

BOZEMAN^{MT}

CITY OF BOZEMAN, MONTANA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by the City of Bozeman Finance Department

CITY OF BOZEMAN, MONTANA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2021

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PART I

INTRODUCTORY SECTION



January 27, 2022

To the Citizens of the
City of Bozeman, Montana

The Annual Comprehensive Financial Report of the **CITY OF BOZEMAN, MONTANA** for the fiscal year ended JUNE 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits. The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's issued single audit report.

This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

CITY OF BOZEMAN, MONTANA

CITY OF BOZEMAN PROFILE

The City of Bozeman is located on the eastern slope of the Rocky Mountains and is the county seat of Gallatin County, Montana. Gallatin County encompasses over 2,500 square miles, bordering Yellowstone National Park to its south. The City encompasses an area over 18 square miles with its next-closest municipality being the City of Belgrade, approximately 7 miles from our outermost boundary. Bozeman is the county seat of Gallatin County and is the home to Montana State University – Bozeman, and the Fighting Bobcats. Bozeman is located 143 miles west of Billings and 200 miles east of Missoula.

The City was incorporated in April of 1883 with a city council form of government, and later in January 1922 transitioned to its current city manager/city commission form of government. The population of Bozeman in 2020 census is 53,293 – which is a total increase of 43% from April 2010 – which continues Bozeman’s standing as the fourth largest city in the state.

The government provides a full range of services. These services include police and fire protection; sanitation services; water, waste water & storm water utilities; the construction and maintenance of streets and infrastructure; recreational activities; cultural events; planning and zoning; and general administrative services. The City, as a primary government, is supported or works closely with certain entities to provide these services to the citizens of the City of Bozeman. The Bozeman Public Library Board of Trustees, Senior Advisory Council and the Parking Commission are excluded from presentation in these financial statements, since their relationship with the City is strictly advisory in nature at this time.

CITY OF BOZEMAN, MONTANA

ECONOMIC CONDITION AND OUTLOOK

Policom reported in 2020 that Bozeman is the fastest growing Micropolitan area in the United States. With Bozeman's population growing nearly 20 percent in the last 5 years, it tops the ranks of population growth across all cities in Montana. Part of the draw to Bozeman is the increased number of college students attending school at MSU for in-demand engineering and tech degrees, the substantial growth in tech companies migrating to the area, and an increase in relocation during the pandemic that appears to be fueled by expanded remote-work options. There were 150 new single family homes and 125 multi-family residential building permits issued in Bozeman in 2021. This continued growth has increased the need for City services and infrastructure. Montana State University has seen a steady growth of enrollment over the last three years as well.

Due to COVID-19, the United States' economy continues to move forward with uncertainty, after the brief but severe pandemic recession of 2020. Fortunately, Montana's tourism industry was able to recover quickly from the initial impact of stay-at-home orders and closed businesses to see record visitation at Yellowstone National Park during months of 2021. The expansion of our local tourism industry is one of multiple factors that has resulted in a pronounced labor shortage. Montana's shortage of workers throughout a wide variety of occupations and industries is as pronounced as anywhere in the country, with a 62% increase in job openings since before the pandemic began. We continue to watch all cash flow in all funds and from all sources and look for opportunities to meet Bozeman's infrastructure needs with increased federal funding becoming available.

On March 10, 2021, the House of Representatives approved a Senate-amended version of President Biden's \$1.9 trillion COVID-19 relief package - the American Rescue Plan. The package includes \$350 billion in aid for state and local governments, along with additional funding for other areas like education, rental assistance and transit. The President signed the bill into law on March 11, 2021. The City received over \$6 million at the end of FY21 and will receive another \$6 million at the end of FY22.

The Consumer Price Index has grown over the last 10 years for the United States and particularly for the Western States. For FY20 the three year average change was 1.97% while the Western State CPI-U is showing 3.49% three year average change. Before COVID-19 the unemployment rate is 2.4% and per capita income is \$30,268. The median single family home price for 2020 was \$562,000. The top three major employers are Bozeman Deaconess Hospital, Oracle America and Bozeman School District #7. The number of available jobs in Bozeman is at an all-time high. The City is booming with employment opportunities as job growth continues to climb. Bozeman also offers a lower unemployment rate than in comparison cities. A tighter job market and lower unemployment rate sets Bozeman apart from its peer cities.

CITY OF BOZEMAN, MONTANA

BUDGET DEVELOPMENT PROCESS

The City of Bozeman budget serves several purposes. For the *citizens of the City of Bozeman*, it presents a picture of the city government operations and intentions for the year. For the *City Commission*, it serves as a policy tool and as an expression of goals and objectives. For *City Management*, it is used as an operating guide and a control mechanism.

The City Manager's Recommended Budget is created and submitted to the City Commission. Public work sessions are then held by the Commissioners at which time the City Manager, Finance Director, and department staff explain the budget recommendations and underlying justification for the requests. The Commission also reviews departmental requests which could not be funded, as an indication of unmet needs. During (or following) the work sessions, the Commissioners may make adjustments to the proposed budget. Following any adjustments to the City Manager's budget recommendation, a tentative appropriation ordinance is prepared and a public hearing is held. The Commission may again make adjustments to the budget following the public hearing, after which time, the Commission passes the appropriation ordinance in final form.

FINANCIAL POLICIES

The overall goal of the City's financial policies is to establish and maintain effective management of the city's financial resources. Formal policy statements and major objectives provide the foundation for achieving this goal. The City avoids budgetary practices that balance current expenditures at the expense of meeting future years' expenses and seeks to maintain a diversified and stable revenue base that is estimated in a realistic and conservative manner. For one-time revenues, highest priority is given to the funding of capital assets or other non-recurring expenditures.

On-going expenditures are limited to levels which can be supported by current revenues. Construction projects and capital purchases of \$25,000 or more are included in the Capital Improvement Plan (CIP), with all capital purchases of \$5,000 or more reported as capital outlays in the financial statements. Minor capital outlays of less than \$5,000 are included in the regular operating budget.

CITY OF BOZEMAN, MONTANA

Spending of resources happen in the following order (they are categorized according to Generally Accepted Accounting Principles (GAAP) for state and local governments, with the following general definitions):

- Restricted -- Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed -- Amounts constrained to specific purposes by the City Commission; to be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes action to remove or change the constraint.
- Assigned -- Amounts the City intends to use for a specific purpose; intent can be expressed by the Commission or by an official or body to which the City Commission delegates the authority. The City Commission delegates this authority to the City Manager.
- Unassigned -- Amounts that are available for any purpose; these amounts are reported only in the General Fund.

Long-term debt is limited to capital improvements which cannot be financed from current revenues and repays borrowed funds within a period that does not exceed the expected useful life of the project. The City does not use long-term debt for financing current operations and adheres to a policy of full public disclosure with regard to the issuance of debt.

A minimum level of general fund reserve equal to 2 months of annual revenues, or 16.67%, is maintained. This reserve is committed to be used for: cash flow purposes, accrued employee payroll benefits which are not shown as a liability, unanticipated equipment acquisition and replacement, and to enable the city to meet unexpected expenditure demands or revenue shortfalls.

The City manages and accounts for its financial activity in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The City maintains its accounting records for general governmental operations on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when services or goods are received and liabilities incurred. Accounting records for proprietary fund types and similar trust funds are maintained on an accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash.

CITY OF BOZEMAN, MONTANA

Internal Controls

Internal accounting controls are designed to provide reasonable (but not absolute) assurance of the safeguarding of assets against loss, theft or misuse. They are also designed to aid in the reliability of financial records. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

In developing and evaluating the City's accounting system, great consideration is given to the adequacy of internal accounting controls. We believe that the City of Bozeman's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

HIGHLIGHTS OF FISCAL YEAR 2021

Continued construction of the new Bozeman Public Safety Center:. Ground breaking for the Bozeman Public Safety Center (BPSC) was early April, 2020 with an expected opening date of April 2022. On the November 11th, 2018 ballot, the citizens of Bozeman voted to issue \$36,965,000 in General Obligation bonds to fund the building of the Bozeman Public Safety Center, which is to house the Police, City Attorneys, Municipal Court, one Fire Station and public use spaces. The bonds were successfully sold in September of 2019 and will be repaid using the City's taxing authority. Total project cost is \$43.5M about \$37M of that is building construction. BPSC is three stories and 95,000 square feet. All of the storm water generated on site will be treated and stay on site and it is planned to have the largest building-mounted solar array in Montana.



Fiscal Year 2021 Strategic Plan Priorities: The Commission reviewed the five priorities from FY20 and added to additional priorities. The seven priorities guiding the FY21 budget were:

- Community Outreach
- Affordable Housing
- Planning & Land Use Initiatives
- Annexation Analysis & Study
- Parks Maintenance District
- Climate Action
- Tax Fairness and Affordability

CITY OF BOZEMAN, MONTANA

Parks & Trails Maintenance District: May 5, 2020 the Citizens of Bozeman voted to approve the creation of a Parks & Trails District for FY21. The plan for this district has been in the works for years and developed first with consultants and furthered in the most recent Capital Improvement Plan and internal staffing plan. This district removed the parks, recreation and aquatics expenditures out of the general fund, and levied a special assessment to pay for the personnel, operating and capital expenditures in the future. A citywide park and trail district is an effort to solve three major issues of deferred maintenance, operations and maintenance of all city owned parks, and equity.

**FOR THE FUTURE**Strategic Plan

With the adoption of the Strategic plan, the FY22 budget incorporated efforts to implement each of the vision statements. The Commission set thirteen priorities along with strides towards the strategic plan. The highlights of the impact on the budget include:

1. An Engaged Community. Fostering successful collaboration with other public agencies and building on our successes, which is being achieved through City-County Regional Planning and other areas such as the CATS (EPIC-N) program with MSU. We are continuing our work to foster a culture of civic engagement by using our adopted communication plan for the organization to expand community outreach and community engagement.
2. An Innovative Economy. Supporting retention and growth of both the traded and local business sectors in coordination with the Economic Development Plan that is budgeted to be updated. Working with our urban renewal districts we are strategically investing in infrastructure as a mechanism to encourage economic development. We are reviewing policies, Perusing Grants and Philanthropic Funding, and will aid the Commission in developing its steps towards its priority of Property Tax Relief.
3. A Safe, Welcoming Community. This budget includes steps towards an Inclusive City with training and a summit. The Bozeman Public Safety Center opens in the last quarter of FY22. Body worn cameras as planned in the recent capital plan will be integrated with the new technology being implemented at the Bozeman Public Safety Center. Identify Options to Ban Flavored Tobacco is being explored and a work session is planned for the Commission. All though new state law might limit our efforts.

CITY OF BOZEMAN, MONTANA

4. A Well-Planned City. The Parks, Recreation, Open Space, and Trails (PROST) Master Plan is being updated and this work started at the end of FY21. Community Housing will be continuing the implementation of its action plan, which will provide more Affordable Housing opportunities along with a ballot question for this fall's election for a standalone mill levy. We have Planning & Land Use Initiatives with the City County Regional Planning, and Code Updates. We will continue moving forward with our Annexation Analysis & Study with a Commission work session this fall.
5. A Creative, Learning Culture. The 1% of arts has been incorporated into our Capital Improvement Plan and we have projects that will include the 1% on the ballot for a bond question this fall. This program provides a guaranteed funding mechanism for the acquisition of artwork for new public facilities and civic spaces.
6. A Sustainable Environment. This Approved Budget looks at Climate Action Plan Implementation and continues to increase the Sustainability Divisions' budget from \$255,909 in FY20 to \$612,088 in FY22. We have work sessions scheduled at the end of FY21 and into FY22 for Sensitive Lands Protection Planning, and Wetland Preservation and Banking.
7. A High Performance Organization. We have already stated the ground work and will complete in FY22 Advisory Board Consolidation. Throughout the organization departments are working on collaborating and functioning as a high performing and innovative team. Staff continues to look at its rates, fees and charges to ensure we are using equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

COVID-19 continued response- We will continue to see the impacts of COVID, and the City will have to respond based on those impacts. We are ensuring reserves are in place, designing work and work spaces for social distancing, and seeking Federal funding when possible. The economic impacts will be monitored closely to be able to respond quickly and adjust our plans, strategies and spending.

OTHER INFORMATIONIndependent Audit

The State of Montana requires a biannual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent certified accountants selected by the City Commission. It is the belief of the City Commission and Executive staff that an annual audit assures a higher level of financial management and fiscal responsibility. This policy, along with the legal requirements, has been complied with and the auditors' opinion of Anderson, ZurMuehlen & Co. P.C., has been included in this report.

CITY OF BOZEMAN, MONTANA

Awards

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bozeman for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 37th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied 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 requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

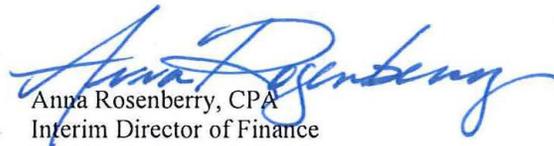
The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,



Jeff Minelich
City Manager



Anna Rosenberry, CPA
Interim Director of Finance

CITY OF BOZEMAN, MONTANA
GOVERNMENT FINANCE OFFICERS' ASSOCIATION CERTIFICATE



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bozeman
Montana**

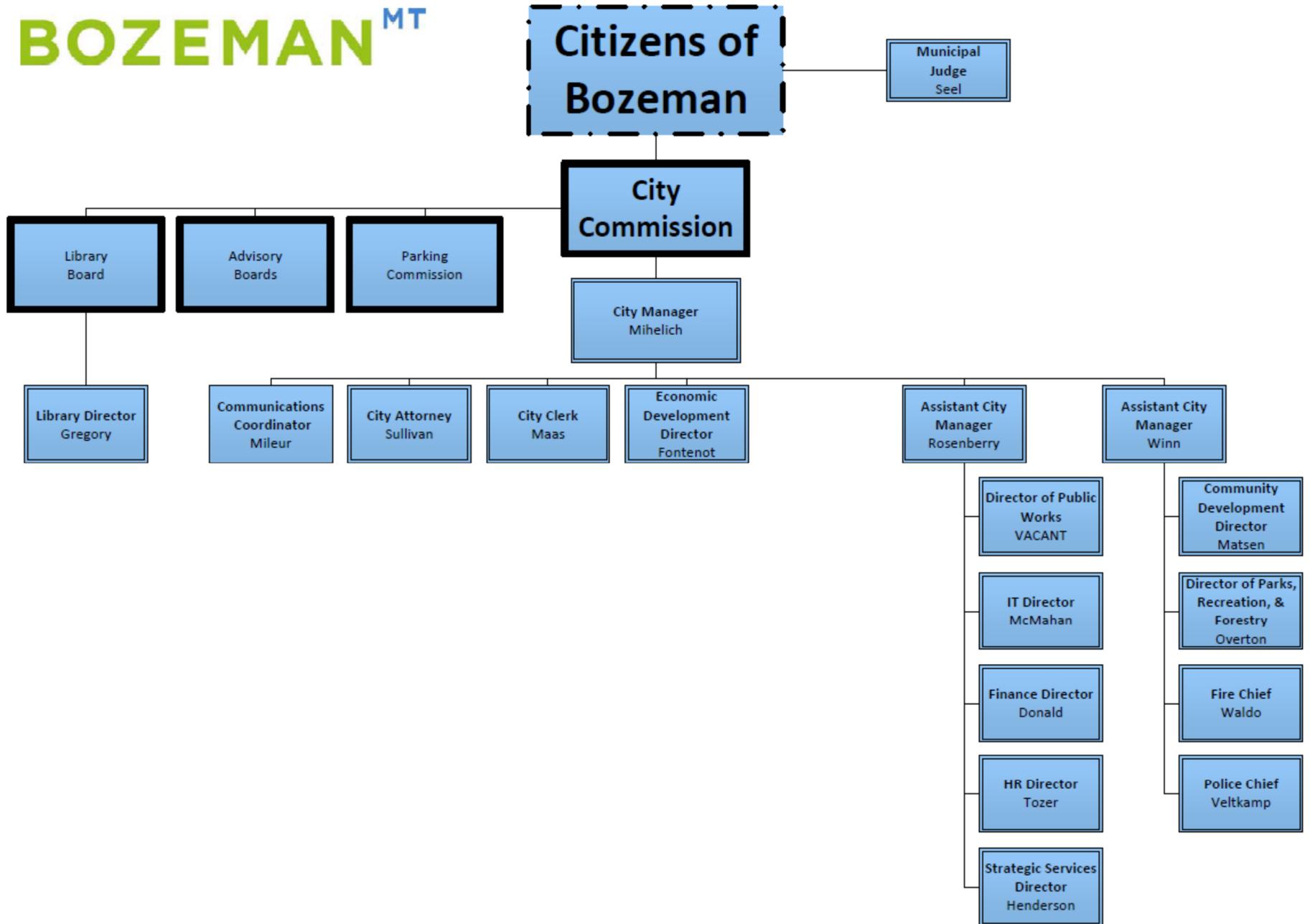
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF BOZEMAN, MONTANA
ORGANIZATIONAL CHART
Fiscal Year 2021



CITY OF BOZEMAN, MONTANA
CITY ELECTED OFFICIALS AND OFFICERS
Fiscal Year 2021

ELECTED OFFICIALS

Legislative

Cynthia Andrus
Terence Cunningham
Christopher Coburn
I-Ho Pomeroy
Jennifer Madgic

Mayor
Deputy Mayor
Commissioner
Commissioner
Commissioner

Judicial

Karl Seel
Colleen Herrington

Municipal Judge
Municipal Judge

OFFICERS

Executive

Jeff Mihelich
Chuck Winn
Anna Rosenberry
Michael Maas

City Manager
Assistant City Manager
Assistant City Manager
City Clerk

Department of Law

Gregory Sullivan

City Attorney

Department of Finance

Kristin Donald, MBA
Aaron Funk, CPA
Laurae Clark

Finance Director
Controller
Treasurer

CITY OF BOZEMAN, MONTANA
CITY ELECTED OFFICIALS AND OFFICERS
Fiscal Year 2021

OFFICERS (CONTINUED)

<p>Department of Economic Development Brit Fontenot</p>	<p>Director of Economic Development</p>
<p>Department of Information Technology Scott McMahan</p>	<p>Information Technology Director</p>
<p>Department of Human Resources Cassandra Tozer</p>	<p>Human Resources Director</p>
<p>Department of Public Safety James Veltkamp Josh Waldo</p>	<p>Chief of Police Fire Chief</p>
<p>Department of Public Service Vacant Vacant Jon Henderson</p>	<p>Director of Public Service City Engineer Director of Strategic Services</p>
<p>Department of Public Welfare Mitch Overton Susan Gregory</p>	<p>Director of Parks & Recreation Director of Bozeman Public Library</p>
<p>Department of Planning and Community Development Martin Matsen</p>	<p>Director of Planning and Community Development</p>

PART II

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners, and City Manager of the
 City of Bozeman, Montana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information – General Fund and Major Special Revenue Funds, Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios, and Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplemental information, as listed in the table of contents, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplemental information, as listed in the table of contents, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of the City'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 solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana
January 27, 2022

A. MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Management of the City of Bozeman (the City) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal. The focus of the information herein is on the primary government.

Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

Government-Wide Financial Statements

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The governmental activities reflect the City's basic services, including police, fire, public works, parks, and general administration. Property taxes, charges for services, state shared revenues, court fines, and recreation fees finance most of these activities.

The business-type activities reflect private sector-type operations, such as water, waste water, storm water, solid waste, and parking, where fees for services typically cover all or most of the cost of operations, including depreciation.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. Financial information for most of these component units are reported separately from the financial information presented for the primary government itself. A few component units, although legally separate, function essentially as an agency of the City and, therefore, are included as an integral part of the City.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into categories: governmental funds, proprietary funds, and fiduciary funds that use different accounting approaches.

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Governmental funds are used for the City's basic services and are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets for the General Fund in accordance with U.S. GAAP.

The City maintains two different types of **proprietary funds**: enterprise funds and internal service funds. 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 water, wastewater, stormwater, solid waste and parking services. When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of the proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds to report activities that provide supplies and services for the City's other programs and activities, such as the Vehicle Maintenance Fund and Health Insurance Fund. Internal service fund activity is reported as governmental activity in the government-wide statements since this activity, the financing of goods and services for other funds of the government, is more governmental than business-type in nature.

The City uses **fiduciary funds** to account for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust fund is used. The City is the trustee, or fiduciary, for other funds, including the Municipal Court Fund, the Montana Arts Council Fund (Montana Ballet, Bozeman Symphony Orchestra, and Big Sky Association for the Arts), and the CMC Bozeman Asbestos Site Remediation Fund. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The guidelines for the administration of these funds are contained in applicable financial agreements and/or City ordinances. These documents contain the rules governing the receipt, expenditure, and management of the City's fiduciary funds. As the statements reflect, the financial activity during the year for these funds is nominal. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$543.8 million at the close of the most recent fiscal year. Net position increased by \$30.5 million this year as compared to a \$50.6 million increase last year. The smaller increase this year was mainly due to revenues being lower and expenses being higher than last year. Some of the revenue decline as well as the increase in expenditures can be attributed to the COVID-19 pandemic. This fiscal year total revenues decreased by \$9.9 million while total expenses increased by \$10.1 million. Net position of the City also includes \$62.1 million (11%) of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

Table 1 reflects the City's net position (dollars in thousands) as of June 30, 2021 and 2020:

Table 1- Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 101,328,809	\$ 104,868,737	\$ 49,651,049	\$ 48,292,893	\$ 150,979,858	\$ 153,161,630
Capital Assets	240,462,418	210,438,294	316,314,532	295,485,973	556,776,950	505,924,267
Total Assets	<u>\$ 341,791,227</u>	<u>\$ 315,307,031</u>	<u>\$ 365,965,581</u>	<u>\$ 343,778,866</u>	<u>\$ 707,756,808</u>	<u>\$ 659,085,897</u>
Deferred Outflows of Resources	\$ 9,149,572	\$ 5,006,016	\$ 1,587,035	\$ 850,865	\$ 10,736,607	\$ 5,856,881
Long-term Debt Outstanding	\$ (99,017,332)	\$ (84,043,754)	\$ (54,074,964)	\$ (43,968,514)	\$ (153,092,296)	\$ (128,012,268)
Other Liabilities	(16,176,604)	(18,509,648)	(3,170,054)	(1,719,369)	(19,346,658)	(20,229,017)
Total Liabilities	<u>\$ (115,193,936)</u>	<u>\$ (102,553,402)</u>	<u>\$ (57,245,018)</u>	<u>\$ (45,687,883)</u>	<u>\$ (172,438,954)</u>	<u>\$ (148,241,285)</u>
Deferred Inflows of Resources	\$ (1,740,945)	\$ (2,693,220)	\$ (503,558)	\$ (707,469)	\$ (2,244,503)	\$ (3,400,689)
Net Position:						
Net investment in capital assets	\$ 196,931,242	\$ 118,577,368	\$ 271,812,360	\$ 260,124,896	\$ 468,743,602	\$ 378,702,264
Restricted for parking capital projects	-	-	130,316	130,316	130,316	130,316
Restricted for infrastructure capital projects	-	-	516,199	-	516,199	-
Restricted for drought reserve	-	-	362,581	-	362,581	-
Restricted for general government	2,389,783	2,379,585	-	-	2,389,783	2,379,585
Restricted for Public Safety	14,048,758	9,920,782	-	-	14,048,758	9,920,782
Restricted for Public Service	6,134,953	4,038,844	-	-	6,134,953	4,038,844
Restricted for Public Welfare	12,457,409	10,049,069	-	-	12,457,409	10,049,069
Restricted for capital projects	1,872,757	35,632,587	10,705,061	8,998,147	12,577,818	44,630,734
Restricted for debt service	10,378,317	7,187,509	3,125,439	3,179,102	13,503,756	10,366,611
Unrestricted	<u>(10,207,301)</u>	<u>27,280,681</u>	<u>23,152,084</u>	<u>25,801,918</u>	<u>12,944,783</u>	<u>53,082,599</u>
Total Net Position	<u>\$ 234,005,918</u>	<u>\$ 215,066,425</u>	<u>\$ 309,804,040</u>	<u>\$ 298,234,379</u>	<u>\$ 543,809,958</u>	<u>\$ 513,300,804</u>

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Table 2 reflects the City's changes in net position (dollars in thousands) for the years ended June 30, 2021 and 2020.

Table 2- Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for Services	\$ 32,771,415	\$ 25,916,816	\$ 33,157,599	\$ 29,674,248	\$ 65,929,014	\$ 55,591,064
Restricted Operating Grants & Contributions	12,156,812	7,622,415	243,536	104,868	12,400,348	7,727,283
Restricted Capital Grants & Contributions	4,518,830	15,429,642	5,427,166	13,312,504	9,945,996	28,742,146
General Revenues						
Property Taxes	27,115,391	28,308,301	-	-	27,115,391	28,308,301
Unrestricted Operating Grants & Contributions	4,956,187	4,859,238	-	-	4,956,187	4,859,238
Other General Revenues	(1,274,251)	2,749,288	290,413	1,368,505	(983,838)	4,117,793
Total Revenues	<u>80,244,384</u>	<u>84,885,700</u>	<u>39,118,714</u>	<u>44,460,125</u>	<u>119,363,098</u>	<u>129,345,825</u>
Program Expenses						
General Government	11,517,404	9,950,983	-	-	11,517,404	9,950,983
Public Safety	22,698,030	20,702,736	-	-	22,698,030	20,702,736
Public Service	11,018,661	9,846,732	-	-	11,018,661	9,846,732
Public Welfare	13,429,890	10,414,346	-	-	13,429,890	10,414,346
Interest and Fiscal Fees	2,105,985	1,763,155	-	-	2,105,985	1,763,155
Water	-	-	10,687,976	9,807,970	10,687,976	9,807,970
Waste Water	-	-	10,209,279	9,209,689	10,209,279	9,209,689
Non-major activities	-	-	7,186,719	7,021,575	7,186,719	7,021,575
Total Expenses	<u>60,769,970</u>	<u>52,677,952</u>	<u>28,083,974</u>	<u>26,039,234</u>	<u>88,853,944</u>	<u>78,717,186</u>
Excess (deficiency) before special items and transfers	19,474,414	32,207,748	11,034,740	18,420,891	30,509,154	50,628,639
Transfers	(534,921)	(546,353)	534,921	546,353	-	-
Increase (decrease) in net position	<u>18,939,493</u>	<u>31,661,395</u>	<u>11,569,661</u>	<u>18,967,244</u>	<u>30,509,154</u>	<u>50,628,639</u>
Net position - beginning	215,066,425	181,193,387	298,234,379	278,916,040	513,300,804	460,109,427
Restatement	-	2,211,643	-	351,095	-	2,562,738
Net position - beginning after restatement	<u>215,066,425</u>	<u>183,405,030</u>	<u>298,234,379</u>	<u>279,267,135</u>	<u>513,300,804</u>	<u>462,672,165</u>
Net position - ending	<u>\$ 234,005,918</u>	<u>\$ 215,066,425</u>	<u>\$ 309,804,040</u>	<u>\$ 298,234,379</u>	<u>\$ 543,809,958</u>	<u>\$ 513,300,804</u>

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Key elements of the City's overall Net Position increase are as follows:

- The net position of the City's governmental activities increased by \$18.9 million, or 9%, from \$215 million last year to \$234 million this year due to revenues exceeding expenses, the details of which are discussed further in the next section.
- The net position of the City's business-type activities increased by \$11.6 million, or 4%, from \$298.2 million to \$309.8 million. The increase was due primarily to a continuing trend of revenues provided by charges for services exceeding total expenses. This net position cannot be used to make up for deficits reported by governmental activities in the event any such deficits were reported. The City generally can only use the net position of business-type activities to finance the continuing operations of the water, wastewater, solid waste, stormwater, and parking operations.

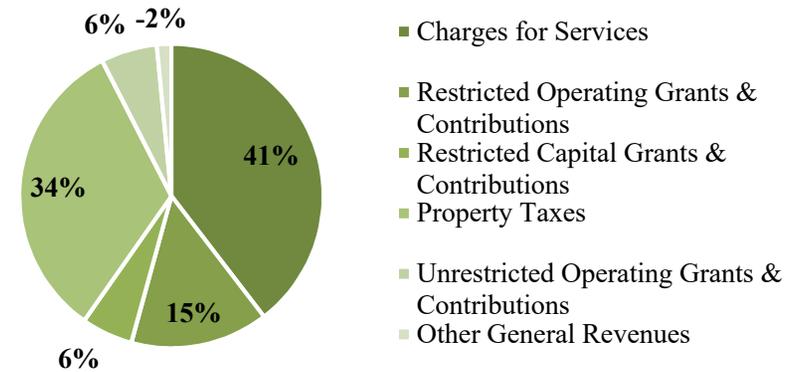
Governmental activities revenues for the year decreased by 5%, or \$4.6 million, from \$84.8 million to \$80.2 million, while total expenses increased by 15%, or \$8.1 million, from \$52.7 million to \$60.8 million. Governmental revenues decreased primarily from lower restricted capital grants and contributions. In the current year restricted capital grants and contributions totaled \$4.5 million compared to \$15.4 million in the prior year.

Property Tax revenues decreased by \$1.2 million, or 4%, from \$28.3 million to \$27.1 million. The number of total property tax mills levied decreased by 18.17 mills from 187.7 to 169.53, or -9.6%. The majority of this reduction in mills was made possible by the creation of a voter approved city-wide Park and Trails District that shifts funding from property taxes to a charge for services. Voters approved the creation of the District without a decrease to the City's maximum allowable tax levy. The mill value increased by 23.9%, from \$125,423 to \$155,352. This increase is attributed to new construction and market value appreciation of property within the City. Based on these factors, this year's tax levy was 35.64 mills, or approximately \$4.6 million, below the statutory maximum allowable tax levy.

Charges for Services, which include Street Assessments, and Fire and Street Impact Fees, and the new Park and Trails District, realized a net increase of \$6.9 million, or 26%, from \$25.9 million to \$32.8 million. Of this increase, \$3.6 million was due to the newly created district. Street Maintenance District assessment revenue increased by 9% by almost \$700,000 from \$7.8 to \$8.5 million due to rate increases approved by the City Commission.

Restricted Capital Grants and Contributions (developer-provided infrastructure reported under Program Revenues) decreased by \$10.9 million, from \$15.4 million to \$4.5 million. Infrastructure contributions will vary year to year depending on the amount of development as well as what stage in the process the development is in.

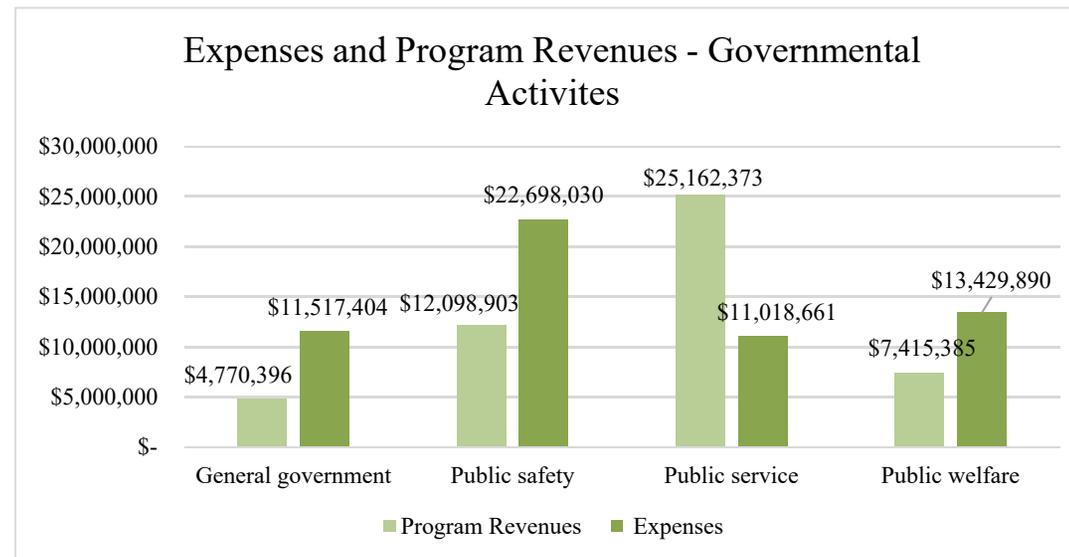
Revenues by Source - Governmental Activities



CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Program Expenses increased by 15%, or \$8.1 million, from \$52.7 million to \$60.8 million with Public Safety, and Public Welfare being the primary drivers of the increase, with just under \$2 million for Public Safety and just over \$3 million for Public Welfare. Public Safety saw general increases in operating and personnel costs among both the Police, Fire, and Building Inspection departments. Public Welfare expenses increased largely due to the increased services approved with the Park and Trails District creation, which added more than a dozen new parks to the City's maintenance responsibilities. Prior to the District's creation, these parks were maintained by private homeowner's associations.

The City's six largest programs—Police, Fire, Public Service, Library, Parks and Recreation—as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.



Business-type activities total revenues (see Table 2) decreased by \$5.3 million, \$39.1 million this year compared to \$44.5 million last year, while expenses increased by just over \$2 million, \$28.1 million this year compared to \$26 million last year.

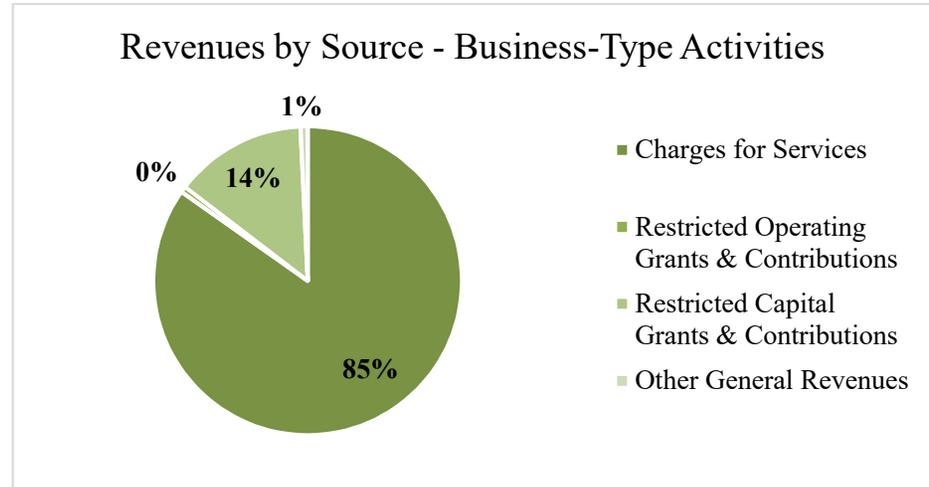
Revenues declined due to a \$7.9 million decrease in Restricted Capital Grants & Contributions, which consisted primarily of privately constructed water, wastewater, and stormwater infrastructure that was contributed to the City by developers. Infrastructure contributions will vary year to year depending on the amount of development as well as what stage in the process the development is in. In the current year the number of developments where contributions related to sewer and water mains occurred decreased from the prior year.

Water fund -The City's water system operating revenue (charges for services) have steadily increased over the past decade as a result of both an increase in the customer base and due to regular rate increases. FY20 was the first year of adopted rates based on a rate study which adjusted rates based on user class ranging from 0% to 20% increases, and for residential created a tier structure to encourage water conservation. Water revenue increased by \$1.2 million, or 12%, due to increases in governmental and commercial rates as well as a dry summer.

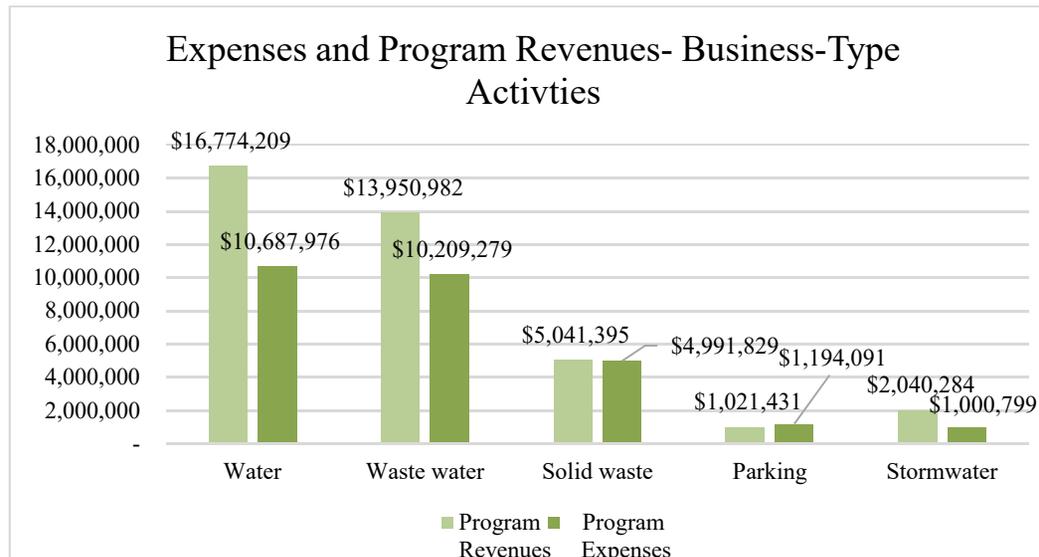
CITY OF BOZEMAN, MONTANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 JUNE 30, 2021

Wastewater- Revenues in the Wastewater Fund have generally been increasing over the past 10 years. FY20 was the first year of adopted rates based on a rate study which adjusted rates based on user class ranging from 0% to 8%. In the current year wastewater service charge rates were unchanged with slight increases in hundred cubic feet charge for water usage for all classes except residential. As a result revenues slightly increased by \$485,058 or 5% compared to the prior year.

Solid Waste- Operating revenues in the Solid Waste fund increased by \$338,344 or 7%, due mainly to an increase in garbage rates for all sizes over 35/45 gallon.



Operating Expenses increased this year by \$2.1 or 8% compared to the prior year, for all the Business-Type Activities combined. Water and wastewater saw increases of 9% and 11%, respectively, while solid waste, parking, and stormwater combined increased by just 2%. The increase was primarily due to salaries and benefits, depreciation, as well as other expenses which include contracted services, and travel and training expenses. The increase in salaries and benefits was due to staff additions, negotiated wage increases, and required increases for health insurance costs. Net capital assets increased by approximately \$21 million which also resulted in an increase in depreciation expense. Lastly, the increase in contracted services was mainly due to temporary staffing needs as well as engineering and other services provided for capital related projects.



CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, 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.

As of December 31, 2021, the City's governmental funds reported a combined ending fund balances of \$77.3 million, a decrease of \$3.7 million in comparison to the prior year. The decrease is primarily due to the increase in capital spending, including the new public safety center building.

General fund The General Fund is the main operating fund of the City. The City's total general fund balance increased by \$42,356, or .5%, from \$9,140,863 last year to \$9,183,265 this year. At the end of the current fiscal year the assigned fund balance was \$9,183,265. The unassigned and assigned fund balances for the General Fund at the end of the previous fiscal year were \$1,030,550 and \$8,110,313, respectively. The increase in assigned fund balance was mainly due to an increase in the number of capital projects budgeted for in fiscal year 2021 but will not be completed until fiscal year 2022. In the current year the City had carry-over capital projects totaling \$1,481,514 compared to \$675,692 in the prior year.

The following factors represent the reasons behind significant changes in the General Fund and significant budgetary variances.

Property tax revenues decreased in the General Fund by \$1.9 million or 11%, from \$17,701,622 to \$15,775,452. The number of property tax mills levied decreased by 22.47 mills, or 18%, from 124.79 to 102.32 and the value of one mill of increased by \$29,929, or 23.9%, from \$125,423 to \$155,352. When combined, these changes resulted in the planned decrease in total property tax revenues.

The other major change in revenues was in intergovernmental revenues. Intergovernmental revenues increased by \$2.1 million, or 22%, from \$9,718,389 last year to \$11,864,827 this year. A majority of this increase was due to the CARES Act funding from the State for COVID relief.

Total general fund expenditures increased by \$2,123,339, or 6%, from \$33,202,383 to \$35,325,722. The largest general fund expenditures continued to be in Public safety, with \$10.1 million spent on Police and \$7 million spent on Fire. The main factor contributing to increased expenditures in the General Fund were other expenses, which increased \$2.8 million, or 514% from \$543,334 to \$3,336,278. These expenditures include federal, and state passed through grants to other organizations as well as city grants provided to other organizations. However, while the expenses increase over last year, expenditures were still under budget.

American Rescue Plan Act (ARPA) Special Revenue Fund This special revenue fund accounts for the ARPA federal grant program. The City received the first installment of the ARPA funding in the current year and per the grantor expenditure guidelines a portion of the funding was used for revenue lost in various departments. Grant guidelines and funding amounts were unknown at the time of preparing the fiscal year 2021 budget.

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

SID Debt Service Accounts for the accumulation of resources and payment of special assessment bond principal and interest related to general improvement, sidewalk, and curb construction projects. Revenues, which are mainly special assessments, increased by \$231,604 or 28% from \$814,618 to \$1,046,222 with the increase in creation of special districts for project funding. Expenditures increased by \$304,023 or 520%, from \$58,434 to \$362,457 mainly due to the annual principal and interest payments related to the issuance of debt for SID 747.

Capital Projects Fund Fund balance decreased by \$12.4 million, from \$36,466,616 last year to \$24,078,408. The decrease was due to the increase in capital outlay expenditures of \$18,268,885 primarily for the construction of the Bozeman Public Safety Center. The increase in expenditures was offset by the issuance of \$10,501,000 in new debt to fund the capital projects for Manley Road and the Midtown district.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Water Fund was \$165.1 million, and Wastewater was \$129.7 million. Net position for all enterprise funds was \$309.8 million. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

Capital Assets and Bonded Debt Administration

Capital Assets

At the end of 2021 the City had \$556.7 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water and sewer lines. This amount represents a net increase (including additions and deductions) of roughly \$51 million, or 10% over last year. Refer to capital assets disclosure Note 7 for more information. Major additions and capital projects underway include the following expenditures made during this year in *Table 3*:

Table 3- Capital Assets at Year-End (in millions)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 33.6	\$ 31.6	\$ 2.2	\$ 2.2	\$ 35.8	\$ 33.8
Water Rights	-	-	2.1	2.1	2.1	2.1
CIP	30.3	3.3	19.2	-	49.5	3.3
Buildings	35.5	35.4	113.9	113.6	149.4	149.0
Other Structures and Improvements	1.1	1.1	30.5	30.5	31.6	31.6
Machinery & Equipment	17.9	16.6	12.2	10.8	30.1	27.4
Property under Capital Lease	0.8	0.8	0.5	0.5	1.3	1.3
Vehicle	4.8	4.4	2.2	2.1	7.0	6.5
Infrastructure	243.5	237.3	350.7	343.3	594.2	580.6
Subtotal	367.5	330.5	533.5	505.1	901.0	835.6
Accumulated Depreciation	(127.1)	(120.1)	(217.2)	(209.8)	(344.3)	(329.9)
Total Capital Assets	\$ 240.4	\$ 210.4	\$ 316.3	\$ 295.3	\$ 556.7	\$ 505.7

CITY OF BOZEMAN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Debt

At year-end, the City had \$105 million in bonds and notes outstanding versus \$86 million last year – an increase of \$7.1 million, or 8%. Of this amount \$43.2 million comprises debt backed by the full faith and credit of the City that decreased \$2.2 million. The remainder of the City's debt, \$6.1 million, represents bonds secured by specified revenue sources (i.e Water, and Urban Renewal Tax Increment Property taxes) as shown in **Table 4**. The issuance of the Tax Increment Urban Renewal Revenue Bonds (Midtown) for \$6.5 million and the Special Improvement District 747 Bonds for just over \$4 million accounts for the increase in outstanding debt.

Table 4- Outstanding Debt, at Year-end (in millions)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the City)	\$ 43.2	\$ 45.4	\$ -	\$ -	\$ 43.2	\$ 45.4
Tax Increment Financing District (TIFD) bonds	10.8	4.7	-	-	10.8	4.7
Special Improvement District Debt	3.9	0.1	-	-	3.9	0.1
Notes Payable	2.2	2.5	-	-	2.2	2.5
Lease Payable	0.3	0.4	-	-	0.3	0.4
Water Revenue Bonds (backed by specific fee revenues)	-	-	18.5	18.5	18.5	18.5
Wastewater Revenue Bonds (backed by specific fee revenues)	-	-	24.6	12.8	24.6	12.8
Stormwater Revenue Bonds (backed by specific fee revenues)	-	-	1.4	1.4	1.4	1.4
Stormwater Lease Payable (backed by specific fee revenues)	-	-	-	0.1	0.1	0.1
Totals	\$ 60.4	\$ 44.6	\$ 32.8	\$ 32.8	\$ 105.0	\$ 86.0

Additional information on the City's bonded debt for the year can be found in Note 9 in the notes to the basic financial statements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
121 North Rouse Avenue,
Bozeman, Montana 59715.

This report is available online at <https://www.bozeman.net/departments/finance>

B. BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BOZEMAN, MONTANA
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 73,216,674	\$ 26,718,327	\$ 99,935,001
Restricted cash and investments	15,287,464	20,756,548	36,044,012
Accrued interest	48,667	25,873	74,540
Receivables, net	11,613,455	2,150,301	13,763,756
Notes receivable	455,624	-	455,624
Prepaid expenses	706,925	-	706,925
	<u>101,328,809</u>	<u>49,651,049</u>	<u>150,979,858</u>
Capital assets:			
Non-depreciable land, water rights and CIP	63,987,140	23,538,746	87,525,886
Other capital assets, net of depreciation	176,475,278	292,775,786	469,251,064
Total capital assets	<u>240,462,418</u>	<u>316,314,532</u>	<u>556,776,950</u>
Total assets	<u>341,791,227</u>	<u>365,965,581</u>	<u>707,756,808</u>
Deferred outflows of resources:			
Other post-employment benefits	1,019,771	229,935	1,249,706
Pension plan contributions	8,129,801	1,357,100	9,486,901
Total deferred outflows of resources	<u>9,149,572</u>	<u>1,587,035</u>	<u>10,736,607</u>
Total assets and deferred outflows of resources	<u>\$ 350,940,799</u>	<u>\$ 367,552,616</u>	<u>\$ 718,493,415</u>

(Continued)

CITY OF BOZEMAN, MONTANA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable and accrued expenses	\$ 10,467,914	\$ 3,170,054	\$ 13,637,968
Unearned revenue	5,708,690	-	5,708,690
Current portion of long-term liabilities:			
Compensated absences payable	1,854,991	434,995	2,289,986
Capital leases	104,813	5,477	110,290
Closure and post-closure care costs	-	310,773	310,773
Bonds and notes	2,940,353	3,313,000	6,253,353
Long-term liabilities, due in more than one year:			
Compensated absences	1,334,891	119,066	1,453,957
Capital leases	205,457	5,108	210,565
Closure and post-closure care costs	-	1,175,032	1,175,032
Pollution remediation obligations	-	890,144	890,144
Other post-employment health benefits - implicit rate subsidy	3,594,727	740,461	4,335,188
Bonds and notes	61,456,686	41,178,587	102,635,273
Net pension liability	27,525,414	5,902,321	33,427,735
Total liabilities	<u>115,193,936</u>	<u>57,245,018</u>	<u>172,438,954</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment health benefits - implicit rate subsidy	606,510	119,901	726,411
Pension deferrals	1,134,435	383,657	1,518,092
Total deferred inflows of resources	<u>1,740,945</u>	<u>503,558</u>	<u>2,244,503</u>
NET POSITION			
Net investment in capital assets	196,931,242	271,812,360	468,743,602
Restricted:			
Restricted for parking capital projects	-	130,316	130,316
Restricted for infrastructure capital projects	-	516,199	516,199
Restricted for drought reserve	-	362,581	362,581
Restricted for general government	2,389,783	-	2,389,783
Restricted for public safety	14,048,758	-	14,048,758
Restricted for public service	6,134,953	-	6,134,953
Restricted for public welfare			
Expendable	10,827,930	-	10,827,930
Nonexpendable	1,629,479	-	1,629,479
Restricted for capital projects	1,872,757	10,705,061	12,577,818
Restricted for debt service	10,378,317	3,125,439	13,503,756
Unrestricted	(10,207,301)	23,152,084	12,944,783
Total net position	<u>\$ 234,005,918</u>	<u>\$ 309,804,040</u>	<u>\$ 543,809,958</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities:							
General government	\$ 11,517,404	\$ 4,380,033	\$ 390,363	\$ -	\$ (6,747,008)		\$ (6,747,008)
Public safety	22,698,030	4,260,366	7,838,537	-	(10,599,127)		(10,599,127)
Public service	11,018,661	18,836,107	1,807,436	4,518,830	14,143,712		14,143,712
Public welfare	13,429,890	5,294,909	2,120,476	-	(6,014,505)		(6,014,505)
Interest and fiscal fees	2,105,985	-	-	-	(2,105,985)		(2,105,985)
Total governmental activities	<u>60,769,970</u>	<u>32,771,415</u>	<u>12,156,812</u>	<u>4,518,830</u>	<u>(11,322,913)</u>		<u>(11,322,913)</u>
Business-type activities:							
Water	10,687,976	13,970,784	102,245	2,701,180		\$ 6,086,233	6,086,233
Waste water	10,209,279	11,691,165	31,453	2,228,364		3,741,703	3,741,703
Solid waste	4,991,829	4,969,868	71,527	-		49,566	49,566
Parking	1,194,091	1,005,788	15,643	-		(172,660)	(172,660)
Stormwater	1,000,799	1,519,994	22,668	497,622		1,039,485	1,039,485
Total business-type activities	<u>28,083,974</u>	<u>33,157,599</u>	<u>243,536</u>	<u>5,427,166</u>		<u>10,744,327</u>	<u>10,744,327</u>
Total primary government	<u>\$ 88,853,944</u>	<u>\$ 65,929,014</u>	<u>\$ 12,400,348</u>	<u>\$ 9,945,996</u>	<u>(11,322,913)</u>	<u>10,744,327</u>	<u>(578,586)</u>
General revenues							
Property taxes					27,115,391	-	27,115,391
Unrestricted grants and contributions					4,956,187	-	4,956,187
Investment earnings					428,653	38,987	467,640
Miscellaneous					(1,722,976)	233,508	(1,489,468)
Gain on sale of assets					20,072	17,918	37,990
Transfers					(534,921)	534,921	-
Total general revenues and transfers					<u>30,262,406</u>	<u>825,334</u>	<u>31,087,740</u>
Change in net position					18,939,493	11,569,661	30,509,154
Net position, beginning of the year					215,066,425	298,234,379	513,300,804
Net position, end of the year					<u>\$ 234,005,918</u>	<u>\$ 309,804,040</u>	<u>\$ 543,809,958</u>

The Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund accounts for the financial operations of the City, which are not accounted for in any other Fund. Principal sources of revenue are property taxes, state and local shared revenues, licenses and permits, and charges for services provided to other Funds. Principal expenditures in the general fund are made for police and fire protection, public works, and general government.

American Rescue Plan Act (ARPA) Special Revenue Fund - This fund accounts for the ARPA federal grant program. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

Special Improvement District (SID) Sinking – Accounts for the accumulation of resources and payment of special assessment bond principal and interest related to general improvement, sidewalk, and curb construction projects.

General Improvements Capital Projects Fund – Accounts for the construction of general improvement projects financed by special assessments other than those financed by proprietary funds.

CITY OF BOZEMAN, MONTANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	American Rescue Plan Act	SID Debt Service	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,572,097	\$ 5,652,347	\$ 2,831,693	\$ 25,974,099	\$ 28,178,799	\$ 71,209,035
Receivables:						
Property taxes	1,862,005	-	-	-	1,556,621	3,418,626
Accrued interest	7,372	-	-	33,714	7,581	48,667
Customers, net	2,176,579	-	-	-	389,948	2,566,527
Special assessments	9,215	-	4,899,665	-	294,242	5,203,122
Other governments	35,654	-	-	-	369,618	405,272
Due from other city funds	990,414	-	-	-	-	990,414
Advances to other city funds	-	-	-	-	1,045,398	1,045,398
Prepaid expenditures	17,751	-	-	-	255,000	272,751
Notes receivable	-	-	-	-	455,624	455,624
Restricted cash and investments	-	-	-	1,406,383	13,881,083	15,287,466
Total assets	<u>\$ 13,671,087</u>	<u>\$ 5,652,347</u>	<u>\$ 7,731,358</u>	<u>\$ 27,414,196</u>	<u>\$ 46,433,914</u>	<u>\$ 100,902,902</u>

(continued)

CITY OF BOZEMAN, MONTANA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	American Rescue Plan Act	SID Debt Service	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,047,977	\$ -	\$ 824	\$ 2,195,975	\$ 3,654,554	\$ 8,899,330
Escheat property payable	91,358	-	-	-	25,716	117,074
Accrued employee benefits	2,891	-	-	-	887	3,778
Appearance bonds and other liabilities	-	-	-	1,139,813	-	1,139,813
Advances from other city funds	-	-	1,045,398	-	-	1,045,398
Due to other city funds	-	-	-	-	357,630	357,630
Deferred revenue	-	5,652,347	-	-	-	5,652,347
Total liabilities	<u>3,142,226</u>	<u>5,652,347</u>	<u>1,046,222</u>	<u>3,335,788</u>	<u>4,038,787</u>	<u>17,215,370</u>
Deferred inflows of resources						
Unavailable revenue-property taxes	126,560	-	-	-	104,590	231,150
Unavailable revenue-special assessments	-	-	4,880,992	-	88,816	4,969,808
Unavailable revenue-court fines	1,219,036	-	-	-	-	1,219,036
Total deferred inflows of resources	<u>1,345,596</u>	<u>-</u>	<u>4,880,992</u>	<u>-</u>	<u>193,406</u>	<u>6,419,994</u>
Fund balances						
Nonspendable	-	-	-	-	1,884,479	1,884,479
Restricted	-	-	1,804,144	23,048,892	36,965,868	61,818,904
Committed	-	-	-	366,743	3,254,901	3,621,644
Assigned	9,183,265	-	-	-	96,473	9,279,738
Unassigned	-	-	-	662,773	-	662,773
Total fund balances	<u>9,183,265</u>	<u>-</u>	<u>1,804,144</u>	<u>24,078,408</u>	<u>42,201,721</u>	<u>77,267,538</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 13,671,087</u>	<u>\$ 5,652,347</u>	<u>\$ 7,731,358</u>	<u>\$ 27,414,196</u>	<u>\$ 46,433,914</u>	<u>\$ 100,902,902</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021

Amounts reported for *governmental activities* in the statement of net position are different because:

Fund balances - total governmental funds		\$ 77,267,538
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 367,571,175	
Less: accumulated depreciation	<u>(127,108,757)</u>	240,462,418
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net position	411,596	
Less: capital assets included in governmental activities	(2,317,522)	
Plus: accumulated depreciation included in governmental activities	1,051,833	
Plus: compensated absences included in governmental activities	197,377	
Plus: capital lease obligations included in governmental activities	15,006	
Plus: other post-employment health benefits and related deferred outflows and inflows included in governmental activities	210,547	
Plus: net pension liability and related deferred outflows and inflows included in governmental activities	<u>1,952,179</u>	1,521,016
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		6,419,994
Deferred outflows of resources relating to pensions and other liabilities are not payable in the current period and, therefore, are not reported in the governmental funds.		9,149,572
Pension plan deferrals are deferred inflows of resources on the statement of net position.		(1,134,435)
The assumption change gain in the total other post-employment benefits liability (TOL) is a deferred inflow of resources and is amortized over the expected future service life; therefore, the balance is deferred and not reported in governmental funds.		(606,510)
Bond premiums are other financing source revenue in the governmental funds. They are a liability for the statement of net position and amortized over the life of the issuance.		
Bond premium	(4,690,194)	
Less: amortization	<u>491,720</u>	(4,198,474)
Impact fee credits do not affect current financial resources and therefore are not reported in the governmental funds.		(56,343)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and notes payable, net of bond premium	(60,198,565)	
Net pension liability	(27,525,414)	
Capital lease obligations	(310,270)	
Other post-employment health benefits	(3,594,727)	
Compensated absences	<u>(3,189,882)</u>	<u>(94,818,858)</u>
Net position of governmental activities		<u>\$ 234,005,918</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	American Rescue Plan Act	SID Debt Service	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 15,775,452	\$ -	\$ -	\$ -	\$ 11,197,654	\$ 26,973,106
Special assessments	103	-	975,387	-	701,419	1,676,909
Licenses and permits	367,895	-	-	-	2,534,721	2,902,616
Intergovernmental	11,864,827	712,051	-	-	2,720,274	15,297,152
Charges for services	3,650,043	-	-	-	21,197,790	24,847,833
Fines and forfeitures	1,084,870	-	-	-	84,010	1,168,880
Interest on investments	5,747	-	14,690	27,053	108,157	155,647
Interest on loans receivable	-	-	-	-	38,276	38,276
Other	431,551	-	-	562,066	773,003	1,766,620
Total revenues	<u>33,180,488</u>	<u>712,051</u>	<u>990,077</u>	<u>589,119</u>	<u>39,355,304</u>	<u>74,827,039</u>
EXPENDITURES						
General government	8,178,413	-	-	-	2,270,613	10,449,026
Public safety	17,062,287	-	-	600	2,715,488	19,778,375
Public service	-	-	-	142,616	5,725,767	5,868,383
Public welfare	4,815,295	-	-	384,907	6,489,940	11,690,142
Other	3,336,278	-	35,059	-	129,423	3,500,760
Capital outlay	1,885,031	-	-	24,705,733	6,017,972	32,608,736
Debt service						
Principal payments	42,271	-	192,284	-	2,954,048	3,188,603
Interest and fiscal fees	6,147	-	135,114	-	1,964,724	2,105,985
Total expenditures	<u>35,325,722</u>	<u>-</u>	<u>362,457</u>	<u>25,233,856</u>	<u>28,267,975</u>	<u>89,190,010</u>
Revenues over (under) expenditures	<u>(2,145,234)</u>	<u>712,051</u>	<u>627,620</u>	<u>(24,644,737)</u>	<u>11,087,329</u>	<u>(14,362,971)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,728,647	-	-	1,106,520	2,141,233	5,976,400
Transfers out	(557,009)	(712,051)	-	-	(5,242,261)	(6,511,321)
Issuance of long term debt	-	-	-	11,150,009	-	11,150,009
Sale of capital assets	15,952	-	-	-	7,792	23,744
Total other financing sources (uses)	<u>2,187,590</u>	<u>(712,051)</u>	<u>-</u>	<u>12,256,529</u>	<u>(3,093,236)</u>	<u>10,638,832</u>
Net change in fund balances	42,356	-	627,620	(12,388,208)	7,994,093	(3,724,139)
FUND BALANCE, beginning of year	<u>9,140,909</u>	<u>-</u>	<u>1,176,524</u>	<u>36,466,616</u>	<u>34,207,628</u>	<u>80,991,677</u>
FUND BALANCE, end of year	<u>\$ 9,183,265</u>	<u>\$ -</u>	<u>\$ 1,804,144</u>	<u>\$ 24,078,408</u>	<u>\$ 42,201,721</u>	<u>\$ 77,267,538</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2021

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (3,724,139)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and donated infrastructure exceeded depreciation expense in the current period.

Expenditures for capital assets	\$ 32,608,736	
Donated infrastructure	4,518,830	
Less: current year depreciation	<u>(7,121,144)</u>	30,006,422

Governmental funds report asset disposals as sale of capital assets for the cash received. In the statement of activities, those gains and losses must be adjusted by the assets basis, net of any depreciation. (8,575)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, unless immaterial. This amount is the net effect of these differences in the treatment of long-term debt and related items. (7,732,345)

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds. The change in deferred inflows of resources is presented in the statement of activities. 2,445,259

Governmental funds do not report a liability for compensated absences. The change in the liability is presented in the statement of activities. (84,190)

Governmental funds do not report a liability for other post-employment health benefits. The change in the liability is presented in the statement of activities. (248,035)

Contributions to the pension plans in the current fiscal year are deferred outflows in the statement of net position. The change in the deferred outflows for pension plan contributions presented in the statement of activities. (1,652,466)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported in the governmental activities. (62,438)

Change in net position of governmental activities \$ 18,939,493

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR PROPRIETARY FUNDS

These funds are used to account for the financing, acquisition, operation and maintenance of water, sewer, and solid waste facilities, which are supported by user charges.

Major Enterprise Funds –

Water Fund – Accounts for the City’s water utility operations and to collect and administer water impact fees.

Waste Water Fund – Accounts for the City’s sewer utility operations and to collect and administer waste water impact fees.

Internal Service Funds – used to account for the goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

CITY OF BOZEMAN, MONTANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities Enterprise Funds				Governmental Activities
	Water Fund	Waste	Nonmajor	Total	Internal
		Water Fund	Enterprise Funds		Service Funds
ASSETS					
Current assets					
Cash and investments	\$ 20,024,517	\$ 3,733,057	\$ 2,960,753	\$ 26,718,327	\$ 2,007,636
Receivables:					
Accrued interest	21,438	1,468	2,967	25,873	-
Customers, net	687,657	759,177	679,697	2,126,531	19,908
Special assessments	114	66	1,100	1,280	-
Other governments	-	-	22,490	22,490	-
Prepaid expenses	-	-	-	-	434,175
Total current assets	<u>20,733,726</u>	<u>4,493,768</u>	<u>3,667,007</u>	<u>28,894,501</u>	<u>2,461,719</u>
Non-current assets					
Other assets:					
Restricted cash and investments	14,516,546	5,525,524	714,478	20,756,548	-
Total other assets	<u>14,516,546</u>	<u>5,525,524</u>	<u>714,478</u>	<u>20,756,548</u>	<u>-</u>
Property, plant and equipment					
Nondepreciable:					
Land	573,847	1,112,597	532,109	2,218,553	-
Water rights	2,120,142	-	-	2,120,142	-
Construction in progress	215,402	18,961,219	23,430	19,200,051	-
Depreciable:					
Buildings	40,717,384	60,456,748	12,698,895	113,873,027	1,546,120
Other structures and improvements	13,646,910	14,745,401	2,155,300	30,547,611	-
Machinery and equipment	1,665,554	3,180,241	7,330,237	12,176,032	574,046
Vehicles	631,628	701,337	869,226	2,202,191	197,356
Infrastructure	207,301,330	137,466,501	5,901,535	350,669,366	-
Property under capital lease	-	-	519,943	519,943	-
Accumulated depreciation and amortization	(116,106,657)	(87,582,239)	(13,523,488)	(217,212,384)	(1,051,833)
Net property, plant and equipment	<u>150,765,540</u>	<u>149,041,805</u>	<u>16,507,187</u>	<u>316,314,532</u>	<u>1,265,689</u>
Total non-current assets	165,282,086	154,567,329	17,221,665	337,071,080	1,265,689
Deferred outflows of resources					
Other post-employment benefits	73,817	65,506	90,612	229,935	83,075
Pension plan contributions	453,627	416,165	487,308	1,357,100	550,652
Total deferred outflows of resources	<u>527,444</u>	<u>481,671</u>	<u>577,920</u>	<u>1,587,035</u>	<u>633,727</u>
Total assets and deferred outflows of resources	<u>\$ 186,543,256</u>	<u>\$ 159,542,768</u>	<u>\$ 21,466,592</u>	<u>\$ 367,552,616</u>	<u>\$ 4,361,135</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Waste Water Fund	Nonmajor Enterprise Funds		Internal Service Funds
	Water Fund	Water Fund	Enterprise Funds		Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 376,901	\$ 1,978,133	\$ 815,020	\$ 3,170,054	\$ 307,919
Compensated absences payable	117,543	160,604	156,848	434,995	197,377
Due to other city funds	-	-	-	-	632,784
Capital lease obligations due in one year	5,477	-	-	5,477	7,765
Closure and post-closure care costs, current portion	-	-	310,773	310,773	-
Bonds, notes, and loans payable	1,280,000	1,951,000	82,000	3,313,000	-
Total current liabilities	<u>1,779,921</u>	<u>4,089,737</u>	<u>1,364,641</u>	<u>7,234,299</u>	<u>1,145,845</u>
Noncurrent liabilities					
Closure and post-closure care costs	-	-	1,175,032	1,175,032	-
Revenue bonds due after one year	17,267,000	22,631,587	1,280,000	41,178,587	-
Compensated absences payable	73,068	-	45,998	119,066	-
Capital lease obligations	5,108	-	-	5,108	7,241
Other post-employment health benefits implicit rate subsidy	219,120	241,692	279,649	740,461	256,333
Solvent site remediation liability	-	890,144	-	890,144	-
Net pension liability	1,972,921	1,809,991	2,119,409	5,902,321	2,357,498
Total noncurrent liabilities	<u>19,537,217</u>	<u>25,573,414</u>	<u>4,900,088</u>	<u>50,010,719</u>	<u>2,621,072</u>
Total liabilities	<u>21,317,138</u>	<u>29,663,151</u>	<u>6,264,729</u>	<u>57,245,018</u>	<u>3,766,917</u>
Deferred inflows of resources					
Other post-employment benefits	33,299	40,540	46,062	119,901	37,289
Pension deferrals	128,242	117,651	137,764	383,657	145,333
Total deferred inflows of resources	<u>161,541</u>	<u>158,191</u>	<u>183,826</u>	<u>503,558</u>	<u>182,622</u>
NET POSITION					
Net investment in capital assets	132,207,955	124,459,218	15,145,187	271,812,360	1,250,683
Restricted for impact capital projects	7,472,892	3,232,169	-	10,705,061	-
Restricted for infrastructure capital projects	516,199	-	-	516,199	-
Restricted for parking capital projects	-	-	130,316	130,316	-
Restricted for debt service	898,929	2,168,222	58,288	3,125,439	-
Restricted for drought reserve	362,581	-	-	362,581	-
Unrestricted	23,606,021	(138,183)	(315,754)	23,152,084	(839,087)
Total net position	<u>165,064,577</u>	<u>129,721,426</u>	<u>15,018,037</u>	<u>309,804,040</u>	<u>411,596</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 186,543,256</u>	<u>\$ 159,542,768</u>	<u>\$ 21,466,592</u>	<u>\$ 367,552,616</u>	<u>\$ 4,361,135</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities			Totals	Governmental
	Enterprise Funds				Activities
	Water Fund	Waste Water Fund	Nonmajor Enterprise Funds		Internal Service Funds
OPERATING REVENUES	\$ 11,027,542	\$ 9,926,730	\$ 7,495,650	\$ 28,449,922	\$ 10,777,018
OPERATING EXPENSES					
Salaries and benefits	2,427,120	2,188,578	2,501,694	7,117,392	2,960,510
Materials and supplies	894,195	367,759	425,325	1,687,279	1,042,932
Repairs and maintenance	148,291	208,679	346,393	703,363	19,041
Utilities	285,137	644,827	752,254	1,682,218	34,241
Administrative charges	1,931,737	1,617,175	1,086,433	4,635,345	494,413
Insurance claims	-	-	-	-	5,370,303
Other expenses	1,191,978	1,302,606	1,019,166	3,513,750	863,552
Depreciation and amortization	3,189,401	3,298,441	1,016,358	7,504,200	119,822
Changes in estimated closure and post-closure care costs	-	-	(71,349)	(71,349)	-
Total operating expenses	<u>10,067,859</u>	<u>9,628,065</u>	<u>7,076,274</u>	<u>26,772,198</u>	<u>10,904,814</u>
Operating income (loss)	<u>959,683</u>	<u>298,665</u>	<u>419,376</u>	<u>1,677,724</u>	<u>(127,796)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	21,048	5,149	12,790	38,987	9,046
Interest expense	(552,156)	(581,214)	(37,437)	(1,170,807)	(3,418)
Other income	66,188	123,804	43,516	233,508	11,332
Intergovernmental income	34,284	31,453	36,830	102,567	43,494
Impact fees	2,943,242	1,764,435	-	4,707,677	-
Gain on disposal of assets	6,704	8,214	3,000	17,918	4,904
Total non-operating revenues	<u>2,519,310</u>	<u>1,351,841</u>	<u>58,699</u>	<u>3,929,850</u>	<u>65,358</u>
Income (loss) before contributions and transfers	3,478,993	1,650,506	478,075	5,607,574	(62,438)
Contributions of infrastructure - developers	2,701,180	2,228,364	497,622	5,427,166	-
Transfers in	600,000	-	534,921	1,134,921	-
Transfers out	(600,000)	-	-	(600,000)	-
Change in net position	6,180,173	3,878,870	1,510,618	11,569,661	(62,438)
NET POSITION, beginning of year	<u>158,884,404</u>	<u>125,842,556</u>	<u>13,507,419</u>	<u>298,234,379</u>	<u>474,034</u>
NET POSITION, end of year	<u>\$ 165,064,577</u>	<u>\$ 129,721,426</u>	<u>\$ 15,018,037</u>	<u>\$ 309,804,040</u>	<u>\$ 411,596</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Waste Water Fund	Nonmajor Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 10,876,731	\$ 9,725,787	\$ 7,458,288	\$ 28,060,806	\$ 10,781,616
Receipts from others	73,580	123,804	24,026	221,410	54,826
Operating loans from other City funds	-	-	-	-	252,741
Payments to suppliers	(2,514,229)	(1,523,053)	(2,521,218)	(6,558,500)	(1,669,335)
Payments to employees	(2,176,349)	(2,020,375)	(2,401,469)	(6,598,193)	(8,274,087)
Payments to internal service funds and administrative fees	(1,931,737)	(1,617,175)	(1,086,433)	(4,635,345)	(494,413)
Net cash flows from operating activities	<u>4,327,996</u>	<u>4,688,988</u>	<u>1,473,194</u>	<u>10,490,178</u>	<u>651,348</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	600,000	-	534,921	1,134,921	-
Transfers out	(600,000)	-	-	(600,000)	-
Receipts from grants and intergovernmental sources	34,284	31,453	36,830	102,567	-
Net cash flows from non-capital financing activities	<u>34,284</u>	<u>31,453</u>	<u>571,751</u>	<u>637,488</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,134,021)	(19,944,627)	(1,826,945)	(22,905,593)	(145,416)
Principal paid on bonds, interfund loans, loans and leases	(1,248,556)	(1,760,000)	(135,936)	(3,144,492)	(6,459)
Interest paid on bonds, interfund loans, loans and leases	(552,156)	(581,214)	(37,437)	(1,170,807)	(3,418)
Proceeds from issuance of long-term debt	-	12,285,587	-	12,285,587	-
Impact fees received	2,943,242	1,764,435	-	4,707,677	-
Proceeds from sale of property, plant and equipment	-	-	-	-	4,904
Net cash flows from capital and related financing activities	<u>8,509</u>	<u>(8,235,819)</u>	<u>(2,000,318)</u>	<u>(10,227,628)</u>	<u>(150,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	72,337	35,553	9,823	117,713	9,046
Net cash flows from investing activities	<u>72,337</u>	<u>35,553</u>	<u>9,823</u>	<u>117,713</u>	<u>9,046</u>
Net change in cash and investments	4,443,126	(3,479,825)	54,450	1,017,751	510,005
Cash and investments, beginning of year	30,097,937	12,738,406	3,620,781	46,457,124	1,497,631
Cash and investments, end of year	<u>\$ 34,541,063</u>	<u>\$ 9,258,581</u>	<u>\$ 3,675,231</u>	<u>\$ 47,474,875</u>	<u>\$ 2,007,636</u>
Classified as:					
Cash and investments	\$ 20,024,517	\$ 3,733,057	\$ 2,960,753	\$ 26,718,327	\$ 2,007,636
Restricted cash and investments	14,516,546	5,525,524	714,478	20,756,548	-
Totals	<u>\$ 34,541,063</u>	<u>\$ 9,258,581</u>	<u>\$ 3,675,231</u>	<u>\$ 47,474,875</u>	<u>\$ 2,007,636</u>

(continued)

CITY OF BOZEMAN, MONTANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Waste Water Fund	Nonmajor Funds		Internal Service Funds
	Water Fund	Waste Water Fund	Nonmajor Funds		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 959,683	\$ 298,665	\$ 419,376	\$ 1,677,724	\$ (127,796)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation and amortization	3,189,401	3,298,441	1,016,358	7,504,200	119,822
Change in estimated closure and post-closure care costs	-	-	(323,723)	(323,723)	-
Change in solvent site remediation obligation	-	(170,202)	-	(170,202)	-
Other income	66,188	123,804	43,516	233,508	54,826
Gain (loss) on disposal of assets	6,704	8,214	3,000	17,918	-
Change in assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	(150,123)	(209,157)	(37,362)	(396,642)	4,598
Prepaid expenses	-	-	-	-	21,580
Other governments receivable	-	-	(22,490)	(22,490)	-
Increase (Decrease) in:					
Accounts payable	5,372	1,171,020	274,294	1,450,686	102,057
Due from other city funds	-	-	-	-	252,741
Accrued employee benefits payable	28,042	23,910	31,033	82,985	35,143
Deferred inflows - unavailable revenue	-	-	-	-	-
Net pension	222,729	144,293	69,192	436,214	188,377
Total adjustments	<u>3,368,313</u>	<u>4,390,323</u>	<u>1,053,818</u>	<u>8,812,454</u>	<u>779,144</u>
Net cash flows from operating activities	<u>\$ 4,327,996</u>	<u>\$ 4,688,988</u>	<u>\$ 1,473,194</u>	<u>\$ 10,490,178</u>	<u>\$ 651,348</u>
SUPPLEMENTAL CASH FLOW INFORMATION					
Noncash transactions:					
Transferred property, plant and equipment	\$ -	\$ -	\$ -	\$ -	\$ 167,065
Donated infrastructure	<u>2,701,180</u>	<u>2,228,364</u>	<u>497,622</u>	<u>5,427,166</u>	<u>-</u>
Total noncash transactions	<u>\$ 2,701,180</u>	<u>\$ 2,228,364</u>	<u>\$ 497,622</u>	<u>\$ 5,427,166</u>	<u>\$ 167,065</u>

The Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (or other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Tourism Business Improvement District – Accounts for amounts collected from hotels on behalf of the District, a special-purpose government, whose purpose is to enhance the economic vitality of Bozeman by promoting tourism through sales and marketing strategies.

Municipal Court – Accounts for monies held for appearance bonds and restitution

CITY OF BOZEMAN, MONTANA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 469,777
Customer receivables	<u>2,607</u>
Total assets	<u><u>\$ 472,384</u></u>
LIABILITIES	
Accounts payable	<u>425,176</u>
NET POSITION	
Restricted for other organizations	<u>47,208</u>
Total liabilities and net position	<u><u>\$ 472,384</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF BOZEMAN, MONTANA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2021

	Custodial Funds
ADDITIONS	
Contributions	
Interest income	\$ 1,591
DEDUCTIONS	
Miscellaneous	156
Change in net position	1,435
NET POSITION - Beginning of Year	-
Restatements	45,773
NET POSITION - End of Year	\$ 47,208

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Bozeman of Gallatin County, Montana (the City) was incorporated as a municipal corporation in 1883. The present City Code of Ordinances was adopted October 3, 2011. Under the charter, the City is governed by a mayor and commission members who comprise the City Commission. The day-to-day affairs of the City are conducted under the supervision of the City Manager, who is appointed by and serves at the pleasure of a majority of the City Commission.

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999 the GASB issued Statement 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This Statement establishes financial reporting requirements for state and local governments throughout the United States.

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2021, and for the year then ended. The more significant accounting policies of the City are described below.

New Accounting Pronouncement

The City implemented the following GASB pronouncement for the year ended June 30, 2021: Statement No. 84, *Fiduciary Activities*. The goal of this statement is to improve guidance regarding the identification of fiduciary activities for account and financial reporting purposes and how those activities should be reported. Due to the implementation of GASB 84 the City shows a restatement to Custodial funds of \$45,773.

Reporting Entity

The City has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability in Statement 14 *The Financial Reporting Entity* and Statement 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Although the following entities meet the requirements of Statement 61, they are strictly advisory in nature. Therefore, the government-wide financial statements do not include the financial information of the following entities and their omission does not cause the City's financial statements to be misleading or incomplete. Should there develop a financial element at some point in the future, the City shall include these entities on its government-wide financial statements.

Senior Center Advisory Council – This council is advisory in nature on senior issues and on how to run the City-owned Senior Center building. The City is responsible for the maintenance and operation of the building.

Parking Commission – The City Commission appoints the governing board of the Parking Commission, which was created by ordinance. The City owns the parking lots, collects the rents, and assigns the lots to the individuals.

City Planning Board – The agreement forming the City Planning Board holds that it will submit its budget to the City Commission for approval, and the City provides all accounting functions and is responsible for the issuance of debt. It is presented with the Special Revenue Funds.

Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) present information of all the non-fiduciary activities of the primary government and its component units. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The City has retroactively included infrastructure in its assets.

The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

The City applies all applicable GASB pronouncements including all National Council on Governmental Accounting Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property taxes, intergovernmental revenues, and other taxes.

Expenditures are recorded in the accounting period in which the related fund liability is incurred. The City has elected to apply the early recognition option of recognizing debt services expenditures provided by GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. Under this option, an expenditure and a liability are recorded in debt service funds in the current year for amounts due early in the following year, for which resources have been provided during the current year.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund. A column representing internal service funds is also presented with the Proprietary Fund Financial Statements. Internal service balances and activities, however, have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting/Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary Funds represent Custodial Funds. Custodial Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Therefore, Custodial Funds do not have a measurement focus. These funds are accounted for using the accrual basis of accounting. The following Custodial Funds are included in the Fiduciary Fund financial statements:

Tourism Business Improvement District – Accounts for amounts collected from hotels on behalf of the District, a special-purpose government, whose purpose is to enhance the economic vitality of Bozeman by promoting tourism through sales and marketing strategies.

Municipal Court Trust Fund – Accounts for monies held for appearance bonds and restitution related to criminal arrests and reimbursement for damage caused.

Internal Service Funds

Internal Service Funds are used to account for goods and services provided by one department to other departments of the City on a cost-reimbursement basis. These direct costs and certain indirect costs are included as part of the program expense reported for the individual functions and activities of these other departments. The following Internal Service Funds are included in the Proprietary Fund Financial Statements:

Vehicle Maintenance Shop – Accounts for the maintenance and repair of vehicles used in the operation of City services.

Medical Health Insurance – Accounts for insurance premium revenues received from the various City departments and retirees, and the related costs of health, vision, and dental insurance premiums incurred by City employees and retirees.

Public Works Administration – Accounts for the professional level management, engineering, and GIS technical support provided to other Public Works divisions, including water, wastewater, solid waste, stormwater, in addition to support provided to other City departments.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds

As mentioned, the Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. The following major funds are presented in separate columns on the Governmental Funds Financial Statements, and the Proprietary Funds Financial Statements, respectively:

Governmental Funds

General Fund – this fund accounts for the financial operations of the City, which are not accounted for in any other fund. Principal sources of revenue are property taxes, state and local shared revenues, licenses and permits, and charges for services provided to other funds. Principal expenditures in the General Fund are made for police and fire protection, public welfare, and general government.

American Rescue Plan Act (ARPA) Special Revenue Fund - This fund accounts for the ARPA federal grant program. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

Special Improvement District (SID) Sinking – Accounts for the accumulation of resources and payment of special assessment bond principal and interest related to general improvement, sidewalk, and curb construction projects.

General Improvements Capital Projects Fund – Accounts for the construction of general improvement projects financed by special assessments other than those financed by proprietary funds.

Proprietary Funds

Water Fund – Accounts for the City's water utility operations and to collect and administer water impact fees.

Waste Water Fund – Accounts for the City's sewer utility operations and to collect and administer waste water impact fees.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Cash and Investments

Cash and investments are under the management of the City's Treasurer and consist primarily of demand deposits and investments in U.S. Government Bonds. Interest income earned as a result of pooling of City deposits is distributed to the appropriate funds utilizing a formula based on the average balance of cash and investments of each fund.

Montana State statutes authorize the City to invest in interest-bearing savings accounts, certificates of deposits, and time deposits insured up to \$250,000 by the Federal Deposit Insurance Corporation or fully collateralized, U.S. government and U.S. agency obligations and repurchase agreements where there is a master repurchase agreement and collateral held by a third party.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because their use is limited by applicable bond covenants. Impact fees collected and line-oversizing fees are restricted for applicable use. Payments in lieu of parking are restricted by code for future parking related capital projects.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments 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 (these investments are valued using prices quoted in active markets); Level 2 inputs are significant other observable inputs (these investments are valued using matrix pricing); Level 3 inputs are significant unobservable inputs (these investments are valued using consensus pricing).

Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as inter-fund activity and balances in the funds have been eliminated or reclassified. Internal service fund activity has also been eliminated in the Statement of Activities to remove the “doubling-up” effect.

Capital Assets

The City’s assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciable capital assets are reported on the Statement of Net Position, net of applicable accumulated depreciation. Capital assets, which are not depreciable such as land, and construction in progress are reported separately. Depreciation expense is reported in the Statement of Activities and is calculated using the straight-line method based on the assets estimated useful life.

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Vehicles	5 to 10 years
Machinery and equipment	5 to 30 years
Buildings	20 to 80 years
Other structures and improvements	10 to 100 years
Infrastructure	25 to 100 years

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

In accordance with GASB 34, the City has recorded infrastructure assets prospectively from 2005, the date of implementation, and has included infrastructure acquired prior to implementation within the four-year required period. The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street system, comprised of roads, sidewalks, curbs, and street lights; the water purification and distribution system; the sewer collection and treatment system; park and recreation lands and related improvements; stormwater conveyance system; and buildings and site amenities, including parking and landscaped areas.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Compensated Absences Payable

Earned but unpaid vacation and sick pay is included as a liability in the proprietary fund types and Government-Wide Financial Statements. The portion relating to the governmental fund types not expected to be paid with expendable, and available resources is not reported in the governmental fund statements unless the liability has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those short-term loans related to goods- and services-type transactions are classified as "due to and from other funds." Long-term inter-fund loans (noncurrent portion) are reported as "advances to and from other funds." Inter-fund receivables and payables between funds are eliminated in the Statement of Net Position.

On-Behalf Payments for Fringe Benefits

On-behalf payments for fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions. The State's pension contribution is recorded as intergovernmental revenue with an offsetting public safety or general government expenditure in the Pension Special Revenue Fund (see Note 14).

Budgets

Each year, the City Manager must submit to the City Commission a proposed operating budget for all budget units within the City for the fiscal year commencing July 1. This operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments on the proposed budget. The budget is then legally adopted through passage of the appropriation resolution by the City Commission.

The City adopts a final budget each June and amends the budget in August if the initial taxable value estimates were significantly different from the final Certified Values received from the State.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

Budgets are legally required for all governmental fund types. These budgets are prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Annual appropriated budgets are adopted for all funds and all appropriations lapse at year-end. 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 Commission may amend the budget during the course of the fiscal year. Montana state statute provides a number of different ways to amend the budget. The first involves a reallocation of existing appropriations among the line items within a specific fund. The second defines a series of scenarios where the governing body has authority to amend the budget without a hearing for donations, land sales, and fee-based budgets. All other increases in appropriation authority that are not specifically permitted by statute must be approved through a public hearing process.

Any accruing revenue of the municipality not appropriated and any balance at any time remaining after the purpose of an appropriation has been satisfied or abandoned, may from time to time be appropriated to other uses that do not conflict with any uses for which specifically the revenue was accrued. A public hearing is required for an overall increase in appropriation authority, except in the case of an emergency.

In its annual appropriation resolution, the City Commission delegated budget amendment authority to the City Manager for the expenditure of funds from any or all of the following: debt service funds, enterprise funds, internal service funds, trust funds, federal and state grants accepted and approved by the governing body, special assessments, and donations. In all other funds, the City Manager may, without approval from the City Commission, make budget amendments as long as the total appropriation for the department is not exceeded.

Spending control is established by the total amount of expenditures budgeted for the fund, but management may exercise control at budgetary line items.

Fund Balance

In accordance with GASB Statement 54, the City reports fund balance for governmental funds in two general classifications, nonspendable and spendable.

Nonspendable represents the portion of fund balance that is not in spendable form, such as inventories, and, in the general fund, long-term notes and loans receivable. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The restricted fund balance category contains balances that can be spent only for the specific purposes stipulated by external parties or through enabling legislation. External parties include grantors, debt covenants, votes, and laws and regulations of other governments.

The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the City Commission. The City Commission needs to formally adopt a Resolution in order to establish, modify, or rescind a fund balance commitment.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City's policy to authorize the assignment of fund balance is as follows: Assigned Fund Balance can be expressed and authorized directly by the City Commission or by an official to whom the Commission delegates the authority. The City Commission delegates this authority to the City Manager.

The amount of General Fund balance presented on page 24 has been assigned this fiscal year for the specific purposes listed on page 24. Included in the assigned fund balance for the general fund are assignments for the portion of the current general fund balance that is projected to be used to fund expenditures and other cash outflows in excess of the expected revenues and other cash inflows projected for the next fiscal year. Similarly, the City Manager exercised his delegated authority to assign the major Capital Projects Fund balances presented on pages 31 and 36 for the specific purposes listed on page 111 and 112.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available, spending will occur in the following order, for the identified fund types:

General Fund:	Restricted, Committed, Assigned, Unassigned
Special Revenue Funds:	Restricted, Committed, Assigned
Debt Service Funds:	Assigned, Committed, Restricted
Capital Projects Funds:	Restricted, Committed, Assigned

Minimum General Fund – Fund Balance

The City does not maintain a stabilization fund. However, the City's Charter requires an established minimum level of "General Fund Unreserved Fund Balance," in accordance with the Government Finance Officers' Association (GFOA) Best Practices. The GFOA significantly changed their Best Practice Recommendation in October 2009. As a result, in May 2010, the Commission increased the required minimum from 12% to 16 2/3%, or 2 months' worth of revenues.

NOTE 2. CASH AND INVESTMENTS

Net Position

In funds other than governmental, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Net Position (Continued)

At June 30, 2021, the carrying amount of the City's deposits in local banks and investments is \$136,448,790. Interest bearing account balances are covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. In addition, all noninterest bearing transaction account balances are fully insured by FDIC coverage. Interest bearing account balances not insured by FDIC coverage is \$9,486,072. This remaining balance is covered by collateral held by the pledging bank's agent in the City's name.

The City's cash and investments are reported as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 73,216,674	\$ 15,287,464	\$ 88,504,138
Business-type activities	26,718,327	20,756,548	47,474,875
Fiduciary funds	-	469,777	469,777
	<u>\$ 99,935,001</u>	<u>\$ 36,513,789</u>	<u>\$ 136,448,790</u>

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned or the City will not be able to recover the collateral securities in the possession of the outside party. The City minimizes custodial credit risk by restrictions set forth in City policy and state law. The City's policy requires deposits to be 104 percent secured by collateral valued at market value. The City Treasurer maintains a listing of financial institutions, which are approved for investment purposes. Types of securities that may be pledged as collateral are detailed in Section 17-6-103 of the Montana Code Annotated (MCA). City policy requires that specific safeguards against risk of loss be evidenced when the City does not physically hold the securities.

On June 30, 2021, the following interest rate risks and valuation inputs were associated with the City's deposits and investments.

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk Rating</u>	<u>Fair Value</u>	<u>Valuation Inputs</u>
Certificates of deposit	February 2021-April 2021	NA	\$ 2,039,060	Level 2
U.S. Government bonds	March 2022 -April 2025	S&P AA+	52,729,920	Level 2
U.S. Bank Municipal Investment Account	N/A	N/A	2,064,073	Level 2
State of Montana Short Term Investment Pool Account	N/A	N/A	79,000,000	
Demand deposits	N/A	N/A	610,548	
Petty cash	N/A	N/A	5,189	
			<u>\$ 136,448,790</u>	

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Net Position (Continued)

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The above credit risk rating indicates the probability that the issuer may default in making timely principal and interest payments. The credit ratings presented in the previous tables are provided by Standard and Poor's Corporation (S&P). The City's investment policy is to hold investments to maturity with the contractual understanding that these investments are low risk, locked in to a guaranteed rate of return, and are, therefore, not impacted significantly by changes in short term interest rates. The City has no formal policy relating to interest risk and no formal policy relating to credit risk.

The City voluntarily participates in the STIP (Short Term Investment Pool) administered by the Montana Board of Investments (MBOI). A local government's STIP ownership is represented by shares, the prices of which are fixed at \$1.00 per share, and participants may buy or sell shares with one business days' notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission. STIP is not FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Montana Board of Investments or any other entity against investment losses and there is no guaranteed rate of return on funds invested in STIP shares. The Montana Board of Investments maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation. The STIP investment portfolio consists of securities with maximum maturity of 2 years. Information on investments held in the STIP can be found in the Annual Report on the Montana Board of Investments website at <https://investmentmt.com/Annual-Reports>.

NOTE 3. PROPERTY TAX AND SPECIAL ASSESSMENTS REVENUE AND RECEIVABLES

Property Taxes

Real property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date:	December 1 st for the 1 st installment and June 1 st for the 2 nd installment
Levy Date:	November 1 st
Due Dates:	November 30 th for the 1 st installment and May 31 for the 2 nd installment

Personal property taxes are assessed on January 1 of each year and billed in May, with payment due within thirty days.

Gallatin County collects all property taxes on behalf of the City and remits collections, including penalties and interest, on a monthly basis. The County assesses a delinquency penalty of 2%. If taxes become delinquent, the County tax collector may sell the property to collect taxes due plus 0.83% per month interest.

In the fund financial statements, the City accrues as receivable all property taxes received during the first sixty (60) days of the new fiscal year from Gallatin County, in accordance with the modified accrual basis. In the government-wide financial statements, all taxes billed, but not yet collected are accrued in accordance with the full accrual basis of accounting, as described in Note 1.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 3. PROPERTY TAX AND SPECIAL ASSESSMENTS REVENUE AND RECEIVABLES (CONTINUED)

Special Assessments

Special assessments receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Assessments are payable over a period of 18 to 20 years and bear interest of 2.5% to 5.75% per annum. Recognition of the revenues from these assessments has been deferred until both measurable and available in governmental funds. In the Government-Wide Financial Statements, however, these amounts are reported as revenues in the period they are levied. Once received, the monies will be used to meet the annual debt service requirements on related bonds and notes payable.

NOTE 4. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows of resources in the General Fund represent outstanding general property taxes at June 30, 2021. These amounts are reported as revenue in the Government-Wide Financial Statements in the period in which they are levied. Deferred inflows in Special Revenue Funds represent either revenues received but not considered earned or amounts to be received in the future that are recorded as receivables but not yet earned. The deferred inflows in Debt Service Funds represent future assessments to be received to meet the related debt obligation. Deferred inflows and outflows in the Government-Wide Financial Statements relate to payments made on pension plans after the measurement date for the calculated pension obligations. Deferred inflows and outflows in the Government-Wide Financial Statements also relate to the implicit rate subsidy of post-employment benefits.

NOTE 5. PREPAID RENT (OPERATING LEASE)

On October 22, 1992, the City signed a memorandum of understanding with Gallatin County, Montana, in which the City agreed to lease space from the County's Law and Justice Center for the City Police Department and Municipal Court. The City paid to the County \$765,000 during the renovation of the building, which started 1993. The \$765,000 constitutes rent for four rental terms of ten years each. During the term of the lease and renewal of the lease, the principal balance of \$765,000 will be decreased by equal annual rental payments in the amount of \$19,125. If the City and County mutually agree to terminate the lease after the second ten-year term, the County will refund \$274,125, to the City for the unused portion of the rent. The lease began when renovations were complete on November 1, 1994. For the year ended June 30, 2021, rent expenditure was \$19,125 regarding this lease.

NOTE 6. NOTES RECEIVABLE

The City had the following notes receivable:

<u>Special Revenue Funds</u>	
Economic Development Loan Fund	\$ 425,388
Community Housing Fund	<u>30,236</u>
Total	<u>\$ 455,624</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 7. CAPITAL ASSETS

In accordance with GASB 34, the City has reported all capital assets, with the exception of pre-July 1, 2001, infrastructure in the Government-Wide Statement of Net Position. For the year ended June 30, 2021, depreciation expense on capital assets was charged to the functions and programs as follows:

Governmental Activities:	
General Government	\$ 338,254
Public Safety	815,291
Public Services	4,822,992
Public Welfare	1,263,742
Total depreciation expense - governmental activities	<u>\$ 7,240,279</u>
Business-type Activities:	
Parking	\$ 401,057
Storm Water	175,541
Water	3,189,401
Waste Water	3,298,441
Solid Waste	439,760
Total depreciation expense - business-type activities	<u>\$ 7,504,200</u>

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 7. CAPITAL ASSETS (CONTINUED)

All capital assets of the City are depreciable with the exception of land, water rights, and construction in process, when applicable. Capital assets activity of the City for the year ended June 30, 2021, consisted of the following:

	June 30, 2020	Additions	Disposals	Transfers	June 30, 2021
GOVERNMENTAL ACTIVITIES					
Non-depreciable:					
Land	\$ 31,612,231	\$ 2,005,622	\$ -	\$ -	\$ 33,617,853
Construction in progress	3,297,530	27,071,757	-	-	30,369,287
Depreciable:					
Buildings	35,338,788	162,580	-	-	35,501,368
Other structures and improvements	1,145,214	-	-	-	1,145,214
Machinery and equipment	16,586,124	1,428,110	(96,068)	-	17,918,166
Property under capital lease	771,151	-	-	-	771,151
Vehicles	4,442,469	455,015	(126,227)	-	4,771,257
Infrastructure	237,326,984	6,149,895	-	-	243,476,879
Total	330,520,491	37,272,979	(222,295)	-	367,571,175
Accumulated depreciation	(120,082,197)	(7,240,279)	213,719	-	(127,108,757)
Total governmental activities	<u>\$ 210,438,294</u>	<u>\$ 30,032,700</u>	<u>\$ (8,576)</u>	<u>\$ -</u>	<u>\$ 240,462,418</u>
BUSINESS-TYPE ACTIVITIES					
Non-depreciable:					
Land	\$ 2,218,553	\$ -	\$ -	\$ -	\$ 2,218,553
Water rights	2,120,142	-	-	-	2,120,142
Construction in progress	-	19,200,051	-	-	19,200,051
Depreciable:					
Buildings	113,648,314	224,712	-	-	113,873,026
Other structures and improvements	30,547,611	-	-	-	30,547,611
Machinery and equipment	10,818,385	1,357,646	-	-	12,176,031
Property under capital lease	519,943	-	-	-	519,943
Vehicles	2,091,719	180,604	(70,131)	-	2,202,192
Infrastructure	343,299,622	7,369,745	-	-	350,669,367
Total	505,264,289	28,332,758	(70,131)	-	533,526,916
Accumulated depreciation	(209,778,315)	(7,504,200)	70,131	-	(217,212,384)
Total business-type activities	<u>\$ 295,485,974</u>	<u>\$ 20,828,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,314,532</u>
Total capital assets	<u>\$ 505,924,268</u>	<u>\$ 50,861,258</u>	<u>\$ (8,576)</u>	<u>\$ -</u>	<u>\$ 556,776,950</u>

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 7. CAPITAL ASSETS (CONTINUED)

Changes in accumulated depreciation are as follows for the year ended June 30, 2021:

	June 30, 2020	Additions	Disposals	Transfers	June 30, 2021
GOVERNMENTAL ACTIVITIES					
Buildings	\$ (18,559,009)	\$ (885,356)	\$ -	\$ -	\$ (19,444,365)
Other structures and improvements	(1,130,543)	(20,858)	-	-	(1,151,401)
Machinery and equipment	(10,265,341)	(1,224,105)	87,493	-	(11,401,953)
Property under capital lease	(307,995)	(64,339)	-	-	(372,334)
Vehicles	(3,231,327)	(279,283)	126,226	-	(3,384,384)
Infrastructure	(86,587,982)	(4,766,338)	-	-	(91,354,320)
Total governmental activities	<u>\$ (120,082,197)</u>	<u>\$ (7,240,279)</u>	<u>\$ 213,719</u>	<u>\$ -</u>	<u>\$ (127,108,757)</u>
BUSINESS-TYPE ACTIVITIES					
Buildings	\$ (24,355,232)	\$ (2,683,563)	\$ -	\$ -	\$ (27,038,795)
Other structures and improvements	(29,317,971)	(432,657)	-	-	(29,750,628)
Machinery and equipment	(8,225,448)	(673,573)	-	-	(8,899,021)
Property under capital lease	(285,967)	(51,994)	-	-	(337,961)
Vehicles	(1,633,837)	(82,173)	70,131	-	(1,645,879)
Infrastructure	(145,959,860)	(3,580,240)	-	-	(149,540,100)
Total business-type activities	<u>(209,778,315)</u>	<u>(7,504,200)</u>	<u>70,131</u>	<u>-</u>	<u>(217,212,384)</u>
Total accumulated depreciation	<u>\$ (329,860,512)</u>	<u>\$ (14,744,479)</u>	<u>\$ 283,850</u>	<u>\$ -</u>	<u>\$ (344,321,141)</u>

NOTE 8. COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. The current portion is that which is expected to be paid within one year. This amount is estimated based on past trends and expected upcoming events. Actual amounts could differ. Historically, compensated absences and pension liabilities have been liquidated primarily by the general fund and the proprietary funds.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. COMPENSATED ABSENCES (CONTINUED)

	Balance June 30, 2020	Incurred	Satisfied	Balance June 30, 2021
Compensated absences:				
Governmental activities	\$ 3,093,301	\$ 1,896,557	\$ (1,799,976)	\$ 3,189,882
Business-type activities	532,657	390,517	(369,113)	554,061
Total compensated absences	<u>\$ 3,625,958</u>	<u>\$ 2,287,074</u>	<u>\$ (2,169,089)</u>	<u>\$ 3,743,943</u>
	Due within one year	Due after one year	Total	
Compensated absences:				
Governmental activities	\$ 1,854,991	\$ 1,334,891	\$ 3,189,882	
Business-type activities	434,995	119,066	554,061	
Total compensated absences	<u>\$ 2,289,986</u>	<u>\$ 1,453,957</u>	<u>\$ 3,743,943</u>	

NOTE 9. LONG-TERM DEBT

Governmental Activities Long-Term Debt

The following is a summary of long-term debt transactions of the City's governmental activities for the year ended June 30, 2021:

	Balance June 30, 2020	Issuances and Additions	Repayments and Deletions	Balance June 30, 2021
General obligation bonds	\$ 45,445,000	\$ -	\$ (2,205,000)	\$ 43,240,000
Tax increment financing bonds	4,733,238	6,500,000	(469,583)	10,763,655
Special assessment debt	139,500	4,001,000	(192,284)	3,948,216
Note payable	1,700,000	-	(62,883)	1,637,117
Intercap notes payable	781,079	-	(171,502)	609,577
Bond premiums	3,778,566	649,009	(229,101)	4,198,474
Subtotal bonds and notes	56,577,383	11,150,009	(3,330,353)	64,397,039
Compensated absences	3,093,301	1,896,557	(1,799,976)	3,189,882
Capital leases (see Note 10)	404,039	-	(93,769)	310,270
Totals	<u>\$ 60,074,723</u>	<u>\$ 13,046,566</u>	<u>\$ (5,224,098)</u>	<u>\$ 67,897,191</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

The above long-term debt of the City's governmental activities is presented in the accompanying Statement of Net Position as follows:

	Current Portion (due within one year)	Long-term Portion (due after one year)	Total Long-Term Debt
General obligation bonds	\$ 1,980,000	\$ 41,260,000	\$ 43,240,000
Tax increment financing bonds	460,140	10,303,515	10,763,655
Special assessment debt	32,000	3,916,216	3,948,216
Note payable	65,167	1,571,950	1,637,117
Intercap notes payable	173,945	435,632	609,577
Bond premiums	229,101	3,969,373	4,198,474
Subtotal bonds and notes	<u>2,940,353</u>	<u>61,456,686</u>	<u>64,397,039</u>
Compensated absences	1,854,991	1,334,891	3,189,882
Capital leases (see Note 10)	104,813	205,457	310,270
Totals	<u>\$ 4,795,344</u>	<u>\$ 62,791,577</u>	<u>\$ 67,586,921</u>

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds are direct obligations of the City and are backed by the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	Interest Rate	Amount	Due within one year
General Obligation Refunding Bonds, series 2012 serial maturities through 2021	1.50%	\$ -	\$ -
General Obligation TOP Bonds, Series 2013 serial maturities through 2034	2.00%	7,180,000	450,000
General Obligation TOP Bonds, Series 2014 serial maturities through 2035	1.00%	3,925,000	225,000
General Obligation Bonds, Series 2019 serial maturities through 2039	2.00%	32,135,000	1,305,000
Total general obligations bonds		<u>\$ 43,240,000</u>	<u>\$ 1,980,000</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,980,000	\$ 1,473,038	\$ 3,453,038
2023	2,020,000	1,429,500	3,449,500
2024	2,080,000	1,370,050	3,450,050
2025	2,160,000	1,296,075	3,456,075
2026	2,235,000	1,217,025	3,452,025
2027-2031	12,560,000	4,690,550	17,250,550
2032-2036	13,430,000	2,035,375	15,465,375
2037-2040	6,775,000	332,969	7,107,969
	<u>\$ 43,240,000</u>	<u>\$ 13,844,581</u>	<u>\$ 57,084,581</u>

Tax Increment Financing Bonds - Tax Increment Financing (TIF) Bonds are not general obligations, but are special limited obligations of the City. The Series 2007 Bonds, the premium, and the interest thereon are not a charge against the general credit or taxing powers of the City. The bonds are payable solely, and equally and ratably from the tax increment revenues received by the City from its Downtown Bozeman Improvement District. If the incremental revenues are insufficient to pay the principal and interest due on the TIF bonds when due, such payment shortfall shall not constitute a default under the TIF agreement. If and when the incremental revenues are sufficient, the City shall pay the amount of any shortfall to the paying agent and registrar without any penalty interest or premium thereon. Due to the uncertainty of the future tax increment receipts, future payments on the TIF bonds may vary from the summary of debt service requirements. TIF bonds outstanding at June 30, 2021, are as follows:

	<u>Balance</u>			<u>Balance</u>		<u>Long-Term</u>
	<u>June 30, 2020</u>	<u>Issuances</u>	<u>Repayments</u>	<u>June 30, 2021</u>	<u>Due in One Year</u>	<u>Portion</u>
Direct placement downtown urban renewal bond, series 2020	\$ 3,420,000	\$ -	\$ (249,000)	\$ 3,171,000	\$ 240,000	\$ 2,931,000
Direct placement northeast urban renewal bond, series 2017	1,313,238	-	(45,583)	1,267,655	40,140	1,227,515
Midtown urban renewal bond, series 2020	-	6,500,000	(175,000)	6,325,000	180,000	6,145,000
	<u>\$ 4,733,238</u>	<u>\$ 6,500,000</u>	<u>\$ (469,583)</u>	<u>\$ 10,763,655</u>	<u>\$ 460,140</u>	<u>\$ 10,303,515</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

Annual debt services requirements to maturity for the TIF bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 475,140	\$ 255,732	\$ 730,872
2023	485,803	244,248	730,051
2024	501,468	292,163	793,631
2025	517,401	335,691	853,092
2026	531,215	319,318	850,533
2027-2031	2,669,080	1,148,216	3,817,296
2032-2036	1,983,139	325,963	2,309,102
2037-2041	2,020,800	185,000	2,205,800
2042	1,579,609	47,365	1,626,974
	<u>\$ 10,763,655</u>	<u>\$ 3,153,696</u>	<u>\$ 13,917,351</u>

Special Assessment Debt - Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within each special improvement district. 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. The cash balance in the SID Revolving Fund must equal at least 5% of the principal amount of bonds outstanding. If the cash balance is less than 5%, a levy is required to bring the cash balance to the required minimum.

The City has issued various special assessment bonds with various maturities through 2040 at interest rates ranging from 2.5% to 5.75%. In addition, the City has issued two notes payable to finance special assessment projects. The following is a schedule of changes in special assessment debt:

	<u>Balance June 30, 2020</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>
Direct borrowings:				
Note Payable to Department of Natural Resources and Conservation, #WRF-05067	\$ 37,000	\$ -	\$ (6,000)	\$ 31,000
Note Payable to Department of Natural Resources and Conservation, #SRF-05132	102,500	-	(26,000)	76,500
Direct placement:				
Special Improvement District No. 747 Bond Series 2020	-	4,001,000	(160,284)	3,840,716
	<u>\$ 139,500</u>	<u>\$ 4,001,000</u>	<u>\$ (192,284)</u>	<u>\$ 3,948,216</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year ending June 30,</u>	Note Payable		Total
	Principal	Interest	
2022	\$ 183,999	\$ 306,741	\$ 490,740
2023	189,799	307,056	496,855
2024	198,253	309,851	508,104
2025	164,866	270,761	435,626
2026	170,142	270,761	440,902
2027-2031	935,952	1,353,803	2,289,755
2032-3036	1,095,610	1,353,803	2,449,413
2037-2040	1,009,595	1,083,042	2,092,637
	<u>\$ 3,948,216</u>	<u>\$ 5,255,817</u>	<u>\$ 1,931,325</u>

Substantially all special assessment bonds mature 18 to 20 years after the date of issuance but are redeemable at the option of the City whenever cash is available in the respective funds for each issue. The City follows the policy of early redemption on these bonds. Accordingly, a schedule of future interest payments through maturity of the bonds is deemed to be not meaningful and has been excluded.

Intercap Loans - The City entered in a loan agreement with the Montana Board of Investments to partially finance the reconstruction of South Eighth Avenue. This intercap loan payable had a balance outstanding at June 30, 2021, as follows:

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Direct borrowings:			
Notes payable to Montana Board of Investments in uneven semi-annual installments including interest at variable rates, ranging from 1.00% to 3.370%:			
South 8th Reconstruction, matures in 2022	\$ 132,026	\$ 66,161	\$ 198,187
Upgrade Street Lighting, matures in 2030	13,593	123,945	137,538
Sports Park-Bronken Park improvement, matures in 2029	28,326	245,526	273,852
	<u>\$ 173,945</u>	<u>\$ 435,632</u>	<u>\$ 609,577</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

The debt service requirements for the intercap loan at June 30, 2021, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 173,945	\$ 4,958	\$ 178,903
2023	109,245	992	110,237
2024	44,284	-	44,284
2025	45,520	-	45,520
2026	46,797	-	46,797
2027-2031	189,786	-	189,786
	<u>\$ 609,577</u>	<u>\$ 5,950</u>	<u>\$ 615,527</u>

Sports Complex Loan - The City entered in a loan agreement with First Security Bank on July 1, 2018 for \$1,700,000 for continued improvements to the Bozeman Sports Park, one of the projects identified for funding by the Trail and Open Space General Obligation Bond. The general terms of the loan include a 3.74% interest rate, 20-year term maturing on June 30, 2039, no origination fee, and semi-annual payments of \$62,911.

The Sports Park Foundation will provide the funding for the payments through their management of the Sports Park and debt agreements with the City. The City's General Fund will take on this debt and make payments. The revenue generated at the Sports Park Foundation will offset the payment. In the event that the Foundation cannot make the debt payment, the City's General Fund will cover the payment.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Governmental Activities Long-Term Debt (Continued)

The outstanding balance and debt service requirements for the sports complex loan at June 30, 2021, are as follows:

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Direct borrowing:			
Note payable to First Security Bank in semi-annual installments including interest at 3.74% through June of 2039	\$ 65,167	\$ 1,571,950	\$ 1,637,117

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 65,167	\$ 60,628	\$ 125,795
2023	67,627	58,168	125,795
2024	70,104	55,691	125,795
2025	72,902	52,893	125,795
2026	75,579	50,216	125,795
2027-2031	422,901	206,073	628,974
2032-2036	508,961	120,014	628,975
2037-2039	353,876	33,867	387,743
	<u>\$ 1,637,117</u>	<u>\$ 637,550</u>	<u>\$ 2,274,667</u>

Business-type Activities Long-Term Debt

Revenue Bonds - The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

Water Revenue Bonds

Water revenue bonds outstanding at June 30, 2021, are as follows:

	<u>Balance June 30, 2020</u>	<u>Issuances</u>	<u>Repayments and Settlements</u>	<u>Balance June 30, 2021</u>	<u>Due in One Year</u>	<u>Long-Term Portion</u>
Direct placements:						
State Revolving Fund Revenue Bond - 12247						
Series 2011A, serial maturities through 2032, 3% interest rate	\$ 6,496,000	\$ -	\$ (481,000)	\$ 6,015,000	\$ 496,000	\$ 5,519,000
State Revolving Fund Revenue Bond - 13291						
Series 2011B, serial maturities through 2033, 3% interest rate	6,632,000	-	(445,000)	6,187,000	458,000	5,729,000
State Revolving Fund Revenue Bond - 17386						
Series 2017, serial maturities through 2037, 2.5% interest rate	6,663,000	-	(318,000)	6,345,000	326,000	6,019,000
	<u>\$ 19,791,000</u>	<u>\$ -</u>	<u>\$ (1,244,000)</u>	<u>\$ 18,547,000</u>	<u>\$ 1,280,000</u>	<u>\$ 17,267,000</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Business-type Activities Long-Term Debt (Continued)

Water Revenue Bonds (Continued)

The revenue bond ordinances specify that the City shall establish various restricted asset accounts and distribute the net revenues for the water fund to the restricted asset accounts and set user rates at levels which will generate minimum net revenues, as defined. The revenue bond ordinances specify that City management and/or the City Commission shall take corrective actions to bring the City into compliance with the revenue bond ordinances, if necessary, and that bondholders shall have the right to institute proceedings, judicial or otherwise, to enforce the covenants of the revenue bond ordinances. The City is in compliance with applicable covenants as of June 30, 2021.

Water revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,280,000	\$ 364,590	\$ 1,644,590
2023	1,318,000	338,800	1,656,800
2024	1,356,000	312,250	1,668,250
2025	1,395,000	284,930	1,679,930
2026	1,435,000	256,840	1,691,840
2027-2031	7,824,000	833,410	8,657,410
2032-2036	3,464,000	192,940	3,656,940
2037	475,000	7,140	482,140
	<u>\$ 18,547,000</u>	<u>\$ 2,590,900</u>	<u>\$ 21,137,900</u>
Due within one year	\$ 1,280,000		
Due after one year	<u>17,267,000</u>		
	<u>\$ 18,547,000</u>		

The revenue bond ordinance specifies that the City shall establish various restricted asset accounts and distribute the net revenues for the water fund to the restricted asset accounts and set user rates at levels that will generate minimum net revenues, as defined. The revenue bond ordinances specify that City management and/or the City Commission shall take corrective actions to bring the City into compliance with the revenue bond ordinances, if necessary, and that bondholder shall have the right to institute proceedings, judicial or otherwise, to enforce the covenants of the revenue bond ordinances. The City is in compliance with applicable covenants as of June 30, 2021.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Business-type Activities Long-Term Debt (Continued)

Waste Water Revenue Bonds

Waste Water revenue bonds outstanding at June 30, 2021, are as follows:

	Interest Rate	Balance June 30, 2020	Issuances	Repayments and Settlements	Balance June 30, 2021	Due in One Year	Long-Term Portion
Direct placements:							
Waste Water State Revolving -10252							
Series 2010B, serial maturities through 2030	1.75%	\$ 185,000	\$ -	\$ (18,000)	\$ 167,000	\$ 18,000	\$ 149,000
Waste Water Reclamation Facility Revenue Bonds - 10230,							
Series 2010D, serial maturities through 2030	3.00%	5,275,000	-	(488,000)	4,787,000	502,000	4,285,000
Waste Water Reclamation Facility Revenue Bonds - 10262,							
Series 2010F, serial maturities through 2030	3.00%	472,000	-	(41,000)	431,000	42,000	389,000
Waste Water Reclamation Facility Revenue Bonds - 11291,							
Series 2010C, serial maturities through 2031	3.00%	585,000	-	(48,000)	537,000	50,000	487,000
Waste Water Reclamation Facility Revenue Bonds - 11292,							
Series 2010G, serial maturities through 2031	3.00%	1,793,000	-	(141,000)	1,652,000	146,000	1,506,000
Waste Water Reclamation Facility Revenue Bonds - 11281							
Series 2010H, serial maturities through 2031	3.00%	5,747,000	-	(473,000)	5,274,000	488,000	4,786,000
Waste Water State Revolving - 21490							
Series 2020D, serial maturities through 2040	2.50%	-	2,807,000	(110,000)	2,697,000	113,000	2,584,000
Waste Water State Revolving - 21487							
Series 2020B, serial maturities through 2040	2.50%	-	7,786,000	(304,000)	7,482,000	312,000	7,170,000
Waste Water State Revolving - 21506							
Series 2020C, serial maturities through 2041	2.50%	-	1,392,587	(137,000)	1,255,587	280,000	975,587
Waste Water State Revolving - 21486							
Series 2020A Davis/Norton General Obligation Bonds, Forgivable	2.50%	-	300,000	-	300,000	-	300,000
		<u>\$ 14,057,000</u>	<u>\$ 12,285,587</u>	<u>\$ (1,760,000)</u>	<u>\$ 24,582,587</u>	<u>\$ 1,951,000</u>	<u>\$ 22,631,587</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Business-type Activities Long-Term Debt (Continued)

Waste water revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,951,000	\$ 652,879	\$ 2,603,879
2023	2,006,000	610,482	2,616,482
2024	2,069,000	566,848	2,635,848
2025	2,129,000	521,878	2,650,878
2026	2,188,000	475,665	2,663,665
2027-2031	8,818,587	1,098,487	9,917,074
2032-2036	2,860,000	466,518	3,326,518
2037-2041	2,561,000	114,980	2,675,980
	<u>\$ 24,582,587</u>	<u>\$ 4,507,737</u>	<u>\$ 29,090,324</u>
Due within one year	\$ 1,951,000		
Due after one year	<u>22,631,587</u>		
	<u>\$ 24,582,587</u>		

Stormwater Revenue Bonds

Stormwater revenue bonds outstanding at June 30, 2021, are as follows. There has only been one draw-down from the total approved amount of \$1,815,000.

	<u>Interest Rate</u>	<u>Balance June 30, 2020</u>	<u>Issuances</u>	<u>Repayments and Settlements</u>	<u>Balance June 30, 2021</u>	<u>Due in One Year</u>	<u>Long-Term Portion</u>
Direct placement:							
Stormwater System Revenue Bond, Series 2015	2.50%	<u>\$ 1,442,000</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ 1,362,000</u>	<u>82,000</u>	<u>\$ 1,280,000</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. LONG-TERM DEBT (CONTINUED)

Business-type Activities Long-Term Debt (Continued)

Stormwater Revenue Bonds (Continued)

Stormwater revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 82,000	\$ 26,830	\$ 108,830
2023	84,000	25,180	109,180
2024	87,000	23,490	110,490
2025	89,000	21,740	110,740
2026	90,000	19,950	109,950
2027-2031	490,000	71,410	561,410
2032-2035	440,000	20,050	460,050
	<u>\$ 1,362,000</u>	<u>\$ 208,650</u>	<u>\$ 1,570,650</u>
Due within one year	\$ 82,000		
Due after one year	<u>1,280,000</u>		
	<u>\$ 1,362,000</u>		

Industrial Revenue and Private Activity Bonds

The City issues tax exempt industrial revenue and private activity bonds to finance construction of facilities within the City, which it sells on installment contracts to the facilities' users. The bonds and the interest payable thereon are not obligations of the City and do not constitute or give rise to a pecuniary liability or contingent liability of the City or a charge against the general credit or taxing power of the City. The bonds are issued under and collateralized by the indentures and are payable solely from the payments to be made pursuant to the loan agreements between the City and the facilities users. The bonds are not a lien on any of the City's properties or revenues, other than the facilities for which they were issued.

To provide financial assistance for the acquisition and improvements of the building occupied by a private elementary school, the City has issued a Private Activity Revenue Bond. This bond is secured by the property financed and is payable solely from payments received on the underlying mortgage loan. Upon repayment of the bond, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the bond. Accordingly, the bond is not reported as a liability in the accompanying financial statements. As of June 30, 2021, the Revenue Bond outstanding had an aggregate principal amount payable of \$164,419.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. CAPITAL LEASE OBLIGATIONS

In 2015, the City entered into a lease for a Vactor vacuum truck. The lease term is six years payable in annual installments of \$57,810 at 3.30%. The total amount capitalized of \$367,373 represents the present value of the future lease payments. The payments for this obligation are being recorded in the stormwater fund.

In 2016, the City entered into a lease for a RPMTECH Snow Blower with Caterpillar. The lease term is six years payable in six annual installments of \$13,933 and one payment of \$6,640 at 3.20%. The total amount capitalized of \$82,877 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance fund.

In 2018, the City entered into a lease for a printer. The lease term is five years payable in monthly installments of \$157. The total amount capitalized of \$8,006 represents the present value of future lease payments. The payments for this obligation are being recorded in the general fund.

In 2018, the City entered into a lease for a 2018 Toyota Prius Prime vehicle. The lease term is five years payable in monthly installments of \$430 at 7.04%. The total amount capitalized of \$16,067 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.

In 2018, the City entered into a lease for a 2019 Toyota Highlander. The lease term is three years payable in monthly installments of \$339 at 7.04%. The total amount capitalized of \$13,541 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$301 at 7.04%. The total amount capitalized of \$15,198 represents the present value of the future lease payments. Half of the payments for this obligation are being recorded in the water fund and half are being recorded in the street maintenance special revenue fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$306 at 7.04%. The total amount capitalized of \$15,430 represents the present value of the future lease payments. The payments for this obligation are being recorded in the water fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$346 at 7.04%. The total amount capitalized of \$20,753 represents the present value of the future lease payments. The payments for this obligation are being recorded in the public administration internal service fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$301 at 7.04%. The total amount capitalized of \$18,072 represents the present value of the future lease payments. The payments for this obligation are being recorded in the public administration internal service fund.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)

In 2018, the City entered into a lease for a 2018 motor grader with Caterpillar. The lease term is 6 years payable in five annual installments of \$31,023 and one payment of \$127,840 at 4.55%. The total amount capitalized of \$244,531 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance special revenue fund.

In 2019, the City entered into a lease for a 2019 Elgin Broom Bear Street Sweeper Grader with Merchants Bank. The lease term is six years payable in five annual payments of \$41,388 at 4.35%. The total amount capitalized of \$223,395 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance fund.

In 2020, the City entered into a lease for a 2020 Toyota Prius vehicle with Toyota Financial Services. The lease term is three years payable in monthly installments of \$391 with monthly interest and principal payments of \$46 and \$345, respectively. The total amount capitalized of \$12,813 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.

The capital lease balance outstanding at June 30, 2021, is as follows:

	Balance June 30, 2020	Issuances	Repayments	Balance June 30, 2021
Direct borrowings:				
Governmental Activities:				
Snow Blower 2016	32,625	-	(12,889)	19,736
Caterpillar 2018	169,920	-	(23,292)	146,628
Canon Printer 2018	4,330	-	(1,647)	2,683
Elgin Broom Sweeper	148,696	-	(34,789)	113,907
Highlander	4,856	-	(3,884)	972
Prius Sustainability	6,458	-	(5,166)	1,292
Prius Streets	4,993	-	(1,503)	3,490
Prius Engineering	9,990	-	(3,006)	6,984
Prius Engineering 2	11,474	-	(3,452)	8,022
Hybrid 2020	10,697	-	(4,141)	6,556
	<u>\$ 404,039</u>	<u>\$ -</u>	<u>\$ (93,769)</u>	<u>\$ 310,270</u>
Business-Type Activities:				
2015 Vactor Vacuum Truck	\$ 55,936	\$ -	\$ (55,936)	\$ -
Prius Water	4,996	-	(1,503)	3,493
Prius Water Conservation	10,145	-	(3,053)	7,092
	<u>\$ 71,077</u>	<u>\$ -</u>	<u>\$ (60,492)</u>	<u>\$ 10,585</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 2021:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 104,813	\$ 5,477
2023	188,910	5,476
2024	42,390	458
2025	-	-
Less amount representing interest	(25,843)	(826)
Present value of future minimum lease payments	<u>\$ 310,270</u>	<u>\$ 10,585</u>

The property under capital lease and the corresponding accumulated depreciation at June 30, 2021, is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 902,158	\$ 605,279
Less: accumulated depreciation	(292,486)	(352,657)
	<u>\$ 609,672</u>	<u>\$ 252,622</u>

NOTE 11. CLASSIFICATION OF NET POSITION

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure in future years, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provision or enabling legislation. Net Position is presented as restricted by major purpose.

Unrestricted Net Position – This category represents the net position of the City that are not restricted for any project or other purpose.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 11. CLASSIFICATION OF NET POSITION (CONTINUED)

In the Fund Financial Statements, commitments and assignments segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various commitments and assignments are established by actions of the City Commission and Management and can be increased, reduced, or eliminated by similar actions. Refer to Note 25 for a further disclosure related to net position classifications.

The City's calculation of net investment in capital assets is as follows:

	Governmental Activities	Business-type Activities
Net capital assets	\$ 240,462,418	\$ 316,314,532
Less: capital related debt	(64,707,309)	(44,502,172)
Plus: unspent capital related debt proceeds	24,480,851	-
Less: capital related retainage and accounts payables	(3,304,718)	-
Net investment in capital assets	<u>\$ 196,931,242</u>	<u>\$ 271,812,360</u>

NOTE 12. DEFICIT FUND BALANCES

At June 30, 2021, the following funds had deficit fund balances: TIFD South Bozeman Technology fund (\$7,610), TIF Bonds fund (\$1,499) and the Vehicle Maintenance Shop fund (\$254,310).

The deficit fund balance in the TIFD South Bozeman Technology fund is due to legal counsel costs incurred in the creation of this Tax Increment Financing District in fiscal year 2014. To-date the amount of property tax increment revenue has not been sufficient to eliminate this deficit, but increment revenue is expected to increase in future years.

The deficit fund balance in the TIF Bonds fund is due to fiscal agent fees related to the debt. The Midtown TIF fund will reimburse the debt service fund for these costs.

The deficit fund balance in Vehicle Maintenance Shop fund is due to an increase in the materials and supplies and salaries and benefits expenses. The coming year will recover deficit balances from all the related shop users.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 13. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB Statement No. 32, the City does not report any balances related to the deferred compensation plan, as these amounts represent neither assets nor liabilities to the City, and the plan is administered by an independent third party.

NOTE 14. EMPLOYEE BENEFIT PLANS

Plan Description and Provisions

All City of Bozeman full-time employees participate in one of three statewide, cost-sharing, multiple-employer, retirement benefit plans administered by the Public Employees Retirement Division (PERD). Contributions to the three plans are as required by State statute. Fiscal years 2021 and 2020 total payroll and covered payroll for all retirement plans were \$26,039,412 and \$24,693,753, respectively. Financial information for all three plans is reported in the Public Employees' Retirement Board's published *Comprehensive Annual Financial Report* for the fiscal year-end. It is available from the PERD at 100 North Park Avenue, Suite 220, P.O. Box 200131, Helena, MT 59620-0131. The authority to establish, amend, and provide cost of living adjustments to all three plans is assigned to the State legislature. The authority to establish and amend contribution rates to all three plans is also assigned to the State legislature.

Aggregate Pension Totals

The following table aggregates the amounts for all pension plans in which the City participates.

	PERS	FURS	MPORS	Total
Pension deferred outflows of resources	\$ 5,169,560	\$ 1,956,806	\$ 2,360,533	\$ 9,486,899
Net pension liability	22,483,506	3,632,981	7,311,248	33,427,735
Pension deferred inflows of resources	1,461,453	33,560	23,079	1,518,092
Pension expense	4,160,601	2,298,883	3,878,270	10,337,754

Public Employees' Retirement System (PERS)

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. These disclosures provide information for employers who are using a June 30, 2020 measurement date for the 2021 reporting.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description

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

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

Public Employees' Retirement System (PERS)

Benefits Provided

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.

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.
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Service Retirement (Continued)

Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.
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CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

Early Retirement

Early retirement, actuarially reduced:

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

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

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

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 member's highest average compensation.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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 other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013: (a) 1.5% for each year PERS is funded at or above 90%; (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and (c) 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

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

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

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

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

Fiscal Year	Member		State & Universities	Local Government		School Districts	
	Hired <07/01/11	Hired >07/01/11	Employer	Employer	State	Employer	State
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

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

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

3. Non Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The state contributed a Statutory Appropriation from the General Fund of \$33,951,000.

Actuarial Assumptions

The total pension liability (TPL) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions.

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

Guaranteed Annual Benefit Adjustment (GABA) 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 other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - a) 1.5% for each year PERS is funded at or above 90%;
 - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - c) 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, service retired members and beneficiaries are based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back one year.
- Mortality assumptions among disabled members are based on RP-2000 Mortality Tables with no projections.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 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 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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 in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease at 6.34%	Current Discount Rate	1.0% Increase at 8.34%
City of Bozeman Net Pension Liability	\$30,947,214	\$22,483,506	\$15,374,048

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2021, and 2020 (reporting dates), 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 \$22,483,506 and the employer's proportionate share was 0.85225 percent.

As of Reporting Date	Net Pension Liability as of 6/30/21	Net Pension Liability as of 6/30/20	Percent of Collective NPL as of 6/30/21	Percent of Collective NPL as of 6/30/20	Change in Percent of Collective NPL
City of Bozeman Proportionate Share	\$ 22,483,506	\$ 18,018,039	0.8522%	0.8620%	-0.0098%
State of Montana Proportionate Share associated with the City	7,096,303	5,867,557	0.2690%	0.2807%	-0.0117%
Total	\$ 29,579,809	\$ 23,885,596	1.1212%	1.1427%	-0.0215%

Changes in Actuarial Assumptions and Methods:

The following changes in assumptions or other inputs were made that affected the measurement of the TPL:

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Benefit Terms:

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

Changes in Proportionate Share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2021, the employer recognized \$3,000,057 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$1,160,544 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

As of reporting date	Pension Expense as of 6/30/21	Pension Expense as of 6/30/20
City's Proportionate Share	\$ 3,000,057	\$ 2,505,327
Employer Grant Revenue - State of Montana Proportionate Share for Employer	1,160,544	398,345
Total	\$ 4,160,601	\$ 2,903,672

Recognition of Deferred Inflows and Outflows

At June 30, 2021, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

As of Reporting Date	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected v. actual experience	\$ 362,930	\$ 642,837
Projected investment earnings v. actual investment earnings	1,946,871	-
Changes in assumptions	1,556,897	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	818,616
Employer contributions subsequent to the measurement date	1,302,862	-
Total	\$ 5,169,560	\$ 1,461,453

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the employer's pension expense as follows:

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2022	\$ 69,479
2023	\$ 1,169,112
2024	\$ 680,523
2025	\$ 486,401
2026	\$ -
Thereafter	\$ -

PERS Disclosure for the Defined Contribution Plan

The City 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.

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.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Disclosure for the Defined Contribution Plan (Continued)

At the plan level for the reporting period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$775,195.

Pension plan fiduciary net position:

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report (ACFR)* 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/>

Firefighters' Unified Retirement System (FURS)

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). 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 pension plans. These disclosures provide information for employers who are using a June 30, 2020 measurement date for the 2021 reporting.

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description

The 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, Montana Code Annotated (MCA). This plan 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

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
 - 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, and
 - If membership service is greater or equal to 20 years:
 - 50% of HMC + 2% of HMC x years of service credit in excess of 20,
- Early retirement: Age 50 with 5 years of membership service – Normal retirement benefit calculated using HAC and service credit.

Second Retirement:

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of reemployment;
 - 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS)

Benefits Provided (Continued)

Second Retirement (Continued):

- 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 services, 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 members' 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 Compensation Period used in Benefit Calculation

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

- Hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months – the member's benefit increases by 3.0% 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 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

Special Funding

MCA 19-13-604 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		Employer	State
	Non-GABA	GABA		
1998 - 2021	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

Actuarial Assumptions

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

- Investment Return 7.34%
- Admin expense as a % of payroll 0.13%
- General Wage Growth* 3.50%
 *includes Inflation at 2.40%
- Merit Increases 0% to 6.30%
- Postretirement Benefit Increases
 - ***Guaranteed Annual Benefit Adjustment (GABA) each January***
 Members 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 a maximum of 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.
- Mortality assumptions among contributing members, service retired members and beneficiaries are based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP-2000 Combined Mortality Tables with no projections.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.00%	

Discount Rate

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

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

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 the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
City of Bozeman's Net Pension Liability	\$5,875,759	\$3,632,981	\$1,180,903

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2021 and 2020 (reporting dates), 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 \$3,632,981 and the employer's proportionate share was 2.3217 percent.

As of Reporting Date	NPL as of 6/30/21	NPL as of 6/30/20	Percent of Collective NPL as of 6/30/21	Percent of Collective NPL as of 6/30/20	Change in Percent of Collective NPL
City Proportionate Share	\$ 3,632,981	\$ 2,518,508	2.3217%	2.1955%	0.1262%
State of Montana Proportionate Share associated with Employer	8,189,975	6,091,025	5.2340%	5.3098%	-0.0758%
Total	\$ 11,822,956	\$ 8,609,533	7.5557%	7.5053%	0.0504%

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Actuarial Assumptions and Methods:

The following changes in assumptions or other inputs were made that affected the measurement of the TPL:

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in Benefit Terms:

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

Changes in Proportionate Share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2021 reporting date, the employer recognized its proportionate share of the FURS' pension expense of \$704,126. The employer also recognized grant revenue of \$1,594,757 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer.

As of reporting date	Pension Expense as of 6/30/21	Pension Expense as of 6/30/20
City's Proportionate Share	\$ 704,126	\$ 495,696
Employer Grant Revenue - State of Montana Proportionate Share for Employer	1,594,757	1,268,918
Total	\$ 2,298,883	\$ 1,764,614

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows

At June 30, 2021, 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 v. actual experience	\$ 247,267	\$ 18,911
Projected investment earnings v. actual investment earnings	\$ 466,405	\$ -
Changes in assumptions	\$ 645,373	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 14,649
Employer contributions subsequent to the measurement date	\$ 597,763	\$ -
Total	\$ 1,956,808	\$ 33,560

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

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2022	\$ 265,442
2023	\$ 343,919
2024	\$ 296,413
2025	\$ 191,710
Thereafter	\$ 228,004

Pension Plan Fiduciary Net Position:

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report (ACFR)* 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/>.

Municipal Police Officers' Retirement System (MPORS)

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 a June 30, 2020 measurement date for the 2021 reporting.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Firefighters' Unified Retirement System (FURS) (Continued)

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Municipal Police Officers' Retirement System (MPORS)

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.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

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 (Early Retirement)
- 2.5% of FAC x years of service credit

Second Retirement:

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

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

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

- 1) 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; Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - c. 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.
- 2) 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

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

Second Retirement (Continued):

- 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.
- 3) 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 part of a member's highest FAC.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months, a GABA will be made each year in January equal to 3.0%.

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 >6/30/97	Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	GABA		
2000-2021	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

Actuarial Assumptions

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

- Investment Return (net of admin expense) 7.34%
- Admin Expense as % of Payroll 0.15%
- General Wage Growth* 3.50%
- *includes Inflation at 2.40%
- Merit Increases 0% to 6.60%
- Postretirement Benefit Increases

i. **Guaranteed Annual Benefit Adjustment (GABA) each January**

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%.

ii. **Minimum Benefit Adjustment (non-GABA)**

Benefit for a retired member or member's survivor and member did not elect 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.

- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using scale BB, set back one year for males.
- Mortality assumptions among Disabled Retirees were based on RP-2000 Combined Mortality Tables with no projects.

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

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 29.37% of the salaries paid by employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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.

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 in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
City of Bozeman's Net Pension Liability	\$10,422,645	\$7,311,248	\$4,826,065

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2021 and 2020 (reporting dates), 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 \$7,311,248 and the employer's proportionate share was 2.9892 percent.

As of Reporting Date	NPL as of 6/30/2021	NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
City Proportionate Share	\$ 7,311,248	\$ 5,712,381	2.9892%	2.8699%	0.1193%
State of Montana Proportionate Share associated with Employer	\$ 14,746,046	\$ 11,632,402	6.0290%	5.8441%	0.1849%
Total	\$ 22,057,294	\$ 17,344,783	9.0182%	8.7140%	0.3042%

Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL:

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in Benefit Terms

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

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes in Proportionate Share

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2021 reporting date, the employer recognized its proportionate share of the Plan's pension expense of \$1,271,558. The employer also recognized grant revenue of \$2,606,712 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer.

As of reporting date	Pension Expense as of 6/30/21	Pension Expense as of 6/30/20
City's Proportionate Share	\$ 1,271,558	\$ 854,376
State of Montana Proportionate Share associated with the City	2,606,712	1,393,465
Total	\$ 3,878,270	\$ 2,247,841

Recognition of Deferred Inflows and Outflows

At June 30, 2021, the employer reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources related to MPORS from the following sources:

As of reporting date	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected v. actual experience	\$ 350,445	\$ 23,079
Projected investment earnings v. actual investment earnings	568,571	-
Changes in assumptions	621,310	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,924	-
Employer contributions subsequent to the measurement date	762,283	-
Total	\$ 2,360,533	\$ 23,079

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

Municipal Police Officers' Retirement System (MPORS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

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

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2022	\$ 442,636
2023	\$ 562,472
2024	\$ 438,691
2025	\$ 131,373
Thereafter	\$ -

Pension Plan Fiduciary Net Position

The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report (ACFR)* 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/>.

NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to providing a deferred compensation plan, the City provides other post-employment benefits (OPEB) allowing its retired employees to continue their medical, dental, and vision care coverage through the City's group health plan until death (Retiree Health Plan). The single-employer defined benefit post-employment health care plan allows retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in the reporting of an implied rate subsidy in the financial statements and footnotes. The City's contract with Allegiance Benefits details the plan eligibility. MMIA is the administrator of the plan, which covers both active and retired members. In accordance with MCA 2-18-704, the City's retirees may continue coverage for themselves and their covered eligible dependents, if they are eligible for public employees' retirement by virtue of their employment with the City of Bozeman. The City's current labor contracts do not include any obligations for payments to retirees. The City also allows terminated employees to continue their health care coverage for 18 months past the date of termination as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

OPEB is recorded on an accrual basis for all enterprise and internal service funds. OPEB is recorded on a modified accrual basis for the governmental funds. Plan contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy

The plan is unfunded by the City and plan members receiving benefits contribute 100 percent of their cost of the benefits on a pay-as-you-go basis. The City plan's administratively established retiree medical, dental, and vision premiums vary between \$41 and \$2,249 per month depending on the medical plan selected, family coverage, and Medicare eligibility. The plan provides different coinsurance amounts depending on whether members use preferred, non-preferred, or other hospitals. Depending on the plan, for a single individual, after an annual deductible of \$500 to \$2,800 for non-Medicare-eligible retirees, the plan reimburses 60% to 80% of allowed charges after deductible and up to the out-of-pocket maximum, and then 100%. Depending on the plan, for a family, after an annual deductible of \$1,000 to \$5,600 for non-Medicare-eligible retirees, the plan reimburses 60% to 80% of allowed charges after deductible and up to the out-of-pocket maximum, and then 100%.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

<u>Category</u>	<u>Count</u>
Active employees	462
Inactive employees or beneficiaries currently receiving benefit payments	<u>32</u>
Total	<u><u>494</u></u>

Contributions

Benefit contributions are paid by the City as they come due.

Total OPEB Liability (TOL)

The City's total OPEB liability of \$4,335,188 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Changes in the TOL for the year ended June 30, 2021 are as follows:

Service cost	\$ 218,391
Interest on OPEB obligation	105,950
Difference between expected & actual expense	(8,615)
Benefits paid	(119,793)
Changes in assumptions	<u>1,270,632</u>
Changes in OPEB obligation	1,466,565
OPEB obligation - beginning of year	<u>2,868,623</u>
OPEB obligation - end of year	<u><u>\$ 4,335,188</u></u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability (TOL) (Continued)

There is sensitivity of the TOL to changes in the discount rate. The TOL of the City as well as what the City's TOL would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) follows:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 4,858,376	\$ 4,335,188	\$ 3,873,361

There is also sensitivity of the TOL to changes in the healthcare cost rates. The TOL of the City as well as what the City's TOL would be if it were recalculated using healthcare cost trend rates that are one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current healthcare cost trend rate follows:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Total OPEB liability	\$ 3,757,755	\$ 4,335,188	\$ 5,032,260

For the year ended June 30, 2021, the City recognized an OPEB expense of \$452,200. At June 30 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,249,705	\$ (726,411)
Total	\$ 1,249,705	\$ (726,411)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ 127,859
2023	127,859
2024	127,859
2025	127,861
2026	167,339
Thereafter	(155,483)
Total	\$ 523,294

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The June 30, 2021, year-end OPEB cost is reported in the City's funds as follows:

<u>Functions/Programs</u>	<u>Expenses</u>
PRIMARY GOVERNMENT	
Governmental activities:	
General government	\$ 262,009
Public safety	447,457
Public service	71,797
Public welfare	313,050
Total governmental activities	<u>1,094,313</u>
Business-type activities:	
Water	88,641
Waste water	78,092
Solid waste	69,415
Parking	15,312
Storm water	20,416
Total business-type activities	<u>271,876</u>
Total primary government	<u>\$ 1,366,189</u>

Actuarial Methods and Assumptions

The City's actuarial valuation is completed on a biennial frequency, provided no significant events have occurred warranting new measurement. The City completed the valuation for fiscal year 2020, with an estimate provided for fiscal year 2021. For fiscal year 2021, an estimated valuation was derived based on the 2020 actual costs and participants. As a result of this biennial valuation, we have marked the fields as "n/a" where actual financial data was not used to generate the estimate. As of July 1, 2020, the most recent valuation date, the City's total OPEB liability was determined using the following actuarial assumptions:

The following key assumptions were chosen by the City:

1. Discount Rate: 2.21 % for determining fiscal 2021 disclosure and estimated fiscal 2021 expense; 3.50% for determining fiscal 2020 liability and fiscal 2020 expense.
2. Inflation Rate: 2.5% long-term.
3. Expected Real Rate of Return on Assets: N/A.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

4. Health Care Claim and Contribution Trend Rates: Updated from 7.5% initial in fiscal 2021 and 4.5% ultimate in fiscal 2041.
5. Average Salary Increase: 1.50%
6. Retirement Rates: Based on actuarial valuation for statewide retirement systems as of June 30, 2020
7. Retiree Participation Rate: 35%
8. Lapse Rate: 15% per year
9. Marriage Assumption: For future retirees, 60% of participants are assumed to be married, with husbands 3 years older than wives

The discount rate was based on a yield or index rate for a 20-year, tax-exempt, general obligation municipal bond with an average rating of AA/Aa or higher. Rates were taken from the Bond Buyer 20-Bond GO index as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plan Public Safety mortality table projected generationally with Scale MP-2020 for MPORS and FURS (Police and Fire, respectively) and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020 for PERS (all other employees).

The medical trend rate table was reset in fiscal 2021.

Projections of the sharing of benefit-related costs for financial reporting purposes are based on an established pattern of practice.

This report constitutes the only analysis and presentation of the City's post-employment benefit plan. There is no separate, audited GAAP-basis post-employment benefit plan report.

NOTE 16. JOINT VENTURE AGREEMENTS

Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing financial responsibility. As of June 30, 2021, the City has entered into joint venture contractual arrangements, as described on the following page.

911 Communication Center

The City and Gallatin County, Montana (the County) have entered into an inter-local agreement for the purposes of establishment of the operation and financing of a 911 communication services division (the Division) for dispatch and records services, to define the relationship of the Administrative Board with the City and County, and to establish the line of authority for personnel furnishing the communication services to the City and County and others who may contract for the services.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 16. JOINT VENTURE AGREEMENTS (CONTINUED)

City-County Drug Forfeitures

The City and County have entered into an inter-local agreement for the purposes of establishment of a joint drug forfeiture account funded from drug related forfeitures, seizures, and prosecutions of City and County law enforcement cases and to establish an equitable means of distributing those funds to continue drug interdiction activities. The goal of the agreement is to make the City and County Drug Enforcement operations less reliant on the general and public safety fund monies of the City and County. The original term of the agreement was for a period of one year, beginning September 20, 2004 and automatically renews for a period of one year until terminated by either party with written notice of intent to terminate. Financial information regarding the joint drug forfeiture account can be obtained by contacting the City of Bozeman Department of Finance, 411 East Main Street, Bozeman, MT 59715.

The County and City have entered into various other joint venture contractual arrangements, memorandums of understanding and inter-local agreements to support the following programs and/or operations: Victim Witness, Hazardous Materials, Solid Waste (Disposal and Convenient Site), Fire Warden/Chief, Evidence Technician, Library Services, Board of Health, and rental of the Law and Justice Center. The financial interests are not material.

Montana Municipal Interlocal Authority

The City and Montana Municipal Interlocal Authority (MMIA) have entered into a 20-year agreement in December 2012 to share up to \$1 million in profits from the sale of city-owned property known as the Mandeville Farm. The agreement came about as part of a settlement on legal claims from the City of Bozeman vs. MMIA litigation. A “profit” shall occur only when the City has recovered its total investment in the property, which includes the original purchase price together with all “costs of development” as defined in the settlement agreement.

NOTE 17. RESTRICTED NET POSITION

At June 30, 2021, the balances of restricted net position for business-type activities are as follows:

	Business-Type Activities			Total
	Water Fund	Waste Water Fund	Nonmajor Enterprise	
Restricted by revenue bond covenants:				
For bond reserve	\$ 898,929	\$ 2,168,222	\$ 58,288	\$ 3,125,439
Restricted by ordinance:				
Cash in lieu of parking	-	-	130,316	130,316
Cash in lieu of infrastructure	516,199	-	-	516,199
Drought reserve	362,581	-	-	362,581
Impact fees	7,472,892	3,232,169	-	10,705,061
	<u>\$ 9,250,601</u>	<u>\$ 5,400,391</u>	<u>\$ 188,604</u>	<u>\$ 14,839,596</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 18. INTERFUND TRANSFERS AND ASSETS/LIABILITIES

A summary of interfund transfers reported in the fund financial statements for the year ended June 30, 2021, follows:

	Transfers From				
	Governmental Funds			Proprietary	
	General Fund	American Rescue Plan Act	Nonmajor Governmental	Water	Total
Transfers To					
General Fund	\$ -	\$ 388,469	\$ 2,340,178	\$ -	\$ 2,728,647
American Rescue Plan Act	-	-	-	-	-
SID Debt Service	-	-	-	-	-
Capital projects	103,009	-	1,003,511	-	1,106,520
Nonmajor Governmental	44,000	198,661	1,898,572	-	2,141,233
Water Enterprise	-	-	-	600,000	600,000
Waste Water Enterprise	-	-	-	-	-
Nonmajor Enterprise	410,000	124,921	-	-	534,921
Total	<u>\$ 557,009</u>	<u>\$ 712,051</u>	<u>\$ 5,242,261</u>	<u>\$ 600,000</u>	<u>\$ 7,111,321</u>

Transfers are used to (1) move revenues from the fund that statute or budgets requires to collect them to the fund that statute or budgets require to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to transfer non-restricted interest income from the permanent fund to the general fund.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 18. INTERFUND TRANSFERS AND ASSETS/LIABILITIES (CONTINUED)

A summary of advances and due from/to other funds at June 30, 2021, is as follows:

	Advances to other City funds	Advances from other City funds
Major Fund:		
SID Sinking Debt Service	\$ -	\$ 1,045,398
Non-major Governmental Fund:		
SID Revolving Debt Service	1,045,398	-
	\$ 1,045,398	\$ 1,045,398
	Due from other City funds	Due to other City funds
Major Funds:		
General fund	\$ 990,414	\$ -
Non-major Governmental Funds:		
TIFD South Bozeman Technology	-	7,626
G.O. Bonds Debt Service Fund	-	348,505
TIF Bonds	-	1,499
Internal Service Fund:		
Vehicle Maintenance	-	591,578
Medical Health Insurance	-	41,206
	\$ 990,414	\$ 990,414

Interfund balances reported as due from or due to other funds are usually a result of transfers for reporting purposes to cover negative cash balances within a fund. These transfers are reversed as cash becomes available in a fund where cash previously had been in a deficit.

NOTE 19. RISK MANAGEMENT

The City faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability (i.e. errors and omissions), d) environmental damage, e) workers' compensation (i.e. employee injuries), and f) medical insurance cost of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss except for small deductible amounts, are purchased for property and content damage and professional liabilities. The City participates in two state-wide public risk pools operated by the Montana Municipal Interlocal Authority (MMIA), for workers' compensation and for tort liability. Employee medical insurance is provided through a cost-sharing multiple-employer defined benefit plan administered by MMIA. The plan offers health, dental and vision benefits and flexible spending and health savings accounts. Given the lack of coverage available, the City has no coverage for potential losses from environmental damages.

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 19. RISK MANAGEMENT (CONTINUED)

Commercial Policies

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City's Enterprise Funds and the General Fund. Premiums are subsidized through a special purpose property tax levy, based on total appropriations. Settled claims resulting from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2021, 2020, and 2019.

Public Entity Risk Pools

In 1986, the City joined together with other Montana cities to form the Montana Municipal Interlocal Authority, which established a workers' compensation plan and a tort liability plan. Both public entity risk pools currently operate as common risk management and insurance programs for the member governments.

The liability limits for damages in tort action are \$750,000 per claim and \$1.5 million per occurrence, and \$12.5 million per occurrence for any claim that is not subject to the limitations on governmental liability, as described in Montana Code Annotated Section 2-9-108 (the Statute) or any successor statute, either as matter of law, by operation of the Statute, or by a judicial determination that the Statute is inapplicable or is otherwise invalid, with \$11,250 deductible per occurrence. State tort law limits the City's liability to \$1.5 million. The City pays premiums for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums. The tort liability plan and workers' compensation program issued debt of \$4.41 million and \$6.155 million, respectively, to immediately finance the necessary insurance reserves. All members signed a contingent note for a pro rata share of this liability in case operating revenues were insufficient to cover the debt service; the debt was retired in 2011.

The City also owns a policy with MMIA for loss or damage to property. This is an all-risk policy, essentially all property owned by the City being insured for 100% of replacement cost, subject to a \$5,000 deductible per occurrence. MMIA reinsures their property insurance with a national municipal pool, Public Entities' Property Insurance.

NOTE 20. CONTINGENCIES

The City is involved with several lawsuits, which arise out of the normal course of operations by the City. Management of the City intends to vigorously defend each claim and believes no material losses will be incurred on such claims.

NOTE 21. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

The City has a municipal solid waste landfill. 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 30 years after final closure. The City stopped accepting waste effective June 30, 2008. The final capping of the cells is still pending. The City has accrued a liability for \$1,485,805, which is its estimate of future landfill closure and post-closure care costs as of June 30, 2021.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 21. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED)

This amount is based on a Corrective Measures Assessment completed in September 2014 by a third party engineering firm, from which a remediation plan has been adopted by the City and has been approved the Montana Department of Environmental Quality. The cost of post closure care is an estimate and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The Solid Waste Fund accounts for the City's solid waste collection, recycling, and disposal utility operation – including assets, liabilities, and post-closure costs associated with the closed Story Mill landfill. Segment information for the landfill is as follows:

Condensed Statement of Net Position

Restricted cash and cash equivalents	\$ 106,840
Capital assets, net of depreciation	<u>777,398</u>
Total assets	<u>\$ 884,238</u>
Current liabilities	\$ 72,801
Closure and post-closure care cost	<u>1,485,805</u>
Total liabilities	<u>1,558,606</u>
Restricted for debt service	<u>(674,368)</u>
Total net position	<u>(674,368)</u>
Total liabilities and net position	<u>\$ 884,238</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues and expenses:	
Operating revenues	<u>\$ -</u>
Operating expenses	
Depreciation	30,709
Change in post closure cost estimate	(71,349)
Other operating	-
Total operating expenses	<u>(40,640)</u>
Operating profit	<u>40,640</u>
Non-operating revenues (expenses):	
Interest income	299
Transfers	<u>310,000</u>
Total non-operating revenues	<u>310,299</u>
Change in net position	350,939
Net position, beginning of year	<u>(1,025,307)</u>
Net position, end of year	<u>\$ (674,368)</u>

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 22. SEGMENT INFORMATION FOR WATER ENTERPRISE FUND

The City's Water Fund accounts for the City's water utility operations and collection and administration of water impact fees. Segment information for the utility operations, excluding impact fees, is as follows:

<u>Condensed Statement of Net Position</u>	
Current assets	\$ 20,895,348
Capital assets	147,332,738
Other assets	7,571,098
Total assets	<u>\$ 175,799,184</u>
Current liabilities	\$ 1,800,342
Non-current liabilities	19,631,167
Total liabilities	<u>21,431,509</u>
Net investment in capital assets	128,775,153
Restricted for debt service	7,043,653
Unrestricted	18,548,869
Total net position	<u>154,367,675</u>
Total liabilities and net position	<u>\$ 175,799,184</u>

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 22. SEGMENT INFORMATION FOR WATER ENTERPRISE FUND (CONTINUED)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues and expenses:

Operating revenues	\$ 11,027,544
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Operating expenses:

Depreciation	3,044,346
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Other operating	6,701,803
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Total operating expenses	9,746,149
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Operating loss	1,281,395
----------------	-----------

Non-operating revenues (expenses)

Interest income	17,694
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Interest expense	(552,155)
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Grant income	34,284
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Gain on sale of assets	6,704
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Contributions of infrastructure	2,701,180
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Other income	75,012
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Transfers	600,000
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Total non-operating revenues	2,882,719
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Change in net position	4,164,114
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Net position, beginning of year	150,203,561
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Net position, end of year	\$ 154,367,675
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Condensed Statement of Cash Flows

Net cash provided by operating activities	\$ 4,543,231
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Net cash flows from capital and related financing activities	(2,391,270)
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Net cash flows from noncapital and financing activities	634,284
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Net cash flows from investing activities	17,694
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Net change in cash flows	2,803,939
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Beginning cash and equivalents	24,430,155
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Ending cash and equivalents	\$ 27,234,094
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CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 23. IMPACT FEES

On January 22, 1996, the City Commission adopted fire, water, waste water and street impact fees in Ordinance number 1414. The impact fees were first effective on March 23, 1996. Impact fees were set at a percentage of the cost of the impact, as follows:

	<u>Original, as of March 23, 1996</u>	<u>Change as of May 10, 1998</u>	<u>Change as of January 15, 1999</u>	<u>Change as of July 15, 1999</u>	<u>Change as of January 1, 2013</u>	<u>Change as of March 30, 2013</u>
Fire impact fee	90%	90%	90%	90%	100%	100%
Water impact fee	35%	50%	90%	90%	100%	100%
Waste water impact fee	35%	50%	90%	90%	100%	100%
Street impact fee	10%	10%	75%	90%	90%	100%

An applicant may obtain an Impact Fee Credit by dedication of non-site-related land or construction of non-site-related improvements. Credits must be made before the beginning of improvement construction, must comply with the City's Capital Improvements Program, and must be approved by the City Commission. Credits may be used only for like-type impact fees. The full provisions for impact fee credits are contained in Chapter 3.24 of the Bozeman Municipal Code. For proprietary type funds, the City records a liability for the impact fee credit and capitalizes the underlying asset. For governmental-type funds, the credits are only disclosed in the footnotes. For government-wide financial reporting, the outstanding credits are reported as unearned revenue. The Water Impact Fee Fund, Street Impact Fee Fund, and Waste Water Impact Fee Fund have recorded impact fee credits amounting to \$33,232, \$56,343, and \$129,042, respectively, as of June 30, 2021. The Fire Impact Fee Fund does not have any outstanding credits. The following impact fee revenues were collected and expensed/expended during fiscal year 2021:

	<u>Beginning Balances</u>	<u>Impact Fees</u>	<u>Other Income</u>	<u>Expenses, Expenditures, and Transfers</u>	<u>Ending Balances</u>
Fire	\$ 3,242,512	\$ 594,962	\$ 8,860	\$ (32,963)	\$ 3,813,371
Water	8,679,257	2,943,242	3,354	(928,948)	10,696,905
Waste water	6,525,616	1,764,435	4,004	(456,464)	7,837,591
Streets	4,725,249	6,439,227	26,785	(3,185,853)	8,005,408
Total	<u>\$ 23,172,634</u>	<u>\$ 11,741,866</u>	<u>\$ 43,003</u>	<u>\$ (4,604,228)</u>	<u>\$ 30,353,275</u>

CITY OF BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 24. POLLUTION REMEDIATION OBLIGATIONS

Jewel v. City of Bozeman / State of Montana v. City of Bozeman

This action was filed in the United States District Court for the District of Montana. The multi-count complaint reduced itself to a cost recovery action under the Federal Superfund (CERCLA) and State Superfund (CECRA). On July 8, 1999, the City, Jewel Food Stores, Inc. and the other parties reached a final settlement agreement in this action. The settlement, in part, required Jewel Food Stores, Inc. to pay the City of Bozeman \$1,200,000, the City and Jewel to extend alternative water supply to businesses and residents in the North 19th Avenue area of the City; and Jewel and the City to share specified remediation costs on an equal basis (50% each) up to a cumulative amount of \$4,000,000, and for eligible costs in excess of that amount, to be shared 70% by Jewel and 30% by the City. The City is reimbursed by insurers for 23% of the City's expenditures for these purposes.

The Montana Department of Environmental Quality (MDEQ) issued the Record of Decision (ROD) for the Bozeman Solvent Site (BSS) in August 2011. The Administrative Order of Consent (AOC) was finalized in January 2012. The ROD and AOC specifically delineate the remediation to be completed for the BSS. The AOC serves as the legal mechanism for the implementation of the selected remedies identified in the ROD. Though remediation is currently underway and may be completed relatively quickly, monitoring of the site will continue for a period of up to 30 years. Tasman Geosciences, Inc. serves as the contractor for the potentially liable parties (the City of Bozeman and CVS Pharmacy, Inc.). Based on the selected remedies identified in the ROD, Tasman has completed a long-term cost projection for the project in February 2016. The long-term cost projection was reviewed in September 2017 and, at that time, it was determined it was still an accurate projection. This cost projection includes all remediation and monitoring cost, as well as, the MDEQ cost recovery associated with the BSS. The long-term cost projection for the City is \$2,089,997 in remediation costs. Reduced by its insurer's reimbursement, the amount is \$1,175,032. This liability is recorded in the Waste Water Fund, is an estimate, and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

CMC Asbestos Bozeman CECRA Facility

In 2001, the City purchased property located within the CMC Asbestos Bozeman Facility (the "Facility"), a former asbestos ore storage and processing, recycling/salvage yard. In 2002, contractors for the City, under the Montana Voluntary Cleanup and Redevelopment Act (VCRA), submitted a Voluntary Cleanup Plan (VCP), which was approved by the Department of Environmental Quality (DEQ). Remediation work on City-owned property was completed in October 2003. On December 21, 2006, the City agreed to complete remedial actions at the remainder of the Facility, which included adjacent, private properties. The City submitted an Addendum to its original VCP, and cleanup work under the approved Addendum was completed in June 2009.

On October 20, 2010, the City received notice from the DEQ stating that no further action is required at the facility and that the DEQ proposes removing the Facility from the CECRA priority list. Pursuant to an August 2007 Stipulated Agreement between the City and all other involved parties, additional cleanup after issuance of the DEQ's closure letter may be required by DEQ based upon property use changes, modification of structures, or other factors.

The City has an ongoing claim against the State orphan share for the orphan share funds' proportional share of these post-closure clean-up costs. In addition, all other parties are still liable for their proportional share of the clean-up. The result is that should additional work be required at the Facility, the City will only be liable for 1% of the total post-closure clean-up costs.

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 25. NET POSITION COMPOSITION

The table presented below displays the City's fund balances by major purpose as displayed on page 31 of the governmental funds balance sheet.

	General Fund	American Rescue Plan Act	SID Debt Service	Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 255,000	\$ 255,000
Cemetery perpetual care	-	-	-	-	1,629,479	1,629,479
Total nonspendable	-	-	-	-	1,884,479	1,884,479
Restricted						
General government-Planning	-	-	-	-	1,316,451	1,316,451
General government-Health Insurance	-	-	-	-	1,041,753	1,041,753
General government-other	-	-	-	-	105	105
Public safety - Building Inspection	-	-	-	-	1,803,339	1,803,339
Public safety-Fire Impact	-	-	-	-	3,813,371	3,813,371
Public safety-Victim Witness	-	-	-	-	426,640	426,640
Public safety-other	-	-	-	-	8,005,408	8,005,408
Public service	-	-	-	-	4,153,438	4,153,438
Public service - Gas Tax	-	-	-	-	1,533,621	1,533,621
Public service - Community Transportation	-	-	-	-	-	-
Public service - Lighting Districts	-	-	-	-	427,013	427,013
Public welfare - Tax Increment Districts	-	-	-	-	71,519	71,519
Public welfare - Econ Develop Loan Fund	-	-	-	-	788,150	788,150
Public welfare - Tree Maint. District	-	-	-	-	632,595	632,595
Public welfare - other	-	-	-	-	9,295,368	9,295,368
Capital projects	-	-	-	23,048,892	-	23,048,892
Debt service - TIF Bonds	-	-	-	-	(1,499)	(1,499)
Debt service - SID Sinking	-	-	1,804,144	-	-	1,804,144
Debt service - SID Revolving Fund	-	-	-	-	3,601,325	3,601,325
Debt service - GO Bonds	-	-	-	-	57,271	57,271
Total restricted	-	-	1,804,144	23,048,892	36,965,868	61,818,904

CITY OF BOZEMAN, MONTANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 25. NET POSITION COMPOSITION (CONTINUED)

	General Fund	American Rescue Plan Act	SID Debt Service	Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Committed						
Public safety	-	-	-	-	556,229	556,229
Public welfare	-	-	-	-	2,698,672	2,698,672
Capital projects	-	-	-	366,743	-	366,743
Total committed	-	-	-	366,743	3,254,901	3,621,644
Assigned						
General government	2,225,256	-	-	-	-	2,225,256
Public welfare	-	-	-	-	96,473	96,473
Capital projects	1,481,514	-	-	-	-	1,481,514
Budget ordinance minimum 16.67%	5,476,495	-	-	-	-	5,476,495
Total assigned	9,183,265	-	-	-	96,473	9,279,738
Unassigned	-	-	-	662,773	-	662,773
Total net position	\$ 9,183,265	\$ -	\$ 1,804,144	\$ 24,078,408	\$ 42,201,721	\$ 77,267,538

NOTE 26. COMMITMENTS

The City entered into a contract to construct the Bozeman Public Safety Center. The contract commitment for the project is \$36,984,237. For the year ended June 30, 2021, the City had incurred \$16,902,063 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into various contracts for various road and streetscape projects. The contract commitments for the projects are \$16,278,380. For the year ended June 30, 2021, the City had incurred \$15,560,511 towards the projects.

The City entered into a contract to construct the Davis Lane lift station and Norton East Ranch sewer project. The contract commitment for the project is \$16,636,159. For the year ended June 30, 2021, the City had incurred \$14,691,961 towards the project.

**C. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT DISCUSSION AND ANALYSIS**

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 Year Ended June 30, 2021

GASB Statement No. 75 was implemented beginning in fiscal year 2018. This Statement requires supplementary information for 10-year schedules containing service cost, changes of benefit terms, if any, differences between expected and actual experience, changes of actuarial assumptions or other inputs, and benefit payments, as applicable to the Local Government's OPEB plan and method of calculating OPEB liability.

Assets are not accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits. The total OPEB liability and ratio of OPEB liability as a percentage of covered-employee payroll as of June 30, 2021 is determined as follows:

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 218,391	\$ 224,433	\$ 180,183	\$ 256,948
Interest	105,950	105,809	88,126	81,562
Assumption changes	(8,615)	86,881	225,374	(653,711)
Difference between expected and actual experience	(119,793)	-	(502,125)	431,737
Benefit payments	<u>1,270,632</u>	<u>(116,330)</u>	<u>(118,184)</u>	<u>(431,737)</u>
Net change in total OPEB liability	1,466,565	300,793	(126,626)	(315,201)
Total OPEB liability - beginning of year	<u>2,868,623</u>	<u>2,567,830</u>	<u>2,694,455</u>	<u>3,009,656</u>
Total OPEB liability - ending of year	<u>\$ 4,335,188</u>	<u>\$ 2,868,623</u>	<u>\$ 2,567,829</u>	<u>\$ 2,694,455</u>
Covered-employee payroll	\$26,119,539	\$24,490,157	\$23,503,572	\$45,345,305
Total OPEB liability as a percentage of covered-employee payroll	16.60%	11.71%	10.93%	5.94%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Assumption changes. Changes of assumptions reflect the effects of changes in the discount rate used each period. The following are the discount rates used for each period presented:

6/30/2021	2.21%
6/30/2020	3.50%
6/30/2019	3.87%
6/30/2018	3.13%

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 AND SCHEDULE OF CONTRIBUTIONS
 For the Last Ten Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability:	PERS						
As of Reporting Date	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	85.2225%	0.8620%	0.8336%	1.0419%	1.0218%	0.9588%	0.91505%
Employer's net pension liability (amount)	\$ 22,483,506	\$ 18,018,037	\$ 17,399,265	\$ 20,291,988	\$ 17,404,143	\$ 13,403,285	\$ 11,401,613
State's net pension liability (amount)	\$ 7,096,303	\$ 5,867,557	\$ 5,822,595	\$ 266,967	\$ 212,659	\$ 164,637	\$ 139,231
Total	\$ 29,579,809	\$ 23,885,594	\$ 23,221,860	\$ 20,558,955	\$ 17,616,802	\$ 13,567,922	\$ 11,540,844
Employer's covered payroll	\$ 14,298,930	\$ 14,222,530	\$ 13,764,340	\$ 12,924,792	\$ 12,238,920	\$ 11,189,797	\$ 10,479,122
Employer's proportionate share as a percent of covered payroll	157.24%	126.69%	126.41%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percent of total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.90%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Contributions:	PERS						
As of Reporting Date	2021	2020	2019	2018	2017	2016	2015
Contractually required DB contributions	\$ 1,302,862	\$ 1,239,718	\$ 1,223,234	\$ 1,161,210	\$ 1,081,810	\$ 1,022,996	\$ 922,084
Plan choice rate required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,892	\$ 52,151
Contributions in relation to the contractually required contributions	\$ 1,302,862	\$ 1,239,718	\$ 1,223,234	\$ 1,161,210	\$ 1,081,810	\$ 1,051,888	\$ 974,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,855,905	\$ 14,298,930	\$ 14,222,530	\$ 13,764,340	\$ 12,924,792	\$ 12,238,920	\$ 11,189,797
Contributions as a percent of covered payroll	8.77%	8.67%	8.60%	8.44%	8.37%	8.59%	8.71%

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 AND SCHEDULE OF CONTRIBUTIONS (CONTINUED)
 Year Ended June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability: As of Reporting Date	FURS						
	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	2.3217%	2.1955%	2.3663%	2.3492%	2.3705%	2.4336%	2.4192%
Employer's net pension liability (amount)	\$ 3,632,985	\$ 2,518,508	\$ 2,725,281	\$ 2,655,380	\$ 2,707,390	\$ 2,489,054	\$ 2,361,551
State's net pension liability (amount)	\$ 8,189,975	\$ 6,091,025	\$ 6,231,502	\$ 6,030,078	\$ 6,134,093	\$ 5,543,784	\$ 5,327,544
Total	\$ 11,822,960	\$ 8,609,533	\$ 8,956,783	\$ 8,685,458	\$ 8,841,483	\$ 8,032,838	\$ 7,689,095
Employer's covered payroll	\$ 4,052,989	\$ 3,807,151	\$ 3,726,746	\$ 3,511,860	\$ 3,338,041	\$ 3,270,451	\$ 3,142,481
Employer's proportionate share as a percent of covered payroll	89.64%	66.15%	73.13%	75.61%	81.11%	76.11%	75.15%
Plan fiduciary net position as a percent of total pension liability	75.34%	80.08%	79.03%	77.77%	75.48%	76.90%	76.70%

**The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedule of Contributions: As of Reporting Date	FURS						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 597,763	\$ 582,009	\$ 524,670	\$ 548,518	\$ 504,303	\$ 477,250	\$ 478,776
Contributions in relation to the contractually required contributions	\$ 597,763	\$ 582,009	\$ 524,670	\$ 548,518	\$ 504,303	\$ 477,250	\$ 478,776
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 4,162,698	\$ 4,052,989	\$ 3,807,151	\$ 3,726,746	\$ 3,511,860	\$ 3,338,041	\$ 3,270,451
Contributions as a percent of covered payroll	14.36%	14.36%	13.78%	14.72%	14.36%	14.03%	14.64%

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 AND SCHEDULE OF CONTRIBUTIONS (CONTINUED)
 Year Ended June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability:	MPORS						
	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	2.9892%	2.8699%	2.9325%	3.0402%	3.0842%	2.9746%	3.0209%
Employer's net pension liability (amount)	\$ 7,311,248	\$ 5,712,381	\$ 5,022,189	\$ 5,408,979	\$ 5,552,007	\$ 4,920,638	\$ 4,746,933
State's net pension liability (amount)	\$ 14,746,046	\$ 11,632,402	\$ 10,266,345	\$ 11,024,418	\$ 11,020,975	\$ 9,969,680	\$ 9,589,371
Total	\$ 22,057,294	\$ 17,344,783	\$ 15,288,534	\$ 16,433,397	\$ 16,572,982	\$ 14,890,318	\$ 14,336,304
Employer's covered payroll	\$ 5,120,608	\$ 4,729,931	\$ 4,628,804	\$ 4,555,121	\$ 4,353,897	\$ 4,116,930	\$ 4,053,265
Employer's proportionate share as a percent of covered payroll	142.78%	120.77%	108.50%	118.75%	127.52%	119.52%	117.11%
Plan fiduciary net position as a percent of total pension liability	64.84%	68.84%	70.95%	68.34%	65.62%	66.90%	67.01%

**The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Schedule of Contributions:	MPORS						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 764,283	\$ 732,880	\$ 684,296	\$ 692,318	\$ 655,143	\$ 637,789	\$ 596,791
Contributions in relation to the contractually required contributions	\$ 764,283	\$ 732,880	\$ 684,296	\$ 692,318	\$ 655,143	\$ 637,789	\$ 596,791
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,303,384	\$ 5,120,608	\$ 4,729,931	\$ 4,628,804	\$ 4,555,121	\$ 4,353,897	\$ 4,116,930
Contributions as a percent of covered payroll	14.41%	14.31%	14.47%	14.96%	14.38%	14.65%	14.50%

CITY OF BOZEMAN, MONTANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES
Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS

The following changes to the PERS, FURS, and MPORS plan provisions were made as identified:

2017 Legislative Changes – PERS:

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 increased 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.

CITY OF BOZEMAN, MONTANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)
Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS (CONTINUED)

2017 Legislative Changes – FURS:

Working Retiree Limitations – for FURS

Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.

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

Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

- a. 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:
 - i. Is not awarded service credit for the period of reemployment;
 - ii. Is refunded the accumulated contributions associated with the period of reemployment;
 - iii. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - iv. 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)
 Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS (CONTINUED)

2017 Legislative Changes – FURS (Continued):

Working Retiree Limitations – for FURS (Continued)

Second Retirement Benefit – for FURS (Continued)

Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

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

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- 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 increased 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)
 Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS (CONTINUED)

2017 Legislative Changes – MPORS:

Working Retiree Limitations – for MPORS

Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.

- 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.
- 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.
- 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

Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

- 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.

2017 Legislative Changes:
- 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

CITY OF BOZEMAN, MONTANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)
Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS (CONTINUED)

2017 Legislative Changes – MPORS (Continued):

Second Retirement Benefit – for MPORS (Continued)

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

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- 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 increased 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.

CITY OF BOZEMAN, MONTANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)
 Year Ended June 30, 2021

CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and Assumptions used in Calculations of Actuarially Determined Contributions

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

	PERS	FURS	MPORS
General Wage Growth*	3.50%	3.50%	3.50%
Investment Rate of Return*	7.65%	7.65%	7.65%
*Includes inflation at	2.75%	2.75%	2.75%
Merit increase	0% to 8.47%	0% to 6.30%	0% to 6.60%
Asset valuation method	Four-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll, open	Level percentage of pay, open	Level percentage of pay, open
Mortality (Healthy members)	For Males & Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year	For Males & Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year	For Males & 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 & Females: RP 2000 Combined Mortality Table, with no projections	For Males & Females: RP 2000 Combined Mortality Table	For Males & Females: RP 2000 Combined Mortality Table
Admin Expense as a % of Payroll	0.30%	0.13%	0.15%

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.

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF REVENUE, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET TO ACTUAL – GENERAL FUND
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ 1,116,288	\$ 914,230	\$ 6,450,921	\$ 5,536,691
Resources (inflows):				
Taxes	16,230,541	16,230,541	15,775,452	(455,089)
Special assessments	-	-	103	103
Licenses and permits	371,900	371,900	367,895	(4,005)
Intergovernmental	8,591,802	8,591,802	11,864,827	3,273,025
Charges for services	3,573,896	3,573,896	3,650,043	76,147
Fines and forfeitures	1,070,000	1,070,000	1,084,870	14,870
Sale of assets	5,000	5,000	15,952	10,952
Interest on investments	80,000	80,000	5,747	(74,253)
Transfers from other funds	2,580,934	5,767,907	2,728,647	(3,039,260)
Proceeds of long-term debt	-	-	-	-
Other	354,890	354,890	431,551	76,661
Amounts available for appropriation	<u>33,975,251</u>	<u>36,960,166</u>	<u>42,376,008</u>	<u>5,415,842</u>
Charges to appropriations (outflows):				
Current				
General government	8,519,623	8,519,623	8,178,413	341,210
Public safety	15,019,654	15,019,654	17,062,287	(2,042,633)
Public service	-	-	-	-
Public welfare	5,810,264	6,437,819	4,815,295	1,622,524
Other	4,015,799	9,473,995	3,336,278	6,137,717
Capital outlay	857,364	1,255,968	1,885,031	(629,063)
Debt service	54,387	54,387	48,418	5,969
Transfers to other funds	540,000	3,726,973	557,009	3,169,964
Total charges to appropriations	<u>34,817,091</u>	<u>44,488,419</u>	<u>35,882,731</u>	<u>8,605,688</u>
Budgetary fund balance, June 30	<u>\$ (841,840)</u>	<u>\$ (7,528,253)</u>	<u>\$ 6,493,277</u>	<u>\$ 14,021,530</u>

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with
	Original	Final		Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	712,051	712,051
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	-	-	-	-
Transfers from other funds	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Other	-	-	-	-
Amounts available for appropriation	-	-	712,051	712,051
Charges to appropriations (outflows):				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public service	-	-	-	-
Public welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Transfers to other funds	-	-	712,051	(712,051)
Total charges to appropriations	-	-	712,051	(712,051)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF BOZEMAN, MONTANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY INFORMATION
 Year Ended June 30, 2021

	General Fund	American Rescue Plan Act
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 42,376,008	\$ 712,051
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(6,450,921)	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,728,647)	-
The proceeds from the issuance of long-term debt are a budgetary resource but are a other financing source for financial reporting purposes	-	-
The proceeds from the sale of assets are budgetary resources but are regarded as a special item, rather than revenue, for financial reporting purposes	(15,952)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 33,180,488	\$ 712,051
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 35,882,731	\$ 712,051
Differences - budget to GAAP:		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(557,009)	(712,051)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 35,325,722	\$ -

D. SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Departmental Special Revenues – Accounts for monies received and expended for projects relating to various City departments.

Street Impact Fees Special Revenue Fund – Accounts for the collection and expenditures associated with the street impact fees.

Street Maintenance – This special revenue fund accounts for special assessment revenues levied, received, and expended for street maintenance provided to specific property owners.

Fire Impact Fees Special Revenues – Accounts for the collection and expenditures associated with the fire impact fees.

City Planning Board – Accounts for monies received from various sources including property taxes, fees, and County revenues. Expenditures are for short-term and long-term planning of City and adjacent County zones. Section 76-1-102 MCA provides that the purpose of City planning is to encourage local governments to improve the present health, safety, convenience, and welfare of the citizens.

Health-Medical Insurance – Accounts for property tax revenues received and transferred to the general fund for premiums and deductibles on group insurance coverage for City employees.

Gas Tax Apportionment – Accounts for revenues from State gasoline taxes apportioned from the State of Montana Department of Highways.

Drug Forfeitures – Accounts for monies received from fines and forfeitures of drug-related criminal prosecution, to be expended on drug law enforcement and education.

City-County Drug Forfeitures – Accounts for monies received from fines and forfeitures of drug-related criminal prosecution, from an inter-local agreement with the County, to be expended on drug law enforcement and education.

Victim/Witness Advocate – Accounts for monies collected through the Court system to assist with Victim and Witness Advocate Program.

Tree Maintenance – Accounts for special assessment revenues levied, received, and expended for tree maintenance provided to specific property owners.

Parks and Trails District Fund: – In May 2020, the Citizens of Bozeman approved the creation of a Parks and Trails District. This fund accounts for the special assessment and rental revenues collected, and the operating and capital expenditures required to manage and maintain citywide parks and trails.

Community Transportation – Accounts for federal funding for highways, mass transit, and alternative transportation programs as defined by the Intermodal Surface Transportation Efficiency Act (ISTEA). Money is distributed on a per-capita basis.

Fire Department Equipment– Accounts for Public Safety mill levy tax revenues for fire department capital and equipment.

Economic Development Revolving Loan Fund – Accounts for revenues received and expended relative to loans made in accordance with the Community Development Block Grant Program, for economic development purposes.

Housing Revolving Loan Fund – Accounts for revenues received and expended relative to loans made in accordance with the Community Development Block Grant Program, for housing development purposes.

Community Housing – Accounts for money set aside by the City Commission and related expenditure for the establishment of safe, decent, and affordable housing for low and moderate-income citizens.

SPECIAL REVENUE FUNDS (CONTINUED)

TIF Downtown Improvement District – In November 1995, the City adopted an Urban Renewal Plan for the downtown area. This fund accounts for the revenue and expenditures associated with this tax increment financing district and associated business improvement district.

Building Inspection Fund – Accounts for all activity related to enforcing the building regulation adopted by the City. It includes all the money and staff associated with executing any aspect of the code enforcement program.

Street Arterial & Collector District – Accounts for special assessment revenues levied, received, and expended for necessary transportation infrastructure.

Street Lighting – Accounts for special assessment revenues levied, received, and expended for street and public highway lighting provided to specific property owners.

Park Land – Accounts for monies donated for the purpose of acquiring and developing City Parks.

Municipal Court Restitution – Accounts for checks that were canceled on the restitution checking account, per MCA 46-18-250.

TIF N.E. Urban Renewal – In August of 2005, the City created an Urban Renewal Plan for the Northeast Urban section of Bozeman. This fund accounts for the revenue and expenditures associated with the district.

TIF N 7th Corridor - In August of 2005, the City created a Renewal Plan for the North 7th Avenue business district. This fund accounts for the revenue and expenditures associated with the district.

TIF Mandeville/Wheat Dr. – In December 2006, the City created a tax increment financing district to encourage the attraction and retention of value-adding farming industries. This fund accounts for the revenue and expenditures associated with the district.

TIF South Bozeman Technology – In December 2012, the City created a tax increment financing district to improve existing infrastructure deficiencies on property adjacent to Montana State University and the Innovation Campus. This fund accounts for the revenue and expenditures associated with the district.

DEBT SERVICE FUNDS

Special Improvement District (SID) Revolving – Accounts for property tax revenues received and expended for the payment of special improvement district bond principal and interest.

General Obligation Bonds Debt Service Fund – Accounts for the debt service payments associated with the Library and Transportation general obligation bonds.

Tax Increment Financing Bonds Debt Service Fund – Accounts for the debt service payments associated with the Tax Increment Urban Renewal Revenue Bonds issued as partial funding for the construction of a Downtown Intermodal Parking Facility.

PERMANENT FUNDS

Perpetual Cemetery Care – Accounts for 15% maintenance fee received from the sale of City cemetery plots, which is to be used for perpetual care. The interest income from the trust is transferred to the general fund for use in maintaining the City's cemetery.

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	Special Revenue Funds				
	Street Maintenance	Departmental	City Planning Board	Health-Medical Insurance	Gas Tax Apportionment
ASSETS					
Cash and cash equivalents	\$ 1,710,418	\$ 1,928,076	\$ 1,194,588	\$ 811,663	\$ 1,537,231
Receivables:					
Property taxes	-	11,837	23,899	255,523	-
Accrued interest	-	-	-	-	-
Customers, net	11,937	3,016	113	-	-
Special assessments	157,419	-	-	-	-
Other governments	-	369,618	-	-	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	255,000	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	25,000	133,308	-	-
Total assets	<u>\$ 1,879,774</u>	<u>\$ 2,592,547</u>	<u>\$ 1,351,908</u>	<u>\$ 1,067,186</u>	<u>\$ 1,537,231</u>
LIABILITIES					
Accounts payable	\$ 133,600	\$ 267,574	\$ 33,090	\$ -	\$ 3,610
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	678	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>134,278</u>	<u>267,574</u>	<u>33,090</u>	<u>-</u>	<u>3,610</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	1,182	2,367	25,433	-
Unavailable revenue-special assessments	77,224	2,492	-	-	-
Total deferred inflows of resources	<u>77,224</u>	<u>3,674</u>	<u>2,367</u>	<u>25,433</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	255,000	-	-	-
Restricted	1,668,272	71,519	1,316,451	1,041,753	1,533,621
Committed	-	1,898,307	-	-	-
Assigned	-	96,473	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,668,272</u>	<u>2,321,299</u>	<u>1,316,451</u>	<u>1,041,753</u>	<u>1,533,621</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,879,774</u>	<u>\$ 2,592,547</u>	<u>\$ 1,351,908</u>	<u>\$ 1,067,186</u>	<u>\$ 1,537,231</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Special Revenue Funds				
	Tree Maintenance	Fire Impact Fees	Downtown Improvement District	Building Inspection Fund	Economic Development Revolving Loan
ASSETS					
Cash and cash equivalents	\$ 652,571	\$ (5)	\$ 4,942,569	\$ 1,911,305	\$ -
Receivables:					
Property taxes	-	-	591,342	-	-
Accrued interest	-	-	-	2,736	-
Customers, net	-	-	-	-	362,762
Special assessments	16,685	-	1,461	-	-
Other governments	-	-	-	-	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Notes receivable	-	-	-	-	425,388
Restricted cash and cash equivalents	-	3,813,424	-	-	-
Total assets	<u>\$ 669,256</u>	<u>\$ 3,813,419</u>	<u>\$ 5,535,372</u>	<u>\$ 1,914,041</u>	<u>\$ 788,150</u>
LIABILITIES					
Accounts payable	\$ 27,561	\$ 48	\$ 2,141,389	\$ 109,815	\$ -
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	887	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>27,561</u>	<u>48</u>	<u>2,141,389</u>	<u>110,702</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	-
Unavailable revenue-special assessments	9,100	-	-	-	-
Total deferred inflows of resources	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	632,595	3,813,371	3,393,983	1,803,339	788,150
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>632,595</u>	<u>3,813,371</u>	<u>3,393,983</u>	<u>1,803,339</u>	<u>788,150</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 669,256</u>	<u>\$ 3,813,419</u>	<u>\$ 5,535,372</u>	<u>\$ 1,914,041</u>	<u>\$ 788,150</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Special Revenue Funds			
	Community Housing	Street Arterial and Collector District	TIF N 7th Corridor	TIF N.E. Urban Renewal
ASSETS				
Cash and cash equivalents	\$ 1,052,814	\$ 2,522,609	\$ 2,889,781	\$ 495,028
Receivables:				
Property taxes	39,497	-	173,673	73,074
Accrued interest	-	-	4,845	-
Customers, net	(417)	-	-	-
Special assessments	-	30,452	-	-
Other governments	-	-	-	-
Others	-	-	-	-
Advances to other city funds	-	-	-	-
Prepaid expenditures	-	-	-	-
Notes receivable	30,236	-	-	-
Restricted cash and cash equivalents	-	-	-	92,000
Total assets	<u>\$ 1,122,130</u>	<u>\$ 2,553,061</u>	<u>\$ 3,068,299</u>	<u>\$ 660,102</u>
LIABILITIES				
Accounts payable	\$ 318,165	\$ 67,895	\$ 11,037	\$ 26,032
Appearance bonds and other liabilities	-	-	-	-
Escheat property payable	-	-	-	-
Accrued employee benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>318,165</u>	<u>67,895</u>	<u>11,037</u>	<u>26,032</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	3,600	-	31,198	-
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	<u>3,600</u>	<u>-</u>	<u>31,198</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	2,485,166	3,026,064	634,070
Committed	800,365	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>800,365</u>	<u>2,485,166</u>	<u>3,026,064</u>	<u>634,070</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,122,130</u>	<u>\$ 2,553,061</u>	<u>\$ 3,068,299</u>	<u>\$ 660,102</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Special Revenue Funds				
	TIF Mandeville/ Wheat Dr.	TIFD South Boz Technology	Victim/Witness Advocate	Fire Department Equipment	Street Lighting
ASSETS					
Cash and cash equivalents	\$ 118,265	\$ 15	\$ 441,878	\$ 513,644	\$ 451,317
Receivables:					
Property taxes	2,487	-	-	47,311	-
Accrued interest	-	-	-	-	-
Customers, net	-	-	4,589	-	-
Special assessments	-	-	-	-	10,677
Other governments	-	-	-	-	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 120,752</u>	<u>\$ 15</u>	<u>\$ 446,467</u>	<u>\$ 560,955</u>	<u>\$ 461,994</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 19,827	\$ -	\$ 34,981
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	7,626	-	-	-
Total liabilities	<u>-</u>	<u>7,626</u>	<u>19,827</u>	<u>-</u>	<u>34,981</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	4,726	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,726</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	120,752	(7,611)	426,640	-	427,013
Committed	-	-	-	556,229	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>120,752</u>	<u>(7,611)</u>	<u>426,640</u>	<u>556,229</u>	<u>427,013</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 120,752</u>	<u>\$ 15</u>	<u>\$ 446,467</u>	<u>\$ 560,955</u>	<u>\$ 461,994</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Special Revenue Funds				
	Park Land	Street Impact Fees	Municipal Court Restitution	Parks and Trails District	Total
ASSETS					
Cash and cash equivalents	\$ 1,316,125	\$ -	\$ 26,143	\$ 1,002,955	\$ 25,518,990
Receivables:					
Property taxes	-	-	-	-	1,218,643
Accrued interest	-	-	-	-	7,581
Customers, net	-	-	-	-	382,000
Special assessments	-	-	-	77,548	294,242
Other governments	-	-	-	-	369,618
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	255,000
Notes receivable	-	-	-	-	455,624
Restricted cash and cash equivalents	-	8,181,411	-	-	12,245,143
Total assets	<u>\$ 1,316,125</u>	<u>\$ 8,181,411</u>	<u>\$ 26,143</u>	<u>\$ 1,080,503</u>	<u>\$ 40,746,841</u>
LIABILITIES					
Accounts payable	\$ 24,984	\$ 176,003	\$ 1,000	\$ 243,534	\$ 3,640,145
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	25,038	-	25,716
Accrued employee benefits payable	-	-	-	-	887
Due to other funds	-	-	-	-	7,626
Total liabilities	<u>24,984</u>	<u>176,003</u>	<u>26,038</u>	<u>243,534</u>	<u>3,674,374</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	68,506
Unavailable revenue-special assessments	-	-	-	-	88,816
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,322</u>
FUND BALANCES					
Nonspendable	-	-	-	-	255,000
Restricted	1,291,141	8,005,408	105	836,969	33,308,771
Committed	-	-	-	-	3,254,901
Assigned	-	-	-	-	96,473
Unassigned	-	-	-	-	-
Total fund balances	<u>1,291,141</u>	<u>8,005,408</u>	<u>105</u>	<u>836,969</u>	<u>36,915,145</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,316,125</u>	<u>\$ 8,181,411</u>	<u>\$ 26,143</u>	<u>\$ 1,080,503</u>	<u>\$ 40,746,841</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Debt Service Funds			
	SID Revolving	G.O. Bonds	TIF Bonds	Total
ASSETS				
Cash and cash equivalents	\$ 2,555,927	103,882	\$ -	\$ 2,659,809
Receivables:				
Property taxes	-	337,978	-	337,978
Accrued interest	-	-	-	-
Customers, net	-	-	-	-
Special assessments	-	-	-	-
Other governments	-	-	-	-
Others	-	-	-	-
Advances to other city funds	1,045,398	-	-	1,045,398
Prepaid expenditures	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 3,601,325</u>	<u>\$ 441,860</u>	<u>\$ -</u>	<u>\$ 4,043,185</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Appearance bonds and other liabilities	-	-	-	-
Escheat property payable	-	-	-	-
Accrued employee benefits payable	-	-	-	-
Due to other funds	-	348,505	1,499	350,004
Total liabilities	<u>-</u>	<u>348,505</u>	<u>1,499</u>	<u>350,004</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	36,084	-	36,084
Unavailable revenue-special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>36,084</u>	<u>-</u>	<u>36,084</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	3,601,325	57,271	(1,499)	3,657,097
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,601,325</u>	<u>57,271</u>	<u>(1,499)</u>	<u>3,657,097</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,601,325</u>	<u>\$ 441,860</u>	<u>\$ -</u>	<u>\$ 4,043,185</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2021

	Permanent Fund Perpetual Cemetery Care	Total Nonmajor Governmental Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 28,178,799
Receivables:		
Property taxes	-	1,556,621
Accrued interest	-	7,581
Customers, net	7,948	389,948
Special assessments	-	294,242
Other governments	-	369,618
Others	-	-
Advances to other city funds	-	1,045,398
Prepaid expenditures	-	255,000
Notes receivable	-	455,624
Restricted cash and cash equivalents	1,635,940	13,881,083
Total assets	\$ 1,643,888	\$ 46,433,914
LIABILITIES		
Accounts payable	\$ 14,409	\$ 3,654,554
Appearance bonds and other liabilities	-	-
Escheat property payable	-	25,716
Accrued employee benefits payable	-	887
Due to other funds	-	357,630
Total liabilities	14,409	4,038,787
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	-	104,590
Unavailable revenue-special assessments	-	88,816
Total deferred inflows of resources	-	193,406
FUND BALANCES		
Nonspendable	1,629,479	1,884,479
Restricted	-	36,965,868
Committed	-	3,254,901
Assigned	-	96,473
Unassigned	-	-
Total fund balances	1,629,479	42,201,721
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,643,888	\$ 46,433,914

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2021

	Special Revenue Funds				
	City				
	Street Maintenance	Departmental	Planning Board	Health-Medical Insurance	Gas Tax Apportionment
REVENUES					
Taxes	\$ -	\$ 128,936	\$ 258,630	\$ 2,762,846	\$ -
Special assessments	28,385	-	-	-	-
Licenses and permits	31,841	-	-	-	-
Intergovernmental	26,715	757,401	159,058	-	1,618,008
Charges for services	7,028,315	9,835	1,154,578	-	-
Fines and forfeitures	-	24,694	-	-	-
Interest on investments	3,713	11,845	6,250	2,127	8,522
Interest on loans receivable	-	-	-	-	-
Other	43,256	128,608	42,865	-	-
Total revenues	<u>7,162,225</u>	<u>1,061,319</u>	<u>1,621,381</u>	<u>2,764,973</u>	<u>1,626,530</u>
EXPENDITURES					
Current:					
General government	-	146,755	2,031,363	-	-
Public safety	-	536,040	-	-	-
Public service	4,439,778	-	-	-	342,125
Public welfare	-	430,354	-	-	-
Other	-	129,423	-	-	-
Capital outlay	1,043,447	117,448	41,202	-	549,332
Debt service:					
Principal	216,582	62,883	-	-	-
Interest and fiscal fees	23,191	62,912	-	-	-
Total expenditures	<u>5,722,998</u>	<u>1,485,815</u>	<u>2,072,565</u>	<u>-</u>	<u>891,457</u>
Revenues over (under) expenditures	<u>1,439,227</u>	<u>(424,496)</u>	<u>(451,184)</u>	<u>2,764,973</u>	<u>735,073</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	50,000	270,608	221,507	-	-
Transfers out	(724,647)	-	-	(2,545,822)	(864,776)
Sale of capital assets	5,715	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>(668,932)</u>	<u>270,608</u>	<u>221,507</u>	<u>(2,545,822)</u>	<u>(864,776)</u>
Net change in fund balance	770,295	(153,888)	(229,677)	219,151	(129,703)
FUND BALANCES, beginning of year	897,977	2,475,187	1,546,128	822,602	1,663,324
FUND BALANCES, end of year	<u>\$ 1,668,272</u>	<u>\$ 2,321,299</u>	<u>\$ 1,316,451</u>	<u>\$ 1,041,753</u>	<u>\$ 1,533,621</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds				
	Tree Maintenance	Fire Impact Fees	Downtown Improvement District	Building Inspection Fund	Economic Development Revolving Loan
REVENUES					
Taxes	\$ -	\$ -	\$ 1,841,880	\$ -	\$ -
Special assessments	1,851	-	175,445	-	-
Licenses and permits	-	-	1,750	2,501,130	-
Intergovernmental	11,469	-	360	128,539	-
Charges for services	790,230	594,962	-	496	-
Fines and forfeitures	-	-	-	-	-
Interest on investments	2,935	8,860	5,512	2,131	3,304
Interest on loans receivable	-	-	-	-	18,460
Other	17,743	-	-	11	-
Total revenues	<u>824,228</u>	<u>603,822</u>	<u>2,024,947</u>	<u>2,632,307</u>	<u>21,764</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	32,963	-	2,129,007	-
Public service	-	-	-	-	-
Public welfare	699,279	-	782,429	-	40,766
Other	-	-	-	-	-
Capital outlay	14,500	-	-	190,607	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>713,779</u>	<u>32,963</u>	<u>782,429</u>	<u>2,319,614</u>	<u>40,766</u>
Revenues over (under) expenditures	<u>110,449</u>	<u>570,859</u>	<u>1,242,518</u>	<u>312,693</u>	<u>(19,002)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(371,198)	(5,060)	-
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(371,198)</u>	<u>(5,060)</u>	<u>-</u>
Net change in fund balance	110,449	570,859	871,320	307,633	(19,002)
FUND BALANCES, beginning of year	<u>522,146</u>	<u>3,242,512</u>	<u>2,522,663</u>	<u>1,495,706</u>	<u>807,152</u>
FUND BALANCES, end of year	<u>\$ 632,595</u>	<u>\$ 3,813,371</u>	<u>\$ 3,393,983</u>	<u>\$ 1,803,339</u>	<u>\$ 788,150</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds			
	Community Housing	Street Arterial and Collector District	TIF N 7th Corridor	TIF N.E. Urban Renewal
REVENUES				
Taxes	\$ 391,293	\$ -	\$ 1,114,009	\$ 468,352
Special assessments	-	3,359	-	-
Licenses and permits	-	-	-	-
Intergovernmental	1,305	-	1,144	150
Charges for services	-	1,421,018	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	8,276	6,472	3,777	1,594
Interest on loans receivable	110	-	-	-
Other	-	179,569	-	-
Total revenues	<u>400,984</u>	<u>1,610,418</u>	<u>1,118,930</u>	<u>470,096</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public service	-	88,643	-	-
Public welfare	1,288,706	-	294,746	55,538
Other	-	-	-	-
Capital outlay	-	895,573	53,817	3,300
Debt service:				
Principal	-	-	-	45,583
Interest and fiscal fees	-	-	-	46,417
Total expenditures	<u>1,288,706</u>	<u>984,216</u>	<u>348,563</u>	<u>150,838</u>
Revenues over (under) expenditures	<u>(887,722)</u>	<u>626,202</u>	<u>770,367</u>	<u>319,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	864,776	-	-
Transfers out	-	-	(630,758)	-
Sale of capital assets	-	-	-	-
Issuance of long term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>864,776</u>	<u>(630,758)</u>	<u>-</u>
Net change in fund balance	<u>(887,722)</u>	<u>1,490,978</u>	<u>139,609</u>	<u>319,258</u>
FUND BALANCES, beginning of year	<u>1,688,087</u>	<u>994,188</u>	<u>2,886,455</u>	<u>314,812</u>
FUND BALANCES, end of year	<u>\$ 800,365</u>	<u>\$ 2,485,166</u>	<u>\$ 3,026,064</u>	<u>\$ 634,070</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds				
	TIF Mandeville/ Wheat Dr.	TIFD South Boz Technology	Victim/Witness Advocate	Fire Department Equipment	Street Lighting
REVENUES					
Taxes	\$ 8,689	\$ -	\$ -	\$ 515,700	\$ -
Special assessments	-	-	-	-	487,405
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	59,316	-	-
Interest on investments	619	-	2,504	1,458	2,661
Interest on loans receivable	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>9,308</u>	<u>-</u>	<u>61,820</u>	<u>517,158</u>	<u>490,066</u>
EXPENDITURES					
Current:					
General government	-	-	92,495	-	-
Public safety	-	-	-	17,478	-
Public service	-	-	-	-	475,525
Public welfare	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	-	152,064	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>92,495</u>	<u>169,542</u>	<u>475,525</u>
Revenues over (under) expenditures	<u>9,308</u>	<u>-</u>	<u>(30,675)</u>	<u>347,616</u>	<u>14,541</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(50,000)	(50,000)
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balance	9,308	-	(30,675)	297,616	(35,459)
FUND BALANCES, beginning of year	111,444	(7,611)	457,315	258,613	462,472
FUND BALANCES, end of year	<u>\$ 120,752</u>	<u>\$ (7,611)</u>	<u>\$ 426,640</u>	<u>\$ 556,229</u>	<u>\$ 427,013</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds				Totals
	Park Land	Street Impact Fees	Municipal Court Restitution	Parks and Trails District	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,490,335
Special assessments	-	-	-	4,974	701,419
Licenses and permits	-	-	-	-	2,534,721
Intergovernmental	-	-	-	16,125	2,720,274
Charges for services	-	6,439,227	-	3,659,522	21,098,183
Fines and forfeitures	-	-	-	-	84,010
Interest on investments	7,157	4,592	-	1,499	95,808
Interest on loans receivable	-	-	-	-	18,570
Other	328,818	22,192	-	9,941	773,003
Total revenues	<u>335,975</u>	<u>6,466,011</u>	<u>-</u>	<u>3,692,061</u>	<u>35,516,323</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	2,270,613
Public safety	-	-	-	-	2,715,488
Public service	-	379,696	-	-	5,725,767
Public welfare	192,034	-	-	2,706,088	6,489,940
Other	-	-	-	-	129,423
Capital outlay	-	2,806,157	-	150,525	6,017,972
Debt service:					
Principal	-	-	-	-	325,048
Interest and fiscal fees	-	-	-	-	132,520
Total expenditures	<u>192,034</u>	<u>3,185,853</u>	<u>-</u>	<u>2,856,613</u>	<u>23,806,771</u>
Revenues over (under) expenditures	<u>143,941</u>	<u>3,280,158</u>	<u>-</u>	<u>835,448</u>	<u>11,709,552</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,406,891
Transfers out	-	-	-	-	(5,242,261)
Sale of capital assets	-	-	-	2,077	7,792
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,077</u>	<u>(3,827,578)</u>
Net change in fund balance	143,941	3,280,158	-	837,525	7,881,974
FUND BALANCES, beginning of year	1,147,200	4,725,250	105	(556)	29,033,171
FUND BALANCES, end of year	<u>\$ 1,291,141</u>	<u>\$ 8,005,408</u>	<u>\$ 105</u>	<u>\$ 836,969</u>	<u>\$ 36,915,145</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Debt Service Funds			Totals
	SID Revolving	G.O. Bonds	TIF Bonds	
REVENUES				
Taxes	\$ -	\$ 3,707,319	\$ -	\$ 3,707,319
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	718	-	-	718
Fines and forfeitures	-	-	-	-
Interest on investments	1,657	2,151	-	3,808
Interest on loans receivable	19,706	-	-	19,706
Other	-	-	-	-
Total revenues	<u>22,081</u>	<u>3,709,470</u>	<u>-</u>	<u>3,731,551</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public service	-	-	-	-
Public welfare	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	2,205,000	424,000	2,629,000
Interest and fiscal fees	-	1,520,363	311,841	1,832,204
Total expenditures	<u>-</u>	<u>3,725,363</u>	<u>735,841</u>	<u>4,461,204</u>
Revenues over (under) expenditures	<u>22,081</u>	<u>(15,893)</u>	<u>(735,841)</u>	<u>(729,653)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	734,342	734,342
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Issuance of long term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>734,342</u>	<u>734,342</u>
Net change in fund balance	22,081	(15,893)	(1,499)	4,689
FUND BALANCES, beginning of year	3,579,244	73,164	-	3,652,408
FUND BALANCES, end of year	<u>\$ 3,601,325</u>	<u>\$ 57,271</u>	<u>\$ (1,499)</u>	<u>\$ 3,657,097</u>

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
REVENUES		
Taxes	\$ -	\$ 11,197,654
Special assessments	-	701,419
Licenses and permits	-	2,534,721
Intergovernmental	-	2,720,274
Charges for services	98,889	21,197,790
Fines and forfeitures	-	84,010
Interest on investments	8,541	108,157
Interest on loans receivable	-	38,276
Other	-	773,003
Total revenues	107,430	39,355,304
EXPENDITURES		
Current:		
General government	-	2,270,613
Public safety	-	2,715,488
Public service	-	5,725,767
Public welfare	-	6,489,940
Other	-	129,423
Capital outlay	-	6,017,972
Debt service:		
Principal	-	2,954,048
Interest and fiscal fees	-	1,964,724
Total expenditures	-	28,267,975
Revenues over (under) expenditures	107,430	11,087,329
OTHER FINANCING SOURCES (USES)		
Transfers in	-	2,141,233
Transfers out	-	(5,242,261)
Sale of capital assets	-	7,792
Issuance of long term debt	-	-
Total other financing sources (uses)	-	(3,093,236)
Net change in fund balance	107,430	7,994,093
FUND BALANCES, beginning of year	1,522,049	34,207,628
FUND BALANCES, end of year	\$ 1,629,479	\$ 42,201,721

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 SID DEBT SERVICE
 Year Ended June 30, 2021

	SID Debt Service		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Special assessments	598,804	975,387	376,583
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	28,345	14,690	(13,655)
Loan repayment	-	-	-
Other	-	-	-
Total revenues	<u>627,149</u>	<u>990,077</u>	<u>362,928</u>
EXPENDITURES - BUDGET UNIT	<u>172,728</u>	<u>362,457</u>	<u>(189,729)</u>
Revenues over (under) expenditures	<u>454,421</u>	<u>627,620</u>	<u>173,199</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,186,973	-	(3,186,973)
Transfers out	-	-	-
Long-term debt issued	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>3,186,973</u>	<u>-</u>	<u>(3,186,973)</u>
Revenues and other sources over (under) expenditures	<u>\$ 3,641,394</u>	<u>627,620</u>	<u>\$ (3,013,774)</u>
FUND BALANCES, beginning of year		<u>1,176,524</u>	
FUND BALANCES, end of year		<u>\$ 1,804,144</u>	

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 CONSTRUCTION CAPITAL PROJECTS
 Year Ended June 30, 2021

	Construction Capital Projects		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	534,000	27,053	(506,947)
Loan repayment	-	-	-
Other	-	562,066	562,066
Total revenues	<u>534,000</u>	<u>589,119</u>	<u>55,119</u>
EXPENDITURES - BUDGET UNIT	<u>47,586,156</u>	<u>25,233,856</u>	<u>22,352,300</u>
Revenues over (under) expenditures	<u>(47,052,156)</u>	<u>(24,644,737)</u>	<u>22,407,419</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,316,671	1,106,520	(1,210,151)
Transfers out	-	-	-
Long-term debt issued	7,149,009	11,150,009	4,001,000
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>9,465,680</u>	<u>12,256,529</u>	<u>2,790,849</u>
Revenues and other sources over (under) expenditures	<u>\$ (37,586,476)</u>	<u>(12,388,208)</u>	<u>\$ 25,198,268</u>
FUND BALANCES, beginning of year		<u>36,466,616</u>	
FUND BALANCES, end of year		<u>\$ 24,078,408</u>	

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2021

	Special Revenue Funds					
	Street Maintenance			Departmental Special Revenues		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 129,408	\$ 128,936	\$ (472)
Special assessments	21,100	28,385	7,285	-	-	-
Licenses and permits	18,000	31,841	13,841	-	-	-
Intergovernmental	-	26,715	26,715	723,891	757,401	33,510
Charges for services	6,658,156	7,028,315	370,159	35,000	9,835	(25,165)
Fines and forfeitures	-	-	-	62,500	24,694	(37,806)
Interest on investments	11,000	3,713	(7,287)	20,500	11,845	(8,655)
Loan repayment	-	-	-	1,175	-	(1,175)
Other	25,000	43,256	18,256	93,200	128,608	35,408
Total revenues	<u>6,733,256</u>	<u>7,162,225</u>	<u>428,969</u>	<u>1,065,674</u>	<u>1,061,319</u>	<u>(4,355)</u>
EXPENDITURES - BUDGET UNIT	<u>6,378,298</u>	<u>5,722,998</u>	<u>655,300</u>	<u>1,602,637</u>	<u>1,485,815</u>	<u>116,822</u>
Revenues over (under) expenditures	<u>354,958</u>	<u>1,439,227</u>	<u>1,084,269</u>	<u>(536,963)</u>	<u>(424,496)</u>	<u>112,467</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	50,000	-	105,644	270,608	164,964
Transfers out	(724,647)	(724,647)	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	5,715	5,715	-	-	-
Total other financing sources (uses)	<u>(674,647)</u>	<u>(668,932)</u>	<u>5,715</u>	<u>105,644</u>	<u>270,608</u>	<u>164,964</u>
Revenues and other sources over (under) expenditures	<u>\$ (319,689)</u>	<u>770,295</u>	<u>\$ 1,089,984</u>	<u>\$ (431,319)</u>	<u>(153,888)</u>	<u>\$ 277,431</u>
FUND BALANCES, beginning of year		<u>897,977</u>			<u>2,475,187</u>	
FUND BALANCES, end of year		<u>\$ 1,668,272</u>			<u>\$ 2,321,299</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	City Planning Board			Health-Medical Insurance		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 258,816	\$ 258,630	\$ (186)	\$ 2,768,752	\$ 2,762,846	\$ (5,906)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	115,766	159,058	43,292	-	-	-
Charges for services	1,046,398	1,154,578	108,180	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	10,000	6,250	(3,750)	-	2,127	2,127
Loan repayment	-	-	-	-	-	-
Other	50,500	42,865	(7,635)	-	-	-
Total revenues	<u>1,481,480</u>	<u>1,621,381</u>	<u>139,901</u>	<u>2,768,752</u>	<u>2,764,973</u>	<u>(3,779)</u>
EXPENDITURES - BUDGET UNIT	<u>2,545,583</u>	<u>2,072,565</u>	<u>473,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,064,103)</u>	<u>(451,184)</u>	<u>612,919</u>	<u>2,768,752</u>	<u>2,764,973</u>	<u>(3,779)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	162,174	221,507	59,333	-	-	-
Transfers out	-	-	-	(2,768,752)	(2,545,822)	222,930
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>162,174</u>	<u>221,507</u>	<u>59,333</u>	<u>(2,768,752)</u>	<u>(2,545,822)</u>	<u>222,930</u>
Revenues and other sources over (under) expenditures	<u>\$ (901,929)</u>	<u>(229,677)</u>	<u>\$ 672,252</u>	<u>\$ -</u>	<u>219,151</u>	<u>\$ 219,151</u>
FUND BALANCES, beginning of year		<u>1,546,128</u>			<u>822,602</u>	
FUND BALANCES, end of year		<u>\$ 1,316,451</u>			<u>\$ 1,041,753</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Gas Tax Apportionment			Tree Maintenance		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,000	1,851	(149)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,160,000	1,618,008	458,008	-	11,469	11,469
Charges for services	-	-	-	806,252	790,230	(16,022)
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	5,000	8,522	3,522	4,000	2,935	(1,065)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	6,000	17,743	11,743
Total revenues	<u>1,165,000</u>	<u>1,626,530</u>	<u>461,530</u>	<u>818,252</u>	<u>824,228</u>	<u>5,976</u>
EXPENDITURES - BUDGET UNIT	<u>2,004,500</u>	<u>891,457</u>	<u>1,113,043</u>	<u>867,909</u>	<u>713,779</u>	<u>154,130</u>
Revenues over (under) expenditures	<u>(839,500)</u>	<u>735,073</u>	<u>1,574,573</u>	<u>(49,657)</u>	<u>110,449</u>	<u>160,106</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(500,000)	(864,776)	(364,776)	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(500,000)</u>	<u>(864,776)</u>	<u>(364,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (1,339,500)</u>	<u>(129,703)</u>	<u>\$ 1,209,797</u>	<u>\$ (49,657)</u>	<u>110,449</u>	<u>\$ 160,106</u>
FUND BALANCES, beginning of year		<u>1,663,324</u>			<u>522,146</u>	
FUND BALANCES, end of year		<u>\$ 1,533,621</u>			<u>\$ 632,595</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Fire Impact Fees Special Revenue			Downtown Improvement District		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,919,863	\$ 1,841,880	\$ (77,983)
Special assessments	-	-	-	175,000	175,445	445
Licenses and permits	-	-	-	750	1,750	1,000
Intergovernmental	-	-	-	56,050	360	(55,690)
Charges for services	450,000	594,962	144,962	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	20,000	8,860	(11,140)	50,740	5,512	(45,228)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>470,000</u>	<u>603,822</u>	<u>133,822</u>	<u>2,202,403</u>	<u>2,024,947</u>	<u>(177,456)</u>
EXPENDITURES - BUDGET UNIT	<u>22,500</u>	<u>32,963</u>	<u>(10,463)</u>	<u>1,869,955</u>	<u>782,429</u>	<u>1,087,526</u>
Revenues over (under) expenditures	<u>447,500</u>	<u>570,859</u>	<u>123,359</u>	<u>332,448</u>	<u>1,242,518</u>	<u>910,070</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(332,448)	(371,198)	(38,750)
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,448)</u>	<u>(371,198)</u>	<u>(38,750)</u>
Revenues and other sources over (under) expenditures	<u>\$ 447,500</u>	<u>570,859</u>	<u>\$ 123,359</u>	<u>\$ -</u>	<u>871,320</u>	<u>\$ 871,320</u>
FUND BALANCES, beginning of year		<u>3,242,512</u>			<u>2,522,663</u>	
FUND BALANCES, end of year		<u>\$ 3,813,371</u>			<u>\$ 3,393,983</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Building Inspection Fund			Economic Development Revolving Loan Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	2,050,000	2,501,130	451,130	-	-	-
Intergovernmental	-	128,539	128,539	-	-	-
Charges for services	600	496	(104)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	20,000	2,131	(17,869)	-	3,304	3,304
Loan repayment	-	-	-	50,000	18,460	(31,540)
Other	-	11	11	-	-	-
Total revenues	<u>2,070,600</u>	<u>2,632,307</u>	<u>561,707</u>	<u>50,000</u>	<u>21,764</u>	<u>(28,236)</u>
EXPENDITURES - BUDGET UNIT	<u>3,217,852</u>	<u>2,319,614</u>	<u>898,238</u>	<u>31,000</u>	<u>40,766</u>	<u>(9,766)</u>
Revenues over (under) expenditures	<u>(1,147,252)</u>	<u>312,693</u>	<u>1,459,945</u>	<u>19,000</u>	<u>(19,002)</u>	<u>(38,002)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(5,060)	(5,060)	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(5,060)</u>	<u>(5,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (1,147,252)</u>	<u>307,633</u>	<u>\$ 1,454,885</u>	<u>\$ 19,000</u>	<u>(19,002)</u>	<u>\$ (38,002)</u>
FUND BALANCES, beginning of year		<u>1,495,706</u>			<u>807,152</u>	
FUND BALANCES, end of year		<u>\$ 1,803,339</u>			<u>\$ 788,150</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Community Housing			Parks and Trails District Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 388,224	\$ 391,293	\$ 3,069	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	4,974	4,974
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,305	1,305	-	16,125	16,125
Charges for services	-	-	-	3,713,907	3,659,522	(54,385)
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	5,000	8,276	3,276	2,500	1,499	(1,001)
Loan repayment	1,000	110	(890)	-	-	-
Other	578,028	-	(578,028)	-	9,941	9,941
Total revenues	<u>972,252</u>	<u>400,984</u>	<u>(571,268)</u>	<u>3,716,407</u>	<u>3,692,061</u>	<u>(24,346)</u>
EXPENDITURES - BUDGET UNIT	<u>1,749,705</u>	<u>1,288,706</u>	<u>460,999</u>	<u>3,632,174</u>	<u>2,856,613</u>	<u>775,561</u>
Revenues over (under) expenditures	<u>(777,453)</u>	<u>(887,722)</u>	<u>(110,269)</u>	<u>84,233</u>	<u>835,448</u>	<u>751,215</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	2,077	2,077
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,077</u>	<u>2,077</u>
Revenues and other sources over (under) expenditures	<u>\$ (777,453)</u>	<u>(887,722)</u>	<u>\$ (110,269)</u>	<u>\$ 84,233</u>	<u>837,525</u>	<u>\$ 753,292</u>
FUND BALANCES, beginning of year		<u>1,688,087</u>			<u>(556)</u>	
FUND BALANCES, end of year		<u>\$ 800,365</u>			<u>\$ 836,969</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Street Arterial and Collector District			TIF N. 7th Corridor		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,089,328	\$ 1,114,009	\$ 24,681
Special assessments	3,500	3,359	(141)	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	37,927	1,144	(36,783)
Charges for services	1,442,306	1,421,018	(21,288)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	7,000	6,472	(528)	37,500	3,777	(33,723)
Loan repayment	-	-	-	-	-	-
Other	300,667	179,569	(121,098)	-	-	-
Total revenues	<u>1,753,473</u>	<u>1,610,418</u>	<u>(143,055)</u>	<u>1,164,755</u>	<u>1,118,930</u>	<u>(45,825)</u>
EXPENDITURES - BUDGET UNIT	<u>3,950,262</u>	<u>984,216</u>	<u>2,966,046</u>	<u>2,401,755</u>	<u>348,563</u>	<u>2,053,192</u>
Revenues over (under) expenditures	<u>(2,196,789)</u>	<u>626,202</u>	<u>2,822,991</u>	<u>(1,237,000)</u>	<u>770,367</u>	<u>2,007,367</u>
OTHER FINANCING SOURCES						
Transfers in	500,000	864,776	364,776	-	-	-
Transfers out	-	-	-	(630,758)	(630,758)	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>500,000</u>	<u>864,776</u>	<u>364,776</u>	<u>(630,758)</u>	<u>(630,758)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (1,696,789)</u>	<u>1,490,978</u>	<u>\$ 3,187,767</u>	<u>\$ (1,867,758)</u>	<u>139,609</u>	<u>\$ 2,007,367</u>
FUND BALANCES, beginning of year		<u>994,188</u>			<u>2,886,455</u>	
FUND BALANCES, end of year		<u>\$ 2,485,166</u>			<u>\$ 3,026,064</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	TIF N.E. Urban Renewal			TIF Mandeville/Wheat Dr.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 268,847	\$ 468,352	\$ 199,505	\$ 25,000	\$ 8,689	\$ (16,311)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,354	150	(1,204)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	3,000	1,594	(1,406)	-	619	619
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>273,201</u>	<u>470,096</u>	<u>196,895</u>	<u>25,000</u>	<u>9,308</u>	<u>(15,692)</u>
EXPENDITURES - BUDGET UNIT	<u>273,201</u>	<u>150,838</u>	<u>122,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>319,258</u>	<u>319,258</u>	<u>25,000</u>	<u>9,308</u>	<u>(15,692)</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>319,258</u>	<u>\$ 319,258</u>	<u>\$ 25,000</u>	<u>9,308</u>	<u>\$ (15,692)</u>
FUND BALANCES, beginning of year		<u>314,812</u>			<u>111,444</u>	
FUND BALANCES, end of year		<u>\$ 634,070</u>			<u>\$ 120,752</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	TIFD South Boz Technology			Victim/Witness Advocate		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	70,000	59,316	(10,684)
Interest on investments	-	-	-	3,500	2,504	(996)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,500</u>	<u>61,820</u>	<u>(11,680)</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>92,495</u>	<u>(2,495)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,500)</u>	<u>(30,675)</u>	<u>(14,175)</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (16,500)</u>	<u>(30,675)</u>	<u>\$ (14,175)</u>
FUND BALANCES, beginning of year		<u>(7,611)</u>			<u>457,315</u>	
FUND BALANCES, end of year		<u>\$ (7,611)</u>			<u>\$ 426,640</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Fire Department Equipment			Street Lighting		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 517,632	\$ 515,700	\$ (1,932)	\$ -	\$ -	\$ -
Special assessments	-	-	-	469,993	487,405	17,412
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	5,000	1,458	(3,542)	5,890	2,661	(3,229)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>522,632</u>	<u>517,158</u>	<u>(5,474)</u>	<u>475,883</u>	<u>490,066</u>	<u>14,183</u>
EXPENDITURES - BUDGET UNIT	<u>537,500</u>	<u>169,542</u>	<u>367,958</u>	<u>522,554</u>	<u>475,525</u>	<u>47,029</u>
Revenues over (under) expenditures	<u>(14,868)</u>	<u>347,616</u>	<u>362,484</u>	<u>(46,671)</u>	<u>14,541</u>	<u>61,212</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	(50,000)	(50,000)	-	(6,380)	(50,000)	(43,620)
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(6,380)</u>	<u>(50,000)</u>	<u>(43,620)</u>
Revenues and other sources over (under) expenditures	<u>\$ (64,868)</u>	<u>297,616</u>	<u>\$ 362,484</u>	<u>\$ (53,051)</u>	<u>(35,459)</u>	<u>\$ 17,592</u>
FUND BALANCES, beginning of year		<u>258,613</u>			<u>462,472</u>	
FUND BALANCES, end of year		<u>\$ 556,229</u>			<u>\$ 427,013</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Park Land			Municipal Court Restitution		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	4,500	7,157	2,657	-	-	-
Loan repayment	-	-	-	-	-	-
Other	50,000	328,818	278,818	-	-	-
Total revenues	<u>54,500</u>	<u>335,975</u>	<u>281,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES - BUDGET UNIT	<u>5,000</u>	<u>192,034</u>	<u>(187,034)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>49,500</u>	<u>143,941</u>	<u>94,441</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 49,500</u>	<u>143,941</u>	<u>\$ 94,441</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, beginning of year		<u>1,147,200</u>			<u>105</u>	
FUND BALANCES, end of year		<u>\$ 1,291,141</u>			<u>\$ 105</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Special Revenue Funds					
	Street Impact Fees			Total		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 7,365,870	\$ 7,490,335	\$ 124,465
Special assessments	-	-	-	671,593	701,419	29,826
Licenses and permits	-	-	-	2,068,750	2,534,721	465,971
Intergovernmental	-	-	-	2,094,988	2,720,274	625,286
Charges for services	4,000,000	6,439,227	2,439,227	18,152,619	21,098,183	2,945,564
Fines and forfeitures	-	-	-	132,500	84,010	(48,490)
Interest on investments	60,000	4,592	(55,408)	275,130	95,808	(179,322)
Loan repayment	-	-	-	52,175	18,570	(33,605)
Other	1,000	22,192	21,192	1,104,395	773,003	(331,392)
Total revenues	<u>4,061,000</u>	<u>6,466,011</u>	<u>2,405,011</u>	<u>31,918,020</u>	<u>35,516,323</u>	<u>3,598,303</u>
EXPENDITURES - BUDGET UNIT	<u>13,784,530</u>	<u>3,185,853</u>	<u>10,598,677</u>	<u>45,486,915</u>	<u>23,806,771</u>	<u>21,680,144</u>
Revenues over (under) expenditures	<u>(9,723,530)</u>	<u>3,280,158</u>	<u>13,003,688</u>	<u>(13,568,895)</u>	<u>11,709,552</u>	<u>25,278,447</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	817,818	1,406,891	589,073
Transfers out	-	-	-	(5,012,985)	(5,242,261)	(229,276)
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	7,792	7,792
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,195,167)</u>	<u>(3,827,578)</u>	<u>367,589</u>
Revenues and other sources over (under) expenditures	<u>\$ (9,723,530)</u>	<u>3,280,158</u>	<u>\$ 13,003,688</u>	<u>\$ (17,764,062)</u>	<u>7,881,974</u>	<u>\$ 25,646,036</u>
FUND BALANCES, beginning of year		<u>4,725,250</u>			<u>29,033,171</u>	
FUND BALANCES, end of year		<u>\$ 8,005,408</u>			<u>\$ 36,915,145</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Debt Service Funds					
	SID Revolving			G.O. Bonds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	2,791,804	\$ 3,707,319	\$ 915,515
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	718	718	-	-	-
Interest on investments	50,000	1,657	(48,343)	-	2,151	2,151
Loan repayment	5,000	19,706	14,706	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>55,000</u>	<u>22,081</u>	<u>(32,919)</u>	<u>2,791,804</u>	<u>3,709,470</u>	<u>917,666</u>
EXPENDITURES						
Other	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	1,900,797	2,205,000	(304,203)
Interest and fiscal fees	-	-	-	1,533,007	1,520,363	12,644
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,433,804</u>	<u>3,725,363</u>	<u>(291,559)</u>
Revenues over (under) expenditures	<u>55,000</u>	<u>22,081</u>	<u>(32,919)</u>	<u>(642,000)</u>	<u>(15,893)</u>	<u>626,107</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(4,500,133)	-	4,500,133	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(4,500,133)</u>	<u>-</u>	<u>4,500,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (4,445,133)</u>	<u>22,081</u>	<u>\$ 4,467,214</u>	<u>\$ (642,000)</u>	<u>(15,893)</u>	<u>\$ 626,107</u>
FUND BALANCES, beginning of year		<u>3,579,244</u>			<u>73,164</u>	
FUND BALANCES, end of year		<u>\$ 3,601,325</u>			<u>\$ 57,271</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Debt Service Funds					Variance Positive (Negative)
	TIF Bonds			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 2,791,804	\$ 3,707,319	\$ 915,515
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	718	718
Interest on investments	-	-	-	50,000	3,808	(46,192)
Loan repayment	-	-	-	5,000	19,706	14,706
Other	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,846,804</u>	<u>3,731,551</u>	<u>884,747</u>
EXPENDITURES						
Other	-	-	-	-	-	-
Debt service:						
Principal	249,000	424,000	(175,000)	2,149,797	2,629,000	(479,203)
Interest and fiscal fees	83,448	311,841	(228,393)	1,616,455	1,832,204	(215,749)
Total expenditures	<u>332,448</u>	<u>735,841</u>	<u>(403,393)</u>	<u>3,766,252</u>	<u>4,461,204</u>	<u>(694,952)</u>
Revenues over (under) expenditures	<u>(332,448)</u>	<u>(735,841)</u>	<u>(403,393)</u>	<u>(919,448)</u>	<u>(729,653)</u>	<u>189,795</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	332,448	734,342	401,894	332,448	734,342	401,894
Transfers out	-	-	-	(4,500,133)	-	4,500,133
Proceeds of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>332,448</u>	<u>734,342</u>	<u>401,894</u>	<u>(4,167,685)</u>	<u>734,342</u>	<u>4,902,027</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(1,499)</u>	<u>\$ (1,499)</u>	<u>\$ (5,087,133)</u>	<u>4,689</u>	<u>\$ 5,091,822</u>
FUND BALANCES, beginning of year		<u>-</u>			<u>3,652,408</u>	
FUND BALANCES, end of year		<u>\$ (1,499)</u>			<u>\$ 3,657,097</u>	

(continued)

CITY OF BOZEMAN, MONTANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Permanent Fund		
	Cemetery Perpetual Care		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	90,500	98,889	8,389
Interest on investments	10,000	8,541	(1,459)
Total revenues	<u>100,500</u>	<u>107,430</u>	<u>6,930</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>100,500</u>	<u>107,430</u>	<u>6,930</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 100,500</u>	107,430	<u>\$ 6,930</u>
FUND BALANCES, beginning of year		<u>1,522,049</u>	
FUND BALANCES, end of year		<u>\$ 1,629,479</u>	

COMBINING NONMAJOR PROPRIETARY FUNDS

NONMAJOR PROPRIETARY FUNDS

Parking Fund – Accounts for the City’s parking enforcement and facilities operations.

Stormwater Fund – Accounts for the City’s stormwater management and mitigation operations.

Solid Waste Fund – Accounts for the City’s garbage collection service and recycling operations.

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2021

	Business-type Activities Enterprise Funds			Total
	Solid Waste Fund	Parking Fund	Stormwater Fund	
ASSETS				
Current assets				
Cash and investments	\$ 82,492	\$ 1,491,742	\$ 1,386,519	\$ 2,960,753
Receivables:				
Accrued interest	-	2,967	-	2,967
Customers, net	428,808	112,911	137,978	679,697
Special assessments	580	-	520	1,100
Other governments	22,490	-	-	22,490
Total current assets	<u>534,370</u>	<u>1,607,620</u>	<u>1,525,017</u>	<u>3,667,007</u>
Non-current assets				
Other assets:				
Restricted cash and investments	106,840	549,350	58,288	714,478
Total other assets	<u>106,840</u>	<u>549,350</u>	<u>58,288</u>	<u>714,478</u>
Property, plant and equipment, net				
Nondepreciable:				
Land	228,673	303,436	-	532,109
Construction in progress	-	-	23,430	23,430
Depreciable:				-
Buildings	769,975	11,904,705	24,215	12,698,895
Other structures and improvements	2,155,300	-	-	2,155,300
Machinery and equipment	6,664,485	428,507	237,245	7,330,237
Vehicles	536,164	151,122	181,940	869,226
Infrastructure	118,081	47,058	5,736,396	5,901,535
Property under capital lease	-	-	519,943	519,943
Accumulated depreciation and amortization	(7,378,413)	(5,183,735)	(961,340)	(13,523,488)
Net property, plant and equipment	<u>3,094,265</u>	<u>7,651,093</u>	<u>5,761,829</u>	<u>16,507,187</u>
Total non current assets	<u>3,201,105</u>	<u>8,200,443</u>	<u>5,820,117</u>	<u>17,221,665</u>
Deferred outflows of resources				
Other post-employment benefits	58,964	13,858	17,790	90,612
Pension plan contributions	317,338	69,403	100,567	487,308
Total deferred outflows of resources	<u>376,302</u>	<u>83,261</u>	<u>118,357</u>	<u>577,920</u>
Total assets	<u>\$ 4,111,777</u>	<u>\$ 9,891,324</u>	<u>\$ 7,463,491</u>	<u>\$ 21,466,592</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 June 30, 2021

	Business-type Activities Enterprise Funds			Total
	Solid Waste Fund	Parking Fund	Stormwater Fund	
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 766,001	\$ 34,374	\$ 14,645	\$ 815,020
Compensated absences payable	94,059	21,479	41,310	156,848
Due to other city funds	-	-	-	-
Capital lease obligations payable in one year	-	-	-	-
Closure and post-closure care costs, current portion	310,773	-	-	310,773
Bonds and leases payable in one year	-	-	82,000	82,000
Total current liabilities	<u>1,170,833</u>	<u>55,853</u>	<u>137,955</u>	<u>1,364,641</u>
Noncurrent liabilities				
Closure and post-closure care costs	1,175,032	-	-	1,175,032
Capital lease obligations	-	-	-	-
Revenue bonds due after one year	-	-	1,280,000	1,280,000
Compensated absences payable	45,998	-	-	45,998
Other post-employment health benefits	191,125	54,761	33,763	279,649
Appearance bond and other liabilities	-	-	-	-
Net pension liability	1,380,171	301,850	437,388	2,119,409
Total noncurrent liabilities	<u>2,792,326</u>	<u>356,611</u>	<u>1,751,151</u>	<u>4,900,088</u>
Total liabilities	<u>3,963,159</u>	<u>412,464</u>	<u>1,889,106</u>	<u>6,264,729</u>
Deferred inflows of resources				
Other post-employment benefits	31,089	10,436	4,537	46,062
Pension deferrals	89,712	19,621	28,431	137,764
Total deferred inflows of resources	<u>120,801</u>	<u>30,057</u>	<u>32,968</u>	<u>183,826</u>
NET POSITION				
Net Investment in capital assets	3,094,265	7,651,093	4,399,829	15,145,187
Restricted for impact capital projects	-	-	-	-
Restricted for parking capital projects	-	130,316	-	130,316
Restricted for debt service	-	-	58,288	58,288
Unrestricted	(3,066,448)	1,667,394	1,083,300	(315,754)
Total net position	<u>27,817</u>	<u>9,448,803</u>	<u>5,541,417</u>	<u>15,018,037</u>
Total liabilities, deferred inflows and net position	<u>\$ 4,111,777</u>	<u>\$ 9,891,324</u>	<u>\$ 7,463,491</u>	<u>\$ 21,466,592</u>

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Totals
	Solid Waste Fund	Parking Fund	Stormwater Fund	
OPERATING REVENUES	\$ 4,969,868	\$ 1,005,788	\$ 1,519,994	\$ 7,495,650
OPERATING EXPENSES				
Salaries and benefits	1,703,850	329,857	467,987	2,501,694
Materials and supplies	390,251	20,144	14,930	425,325
Repairs and maintenance	315,369	12,550	18,474	346,393
Utilities	710,487	34,418	7,349	752,254
Administrative charges	799,170	92,239	195,024	1,086,433
Other expenses	656,748	293,428	68,990	1,019,166
Depreciation and amortization	439,760	401,057	175,541	1,016,358
Changes in estimated closure and post- closure care costs	(71,349)	-	-	(71,349)
Total operating expenses	<u>4,944,286</u>	<u>1,183,693</u>	<u>948,295</u>	<u>7,076,274</u>
Operating income (loss)	<u>25,582</u>	<u>(177,905)</u>	<u>571,699</u>	<u>419,376</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,901	2,313	6,576	12,790
Interest expense	-	-	(37,437)	(37,437)
Other income	27,115	16,401	-	43,516
Intergovernmental income	23,984	5,245	7,601	36,830
Gain (loss) on sale of assets	3,000	-	-	3,000
Total non-operating revenues (expenses)	<u>58,000</u>	<u>23,959</u>	<u>(23,260)</u>	<u>58,699</u>
Income (loss) before contributions and transfers	83,582	(153,946)	548,439	478,075
Contributions of infrastructure - developers	-	-	497,622	497,622
Transfers in	310,000	124,921	100,000	534,921
Transfers out	-	-	-	-
Change in net position	<u>393,582</u>	<u>(29,025)</u>	<u>1,146,061</u>	<u>1,510,618</u>
NET POSITION, beginning of year	(365,765)	9,477,828	4,395,356	13,507,419
NET POSITION, end of year	<u>\$ 27,817</u>	<u>\$ 9,448,803</u>	<u>\$ 5,541,417</u>	<u>\$ 15,018,037</u>

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF CASH FLOWS -
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2021

	Solid Waste Fund	Parking Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,935,932	\$ 1,007,685	\$ 1,514,671	\$ 7,458,288
Receipts from others	7,625	16,401	-	24,026
Payments to suppliers	(2,023,151)	(364,124)	(133,943)	(2,521,218)
Payments to employees	(1,556,706)	(365,687)	(479,076)	(2,401,469)
Payments to internal service funds and administrative fees	(799,170)	(92,239)	(195,024)	(1,086,433)
Net cash flows from operating activities	<u>564,530</u>	<u>202,036</u>	<u>706,628</u>	<u>1,473,194</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	310,000	124,921	100,000	534,921
Receipts from grants and intergovernmental sources	23,984	5,245	7,601	36,830
Net cash flows from non-capital financing activities	<u>333,984</u>	<u>130,166</u>	<u>107,601</u>	<u>571,751</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,437,269)	(99,775)	(289,901)	(1,826,945)
Principal paid on bonds, interfund loans, loans and leases	-	-	(135,936)	(135,936)
Interest paid on bonds, interfund loans, loans and leases	-	-	(37,437)	(37,437)
Net cash flows from capital and related financing activities	<u>(1,437,269)</u>	<u>(99,775)</u>	<u>(463,274)</u>	<u>(2,000,318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,901	(654)	6,576	9,823
Net cash flows from investing activities	<u>3,901</u>	<u>(654)</u>	<u>6,576</u>	<u>9,823</u>
Net change in cash and investments	(534,854)	231,773	357,531	54,450
Cash and investments, beginning of year	724,186	1,809,319	1,087,276	3,620,781
Cash and investments, end of year	<u>\$ 189,332</u>	<u>\$ 2,041,092</u>	<u>\$ 1,444,807</u>	<u>\$ 3,675,231</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF CASH FLOWS -
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Solid Waste Fund	Parking Fund	Stormwater Fund	Total
Cash and investments classified as:				
Cash and investments	\$ 82,492	\$ 1,491,742	\$ 1,386,519	\$ 2,960,753
Restricted cash and investments	106,840	549,350	58,288	714,478
Totals	<u>\$ 189,332</u>	<u>\$ 2,041,092</u>	<u>\$ 1,444,807</u>	<u>\$ 3,675,231</u>
Noncash transactions: donated infrastructure	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,622</u>	<u>\$ 497,622</u>
RECONCILIATION OF OPERATING LOSS				
TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ 25,582</u>	<u>\$ (177,905)</u>	<u>\$ 571,699</u>	<u>\$ 419,376</u>
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	439,760	401,057	175,541	1,016,358
Change in estimated closure costs	(323,723)	-	-	(323,723)
Other income	27,115	16,401	-	43,516
Gain (loss) on sale of assets	3,000	-	-	3,000
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(33,936)	1,897	(5,323)	(37,362)
Other governments receivable	(22,490)	-	-	(22,490)
Increase (decrease) in:				
Accounts payable	302,078	(3,584)	(24,200)	274,294
Accrued employee benefits payable	25,568	(1,026)	6,491	31,033
Net pension liabilities	121,576	(34,804)	(17,580)	69,192
Total adjustments	<u>538,948</u>	<u>379,941</u>	<u>134,929</u>	<u>1,053,818</u>
Net cash from operating activities	<u>\$ 564,530</u>	<u>\$ 202,036</u>	<u>\$ 706,628</u>	<u>\$ 1,473,194</u>

INTERNAL SERVICE FUND STATEMENTS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Vehicle Maintenance Shop – Accounts for the maintenance and repair of vehicles used in operation of City services.

Medical Health Insurance – Accounts for insurance premiums received from the various City departments and retirees, and the related costs of health and dental premiums paid to the City's insurance provider.

Public Works Administration – Accounts for the professional level management, engineering, and GIS technical support provided to other Public Works divisions, including water, wastewater, solid waste, stormwater, in addition to support provided to other City departments.

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF NET POSITION -
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2021

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
ASSETS				
Current assets				
Cash and equivalents	\$ -	\$ -	\$ 2,007,636	\$ 2,007,636
Customer receivables, net	3,582	16,326	-	19,908
Prepaid expenses	-	434,175	-	434,175
Total current assets	<u>3,582</u>	<u>450,501</u>	<u>2,007,636</u>	<u>2,461,719</u>
Property, plant, and equipment				
Machinery and equipment	179,932	-	394,114	574,046
Vehicles	85,283	-	112,073	197,356
Buildings	1,424,215	-	121,905	1,546,120
Less: accumulated depreciation	(771,867)	-	(279,966)	(1,051,833)
Net property, plant, and equipment	<u>917,563</u>	<u>-</u>	<u>348,126</u>	<u>1,265,689</u>
Deferred outflows of resources				
Other post-employment benefits	21,231	-	61,844	83,075
Pension plan contributions	124,249	-	426,403	550,652
Total deferred outflows of resources	<u>145,480</u>	<u>-</u>	<u>488,247</u>	<u>633,727</u>
Total assets and deferred outflows of resources	<u>\$ 1,066,625</u>	<u>\$ 450,501</u>	<u>\$ 2,844,009</u>	<u>\$ 4,361,135</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 79,758	\$ -	\$ 228,161	\$ 307,919
Compensated absences payable	30,834	-	166,543	197,377
Current portion of capital lease obligations	-	-	7,765	7,765
Due to other city funds	591,578	41,206	-	632,784
Total current liabilities	<u>702,170</u>	<u>41,206</u>	<u>402,469</u>	<u>1,145,845</u>
Non-current liabilities				
Other post-employment health benefits	62,124	-	194,209	256,333
Capital lease obligations	-	-	7,241	7,241
Net pension liability	518,540	-	1,838,958	2,357,498
Total non-current liabilities	<u>580,664</u>	<u>-</u>	<u>2,040,408</u>	<u>2,621,072</u>
Total liabilities	<u>1,282,834</u>	<u>41,206</u>	<u>2,442,877</u>	<u>3,766,917</u>
Deferred inflows of resources				
Other post-employment health benefits	9,014	-	28,275	37,289
Pension deferrals	29,087	-	116,246	145,333
Total deferred inflows of resources	<u>38,101</u>	<u>-</u>	<u>144,521</u>	<u>182,622</u>
NET POSITION				
Net investment in capital assets	917,563	-	333,120	1,250,683
Unrestricted	(1,171,873)	409,295	(76,509)	(839,087)
Total net position	<u>(254,310)</u>	<u>409,295</u>	<u>256,611</u>	<u>411,596</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,066,625</u>	<u>\$ 450,501</u>	<u>\$ 2,844,009</u>	<u>\$ 4,361,135</u>

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2021

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
OPERATING REVENUES	\$ 1,645,934	\$ 5,413,756	3,717,328	\$ 10,777,018
OPERATING EXPENSES				
Salaries and benefits	706,132	-	2,254,378	2,960,510
Materials and supplies	969,604	-	73,328	1,042,932
Repairs and maintenance	16,080	-	2,961	19,041
Utilities	26,257	-	7,984	34,241
Administrative charges	211,816	-	282,597	494,413
Insurance claims	-	5,370,303	-	5,370,303
Other expenses	40,330	76,131	747,091	863,552
Depreciation	57,686	-	62,136	119,822
Total operating expenses	<u>2,027,905</u>	<u>5,446,434</u>	<u>3,430,475</u>	<u>10,904,814</u>
Operating income (loss)	<u>(381,971)</u>	<u>(32,678)</u>	<u>286,853</u>	<u>(127,796)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	-	9,046	9,046
Interest expense	(1,726)	(388)	(1,304)	(3,418)
Other income	345	10,792	195	11,332
Intergovernmental income	10,487	-	33,007	43,494
Gain (loss) on sale of assets	4,904	-	-	4,904
Total non-operating revenue (expenses)	<u>14,010</u>	<u>10,404</u>	<u>40,944</u>	<u>65,358</u>
Income before transfers	<u>(367,961)</u>	<u>(22,274)</u>	<u>327,797</u>	<u>(62,438)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(367,961)</u>	<u>(22,274)</u>	<u>327,797</u>	<u>(62,438)</u>
NET POSITION, beginning of year	113,651	431,569	(71,186)	474,034
NET POSITION, end of year	<u>\$ (254,310)</u>	<u>\$ 409,295</u>	<u>\$ 256,611</u>	<u>\$ 411,596</u>

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF CASH FLOWS -
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2021

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
CASH FLOWS FROM OPERATIONS				
Receipts from customers	\$ 1,643,333	\$ 5,420,955	\$ 3,717,328	\$ 10,781,616
Receipts from others	10,832	10,792	33,202	54,826
Operating loans from other City funds	259,246	(6,505)	-	252,741
Payments to suppliers	(998,812)	(76,131)	(594,392)	(1,669,335)
Payments to employees	(692,760)	(5,348,723)	(2,232,604)	(8,274,087)
Payments to Internal Service Funds and administrative fees	(211,816)	-	(282,597)	(494,413)
Net cash flows from operating activities	<u>10,023</u>	<u>388</u>	<u>640,937</u>	<u>651,348</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to property, plant and equipment	(13,201)	-	(132,215)	(145,416)
Proceeds from sale of capital assets	4,904	-	-	4,904
Proceeds from issuance of long-term debt	-	-	-	-
Principal paid on bonds, interfund loans, loans and leases	-	-	(6,459)	(6,459)
Interest paid on bonds, interfund loans, loans and leases	(1,726)	(388)	(1,304)	(3,418)
Net cash flows from capital and related financing activities	<u>(10,023)</u>	<u>(388)</u>	<u>(139,978)</u>	<u>(150,389)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	-	9,046	9,046
Net increase (decrease) in cash and cash equivalents	-	-	510,005	510,005
CASH AND EQUIVALENTS, beginning of year	-	-	1,497,631	1,497,631
CASH AND EQUIVALENTS, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,007,636</u>	<u>\$ 2,007,636</u>

(continued)

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF CASH FLOWS -
 INTERNAL SERVICE FUNDS (CONTINUED)
 Year Ended June 30, 2021

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (381,971)	\$ (32,678)	\$ 286,853	\$ (127,796)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	57,686	-	62,136	119,822
Other income	10,832	10,792	33,202	54,826
Changes in assets and liabilities:				
(Increase) decrease in:				
Other receivables				
Customer receivables	(2,601)	7,199	-	4,598
Prepaid expenses	-	21,580	-	21,580
Increase (decrease) in:				
Accounts payable	8,040	-	94,017	102,057
Due to other city funds	259,246	(6,505)	-	252,741
Compensated absences payable	7,587	-	4,804	12,391
Other post-employment health benefits	5,785	-	16,967	22,752
Net pension	45,419	-	142,958	188,377
Total adjustments	<u>391,994</u>	<u>33,066</u>	<u>354,084</u>	<u>779,144</u>
Net cash from operating activities	<u>\$ 10,023</u>	<u>\$ 388</u>	<u>\$ 640,937</u>	<u>\$ 651,348</u>

FIDUCIARY FUND STATEMENTS

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (or other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Tourism Business Improvement District – Accounts for amounts collected from hotels on behalf of the District, a special-purpose government, whose purpose is to enhance the economic vitality of Bozeman by promoting tourism through sales and marketing strategies.

Municipal Court – Accounts for monies held for appearance bonds and restitution.

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –
 CUSTODIAL FUNDS
 June 30, 2021

	Municipal Court	Tourism Business Improvement District	Total of Custodial Funds
ASSETS			
Cash and investments	\$ 419,607	\$ 50,170	\$ 469,777
Customer receivables	2,607	-	2,607
Total assets	\$ 422,214	\$ 50,170	\$ 472,384
LIABILITIES			
Accounts payable	425,176	-	425,176
NET POSITION			
Restricted for other organization or individuals	(2,962)	50,170	47,208
Total liabilities and net position	\$ 422,214	\$ 50,170	\$ 472,384

CITY OF BOZEMAN, MONTANA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
 CUSTODIAL FUNDS
 Year Ended June 30, 2021

	Municipal Court	Tourism Business Improvement District	Total of Custodial Funds
ADDITIONS			
Contributions			
Interest income	\$ -	\$ 1,591	\$ 1,591
DEDUCTIONS			
Miscellaneous	156	-	156
Change in net position	(156)	1,591	1,435
NET POSITION - Beginning of Year	-	-	-
Restatements	(2,806)	48,579	45,773
NET POSITION - End of Year	\$ (2,962)	\$ 50,170	\$ 47,208

PART III

STATISTICAL SECTION

Statistical Section

This part of the City of Bozeman’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	168
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	173
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	184
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	193
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	195

Sources: Unless otherwise notes, the information in these schedules is derived from the City of Bozeman annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS SECTION

CITY OF BOZEMAN, MONTANA
NET POSITION BY COMPONENT
Past Ten Fiscal Years

	Fiscal Years									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 88,500,437	\$ 89,081,484	\$ 89,267,076	\$ 93,409,850	\$ 104,342,191	\$ 115,696,956	\$ 137,058,945	\$ 155,191,911	\$ 118,577,368	\$ 196,931,242
Restricted	20,797,365	27,255,029	35,621,803	41,755,126	42,829,320	41,583,992	36,522,195	21,202,050	69,208,376	47,281,977
Unrestricted	15,470,543	11,521,053	12,127,224	(5,137,642)	(3,923,466)	(4,839,467)	(5,514,909)	4,799,426	27,280,681	(10,207,301)
Total governmental activities	\$ 124,768,345	\$ 127,857,566	\$ 137,016,103	\$ 130,027,334	\$ 143,248,045	152,441,481	168,066,231	181,193,387	215,066,425	234,005,918
Business-type activities										
Net investment in capital assets	\$ 192,485,459	\$ 199,394,551	\$ 205,501,357	\$ 211,419,777	\$ 221,385,655	\$ 229,372,281	\$ 239,254,236	\$ 245,190,586	\$ 260,124,896	\$ 271,812,360
Restricted	11,446,886	3,098,125	3,372,927	4,977,984	4,990,635	8,866,951	13,070,517	12,671,931	12,307,565	14,839,596
Unrestricted	2,809,558	10,643,337	8,723,353	6,619,399	10,582,408	9,154,014	12,923,470	21,053,523	25,801,918	23,152,084
Total business-type activities	\$ 206,741,903	\$ 213,136,013	\$ 217,597,637	\$ 223,017,160	\$ 236,958,698	247,393,246	265,248,223	278,916,040	298,234,379	309,804,040
Primary government										
Net investment in capital assets	\$ 280,985,896	\$ 288,476,035	\$ 294,768,433	\$ 304,829,627	\$ 325,727,846	\$ 345,069,237	\$ 376,313,181	\$ 400,382,497	\$ 413,581,765	\$ 468,743,602
Restricted	32,244,251	30,353,154	38,994,730	46,733,110	47,819,955	50,450,943	49,592,712	33,873,981	81,515,941	62,121,573
Unrestricted	18,280,101	22,164,390	20,850,577	1,481,757	6,658,942	4,314,547	7,408,561	25,852,949	53,082,599	12,944,783
Total primary government net position	\$ 331,510,248	\$ 340,993,579	\$ 354,613,740	\$ 353,044,494	\$ 380,206,743	\$ 399,834,727	\$ 433,314,454	\$ 460,109,427	\$ 548,180,305	\$ 543,809,958

CITY OF BOZEMAN, MONTANA
CHANGES IN NET POSITION
Past Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 8,706,665	\$ 7,373,368	\$ 6,989,830	\$ 7,417,644	\$ 8,058,925	\$ 9,415,702	\$ 9,896,366	\$ 10,310,075	\$ 9,854,245	\$ 11,517,404
Public Safety	13,215,680	14,340,301	15,297,088	17,023,578	18,391,357	17,689,004	18,637,422	19,699,377	20,664,687	22,698,030
Public Service	8,174,461	3,939,061	6,031,768	6,458,930	6,861,939	7,857,917	8,615,272	9,850,802	9,781,345	11,018,661
Public Welfare	7,249,008	6,518,822	7,417,158	7,579,653	7,994,697	9,210,264	9,476,010	9,658,817	10,354,632	13,429,890
Other	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Fees	636,478	433,766	179,280	824,266	893,470	771,714	781,255	786,236	1,763,155	2,105,985
Total Governmental Activities Expenses	\$ 37,982,292	\$ 32,605,318	\$ 35,915,124	\$ 39,304,071	\$ 42,200,388	\$ 44,944,601	\$ 47,406,325	\$ 50,305,307	\$ 52,418,064	\$ 60,769,970
Business-Type Activities:										
Water	\$ 11,674,222	\$ 6,154,746	\$ 6,869,870	\$ 7,995,910	\$ 9,273,395	\$ 9,740,629	\$ 9,832,508	\$ 9,984,114	\$ 9,807,970	\$ 10,687,976
Waste Water	10,203,165	6,121,663	8,955,592	6,940,983	8,163,312	8,590,477	8,548,138	9,291,509	9,209,689	10,209,279
Solid Waste	2,584,899	2,475,680	6,958,209	3,308,441	4,570,884	4,262,650	4,535,865	4,739,710	4,665,613	4,991,829
Non-Major Activities	990,229	852,561	966,454	1,098,771	1,300,612	1,827,722	2,011,950	2,043,748	2,355,962	2,194,890
Total Business-Type Activities Expenses	\$ 25,452,515	\$ 15,604,650	\$ 23,750,125	\$ 19,344,105	\$ 23,308,203	\$ 24,421,478	\$ 24,928,461	\$ 26,059,081	\$ 26,039,234	\$ 28,083,974
Total Primary Government Expenses	\$ 63,434,807	\$ 48,209,968	\$ 59,665,249	\$ 58,648,176	\$ 65,508,591	\$ 69,366,079	\$ 72,334,786	\$ 76,364,388	\$ 78,457,298	\$ 88,853,944
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,949,125	\$ 1,966,966	\$ 2,453,015	\$ 1,947,445	\$ 2,530,474	\$ 2,683,016	\$ 3,139,427	\$ 3,777,184	\$ 3,546,689	\$ 4,380,033
Public Safety	2,638,811	3,219,231	3,290,573	3,211,911	3,347,859	3,175,257	2,234,994	4,158,560	4,020,453	4,260,366
Public Service	4,983,420	6,655,604	7,623,178	8,784,447	9,310,147	10,342,921	15,531,304	12,189,258	16,522,229	18,836,107
Public Welfare	1,102,896	1,593,212	613,322	1,097,845	1,213,526	1,414,394	1,593,025	1,724,864	1,567,557	5,294,909
Operating Grants and Contributions	566,586	406,239	457,354	2,254,052	2,494,244	2,715,986	3,021,400	5,419,871	7,622,415	12,156,812
Capital Grants and Contributions	635,758	844,935	4,762,416	2,960,051	5,018,559	2,667,352	7,651,008	6,593,221	15,429,642	4,518,830
Total Governmental Activities Program Revenues	\$ 11,876,596	\$ 14,686,187	\$ 19,199,858	\$ 20,255,751	\$ 23,914,809	\$ 22,998,926	\$ 33,171,158	\$ 33,862,958	\$ 48,708,985	\$ 49,447,057
Business-Type Activities										
Charges for Services:										
Water	\$ 7,921,483	\$ 9,585,939	\$ 9,842,699	\$ 9,969,058	\$ 11,935,016	\$ 11,166,944	\$ 12,915,454	\$ 11,438,495	\$ 11,913,879	\$ 13,970,784
Waste Water	7,488,473	8,560,438	8,852,738	9,008,247	9,283,600	9,668,524	10,686,506	10,445,185	10,671,361	11,691,165
Solid Waste	2,570,644	2,532,676	2,725,465	2,953,414	2,617,243	3,613,721	3,926,123	4,228,099	4,631,523	4,969,868
Non-Major Activities	382,968	644,672	872,325	891,379	3,207,605	2,172,399	2,282,839	2,308,182	2,457,485	2,525,782
Operating Grants and Contributions	-	-	9,596	123,439	134,946	169,509	134,523	83,264	104,868	243,536
Capital Grants and Contributions:	566,138	156,123	5,898,923	6,385,418	11,287,654	7,774,707	9,944,719	8,324,760	13,312,504	5,427,166
Total Business-Type Activities Program Revenues	\$ 18,929,706	\$ 21,479,848	\$ 28,201,746	\$ 29,330,955	\$ 38,466,064	\$ 34,565,804	\$ 39,890,164	\$ 36,827,985	\$ 43,091,620	\$ 38,828,301
Total Primary Government Program Revenues	\$ 30,806,302	\$ 36,166,035	\$ 47,401,604	\$ 49,586,706	\$ 62,380,873	\$ 57,564,730	\$ 73,061,322	\$ 70,690,943	\$ 91,800,605	\$ 88,275,358

CITY OF BOZEMAN, MONTANA
CHANGES IN NET POSITION (CONTINUED)
Past Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense) / Revenue										
Governmental Activities	\$ (26,105,696)	\$ (17,919,131)	\$ (16,715,266)	\$ (19,048,320)	\$ (18,285,579)	\$ (21,945,675)	\$ (14,235,167)	\$ (16,442,349)	\$ (3,709,079)	\$ (11,322,913)
Business-Type Activities	(6,522,809)	5,875,198	4,060,921	9,986,850	15,157,861	10,144,326	14,961,703	10,768,904	17,052,386	10,744,327
Total Primary Government Net Expense	\$ (32,628,505)	\$ (12,043,933)	\$ (12,654,345)	\$ (9,061,470)	\$ (3,127,718)	\$ (11,801,349)	\$ 726,536	\$ (5,673,445)	\$ 13,343,307	\$ (578,586)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 15,716,055	\$ 16,429,959	\$ 17,561,022	\$ 20,203,718	\$ 21,234,288	\$ 21,708,812	\$ 22,532,724	\$ 23,823,994	\$ 28,308,301	\$ 27,115,391
Unrestricted Grants and Contributions	6,898,717	6,342,884	7,436,419	7,699,711	7,992,180	8,372,625	6,171,297	4,658,177	4,859,238	4,956,187
Investment Earnings	283,090	243,744	355,790	403,152	519,637	554,870	64,058	1,490,286	1,604,365	428,653
Miscellaneous	155,484	-	293,884	374,966	418,215	1,317,137	2,320,536	1,009,437	1,128,061	(1,722,976)
Gain (Loss) on sale of assets	4,414	1,765	236,688	-	123,934	(71,335)	28,861	167,291	16,862	20,072
Transfers of Capital Assets	(2,088)	-	-	-	-	-	-	-	-	-
Transfers	(37,136)	(10,000)	(10,000)	(410,016)	1,218,036	(742,999)	(758,084)	(475,000)	(546,353)	(534,921)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 23,018,536	\$ 23,008,352	\$ 25,873,803	\$ 28,271,531	\$ 31,506,290	\$ 31,139,110	\$ 30,359,392	\$ 30,674,185	\$ 35,370,474	\$ 30,262,406
Business-Type Activities:										
Unrestricted Grants and Contributions	\$ 2,115	\$ 508,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	304,231	3,389	1,010,849	846,331	38,987
Transfers of Capital Assets	2,088	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,256,284	2,529,824	362,631	518,162	233,508
ARRA Debt Forgiveness	-	-	390,700	-	-	-	-	-	-	-
Gain (Loss) on sale of assets	-	-	-	-	-	(2,013,292)	10,005	(172,428)	4,012	17,918
Transfers	37,136	10,000	10,000	380,347	(1,218,036)	742,999	758,084	475,000	546,353	534,921
Total Business-Type Activities	41,339	518,912	400,700	380,347	(1,218,036)	290,222	3,301,302	1,676,052	1,914,858	825,334
Total Primary Government	23,059,875	23,527,264	26,274,503	28,651,878	30,288,254	31,429,332	33,660,694	32,350,237	37,285,332	31,087,740
Restatement of Beginning Net Position										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,104,680)	\$ 2,211,643	\$ -
Business-Type Activities	-	-	-	-	-	-	-	1,222,861	351,095	-
Total Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,181	\$ 2,562,738	\$ -
Change in Net Position										
Governmental Activities	\$ (3,087,160)	\$ 5,089,221	\$ 9,158,537	\$ 9,223,211	\$ 13,220,711	\$ 9,193,435	\$ 16,124,225	\$ 13,127,156	\$ 33,873,038	\$ 18,939,493
Business-Type Activities	(6,481,470)	6,394,110	4,461,621	10,367,197	13,939,825	10,434,548	18,263,005	13,667,817	19,318,339	11,569,661
Total Primary Government	\$ (9,568,630)	\$ 11,483,331	\$ 13,620,158	\$ 19,590,408	\$ 27,160,536	\$ 19,627,983	\$ 34,387,230	\$ 26,794,973	\$ 53,191,377	\$ 30,509,154

CITY OF BOZEMAN, MONTANA
 FUND BALANCE - GOVERNMENT FUNDS
 Past Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	7,062,964	7,327,375	6,420,760	6,061,965	5,541,841	6,402,882	7,739,020	7,739,582	8,110,313	9,183,265
Unassigned	264,091	-	193,534	-	979,258	87,274	(274,252)	-	1,030,550	-
Total general fund	\$ 7,327,055	\$ 7,327,375	\$ 6,614,294	\$ 6,061,965	\$ 6,521,099	\$ 6,490,156	\$ 7,464,768	\$ 7,739,582	\$ 9,140,863	\$ 9,183,265
All Other Governmental										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,113,484	1,193,530	1,269,557	2,061,790	1,426,575	1,533,338	1,623,816	1,735,591	1,796,174	1,884,479
Restricted	19,683,881	26,061,499	19,927,526	12,546,935	39,856,356	38,938,127	34,403,744	23,129,241	65,273,723	61,818,904
Committed	3,463,714	851,322	3,075,505	3,088,936	3,528,263	3,901,694	3,856,238	4,279,091	4,328,163	3,621,644
Assigned	-	-	229,602	-	7,425,398	7,259,749	1,868,485	1,293,436	578,852	96,473
Unassigned	(51,586)	456,669	(184,101)	(97,173)	914,535	107,103	(42,648)	8,731,534	(125,584)	662,773
Total all other governmental funds	\$ 24,209,493	\$ 28,563,020	\$ 24,318,089	\$ 17,600,488	\$ 53,151,127	\$ 51,740,011	\$ 41,709,635	\$ 39,168,893	\$ 71,851,328	\$ 68,084,273

Note: The City of Bozeman implemented the new standards for reporting fund balance GASB Statement 54 in fiscal year 2011

CITY OF BOZEMAN, MONTANA
 CHANGES IN FUND BALANCES - GOVERNMENT FUNDS
 Past Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	16,057,318	16,540,972	17,385,371	20,404,236	21,303,074	\$ 21,682,667	\$ 22,553,972	\$ 23,788,018	\$ 28,321,349	\$ 26,973,106
Special assessments	1,898,007	1,752,615	2,011,944	1,578,855	1,265,954	\$ 1,163,275	\$ 1,137,103	\$ 1,116,925	\$ 1,390,355	\$ 1,676,909
Licenses and permits	1,214,705	1,629,744	1,784,282	1,827,842	2,112,090	\$ 2,092,673	\$ 2,541,727	\$ 2,392,081	\$ 2,524,368	\$ 2,902,616
Intergovernmental	7,697,637	7,586,007	8,208,770	8,562,937	8,920,424	\$ 8,956,044	\$ 9,419,104	\$ 10,488,662	\$ 12,600,824	\$ 15,297,152
Charges for service	6,891,594	8,806,969	9,656,123	10,629,791	12,283,683	\$ 13,743,830	\$ 17,885,529	\$ 16,987,622	\$ 20,142,910	\$ 24,847,833
Fines and forfeitures	1,364,617	1,394,652	1,411,162	1,305,166	1,253,705	\$ 1,256,525	\$ 1,240,154	\$ 1,234,324	\$ 1,199,601	\$ 1,168,880
Interest on investments	281,239	239,778	329,086	370,305	479,699	\$ 520,690	\$ 34,709	\$ 1,439,743	\$ 1,343,201	\$ 155,647
Loan repayment	306,385	157,069	63,980	94,989	38,552	\$ 31,837	\$ 25,827	\$ 31,695	\$ 44,930	\$ 38,276
Other	155,484	394,677	287,089	363,274	415,646	\$ 1,307,668	\$ 2,313,097	\$ 995,553	\$ 1,790,144	\$ 1,766,620
Total revenues	35,866,986	38,502,483	41,137,807	45,137,395	48,072,827	50,755,209	57,151,222	58,474,623	69,357,682	74,827,039
Expenditures										
General government	6,266,566	7,276,839	6,138,575	6,594,474	7,318,539	7,643,886	8,268,285	8,782,078	9,280,183	10,449,026
Public safety	12,513,270	13,822,691	14,637,886	15,086,695	16,485,549	16,812,131	17,602,966	18,005,944	19,598,592	19,778,375
Public service	2,738,066	2,805,612	3,498,770	3,786,283	3,840,405	4,422,771	4,955,559	5,774,783	5,376,499	5,868,383
Public welfare	6,184,073	6,216,387	6,678,347	7,366,955	7,245,425	7,654,059	7,975,354	8,339,885	9,046,331	11,690,142
Other	-	15,776	1,046,712	1,113,340	418,431	506,169	655,532	728,642	665,517	3,500,760
Capital outlay	3,881,388	2,782,435	8,053,456	9,905,333	9,337,470	12,468,020	18,420,501	19,106,110	24,265,809	32,608,736
Debt service										
Principal	3,235,664	1,826,126	1,482,142	1,121,593	1,345,250	1,422,555	1,500,687	1,635,369	6,639,947	3,188,603
Interest & Fiscal Fees	666,082	445,736	380,950	824,266	893,470	771,714	718,597	786,238	1,763,155	2,105,985
Total expenditures	35,485,109	35,191,602	41,916,838	45,798,939	46,884,539	51,701,305	60,097,481	63,159,049	76,636,033	89,190,010
Excess of revenues over (under) expenditures	381,877	3,310,881	(779,031)	(661,544)	1,188,288	(946,096)	(2,946,259)	(4,684,426)	(7,278,351)	(14,362,971)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Transfers in	3,482,550	4,291,417	3,103,787	4,816,671	6,483,413	3,950,059	4,394,277	4,202,825	8,867,568	5,976,400
Transfers out	(3,821,010)	(4,454,505)	(3,113,787)	(5,197,018)	(5,496,492)	(4,693,058)	(5,152,361)	(4,677,825)	(9,413,920)	(6,511,321)
Issuance of debt	3,357,798	1,203,279	10,012,647	5,619,361	47,406	234,702	1,103,586	2,859,598	41,878,844	10,501,000
Premium on Bonds Issued	-	-	-	-	-	-	-	-	-	649,009
Payments to Refunded Bond Escrow Agent	(3,120,000)	-	-	-	-	-	-	-	-	-
Sales of capital assets	59,204	2,775	243,092	64,855	227,984	43,277	35,144	33,898	29,567	23,744
Total other financing sources (uses)	(41,458)	1,042,966	10,245,739	5,303,869	1,262,311	(465,020)	380,646	2,418,496	41,362,059	10,638,832
Extraordinary items										
Net change in fund balances	\$ 340,419	\$ 4,353,847	\$ 9,466,708	\$ 4,642,325	\$ 2,450,599	\$ (1,411,116)	\$ (2,565,613)	\$ (2,265,930)	\$ 34,083,708	\$ (3,724,139)
Debt service as a percentage of noncapital expenditures	12.3%	7.0%	5.5%	5.4%	6.0%	5.6%	5.3%	5.5%	16.0%	9.4%

REVENUE CAPACITY SECTION

CITY OF BOZEMAN, MONTANA
 ASSESSED VALUE OF TAXABLE PROPERTY
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial & Industrial Property	Other Property	Total Taxable Assessed Value **	Total Direct Tax Rate	Total Market Value *	Assessed Taxable Value ** as a Percentage of Total Market Value
2011	45,023,440	30,551,620	4,823,940	80,399,000	168.75	2,827,548,097	2.843%
2012	45,954,720	31,183,560	4,923,720	82,062,000	166.75	2,994,740,226	2.740%
2013	46,606,560	31,625,880	4,993,560	83,226,000	166.75	3,176,282,865	2.620%
2014	47,956,720	32,542,060	5,138,220	85,637,000	173.08	3,386,295,608	2.529%
2015	50,978,520	31,641,840	5,273,640	87,894,000	188.76	3,598,269,877	2.443%
2016	50,899,738	29,864,642	5,799,800	86,564,180	210.16	5,698,588,679	1.519%
2017	52,777,954	30,966,657	6,013,815	89,758,426	205.30	5,870,738,906	1.529%
2018	56,952,419	37,199,199	7,043,156	101,194,775	187.33	6,745,351,312	1.500%
2019	58,712,093	38,348,553	7,260,771	104,321,416	191.24	6,981,943,409	1.494%
2020	70,588,175	46,105,567	8,729,455	125,423,197	187.70	8,596,253,775	1.459%
2021	87,432,389	57,107,580	10,812,534	155,352,503	165.62	10,724,564,866	1.449%

Source: Based on information provided by Gallatin County and Montana Department of Revenue

Note: Property in Gallatin County is reassessed by the State Department of Revenue every two years.

* Sales price of property is not public record in the State of Montana, so the Total Market Value was used instead

** Includes tax-exempt property

CITY OF BOZEMAN, MONTANA
CITY TAXABLE MARKET AND TAXABLE VALUES
Past Ten Fiscal Years

Fiscal Year Ended June 30,	<u>Taxable Market Value</u>	<u>Full Taxable Value</u>	<u>Incremental Value for All Tax Increment Districts</u>	<u>Net Taxable Value (excludes Tax Increment Districts Incremental Values)</u>	<u>Taxable Value for Open Space Purposes</u>
2012	2,994,740,226	85,345,227	3,282,766	82,062,461	n/a *
2013	3,176,282,865	86,934,533	3,708,138	83,226,395	n/a *
2014	3,386,295,608	89,650,917	4,013,561	85,637,356	85,615,328
2015	3,598,269,877	92,081,322	4,186,781	87,894,541	90,735,030
2016	5,698,588,679	90,787,797	4,223,617	86,564,180	91,973,923
2017	5,870,738,906	94,102,761	4,344,335	89,758,426	93,212,816
2018	6,745,351,312	106,224,806	5,030,031	101,194,775	105,727,520
2019	6,981,943,409	109,713,782	5,392,366	104,321,416	191,152,592
2020	8,596,253,775	133,582,036	8,158,839	125,423,197	133,391,037
2021	10,724,564,866	166,838,141	11,485,638	155,352,503	137,765,762

Source: Based on information provided by Gallatin County and Montana Department of Revenue

Note: Property is assessed by the State Department of Revenue every two years.

* No certified value available, first certification available for FY2014

CITY OF BOZEMAN, MONTANA
TAX INCREMENT DISTRICT TAXABLE VALUATION DETAIL
Past Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>BOZEMAN DOWNTOWN</u>			<u>NORTHEAST URBAN RENEWAL DISTRICT</u>			<u>BOZEMAN MIDTOWN*</u>		
	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>
2012	1,328,695	2,251,286	3,579,981	423,054	133,197	556,251	2,886,997	840,137	3,727,134
2013	1,328,695	2,396,293	3,724,988	423,054	150,217	573,271	2,886,997	1,084,216	3,971,213
2014	1,328,695	2,586,963	3,915,658	423,054	172,608	595,662	2,886,997	1,193,297	4,080,294
2015	1,328,695	2,718,220	4,046,915	423,054	190,579	613,633	2,886,997	1,225,604	4,112,601
2016	1,328,695	2,898,551	4,227,246	423,054	214,470	637,524	2,886,997	1,055,385	3,942,382
2017	1,328,695	3,068,902	4,397,597	423,054	193,281	616,335	3,473,127	1,003,546	4,476,673
2018	1,328,695	3,769,917	5,098,612	423,054	223,765	646,819	3,507,723	948,746	4,456,469
2019	1,328,695	4,159,996	5,488,691	423,054	229,047	652,101	3,507,723	982,574	4,490,297
2020	1,328,695	5,987,410	7,316,105	423,054	457,274	880,328	3,507,723	1,714,155	5,221,878
2021	1,328,695	6,247,663	7,576,358	423,054	477,252	900,306	3,507,723	1,707,571	5,215,294
Fiscal Year Ended <u>June 30,</u>	<u>NORTH PARK URBAN RENEWAL**</u>			<u>BOZEMAN TECHNOLOGY</u>			<u>TOTAL</u>		
	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>	<u>Base Taxable</u>	<u>Incremental Taxable</u>	<u>Total Taxable</u>
2012				-	-	-	4,638,746	3,224,620	7,863,366
2013				-	-	-	4,638,746	3,630,726	8,269,472
2014				417	-	417	4,639,163	3,952,868	8,592,031
2015				417	3	420	4,639,163	4,134,406	8,773,569
2016				417	-	417	4,639,163	4,168,406	8,807,569
2017				417	-	283	5,225,293	4,265,729	9,491,022
2018				417	-	305	5,259,889	4,942,428	10,202,317
2019	244,332	20,749	265,081	417	-	305	5,504,221	5,392,366	10,896,587
2020	244,332	-	242,439	417	-	327	5,504,221	8,158,839	13,661,077
2021	244,332	-	244,332	417	-	417	5,504,221	8,432,486	13,936,707

Source: Based on information provided by Gallatin County and Montana Department of Revenue

Note: Property is assessed by the State Department of Revenue every two years.

*Previously North 7th Corridor

*New district created in FY19

CITY OF BOZEMAN, MONTANA
DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT &
COMPARISON TO CITY TAXABLE VALUE
Past Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>Downtown Bozeman Improvement District</u>			City Taxable Value (Excluding ALL tax increment district valuations)	The District's Incremental Taxable Value as Percentage of <u>City's Taxable Value</u>
	Taxable Market Value of Property in the District	Taxable Value of Property in the District	Incremental Taxable Value		
2012	129,285,686	3,579,981	2,251,286	82,062,461	2.74%
2013	142,099,662	3,724,988	2,396,293	83,226,395	2.88%
2014	153,063,721	3,915,658	2,586,963	85,367,356	3.03%
2015	190,128,511	4,046,915	2,718,220	87,894,541	3.09%
2016	259,138,001	4,227,246	2,898,551	86,564,180	3.35%
2017	265,793,431	4,397,597	3,068,902	89,758,426	3.42%
2018	297,005,720	5,098,612	3,769,917	101,194,775	3.73%
2019	319,728,707	5,488,691	4,159,996	104,321,416	3.99%
2020	447,565,041	7,316,105	5,987,410	125,423,197	4.77%
2021	465,530,358	9,222,257	6,247,663	155,352,503	4.02%

Source: Based on information provided by Gallatin County and Montana Department of Revenue

Note: Property is assessed by the State Department of Revenue every two years.

CITY OF BOZEMAN, MONTANA
PROPERTY TAX LEVIES IN THE DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT
Past Ten Fiscal Years

Taxing Entity	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Statewide School Equalization	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Gallatin County Operating and Bond	88.69	87.40	88.38	89.55	99.77	100.41	91.23	98.87	91.17	91.17
Open Space Bond	5.99	4.89	4.90	4.95	5.03	5.85	5.13	4.69	3.90	3.90
County-Wide School	95.61	96.47	101.28	99.94	106.85	105.39	99.67	102.44	96.45	96.45
Bozeman High School District	73.48	71.81	73.16	72.97	76.76	77.25	73.10	108.95	92.77	92.77
Bozeman Elementary School District	123.38	131.45	145.25	143.70	151.15	154.81	146.92	142.63	125.90	125.90
City of Bozeman	166.75	166.75	173.08	188.76	210.16	205.30	187.33	191.24	187.70	187.70
TOTAL	593.90	598.77	626.05	639.87	689.72	689.01	643.38	688.82	637.89	637.89
Exempt from Tax Increment										
University Millage	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Gallatin Conservation District	1.00	0.98	0.97	0.95	1.05	1.01	0.89	0.91	0.77	0.77
County-Wide Planning	2.40	2.39	2.39	2.35	2.39	2.39	2.48	2.50	2.22	2.22

Source: Based on information provided by Gallatin County and Montana Department of Revenue

Note: Property is assessed by the State Department of Revenue every six years and beginning in 2017 every two years.

CITY OF BOZEMAN, MONTANA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Past Ten Fiscal Years
(rate per \$1,000 of assessed value)

<u>Fiscal Year Ended June 30,</u>	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Tax Rate</u>	<u>Bozeman School District</u>	<u>Gallatin County</u>	<u>State of Montana</u>
2012	157.19	9.56	166.75	196.86	215.77	46.00
2013	158.38	8.37	166.75	203.26	215.10	46.00
2014	164.83	8.25	173.08	218.41	221.00	46.00
2015	177.52	11.24	188.76	216.67	215.78	46.00
2016	194.51	15.65	210.16	227.91	241.69	46.00
2017	190.17	15.13	205.30	232.06	241.69	46.00
2018	173.92	13.41	187.33	220.02	223.33	46.00
2019	178.22	13.02	191.24	251.58	206.00	46.00
2020	162.45	25.63	188.08	218.67	191.52	46.00
2021	136.87	28.75	165.62	219.35	194.33	46.00

Source: Based on information provided by Gallatin County and Department of Revenue

CITY OF BOZEMAN, MONTANA
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2021</u>			<u>2012</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Total Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northwestern Energy - Transmission & Distribution	6,339,111	1	4.75%	3,102,385	1	3.84%
CCC Bozeman LLC	761,000	2	0.57%			
Verizon Inc	625,712	3	0.47%			
Charter Communications Inc (formerly Bresnan)	545,175	4	0.41%	1,053,442	3	1.30%
Harry Daum - Gallatin Mall	532,374	5	0.40%	515,630	5	0.64%
GKT Bozeman Gateway LLC &	514,332	6	0.39%			
NB Stadium View DST	483,105	7	0.36%			
Springs VII at Bozeman LLC	476,646	8	0.36%			
Stone Ridge Partners LLC	423,867	9	0.32%	362,604	7	0.45%
REVESCO (USA) Properties of Bozeman LP	413,802	10	0.31%			
Bridger Peaks Holding LLC	401,003	11	0.30%	328,509	8	0.41%
Baxter Meadows Apartments LLC	372,792	12	0.28%			
J & D Family Limited Partnership	370,113	13	0.28%			
Crestview Lake LLC	367,506	14	0.28%			
Centurylink, Inc. (Qwest)	353,427	15	0.26%	1,117,377	2	1.38%
Bozeman Health Deaconess Hospital	335,546	16	0.25%			
G25 Holdings LLC	329,206	17	0.25%			
Etha Hotel LLC	320,008	18	0.24%			
COSTCO Wholesale Corporation	316,499	19	0.24%			
Cannery District Partners LLC	298,319	20	0.22%			
SNH/LTA Properties Trust	293,589	21	0.22%			
Wal-Mart Stores	293,456	22	0.22%	374,454	6	0.46%
State of Montana	282,414	23	0.21%			
Bridge Embassy House LP	268,337	24	0.20%			
Highgate Bozeman LLC	260,213	25	0.19%	325,730	9	0.40%
Celloco Partnership				582,609	4	0.72%
BVI/HJSI Bozeman LLC				319,807	10	0.40%
Total	\$ 15,977,552		11.96%	\$ 8,082,547		10.01%
Total City Taxable Assessed Value	\$ 133,582,036			\$ 78,290,000		

CITY OF BOZEMAN, MONTANA
 PRINCIPAL PROPERTY TAX PAYERS IN
 DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT
 Current Year and Prior Year

		2021			2020		
		Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
G25 HOLDINGS LLC	Property Investor/Developer	329,206	1	4.37%	329,206	1	4.51%
ETHA Hotel LLC	Property Investor/Developer	320,008	2	4.25%			
First Security Bank	Bank	257,915	3	3.42%	258,837	2	3.55%
5 West LLC	Multi Tenant Commercial/Residential Building	167,052	4	2.22%	167,052	3	2.29%
F&H, LLC	Property Investor/Developer	141,830	5	1.88%	141,830	4	1.94%
Moose Point LP	Commercial Property Developer	127,363	6	1.69%	127,363	5	1.75%
Atlantic Financial Group Ltd.	Bank	124,416	7	1.65%	124,416	6	1.70%
777 Building	Multi Tenant Office Retail Building	121,198	8	1.61%	121,198	7	1.66%
M & J Cowdrey LLC	Property Investor/Developer	110,165	9	1.46%	110,165	8	1.51%
Downtownner Group LLC	Business Support Services	108,936	10	1.45%	108,936	9	1.49%
Glacier Bank	Bank	107,196	11	1.42%			
Masonic Temple Inc of Bozeman	Event Space	100,428	12	1.33%	100,428	10	1.38%
	Total	<u>\$ 2,015,713</u>		<u>26.77%</u>	<u>\$ 1,589,431</u>		<u>21.78%</u>
Total Downtown BID Taxable Assessed Value		<u>\$ 7,530,386</u>			<u>\$ 7,297,724</u>		

CITY OF BOZEMAN, MONTANA
PROPERTY TAX LEVIES AND COLLECTIONS
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	13,683,839	13,108,003	95.79%	454,515	13,562,518	99.11%
2013	13,878,293	13,633,347	98.24%	201,182	13,834,529	99.68%
2014	14,821,724	14,482,502	97.71%	219,735	14,702,237	99.19%
2015	16,590,871	16,559,270	99.81%	31,601	16,590,871	100.00%
2016	18,191,892	18,009,556	99.00%	68,812	18,078,368	99.38%
2017	18,338,501	18,069,230	98.53%	90,643	18,159,873	99.03%
2018	18,956,357	18,791,653	99.13%	53,429	18,845,082	99.41%
2019	19,950,675	19,940,784	99.95%	9,891	19,950,675	100.00%
2020	23,589,506	23,381,671	99.12%	207,835	23,589,506	100.00%
2021	21,454,058	21,017,696	97.97%	-	21,017,696	97.97%

Source: Gallatin County
City Manager's Final Adopted Budget

CITY OF BOZEMAN, MONTANA
 WATER SOLD BY TYPE OF CUSTOMER
 Past Ten Fiscal Years
(in hundreds of cubic feet "HCF")

Type of Customer	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	1,323,816	1,513,986	1,433,833	1,385,140	1,493,192	1,601,439	1,623,881	1,556,249	1,546,308	1,788,984
Government	49,349	59,589	52,448	53,165	51,923	56,956	75,001	54,270	103,536	73,416
MSU	235,965	233,484	213,698	210,107	208,618	225,394	217,967	238,968	178,368	171,840
Commercial	602,352	638,337	607,444	599,193	610,741	620,761	618,398	627,116	506,868	590,076
Total	<u>2,211,481</u>	<u>2,445,396</u>	<u>2,307,423</u>	<u>2,247,605</u>	<u>2,364,473</u>	<u>2,504,550</u>	<u>2,535,247</u>	<u>2,476,603</u>	<u>2,335,080</u>	<u>2,624,316</u>
Total direct rate per 1,000 HCF	\$ 2,887.40	\$ 2,955.66	\$ 3,053.40	\$ 3,105.14	\$ 3,175.41	\$ 3,256.72	\$ 3,337.92	\$ 3,508.94	\$ 3,757.07	\$ 3,697.72

Source: City of Bozeman Finance Department

CITY OF BOZEMAN, MONTANA
WATER AND SEWER RATES
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2011	\$ 13.42	\$ 21.02	\$ 14.73	\$ 24.41
2012	\$ 14.02	\$ 21.96	\$ 15.61	\$ 25.87
2013	\$ 14.65	\$ 22.95	\$ 16.55	\$ 27.42
2014	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10
2015	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10
2016	\$ 15.02	\$ 23.53	\$ 18.09	\$ 29.98
2017	\$ 15.39	\$ 24.11	\$ 18.63	\$ 30.87
2018	\$ 15.70	\$ 24.60	\$ 19.01	\$ 31.50
2019	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2020	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2021	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45

* For Residential Customers, using 5/8 inch meter size.

Sources: City of Bozeman, Montana Commission Resolution 4327
City of Bozeman, Montana Commission Resolution 4328
City of Bozeman, Montana Commission Resolution 4454
City of Bozeman, Montana Commission Resolution 4626 & 4627
City of Bozeman, Montana Commission Resolution 4819 & 4820
City of Bozeman, Montana Commission Resolution 4927 & 4928
City of Bozeman, Montana Commission Resolution 5065 & 5066
City of Bozeman, Montana Commission Resolution 5273 & 5274

DEBT CAPACITY

CITY OF BOZEMAN, MONTANA
RATIOS OF OUTSTANDING DEBT BY TYPE
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities							Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Premiums	Notes Payable	Capital Leases	Sports Park Loan Payable	Special Assessment Bonds	Tax Increment Financing Bonds	Water Revenue Bonds	Wastewater State of MT RLF Loans	Stormwater Revenue Bond	Capital Leases				
2012	3,080,000		306,727	203,860		2,269,500	5,370,000	182,577	23,853,427	-	-	35,266,091	4.39%	\$ 925.23	
2013	2,445,000		1,198,823	149,892		1,659,500	5,195,000	13,751,878	22,501,119	-	-	46,901,212	5.56%	\$ 1,210.26	
2014	11,685,000		1,086,396	94,176		1,185,500	5,015,000	18,140,000	21,025,565	-	-	58,231,637	6.83%	\$ 1,498.50	
2015	16,320,000	262,425	963,274	295,912		890,500	4,825,000	17,365,000	19,972,565	229,750	434,598	61,559,024	7.25%	\$ 1,477.65	
2016	15,570,000	248,967	884,844	249,501		662,500	4,630,000	16,567,000	18,930,565	1,440,430	363,749	59,547,556	7.01%	\$ 1,371.91	
2017	14,710,000	235,509	902,500	270,492		501,000	4,425,000	15,760,000	17,856,000	1,367,430	290,538	56,318,469	6.13%	\$ 1,244.61	
2018	13,835,000	222,051	763,588	463,535		406,000	5,018,931	19,107,497	16,368,000	1,292,430	214,887	57,691,920	5.80%	\$ 1,238.13	
2019	12,940,000	208,593	937,009	651,453	1,700,000	171,500	5,338,811	21,001,000	15,229,000	1,520,000	183,591	59,880,957	5.71%	\$ 1,233.84	
2020	45,445,000	3,778,566	781,079	404,043	1,700,000	139,500	4,733,238	19,791,000	14,057,000	1,442,000	71,077	92,342,503	7.22%	\$ 1,853.11	
2021	43,240,000	4,198,474	609,577	310,270	1,637,117	3,948,216	10,763,655	18,547,000	24,582,587	1,362,000	10,585	109,209,481	7.84%	\$ 2,049.23	

Sources: City Manager's Final Adopted Budget
City of Bozeman Finance Department

CITY OF BOZEMAN, MONTANA
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of	
	General Obligation Bonds	Bond Premiums	Tax Increment Financing District Bonds	Total	Actual Taxable Value of Property	Per Capita
2011	3,710,000		5,535,000	9,245,000	11.5%	\$ 247.76
2012	3,080,000		5,370,000	8,450,000	10.3%	\$ 221.69
2013	2,445,000		5,195,000	7,640,000	9.2%	\$ 197.15
2014	11,685,000		5,015,000	16,700,000	19.5%	\$ 429.75
2015	16,320,000	262,425	4,825,000	21,145,000	24.1%	\$ 507.56
2016	15,570,000	428,967	4,630,000	20,200,000	23.3%	\$ 465.38
2017	14,710,000	235,509	4,425,000	19,135,000	21.3%	\$ 422.87
2018	13,835,000	222,051	4,926,931	18,761,931	18.5%	\$ 402.65
2019	12,940,000	208,593	5,338,811	18,278,811	17.5%	\$ 376.63
2020	45,445,000	3,785,489	4,733,238	50,178,238	40.0%	\$ 1,006.97
2021	43,240,000	4,198,474	10,763,655	54,003,655	34.8%	\$ 1,013.33

Source: City Manager's Final Adopted Budget

Debt Outstanding is reduced by cash held for bond reserves for the purposes of this table

CITY OF BOZEMAN, MONTANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

	Debt Outstanding as of June 30, 2021	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<u>Overlapping Bonded Indebtedness</u>			
Gallatin County:			
Various issues outstanding	\$24,175,000	37%	\$ 8,889,685
Bozeman School District #7:			
Various issues outstanding	<u>\$ 188,484,555</u>	<u>33%</u>	<u>\$ 61,650,259</u>
Subtotal overlapping debt			\$ 70,539,944
<u>City of Bozeman, Montana</u>			
Direct Debt	<u>\$ 64,707,309</u>	<u>100%</u>	<u>\$ 64,707,309</u>
Total Direct & Overlapping Debt			<u><u>135,247,252</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bozeman. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each entity's total taxable assessed value.

Sources:

City of Bozeman Finance Department
Gallatin County Assessor's Office
Bozeman School District #7

CITY OF BOZEMAN, MONTANA
 LEGAL DEBT MARGIN INFORMATION
 Past Ten Fiscal Years

	Fiscal Years									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit*	74,875,000	76,450,000	84,657,000	84,500,000	142,464,717	147,500,000	168,633,783	174,548,585	214,906,344	268,114,122
Total net debt applicable to limit	\$ (11,230,087)	\$ (10,648,215)	\$ (19,066,072)	\$ (23,557,111)	\$ (22,245,812)	\$ (21,044,501)	\$ (20,709,106)	\$ (21,947,366)	\$ (57,148,561)	\$ (64,707,309)
Legal debt margin	<u>\$ 63,644,913</u>	<u>\$ 65,801,785</u>	<u>\$ 65,590,928</u>	<u>\$ 60,942,889</u>	<u>\$ 120,218,905</u>	<u>\$ 126,455,499</u>	<u>\$ 147,924,677</u>	<u>\$ 152,601,219</u>	<u>\$ 157,757,783</u>	<u>\$ 203,406,813</u>
Total net debt applicable to the limit as a percentage of debt limit	15.0%	13.9%	22.5%	27.9%	15.6%	14.3%	12.3%	12.6%	26.6%	24.1%

*2.5% of total market value of taxable property of \$8.6 Billion per MCA 2019 7-7-4201

Source: City Manager's Final Adopted Budget

CITY OF BOZEMAN, MONTANA
 PLEDGED REVENUE COVERAGE
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	Water Revenue Bonds					Special Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
2012	6,814,990	(4,063,529)	(159,000)	(6,405)	2,586,056	858,699	(2,082,000)	(192,320)	(1,415,621)
2013	7,806,922	(4,364,506)	(502,000)	(163,250)	2,777,166	820,090	(650,975)	(103,198)	65,917
2014	7,871,386	(4,405,464)	(751,000)	(429,438)	2,285,484	1,054,483	(474,000)	(73,760)	506,723
2015	7,748,913	(4,973,926)	(775,000)	(538,425)	1,461,562	586,116	(295,000)	(50,070)	241,046
2016	8,414,870	(6,176,752)	(798,000)	(515,010)	925,108	705,143	(228,000)	(39,343)	437,800
2017	9,281,821	(6,589,396)	(822,000)	(490,890)	1,379,535	558,988	(161,500)	(30,335)	367,153
2018	10,157,888	(6,494,121)	(1,141,000)	(530,881)	1,991,886	506,819	(95,000)	(23,221)	388,598
2019	9,396,171	(6,525,730)	(1,176,000)	(578,954)	1,115,487	518,351	(234,500)	(18,740)	265,111
2020	9,852,377	(6,848,489)	(1,210,000)	(587,350)	1,206,538	775,230	(32,000)	(26,434)	716,796
2021	11,027,542	(6,878,458)	(1,244,000)	(552,156)	2,352,928	975,387	(192,284)	(135,114)	647,989

Fiscal Year Ended June 30,	Waste Water Revenue Bonds				
	Utility Service Charges	Less: Operating Expenses	Debt Service		Coverage
			Principal	Interest	
2012	6,385,404	(3,784,420)	(883,000)	(857,842)	860,141
2013	6,916,226	(3,947,821)	(1,465,227)	(847,778)	655,400
2014	7,204,486	(5,895,751)	(1,084,854)	(660,771)	(436,891)
2015	7,631,117	(3,914,454)	(1,053,000)	(632,268)	2,031,395
2016	7,927,692	(5,139,029)	(1,042,000)	(552,269)	1,194,394
2017	8,566,893	(5,496,164)	(1,074,565)	(545,267)	1,450,897
2018	8,876,017	(5,158,989)	(1,104,000)	(513,009)	2,100,019
2019	9,336,007	(6,348,468)	(1,139,000)	(479,859)	1,368,680
2020	9,441,675	(6,592,798)	(1,172,000)	(446,064)	1,230,813
2021	9,926,730	(6,329,624)	(1,760,000)	(581,214)	1,255,892

CITY OF BOZEMAN, MONTANA
DEBT SERVICE REQUIREMENTS AND COVERAGE
FOR TAX INCREMENT DISTRICTS
Past Ten Fiscal Years

Fiscal Year Ended June 30,	<u>DOWNTOWN IMPROVEMENT DISTRICT</u>			<u>NORTHEAST URBAN RENEWAL DISTRICT</u>		
	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage
2012	1,266,104	421,688	3.00	-	-	-
2013	1,497,572	425,088	3.52	-	-	-
2014	1,644,960	423,088	3.89	-	-	-
2015	1,853,725	425,888	4.35	-	-	-
2016	2,066,749	423,288	4.88	-	-	-
2017	2,160,187	425,488	5.08	-	-	-
2018	2,430,377	422,288	5.76	149,580	92,000	1.63
2019	2,150,531	423,573	5.08	164,252	95,000	1.73
2020	1,803,534	447,987	4.03	289,196	92,000	3.14
2021	1,847,752	332,448	5.56	470,096	92,000	5.11

**\$863,000 Bond issuance for the Northeast Urban Renewal District on 7/20/2017

MIDTOWN IMPROVEMENT DISTRICT

Fiscal Year Ended June 30,	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	1,118,930	401,893	2.78

**\$6,500,000 Bond issuance for the Northeast Urban Renewal District on 7/9/2020

CITY OF BOZEMAN, MONTANA
SUMMARY OF OUTSTANDING SIDs
Current Fiscal Year

As of June 30, 2021

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Bonds Outstanding</u>	<u>Cash Balance</u>	<u>Assessments Outstanding</u>	<u>Delinquent Assessments</u>
SID 674	\$ 494,000	7/1/2024	107,500	23,205	72,918	-
SID 747	\$ 4,001,000	7/1/2040	3,840,716	-	3,144,623	8,166
TOTAL	<u>\$ 494,000</u>		<u>\$ 107,500</u>	<u>\$ 23,205</u>	<u>\$ 72,918</u>	<u>\$ -</u>

CITY OF BOZEMAN, MONTANA
 REVOLVING FUND BALANCE AND BOND SECURED THEREBY
 Past Ten Fiscal Years

Fiscal Year Ended June 30.	Revolving Fund Cash Balance	Principal Amount of Debt
2012	3,190,244	2,269,500
2013	2,443,769	1,803,029
2014	2,474,971	1,317,226
2015	2,948,129	1,295,224
2016	2,924,604	1,120,708
2017	2,874,013	1,040,533
2018	2,903,817	916,503
2019	3,020,315	643,983
2020	2,173,692	1,537,286
2021	2,555,927	1,152,898

CITY OF BOZEMAN, MONTANA
SPECIAL IMPROVEMENT DISTRICT ASSESSMENT BILLING AND COLLECTIONS
Past Ten Fiscal Years

Fiscal Year	Assessment Billing	Total Annual Collections
2012	750,418	858,699
2013	741,886	820,090
2014	676,613	1,054,484
2015	538,697	586,116
2016	543,351	705,143
2017	528,622	558,988
2018	505,481	506,819
2019	476,212	518,351
2020	642,408	703,796
2021	594,719	649,643

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF BOZEMAN, MONTANA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Estimated Annual % Change in Population	Personal Income	Per Capita Personal Income	Median Age (years)	Residents with Bachelors Degree or Higher Schooling	Pre K-12 School Enrollment	Unemployment Rate
2012	38,116	2.1%	\$ 803,487,262	\$ 24,709	27.2	53.9%	5,810	5.2%
2013	38,753	1.6%	\$ 843,399,480	\$ 25,608	27.1	55.4%	5,994	4.3%
2014	38,860	0.3%	\$ 852,165,042	\$ 26,427	26.8	53.3%	6,216	3.5%
2015	41,660	6.7%	\$ 849,198,410	\$ 26,335	27.3	53.6%	6,294	2.9%
2016	43,405	4.0%	\$ 849,682,100	\$ 26,350	27.5	54.4%	6,533	2.8%
2017	45,250	4.1%	\$ 918,565,430	\$ 26,506	27.7	56.5%	6,770	2.8%
2018	46,596	2.9%	\$ 993,940,022	\$ 28,748	27.9	55.6%	6,908	2.8%
2019	48,532	4.0%	\$ 1,047,804,618	\$ 29,097	28	56.9%	7,015	3.8%
2020	49,831	2.6%	\$ 1,279,025,432	\$ 30,268	28	56.8%	7,152	4.5%
2021	53,293	6.5%	\$ 1,393,673,190	\$ 32,865	28	58.7%	6,893	3.2%

Sources:

Bozeman Public Schools
 U.S. Bureau of Labor Statistics
 U.S. Census Bureau

CITY OF BOZEMAN, MONTANA
 PRINCIPAL EMPLOYERS FOR GALLATIN COUNTY
 Current Year and Ten Years Ago

Employers By Class	Class Size	Employers By Class	Class Size
Bozeman Health	9	Bozeman Deaconess Hospital	9
Oracle America	7	Oracle America Inc.	7
Kenyon Noble Lumber & Hardware	7	Wal-Mart	7
Town Pump Convenience Stores	7	Albertson's	6
Wal Mart	7	Community Food Co-Op	6
Zoot Enterprises	6	Costco	6
Albertson's	6	Croakies	6
Target	6	First Security Bank	6
Bridger Bowl	6	Gibson Guitar	6
Community Food Co-Op	6	Kenyon Noble Lumber & Hardware	6
Costco	6	Lowes	6
Glacier Bancorp	6	Luzenac America	6
First Student	6	Martel Construction	6
McDonalds	6	McDonald's	6
Murdoch's Ranch & Home Supply	6	Murdoch's Ranch & Home Supply	6
Ressler Motors	6	Ressler Chevrolet Cadillac & Toyota	6
Rosauers Food & Drug	6	Rosauers Supermarket	6
Town & Country Foods	6	Town & Country Foods	6
UPS	6	Town Pump	6
Williams Plumbing & Heating	6	Zoot Enterprises	6

Public Employers By Class	Employer Class Size	Public Employers By Class	Employer Class Size
Montana State University	9	Montana State University	9
Belgrade School District	8	Bozeman School District #7	9
Bozeman School District	8	City of Bozeman	7
Gallatin County	8	Gallatin County	7
City of Bozeman	7		

Class 6 - 100 to 249 Employees
 Class 7 - 250 to 499 Employees
 Class 8 - 500 to 999 Employees
 Class 9 - 1,000+ Employees

Source: Montana Department of Labor & Industry

OPERATING INFORMATION

CITY OF BOZEMAN, MONTANA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION / PROGRAM
 Past Ten Fiscal Years

	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
City Commission	2.10	2.10	2.10	2.10	2.10	2.10	0.10	2.10	2.10	2.10
City Manager	8.00	8.00	5.00	5.00	6.00	6.00	9.00	9.00	9.00	9.00
Municipal Court	8.50	8.50	8.50	9.00	8.50	8.50	9.50	9.50	9.60	9.98
City Attorney	7.00	7.00	7.00	9.00	10.20	10.20	10.70	10.70	11.70	12.70
Administrative Services	-	-	19.00	21.00	21.50	23.50	-	-	-	-
Human Resources							4.00	5.00	5.00	5.00
Finance *	10.00	11.00	-	-	-	-	12.50	13.50	13.50	15.00
Information Technology *	6.00	6.00	-	-	-	-	6.00	7.00	7.00	7.00
Community Development	8.75	9.00	8.00	12.60	11.60	13.00	13.00	14.25	15.25	15.25
Building Maintenance	3.00	3.50	3.50	3.50	3.50	3.50	4.50	5.00	5.00	6.00
Total General Government	<u>53.35</u>	<u>55.10</u>	<u>53.10</u>	<u>62.20</u>	<u>63.40</u>	<u>66.80</u>	<u>69.30</u>	<u>76.05</u>	<u>78.15</u>	<u>82.03</u>
Public Safety										
Police Department	71.25	72.75	72.75	72.25	71.70	72.70	72.70	74.55	75.55	76.95
Fire Department	41.75	43.75	45.75	45.00	46.00	46.00	46.00	47.00	50.00	50.00
Building Inspection	10.55	10.55	12.55	14.00	18.50	18.50	19.50	19.75	19.75	19.75
Parking	4.50	4.50	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Total Public Safety	<u>128.05</u>	<u>131.55</u>	<u>136.55</u>	<u>137.25</u>	<u>142.20</u>	<u>143.20</u>	<u>144.20</u>	<u>147.30</u>	<u>151.30</u>	<u>152.70</u>
Public Services										
Public Services Administration / Engineering	10.00	10.00	12.00	6.58	10.25	11.50	11.50	16.25	18.25	22.25
Streets	17.62	17.62	18.62	16.20	18.85	19.85	21.85	21.35	22.30	22.30
Storm Water	-	1.00	1.00	4.00	6.25	6.50	7.50	7.50	8.50	9.50
Water Conservation								2.25	3.00	3.00
Water Treatment Plant	9.77	9.77	11.27	12.75	10.50	10.50	10.00	10.00	10.00	10.00
Water Operations	15.62	15.62	15.62	17.33	14.45	14.45	14.50	14.50	15.70	15.65
Wastewater Operations	10.25	10.25	11.25	13.09	13.30	14.05	12.00	12.50	13.55	14.55
Wastewater Plant	15.87	16.37	17.47	15.50	14.75	14.75	15.00	15.00	16.00	16.00
Solid Waste Collection/Recycling	15.74	15.74	15.74	15.90	15.15	16.15	17.15	17.15	18.75	19.75
Vehicle Maintenance	5.00	5.00	5.00	5.00	6.50	6.50	7.50	7.50	8.50	8.50
Total Public Services	<u>99.87</u>	<u>101.37</u>	<u>107.97</u>	<u>106.35</u>	<u>110.00</u>	<u>114.25</u>	<u>117.00</u>	<u>124.00</u>	<u>134.55</u>	<u>141.50</u>
Public Welfare										
Cemetery (numerous short terms)	3.33	3.33	3.33	4.90	5.04	5.04	4.75	4.25	4.25	4.55
Parks (numerous short terms)	11.77	11.77	11.77	15.40	14.51	14.51	14.90	18.00	18.00	19.75
Forestry	4.60	4.60	4.60	5.95	5.65	6.65	5.20	6.00	6.00	6.65
Library	21.66	21.56	23.11	23.41	26.02	28.02	28.02	28.02	28.02	26.53
Recreation (numerous short terms)	15.83	15.83	16.83	16.83	23.55	24.26	23.41	24.80	24.80	21.90
Community Services	2.00	2.00	4.00	3.50	3.50	3.50	2.00	2.00	3.00	3.00
Sustainability			1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total Public Welfare	<u>59.19</u>	<u>59.09</u>	<u>65.14</u>	<u>71.49</u>	<u>79.77</u>	<u>83.48</u>	<u>79.78</u>	<u>84.57</u>	<u>85.57</u>	<u>83.88</u>
Total of all Funds	<u>340.46</u>	<u>347.11</u>	<u>362.76</u>	<u>377.29</u>	<u>395.37</u>	<u>407.73</u>	<u>410.28</u>	<u>431.92</u>	<u>449.57</u>	<u>460.11</u>

Source: City Manager's Final Adopted Budget

* Administrative Services was created in fiscal year 2014 and consists of Finance, Information Technology and Human Resources

CITY OF BOZEMAN, MONTANA
OPERATING INDICATORS BY FUNCTION / PROGRAM
Past Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Finance										
SID Statements	16,000	16,200	16,424	16,506	16,893	17,200	17,463	18,185	18,552	18,895
Utility Bills	135,000	138,000	155,000	162,000	166,000	169,000	172,000	168,280	176,263	180,720
Accounts Payable Checks Processed	11,962	12,519	10,453	11,098	11,000	11,800	12,350	11,762	11,800	12,488
Police*										
Number of Officers	60	63	63	61	60	61	60	60	60	60
Calls for Service	45,358	47,361	48,542	46,290	47,400	48,200	47,136	50,548	48,099	48,560
Arrests	2,152	2,096	2,165	2,195	2,078	2,427	2,314	2,618	2,017	2,118
Misdemeanor Citations Issued - includes traffic	5,234	5,205	6,045	6,169	6,390	5,886	4,940	5,430	4,800	4,058
Traffic Stops	9,358	10,629	8,210	7,757	7,482	7,900	7,675	9,600	8,410	8,736
Traffic Crashes	1,264	1,320	1,469	1,601	1,792	1,850	1,958	1,840	1,813	1,351
Fire										
Fires, Hazardous Conditions & Rupture/Explosions	278	309	340	296	349	445	564	522	340	315
Emergency Medical Services/Rescue	1,483	1,941	2,051	2,032	2,424	3,062	3,320	3,073	3,154	3,557
Service Calls	187	145	212	202	244	334	438	406	239	170
Building Inspection										
Commercial Permits:										
Number	1,420	1,305	1,165	1,560	1,628	1,731	883	768	702	707
Value (Millions)	95.03	69.64	\$44.50	\$98.02	\$164.47	\$65	\$216	\$249	\$302	\$237
Residential Permits:										
Number	2,421	2,338	2,911	2,836	3,937	3,905	3,222	2,307	2,094	2,674
Value (Millions)	89.74	146.32	\$130.68	\$191.97	\$200	\$130	\$340	\$311	\$176	\$233
Water										
New Service Main Taps	20	41	57	70	60	72	65	101	96	100
Meter Replacement/Repair	279	113	479	1006	978	1500	994	1042	528	1273
Water Main Breaks/Repairs	6	4	7	5	7	6	7	5	11	14
Wastewater										
Main Line Flushing (in Miles)	90	47	30	90	50	30.9	50	37.5	48	33.3
New Infrastructure TV (in Miles)	1	2.6	2	8	2.6	9.9	7	2.8	3.3	7.4
New Service Taps	4	17	37	44	20	30	30	56	25	34
Solid Waste Collection & Recycling										
Residential Accounts	7,240	7,470	7,869	8,369	8,878	9,695	10,384	10,884	11,321	11,841
Commercial Customers	281	265	258	265	461	449	515	573	566	520
Recycling Customers	1,000	1,135	1,601	2,100	2,663	3,386	3,854	4,434	4,867	5,526
Annual Tonnage Collected: Collections Program	11,248	10,695	10,960	11,457	11,691	12,490	17,657	18,880	19,815	19,955
Vehicle Maintenance										
Work Orders Processed	1,473	1,646	1,717	1,549	1,453	1,509	2,592	2,392	2,057	3,718
Gallons of Oil Disposed	8,751	8,640	8,740	8,969	7,395	6,475	5,007	5,522	4,900	5,787
Parks										
Park Reservations	320	350	400	400	400	400	425	493	423	912

Sources: City Manager's Final Adopted Budget
City of Bozeman Finance Department

*Police statistics are based on calendar year

CITY OF BOZEMAN, MONTANA
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 Past Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (Cars)	20	20	20	22	21	21	22	21	21	24
Patrol Units (Motorcycles)	4	4	4	2	3	3	3	3	3	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	6	6	7	7	7	7	7	7	7	7
Streets										
Street & Alley Mileage	254.957	255.769	252	253	254	274	280	284	291	293
Lane Miles Painted	41.0	37.0	34.6	49.2	50.0	50.0	52.0	48.0	53.1	51.2
Number of Signs Installed/Repaired	1120	669	798	600	600	600	708	394	1107	1270
Water										
Water Mains (Miles)	261.33	264.61	267.28	268.57	274.89	276.92	283.95	286.68	297.10	299.52
Fire Hydrants	2,351	2,388	2,406	2,419	2,511	2,573	2,618	2,668	2,758	2,782
Wastewater										
Sanitary Sewers (Miles)	207.56	210.22	211.51	212.53	219.14	224.28	234.64	236.04	239.00	242.43
Number of Manholes	4,084	4,154	4,185	4,219	4,360	4,492	4,614	4,677	4,828	5,023
Solid Waste										
Number of Collection Vehicles	8	8	8	8	8	8	8	8	6	6
Number of Roll-off Trucks	4	4	4	4	4	4	5	5	5	5
Number of Recycling Trucks	1	1	2	2	2	2	2	2	2	2
Number of Compost Collection Trucks	2	2	2	2	2	2	1	1	1	1
Parks										
Formal Turf Acres	125	125	125	126	140	140	172	192	192	192
Natural Parkland Acres	220	220	220	220	220	220	323	343	388	413
Miles of Trails	55	55	61	63	63	63	63	65	65	65

Sources: City Manager's Final Adopted Budget
 City of Bozeman Finance Department
 City of Bozeman GIS Department
 City of Bozeman Police Department

PART IV

SINGLE AUDIT SECTION

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2021

<u>FEDERAL GRANTOR</u>	<u>CFDA</u>	<u>Pass Through Grantors Number</u>	<u>Grant Award</u>	<u>Total Revenue</u>	<u>Federal Awards Expended</u>	<u>Awards to Subrecipients</u>
<u>U.S. Department of Justice</u>						
Rural Domestic Violence Assistance Program	16.589	OVW 2018-WR-AX-0002	\$ 523,712	\$ 135,960	\$ 138,816	\$ 57,567
Adult Drug Court Discretionary Grant Program: Implementation	16.585	2017-VV-BX-0006	400,000	83,528	87,828	-
Passed through Gallatin County:						
Edward Byrne Memorial Justice Assistance Grant Program:						
Missouri River Drug Task Force	16.738	N/A	75,172	75,172	75,172	-
Bullet-Proof Vest Partnership	16.607	N/A	-	-	2,493	-
COVID-19 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1066	60,489	34,154	38,095	-
Total U.S. Department of Justice			<u>1,059,373</u>	<u>328,814</u>	<u>342,404</u>	<u>57,567</u>
<u>Office of National Drug Control Policy</u>						
Passed through the University of Baltimore						
Combating Opioid Overdose through						
Community-level Intervention Initiative (COOCLI)	95.007	G1999ONDCP06A	55,238	55,238	55,238	-
<u>U.S. Department of the Treasury</u>						
Passed through the State of Montana:						
COVID-19 CARES Act - Coronavirus Relief Fund	21.019	N/A	3,305,719	3,305,719	3,305,719	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	6,364,398	712,051	712,051	-
Total U.S. Department of Treasury			<u>9,670,117</u>	<u>4,017,770</u>	<u>4,017,770</u>	<u>-</u>
<u>U.S. Department of the Interior</u>						
WaterSMART: Cemetery Irrigation Project	15.507	N/A	7,565	7,565	7,565	-
<u>U.S. Department of Transportation</u>						
Passed through MT Dept. of Transportation: Highway Traffic Safety						
State and Community Highway Safety	20.600	00-03-09-02	1,218	1,218	1,218	-
National Priority Safety Programs	20.616	00-03-09-02	5,277	5,277	5,277	-
Passed through Historical Society:						
Historic Preservation Grants in Aid	15.904		6,000	6,000	6,000	-
Total U.S. Department of Transportation			<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 10,804,788</u>	<u>\$ 4,421,882</u>	<u>\$ 4,435,472</u>	<u>\$ 57,567</u>

CITY OF BOZEMAN, MONTANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of the City under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a select portion of the operations of the City, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of the City.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Schedule has been prepared on the accrual basis of accounting, which is the method of accounting used for the financial statements. Such expenditures are recognized following Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule present adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The City has elected not to use the optional 10 percent de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 4. MATCHING

The City has not expended matching contributions during the year ended June 30, 2021.

NOTE 5. LOAN AND LOAN GUARANTEES

The City has no direct loan guarantees at June 30, 2021.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor, City Commissioners, and City Manager of the
City of Bozeman, 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 City of Bozeman, Montana (the City), as of and for the year ended June 30, 2021, which collectively comprise the City's basic financial statements and have issued our report thereon, dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bozeman's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bozeman's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bozeman's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana

January 27, 2022

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

Honorable Mayor, City Commissioners, and City Manager of the
City of Bozeman, Montana

Report on Compliance for Each Major Federal Program

We have audited the City of Bozeman (the City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Bozeman, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana

January 27, 2022

CITY OF BOZEMAN, MONTANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?	No

Identification of Major Programs:

21.019 COVID-19 CARES Act – Coronavirus Relief Fund	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF BOZEMAN, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Finding and Questioned Costs

None Reported.

Status of Prior Year Financial Statement Findings:

None Reported.

Status of Prior Year Federal Award Findings and Questioned Costs:

None Reported.