	(2,414,474)	17,806,986
Total liabilities, deferred inflows, and net position	\$ 670,723	\$ 11,756,215	\$ 1,575,298	\$ 1,863,177	\$ 32,535,016

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

(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	\$ 2,384,441	\$ 103,391	\$ 3,458,378	\$ 14,061,229	\$ 454,812	\$ 2,635,973
Operating expenses:						
Salaries and benefits	1,668,370	-	2,337,445	54,475	182,704	127,545
Supplies	69,100	8,760	583,682	-	1,054	-
Contracted services	254,154	76,350	241,248	13,043,717	23,939	28,083
Utilities	7,508	-	25,568	-	237,681	-
Other	170,336	-	15,424	75,736	1,585	3,369,478
Depreciation/Amortization	8,388	14,858	151,996	-	78,232	-
Total operating expenses	2,177,856	99,968	3,355,363	13,173,928	525,195	3,525,106
Operating income (loss)	206,585	3,423	103,015	887,301	(70,383)	(889,133)
Nonoperating revenues (expenses):						
Taxes	-	-	-	-	-	-
Intergovernmental	40,134	-	61,588	-	4,790	3,314
Interest expense	-	-	(1,529)	-	-	-
Interest and investment income	39,637	4,953	24,786	231,379	7,328	(1,155)
Gain (loss) on sale of capital assets	-	-	2,275	-	-	-
Other	46,849	95	577	-	53	(42,478)
Total nonoperating revenue (expense)	126,620	5,048	87,697	231,379	12,171	(40,319)
Income (loss) before capital contributions and transfers	333,205	8,471	190,712	1,118,680	(58,212)	(929,452)
Transfers in	28,063	-	-	-	-	-
Transfers out	(95,770)	-	-	-	-	-
Change in net position	265,498	8,471	190,712	1,118,680	(58,212)	(929,452)
Net position, beginning of year	327,739	254,894	(1,149,386)	8,785,882	478,501	455,947
Net position, end of year	\$ 593,237	\$ 263,365	\$ (958,674)	\$ 9,904,562	\$ 420,289	\$ (473,505)

CITY OF BILLINGS, MONTANA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

(Page 2 of 2)

	Radio Communicatio ns 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	\$ 300,954	\$ 1,880,842	\$ 2,924,123	\$ 3,124,708	\$ 31,328,851
Operating expenses:					
Salaries and benefits	-	562,812	2,081,413	2,894,501	9,909,265
Supplies	-	57,342	34,063	59,535	813,536
Contracted services	9,919	1,842,224	921,633	433,787	16,875,054
Utilities	16,309	565,966	6,253	46,637	905,922
Other	2	62,978	17,019	63,536	3,776,094
Depreciation	260,654	363,875	6,593	182,680	1,067,276
Total operating expenses	286,884	3,455,197	3,066,974	3,680,676	33,347,147
Operating income (loss)	14,070	(1,574,355)	(142,851)	(555,968)	(2,018,296)
Nonoperating revenues (expenses):					
Taxes	-	-	-	86,380	86,380
Intergovernmental	-	13,743	49,675	73,257	246,501
Interest expense	-	10,332	-	(4,669)	4,134
Interest and investment income	13,724	73,915	28,384	2,399	425,350
Gain (loss) on sale of capital assets	-	629	-	-	2,904
Other	-	119,492	260	326	125,174
Total nonoperating revenue (expense)	13,724	218,111	78,319	157,693	890,443
Income (loss) before capital contributions and transfers	27,794	(1,356,244)	(64,532)	(398,275)	(1,127,853)
Transfers in	-	713,461	-	-	741,524
Transfers out	-	-	(144)	-	(95,914)
Change in net position	27,794	(642,783)	(64,676)	(398,275)	(482,243)
Net position, beginning of year	640,754	11,140,983	(629,886)	(2,016,199)	18,289,229
Net position, end of year	\$ 668,548	\$ 10,498,200	\$ (694,562)	\$ (2,414,474)	\$ 17,806,986

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(Page 1 of 4)

	Fleet Services	Central Service	Information Technology	City Health Insurance	Telephone Services	Central Property Insurance
	Fund	Fund	Fund	Fund	Fund	Fund
Cash flows from operating activities:						
Cash received from customers and users	\$ 2,384,441	\$ 103,391	\$ 3,458,378	\$ 14,062,418	\$ 454,812	\$ 2,635,973
Cash received from other sources	46,849	95	577	-	53	(42,478)
Cash paid to employees for services	(1,694,820)	-	(2,304,638)	(56,956)	(179,391)	(123,889)
Cash paid to suppliers and contracted services	(548,185)	(85,350)	(1,002,444)	(13,109,244)	(263,203)	(3,375,944)
Net cash provided (used) by operating activities	<u>188,285</u>	<u>18,136</u>	<u>151,873</u>	<u>896,218</u>	<u>12,271</u>	<u>(906,338)</u>
Cash flows from noncapital financing activities:						
Cash received from tax revenues	-	-	-	-	-	-
Cash received from intergovernmental revenues	40,134	-	61,588	-	4,790	3,314
Transfers from other funds	28,063	-	-	-	-	241,612
Net cash provided (used) by noncapital financing activities	<u>68,197</u>	<u>-</u>	<u>61,588</u>	<u>-</u>	<u>4,790</u>	<u>244,926</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	23,394	(27,667)	(405,814)	-	(1)	-
Proceeds from sales of capital assets	70,000	-	2,275	-	-	-
Cash paid for interest	-	-	(1,529)	-	-	-
Proceeds from bonds	-	-	168,833	-	-	-
Principal paid on bonds, notes and capital leases payable	-	-	-	-	-	-
Transfers to other funds	(95,770)	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,376)</u>	<u>(27,667)</u>	<u>(236,235)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Cash flows from investing activities:						
Cash received from interest	(97,407)	7,801	27,586	(292,924)	(3,796)	324,095
Sale of investments	8,665,583	1,065,286	5,133,908	50,888,157	1,596,289	325,014
Purchase of investments	(8,671,073)	(1,065,720)	(5,137,933)	(50,914,172)	(1,596,986)	(321,636)
Net cash provided (used) by investing activities	<u>(102,897)</u>	<u>7,367</u>	<u>23,561</u>	<u>(318,939)</u>	<u>(4,493)</u>	<u>327,473</u>
Net increase (decrease) in cash and cash equivalents	<u>151,209</u>	<u>(2,164)</u>	<u>787</u>	<u>577,279</u>	<u>12,567</u>	<u>(333,939)</u>
Cash and cash equivalents, beginning of year	<u>833,605</u>	<u>120,536</u>	<u>570,896</u>	<u>5,151,043</u>	<u>166,522</u>	<u>333,939</u>
Cash and cash equivalents, end of year	<u><u>\$ 984,814</u></u>	<u><u>\$ 118,372</u></u>	<u><u>\$ 571,683</u></u>	<u><u>\$ 5,728,322</u></u>	<u><u>\$ 179,089</u></u>	<u><u>\$ -</u></u>

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(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	\$ 300,954	\$ 1,881,087	\$ 2,924,123	\$ 3,029,482	\$ 31,235,059
Cash received from other sources	-	119,492	260	326	125,174
Cash paid to employees for services	-	(587,259)	(1,983,882)	(2,761,537)	(9,692,372)
Cash paid to suppliers and contracted services	(25,541)	(2,222,143)	(987,285)	(608,572)	(22,227,911)
Net cash provided (used) by operating activities	275,413	(808,823)	(46,784)	(340,301)	(560,050)
Cash flows from noncapital financing activities:					
Cash received from tax revenues	-	-	-	81,012	81,012
Cash received from intergovernmental revenues	-	13,743	49,675	73,257	246,501
Transfers from other funds	-	713,461	-	-	983,136
Net cash provided (used) by noncapital financing activities	-	727,204	49,675	154,269	1,310,649
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(308,211)	(63,862)	(0)	-	(782,161)
Proceeds from sales of capital assets	-	629	-	-	72,904
Cash paid for interest	-	5,732	-	(4,669)	(466)
Proceeds from bonds	-	-	-	-	168,833
Principal paid on bonds, notes and capital leases payable	-	(480,781)	-	(158,950)	(639,731)
Transfers to other funds	-	-	(144)	-	(95,914)
Net cash provided (used) by capital and related financing activities	(308,211)	(538,282)	(144)	(163,619)	(1,276,535)
Cash flows from investing activities:					
Cash received from interest	24,602	351,308	17,366	173,857	532,488
Sale of investments	3,103,106	16,131,917	5,453,277	1,784,543	94,147,080
Purchase of investments	(3,103,879)	(16,136,482)	(5,458,336)	(1,783,554)	(94,189,771)
Net cash provided (used) by investing activities	23,829	346,743	12,307	174,846	489,797
Net increase (decrease) in cash and cash equivalents	(8,969)	(273,158)	15,054	(174,805)	(36,139)
Cash and cash equivalents, beginning of year					
Cash and cash equivalents, end of year	\$ 344,521	\$ 1,766,490	\$ 608,658	\$ 179,745	\$ 10,481,694

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

(Page 3 of 4)

	Fleet Services Fund	Central Service Fund	Information Technology Fund	City Health Insurance Fund	Telephone Services Fund	Central Property Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)						
\$ 206,585	\$ 3,423	\$ 103,015	\$ 887,301	\$ (70,383)	\$ (889,133)	
Other nonoperating income (expense)	46,849	95	577	-	53	(42,478)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	8,388	14,858	151,996	-	78,232	-
(Increase) decrease in receivables	-	-	-	1,189	-	-
(Increase) decrease in inventories	51,462	-	-	-	-	-
(Increase) decrease in prepaid items	-	-	-	-	-	-
Increase (decrease) in accounts payable	(98,549)	(240)	(136,522)	31,209	1,056	21,617
Increase (decrease) in accrued liabilities	(26,450)	-	32,807	(23,481)	3,313	3,656
Net cash provided (used) by operating activities	\$ 188,285	\$ 18,136	\$ 151,873	\$ 896,218	\$ 12,271	\$ (906,338)

Noncash investing, capital and financing activities:

Increase (decrease) in investment market value	134,669	(3,137)	(4,215)	511,956	10,672	(325,013)
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(continued)

CITY OF BILLINGS, MONTANA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(Page 4 of 4)

	Radio Communications Fund	Facilities Management Fund	Public Works Administration Fund	Public Works Engineering Fund	Internal Service Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 14,070	\$ (1,574,355)	\$ (142,851)	\$ (555,968)	\$ (2,018,296)	
Other nonoperating income (expense)	- -	119,492	260	326	125,174	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	260,654	363,875	6,593	182,680	1,067,276	
(Increase) decrease in receivables	- -	245	(766)	(95,226)	(94,558)	
(Increase) decrease in inventories	- -	- -	- -	- -	51,462	
(Increase) decrease in prepaid items	- -	- -	- -	(388)	(388)	
Increase (decrease) in accounts payable	689	306,367	(7,551)	(4,689)	113,387	
Increase (decrease) in accrued liabilities	- -	(24,447)	97,531	132,964	195,893	
Net cash provided (used) by operating activities	<u>\$ 275,413</u>	<u>\$ (808,823)</u>	<u>\$ (46,784)</u>	<u>\$ (340,301)</u>	<u>\$ (560,050)</u>	
Noncash investing, capital and financing activities:						
Increase (decrease) in investment market value	(11,730)	(281,243)	9,489	(171,698)	(130,250)	

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

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, 2023

	Downtown Business Improvement District	Tourism Business Improvement District	License Plate Fund	Total Custodial Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 352	\$ 352
Receivables:				
Delinquent special assessments	27,411	25,598	-	53,009
Total Receivables	<u>27,411</u>	<u>25,598</u>	<u>352</u>	<u>53,361</u>
Investments				
Total assets	<u><u>\$ 27,411</u></u>	<u><u>\$ 25,598</u></u>	<u><u>\$ 352</u></u>	<u><u>\$ 53,361</u></u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Deferred inflows:				
Unavailable Revenue	\$ 27,411	\$ 25,598	\$ -	\$ 53,009
Total Net Position	<u>-</u>	<u>-</u>	<u>352</u>	<u>352</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 27,411</u></u>	<u><u>\$ 25,598</u></u>	<u><u>\$ 352</u></u>	<u><u>\$ 53,361</u></u>

CITY OF BILLINGS, MONTANA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Downtown Business Improvement District	Tourism Business Improvement District	License Plate Fund	Total Custodial Funds
Investments earnings:				
Tax collections for other governments	\$ -	\$ -	\$ 6,272	\$ 6,272
Special Assessments collections for other organizations	514,618	1,816,913	-	2,331,531
Total Additions	514,618	1,816,913	6,272	2,337,803
Deductions:				
Payments made to organizations	514,618	1,816,913	5,920	2,337,451
Total Deductions	514,618	1,816,913	5,920	2,337,451
Net increase (decrease) in fiduciary net position	-	-	352	352
Net position - beginning	-	-	-	-
Net position - ending	\$ -	\$ -	\$ 352	\$ 352

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	205-21H
<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	21I -21II
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	21I -22II
<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	22I -22J
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within the City of Billings.</i>	
Operating Information	2H-23I
<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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net invested in capital assets	\$ 196,250	\$ 173,274	\$ 201,511	\$ 208,499	\$ 213,236	\$ 219,975	\$ 226,975	\$ 223,844	\$ 258,020	\$ 272,196
Restricted	71,418	61,917	62,749	53,672	64,435	57,055	60,518	73,990	75,217	88,796
Unrestricted	24,885	25,416	5,297	11,293	1,067	2,785	3,218	15,919	(2,252)	(7,352)
Total governmental activities net position	<u>\$ 292,553</u>	<u>\$ 260,607</u>	<u>\$ 269,557</u>	<u>\$ 273,464</u>	<u>\$ 278,738</u>	<u>\$ 279,815</u>	<u>\$ 290,711</u>	<u>\$ 313,753</u>	<u>\$ 330,985</u>	<u>\$ 353,640</u>
Business-type activities										
Net invested in capital assets	\$ 321,736	\$ 337,910	\$ 353,451	\$ 309,890	\$ 325,091	\$ 372,952	\$ 414,790	\$ 443,663	\$ 479,578	\$ 505,791
Restricted	9,667	7,412	4,930	55,101	28,198	26,771	15,154	5,256	5,256	5,256
Unrestricted	70,894	60,588	73,261	87,687	117,362	90,415	88,095	103,340	104,642	118,036
Total business-type activities net position	<u>\$ 402,297</u>	<u>\$ 405,910</u>	<u>\$ 431,642</u>	<u>\$ 452,678</u>	<u>\$ 470,651</u>	<u>\$ 490,138</u>	<u>\$ 518,039</u>	<u>\$ 552,259</u>	<u>\$ 589,476</u>	<u>\$ 629,083</u>
Primary government										
Net invested in capital assets	\$ 517,986	\$ 511,184	\$ 554,962	\$ 518,389	\$ 538,327	\$ 592,927	\$ 641,765	\$ 667,507	\$ 737,598	\$ 777,987
Restricted	81,085	69,329	67,679	108,773	92,633	83,826	75,672	79,246	80,473	94,052
Unrestricted	95,779	86,004	78,558	98,980	118,429	93,200	91,313	119,259	102,390	110,684
Total primary government net position	<u>\$ 694,850</u>	<u>\$ 666,517</u>	<u>\$ 701,199</u>	<u>\$ 726,142</u>	<u>\$ 749,389</u>	<u>\$ 769,953</u>	<u>\$ 808,750</u>	<u>\$ 866,012</u>	<u>\$ 920,461</u>	<u>\$ 982,723</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 8,319	\$ 9,533	\$ 8,166	\$ 8,801	\$ 9,167	\$ 8,679	\$ 10,597	\$ 12,206	\$ 11,115	\$ 13,174
Public safety	43,124	43,085	43,855	45,516	52,599	39,965	55,230	63,498	59,187	68,799
Public works	30,322	31,320	32,695	38,203	37,156	40,942	42,401	40,603	40,097	40,965
Public health	905	1,059	957	1,002	1,038	1,449	1,188	1,413	1,124	1,137
Culture and recreation	9,577	11,212	10,867	11,269	11,458	17,397	11,924	15,224	13,514	13,499
Housing and economic development	3,475	4,612	4,475	5,890	5,338	4,984	4,068	5,201	4,121	4,342
Interest on long-term debt	2,602	2,779	2,939	2,775	2,830	2,560	2,514	3,709	1,959	2,478
Total governmental activities expenses	<u>98,324</u>	<u>103,600</u>	<u>103,954</u>	<u>113,456</u>	<u>119,586</u>	<u>115,976</u>	<u>127,922</u>	<u>141,854</u>	<u>131,117</u>	<u>144,394</u>
Business-type activities:										
Solid waste	11,314	11,823	11,988	12,117	13,753	14,163	15,117	16,548	20,863	23,255
Airport	12,711	12,616	12,538	12,907	14,067	13,088	12,930	12,519	12,526	12,930
Water	17,497	17,652	18,534	19,534	20,673	20,096	21,138	21,712	22,194	23,631
Wastewater	12,232	12,314	12,953	14,750	14,975	15,751	16,550	18,895	19,690	19,988
Parking	2,095	2,538	2,425	2,401	2,503	2,431	2,371	2,671	2,687	2,547
Transit	6,264	6,170	5,715	5,667	5,993	6,146	6,263	6,610	6,982	7,314
Golf course	443	436	450	478	435	466	407	465	520	701
Total business-type activities expenses	<u>62,556</u>	<u>63,549</u>	<u>64,603</u>	<u>67,854</u>	<u>72,399</u>	<u>72,141</u>	<u>74,776</u>	<u>79,420</u>	<u>85,462</u>	<u>90,366</u>
Total primary government expenses	<u><u>\$ 160,880</u></u>	<u><u>\$ 167,149</u></u>	<u><u>\$ 168,557</u></u>	<u><u>\$ 181,310</u></u>	<u><u>\$ 191,985</u></u>	<u><u>\$ 188,117</u></u>	<u><u>\$ 202,698</u></u>	<u><u>\$ 221,274</u></u>	<u><u>\$ 219,026</u></u>	<u><u>\$ 234,760</u></u>

(continued)

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,463	\$ 2,855	\$ 3,286	\$ 3,414	\$ 3,560	\$ 3,439	\$ 3,046	\$ 3,668	\$ 4,000	\$ 3,898
Public safety	4,900	5,857	5,627	5,200	5,166	5,362	5,917	6,488	7,001	6,976
Public works	22,427	23,271	24,763	25,476	27,892	29,006	30,012	31,006	31,376	32,055
Culture and recreation	59	42	50	48	56	48	46	40	39	26
Other activities	2,074	2,326	2,472	2,411	2,301	2,492	2,378	2,563	2,640	2,764
Operating grants and contributions	13,648	16,554	11,713	12,034	18,856	7,914	21,723	36,640	21,155	27,617
Capital grants and contributions	13,626	7,884	9,568	11,036	7,118	6,060	11,358	12,692	11,288	16,321
Total governmental activities program revenues	<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>	<u>77,499</u>	<u>89,657</u>
Business-type activities:										
Charges for services:										
Solid waste	11,024	13,925	13,888	14,715	15,407	15,474	16,791	17,679	18,909	19,980
Airport	9,046	9,536	9,915	10,078	12,356	12,887	11,153	10,269	11,547	12,995
Water	22,928	24,740	25,914	24,686	27,995	25,326	26,201	31,512	31,525	31,777
Wastewater	18,054	18,469	18,915	19,798	19,518	23,970	20,971	22,716	23,628	23,570
Other activities	2,758	2,752	2,496	2,675	2,856	3,002	2,669	2,872	3,293	3,717
Operating grants and contributions	2,815	2,195	3,894	4,024	3,721	1,462	7,003	8,381	13,745	12,672
Capital grants and contributions	15,274	4,366	12,326	9,163	3,745	3,170	12,143	17,216	18,237	16,161
Total business-type activities program revenues	<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>110,645</u>	<u>120,884</u>	<u>120,872</u>
Total primary government program revenues	<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>\$ 203,742</u>	<u>\$ 198,443</u>	<u>\$ 210,529</u>
Net (expense)/revenue										
Governmental activities	\$ (39,127)	\$ (45,165)	\$ (55,977)	\$ (53,837)	\$ (54,637)	\$ (61,655)	\$ (53,442)	\$ (48,757)	\$ (53,558)	\$ (54,737)
Business-type activities	19,343	11,380	19,494	17,285	13,199	13,150	22,155	31,225	35,422	30,506
Total primary government	<u>\$ (19,784)</u>	<u>\$ (33,785)</u>	<u>\$ (36,483)</u>	<u>\$ (36,552)</u>	<u>\$ (41,438)</u>	<u>\$ (48,505)</u>	<u>\$ (31,287)</u>	<u>\$ (17,532)</u>	<u>\$ (18,136)</u>	<u>\$ (24,231)</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 36,507	\$ 32,198	\$ 36,636	\$ 37,269	\$ 38,684	\$ 39,670	\$ 41,000	\$ 45,107	\$ 49,898	\$ 55,308
Franchise fees	2,770	3,808	3,946	3,833	3,852	1,458	1,300	1,480	1,238	1,234
Business license tax	740	759	755	763	762	766	786	759	701	738
Unrestricted federal/state shared revenue	15,117	15,550	15,878	16,408	17,139	18,109	19,198	19,688	20,327	18,699
Unrestricted investment earnings	151	196	332	228	428	2,314	1,725	177	(1,541)	2,783
Gain on sale of property and equipment	411	949	(2,212)	267	140	58	242	20	(9)	58
Miscellaneous	(201)	221	194	144	(783)	441	372	4,839	762	866
Transfers	(9,046)	(4,144)	(101)	(502)	(309)	(85)	(282)	(270)	(199)	(596)
Total governmental activities	<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>	<u>71,177</u>	<u>79,090</u>
Business-type activities:										
Property taxes	1,992	1,865	1,981	2,054	2,230	2,264	2,351	2,397	2,508	2,568
Unrestricted federal/state shared revenue	-	421	-	-	-	-	-	-	-	-
Unrestricted investment earnings	400	445	752	657	1,498	3,596	2,537	254	(1,815)	3,145
Gain on sale of property and equipment	285	61	-	28	24	170	19	26	(16)	-
Miscellaneous	273	353	153	835	711	219	556	629	1,191	2,645
Transfers	9,046	4,144	101	502	309	85	282	270	62	565
Total business-type activities	<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>3,576</u>	<u>1,930</u>	<u>8,923</u>
Total primary government	<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>\$ 75,376</u>	<u>\$ 73,107</u>	<u>\$ 88,013</u>
Change in Net Position										
Governmental activities	\$ 7,322	\$ (6,440)	\$ 1,591	\$ 3,773	\$ (1,742)	\$ 9,289	\$ 10,899	\$ 23,043	\$ 17,619	\$ 24,353
Business-type activities	31,339	26,783	20,272	17,275	17,922	28,489	27,900	34,801	37,352	39,429
Total primary government net position	<u>\$ 38,661</u>	<u>\$ 20,343</u>	<u>\$ 21,863</u>	<u>\$ 21,048</u>	<u>\$ 16,180</u>	<u>\$ 37,778</u>	<u>\$ 38,799</u>	<u>\$ 57,844</u>	<u>\$ 54,971</u>	<u>\$ 63,782</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	
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
2022	49,898	701	50,599
2023	58,948	738	59,686

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	9,890	9,952	10,638	11,651	11,858	12,723	12,289	12,198	11,826	11,210
Unassigned	13,245	14,928	16,553	16,621	15,860	9,676	10,108	21,259	(247)	1,545
Total	\$ 23,135	\$ 24,880	\$ 27,191	\$ 28,272	\$ 27,718	\$ 22,399	\$ 22,397	\$ 33,457	\$ 11,579	\$ 12,755
All other governmental funds										
Unspendable	\$ 751	\$ 760	\$ 800	\$ 808	\$ 859	\$ 906	\$ 902	\$ 897	\$ 940	\$ 956
Restricted	56,291	72,549	71,238	72,033	63,728	63,182	67,110	81,019	84,665	98,295
Committed	7,842	10,817	10,258	9,022	10,709	9,242	11,532	15,031	15,399	13,597
Unassigned	(376)	(396)	(275)	(118)	(23)	(246)	(267)	(501)	(841)	(66)
Total	\$ 64,508	\$ 83,730	\$ 82,021	\$ 81,745	\$ 75,273	\$ 73,084	\$ 79,277	\$ 96,446	\$ 100,163	\$ 112,782

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 36,457	\$ 33,763	\$ 37,286	\$ 37,213	\$ 38,619	\$ 39,787	\$ 41,210	\$ 45,944	\$ 47,385	\$ 56,374
Licenses and permits	5,489	6,984	6,879	6,596	6,456	4,074	4,507	4,743	5,162	4,702
Intergovernmental	27,768	28,279	30,061	28,991	30,225	32,132	39,945	47,680	43,660	48,546
Charges for services	11,512	11,966	13,144	13,565	14,613	15,654	15,436	16,853	17,522	17,492
Fines and forfeitures	2,064	2,079	1,964	1,754	1,838	1,751	1,471	1,782	1,471	1,384
Special assessments	21,548	22,303	22,515	22,921	24,319	24,874	25,246	26,899	27,640	29,274
Other	3,394	3,247	3,569	4,200	4,097	4,308	3,526	3,256	738	4,177
Total revenues	<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>	<u>143,578</u>	<u>161,949</u>
Expenditures										
Current:										
General government	8,288	7,869	8,074	8,331	8,859	9,499	9,705	10,052	11,251	12,079
Public safety	42,386	43,924	45,669	47,106	50,111	53,168	54,248	57,627	58,930	64,701
Public works	18,861	18,472	19,059	21,862	21,926	23,207	24,213	22,267	24,035	22,585
Public health	814	843	856	821	854	964	931	965	926	934
Culture and recreation	8,163	8,374	8,920	8,201	8,911	10,384	9,526	10,452	10,946	11,486
Housing and economic development	3,407	4,423	4,418	5,718	5,217	4,582	3,975	4,841	4,126	4,258
Capital outlay	30,294	18,893	25,726	14,445	17,818	26,544	16,531	19,673	39,570	29,235
Debt service:										
Principal	4,811	9,157	4,322	4,801	11,481	3,896	4,028	4,461	12,837	4,264
Interest and fiscal charges	2,349	2,492	2,551	2,734	2,951	2,530	2,541	2,520	2,528	2,427
Bond issuance costs	133	464	136	69	28	75	15	176	175	156
Total expenditures	<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>	<u>165,324</u>	<u>152,125</u>
Excess of revenues over (under) expenditures	<u><u>\$(11,274)</u></u>	<u><u>\$ (6,290)</u></u>	<u><u>\$ (4,313)</u></u>	<u><u>\$ 1,152</u></u>	<u><u>\$ (7,989)</u></u>	<u><u>\$ (12,269)</u></u>	<u><u>\$ 5,628</u></u>	<u><u>\$ 14,123</u></u>	<u><u>\$ (21,746)</u></u>	<u><u>\$ 9,824</u></u>

(continued)

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other financing sources (uses)										
Transfers in	\$ 24,086	\$ 28,504	\$ 26,615	\$ 28,252	\$ 34,501	\$ 33,474	\$ 27,990	\$ 17,514	\$ 56,898	\$ 40,765
Transfers out	(24,773)	(29,094)	(27,194)	(29,023)	(35,098)	(33,950)	(28,812)	(18,014)	(57,390)	(41,518)
Issuance of debt	-	6,270	-	-	-	3,465	285	2,516	4,000	-
Special assessment bonds issued	4,820	18,655	5,375	226	1,415	1,625	857	10,925	76	4,711
Premium on bonds issued	233	1,130	-	-	-	95	-	1,112	-	-
Bond discounts	-	(61)	-	-	-	-	-	-	-	(15)
Sale of capital assets	124	1,852	119	267	140	58	243	55	-	29
Total other financing sources (uses)	<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>	<u>3,584</u>	<u>3,972</u>
Net change in fund balances	<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>	<u>\$ (18,162)</u>	<u>\$ 13,796</u>
Debt service as a percentage of noncapital expenditures	8.0%	12.1%	7.3%	7.6%	13.1%	5.9%	6.0%	6.2%	12.2%	5.4%

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	Property	Business	
	Tax	License	Total
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
2022	47,385	701	48,086
2023	56,374	738	57,112

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		
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%
2022	13,805,565,763	223,987,417	296,854,773	4,647,822	14,102,420,536	228,635,239	177.30	1.6%
2023	13,999,552,034	227,313,276	257,795,255	4,112,801	14,257,347,289	231,426,077	211.00	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		
	General				Obligation		School		Economic		Direct and		
	Year	General ³	Library ³	Public	Safety	Transit ³	Bonds	Total ²	County	Education ¹	District	Authority	State
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
2022	74.00	5.00	80.00		10.00	8.30	177.30	124.32	102.50	251.61	3.29	40.36	699.38
2023	74.00	5.00	114.00 ⁶		10.00	8.00	211.00	126.39	102.50	251.54	3.37	40.56	735.36

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

⁶ Voters approved 34 mills for PS III

CITY OF BILLINGS, MONTANA
Principal Property Taxpayers
June 30, 2023 and Ten Years Ago
(Unaudited)

Taxpayer	Tax Year 2022			Tax Year 2013		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Northwestern Energy	\$ 10,890,304	1	4.7%	\$ 7,616,525	1	4.5%
Montana Dakota Utilities	4,271,993	2	1.8%	2,449,205	4	1.5%
Charter Communications	2,076,599	3	0.9%	-	-	0.0%
Verizon Wireless	1,917,820	4	0.8%	1,039,417	7	0.6%
Lumen Technologies	1,163,399	5	0.5%	-	-	0.0%
RSS WFCM	913,068	6	0.4%	-	-	0.0%
AT&T Mobility	795,130	7	0.3%	1,293,284	5	0.8%
Wal-Mart/Sam's Real Estate	678,661	8	0.3%	1,054,766	6	0.6%
Rimrock Owner LP	-	-	0.0%	626,535	9	0.4%
Scheels All Sports Inc	571,502	9	0.2%	-	-	0.0%
Jela LLC	553,027	10	0.2%	-	-	0.0%
Western Sugar Co.	-	-	0.0%	659,810	8	0.4%
Wells Fargo Corporate Prop.	-	-	0.0%	448,452	10	0.3%
Qwest Corp	-	-	0.0%	3,142,246	3	1.9%
Bresnan Broadband	-	-	0.0%	3,734,106	2	2.2%
Total	<u>\$ 23,831,503</u>		<u>10.3%</u>	<u>\$ 22,064,346</u>		<u>13.2%</u>
Total taxable value	\$ 231,426,077			\$ 167,764,175		

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	
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
2022	37,715,911	36,430,761	96.6%	1,250,966	37,681,727	99.9%	1,285,150
2023	46,158,070	44,198,787	95.8%	1,230,167	45,428,954	98.4%	1,959,283

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						
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						
2022	13,512	27,131	20,499	2,536	-	712						
2023	11,692	29,077	20,772	2,370	-	231						
Business-Type Activities												
Fiscal Year	Rev Bonds/ Revenue Bonds Airport		Rev Bonds/ Revenue Bonds Wastewater		Revenue Bonds Notes Payable Water		Capital Lease Payable Parking		Capital Lease Payable Airport		Total Primary Government	Percentage of Personal Income
					Notes Payable Wastewater	Revenue Bonds Solid Waste	Capital Lease Payable Parking	Capital Lease Payable Airport				
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%			
2022	3,639	52,845	17,692	9,043	21,701	1,944	-	171,254	3.90%			
2023	3,374	50,833	15,407	7,855	20,859	1,774	-	164,244	3.90%			

Source: City of Billings, Montana

Beginning in 2014, amounts are recorded as net of adjustments.

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

Fiscal Year	Population ¹	Taxable Value ²	General Obligation Bonds ³	Less: Amounts Available in Debt		Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Net Bonded Debt Per Capita
				Service Funds ⁴	Net			
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
2022	117,445	217,874,388	13,511,998	1,888,193	11,623,805	5.3%		98.97
2023	118,288	221,061,478	11,691,699	1,675,943	10,015,756	4.5%		84.67

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, 2023
(Unaudited)

Governmental Unit	Debt Outstanding	Percent Applicable to City ²	Estimated Share of Overlapping Debt
Overlapping:			
Yellowstone County	\$ 7,647,249 ¹	55.40%	\$ 4,236,576
School Districts			
School District #2	\$ 117,573,502 ¹	43.48%	\$ 51,120,959
Elder Grove SD #4	15,325,000 ¹	0.15%	\$ 22,681
Elysian SD #23	10,915,000 ¹	5.24%	\$ 571,946
Independent SD #52	1,420,000 ¹	0.33%	\$ 4,686
Total School Districts	145,233,502		51,720,272
Total Overlapping Debt	\$ 152,880,751		\$ 55,956,848
Direct:			
City of Billings			
General Obligation	\$ 11,691,699		
Tax Increment	29,076,781		
Special Assesment	20,771,626		
Intercap Notes	2,369,900		
Capital Lease	230,778		
Total Direct Debt	\$ 64,140,784	100.0%	\$ 64,140,784
Total Direct and Overlapping Debt	\$ 217,021,535		\$ 120,097,632

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									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 153,504	\$ 158,762	\$ 289,112	\$ 291,981	\$ 311,783	\$ 313,872	\$ 331,727	\$ 334,985	\$ 352,553	\$ 356,427
Total net debt applicable to limit	<u>26,407</u>	<u>23,326</u>	<u>27,260</u>	<u>32,622</u>	<u>23,758</u>	<u>21,887</u>	<u>20,014</u>	<u>23,865</u>	<u>11,624</u>	<u>10,016</u>
Legal debt margin	<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>\$ 311,119</u>	<u>\$ 340,929</u>	<u>\$ 346,411</u>
Total net debt applicable to the limit as a percentage of debt limit	17.20%	14.69%	9.43%	11.17%	7.62%	6.97%	6.03%	7.12%	3.30%	2.81%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed market value:	
Real property	\$ 13,628,952,773
Personal property	257,518,955
Utilities	<u>370,599,261</u>
Total assessed value	<u>\$ 14,257,070,989</u>
Debt amount limited to 2.5% of total assessed value	\$356,426,775
Less:	
General obligation bonded debt outstanding	11,691,699
Total net debt applicable to limit	11,691,699
Plus:	
Amount set aside for repayment of GO debt	<u>1,675,943</u>
Total net debt applicable to limit	<u>13,367,642</u>
Legal debt margin	<u>\$346,411,019</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	
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%
2022	54,086,228	24,560,244	29,525,984	4,974,000	2,644,198	7,618,198	388%
2023	57,320,902	25,985,450	31,335,452	5,128,000	2,469,158	7,597,158	412%

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	CFC revenue		Operating Expense ²	Net Revenue Available for Debt Service	Debt Service Requirements									
		not to exceed				2000/2010A				2020A		2020B			
		2020B	Debt Serv			Principal	Interest	Principal	Interest	Principal	Interest	Total	Coverage		
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 ^{3,4}	670,000	16,750	-	320,000	170,644	1,177,394		404%			
2022	9,657,638	359,830	7,754,996	2,262,472 ^{3,4}	-	-	-	22,896	260,000	99,830	359,830	629%			
2023	11,547,039	353,358	8,579,018	3,321,379 ^{3,4}	-	-	-	23,820	265,000	88,358	353,358	940%			

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

⁴ Also, In FY 2021, Airport series 2020A revenue bond draws began for the new terminal. Interest will be paid starting in FY22 and principal paid in future years.

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	
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%
2022	1,642,838	1,095,633	327,141	1,422,774	115.5%
2023	1,571,834	792,293	402,347	1,194,640	131.6%

Source: City of Billings, Montana

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

¹ Gross Revenue includes 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 Revenue	Less: Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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%
2022	4,912,328	3,123,522	1,788,806	590,000	405,594	995,594	179.7%
2023	5,414,985	2,761,168	2,653,817	615,000	381,319	996,319	266.4%

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
Last Ten Fiscal Years
(Unaudited)

Fiscal	Gross¹		Less:		Net Revenue		Debt Service Requirements³		
	Year	Revenue	Operating Expense²	Debt Service	Available for	Principal	Interest⁴	Total	Coverage
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%		
2022	2,240,581	1,798,345	442,236	162,153	93,627	255,780	173%		
2023	2,445,370	1,670,098	775,272	169,457	86,323	255,780	303%		

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 The interest reported is cash basis. However, the interest reported in the Government-Wide financial statement is accrued.

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

Fiscal Year	Gross		Less:	Net Revenue Available for	Debt Service Requirements³			
	Revenue¹	Expense²		Debt Service	Principal	Interest⁴	Total	Coverage
2019	\$ 15,905,395	\$ 11,232,020		\$ 4,673,375	\$ -	\$ 313,590	\$ 313,590	1490%
2020	17,467,951	11,410,721		6,057,230	-	430,887	430,887	1406%
2021	17,942,110	12,500,203		5,441,907	700,000	844,275	1,544,275	352%
2022	19,281,872	13,530,911		5,750,961	735,000	808,400	1,543,400	373%
2023	22,660,968	18,029,104		4,631,864	775,000	770,650	1,545,650	300%

Source: City of Billings, Montana

¹ Includes operating revenue, other revenue, and interest income.

² Total operating expense exclusive of depreciation.

³ The Solid Waste revenue bonds were sold in FY2019 and the first principal payment occurred in FY2021.

⁴ The interest reported is cash basis. However, the interest reported in the Government-Wide financial statement is accrued.

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

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		
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%
2022	117,445	7,011,232	59,698	37.3	16,800	2.6%
2023	118,288	7,213,675	60,984	37.6	17,000	2.8%

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)

Employer	2021	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
McDonalds		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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	90.6	84.6	84.6	85.9	88.9	86.9	92.4	93.6	111.9	115.0
Planning and community services	31.8	38.8	39.5	40.3	44.6	42.1	42.1	42.8	42.2	43.5
Library	31.7	31.9	31.8	32.8	32.8	32.8	32.8	32.8	33.8	34.8
Public safety										
Police	166.0	166.0	167.3	173.3	170.3	171.3	177.3	177.3	201.8	201.8
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	4.0	4.0
Fire	146.5	146.5	147.1	157.1	156.8	158.8	159.8	159.8	175.3	175.3
Emergency Operating Center	-	-	-	-	-	0.3	1.3	1.3	1.3	1.3
Streets/Traffic	45.0	45.0	47.0	47.0	48.0	48.0	48.0	48.0	51.0	56.0
Water and Wastewater	103.0	103.0	103.0	104.1	104.0	103.0	97.0	97.1	98.0	100.1
Sanitation	64.5	64.5	63.5	63.5	63.5	64.5	67.0	69.0	73.0	86.0
Parking	12.0	12.0	12.0	12.5	12.5	12.5	12.5	12.5	13.0	11.0
Aviation	56.0	56.0	56.0	55.6	54.4	54.4	54.4	54.7	56.2	57.2
Transit	55.3	55.3	55.3	55.7	55.9	55.9	55.9	55.6	59.3	64.3
Internal services	75.0	75.0	78.0	77.0	78.0	79.0	88.8	89.1	95.1	97.9
Total	884.4	885.6	892.1	911.8	916.7	920.5	940.3	944.6	1,022.9	1,055.2

Source: City of Billings Annual Budget

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

Activity	Report Period¹	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police											
Dispatched Calls	FY	66,111	68,817	78,484	88,447	95,214	92,912	96,080	94,532	83,668	90,079
Arrests	CY	10,214	10,064	11,942	12,084	11,011	11,026	10,299	11,538	11,035	9,939
Traffic Violations	CY	24,813	15,460	17,068	24,463	23,973	27,149	22,609	17,871	20,519	17,367
Traffic Accidents	CY	3,988	3,845	2,518	2,521	2,395	2,610	2,318	1,772	2,465	2,395
Fire											
Dispatched Calls	FY	11,989	lot Available ²	13,263	13,880	14,441	15,810	16,264	18,365	17,803	19,625
Inspections	CY	1,553	2,027	1,043	2,516	1,058	1,497	942	729	857	1,026
Solid Waste											
Residential Customers	FY	33,127	35,623	31,721	31,874	32,055	32,413	32,845	33,182	33,637	33,871
Commerical Customers	FY	4,136	2,900	2,559	2,624	2,603	2,586	2,591	2,641	2,667	2,691
Landfill trips	FY	165,729	146,635	140,007	154,894	151,795	174,773	177,850	127,053	112,203	163,561
Water											
Customers	FY	30,113	30,326	30,651	30,311	31,435	32,811	32,674	32,948	33,197	32,683
Average Daily Consumption (millions of gallons)	FY	21	21	21.5	21.3	22	19	21	23.1	22.2	23.3
Wastewater											
Customers	FY	33,357	33,894	34,292	34,543	35,302	35,292	35,667	35,937	36,385	36,718
Average Daily Treatment (millions of gallons)	FY	16	16	15	16	18.7	19	22	18.9	20.6	18.7

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									
Date of Incorporation - 1882	<u>Period¹</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>	<u>2022</u>	<u>2023</u>
Form of Government - Council/Administrator											
Area in Square Miles	FY	42.0	42.5	43.0	42.9	43.0	43.0	44.8	44.5	44.7	45.2
Activity											
Public Safety											
Police											
Stations	FY	1	1	1	1	1	1	1	1	1	1
Police Officers	FY	141	141.4	142	150	145	154*	182	154	157	160
Fire											
Stations	FY	7	7	7	7	7	7	7	7	7	7
Firefighters/Officers/Dispatchers	FY	144.5	145.1	144.8	153.8	155.8	155.8	156.5	156.5	160.6	172.5
Streets											
Streets (miles)	CY	530.0	537.8	545.1	545.6	545.6	545.6	633.0**	559.1	560.5	564.7
Streetlights	FY	8,239	8,376	8,480	8,202	8,533	8,796	8,691	8,881	8,847	8,858
Street Light Maintenance Districts	FY	186	187	192	185	194	193	194	197	197	198
City Parks											
Developed Acres	FY	1,183	1,183	1,201	1,204	1,204	1,223	1,223	1,223	1,255	1,255
Undeveloped Acres	FY	290	290	282	279	279	268	268	268	248	248
Natural Park Acres	FY	1,107	1,107	1,167	1,213	1,213	1,213	1,213	1,213	1,213	1,213
Parking											
Garages	FY	3	3	4	4	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water											
Water Mains (miles)	FY	468	476	468	481	487	492	484	487	499	497
Fire Hydrants	FY	4,357	4,392	4,405	4,211	4,517	4,645	4,670	4,717	4,801	4,871
Maximum Daily Capacity (millions of gallons)	FY	60	60	60	60	60	60	60	60	60	50
Wastewater											
Storm Sewers (miles)	FY	213.8	232.0	219	264	270	272	276	279	283	291
Sanitary Sewers (miles)	FY	488	497	494.5	499	502	507	510	513	519	524
Maximum Daily Capacity (millions of gallons)	FY	26	26	26	26	26	30	30	30	65	42

Source: City of Billings Operating Budget, Billings, Montana

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

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

Construction ¹		Residential ²		Bank Deposits		Property Value ⁴
Fiscal Year	Commercial Number of Permits	Value	Residential Number of Permits	Value	(in thousands) ³	
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	13,399,393,317
2022	101	169,188,108 ⁷	409	116,444,427	7,763,109 ⁶	14,102,107,396
2023	78	135,103,595	223	68,296,256	7,345,496	14,257,070,989

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

⁷ Commercial values increased due to several large projects, including a new medical university, a grocery store and relocation of several existing businesses

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, 2023, 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 March 13, 2024.

Report on 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.

Report on 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
March 13, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Billings, Montana's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Billings, Montana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Billings, Montana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreement applicable to City of Billings, Montana's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Billings, Montana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Billings, Montana's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Billings, Montana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Billings, Montana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Billings, Montana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
March 13, 2024

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023
(Page 1 of 5)

<u>Federal Grantor</u>	<u>Federal AL 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-30-0001		- 663,860.00	3,952	
Grant Entitlement B-19-MC-30-0001		- 649,979.00	8,053	
Grant Entitlement B-20-MC-30-0001		- 657,719.00	37,674	
Grant Entitlement B-21-MC-30-0001		- 654,649.00	207,328	
Grant Entitlement B-22-MC-30-0001		- 648,400.00	726,089	
COVID-19 CDBG CV	14.218			
Grant Entitlement B-20-MW-30-0001		- 909,126.00	406,366	
AL Subtotal of 14.218 Federal Awards		<u>4,183,733</u>	<u>1,389,462</u>	
Home Investment Partnerships Program:	14.239			
Grant Entitlement M 21 MC 300213		- 334,548	3,982	
Grant Entitlement M 22 MC 300213		- 372,752	55,686	
COVID-19 HOME ARP Investment Partnership Program	14.239			
Grant Entitlement M21-MO-30-0213		- 1,211,321	64,682	
AL Subtotal of 14.239 Federal Awards		<u>1,918,621</u>	<u>124,350</u>	
<u>Corporation for National and Community Service</u>				
AmeriCorps VISTA - VISTA State Support Grant	94.013			
21VSDMT001 / 21VS244326		- 106,250	81,718	
AL Subtotal of 94.013 Federal Awards		<u>106,250</u>	<u>81,718</u>	
<u>U.S. Department of Transportation</u>				
Airport Improvement Program:	20.106			
AIP3-30-0008-064-2020		- 283,788	4,230	
AIP3-30-0008-069-2021		- 1,325,105	200	
AIP3-30-0008-072-2021		- 7,821,663	782,166	
AIP3-30-0008-075-2022		- 50,881	50,881	
AIP3-30-0008-076-2022		- 5,667,337	5,667,337	
AIP3-30-0008-077-2023		- 6,693,860	905,067	
COVID-19 Airport Improvement Program	20.106			
AIP3-30-0008-073-2021 CARES		- 7,970,215	1,009,641	
AIP3-30-0008-074-2021 ARPA		- 6,142,967	1,881,944	
AL Subtotal of 20.106 Federal Awards		<u>35,955,816</u>	<u>10,301,466</u>	

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023
(Page 2 of 5)

<u>Federal Grantor</u>	<u>Federal AL 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>				
<i>Rural OPS Grant</i>				
COVID-19 Federal Transit Ops Assistance Formula Grants-CARES ACT FTA Section 5311-Operating MT-2022-010-00	20.509		1,237,817	1,237,817
AL subtotal of 20.509 Federal Awards			1,237,817	1,237,817
<i>Federal Transit Cluster</i>				
Federal Transit Capital & Ops Assistance Formula Grants-ARPA FTA Section 5307- Grant Program MT-2022-007-00	20.507		1,346,725	1,346,725
COVID-19 Federal Transit Capital & Ops Assistance Formula Grants-CARES ACT FTA Section 9-Operating MT-2020-027-00	20.507		5,358,483	266,640
AL Subtotal of 20.507 Federal Awards			6,705,208	1,613,365
Federal Transit Metropolitan Planning Grants FTA Section 5339-Capital-Small Urban Capital Projects Grant FTA Section 5339-Capital-Small Urban Formula Grant Training Lot Construction Super Grant AL subtotal of 20.526 Federal Awards Federal Transit Cluster subtotal	20.526		213,497	209,713
			728,663	631,623
			942,160	841,336
			7,647,368	2,454,701
Federal Transit Metropolitan Planning Grants FTA Section 5303-Operating-Passed Through the State of Montana Contract # 112067 FTA Section 5303-Operating-Passed Through the State of Montana Contract # 112678 AL subtotal of 20.505 Federal Awards	20.505		204,804	38,563
			266,495	238,557
			471,299	277,120
<i>Highway Safety Cluster</i>				
State and Community Highway Safety: Passed through the State of Montana: STEP OT Contract #1101885-MDT-FFY2021 STEP OT Contract #1101885-MDT-FFY2022 AL subtotal of 20.600 Federal Awards	20.600		10,000	5,676
			10,000	7,162
			20,000	12,838
Federal Railroad Administration Traspassing Grant Railroad Trespassing Enforcement - FR-CRS-0166 AL subtotal of 20.325 Federal Awards	20.325		120,000	14,311
			120,000	14,311

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023
(Page 3 of 5)

<u>Federal Grantor</u>	Federal AL Number	Passed Through to Subrecipients	Program Amount or Grant Award	Expenditures
<u>U.S. Department of Transportation (continued)</u>				
Highway Planning and Construction:	20.205			
Passed through the State of Montana				
Metropolitan Planning Funds SPR-PL-1 (57) Contract #110611			1,268,798	1,268,798
AL subtotal of 20.205 Federal Awards			1,268,798	1,268,798
Federal Highway Administration	20.219			
Passed through the State of Montana				
FWP-Recreational Trails Program - FY2022 Contract # RTP2104			44,335	44,335
AL subtotal of 20.219 Federal Awards			44,335	44,335
State Homeland Security Program	20.703			
HMEP-BILFD SafetyOff			51,280	22,015
AL subtotal of 20.703 Federal Awards			51,280	22,015
BUILD Grant 2020	20.933			
Northwest Billings Connector and Marathon Trail			11,656,765	3,725,608
AL subtotal of 20.933 Federal Awards			11,656,765	3,725,608
<u>U.S. Department of Interior</u>				
Historic Preservation Fund Grants-In-Aid:	15.904			
Passed through the Montana Historic Society;				
MT-22-011			6,000	6,000
AL subtotal of 15.904 Federal Awards			6,000	6,000
<u>U.S. Department of Justice</u>				
Bureau of Justice Assistance	16.838			
COSSAP 2020-AR-BX-0091			900,000	127,377
AL subtotal of 16.838 Federal Awards			900,000	127,377
Equitable Sharing Program	16.922			
Asset Forfeiture			704,548	704,548
AL subtotal of 16.922 Federal Awards			704,548	704,548
Billings Adult Misdemeanor Treatment Court-DUI Grant	16.585			
15PBJA-21-GG-04260-DGCT			549,956	142,193
AL subtotal of 16.585 Federal Awards			549,956	142,193

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023
(Page 4 of 5)

<u>Federal Grantor</u>	<u>Federal AL 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 Investigator 21-W02-00743		-	52,603	15,251
Domestic Violence Investigator 23-W02-1486		-	55,443	41,302
Domestic Violence Prosecution Unit VOCA V01-765		-	75,000	49,332
Domestic Violence Unit VAWA 23-W03-1481		-	85,177	31,554
AL subtotal of 16.588 Federal Awards		-	268,223	137,438
Project Safe Neighborhoods 22-001-1325	16.609			
AL subtotal of 16.609 Federal Awards		-	30,000	14,419
Justice Assistance Grants: 2019 JAG #2019-DJ-BX-0772	16.738			
2020 JAG #2020-DJ-BX-0926		-	84,237	53,064
2021 JAG 15PBJA21GG01627JAGX		17,331	105,725	70,387
2022 JAG 15PBJA-22-GG-02116-JAGX		-	123,669	18,570
AL subtotal of 16.738 Federal Awards		17,331	398,348	175,374
<u>Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services H79TI081914	93.243			
AL subtotal of 93.243 Federal Awards		-	399,867	275,102
		-	399,867	275,102
<u>Department of Homeland Security</u>				
Homeland Security Grant Program	97.067			
EMW-2019-SS-00010		-	95,971	6,330
EMW-2021-SS-00042		-	100,000	11,386
22HSBLNGEOD/EMW-2022-SS-00078		-	80,000	66,878
19HSBLNNGSHAZ		-	175,000	34,267
21HSBLNNGSHAZ		-	40,000	33,558
20H5-HazMat		-	300,000	235,086
AL subtotal of 97.067 Federal Awards		-	790,971	387,504
FEMA Disaster Declaration #4655	97.036			
AL subtotal of 97.036 Federal Awards		-	436,477	332,554
		-	436,477	332,554

CITY OF BILLINGS, MONTANA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023
(Page 5 of 5)

<u>Federal Grantor</u>	<u>Federal AL Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
Office of National Drug Control Policy				
High Intensity Drug Traffic Area Award:				
2022 HIDTA AWARD #G22RM0038A	95.001		- 224,505	123,283
2023 HIDTA AWARD G23RM0038A			- 228,101	108,811
2019 HIDTA AWARD G19RM0038A – Connect Coalition			- 200,000	19,036
AL subtotal of 95.001 Federal Awards			<u>- 652,606</u>	<u>251,130</u>
U.S. Department of the Treasury				
American Rescue Plan Act: State & Local Fiscal Recovery Funds	21.027			
City of Billings			- 15,940,314	2,186,913
State of Montana Passthrough ARPA Water Competitive Grant Program				
AC-22-0006			- 2,000,000	2,000,000
AMC-23-0212			- 1,600,000	1,507,321
AL subtotal of 21.027 Federal Awards			<u>- 19,540,314</u>	<u>5,694,234</u>
National Endowment for the Arts				
Our Town, Design	45.024			
1897310-42-22			- 50,000	16,244
AL subtotal of 45.024 Federal Awards			<u>- 50,000</u>	<u>16,244</u>
Total federal awards (all sources)	<u>\$ 17,331</u>		<u>\$ 89,409,391</u>	<u>\$ 29,218,657</u>

CITY OF BILLINGS, MONTANA
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(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, 2023. 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.

(4) ARPA Reconciliation

ARPA fund eligibility requirements are considered to be met at the time of project completion. The State of Montana withholds payments to the City until projects are complete, therefore, the City considers that the eligibility of the expenditures as being met at that point in time. Once these projects are complete and the grant funds are remitted to the City from the State is the point in which the expenditures are recognized in the Schedule of Expenditures and Federal Awards. The below reconciliation depicts the reconciliation of each of the relevant grant awards that are affected:

CITY OF BILLINGS, MONTANA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<u>Reconciliation of ARPA Passthrough grants</u>	<u>Federal AL Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Amount or Grant Award</u>	<u>Expenditures</u>
COVID -19 - ARPA Passthrough Payments 7/1/2022 to 6/30/2023 but grant is not finalized	21.027			
AC-22-0004		- 2,000,000		-
AC-22-0005		- 2,000,000	1,800,000	
AMC-23-0055		- 4,160,000	3,047,621	
AMC-23-0056		- 2,150,000	712,404	
	<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$ 10,310,000</u></u>	<u><u>\$ 5,560,025</u></u>
Payments 7/1/2022 to 6/30/2023 and grant is finalized				
AC-22-0006		- 2,000,000	236,454	
AMC-23-0212		- 1,600,000	1,507,321	
	<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$ 3,600,000</u></u>	<u><u>\$ 1,743,775</u></u>
Payments received in Prior Years				
AC-22-0006		- 2,000,000	1,763,546	
	<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 1,763,546</u></u>

CITY OF BILLINGS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

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	
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.	
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:

Community Development Block Grants and Entitlement Grants - AL 14.218
 Airport Improvement Program - AL 20.106
 Federal Transit Cluster - AL 20.507 and 20.526
 Formula Grants for Rural Areas and Tribal Transit Program - AL 20.509
 Build Grant - AL 20.933
 Coronavirus State and Local Fiscal Recovery Funds - AL 21.027

Dollar threshold used to distinguish between Type A and Type B	\$876,560
Auditee qualified as low-risk auditee?	Yes

CITY OF BILLINGS, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

FINDINGS - NONE

CITY OF BILLINGS, MONTANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023

FINDINGS - NONE

