

Annual Comprehensive Financial Report
Year Ended June 30, 2023
City of Bozeman, Montana
Prepared by the Finance Department

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Introductory Section

Year Ended June 30, 2023

City of Bozeman, Montana

December 21, 2023

To the Honorable Mayor, City Commission, and 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, 2023 is hereby submitted. The financial statement and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State Audits Division. We believe the enclosed data, as presented, is 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.

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

Eide Bailly LLP, Certified Public Accountants, have issued an unmodified or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2023. The independent auditors report is located at the front of the Financial Section of this report.

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

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.

CITY OF BOZEMAN PROFILE

The City of Bozeman sits in the center of Gallatin County, flanked by the Bridger Mountains and Custer Gallatin National Forest, just south of the Missouri River Headwaters. This diverse Rocky Mountain landscape creates easy access to year-round outdoor activities for Bozeman residents including hiking, mountain biking, climbing, camping, fishing, and downhill and cross-country skiing. The City encompasses an area of approximately 20 square miles with its next-closest municipality being the City of Belgrade, approximately seven miles from the City's outermost boundary. Bozeman is the county seat of Gallatin County and is the home to Montana State University (MSU) – 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 the 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 latest population estimate issued by the United States Census Bureau as of July 1, 2022 is 56,123.

The government provides a full range of services. These services include police and fire protection; sanitation services; water, wastewater & 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.

ECONOMIC OUTLOOK

Bozeman has gained recognition as one of the most desirable places to live in the country, offering a wealth of recreational activities, including fishing, hiking, skiing, hunting, and an array of impressive outdoor experiences. Positioned as one of Montana's most populous cities, Downtown Bozeman serves as the vibrant urban hub of the area, featuring a lively nightlife scene, street festivals, farmers markets, and cultural establishments that cater to both residents and visitors. As the home to MSU Bozeman, this town with a collegiate atmosphere serves as a gateway for newcomers to discover the diverse offerings of Montana, serving as a pivotal economic force for both incoming residents and businesses in the region.

In 2023, Bozeman was announced as the #1 Strongest Economy for fastest-growing micropolitan cities by POLICOM for the sixth consecutive year. Economic strength is defined as “the long-term tendency for an area to consistently grow in both size and quality.” Bozeman has a 2022 population estimated to be 56,123 residents. Between 2015-2019 the growth rate was 3.8% according to a Bozeman Economic Assessment conducted by Bridge Economic Development published in March 2023.

Bozeman's economy is most heavily concentrated in tourism and retail jobs that typically have lower wages than trade sector jobs. However, both Bozeman and Gallatin County are experiencing strong growth in knowledge-based industries (professional and technical services) and in manufacturing. Increased enrollment at MSU - Bozeman for in-demand tech and engineering degrees, along with substantial growth in company presence, is contributing significantly to population growth.

The City's median home values fall within the midrange when compared to peers. Over the last decade, median household income in Bozeman has surged, experiencing an uptick of nearly \$15,000. In fiscal year 2023, the City received 200 new single-family home applications and 112 multi-family residential building applications, up from 116 and 62 respectively in 2022. Despite this growth, the construction of new homes in the region has not matched the increasing demand. This continued growth increases the need for City services and infrastructure.

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 annually. 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. During (or following) the work sessions, the Commissioners may adjust 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 make additional adjustments following the public hearing, after which time, the Commission passes the appropriation ordinance in final form. The legal level of budgetary control is established at the service area level.

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. 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.

The City updates its long-term financial projections on an on-going basis and identifies both current and long-term funding needs and challenges to ensure financial stability of the City into the future. The City maintains and updates long-term financial plans on at least an annual basis for the following funds and programs: General Fund (including Police and Fire), Water, Water Reclamation, Stormwater, Solid Waste, Parks & Trails District, Forestry District, and all Streets departments. A minimum level of General Fund reserve equal to 2 months of annual revenues, or 16.67%, is maintained in compliance with Bozeman Municipal Code. 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.

MAJOR INITIATIVES

Strategic Plan

With the adoption of the Strategic plan, the fiscal year 2023 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 2023 financials and 2024 budget include:

1. *An Engaged Community.* The City continues to strive to foster a culture of civic engagement through the implementation and application of the City's adopted communication plan. Emphasis has been and continues to be placed on successful collaboration through City-County Regional Planning.
2. *An Innovative Economy.* The City Commission adopted the Economic Vitality Strategy in June 2023. In coordination with that plan, the City continues to support retention and growth of both traded and local business sectors. Additionally, many capital infrastructure investments helped leverage funds to encourage both residential and commercial economic development.
3. *A Safe, Welcoming Community.* The City continues to work towards welcoming diversity through policies and public awareness by way of investment in the development of the City's first Equity and Inclusion Plan, slated for presentation to City Commission in FY24. The Bozeman Public Safety Center opened in FY23, consolidating municipal court, police, and fire administration in one location.
4. *A Well-Planned City.* The City Commission adopted the Parks, Recreation and Active Transportation (PRAT) Plan on September 12, 2023. The plan provides and will inform actions towards facilitating and promoting recreational opportunities. In FY23, 8 mills were allocated to Community Housing in order to continue the implementation of its action plan to address the needs of community housing in Bozeman. The FY24 Budget includes appropriations for the acquisition of Light Detection and Ranging (LiDAR) data for land management, planning, and engineering projects which will aid in our efforts toward GIS Land Use & Infrastructure Development Tracking.

5. *A Creative, Learning Culture.* The Percent for Art program has been incorporated into our Capital Improvement Plan and some projects are already underway. This program provides a guaranteed funding mechanism for the acquisition of artwork for new public facilities and civic spaces. Extensive improvements were made to the Bozeman Public Library in FY23 to create innovative spaces in order to provide new services, programming, and places for social gatherings.
6. *A Sustainable Environment.* The FY24 Budget looks at Climate Action Plan Implementation and continues to increase the Sustainability Division's budget from \$870K in FY23 to approximately \$1.1M in FY24.
7. *A High-Performance Organization.* We have completed the 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 rates and fees to ensure we are using equitable and sustainable sources of funding for appropriate City services with an emphasis on delivering them in a lean and efficient manner. Additionally, the FY24 budget includes funding for a Facility Condition Inventory and Facility Needs Assessment to inform future facility needs.

OTHER INFORMATION

Independent 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 Eide Bailly LLP, has been included in this report.

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, 2022. The Certificate of Achievement is a prestigious national award that is an important recognition of conformance with the highest standards for preparation of state and local government financial reports. This was the 39th 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 that conforms to program standards and satisfies generally accepted accounting principles and applicable legal requirements. The City believes 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.

The City has also received the Distinguished Budget Presentation Award from the GFOA for 31 years. The award represents the City's commitment to meeting the highest principles of governmental budgeting. The budget is rated in four major categories: as a policy document, an operations guide, a financial plan, and a communications device. Budget documents must be rated "proficient" in all four categories to receive the award.

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, with special thanks to Aaron Funk for his dedication and expertise in financial reporting. We would also like to express appreciation to the City Commission for their interest and support in planning and overseeing the operations of the City in a responsible and professional manner.



Jeff Mihelich
City Manager



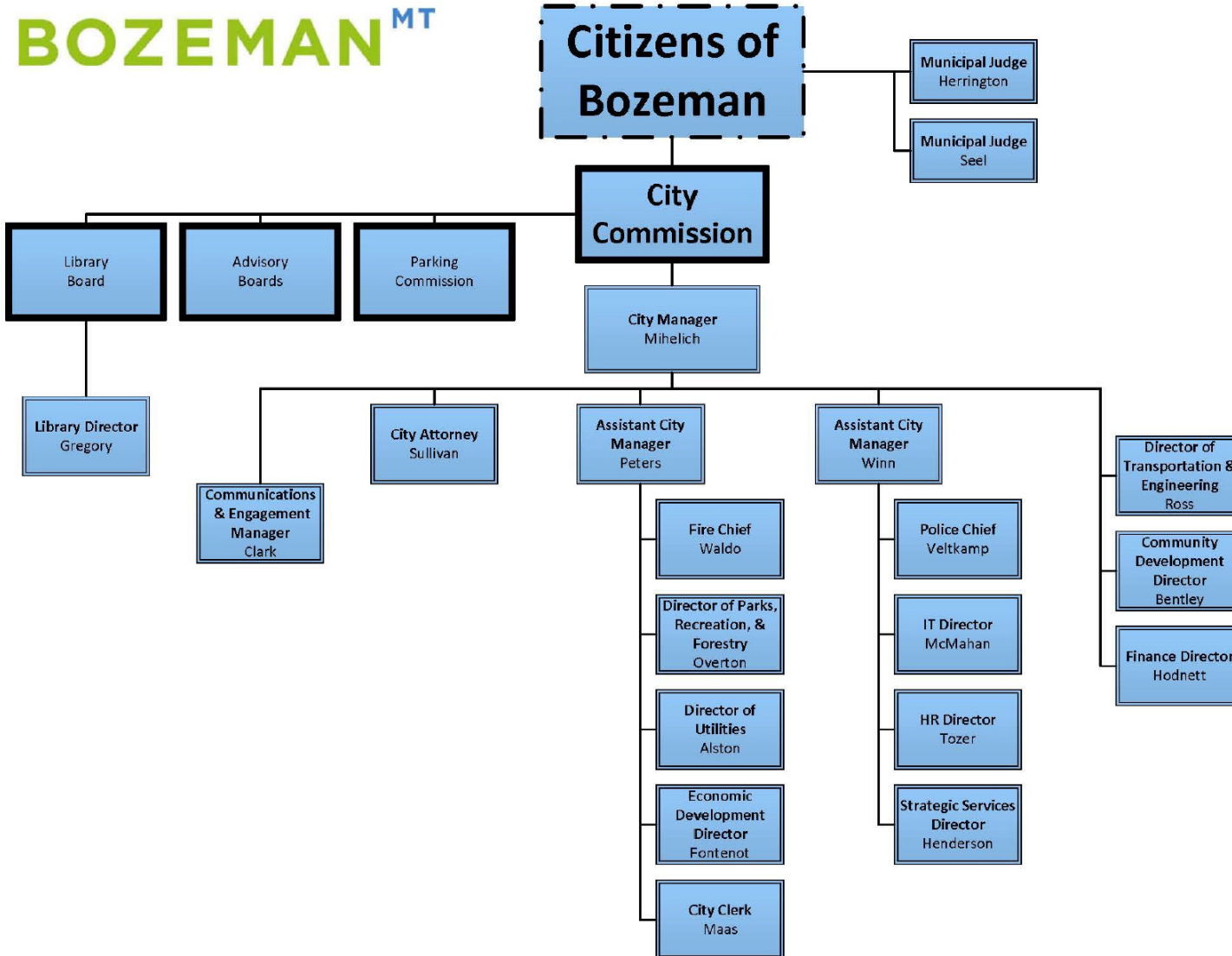
Melissa Hodnett
Director of Finance

City of Bozeman, Montana

Listing of City Officials

June 30, 2023

Name	Position
Elected Officials	
Legislative	
Cynthia Andrus	Mayor
Terence Cunningham	Deputy Mayor
Christopher Coburn	Commissioner
Jennifer Madgic	Commissioner
I-Ho Pomeroy	Commissioner
Judicial	
Karl Seel	Municipal Judge
J. Colleen Herrington	Municipal Judge
Officers	
Executive	
Jeff Mihelich	City Manager
Chuck Winn	Assistant City Manager
Kira Peters	Assitant City Manager
Michael Maas	City Clerk
Department of Law	
Gregory Sullivan	City Attorney
Department of Finance	
Melissa Hodnett, MBA	Finance Director
Aaron Funk, CPA	Controller
Laurae Clark	Treasurer
Department of Economic Development	
Britt Fontenet	Director of Economic Development
Department of Information Technology	
Scott McMahan	Information Technology Director
Department of Human Resources	
Cassandra Tozer	Human Resources Director
Department of Public Safety	
James Veltkamp	Chief of Police
Josh Waldo	Fire Chief
Department of Public Service	
Nicholas Ross	Director of Public Service
John Alston	City Engineer
Jon Henderson	Director of Strategic Services
Department of Public Welfare	
Mitch Overton	Director of Parks and Recreation
Susan Gregory	Director of Bozeman Public Library
Department of Planning and Community Development	
Anna Bentley	Director of Planning and Community Development





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, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section
Year Ended June 30, 2023
City of Bozeman, Montana



Independent Auditor's Report

To the Honorable Mayor and City Council
City of Bozeman

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bozeman (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bozeman, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Bozeman Public Library Foundation, which represent 100% of the net position and revenues of the discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report(s) has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report(s) of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedules of employer's share of net pension liability, schedules of employer's contributions, and schedules of revenue, expenditures, and changes in fund balance – budget to actual – budgetary basis for the general fund and major special revenue funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements, the individual budgetary comparison schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements, the individual budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Billings, Montana
December 21, 2023

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, 2023. 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, wastewater, 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.

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 special revenue 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.

Government-wide Financial Analysis

Net Position

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 \$636.2 million at the close of the most recent fiscal year. Net position increased by \$48.6 million this year as compared to a \$43.3 million increase last year. Net position of the City includes \$78.6 million (12.4%) of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

The majority of the net position, 84.0%, is invested in capital assets (land, buildings, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to community members; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents condensed financial information on the City's net position for the fiscal years ending June 30, 2023 and 2022.

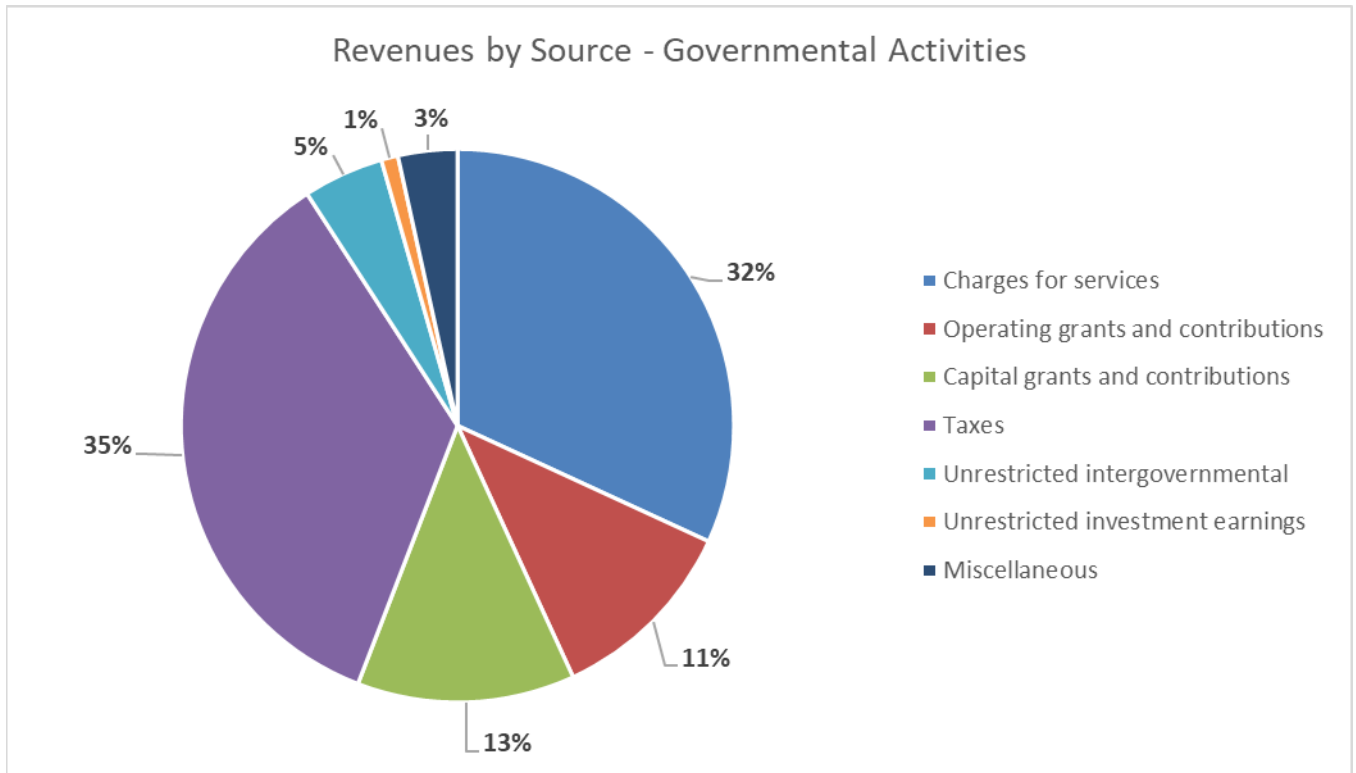
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 108,097,028	\$ 103,200,397	\$ 61,772,593	\$ 57,951,745	\$ 169,869,621	\$ 161,152,142
Capital assets	298,922,399	275,835,087	338,222,054	329,667,072	637,144,453	605,502,159
Total assets	407,019,427	379,035,484	399,994,647	387,618,817	807,014,074	766,654,301
Deferred Outflows of Resources	8,250,714	7,792,013	1,302,625	1,245,353	9,553,339	9,037,366
Liabilities						
Other liabilities	19,669,995	26,155,271	2,827,483	2,527,916	22,497,478	28,683,187
Long-term liabilities	101,721,336	95,447,522	52,757,557	53,831,562	154,478,893	149,279,084
Total liabilities	121,391,331	121,602,793	55,585,040	56,359,478	176,976,371	177,962,271
Deferred Inflows of Resources	2,500,575	8,369,794	933,712	1,794,124	3,434,287	10,163,918
Net position						
Net investment in capital assets	236,885,005	217,241,690	297,691,119	286,461,913	534,576,124	503,703,603
Restricted	46,965,688	55,321,501	31,659,041	29,337,941	78,624,729	84,659,442
Unrestricted	7,527,542	(15,708,281)	15,428,360	14,910,714	22,955,902	(797,567)
Total net position	\$ 291,378,235	\$ 256,854,910	\$ 344,778,520	\$ 330,710,568	\$ 636,156,755	\$ 587,565,478

The following table presents condensed financial information on the City's changes in net position for the fiscal years ending June 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 36,321,320	\$ 35,800,641	\$ 35,954,215	\$ 36,283,040	\$ 72,275,535	\$ 72,083,681
Operating grants and contributions	12,843,761	7,707,580	1,435,529	1,511,436	14,279,290	9,219,016
Capital grants and contributions	14,514,120	12,153,695	11,084,423	13,064,462	25,598,543	25,218,157
General revenues						
Taxes	39,860,197	29,432,001	-	-	39,860,197	29,432,001
Unrestricted intergovernmental	5,370,015	5,099,529	-	-	5,370,015	5,099,529
Unrestricted investment earnings (losses)	1,118,619	(1,685,354)	833,995	(1,291,575)	1,952,614	(2,976,929)
Miscellaneous	1,225,899	520,517	226,026	219,769	1,451,925	740,286
Gain (loss) on disposal of capital assets	2,726,201	(15,735)	(13,856)	1,031	2,712,345	(14,704)
Total revenues	113,980,132	89,012,874	49,520,332	49,788,163	163,500,464	138,801,037
Expenses						
General government	17,726,413	12,352,494	-	-	17,726,413	12,352,494
Public safety	28,002,592	22,442,450	-	-	28,002,592	22,442,450
Public service	14,646,742	12,176,141	-	-	14,646,742	12,176,141
Public welfare	15,343,285	16,211,729	-	-	15,343,285	16,211,729
Interest and fiscal charges	2,070,117	2,051,119	-	-	2,070,117	2,051,119
Water	-	-	13,882,728	11,604,238	13,882,728	11,604,238
Waste water	-	-	11,979,470	10,849,991	11,979,470	10,849,991
Solid waste	-	-	7,980,984	5,220,011	7,980,984	5,220,011
Parking	-	-	1,565,405	1,360,611	1,565,405	1,360,611
Stormwater	-	-	1,711,451	1,243,760	1,711,451	1,243,760
Total expenses	77,789,149	65,233,933	37,120,038	30,278,611	114,909,187	95,512,544
Excess before transfers	36,190,983	23,778,941	12,400,294	19,509,552	48,591,277	43,288,493
Transfers	(1,667,658)	(1,396,976)	1,667,658	1,396,976	-	-
Change in net position	34,523,325	22,381,965	14,067,952	20,906,528	48,591,277	43,288,493
Beginning net position	256,854,910	234,472,945	330,710,568	309,804,040	587,565,478	544,276,985
Ending net position	\$ 291,378,235	\$ 256,854,910	\$ 344,778,520	\$ 330,710,568	\$ 636,156,755	\$ 587,565,478

Governmental Activities

The net position of the City's governmental activities increased by \$34.5 million or 13.4% from \$256.9 million last year to \$291.4 million this year due to revenues exceeding expenses. Governmental activities revenues for the year increased \$25.0 million or 28.0%, from \$89.0 million in fiscal year 2022 (FY22) to \$114.0 million in fiscal year 2023 (FY23), while total expenses increased by \$12.6 million or 19.2%, from \$65.2 million in FY22 to \$77.8 million in FY23.



Property tax revenues increased by \$10.4 million or 35.4% from \$29.4 million to \$39.9 million. Mill values for the City of Bozeman increased by 54.7% based on the latest assessments from the Department of Revenue. In addition, the number of total property tax mills levied increased to 204.5 from 154.12 in the prior year.

Charges for services, which primarily includes street assessments, fire and street impact fees, and the park and trails assessments, increased by \$0.5 million or 1.5% from \$35.8 million in FY22 to \$36.3 million in FY23. Street impact fees decreased by \$3.2 million or 38.2% from \$8.4 million in FY22 to \$5.2 million in FY23 primarily due to a decline in new, large developments. This decrease was offset mainly by increases in General Fund charges for services, Parks & Trails, the Building Inspection Fund, and the Street Maintenance Assessment District Fund. General Fund charges for services increased by \$1.7 million due to an increase in services paid for by other City departments, including expenditures for the City Manager’s Office, Legal, Human Resources, Information Technology, and Finance. Parks & Trails District assessments increased by approximately 16.7% from \$5.0 million in FY22 to \$5.8 million in FY23, due to a 15% increase in special assessments to pay for deferred maintenance and due to growth in the district. The Building Inspection Fund increased by \$0.7 million or 30% from \$2.4 million to \$3.1 million primarily due to growth in total applications submitted for plan review. The Street Maintenance District assessment revenue increased by approximately \$0.5 million due to a 6% increase in special assessments and growth in the district.

Restricted operating grants and contributions increased by \$5.1 million or 66.6% from \$7.7 million in FY22 to \$12.8 million in FY23 primarily due to the recognition of American Rescue Plan Act grants revenues toward revenue recovery for operations in the General Fund and Planning Fund.

Program expenses increased by \$12.6 million or 19.2%, from \$65.2 million in FY22 to \$77.8 million in FY23. A combination of increased costs of contracted services and increases in personnel costs resulted in this increase. Contracted and agreed upon citywide salary increases were implemented in fiscal year 2023 to address increased inflation in the community. These salary increases also supported the City in reducing the large amount of vacancy savings that was baked into prior fiscal year actuals and resulted in an increase in expenses.

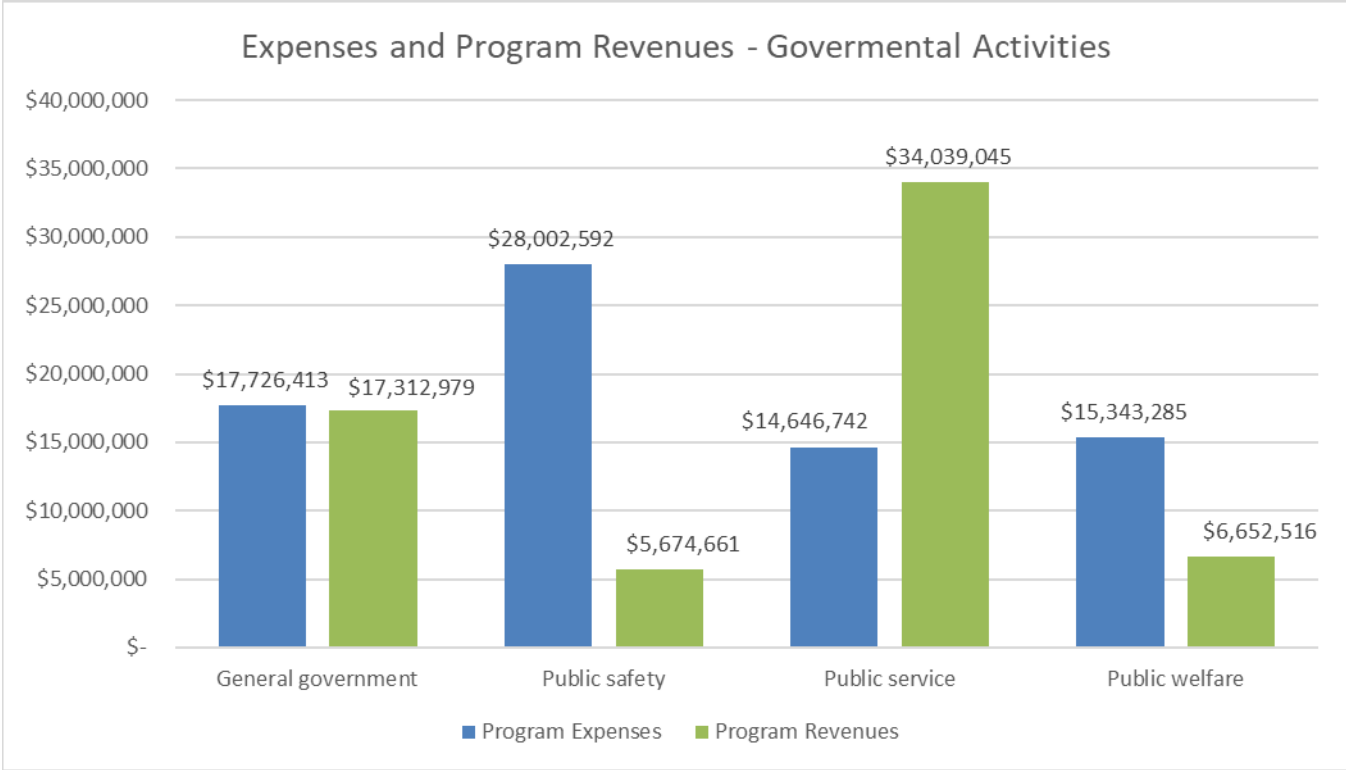
General government expenses increased by \$5.4 million or 43.5% from \$12.4 million to \$17.7 million. \$2.2 million of the increase is attributed to the salary and benefits increases as described above. \$1.8 million of the increase includes city-wide payments for insurance, and general fund grants to non-profits which were reclassified from miscellaneous expenses in fiscal year 2023. Remaining increases are attributed to the personnel services increases described above.

Public safety expenses increased by \$5.6 million or 24.8% from \$22.4 million in FY22 to \$28.0 million in FY23. Public service expenses increased by \$2.5 million or 20.3% from \$12.2 million in FY22 to \$14.6 million in FY23. Both increases are attributed to the contracted services and personnel services increases described above.

Public welfare expenses decreased by \$0.9 million or 5.4% from \$16.2 million in FY22 to \$15.3 million in FY23 due to significant urban renewal contributions that were expensed in fiscal year 2022 and a decline in grant expenses for Community Housing.

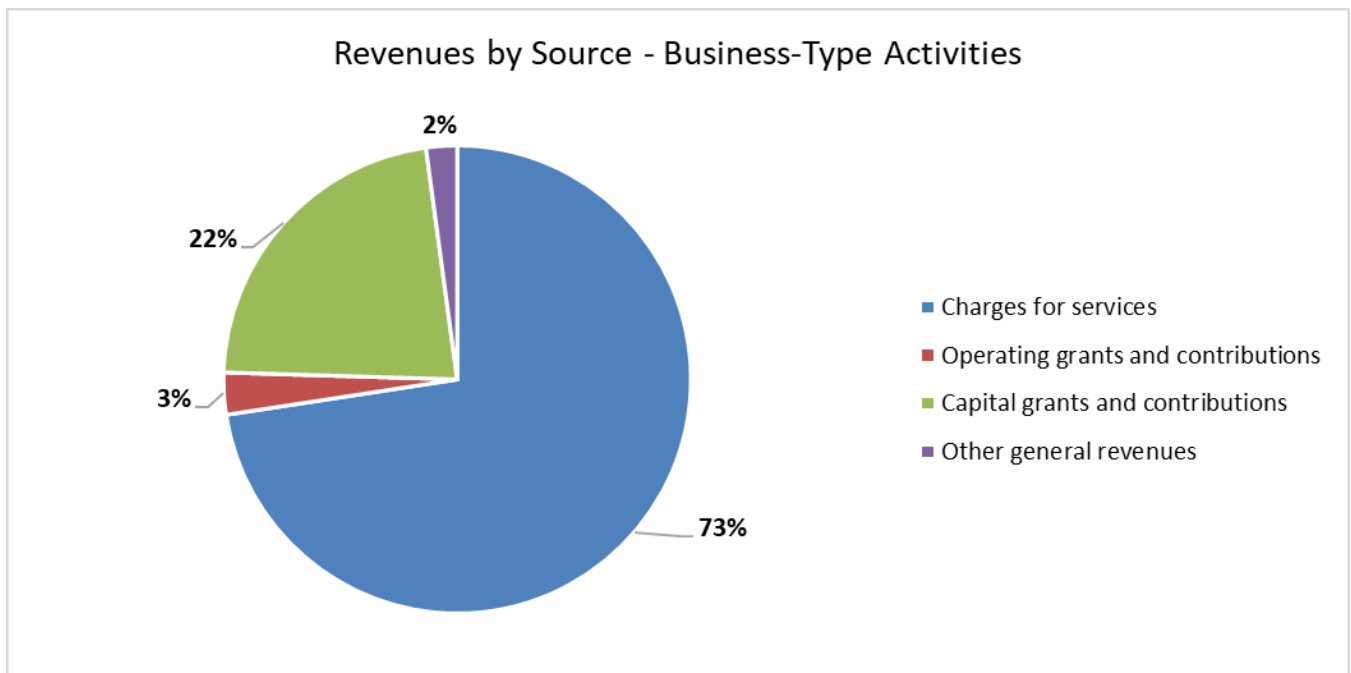
Interest and fiscal charges saw a trivial increase of approximately \$19,000 or 0.9% from \$2.05 million in FY22 to \$2.07 million in FY23.

The following graph illustrates how program revenues offset program expenses for the governmental activities.



Business-Type Activities

The net position of the City’s business-type activities increased by \$14.1 million, or 4.3%, from \$330.7 million last year to \$344.8 million this year. Overall, the revenues provided by charges for services continued to exceed total expenses, the details of which are discussed further below. Business-type 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, storm water, and parking funds.



Business-type activities total revenues decreased by \$0.3 million or 0.5% from \$49.8 million in FY22 to \$49.5 million in FY23, while expenses increased by \$6.8 million or 22.6%, from \$30.3 million in FY22 to \$37.1 million in FY23.

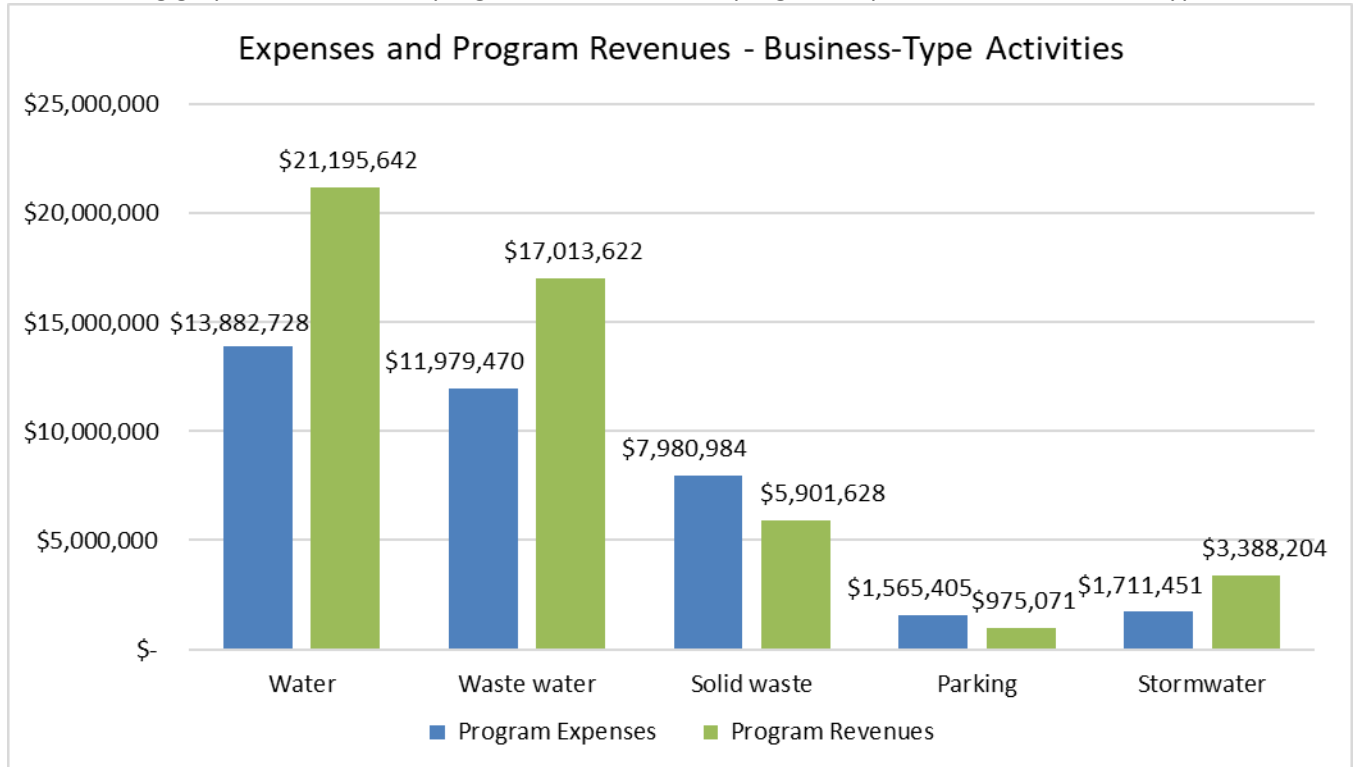
Capital grants and contributions decreased by \$2.0 million or 15.2% from \$13.1 million in FY22 to \$11.1 million in FY23. Restricted capital grants & contributions consist primarily of privately constructed water, wastewater, and storm water infrastructure that was contributed to the city by developers. 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 city saw a decrease compared to prior year.

Charges for services revenue decreased by 0.9% or \$0.3 million in total. Impact fees and cash in lieu of building infrastructure, which are contributions to the City by developers, declined by approximately \$1.6 million. This decrease was offset by an increase in user rates and fees of \$1.4 million made up of water, wastewater, solid waste, stormwater, and parking revenues.

These decreases were offset by an increase of \$2.1 million in unrestricted investment earnings.

Operating Expenses – Water expenses increased by \$2.3 million or 19.6%, wastewater expenses increased by \$1.1 million or 10.4%, solid waste expenses increased by \$2.8 million or 52.9% parking expenses increased by \$0.2 million or 15.1%, and stormwater expenses increased by \$0.5 million or 37.6%. Consistent with governmental activities, a combination of increased costs of contracted services and increases in personnel costs resulted in this increase. Contracted and agreed upon citywide salary increases were implemented in fiscal year 2023 to address increased inflation in the community. These salary increases also supported the City in reducing the large amount of vacancy savings that was baked into prior fiscal year actuals and resulted in an increase in expenses. The significant increase in solid waste expenses was primarily due to an additional \$1.4 million of estimated expenses for post-closure costs of the landfill to meet regulatory requirements.

The following graph illustrates how program revenues offset program expenses for the business-type activities.



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 June 30, 2023, the City's governmental funds reported combined ending fund balances of \$80.9 million, an increase of \$11.8 million or 17.1% in comparison to the prior year.

The *General Fund* is the main operating fund of the City. The City's total general fund balance increased by \$6.5 million or 75.3%, from \$8.6 million in FY22 to \$15.1 million in FY23. This increase is primarily due to transfers in from other funds. American Rescue Plan Act Funding was transferred in the amount of \$3.2 million for revenue recovery purposes. In addition, \$2.0 million was moved to the General Fund from the Special Improvement District (SID) expense fund. It was determined that this balance originally came from the General Fund, and the City has the ability to loan directly from the General Fund to support an SID.

Total General Fund expenditures increased by approximately \$8.6 million, from \$35.4 million in FY22 to \$44.0 million in FY23. Approximately \$2.5 million of the increase is in capital outlay, which included work on the Swim Center, Westside Recreation Center, and Library. Capital outlay also includes approximately \$0.6 million in subscription-based IT services that were capitalized to implement GASB Statement 96. In addition, contracted and agreed upon salary increases across the City were implemented in fiscal year 2023 to address increased inflation in the community. These salary increases also supported the City in reducing the large amount of vacancy savings that was baked into prior fiscal year actuals.

Significant variances (variances over 10%) between the original budgets compared to the final budgets were as follows:

- A budget amendment increased intergovernmental revenues by \$1.1 million to include the state's contribution to employee pensions for employees other than public safety in both revenues and expenditures.
- Charges for services were increased to increase expected revenues received from other departments to support central services. The original budget amount was based on prior year actuals, and the amendment trued up central services expenditures and therefore revenues to cover the FY24 budget.
- Transfers in was amended by \$2.1 million to close out funds that accounted for Special Improvement Districts (SIDs) that were completed. \$2.0 million was added to the budget to transfer from the SID Revolving Fund, which can only contain 10% of outstanding bonds/warrants.
- The original budget accounted for non-cash state pension expenditures in other, however the actual expenditures hit the appropriate service area. The budget was amended to move \$2.9 million from other to public safety. Other minor increases to public safety include an increase for body worn cameras which were originally budgeted in capital outlay, and a carry forward of capital projects originally budgeted in fiscal year 2022.
- The capital outlay budget was amended to carry forward capital projects originally budgeted in fiscal year 2023.

Significant expenditures variances (variances over 10%) between the final budget compared to actual results were as follows:

- Both general government and public welfare actuals came in 20% under budget due to significant vacancy savings. While vacancy rates have improved, there were a number of new positions in the FY23 budget to support these service areas that are still in the queue for posting.
- The budget for other expenditures included a contingency amount of 1% of the total General Fund budget. This amount was not spent in the fiscal year resulting in a budget variance of 24%.
- Capital outlay expenditures exceed budget due primarily to expenditures for the Swim Center that were budgeted in the Capital Projects Fund. In addition, \$571k of the variance is related to recognizing subscription-based technology assets which are not included in the budget.
- Actuals exceeded budget in debt principal and interest due to subscription-based technology arrangement non-cash adjustments that are not considered a disbursement, expenditure, or obligation per the Montana Local Government Budget Act.

The *Street Maintenance District Fund* accounts for city-wide special assessments to pay for street maintenance expenditures. Fund balance decreased by \$0.1 million or 6.0%, from \$2.0 million in FY22 to \$1.8 million in FY23. The fund balance should continue to decline in this fund. Special assessments can only be used to pay for street maintenance, and any remaining fund balance will be used to pay for delayed capital projects and to mitigate future assessment increases. Revenues increased from \$7.8 million in FY22 to \$8.7 million in FY23 due to a 6% increase in the billed assessment to support the approved budget and capital improvement plan, and an increase in miscellaneous refunds & reimbursement revenues. Major budget amendments in the Street Maintenance District include a carry forward from the prior year of planned capital outlay of \$1.7 million. Budget to actual variances are due to some items which are in the Capital Improvement Plan and are budgeted in capital outlay but are actually expended in operations in the public works service area. In addition, some projects in capital outlay will be delayed until fiscal year 2024 and will be carried forward.

The *American Rescue Plan Act (ARPA) Fund* accounts for the ARPA federal grant program. The City received the final installment of the ARPA funding in fiscal year 2022. Per the grantor expenditure guidelines, the funding was used primarily for revenue recovery in various General Fund and Planning Fund departments and utility related infrastructure projects. Fund balance at the end of the 2023 fiscal year is \$54,789.

The *SID Debt Service Fund* accounts for the accumulation of resources and payment of special assessment bond principal and interest related to general improvement, sidewalk, and curb construction projects. SIDs or Special Improvement Districts are authorized under Montana Code Annotated (MCA) in order to undertake certain local improvements to benefit specific property owners located within City limits, and to assess the cost of those improvements to benefitted property owners. Fund balance decreased by \$2.9 million or 65.5% from \$4.4 million in FY22 to \$1.5 million in FY23. The decrease was primarily due to a transfer of excess funds originally loaned from the General Fund to finance special improvement districts.

The *Construction Capital Projects Fund* accounts for the construction of general improvement projects financed by special assessments other than those financed by proprietary funds. Fund balance increased by \$1.1 million or 12.2%, from \$9.3 million to \$10.5 million. The increase is primarily due to transfers in from the General Fund to support expenditures to build the Bozeman Public Safety Center (BPSC) and for the Swim Center over and above the amount funded by the general obligation bonds.

Capital Asset and Debt Administration

Capital Assets

At the end of FY23 the City had \$637.1 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 \$31.6 million or 5.2%, from \$605.5 million in FY22 to \$637.1 million in FY23. Major additions and capital projects during the year include: \$3.5 million for the construction of the library expansion project; \$2.6 million for the construction of the Sourdough Transmission Main Phase 2; \$1.0 million for swim center repairs and improvements, \$1.3 million for construction of Fire Station 2, and \$1.9 million for the reconstruction of Bridger/Story Road.

The following table presents a summary of capital assets, net of accumulated depreciation/amortization as of June 30, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital assets (net of accumulated depreciation/amortization where applicable)						
Land	\$ 38,073	\$ 37,398	\$ 2,219	\$ 2,219	\$ 40,291	\$ 39,617
Artwork	15	-	-	-	15	-
Right of way/Intangibles	-	-	2,762	2,762	2,762	2,762
Construction in progress	19,467	46,800	6,576	24,053	26,042	70,853
Buildings	55,371	15,181	84,178	84,182	139,550	99,363
Improvements other than buildings	-	-	163	421	163	421
Machinery and equipment	9,028	7,273	3,206	3,335	12,234	10,608
Infrastructure	173,970	167,407	238,650	212,133	412,620	379,541
Vehicles	1,676	1,378	468	563	2,145	1,941
Right-of-use lease assets	306	397	-	-	306	397
Subscription-based IT assets	1,016	-	-	-	1,016	-
Total capital assets	\$ 298,922	\$ 275,835	\$ 338,222	\$ 329,667	\$ 637,144	\$ 605,502

Additional information on the City of Bozeman's capital assets can be found in Note 6 of this report.

Long Term Liabilities

At fiscal year-end, the City had \$154.5 million of bonds, notes, leases, and SBITAs payable outstanding compared to \$149.3 million last year – an increase of \$5.2 million or 3.5%. Of this amount, \$45.8 million comprises general obligation debt backed by the full faith and credit of the city. Additional information on the City's long-term debt for can be found in Note 7 in the notes to the basic financial statements.

The following table presents a summary of long term debts as of June 30, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 45,765	\$ 47,990	\$ -	\$ -	\$ 45,765	\$ 47,990
Tax increment financing bonds	9,803	10,289	-	-	9,803	10,289
Special assessment bonds	3,372	3,764	-	-	3,372	3,764
Water revenue bonds	-	-	15,949	17,267	15,949	17,267
Wastewater revenue bonds	-	-	25,939	27,932	25,939	27,932
Storm water revenue bonds	-	-	1,196	1,280	1,196	1,280
Notes payable	2,046	2,323	-	-	2,046	2,323
Unamortized premiums	4,230	4,485	-	-	4,230	4,485
Financed purchases payable	873	210	-	-	873	210
Leases payable	344	420	-	-	344	420
Subscription-based IT agreements	853	-	-	-	853	-
Landfill closure/postclosure	-	-	2,359	1,175	2,359	1,175
Pollution remediation	-	-	537	783	537	783
Compensated absences	3,939	3,226	680	555	4,619	3,781
Total OPEB liability	3,688	4,197	763	871	4,451	5,068
Net pension liability	26,808	18,544	5,335	3,969	32,143	22,513
Total long-term liabilities	\$ 101,721	\$ 95,448	\$ 52,758	\$ 53,832	\$ 154,479	\$ 149,280

The City's general obligation bonds have been assigned ratings of "Aa3" (TOP, Series 2013 and Series 2014), and "Aa1" (BPSC, Series 2019 and FS2, Series 2022) by Moody's Investor Services (Moody's).

The City's tax increment financing bonds have been assigned ratings of "BBB" (Downtown, Series 2020), and "AA" (Midtown, Series 2020) by Standard & Poor's Rating Services (S&P).

Pursuant to State law and except for special provisions concerning general obligation indebtedness incurred for purposes of providing sewer and water service, aggregate outstanding and unpaid general obligation indebtedness for cities cannot exceed 2.5% of the total assessed value of taxable property as ascertained by the last assessment for State and county taxes.

The 2022/23 total assessed valuation for the City was \$11,021,338,679. The total amount of debt the City may incur according to State law is \$275,533,467. As of June 30, 2023, the City had general obligation debt outstanding in the amount of \$45,765,000. The City has \$209,974,023 of general obligation debt capacity remaining.

Economic Factors and Next Year's Budgets and Rates

Bozeman has a 2022 population estimated to be 56,123 residents by the US Census Bureau which is almost 50% of the total population of Gallatin County. Between 2015-2019 the growth rate was 3.8% according to a Bozeman Economic Assessment conducted by Bridge Economic Development published in March 2023. As noted in the Transmittal Letter, Bozeman continues to be one of the fastest growing cities in the country, with a population increase of 2.9% per year over 11 years. This level of growth continues to put a huge demand on City services and City resources. Budgets in recent years have tried to reduce the impact of increasing cost of services and growth on homeowners in Bozeman. However, those policies resulted in significant deferred maintenance and a lack of funding to address it. As a result, the 2024 adopted budget includes significant revenue increases including 12% rate increases for water and sewer, 8% rate increases for stormwater, street maintenance district, and street arterial & collector district, 7% for parks & trails district, and 4% for tree maintenance/forestry. Property taxes are estimated to increase approximately 14% due primarily to an increase in the mill value as new assessed properties come on the tax roll. In addition, debt has been issued for the voter approved Fire Station 2 General Obligation Bonds and mills to pay the debt service have been added to the mill levy.

The economic outlook and budget projections for next year are conservative. Increases in personnel costs will range from 5.0-6.5% based on bargaining unit contracts. The cost of infrastructure, contracted services, and right of way has increased significantly over the past few years resulting in significant inflation to the Capital plan. The City developed its next budget with the goal of toward maintaining current services in spite of significant growth pressures, supporting City Commission priorities, and supporting the City's basic infrastructure.

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
P.O. Box 1230
Bozeman, MT 59771

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City of Bozeman, Montana
Statement of Net Position
June 30, 2023

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozeman Public Library Foundation
Assets				
Cash and cash equivalents	\$ 69,395,002	\$ 26,671,788	\$ 96,066,790	\$ 278,855
Receivables (net of allowance for uncollectibles):				
Interest	237,319	154,203	391,522	17,000
Taxes	3,641,340	-	3,641,340	-
Accounts	1,811,890	2,697,544	4,509,434	44,250
Special assessments	3,929,858	2,303	3,932,161	-
Intergovernmental	840,421	196,137	1,036,558	-
Leases	-	333,289	333,289	-
Notes receivable	815,477	-	815,477	-
Prepaid items	563,120	-	563,120	86,271
Other assets	8,657	-	8,657	271,139
Restricted assets				
Cash and cash equivalents	26,853,944	31,717,329	58,571,273	-
Investments	-	-	-	5,571,466
Capital assets, net of accumulated depreciation/ amortization, where applicable				
Land	38,072,640	2,218,553	40,291,193	-
Artwork	15,000	-	15,000	10,046
Intangible - water rights	-	2,762,142	2,762,142	-
Construction in progress	19,466,651	6,575,780	26,042,431	-
Buildings	55,371,446	84,178,187	139,549,633	-
Improvements other than buildings	-	162,646	162,646	-
Machinery and equipment	9,028,316	3,205,949	12,234,265	-
Infrastructure	173,969,574	238,650,448	412,620,022	-
Vehicles	1,676,339	468,349	2,144,688	-
Right-of-use lease assets	306,101	-	306,101	-
Subscription-based IT assets	1,016,332	-	1,016,332	-
Total assets	<u>407,019,427</u>	<u>399,994,647</u>	<u>807,014,074</u>	<u>6,279,027</u>
Deferred Outflows of Resources				
Other postemployment benefits	832,263	190,293	1,022,556	-
Pension plans	7,418,451	1,112,332	8,530,783	-
Total deferred outflows of resources	<u>8,250,714</u>	<u>1,302,625</u>	<u>9,553,339</u>	<u>-</u>

City of Bozeman, Montana
Statement of Net Position
June 30, 2023

	Primary Government			Bozeman Public Library Foundation
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	14,481,072	2,467,624	16,948,696	10,168
Escheat property payable	169,120	-	169,120	-
Retainage and other payables	555,447	163,379	718,826	-
Accrued payroll	1,650	811	2,461	8,832
Accrued interest payable	22,531	-	22,531	-
Unearned revenue	4,440,175	195,669	4,635,844	-
Debt				
Due within one year, other than OPEB and pensions	6,746,376	4,099,354	10,845,730	-
Due in more than one year, other than OPEB and pensions	64,478,403	42,560,770	107,039,173	-
Total OPEB liability	3,688,009	762,549	4,450,558	-
Net pension liability	26,808,548	5,334,884	32,143,432	-
Total liabilities	<u>121,391,331</u>	<u>55,585,040</u>	<u>176,976,371</u>	<u>19,000</u>
Deferred Inflows of Resources				
Other postemployment benefits	1,063,147	216,794	1,279,941	-
Pension plans	1,437,428	390,563	1,827,991	-
Lease related	-	326,355	326,355	-
Total deferred outflows of resources	<u>2,500,575</u>	<u>933,712</u>	<u>3,434,287</u>	<u>-</u>
Net Position				
Net investment in capital assets	236,885,005	297,691,119	534,576,124	-
Restricted for				
General government	3,325,140	-	3,325,140	-
Public safety	20,521,522	-	20,521,522	-
Public service	5,097,597	-	5,097,597	-
Public welfare				
Expendable	15,250,286	-	15,250,286	5,147,558
Nonexpendable	2,073,934	-	2,073,934	1,112,469
Debt service	697,209	3,263,510	3,960,719	-
Capital improvements	-	28,395,531	28,395,531	-
Unrestricted	7,527,542	15,428,360	22,955,902	-
Total net position	<u>\$ 291,378,235</u>	<u>\$ 344,778,520</u>	<u>\$ 636,156,755</u>	<u>\$ 6,260,027</u>

City of Bozeman, Montana
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Bozeman Public Library Foundation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 17,726,413	\$ 7,128,575	\$ 10,184,404	\$ -	\$ (413,434)	\$ -	\$ (413,434)	\$ -
Public safety	28,002,592	4,942,022	683,787	48,852	(22,327,931)	-	(22,327,931)	-
Public service	14,646,742	22,563,519	947,712	10,527,814	19,392,303	-	19,392,303	-
Public welfare	15,343,285	1,687,204	1,027,858	3,937,454	(8,690,769)	-	(8,690,769)	-
Interest	2,070,117	-	-	-	(2,070,117)	-	(2,070,117)	-
Total governmental activities	<u>77,789,149</u>	<u>36,321,320</u>	<u>12,843,761</u>	<u>14,514,120</u>	<u>(14,109,948)</u>	<u>-</u>	<u>(14,109,948)</u>	<u>-</u>
Business-type activities								
Water	13,882,728	14,886,895	1,343,403	4,965,344	-	7,312,914	7,312,914	-
Waste water	11,979,470	12,343,552	44,223	4,625,847	-	5,034,152	5,034,152	-
Solid waste	7,980,984	5,872,630	28,998	-	-	(2,079,356)	(2,079,356)	-
Parking	1,565,405	968,042	7,029	-	-	(590,334)	(590,334)	-
Stormwater	1,711,451	1,883,096	11,876	1,493,232	-	1,676,753	1,676,753	-
Total business-type activities	<u>37,120,038</u>	<u>35,954,215</u>	<u>1,435,529</u>	<u>11,084,423</u>	<u>-</u>	<u>11,354,129</u>	<u>11,354,129</u>	<u>-</u>
Total primary government	<u>\$ 114,909,187</u>	<u>\$ 72,275,535</u>	<u>\$ 14,279,290</u>	<u>\$ 25,598,543</u>	<u>(14,109,948)</u>	<u>11,354,129</u>	<u>(2,755,819)</u>	<u>-</u>
Component Unit								
Bozeman Public Library Foundation								
General government	<u>\$ 2,446,482</u>	<u>\$ -</u>	<u>\$ 1,434,591</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,011,891)</u>
General revenues								
Property taxes					39,860,197	-	39,860,197	-
Unrestricted intergovernmental					5,370,015	-	5,370,015	-
Unrestricted investment earnings (losses)					1,118,619	833,995	1,952,614	(557,166)
Miscellaneous					1,225,899	226,026	1,451,925	26,393
Gain on disposal of assets					2,726,201	(13,856)	2,712,345	-
Transfers					(1,667,658)	1,667,658	-	-
Total general revenue and transfers					<u>48,633,273</u>	<u>2,713,823</u>	<u>51,347,096</u>	<u>(530,773)</u>
Change in net position					34,523,325	14,067,952	48,591,277	(1,542,664)
Net position - beginning					256,854,910	330,710,568	587,565,478	7,802,691
Net position - ending					<u>\$ 291,378,235</u>	<u>\$ 344,778,520</u>	<u>\$ 636,156,755</u>	<u>\$ 6,260,027</u>

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 welfare, and general government.

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

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) Debt Service – Accounts for the accumulation of resources and payment of special assessment bond principal and interest for general improvement, sidewalk, and curb construction projects.

Construction Capital Projects Fund – Accounts for the construction of general improvement projects financed by special assessments and general obligation debt other than those financed by proprietary funds.

City of Bozeman, Montana
Balance Sheet - Governmental Funds
June 30, 2023

	General	Street Maintenance District	American Rescue Plan	SID Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 14,749,410	\$ 2,547,256	\$ 4,332,804	\$ 2,228,752	\$ 10,069,434	\$ 32,324,824	\$ 66,252,480
Receivables (net of allowance for uncollectibles)							
Property taxes	2,431,051	-	-	-	-	1,210,289	3,641,340
Accrued interest	38,856	6,570	11,386	5,088	25,259	140,578	227,737
Accounts	1,584,346	5,068	-	-	-	204,897	1,794,311
Special assessments	-	131,914	-	3,677,271	-	120,673	3,929,858
Intergovernmental	45,633	400,050	-	-	-	394,738	840,421
Due from other funds	1,444,199	-	-	-	-	-	1,444,199
Advances to other funds	-	-	-	-	-	641,763	641,763
Prepaid items	37,167	-	-	-	-	-	37,167
Notes receivable	-	-	-	-	-	815,477	815,477
Restricted cash and investments	1,938,143	-	-	-	1,439,763	23,476,038	26,853,944
Total assets	\$ 22,268,805	\$ 3,090,858	\$ 4,344,190	\$ 5,911,111	\$ 11,534,456	\$ 59,329,277	\$ 106,478,697

City of Bozeman, Montana
Balance Sheet - Governmental Funds
June 30, 2023

	General	Street Maintenance District	American Rescue Plan	SID Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Accounts payable	\$ 5,563,506	\$ 1,104,195	\$ -	\$ 84,340	\$ 790,819	\$ 6,492,594	\$ 14,035,454
Escheat property payable	143,414	678	-	-	-	25,028	169,120
Accrued payroll	-	-	-	-	-	1,650	1,650
Interest payable	9,206	-	-	-	-	11,173	20,379
Retainage payable	37,601	63,029	-	-	275,914	178,903	555,447
Advances from other funds	-	-	-	641,763	-	-	641,763
Due to other funds	-	-	-	-	-	543,293	543,293
Unearned revenue	43,500	77,224	4,289,401	-	-	30,050	4,440,175
Total liabilities	5,797,227	1,245,126	4,289,401	726,103	1,066,733	7,282,691	20,407,281
Deferred Inflows of Resources							
Unavailable revenue - property taxes	156,197	-	-	-	-	102,938	259,135
Unavailable revenue - special assessments	-	-	-	3,666,668	-	-	3,666,668
Unavailable revenue - court fines	1,237,376	-	-	-	-	-	1,237,376
Total deferred inflows of resources	1,393,573	-	-	3,666,668	-	102,938	5,163,179
Fund Balance							
Nonspendable	37,167	-	-	-	-	1,804,399	1,841,566
Restricted	-	1,845,732	54,789	1,518,340	10,467,723	46,910,898	60,797,482
Committed	6,087,489	-	-	-	-	603,360	6,690,849
Assigned	-	-	-	-	-	2,927,964	2,927,964
Unassigned	8,953,349	-	-	-	-	(302,973)	8,650,376
Total fund balance	15,078,005	1,845,732	54,789	1,518,340	10,467,723	51,943,648	80,908,237
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,268,805	\$ 3,090,858	\$ 4,344,190	\$ 5,911,111	\$ 11,534,456	\$ 59,329,277	\$ 106,478,697

City of Bozeman, Montana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	\$ 80,908,237
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	298,922,399
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 the governmental activities in the statement of net position.	2,411,960
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are unearned in the funds.	5,163,179
Impact fee credits do not affect current financial resources and, therefore, are not reported in the governmental funds.	(56,343)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	5,750,139
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(101,721,336)</u>
Net Position of Governmental Activities	<u><u>\$ 291,378,235</u></u>

City of Bozeman, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	Street Maintenance District	American Rescue Plan	SID Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 25,578,352	\$ -	\$ -	\$ -	\$ -	\$ 14,078,675	\$ 39,657,027
Special assessments	-	17,716	-	569,231	-	706,403	1,293,350
Licenses and permits	381,922	37,033	-	-	-	3,123,233	3,542,188
Intergovernmental	9,434,058	35,762	6,751,994	-	-	1,868,173	18,089,987
Charges for services	6,307,168	8,220,620	-	-	-	15,608,720	30,136,508
Fines and forfeitures	1,009,841	-	-	-	-	59,429	1,069,270
Interest on investments	171,669	41,037	196,050	57,674	243,848	1,036,820	1,747,098
Change in fair market value of investments	(220,926)	(19,675)	56,661	11,625	(106,668)	(375,922)	(654,905)
Interest on loans receivable	-	-	-	-	-	30,346	30,346
Miscellaneous	351,367	433,264	-	-	-	1,246,521	2,031,152
Total revenues	43,013,451	8,765,757	7,004,705	638,530	137,180	37,382,398	96,942,021
Expenditures							
Current							
General government	11,578,604	-	-	-	-	3,422,533	15,001,137
Public safety	20,849,308	-	-	-	680,334	4,004,809	25,534,451
Public works	-	7,080,982	-	-	1,943	1,371,736	8,454,661
Public welfare	6,587,267	-	-	-	5,213	6,703,745	13,296,225
Other	1,683,415	-	-	-	-	152,877	1,836,292
Capital outlay	3,107,362	2,155,485	-	-	4,059,642	8,595,970	17,918,459
Debt service							
Principal	186,259	307,904	-	391,928	-	3,041,427	3,927,518
Interest and fiscal charges	13,946	14,613	-	128,795	-	2,146,781	2,304,135
Total expenditures	44,006,161	9,558,984	-	520,723	4,747,132	29,439,878	88,272,878
Excess (Deficiency) of Revenues over (under) Expenditures	(992,710)	(793,227)	7,004,705	117,807	(4,609,952)	7,942,520	8,669,143
Other Financing Sources (Uses)							
Transfers in	10,854,877	-	-	-	6,520,862	6,112,215	23,487,954
Transfers out	(6,798,407)	(206,363)	(6,751,994)	(3,002,709)	(771,342)	(7,624,797)	(25,155,612)
Issuance of long-term debt	637,867	862,620	-	-	-	511,185	2,011,672
Sale of capital assets	2,774,759	18,712	-	-	-	6,600	2,800,071
Total other financing sources (uses)	7,469,096	674,969	(6,751,994)	(3,002,709)	5,749,520	(994,797)	3,144,085
Net Change in Fund Balance	6,476,386	(118,258)	252,711	(2,884,902)	1,139,568	6,947,723	11,813,228
Fund Balance (Deficit), Beginning of Year	8,601,619	1,963,990	(197,922)	4,403,242	9,328,155	44,995,925	69,095,009
Fund Balance, End of Year	\$ 15,078,005	\$ 1,845,732	\$ 54,789	\$ 1,518,340	\$ 10,467,723	\$ 51,943,648	\$ 80,908,237

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

City of Bozeman, Montana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 11,813,228
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. When capital assets are disposed, the net effect is to reduce net position.</p>	23,145,747
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(370,455)
<p>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.</p>	(371,368)
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.</p>	(596,725)
<p>In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.</p>	(292,785)
<p>In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.</p>	(975,045)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	<u>2,170,728</u>
Change in Net Position of Governmental Activities	<u><u>\$ 34,523,325</u></u>

Proprietary Fund Financial Statements

Proprietary funds are used to account for activities that receive significant support from fees and charges. The City has two types of proprietary funds: enterprise funds and internal service funds.

Major Enterprise Funds

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

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

Solid Waste Fund – This fund accounts for the City's garbage collection service and recycling operations.

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. The City's internal service funds are aggregated and presented in one column in the proprietary fund financial statements.

City of Bozeman, Montana
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities					Governmental Activities
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Assets						
Current Assets						
Cash and cash equivalents	\$ 18,274,858	\$ 4,937,213	\$ 305,666	\$ 3,154,051	\$ 26,671,788	\$ 3,142,522
Receivables (net of allowance for uncollectibles):						
Interest	105,925	36,851	1,017	10,410	154,203	9,582
Accounts	935,658	983,691	592,963	185,232	2,697,544	17,579
Special assessments	1,802	142	293	66	2,303	-
Intergovernmental	468	195,669	-	-	196,137	-
Leases	333,289	-	-	-	333,289	-
Prepaid items	-	-	-	-	-	525,953
Other current assets	-	-	-	-	-	8,657
Total current assets	19,652,000	6,153,566	899,939	3,349,759	30,055,264	3,704,293
Noncurrent Assets						
Restricted assets						
Investments	21,717,124	9,045,284	240,391	714,530	31,717,329	-
Capital assets						
Land	573,847	1,112,597	228,673	303,436	2,218,553	-
Construction in progress	5,219,886	596,564	153,151	606,179	6,575,780	-
Intangible water rights	2,762,142	-	-	-	2,762,142	-
Buildings	40,717,384	63,113,469	769,975	11,962,292	116,563,120	1,546,120
Improvements other than buildings	13,646,910	14,745,401	2,155,300	-	30,547,611	-
Machinery and equipment	2,069,741	3,765,557	7,031,970	1,244,358	14,111,626	746,036
Vehicles	665,045	723,533	548,499	384,670	2,321,747	213,395
Infrastructure	220,180,667	167,467,565	118,081	8,478,146	396,244,459	29,314
Right-of-use lease assets	-	-	-	-	-	423,122
Less accumulated depreciation/amortization	(122,668,171)	(94,516,457)	(8,595,222)	(7,343,134)	(233,122,984)	(1,418,723)
Total capital assets, net of accumulated depreciation/amortization	163,167,451	157,008,229	2,410,427	15,635,947	338,222,054	1,539,264
Total noncurrent assets	184,884,575	166,053,513	2,650,818	16,350,477	369,939,383	1,539,264
Total assets	204,536,575	172,207,079	3,550,757	19,700,236	399,994,647	5,243,557

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

City of Bozeman, Montana
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities					Governmental Activities
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Deferred Outflows of Resources						
Other postemployment benefits	59,211	54,160	49,782	27,140	190,293	64,469
Pension plans	394,274	313,758	244,745	159,555	1,112,332	495,994
Total deferred outflows of resources	453,485	367,918	294,527	186,695	1,302,625	560,463
Liabilities						
Current Liabilities						
Accounts payable	581,017	861,389	891,642	132,037	2,466,085	389,275
Retainage payable	123,883	34,201	5,295	-	163,379	-
Due to other funds	-	-	-	-	-	900,906
Accrued payroll	2,132	-	218	-	2,350	-
Accrued interest payable	-	-	-	-	-	2,152
Current portion of long-term debt	1,592,614	2,207,799	140,034	158,907	4,099,354	-
Unearned revenue	-	195,669	-	-	195,669	-
Total current liabilities	2,299,646	3,299,058	1,037,189	290,944	6,926,837	1,292,333
Noncurrent Liabilities						
Landfill closure costs	-	-	2,359,259	-	2,359,259	-
Solvent site remediation liability	-	536,669	-	-	536,669	-
Long-term debt, net of current portion						
Bonds payable	14,593,000	23,888,000	-	1,109,000	39,590,000	-
Leases payable	-	-	-	-	-	381,167
Compensated absences	4,367	32,009	34,297	4,169	74,842	377,754
Total OPEB liability	223,958	245,638	198,508	94,445	762,549	262,234
Net pension liability	1,890,988	1,504,821	1,173,828	765,247	5,334,884	2,410,999
Total noncurrent liabilities	16,712,313	26,207,137	3,765,892	1,972,861	48,658,203	3,432,154
Total liabilities	19,011,959	29,506,195	4,803,081	2,263,805	55,585,040	4,724,487

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

City of Bozeman, Montana
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities					Governmental Activities
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Deferred Inflows of Resources						
Other postemployment benefits	68,507	67,918	53,869	26,500	216,794	82,100
Pension plans	138,438	110,167	85,935	56,023	390,563	78,013
Lease related	326,355	-	-	-	326,355	-
Total deferred inflows resources	<u>533,300</u>	<u>178,085</u>	<u>139,804</u>	<u>82,523</u>	<u>933,712</u>	<u>160,113</u>
Net Position						
Net investment in capital assets	147,756,553	133,243,140	2,265,098	14,426,328	297,691,119	1,158,097
Restricted for:						
Drought reserve	780,747	-	-	-	780,747	-
Impact capital projects	19,451,114	6,680,373	-	-	26,131,487	-
Infrastructure capital projects	586,664	-	-	-	586,664	-
Parking capital projects	-	-	240,391	656,242	896,633	-
Debt service	898,599	2,364,911	-	-	3,263,510	-
Unrestricted	<u>15,971,124</u>	<u>602,293</u>	<u>(3,603,090)</u>	<u>2,458,033</u>	<u>15,428,360</u>	<u>(238,677)</u>
Total net position	<u>\$ 185,444,801</u>	<u>\$ 142,890,717</u>	<u>\$ (1,097,601)</u>	<u>\$ 17,540,603</u>	<u>\$ 344,778,520</u>	<u>\$ 919,420</u>

City of Bozeman, Montana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities					Governmental
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Operating Revenues						
Charges for services	\$ 12,314,794	\$ 10,787,474	\$ 5,872,630	\$ 2,851,138	\$ 31,826,036	\$ 13,756,060
Operating Expenses						
Salaries and benefits	3,257,504	2,520,272	1,932,368	1,371,002	9,081,146	4,967,049
Materials and supplies	1,262,658	511,150	529,600	50,433	2,353,841	1,211,511
Repairs and maintenance	162,772	240,171	578,840	104,295	1,086,078	36,610
Utilities	311,948	864,303	879,873	48,614	2,104,738	40,838
Administrative charges	3,595,486	2,432,739	1,033,892	571,075	7,633,192	838,823
Other services	1,560,407	1,053,316	1,092,815	493,647	4,200,185	6,945,342
Depreciation/amortization	3,253,430	3,624,466	529,985	606,315	8,014,196	235,383
Change in estimated closure and post-closure care costs	-	-	1,403,611	-	1,403,611	-
Total operating expenses	13,404,205	11,246,417	7,980,984	3,245,381	35,876,987	14,275,556
Operating Loss	(1,089,411)	(458,943)	(2,108,354)	(394,243)	(4,050,951)	(519,496)

City of Bozeman, Montana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities					Governmental Activities
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Nonoperating Revenues (Expenses)						
Gain (loss) on disposal of assets	157	-	-	(14,013)	(13,856)	739
Interest income	847,904	305,935	8,498	84,920	1,247,257	64,885
Net (decrease) increase in fair market value of investments	(303,157)	(98,121)	2,054	(14,038)	(413,262)	(38,460)
Interest expense and bond fees	(478,523)	(733,053)	-	(31,475)	(1,243,051)	(20,864)
Intergovernmental revenues	1,343,403	44,223	28,998	18,905	1,435,529	70,789
Impact fees	2,572,101	1,556,078	-	-	4,128,179	-
Lease income	47,470	-	-	-	47,470	-
Miscellaneous revenue	124,255	9,267	33,379	11,655	178,556	71,039
Total nonoperating revenues (expenses)	4,153,610	1,084,329	72,929	55,954	5,366,822	148,128
Income (Loss) before Contributions and Transfers	3,064,199	625,386	(2,035,425)	(338,289)	1,315,871	(371,368)
Transfers in	1,351,387	246,769	295,000	190,784	2,083,940	-
Transfers out	(278,855)	(96,454)	-	(40,973)	(416,282)	-
Capital contributions	4,965,344	4,625,847	-	1,493,232	11,084,423	-
Change in Net Position	9,102,075	5,401,548	(1,740,425)	1,304,754	14,067,952	(371,368)
Total Net Position, Beginning of Year	176,342,726	137,489,169	642,824	16,235,849	330,710,568	1,290,788
Total Net Position (Deficit), End of Year	<u>\$ 185,444,801</u>	<u>\$ 142,890,717</u>	<u>\$ (1,097,601)</u>	<u>\$ 17,540,603</u>	<u>\$ 344,778,520</u>	<u>\$ 919,420</u>

City of Bozeman, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities				Total	Governmental
	Water	Wastewater	Solid Waste	Nonmajor Funds		Funds
Operating Activities						
Receipts from customers and users	\$ 12,058,639	\$ 10,791,055	\$ 5,771,707	\$ 2,934,611	\$ 31,556,012	\$ 13,758,791
Payments to suppliers	(3,499,723)	(2,756,427)	(2,817,712)	(1,034,770)	(10,108,632)	(8,149,535)
Payments to and on behalf of employees	(3,118,368)	(2,551,549)	(1,975,795)	(1,294,080)	(8,939,792)	(4,689,268)
Payments to internal service funds and administration	(3,595,486)	(2,432,739)	(1,033,892)	(571,075)	(7,633,192)	(838,823)
Net Cash from (Used for) Operating Activities	<u>1,845,062</u>	<u>3,050,340</u>	<u>(55,692)</u>	<u>34,686</u>	<u>4,874,396</u>	<u>81,165</u>
Noncapital Financing Activities						
Transfers to other funds	(278,855)	(96,454)	-	(40,973)	(416,282)	-
Transfers from other funds	1,351,387	246,769	295,000	190,784	2,083,940	-
Intergovernmental operating grants	2,186,176	115,620	28,998	18,905	2,349,699	70,789
Impact fees	2,572,101	1,556,078	-	-	4,128,179	-
Miscellaneous income	124,255	9,267	33,379	11,655	178,556	71,039
Lease payments received	40,536	-	-	-	40,536	109,099
Net Cash from Noncapital Financing Activities	<u>5,995,600</u>	<u>1,831,280</u>	<u>357,377</u>	<u>180,371</u>	<u>8,364,628</u>	<u>250,927</u>
Capital and Related Financing Activities						
Proceeds from sale of assets	184	-	-	-	184	-
Acquisition of capital assets	(3,470,701)	(1,255,884)	(279,311)	(492,899)	(5,498,795)	(106,181)
Debt service						
Principal	(1,318,000)	(1,993,321)	-	(84,000)	(3,395,321)	(95,743)
Interest	(478,523)	(733,053)	-	(31,475)	(1,243,051)	(18,712)
Net Cash Used for Capital and Related Financing Activities	<u>(5,267,040)</u>	<u>(3,982,258)</u>	<u>(279,311)</u>	<u>(608,374)</u>	<u>(10,136,983)</u>	<u>(220,636)</u>
Investing Activity						
Interest and dividends from investments	482,970	186,618	10,157	65,450	745,195	20,396
Change in Cash and Cash Equivalents	3,056,592	1,085,980	32,531	(327,867)	3,847,236	131,852
Cash and Cash Equivalents, Beginning of Year	36,935,390	12,896,517	513,526	4,196,448	54,541,881	3,010,670
Cash and Cash Equivalents, End of Year	<u>\$ 39,991,982</u>	<u>\$ 13,982,497</u>	<u>\$ 546,057</u>	<u>\$ 3,868,581</u>	<u>\$ 58,389,117</u>	<u>\$ 3,142,522</u>

City of Bozeman, Montana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities					Governmental Activities
	Water	Wastewater	Solid Waste	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of Operating Loss to Net Cash from (Used for) Operating Activities						
Operating loss	\$ (1,089,411)	\$ (458,943)	\$ (2,108,354)	\$ (394,243)	\$ (4,050,951)	\$ (519,496)
Adjustments to reconcile operating loss to net cash from (used for) operating activities						
Depreciation/amortization	3,253,430	3,624,466	529,985	606,315	8,014,196	235,383
Landfill closure/postclosure costs	-	-	1,403,611	-	1,403,611	-
Changes in assets and liabilities						
Accounts receivable	(254,375)	(191,946)	(100,977)	83,392	(463,906)	2,731
Special assessments receivable	(1,780)	(142)	54	81	(1,787)	-
Prepaid expenses	-	-	-	-	-	(59,417)
Other assets	-	-	-	-	-	(8,657)
Pension related deferred outflows	(57,293)	(18,581)	(8,318)	(30,648)	(114,840)	(95,730)
OPEB related deferred outflows	20,599	16,036	13,754	7,179	57,568	26,190
Vouchers payable	(231,390)	244,089	477,506	(337,781)	152,424	152,840
Retainage payable	29,452	(85,318)	5,295	-	(50,571)	-
Payroll payable	253	1,793	-	-	2,046	-
Compensated absences	56,155	27,944	31,579	9,903	125,581	116,735
Unearned revenue	-	195,669	-	-	195,669	-
Landfill closure accruals	-	-	(219,385)	-	(219,385)	-
Solvent site remediation liability	-	(246,258)	-	-	(246,258)	-
Net pension liability	550,207	330,369	233,129	252,351	1,366,056	869,198
Total OPEB liability	(38,752)	(30,163)	(25,871)	(13,504)	(108,290)	(49,263)
Pension related deferred inflows	(434,895)	(392,042)	(316,319)	(163,297)	(1,306,553)	(643,846)
OPEB related deferred inflows	42,862	33,367	28,619	14,938	119,786	54,497
Net cash from (used for) operating activities	<u>\$ 1,845,062</u>	<u>\$ 3,050,340</u>	<u>\$ (55,692)</u>	<u>\$ 34,686</u>	<u>\$ 4,874,396</u>	<u>\$ 81,165</u>
Supplemental Schedule of Noncash Investing and Financing Activities						
Acquisition of capital assets through capital contributions and donations	<u>\$ 4,965,344</u>	<u>\$ 4,625,847</u>	<u>\$ -</u>	<u>\$ 1,493,232</u>	<u>\$ 11,084,423</u>	<u>\$ -</u>
Acquisition of capital assets through debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,767</u>

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

Fiduciary Fund Financial Statements

Custodial Funds

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. 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. 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 – Accounts for monies held for appearance bonds and restitution to criminal arrests and reimbursement for damage caused.

The custodial funds are aggregated and presented in one column in the fiduciary fund financial statements.

City of Bozeman, Montana
Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 625,446
Receivables (net of allowance for uncollectibles):	
Accounts	2,692
Total assets	628,138
Liabilities	
Deposits payable	580,359
Net Position	
Restricted for	
Other organization or individuals	\$ 47,779

City of Bozeman, Montana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	<u>Custodial Funds</u>
Additions	
Miscellaneous	<u>\$ 572</u>
Deductions	
Total deductions	<u>-</u>
Change in Net Position	572
Net Position, Beginning	<u>47,207</u>
Net Position, Ending	<u><u>\$ 47,779</u></u>

Note 1 - Summary of 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 four 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.

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, 2023, and for the year then ended. The more significant accounting policies of the City are described below.

The following is a summary of the City's significant accounting policies:

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.

Determining whether certain organizations are component units, organizations that are legally separate, tax-exempt entities are required to be reported as a discretely presented component unit if the following criteria is met.

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City.
- The City is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by the separate organization that the City is entitled to or otherwise has the ability to access are significant.

Discretely Presented Component Unit – The Bozeman Public Library Foundation (the Foundation) is a nonprofit agency organized to support the Bozeman Public Library through raising, receiving, administering, and disbursing funds, grants, bequests, and gifts for the sole benefit of the library. The resources were deemed to be significant and therefore, the Foundation is included as a discretely presented component unit under GASB Statement 39.

The Foundation was incorporated with the State of Montana on August 29, 1983, and subsequently amended on December 15, 1989. The governing board consists of an elected president and elected members of the board of directors. Separately issued internal financial statements of the Foundation may be obtained by contacting the Foundation's offices at 626 East Main Street, Bozeman, MT. 59715. The fiscal year end of the Foundation is December 31.

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. Certain amounts presented in the prior year data in these notes have been reclassified to be consistent with the current year's presentation.

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 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.

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 current net 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.

The City reports the following 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 welfare, and general government.

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

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) Debt Service – Accounts for the accumulation of resources and payment of special assessment bond principal and interest for general improvement, sidewalk, and curb construction projects.

Construction Capital Projects Fund – Accounts for the construction of general improvement projects financed by special assessments and general obligation debt other than those financed by proprietary funds.

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.

The City reports the following major proprietary funds:

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

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

Solid Waste Fund – This fund accounts for the City's garbage collection service and recycling operations.

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 use the economic resources 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 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.

Cash and Cash Equivalents

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.

Restricted Cash and Investments

Restricted cash and investments are those whose use is restricted to specific purposes by state statute, bond indenture, or otherwise. The City's restricted cash and investments are primarily restricted for construction and maintenance of City infrastructure, debt service and urban renewal.

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).

Property Taxes

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

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

Special Assessments

Special assessments receivable represents 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.

Interfund Receivables and Payables

All outstanding balances between funds are reported as “due to/from other funds” (current portion) or “advances to/from other funds” (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Prepaid Items

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

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, works of art, 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:

Buildings	20-80 years
Other structures and improvements	10-100 years
Infrastructure/flood control	25-100 years
Machinery and equipment	5-30 years
Vehicles	5-10 years

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.

Right-of-use lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right-of-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 4 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 5 years.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the City.

Compensated Absences

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).

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 11).

Postemployment Benefits Other Than Pensions (OPEB)

Under the provisions of the various employee and union contracts, the District provides certain postemployment benefits other than pensions to eligible retirees. These OPEB obligations are funded on a pay-as-you-go basis. The total OPEB liability, deferred outflows/inflows of resources, and OPEB expense were actuarially determined in accordance with GASB Statement No. 75. Additional information can be found in Note 10.

Pensions

Montana Public Employees' Retirement Association (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). Additional information can be found in Note 11.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability not included in pension expense, and changes in the total other post employment benefits liability not included in OPEB expense, reported in the district-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category.

The City reports unavailable revenues from property taxes, special assessments, and court fines on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The other items are changes in the net pension liability not included in pension expense and changes in the total other post-employment benefits liability not included in OPEB expense reported in the district-wide statement of net position.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, and unspent bond proceeds for capital purposes reduced by the outstanding balances of any long-term debt or lease attributable to the acquisition, construction, or improvement of those assets, retainage payable, and accounts payable related to capital asset construction. 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. Unrestricted net position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of 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.

As a nonprofit organization operating under the Financial Accounting Standards Board (FASB), the Foundation reports net position with restricted or unrestricted funds, in accordance with donor requests.

Fund Balance

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

Nonspendable Fund Balance – 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.

Restricted Fund Balance – 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.

Committed Fund Balance – 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.

Assigned Fund Balance – amounts 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. 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.

Unassigned Fund Balance – 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, of 2 months or 16.67%, of operating revenues.

Implementation of GASB Statement No. 96

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was no change to beginning balances of the right to use subscription asset and subscription liability as a result of implementing this standard. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 6 and 9.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government – wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this difference are as follows:

Bonds payable	\$ 58,940,056
Notes payable	2,045,505
Unamortized premium	4,230,082
Financed purchases payable	872,674
Leases payable	343,801
SBITAs	853,425
Compensated absences	3,939,236
Total OPEB liability	3,688,009
Net pension liability	<u>26,808,548</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 101,721,336</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.”

The details of this difference are as follows:

Capital outlay reported in fund financial statements	\$ 17,918,459	
Plus: donated/contributed assets	14,514,120	
Plus: assets purchased by internal service funds	176,948	
Plus: prior year construction in progress added as asset in current year	<u>40,982,806</u>	
Capital asset increases per Note 6		\$ 73,592,333
Less: assets transferred out to enterprise funds	(21,909)	
Less: assets disposed	(931,647)	
Less: prior year construction in progress added as asset in current year	<u>(40,982,806)</u>	
Capital asset decreases per Note 6		(41,936,362)
Depreciation/amortization expense	<u>(9,447,606)</u>	
Accumulated depreciation/amortization increases per Note 6		(9,447,606)
Less: accumulated depreciation on assets transferred out to enterprise funds	21,909	
Less: accumulated depreciation/amortization on assets disposed	<u>857,038</u>	
Accumulated depreciation/amortization decreases per Note 6		878,947
Capital assets purchased by internal service funds		(176,948)
Depreciation/amortization expense included in net expense of internal service funds		<u>235,383</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$ 23,145,747</u></u>

Another element of that reconciliation states that “The issuance of long-term debt 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 when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this difference are as follows:

Principal payments on bonded debt		\$ 3,102,731
Principal payments on notes payable		277,077
Amortization of premium on bonded debt		254,882
Issuance of financed purchases payable		(929,222)
Principal payments on financed purchases payable		266,172
Principal payments on leases payable		77,489
Issuance of SBITAs		(1,153,217)
Principal payments on SBITA		299,792
Issuance of debt recorded in internal service funds		70,767
Principal payments recorded in internal service funds		<u>(95,743)</u>
Net adjustment to net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$ 2,170,728</u></u>

Note 3 - Stewardship, Compliance, and Accountability

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.

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 service area 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 each service area, but management may exercise control at budgetary line items.

Deficit Fund Balance/Net Position

The following funds had a deficit fund balance/net position at December 31, 2023:

Governmental Funds		
Nonmajor Funds		
General Obligation Bonds	\$	290,217
Proprietary Funds		
Enterprise Funds		
Solid Waste		1,097,601
Internal Service Funds		
Vehicle Maintenance Shop		723,685

The deficit fund balance in General Obligation Bonds fund is due to a timing difference between the debt payment related to Fire Station 2 bonds and tax collections. The city elects to pay debt payments due on July 1st on or just before June 30th each fiscal year. The taxes related to the July 1st payment will be collected in fiscal year 2024.

The deficit fund balance in the Solid Waste fund resulted from rates for solid waste services not increasing with the costs of operations. The city had not increased residential solid waste rates in over three years. Based on a thorough rate setting analysis the city implemented new solid waste rates in fiscal year 2024 that incorporates funding for the fund balance deficit.

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 City will re-evaluate the internal allocations to keep pace with increasing costs as well as recover the fund balance deficit that has accumulated over the last two fiscal years.

Note 4 - Cash and Investments

At June 30, 2023, the carrying amount of the City's deposits in local banks and investments was \$5,403,616. 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 \$5,158,704. 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:

Cash and cash equivalents	
Statement of net position	\$ 96,066,790
Statement of fiduciary net position	625,446
Restricted cash and cash equivalents	
Statement of net position	58,571,273
	\$ 155,263,509
Deposits	\$ 1,853,665
Investments	153,409,844
	\$ 155,263,509

Custodial Credit Risk – 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.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits investing funds primarily in short- and intermediate-term liquid securities of high credit quality to ensure adequate liquidity and minimize the impact of changes in interest rates. Portfolios are structured so that securities mature concurrent with cash needs to meet anticipated demands.

Credit Risk – Credit risk is defined as the risk that an issuer or other counterpart to an investment that 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 following table 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.

On June 30, 2023, the following interest rate and credit risks and valuation inputs were associated with the City’s deposits and investments.

Investment Type	Credit Rating	Fair Value	Maturities (in Years)		
			Not Applicable	< 1	1 - 5
Primary Government					
U.S. Government bonds	S&P AA+	\$ 88,859,930	\$ -	\$ 15,639,940	\$ 73,219,990
Corporate Bonds	S&P AA+	994,870	-	-	994,870
Certificates of Deposit	N/A	1,200,000	1,200,000	-	-
MMIA Account	N/A	2,355,044	2,355,044	-	-
State of Montana Short Term Investment Pool	N/A	60,000,000	60,000,000	-	-
		<u>\$ 153,409,844</u>	<u>\$ 63,555,044</u>	<u>\$ 15,639,940</u>	<u>\$ 74,214,860</u>

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 (MBOI) or any other entity against investment losses and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI 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 MBOI website at <https://investmentmt.com/Annual-Reports>.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy diversifies the portfolios by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and the State of Montana Investment Pool). No more than 40% of the total portfolio may be with any one financial institution, excluding the State of Montana Investment Pool.

The City’s investment policy also has limits on the following allowable deposits and investments: repurchase agreements shall not exceed 25 percent of the City’s portfolio or \$3,000,000, certificates of deposit issued by commercial banks shall not exceed 25% of the City’s portfolio, and certificates of deposit issued by savings and loan associations shall not exceed 5% of the City’s portfolio. No more than 30% of the total portfolio may be invested in certificates of deposit with any one financial institution, and each financial institution must be a member of the FDIC. None of the established limits were exceeded as of June 30, 2023.

Fair Value – The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in active markets;
3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the assets measure at fair value on a recurring basis, except those measured at net asset value (NAV) and cost as identified below, at June 30, 2023:

	Total	Level 1	Level 2	Level 3
Primary Government				
US Government Bonds	\$ 88,859,930	\$ -	\$ 88,859,930	\$ -
Corporate Bonds	994,870	-	994,870	-
	\$ 89,854,800	\$ -	\$ 89,854,800	\$ -

U.S. Government and Agency securities, money market mutual funds, and certificates of deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities. Corporate bonds, municipal bonds, corporate commercial paper, bond and equity mutual funds classified in Level 2 of the fair value hierarchy are valued using techniques such as quoted prices for similar investments in active and inactive markets as well as inputs other than quoted prices that are observable for these assets.

Investments with the STIP totaling \$60,000,000 are measured at net asset value (NAV) and are not subject to GASB 72 leveling. Investments in certificates of deposit and MMIA accounts are measured at cost and are not subject to GASB 72 leveling.

The Foundation reports its cash and investments at December 31, 2022, as follows. Investments are considered to be Level 1.

Cash and Investments	
Cash and cash equivalents	\$ 278,855
Restricted investments	5,571,466
Total Cash and Investments	\$ 5,850,321

Note 5 - Notes Receivable

Loans receivable as of June 30, 2023, were as follows:

Loan Program	Interest Rate	Maturity Date	Amount
Economic Development Loan Fund	3.0-8.0%	2024-2028	\$ 797,979
Community Housing Fund	0%	2026	17,498
			<u>\$ 815,477</u>

Note 6 - Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	\$ 37,398,008	\$ 674,632	\$ -	\$ 38,072,640
Artwork	-	15,000	-	15,000
Construction in progress	46,799,648	13,649,809	40,982,806	19,466,651
Total capital assets, not being depreciated/amortized	<u>84,197,656</u>	<u>14,339,441</u>	<u>40,982,806</u>	<u>57,554,291</u>
Capital assets, being depreciated/amortized				
Buildings	35,527,210	41,635,817	299,963	76,863,064
Machinery and equipment	20,410,289	3,503,550	547,733	23,366,106
Infrastructure	265,265,236	12,349,705	-	277,614,941
Vehicles	4,890,181	609,818	105,860	5,394,139
Right-of-use lease building	423,122	-	-	423,122
Right-of-use lease vehicles	19,833	-	-	19,833
Subscription-based IT assets	-	1,154,002	-	1,154,002
Total capital assets, being depreciated/amortized	<u>326,535,871</u>	<u>59,252,892</u>	<u>953,556</u>	<u>384,835,207</u>
Less accumulated depreciation/amortization for				
Buildings	20,345,822	1,411,373	265,577	21,491,618
Machinery and equipment	13,136,904	1,707,871	506,985	14,337,790
Infrastructure	97,857,844	5,787,523	-	103,645,367
Vehicles	3,512,252	311,933	106,385	3,717,800
Right-of-use lease assets	45,618	91,236	-	136,854
Subscription-based IT assets	-	137,670	-	137,670
Total accumulated depreciation/amortization	<u>134,898,440</u>	<u>9,447,606</u>	<u>878,947</u>	<u>143,467,099</u>
Total capital assets, being depreciated/amortized, net	<u>191,637,431</u>	<u>49,805,286</u>	<u>74,609</u>	<u>241,368,108</u>
Governmental Activities Capital Assets, Net	<u>\$ 275,835,087</u>	<u>\$ 64,144,727</u>	<u>\$ 41,057,415</u>	<u>\$ 298,922,399</u>

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

Governmental activities	
General government	\$ 435,502
Public safety	1,618,276
Public works	5,737,326
Public health and welfare	<u>1,656,502</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 9,447,606</u>

Business-type activities capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 2,218,553	\$ -	\$ -	\$ 2,218,553
Intangible water rights	2,762,142	-	-	2,762,142
Construction in progress	<u>24,053,162</u>	<u>3,970,767</u>	<u>21,448,149</u>	<u>6,575,780</u>
Total capital assets, not being depreciated	<u>29,033,857</u>	<u>3,970,767</u>	<u>21,448,149</u>	<u>11,556,475</u>
Capital assets, being depreciated				
Buildings	113,909,343	2,659,559	5,783	116,563,119
Improvements other than buildings	30,547,611	-	-	30,547,611
Machinery and equipment	13,399,592	719,256	7,223	14,111,625
Infrastructure	365,552,192	30,692,267	-	396,244,459
Vehicles	<u>2,325,217</u>	<u>-</u>	<u>3,470</u>	<u>2,321,747</u>
Total capital assets, being depreciated	<u>525,733,955</u>	<u>34,071,082</u>	<u>16,476</u>	<u>559,788,561</u>
Less accumulated depreciation for				
Buildings	29,727,515	2,661,318	3,906	32,384,927
Improvements other than buildings	30,126,930	257,634	-	30,384,564
Machinery and equipment	10,065,031	847,870	7,223	10,905,678
Infrastructure	153,418,794	4,175,621	-	157,594,415
Vehicles	<u>1,762,470</u>	<u>93,663</u>	<u>2,735</u>	<u>1,853,398</u>
Total accumulated depreciation	<u>225,100,740</u>	<u>8,036,106</u>	<u>13,864</u>	<u>233,122,982</u>
Total capital assets, being depreciated, net	<u>300,633,215</u>	<u>26,034,976</u>	<u>2,612</u>	<u>326,665,579</u>
Business-Type Activities Capital Assets, Net	<u>\$ 329,667,072</u>	<u>\$ 30,005,743</u>	<u>\$ 21,450,761</u>	<u>\$ 338,222,054</u>

Depreciation increases include \$21,910 of accumulated depreciation on assets transferred from governmental activities.

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

Business-type activities	
Water	\$ 3,253,430
Waste Water	3,624,466
Solid Waste	529,985
Parking	400,734
Storm Water	<u>205,581</u>
Total depreciation expense - business-type activities	<u><u>\$ 8,014,196</u></u>

Note 7 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 47,990,000	\$ -	\$ 2,225,000	\$ 45,765,000	\$ 2,300,000
Tax increment financing bonds	10,288,570	-	485,803	9,802,767	501,468
Special assessment bonds	3,764,217	-	391,928	3,372,289	204,722
Total bonds payable	<u>62,042,787</u>	<u>-</u>	<u>3,102,731</u>	<u>58,940,056</u>	<u>3,006,190</u>
Notes payable					
Notes payable	1,886,950	-	167,627	1,719,323	285,104
Intercap notes payable	435,632	-	109,450	326,182	44,371
Total notes payable	<u>2,322,582</u>	<u>-</u>	<u>277,077</u>	<u>2,045,505</u>	<u>329,475</u>
Unamortized premium	4,484,964	-	254,882	4,230,082	254,882
Financed purchases payable	209,624	929,222	266,172	872,674	157,210
Leases payable	421,290	-	77,489	343,801	85,131
Subscription IT agreements	-	1,153,217	299,792	853,425	254,988
Compensated absences	3,225,776	3,371,915	2,658,455	3,939,236	2,658,500
	<u>\$ 72,707,023</u>	<u>\$ 5,454,354</u>	<u>\$ 6,936,598</u>	<u>\$ 71,224,779</u>	<u>\$ 6,746,376</u>
Business-Type Activities					
Bonds payable					
Water revenue bonds	\$ 17,267,000	\$ -	\$ 1,318,000	\$ 15,949,000	\$ 1,356,000
Waste water revenue bonds	27,932,321	-	1,993,321	25,939,000	2,051,000
Stormwater revenue bonds	1,280,000	-	84,000	1,196,000	87,000
Total bonds payable	<u>46,479,321</u>	<u>-</u>	<u>3,395,321</u>	<u>43,084,000</u>	<u>3,494,000</u>
Landfill closure/postclosure	1,175,032	1,184,227	-	2,359,259	-
Pollution remediation obligation	782,927	-	246,258	536,669	-
Compensated absences	554,615	743,869	618,288	680,196	605,354
	<u>\$ 48,991,895</u>	<u>\$ 1,928,096</u>	<u>\$ 4,259,867</u>	<u>\$ 46,660,124</u>	<u>\$ 4,099,354</u>

Bonds Payable

At June 30, 2023, the City had the following bond issuances outstanding:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Governmental Activities:				
General obligation bonds				
TOP Bonds, Series 2013	2034	2.00 - 4.00%	\$ 9,900,000	\$ 6,270,000
TOP Bonds, Series 2014	2035	2.00 - 4.00%	5,100,000	3,470,000
BPSC Bonds, Series 2019	2039	2.00 - 4.00%	34,405,000	29,500,000
Refunding Bonds, Series 2022	2042	4.00 - 5.00%	25,640,000	6,525,000
Total general obligation bonds			<u>\$ 75,045,000</u>	<u>\$ 45,765,000</u>
Tax increment financing bonds				
Refunding Bonds, Series 2020	2032	2.44%	\$ 3,689,000	\$ 2,657,000
Series 2017	2042	4.10%	1,446,000	1,185,767
Series 2020	2044	2.00 - 4.00%	6,325,000	5,960,000
Total sales tax revenue bonds			<u>\$ 11,460,000</u>	<u>\$ 9,802,767</u>
Special assessment bonds				
Special Improvement District No. 747, Series 2020	2040	3.175%	\$ 4,001,000	\$ 3,333,789
Note payable to Department of Natural Resources and Conservation, #WRF-05067	2024	3.750%	94,000	18,000
Note payable to Department of Natural Resources and Conservation, #SRF-05132	2024	3.750%	400,000	20,500
Total taxable appropriation bonds			<u>\$ 4,495,000</u>	<u>\$ 3,372,289</u>
Total governmental activities			<u>\$ 91,000,000</u>	<u>\$ 58,940,056</u>
Business-Type Activities				
Water revenue bonds				
Series 2011A	2032	3.00%	\$ 9,491,000	\$ 5,009,000
Series 2011B	2033	3.00%	9,552,000	5,257,000
Series 2017	2037	2.50%	7,573,000	5,683,000
Total water revenue bonds			<u>\$ 26,616,000</u>	<u>\$ 15,949,000</u>
Waste water revenue bonds				
Series 2010B	2030	1.75%	\$ 359,300	\$ 131,000
Series 2010D	2030	3.00%	8,308,000	3,767,000
Series 2010F	2030	3.00%	729,000	345,000
Series 2010C	2031	3.00%	885,081	436,000
Series 2010G	2031	3.00%	3,605,565	1,354,000
Series 2010H	2031	3.00%	8,692,000	4,284,000
Sereis 2020D	2040	2.50%	2,807,000	2,469,000
Series 2020B	2040	2.50%	7,786,000	6,850,000
Series 2020C	2041	2.50%	6,693,321	6,003,000
Series 2020A	2040	0.00%	300,000	300,000
Total water revenue bonds			<u>\$ 40,165,267</u>	<u>\$ 25,939,000</u>
Stormwater revenue bonds				
Series 2015	2035	2.50%	\$ 1,815,000	\$ 1,196,000
Total business-type activities			<u>\$ 135,377,534</u>	<u>\$ 43,084,000</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

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 are recorded in the governmental activities in the government-wide statement. Principal and interest on these bonds are payable from the debt service funds.

Tax Increment Financing (TIF) Bonds – Tax Increment Financing (TIF) Bonds are not general obligations, but are special limited obligations of the City. TIF bonds are recorded in the governmental activities in the government-wide statement. The bonds are payable solely, and equally and ratably from the tax increment revenues received by the City from its Downtown Bozeman Improvement District, Northeast Improvement District, and Midtown 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. Principal and interest on these bonds are payable from the TIF debt service fund.

Special Assessment Bonds – 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. Principal and interest on these bonds are payable from the SID debt service fund.

Revenue Bonds -The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. 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, 2023.

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of June 30, 2023, are as follows:

Years Ending June 30,	General Obligation Bonds		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 2,300,000	\$ 1,658,650	\$ 501,468	\$ 334,613
2025	2,390,000	1,573,675	517,401	320,441
2026	2,475,000	1,483,125	531,215	304,068
2027	2,575,000	1,384,250	545,171	287,104
2028	2,675,000	1,280,000	564,152	269,745
2029-2033	15,140,000	4,659,850	2,773,715	1,066,961
2034-2038	14,060,000	1,770,494	1,854,832	655,719
2039-2043	4,150,000	245,150	2,114,813	264,466
2044-2047	-	-	400,000	12,000
	<u>\$ 45,765,000</u>	<u>\$ 14,055,194</u>	<u>\$ 9,802,767</u>	<u>\$ 3,515,117</u>

Years Ending June 30,	Special Assessment Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2024	\$ 204,722	\$ 105,129	\$ 3,006,190	\$ 2,098,392
2025	171,541	99,219	3,078,942	1,993,335
2026	177,031	93,730	3,183,246	1,880,923
2027	182,696	88,064	3,302,867	1,759,418
2028	188,543	82,218	3,427,695	1,631,963
2029-2033	1,037,177	316,624	18,950,892	6,043,435
2034-2038	1,214,103	139,700	17,128,935	2,565,913
2039-2043	196,476	4,139	6,461,289	513,755
2044-2047	-	-	400,000	12,000
	<u>\$ 3,372,289</u>	<u>\$ 928,823</u>	<u>\$ 58,940,056</u>	<u>\$ 18,499,134</u>

The annual requirements to amortize the bonded debt outstanding for the business-type activities as of June 30, 2023, are as follows:

Years Ending June 30,	Water Revenue Bonds		Waste Water Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 1,356,000	\$ 312,250	\$ 2,051,000	\$ 531,968
2025	1,395,000	284,930	2,111,000	489,298
2026	1,435,000	256,840	2,171,000	445,388
2027	1,477,000	227,930	2,234,000	400,265
2028	1,520,000	198,170	2,298,000	353,798
2029-2033	6,936,000	523,840	7,562,000	1,146,061
2034-2038	1,830,000	83,550	4,874,000	558,598
2039-2043	-	-	2,638,000	71,838
	<u>\$ 15,949,000</u>	<u>\$ 1,887,510</u>	<u>\$ 25,939,000</u>	<u>\$ 3,997,214</u>

Years Ending June 30,	Stormwater Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 87,000	\$ 23,490	\$ 3,494,000	\$ 867,708
2025	89,000	21,740	3,595,000	795,968
2026	90,000	19,950	3,696,000	722,178
2027	94,000	18,130	3,805,000	646,325
2028	96,000	16,240	3,914,000	568,208
2029-2033	515,000	51,450	15,013,000	1,721,351
2034-2038	225,000	5,640	6,929,000	647,788
2039-2043	-	-	2,638,000	71,838
	<u>\$ 1,196,000</u>	<u>\$ 156,640</u>	<u>\$ 43,084,000</u>	<u>\$ 6,041,364</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, 2023, the Revenue Bond outstanding had an aggregate principal amount payable of \$114,671.

Notes Payable

At June 30, 2023, the City had the following notes payable outstanding:

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Governmental Activities:				
Notes payable				
Sports Park Loan	2039	3.74%	1,700,000	1,504,323
Pete's Hill Loan	2024	3.75%	315,000	215,000
Total notes payable			\$ 2,015,000	\$ 1,719,323
Intercap notes payable				
Upgrade Street Lighting	2030	1.55 - 5.75%	\$ 199,231	\$ 110,035
Sports Park-Bronken Park Improvements	2029	1.00 - 5.75%	314,559	216,147
Total intercap notes payable			\$ 513,790	\$ 326,182
Total governmental activities			\$ 4,030,000	\$ 2,045,505

Future payments on notes payable are as follows:

Years Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 329,475	\$ 78,510
2025	118,478	52,893
2026	122,399	50,216
2027	126,433	47,363
2028	130,755	44,463
2029-2033	547,381	173,485
2034-2038	548,135	80,840
2039-2043	122,349	3,446
	\$ 2,045,405	\$ 531,216

Financed Purchases Payable

Financed purchases payable consists of direct borrowing financing agreements for the purchase of various pieces of machinery and equipment. Financed purchases payable of the governmental activities are paid by the General Fund and Street Maintenance Fund.

Future payments on financed purchases payable are as follows:

Years Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 157,210	\$ 56,811
2025	123,070	49,926
2026	113,913	41,340
2027	121,664	33,489
2028	356,817	26,745
	\$ 872,674	\$ 208,311

Leases Payable

Leases payable consists of long-term leases as described in Note 8. Leases payable of the governmental activities are liquidated by the General Fund and the Public Works Administration Fund.

Subscription IT Agreements

Subscription IT agreements consists of long-term software contracts as described in Note 9. Subscriptions payable of the governmental activities are liquidated by the General Fund, City Planning Fund, and Public Works Administration Fund.

Landfill Closure/Postclosure

Landfill Closure/Postclosure liability consists of expected future obligations relating to the municipal landfill. See Note 20 for additional information.

Pollution Remediation Liability

Pollution remediation liability consists of expected future obligations relating to remediation of the Bozeman Solvent Site. See Note 21 for additional information.

Compensated Absences

The entire portion of accumulated unpaid vacation is considered short term for the reason that historically, unpaid vacation is utilized within one year either through vacation payouts when employees terminate their service with the City or with the use of annual leave throughout the year.

Within the governmental activities, the General Fund has typically been used in prior years to liquidate the liability for compensated absences.

Compensated absences for the business-type activities are liquidated from the fund in which they are earned.

Note 8 - Leases

Lessor Activities

The City has accrued a receivable for a land lease. The remaining receivable for this lease was \$333,289 for the year ended June 30, 2023. Deferred inflows related to these leases were \$326,355 as of June 30, 2023. Interest revenue recognized on these leases was \$17,801 for the year ended June 30, 2023. Principal receipts of \$22,735 were recognized during the fiscal year. The interest rate used to value the lease was 5%. Final receipt is expected in fiscal year 2033.

Lessee Activities

The City has entered into various lease agreements for a vehicle and office space. The City is required to make principal and interest payments through February 2028. The lease agreements have interest rates between 6.61% and 8.09%. For lease agreements with no specified interest rate, the lease liability was valued using a discount rate of 5% based on the City's incremental borrowing rate at the inception of the leases.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 85,131	\$ 15,274
2025	87,877	10,922
2026	94,477	6,413
2027	76,316	1,599
	<u>\$ 343,801</u>	<u>\$ 34,208</u>

Note 9 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into SBITA contracts for various operating software. The City is required to make principal and interest payments through January 2029. The SBITA contracts have interest rates of 5% which was determined based on the City's incremental borrowing rate at the inception of the subscriptions.

The future principal and interest payments as of June 30, 2023, are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 254,988	\$ 35,936
2025	268,981	22,501
2026	140,943	14,121
2027	91,905	7,714
2028	96,608	2,913
	<u>\$ 853,425</u>	<u>\$ 83,185</u>

Note 10 - Other Post-Employments Benefit 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.

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 \$2,313 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 July 1, 2022, the census valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	412
	435

Contributions

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

Total OPEB Liability (TOL)

The City's total OPEB liability of \$4,450,558 for the June 30, 2023, reporting date was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

Changes in the TOL for the year ended June 30, 2023, are as follows:

Balance at July 1, 2022	\$ 5,067,116
Changes from the Prior Year:	
Service cost	386,864
Interest cost	116,219
Assumption changes	(862,570)
Differences between expected and actual experience	(110,114)
Benefit payments	(146,957)
Net Change	(616,558)
Balance at June 30, 2023	\$ 4,450,558

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 (2.69%) or one percentage point higher (4.69%) follows:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	2.69%	3.69%	4.69%
Total OPEB Liability	\$ 5,031,129	\$ 4,450,558	\$ 3,948,856

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 or one percentage point higher than the current healthcare cost trend rate follows:

	<u>1% Decrease in Trend Rates</u>	<u>Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Trend rate	6.50%, grading to 3.50% over 20 years	7.50%, grading to 4.50% over 20 years	8.50%, grading to 5.50% over 20 years
Total OPEB Liability	\$ 3,872,715	\$ 4,450,558	\$ 5,144,076

For the year ended June 30, 2023, the City recognized OPEB expense of \$540,230. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 239,534
Assumption changes	<u>1,022,556</u>	<u>1,040,407</u>
	<u>\$ 1,022,556</u>	<u>\$ 1,279,941</u>

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

Years Ended June 30,	OPEB Expense Amount
2024	\$ 37,147
2025	37,149
2026	76,687
2027	(146,063)
2028	(217,466)
Thereafter	(44,839)

The June 30, 2023, year-end OPEB cost is reported in the City's funds as follows:

Functions/Programs	
Governmental Activities	
General government	\$ 92,687
Public safety	157,567
Public works	67,634
Public health and welfare	127,463
Total governmental activities	445,351
Business-type Activities	
Water	33,950
Wastewater	26,429
Solid waste	22,668
Parking	4,417
Stormwater	7,415
Total business-type activities	94,879
Total	\$ 540,230

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 2023. As of July 1, 2022, 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:

- Discount Rate: 3.69% for determining fiscal 2023 liability and expense.
- Inflation Rate: 2.5% long-term.
- Expected Real Rate of Return on Assets: N/A
- Health Care Claim and Contribution Trend Rates: 7.50% initial in fiscal 2023 and 4.50% ultimate in fiscal 2043.
- Average Salary Increase: Not applicable.
- Retirement Rates: Based on actuarial valuation for statewide retirement systems as of June 30, 2022
- Retiree Participation Rate: 35% of future eligible retirees are assumed to participate in the Plan upon retirement. 80% of retirees are assumed to elect the same medical plan upon retirement that they have while being employed and 20% are assumed to elect the HDHP plan.
- Lapse Rate: 15% per year
- Marriage Assumption: 60% of all future eligible retired employees are assumed to be married at retirement and elect spousal coverage. Husbands are assumed to be three years older than their 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-2021 for MPORS and FURS (Police and Fire, respectively) and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021 for PERS (all other employees).

The medical trend rate table was reset in fiscal 2023.

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 11 - Defined Benefit Pension Plans

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 2023 and 2022 total payroll and covered payroll for all retirement plans were \$31,950,316 and \$25,726,854, respectively. Financial information for all three plans is reported in the Public Employees' Retirement Board's published *Annual Comprehensive 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.

For the year ended December 31, 2023 the City reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
PERS	\$ 4,488,592	\$ 21,527,855	\$ 1,576,037	\$ 2,570,071
FURS	2,115,919	3,494,798	77,968	687,199
MPORS	1,926,272	7,120,779	173,986	1,261,458
Total all plans	\$ 8,530,783	\$ 32,143,432	\$ 1,827,991	\$ 4,518,728

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, 2022, measurement date for the 2023 reporting.

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 (TPL); 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 PERSDBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

Benefits Provided

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.

Retirement benefits are as follows:

Service retirement:

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

Early Retirement:

- Hired prior to July 1, 2011:
 - Age 50, 5 years of membership service
 - 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):

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

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

Guaranteed Annual Benefit Adjustment (GABA) – After the member has completed 12 full months of retirement, the member’s benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member’s benefit.

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

Contributions

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

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

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

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

Fiscal Year	Member		State & University	Local Government		Local Government	
	Hired <07/01/2011	Hired >07/01/2011	Employer	Employer	State	Employer	State
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
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%	N/A	7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%	N/A	7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%	N/A	6.900%	6.800%	0.100%	6.800%	0.100%

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

Employer contributions to the system:

- 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 actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- The portion of employer contributions allocated to the Plan Choice Rate (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.

Non-Employer Contributions:

Special Funding

- The state contributed 0.1% of members' compensation on behalf of local government entities.
- The state contributed 0.37% of members' compensation on behalf of school district entities.
- The state contributed a Statutory Appropriation from the General Fund of \$34,633,570.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023 and 2022 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 \$21,527,855 and the employer's proportionate share was 0.905336 percent.

	Net Pension Liability as of		Percent of Collective NPL as of		Change in Percent of Collective NPL
	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	
City Proportionate Share	\$ 21,527,855	\$ 15,249,847	0.905336%	0.841036%	0.064300%
State of Montana Proportionate Share associated with the City	\$ 6,454,277	\$ 4,507,680	0.271429%	0.248601%	0.022828%
Total	<u>\$ 27,982,132</u>	<u>\$ 19,757,527</u>	<u>1.176765%</u>	<u>1.089637%</u>	<u>0.087128%</u>

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

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

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

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

Pension Expense: At June 30, 2023, the reporting date, the employer recognized a Pension Expense of \$2,570,071 for its proportionate share of the Plan’s pension expense. The employer also recognized grant revenue of \$668,990 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

At June 30, 2023, the reporting date, the employer reported its proportionate share of the Plan’s deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs actual experience	\$ 274,436	\$ -
Project investment earnings vs. actual investment earnings	632,695	-
Changes in assumptions	802,259	1,576,037
Changes in proportion and differences between employer contributions and proportionate share of contributions	890,101	-
City contributions subsequent to the measurement date	1,889,101	-
	\$ 4,488,592	\$ 1,576,037

The \$1,889,101 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred 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 (Decrease) to Pension Expense
2024	\$ 638,429
2025	(373,095)
2026	(682,393)
2027	1,440,513

Actuarial Assumptions: The total pension liability measured as of June 30, 2022, for the June 30, 2023, reporting date, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment return (net of pension plan investment expense, including inflation)	7.30%
General wage growth*	3.50%
*includes inflation at	2.75%
Merit increases	0% to 4.80%

Postretirement Benefit Increases

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 (below) each January, inclusive of all other adjustments to the member's benefit.

Members hired prior to July 1, 2007	3.00%
Members hired between July 1, 2007, and June 30, 2013	1.50%
Members hired on or after July 1, 2013	
For each year PERS is funded at or above 90%	1.50%
For each year PERS is funded below 90%	1.50%, reduced by 0.1% for each 2.0% PERS is funded below 90%
Whenever the amortization period for PERS is 40 years or more	0.00%

For active members, mortality rates were based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females, projected generationally using MP-2021. For disabled retirees, the mortality rates were based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females. For contingent survivors, mortality rates were based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females, projected generationally using MP-2021. For healthy retirees, mortality rates were based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females, projected generationally using MP-2021.

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

Discount Rate: The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.0%	-0.33%
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	<u>100.0%</u>	

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 7.30%, as well as what the TPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
City's proportionate share of the net pension liability	\$ 31,033,407	\$ 21,527,855	\$ 13,552,811

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.

At the plan level for the measurement period ended June 30, 2022, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled \$1,681,603.

Pension Plan Fiduciary Net Position

The stand-alone financial statements 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. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

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, 2022, measurement date for the 2023 reporting.

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (TPL); 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.

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 member has elected to be covered by GABA:
 - 20 years of membership service, regardless of age
 - 2.5% of HAC times years of service credit
- Hired prior to July 1, 1981, and 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) for each year of service credit;
 - If membership service is greater than or equal to 20 years: 50% of HMC plus 2% of HMC for each year 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.
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - is awarded service credit for the period of reemployment;
 - starting the first month following termination of service, receives:
 - the same retirement benefit previously paid to the member; and
 - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the 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 a 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.

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		
1998-2023	9.500%	1.700%	14.360%	32.610%
1997	7.800%	N/A	14.360%	32.610%

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan’s actuary as of June 30, 2022.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the State of Montana’s NPL for June 30, 2023 and 2022 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 \$3,494,798 and the employer’s proportionate share was 2.2000 percent.

	Net Pension Liability as of		Percent of Collective NPL as of		Change in Percent of Collective TPL
	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	
City Proportionate Share	\$ 3,494,798	\$ 1,935,764	2.2000%	2.2620%	-0.0620%
State of Montana Proportionate Share associated with the City	\$ 7,906,822	\$ 4,393,566	4.9775%	5.1341%	-0.1566%
Total	\$ 11,401,620	\$ 6,329,330	7.1775%	7.3961%	-0.2186%

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

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

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

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

Pension Expense: At June 30, 2023, the reporting date, the employer recognized its proportionate share of the Plan's pension expense of \$687,199. The employer also recognized grant revenue of \$1,617,904 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

Recognition of Deferred Inflows and Outflows: At June 30, 2023, the reporting date, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs actual experience	\$ 304,800	\$ 6,829
Project investment earnings vs. actual investment earnings	219,493	-
Changes in assumptions	908,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	71,139
City contributions subsequent to the measurement date	683,412	-
	\$ 2,115,919	\$ 77,968

The \$683,412 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred 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 (Decrease) to Pension Expense
2024	\$ 310,314
2025	210,951
2026	138,702
2027	554,162
2028	140,410

Actuarial Assumptions: The total pension liability measured as of June 30, 2022, for the June 30, 2023, reporting date, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment return (net of pension plan investment expense, including inflation)	7.3%
General wage growth*	3.5%
*includes inflation at	2.75%
Merit increases	1.00% to 6.40%
Postretirement Benefit Increases	
Guaranteed Annual Benefit Adjustment (GABA) each January	
Members hired on or after July 1, 1997, or those electing GABA (requires 12 full months of retirement before GABA will be made)	3%
Minimum Benefit Adjustment (non-GABA)	
Members with 10 or more years of membership service and member did not elect GABA	The minimum benefit provided should not be less than 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a fire fighter.

For active members, mortality rates were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality projected to 2021 for males and females, projected generationally using MP-2021. For healthy retirees, mortality rates were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year for males, adjusted 105% for males and 100% for females, projected generationally using MP-2021. For contingent survivors, mortality rates were based on PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males, projected generationally using MP-2021. For disabled retirees, the mortality rates were based on PUB-2010 Safety Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for males.

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

Discount Rate: The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 32.61% of the salaries paid by employers. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2133. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.0%	-0.33%
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	<u>100.0%</u>	

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 7.30%, 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.

	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
City's proportionate share of the net pension liability	\$ 6,057,049	\$ 3,494,798	\$ 1,448,854

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, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

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 Total Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2022, measurement date for the 2023 reporting.

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

General Information about the Pension Plan

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

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

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

Service retirement and monthly benefit formula:

- 20 years of membership service, regardless of age.
- Age 50 with 5 years of membership service (Early Retirement).
- 2.5% of FAC times years of service credit.

Second retirement:

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

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

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of 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.
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - is awarded service credit for the period of reemployment;
 - starting the first month following termination of service, receives:
 - the same retirement benefit previously paid to the member, and
 - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the 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 final average compensation (FAC)

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum benefit adjustment (non-GABA)

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

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

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

Fiscal Year	Member				Employer	State
	Hired before 7/1/1975	Hired after 6/30/1975	Hired after 6/30/1979	Hired after 6/30/1997 GABA		
2000-2023	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%	N/A	14.360%	29.370%

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023 and 2022 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 TPL 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 \$7,120,779 and the employer's proportionate share was 3.0145 percent.

	Net Pension Liability as of		Percent of Collective NPL as of		Change in Percent of Collective TPL
	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	June 30, 2023 Reporting Date	June 30, 2022 Reporting Date	
City Proportionate Share	\$ 7,120,779	\$ 5,327,439	3.0145%	2.9306%	0.0839%
State of Montana Proportionate Share associated with the City	\$ 14,472,724	\$ 10,828,332	6.1270%	5.9566%	0.1704%
Total	<u>\$ 21,593,503</u>	<u>\$ 16,155,771</u>	<u>9.1415%</u>	<u>8.8872%</u>	<u>0.2543%</u>

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

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- All mortality assumptions were updated to the PUB2010 tables for public safety employees.
- Rates of withdrawal, retirement, disability retirement, and merit increases were updated.

- Payroll growth assumption was lowered from 3.50% to 3.25%.
- The inflation rate was increased from 2.40% to 2.75%.

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

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

Pension Expense: At June 30, 2023, the reporting date, the employer recognized its proportionate share of the Plan's pension expense of \$1,261,458. The employer also recognized grant revenue of \$2,481,326 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

Recognition of Deferred Inflows and Outflows: At June 30, 2023, the reporting date, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs actual experience	\$ 31,670	\$ 37,308
Project investment earnings vs. actual investment earnings	259,365	-
Changes in assumptions	628,407	136,678
Changes in proportion and differences between employer contributions and proportionate share of contributions	123,359	-
City contributions subsequent to the measurement date	883,471	-
	\$ 1,926,272	\$ 173,986

The \$883,471 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred 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 (Decrease) to Pension Expense
2024	\$ 467,549
2025	158,069
2026	(142,191)
2027	385,388

Actuarial Assumptions: The total pension liability measured as of June 30, 2022, for the June 30, 2023, reporting date, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment return (net of pension plan investment expense, including inflation)	7.3%	
General wage growth*	3.5%	
*includes inflation at	2.75%	
Merit increases		1.00% to 6.40%
Postretirement Benefit Increases		
Guaranteed Annual Benefit Adjustment (GABA) each January		
Members hired on or after July 1, 1997, or those electing GABA (requires 12 full months of retirement before GABA will be made)	3%	
Minimum Benefit Adjustment (non-GABA)		
Benefit for a retired member or member's survivor and member did not elect GABA		The minimum benefit provided should not be less than 50% of the monthly compensation paid to a newly confirmed police officer of the employer that last employed the member as a police officer.

For active members, mortality rates were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality projected to 2021 for males and females, projected generationally using MP-2021. For healthy retirees, mortality rates were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year for males, adjusted 105% for males and 100% for females, projected generationally using MP-2021. . For disabled retirees, the mortality rates were based on PUB-2010 Safety Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for males. For contingent survivors, mortality rates were based on PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males, projected generationally using MP-2021

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

Discount Rate: The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 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.

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.0%	-0.33%
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	<u>100.0%</u>	

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 7.30%, 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.

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
City's proportionate share of the net pension liability	\$ 10,730,017	\$ 7,120,779	\$ 4,254,327

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. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

Note 12 - Interfund Activity

Interfund receivables/payables are used when a fund has a cash deficit, as well as for other short-term amounts owed between funds.

	Due from:		
	Nonmajor Governmental Funds	Internal Service Funds	Total
Due to: General Fund	\$ 543,293	\$ 900,906	\$ 1,444,199

Interfund advances are used to account for long-term advances between funds. A summary of the City’s interfund advances is as follows:

	Advances to other City funds	Advances from other City Funds
SID Debt Service	\$ -	\$ 641,763
Nonmajor Governmental Funds	641,763	-
	\$ 641,763	\$ 641,763

Interfund Transfers

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.

The following interfund transfers occurred during the year ended June 30, 2023

	Transfer In			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Fund
Transfer out				
General Fund	\$ -	\$ 4,963,542	\$ 1,349,081	\$ -
Street Maintenance Fund	-	-	206,363	-
American Rescue Plan	3,308,013	-	1,901,300	1,295,912
SID Debt Service	2,078,222	-	924,487	-
Capital projects	-	-	771,342	-
Nonmajor Governmental Funds	5,468,642	1,141,038	959,642	55,475
Water Fund	-	278,855	-	-
Wastewater Fund	-	96,454	-	-
Nonmajor Enterprise Funds	-	40,973	-	-
Total	\$ 10,854,877	\$ 6,520,862	\$ 6,112,215	\$ 1,351,387
	Transfer in			
	Wastewater Fund	Solid Waste Fund	Nonmajor Enterprise Funds	Total
Transfer out				
General Fund	\$ -	\$ 295,000	\$ 190,784	\$ 6,798,407
Street Maintenance Fund	-	-	-	206,363
American Rescue Plan	246,769	-	-	6,751,994
SID Debt Service	-	-	-	3,002,709
Capital projects	-	-	-	771,342
Nonmajor Governmental Funds	-	-	-	7,624,797
Water Fund	-	-	-	278,855
Wastewater Fund	-	-	-	96,454
Nonmajor Enterprise Funds	-	-	-	40,973
Total	\$ 246,769	\$ 295,000	\$ 190,784	\$ 25,571,894

General Fund transfers in from the American Rescue Plan Act fund covered general government services expenses as allowable under the revenue recovery federal grant terms. General Fund transfers in from nonmajor governmental funds were for health insurance expenses. Excess money in the SID Debt Service Fund was transferred in the General Fund as allowed under Montana Code.

Capital Project Fund transfers in from the General Fund, nonmajor governmental funds, Water Fund, and Wastewater Fund were primarily to cover overages in project costs.

Nonmajor governmental funds transfers in from the General Fund covered payroll costs that exceed available grant funding and to finance a portion of community housing projects.

Nonmajor governmental funds transfers in from the American Rescue Plan Act fund covered general government services expenses as allowable under the revenue recovery federal grant terms.

Nonmajor governmental funds transfers in from SID Debt Service Fund were entered to close out paid special assessment districts.

Nonmajor governmental funds transfers in from Capital Projects funds returned available cash upon project completion.

Nonmajor governmental funds transfers in from other nonmajor governmental funds included funding for tax increment financing district debt payments and health insurance expenses.

Water Fund and Wastewater Fund transfers in from the American Rescue Plan Act fund covered capital expenses for several infrastructure projects in accordance with federal grant terms.

Solid Waste Fund and Nonmajor Enterprise Funds transfers in from the General Fund covers landfill monitoring costs and the landfill debt payments.

Note 13 - Net Position/Fund Balances

Net Investment in Capital Assets

The amounts comprising the City's net investment in capital assets on the government-wide statement of net position are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 298,922,399	\$ 338,222,054
Capital Related Debt	(67,285,543)	(43,689,354)
Capital Debt Proceeds Not Yet Expended	6,041,524	-
Capital Debt Reserve Balances	-	3,321,798
Retainage Payable	(241,479)	(163,379)
Accounts Payable Related to Capital Asset Acquisition	<u>(551,896)</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 236,885,005</u>	<u>\$ 297,691,119</u>

The amounts comprising the City's net investment in capital assets in the enterprise funds statement of net position are as follows:

	<u>Water Fund</u>	<u>Waste Water Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 163,167,451	\$ 157,008,229	\$ 2,410,427	\$ 15,635,947
Capital Related Debt	(16,185,614)	(26,095,799)	(140,034)	(1,267,907)
Capital Debt Reserve Balances	898,599	2,364,911	-	58,288
Retainage Payable	<u>(123,883)</u>	<u>(34,201)</u>	<u>(5,295)</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 147,756,553</u>	<u>\$ 133,243,140</u>	<u>\$ 2,265,098</u>	<u>\$ 14,426,328</u>

Fund Balances

The City classified fund balances within the governmental funds are as follows at June 30, 2023:

	General Fund	Street Maintenance District	American Rescue Plan	SID Debt Service	Capital Projects	Other Governmental Funds	Total
Fund Balances							
Nonspendable							
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,804,399	\$ 1,804,399
Prepaid items	37,167	-	-	-	-	-	37,167
Total nonspendable	37,167	-	-	-	-	1,804,399	1,841,566
Restricted							
General government							
Planning	-	-	-	-	-	1,368,543	1,368,543
Health Insurance	-	-	-	-	-	1,341,543	1,341,543
Other	-	-	54,789	-	-	560,265	615,054
Public safety							
Building inspection	-	-	-	-	-	1,021,673	1,021,673
Fire impact	-	-	-	-	-	4,842,733	4,842,733
Victim witness	-	-	-	-	-	345,883	345,883
Other	-	-	-	-	-	14,311,233	14,311,233
Public service							
Gas tax	-	-	-	-	-	241,522	241,522
Lighting districts	-	-	-	-	-	504,862	504,862
Other	-	1,845,732	-	-	-	4,351,213	6,196,945
Public welfare							
Tax increment districts	-	-	-	-	-	4,553,485	4,553,485
Economic development							
loans	-	-	-	-	-	987,246	987,246
Tree maintenance district	-	-	-	-	-	617,190	617,190
Other	-	-	-	-	-	11,166,299	11,166,299
Capital projects							
Debt service	-	-	-	-	10,467,723	-	10,467,723
SID Sinking	-	-	-	1,518,340	-	-	1,518,340
SID Revolving Fund	-	-	-	-	-	697,208	697,208
Total restricted	-	1,845,732	54,789	1,518,340	10,467,723	46,910,898	60,797,482
Committed							
Public welfare	-	-	-	-	-	603,360	603,360
Capital projects	6,087,489	-	-	-	-	-	6,087,489
Total committed	6,087,489	-	-	-	-	603,360	6,690,849
Assigned							
Public welfare	-	-	-	-	-	2,927,964	2,927,964
Unassigned							
	8,953,349	-	-	-	-	(302,973)	8,650,376
Total Fund Balances	\$ 15,078,005	\$ 1,845,732	\$ 54,789	\$ 1,518,340	\$ 10,467,723	\$ 51,943,648	\$ 80,908,237

Note 14 - Deferred Compensation Plan

The City offers its employees a defined contribution, 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. The City does not contribute to the plan, and it 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, ICMA Retirement Corporation.

Note 15 - 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, to be phased out over 5 years. Beginning on March 30, 2013, all impact fees are charged at 100% of the impact.

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 Wastewater Impact Fee Fund have recorded impact fee credits amounting to \$0, \$33,232, and \$114,576, respectively, for the fiscal year ending June 30, 2023. The Fire Impact Fee Fund does not have any outstanding credits. The following impact fee revenues were collected and expensed/expended during fiscal year 2023:

	Beginning Balances	Impact Fees	Other Income	Expenses, Expenditures, and Transfers	Ending Balances
Fire	\$ 4,287,167	\$ 522,006	\$ 63,839	\$ (30,279)	\$ 4,842,733
Water	15,281,920	2,572,101	2,791,567	(2,666,156)	17,979,432
Waste Water	9,793,026	1,556,078	120,908	-	11,470,012
Streets	13,218,872	5,205,583	222,127	(4,735,417)	13,911,165
Totals	<u>\$ 42,580,985</u>	<u>\$ 9,855,768</u>	<u>\$ 3,198,441</u>	<u>\$ (7,431,852)</u>	<u>\$ 48,203,342</u>

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, 2023, the City has entered into joint venture contractual arrangements, as follows:

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-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 - 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.

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, 2023, 2022, and 2021.

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 18 - Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. In the opinion of City Counsel and management, such claims against the City not covered by insurance, would not materially affect the financial condition of the City at June 30, 2023.

Note 19 - Contingencies

Various claims and lawsuits involving the City can be pending at any given time. These claims are either covered by insurance or are the types which are normal in City operations and do not present any material risk of financial disruption. City management believes that the total amount of liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the City's financial condition or its ability to carry out its activities.

Note 20 - Municipal 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 \$2,359,259, which is its estimate of future landfill closure and post-closure care costs as of June 30, 2023

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 by 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	\$	240,391
Capital assets, net of depreciation		<u>752,832</u>
Total assets		<u>993,223</u>
Current liabilities		314,898
Closure and post-closure care cost		<u>2,359,259</u>
Total liabilities		<u>2,674,157</u>
Restricted for debt service	\$	<u><u>(1,680,934)</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues and expenses:	
Operating revenues	\$ -
Operating expenses	
Depreciation	6,142
Change in post closure cost estimate	1,403,611
Other operating	269,991
Total operating expenses	1,679,744
Operating profit	(1,679,744)
Non-operating revenues (expenses):	
Interest income	7,850
Transfers	295,000
Total non-operating revenues	302,850
Change in net position	(1,376,894)
Net position, beginning of year	(304,040)
Net position, end of year	\$ (1,680,934)

Note 21 - 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 \$536,669. This liability is recorded in the Wastewater 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.

Note 22 - Commitments

The City entered into a contract to repair and remodel the Bozeman Swim Center. The contract commitment for the project is \$1,969,236. For the year ended June 30, 2023, the City had incurred \$551,971 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into various contracts for road and streetscape projects. The contract commitments for the projects are \$19,150,165. For the year ended June 30, 2023, the City had incurred \$10,215,705 towards the projects, which are reported as construction in progress in the Statement of Net Position.

The City entered into a contract to construct the Library Renovation project. The contract commitment for the project is \$3,797,555. For the year ended June 30, 2023, the City had incurred \$2,819,364 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into a contract to construct the Fire Station #2 project. The contract commitment for the project is \$11,574,604. For the year ended June 30, 2023, the City had incurred \$1,042,896.01 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into a contract for construction services for the Sourdough Water Transmission Main, Phase 2 project. The contract commitment for the project is \$4,105,303. For the year ended June 30, 2023, the City had incurred \$4,047,285 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into a contract for drilling services for the groundwater investigation project. The contract commitment for the project is \$550,850. For the year ended June 30, 2023, the City had incurred \$145,464 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into a contract for construction services for the Solid Waste addition project. The contract commitment for the project is \$773,800. For the year ended June 30, 2023, the City had incurred \$105,900 towards the project, which is reported as construction in progress in the Statement of Net Position.

The City entered into a contract for construction services for the Downtown Sewer Main project. The contract commitment for the project is \$617,900. For the year ended June 30, 2023, the City had incurred \$587,006 towards the project, which is reported as construction in progress in the Statement of Net Position.

Required Supplementary Information
June 30, 2023

City of Bozeman, Montana

City of Bozeman, Montana
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2023

**Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years***

	2023	2022	2021	2020	2019	2018
Service cost	\$ 386,864	\$ 348,856	\$ 218,391	\$ 224,433	\$ 180,183	\$ 256,948
Interest cost	116,219	101,891	105,950	105,809	88,126	81,562
Assumption changes	(862,570)	428,413	1,270,632	86,882	225,374	(653,711)
Differences between expected and actual experience	(110,114)	-	(8,615)	-	(502,125)	431,737
Benefit payments	(146,957)	(147,232)	(119,793)	(116,330)	(118,184)	(431,737)
Net change in total OPEB liability	(616,558)	731,928	1,466,565	300,794	(126,626)	(315,201)
Total OPEB liability, beginning of year	5,067,116	4,335,188	2,868,623	2,567,829	2,694,455	3,009,656
Total OPEB liability, end of year	<u>\$ 4,450,558</u>	<u>\$ 5,067,116</u>	<u>\$ 4,335,188</u>	<u>\$ 2,868,623</u>	<u>\$ 2,567,829</u>	<u>\$ 2,694,455</u>
Covered payroll	\$ 29,433,945	\$ 27,432,420	\$ 29,119,539	\$ 24,490,157	\$ 23,503,572	\$ 45,345,305
City's total OPEB liability as a percentage of covered payroll	15.12%	18.47%	14.89%	11.71%	10.93%	5.94%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Changes in Total OPEB Liability and Related Ratios

Assets are not accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

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:

6/30/2023	3.69%
6/30/2022	2.16%
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 Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
 Montana Public Employees Retirement System Pension Plan
 June 30, 2023

**Schedule of Employer's Share of Net Pension Liability
 Last 10 Fiscal Years***

Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Total Proportionate Share (Amount) of the Net Pension Liability (a+b)	Employer's Covered-Payroll (c)	Employer's Proportionate Share of the Total Pension Liability as a Percentage of its Covered-Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.905336%	\$ 21,527,855	\$ 6,454,277	\$ 27,982,132	\$ 15,910,277	135.31%	73.66%
6/30/2021	0.841036%	\$ 15,249,847	\$ 4,507,680	\$ 19,757,527	\$ 14,855,905	102.65%	79.91%
6/30/2020	0.852225%	\$ 22,483,506	\$ 7,096,303	\$ 29,579,809	\$ 14,298,930	157.24%	68.90%
6/30/2019	0.861979%	\$ 18,018,037	\$ 5,867,557	\$ 23,885,594	\$ 14,222,530	126.69%	73.85%
6/30/2018	0.833641%	\$ 17,399,265	\$ 5,822,595	\$ 23,221,860	\$ 13,764,340	126.41%	73.47%
6/30/2017	1.041883%	\$ 20,291,988	\$ 266,967	\$ 20,558,955	\$ 12,924,792	157.00%	73.75%
6/30/2016	1.021762%	\$ 17,404,143	\$ 212,659	\$ 17,616,802	\$ 12,238,920	142.20%	74.71%
6/30/2015	0.958835%	\$ 13,403,285	\$ 164,637	\$ 13,567,922	\$ 11,189,797	119.78%	78.40%
6/30/2014	0.915049%	\$ 11,401,613	\$ 139,231	\$ 11,540,844	\$ 10,479,122	108.80%	79.90%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

**Schedule of Employer's Contributions
 Last 10 Fiscal Years***

Reporting Date	Statutorily Required Contribution (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to the Statutorily Required Contribution (c)	Contribution Deficiency (Excess) (a+b-c)	Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (c/d)
6/30/2023	\$ 1,889,101	\$ -	\$ 1,889,101	\$ -	\$ 21,068,370	8.97%
6/30/2022	\$ 1,414,999	\$ -	\$ 1,414,999	\$ -	\$ 15,910,277	8.89%
6/30/2021	\$ 1,316,517	\$ -	\$ 1,316,517	\$ -	\$ 14,855,905	8.86%
6/30/2020	\$ 1,252,776	\$ -	\$ 1,252,776	\$ -	\$ 14,298,930	8.76%
6/30/2019	\$ 1,223,234	\$ -	\$ 1,223,234	\$ -	\$ 14,222,530	8.60%
6/30/2018	\$ 1,161,210	\$ -	\$ 1,161,210	\$ -	\$ 13,764,340	8.44%
6/30/2017	\$ 1,081,810	\$ -	\$ 1,081,810	\$ -	\$ 12,924,792	8.37%
6/30/2016	\$ 1,022,996	\$ 28,892	\$ 1,051,888	\$ -	\$ 12,238,920	8.59%
6/30/2015	\$ 922,084	\$ 52,151	\$ 974,235	\$ -	\$ 11,189,797	8.71%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

City of Bozeman, Montana
 Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
 Montana Firefighters' Unified Retirement System Pension Plan
 June 30, 2023

**Schedule of Employer's Share of Net Pension Liability
 Last 10 Fiscal Years***

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Total Proportionate Share (Amount) of the Net Pension Liability (a+b)	Employer's Covered-Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	2.2000%	\$ 3,494,798	\$ 7,906,822	\$ 11,401,620	\$ 4,263,039	81.98%	78.76%
6/30/2021	2.2620%	\$ 1,935,764	\$ 4,393,566	\$ 6,329,330	\$ 4,162,698	46.50%	87.72%
6/30/2020	2.3217%	\$ 3,632,985	\$ 8,189,975	\$ 11,822,960	\$ 4,052,989	89.64%	75.34%
6/30/2019	2.1955%	\$ 2,518,508	\$ 6,091,025	\$ 8,609,533	\$ 3,807,151	66.15%	80.08%
6/30/2018	2.3663%	\$ 2,725,281	\$ 6,231,502	\$ 8,956,783	\$ 3,726,746	73.13%	79.03%
6/30/2017	2.3492%	\$ 2,655,380	\$ 6,030,078	\$ 8,685,458	\$ 3,511,860	75.61%	77.77%
6/30/2016	2.3705%	\$ 2,707,390	\$ 6,134,093	\$ 8,841,483	\$ 3,338,041	81.11%	75.48%
6/30/2015	2.4336%	\$ 2,489,054	\$ 5,543,784	\$ 8,032,838	\$ 3,270,451	76.11%	76.90%
6/30/2014	2.4192%	\$ 2,361,551	\$ 5,327,544	\$ 7,689,095	\$ 3,142,481	75.15%	76.71%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

**Schedule of Employer's Contributions
 Last 10 Fiscal Years***

Reporting Date	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
6/30/2023	\$ 683,412	\$ 683,412	\$ -	\$ 4,759,139	14.36%
6/30/2022	\$ 616,605	\$ 616,605	\$ -	\$ 4,263,039	14.46%
6/30/2021	\$ 595,510	\$ 595,510	\$ -	\$ 4,162,698	14.31%
6/30/2020	\$ 596,564	\$ 596,564	\$ -	\$ 4,052,989	14.72%
6/30/2019	\$ 524,670	\$ 524,670	\$ -	\$ 3,807,151	13.78%
6/30/2018	\$ 548,518	\$ 548,518	\$ -	\$ 3,726,746	14.72%
6/30/2017	\$ 504,303	\$ 504,303	\$ -	\$ 3,511,860	14.36%
6/30/2016	\$ 477,250	\$ 477,250	\$ -	\$ 3,338,041	14.30%
6/30/2015	\$ 478,776	\$ 478,776	\$ -	\$ 3,270,451	14.64%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

City of Bozeman, Montana

Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
Montana Municipal Police Officers' Retirement System Pension Plan
June 30, 2023

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years*

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Total Proportionate Share (Amount) of the Net Pension Liability (a+b)	Employer's Covered-Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	3.0145%	\$ 7,120,779	\$ 14,472,724	\$ 21,593,503	\$ 5,623,538	126.62%	69.67%
6/30/2021	2.9306%	\$ 5,327,439	\$ 10,828,332	\$ 16,155,771	\$ 5,303,838	100.44%	75.76%
6/30/2020	2.9892%	\$ 7,311,248	\$ 14,746,046	\$ 22,057,294	\$ 5,120,608	142.78%	64.84%
6/30/2019	2.8699%	\$ 5,712,381	\$ 11,632,402	\$ 17,344,783	\$ 4,729,931	120.77%	68.84%
6/30/2018	2.9325%	\$ 5,022,189	\$ 10,266,345	\$ 15,288,534	\$ 4,628,804	108.50%	70.95%
6/30/2017	3.0402%	\$ 5,408,979	\$ 11,024,418	\$ 16,433,397	\$ 4,555,121	118.75%	68.34%
6/30/2016	3.0842%	\$ 5,552,007	\$ 11,020,975	\$ 16,572,982	\$ 4,353,897	127.52%	65.62%
6/30/2015	2.9746%	\$ 4,920,638	\$ 9,969,680	\$ 14,890,318	\$ 4,116,930	119.52%	66.90%
6/30/2014	3.0209%	\$ 4,746,933	\$ 9,589,371	\$ 14,336,304	\$ 3,142,481	151.06%	67.01%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years*

Reporting Date	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
6/30/2023	\$ 883,471	\$ 883,471	\$ -	\$ 6,130,962	14.41%
6/30/2022	\$ 810,351	\$ 810,351	\$ -	\$ 5,623,538	14.41%
6/30/2021	\$ 763,261	\$ 763,261	\$ -	\$ 5,303,838	14.39%
6/30/2020	\$ 732,880	\$ 732,880	\$ -	\$ 5,120,608	14.31%
6/30/2019	\$ 684,296	\$ 684,296	\$ -	\$ 4,729,931	14.47%
6/30/2018	\$ 692,318	\$ 692,318	\$ -	\$ 4,628,804	14.96%
6/30/2017	\$ 655,143	\$ 655,143	\$ -	\$ 4,555,121	14.38%
6/30/2016	\$ 637,789	\$ 637,789	\$ -	\$ 4,353,897	14.65%
6/30/2015	\$ 596,791	\$ 596,791	\$ -	\$ 4,116,930	14.50%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend in compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

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

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.

2017 Legislative Changes – FURS:*Working Retiree Limitations*

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:
 - May not become an active member in the system; and
 - 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:
 - Must become an active member of the system;
 - Will stop receiving a retirement benefit from the system; and
 - 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:
 - Employer contributions and state contributions (if any) must be paid on all working retirees;
 - 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

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:
 - 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.
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - Is awarded service credit for the period of reemployment;
 - Starting the first month following termination of service, receives:
 - The same retirement benefit previously paid to the member, and
 - A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and

- Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - On the initial retirement benefit in January immediately following second retirement, and
 - On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit

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.

2017 Legislative Changes – MPORS:

Working Retiree Limitations

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:
 - May not become an active member in the system; and
 - 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:
 - Must become an active member of the system;
 - Will stop receiving a retirement benefit from the system; and
 - 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:
 - Employer contributions and state contributions (if any) must be paid on all working retirees;
 - 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

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

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.

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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.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

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

	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	Four-year smoothed market	Four-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	0.29%	0.13%	0.17%

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

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

City of Bozeman, Montana

Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis

General Fund

June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, July 1	\$ 5,444,605	\$ 5,444,605	\$ 5,444,605	\$ -
Resources (inflows):				
Taxes	24,370,654	24,370,654	25,578,352	1,207,698
Licenses and permits	364,300	364,300	381,922	17,622
Intergovernmental	8,962,890	10,073,490	9,434,058	(639,432)
Charges for services	4,225,559	6,146,228	6,307,168	160,940
Fines and forfeitures	1,074,000	1,074,000	1,009,841	(64,159)
Interest on investments	80,000	80,000	171,669	91,669
Change in fair market value of investments	-	-	(220,926)	(220,926)
Miscellaneous	294,626	294,626	351,367	56,741
Transfers in	4,514,716	8,644,904	10,854,877	2,209,973
Issuance of long-term debt	-	-	637,867	637,867
Sale of capital assets	5,000	2,768,705	2,774,759	6,054
Amounts available for appropriation	<u>49,336,350</u>	<u>59,261,512</u>	<u>62,725,559</u>	<u>3,464,047</u>
Charges to Appropriations (outflows):				
Current				
General government	13,333,611	14,393,635	11,578,604	2,815,031
Public safety	16,803,308	19,974,420	20,849,308	(874,888)
Public welfare	7,656,222	8,218,466	6,587,267	1,631,199
Other	5,118,620	2,203,427	1,683,415	520,012
Capital outlay	1,026,000	1,936,533	3,107,362	(1,170,829)
Debt service				
Principal	39,932	39,932	186,259	(146,327)
Interest and fiscal charges	3,760	3,760	13,946	(10,186)
Transfers to other funds	874,977	3,538,682	6,798,407	(3,259,725)
Total charges to appropriations	<u>44,856,430</u>	<u>50,308,855</u>	<u>50,804,568</u>	<u>(495,713)</u>
Budgetary fund balance, June 30	<u>\$ 4,479,920</u>	<u>\$ 8,952,657</u>	<u>\$ 11,920,991</u>	<u>\$ 2,968,334</u>

City of Bozeman, Montana
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis
Major Special Revenue Funds
June 30, 2023

	Street Maintenance District Special Revenue Fund				American Rescue Plan Special Revenue Fund			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Budgetary Fund Balance, July 1	\$ 1,963,990	\$ 1,963,990	1,963,990	\$ -	\$ (197,922)	\$ (197,922)	(197,922)	\$ -
Resources (inflows):								
Special assessments	15,000	21,100	17,716	(3,384)	-	-	-	-
Licenses and permits	18,000	18,000	37,033	19,033	-	-	-	-
Intergovernmental	-	-	35,762	35,762	6,734,581	6,734,581	6,751,994	17,413
Charges for services	6,768,463	6,768,463	8,220,620	1,452,157	-	-	-	-
Interest on investments	10,000	11,000	41,037	30,037	-	-	196,050	196,050
Change in fair market value of investments	-	-	(19,675)	(19,675)	-	-	56,661	56,661
Miscellaneous	25,000	25,000	433,264	408,264	-	-	-	-
Transfers in	1,825,520	1,825,520	-	(1,825,520)	-	-	-	-
Issuance of long-term debt	-	-	862,620	862,620	-	-	-	-
Sale of capital assets	-	-	18,712	18,712	-	-	-	-
Amounts available for appropriation	<u>10,625,973</u>	<u>10,633,073</u>	<u>11,611,079</u>	<u>978,006</u>	<u>6,536,659</u>	<u>6,536,659</u>	<u>6,806,783</u>	<u>270,124</u>
Charges to Appropriations (outflows):								
Current								
Public works	6,097,170	6,268,058	7,080,982	(812,924)	-	-	-	-
Capital outlay	2,470,990	4,159,894	2,155,485	2,004,409	-	-	-	-
Debt service								
Principal	88,973	174,840	307,904	(133,064)	-	-	-	-
Interest and fiscal charges	-	-	14,613	(14,613)	-	-	-	-
Transfers to other funds	738,101	738,101	206,363	531,738	11,267,081	11,267,081	6,751,994	4,515,087
Total charges to appropriations	<u>9,395,234</u>	<u>11,340,893</u>	<u>9,765,347</u>	<u>1,575,546</u>	<u>11,267,081</u>	<u>11,267,081</u>	<u>6,751,994</u>	<u>4,515,087</u>
Budgetary fund balance, June 30	<u>\$ 1,230,739</u>	<u>\$ (707,820)</u>	<u>\$ 1,845,732</u>	<u>\$ 2,553,552</u>	<u>\$ (4,730,422)</u>	<u>\$ (4,730,422)</u>	<u>\$ 54,789</u>	<u>\$ 4,785,211</u>

City of Bozeman, Montana

Notes to the Schedules of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual – Budgetary Basis
June 30, 2023

	<u>General Fund</u>	<u>Street Maintenance District</u>	<u>American Rescue Plan Act</u>
Sources/ inflows of resources			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 62,725,559	\$ 11,611,079	\$ 6,806,783
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.	(5,444,605)	(1,963,990)	197,922
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(10,854,877)	-	-
The proceeds from the issuance of long-term debt or a lease are a budgetary resource but are a other financing source for financial reporting purposes.	(637,867)	(862,620)	-
The proceeds from the sale of assets are budgetary resources but are regarded as a special item, rather than revenue, for financial reporting purposes.	<u>(2,774,759)</u>	<u>(18,712)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 43,013,451</u>	<u>\$ 8,765,757</u>	<u>\$ 7,004,705</u>
Uses/ outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 50,804,568	\$ 9,765,347	\$ 6,751,994
Differences - budget to GAAP:			
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(6,798,407)</u>	<u>(206,363)</u>	<u>(6,751,994)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 44,006,161</u>	<u>\$ 9,558,984</u>	<u>\$ -</u>

Other Supplementary Information
June 30, 2023

City of Bozeman, Montana

City of Bozeman, Montana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Debt Service Fund and Major Capital Projects Fund
June 30, 2023

	SID Debt Service			Capital Projects		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues						
Taxes	\$ 473,008	\$ 158,684	\$ (314,324)	\$ -	\$ 2,240,188	\$ 2,240,188
Special assessments	-	-	-	-	220,642	220,642
Licenses and permits	-	-	-	-	500	500
Intergovernmental	-	591,564	591,564	-	59,965	59,965
Charges for services	-	39,685	39,685	-	-	-
Interest on investments	28,345	42,389	14,044	84,000	124,889	40,889
Change in fair market value of investments	-	(9,121)	(9,121)	-	(77,357)	(77,357)
Miscellaneous	-	145,227	145,227	4,144,000	-	(4,144,000)
Total revenues	501,353	968,428	467,075	4,228,000	2,568,827	(1,659,173)
Expenditures						
Current						
Public safety	-	345,568	(345,568)	-	-	-
Public welfare	-	62,808	(62,808)	-	686,511	(686,511)
Other	-	152,877	(152,877)	-	-	-
Capital outlay	-	392,939	(392,939)	14,088,505	12,590	14,075,915
Debt service						
Principal	317,693	67,627	250,066	-	-	-
Interest and fiscal charges	-	58,168	(58,168)	-	-	-
Total expenditures	317,693	1,079,987	(762,294)	14,088,505	699,101	13,389,404
Excess (Deficiency) of Revenues over (under) Expenditures	183,660	(111,559)	(295,219)	(9,860,505)	1,869,726	11,730,231
Other Financing Sources (Uses)						
Transfers in	-	369,895	369,895	4,401,806	-	(4,401,806)
Transfers out	(3,211,524)	(298,872)	2,912,652	-	(330,150)	(330,150)
Total other financing sources (uses)	(3,211,524)	71,023	3,282,547	4,401,806	(330,150)	(4,731,956)
Net Change in Fund Balance	\$ (3,027,864)	(40,536)	\$ 2,987,328	\$ (5,458,699)	1,539,576	\$ 6,998,275
Fund Balance, Beginning of Year		2,351,957			3,775,619	
Fund Balance, End of Year		<u>\$ 2,311,421</u>			<u>\$ 5,315,195</u>	

Special Revenue Funds

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

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.

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.

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

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

Street Impact Fee – Accounts for the collection and expenditures associated with the street impact fees.

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.

Pole Yard TIF – In November 2020, the City created a tax increment financing district to eliminate conditions that contribute to blight substantially impairing sound growth of the City through investments in public infrastructure and efficient delivery of public services. The fund accounts for the revenue and expenditures associated with the district.

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.

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.

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

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 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 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.

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

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

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.

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.

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.

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, 2023

	Special Revenue Funds				
	Departmental	Downtown Improvement District	City Planning	Health-Medical Insurance	Gas Tax Apportionment
Assets					
Cash and investments	\$ 2,367,398	\$ 7,906,849	\$ 1,469,418	\$ 1,109,091	\$ 567,950
Receivables (Net of allowance for uncollectibles)					
Property taxes	11,822	245,158	23,789	252,568	-
Accrued interest	4,901	20,756	3,748	2,912	1,492
Accounts	1,385	-	-	-	-
Special assessments	-	1,474	-	-	-
Intergovernmental	394,738	-	-	-	-
Advances to other funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and investments	25,000	-	-	-	-
Total assets	<u>\$ 2,805,244</u>	<u>\$ 8,174,237</u>	<u>\$ 1,496,955</u>	<u>\$ 1,364,571</u>	<u>\$ 569,442</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts payable	\$ 492,745	\$ 2,859,042	\$ 123,332	\$ -	\$ 319,745
Escheat property payable	-	-	-	-	-
Accrued employee benefits	-	-	764	-	-
Interest payable	-	-	2,152	-	-
Appearance bonds and other liabilities	-	-	-	-	8,175
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>492,745</u>	<u>2,859,042</u>	<u>126,248</u>	<u>-</u>	<u>327,920</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	1,078	-	2,164	23,028	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	560,160	5,315,195	1,368,543	1,341,543	241,522
Committed	287,279	-	-	-	-
Assigned	1,463,982	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>2,311,421</u>	<u>5,315,195</u>	<u>1,368,543</u>	<u>1,341,543</u>	<u>241,522</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,805,244</u>	<u>\$ 8,174,237</u>	<u>\$ 1,496,955</u>	<u>\$ 1,364,571</u>	<u>\$ 569,442</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Tree Maintenance	Fire Impact Fee	Street Impact Fee	Bulding Inspection	Pole Yard TIF District
Assets					
Cash and investments	\$ 696,715	\$ -	\$ -	\$ 1,223,518	\$ 317,319
Receivables (Net of allowance for uncollectibles)					
Property taxes	-	-	-	-	17,568
Accrued interest	1,891	12,689	40,185	2,993	-
Accounts	-	-	-	-	-
Special assessments	13,212	-	-	-	-
Intergovernmental	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and investments	-	4,830,808	15,281,573	-	-
Total assets	<u>\$ 711,818</u>	<u>\$ 4,843,497</u>	<u>\$ 15,321,758</u>	<u>\$ 1,226,511</u>	<u>\$ 334,887</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts payable	\$ 85,528	\$ 764	\$ 1,295,002	\$ 194,931	\$ -
Escheat property payable	-	-	-	-	-
Accrued employee benefits	-	-	-	886	-
Interest payable	-	-	-	9,021	-
Apperance bonds and other liabilities	-	-	115,591	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	9,100	-	-	-	-
Total liabilities	<u>94,628</u>	<u>764</u>	<u>1,410,593</u>	<u>204,838</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	-	-	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	617,190	4,842,733	13,911,165	1,021,673	334,887
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>617,190</u>	<u>4,842,733</u>	<u>13,911,165</u>	<u>1,021,673</u>	<u>334,887</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 711,818</u>	<u>\$ 4,843,497</u>	<u>\$ 15,321,758</u>	<u>\$ 1,226,511</u>	<u>\$ 334,887</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Economic Development Revolving Loans	Community Housing	Street Arterial and Collector District	North 7th Corridor TIF District	Northeast Urban Renewal TIF District
Assets					
Cash and investments	\$ -	\$ 2,294,532	\$ 3,851,110	\$ 2,292,211	\$ 949,800
Receivables (Net of allowance for uncollectibles)					
Property taxes	-	95,033	-	188,140	47,339
Accrued interest	-	5,673	9,998	7,365	2,495
Accounts	189,267	-	-	-	-
Special assessments	-	-	22,101	-	-
Intergovernmental	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Notes receivable	797,979	17,498	-	-	-
Restricted cash and investments	-	-	898,377	512,091	92,000
Total assets	<u>\$ 987,246</u>	<u>\$ 2,412,736</u>	<u>\$ 4,781,586</u>	<u>\$ 2,999,807</u>	<u>\$ 1,091,634</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ 63,993	\$ 376,047	\$ 18,456	\$ 36,153
Escheat property payable	-	-	-	-	-
Accrued employee benefits	-	-	-	-	-
Interest payable	-	-	-	-	-
Appearance bonds and other liabilities	-	-	54,326	-	811
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>63,993</u>	<u>430,373</u>	<u>18,456</u>	<u>36,964</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	8,521	-	38,424	-
Fund Balance (Deficit)					
Nonspendable	-	-	-	-	-
Restricted	987,246	572,915	4,351,213	2,942,927	1,054,670
Committed	-	316,081	-	-	-
Assigned	-	1,463,982	-	-	-
Unassigned	-	(12,756)	-	-	-
Total fund balance (deficit)	<u>987,246</u>	<u>2,340,222</u>	<u>4,351,213</u>	<u>2,942,927</u>	<u>1,054,670</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 987,246</u>	<u>\$ 2,412,736</u>	<u>\$ 4,781,586</u>	<u>\$ 2,999,807</u>	<u>\$ 1,091,634</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Mandeville/ Wheat Drive TIF District	Victim/Witness Advocate	Fire Department Equipment	South Bozeman TIF District	Parks and Trails District
Assets					
Cash and investments	\$ 163,597	\$ 392,687	\$ 397,213	\$ 58,806	\$ 3,726,744
Receivables (Net of allowance for uncollectibles)					
Property taxes	2,667	-	47,766	-	-
Accrued interest	430	1,031	1,044	-	10,359
Accounts	-	4,694	-	-	15
Special assessments	-	-	-	-	76,942
Intergovernmental	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 166,694</u>	<u>\$ 398,412</u>	<u>\$ 446,023</u>	<u>\$ 58,806</u>	<u>\$ 3,814,060</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ 52,529	\$ 41,600	\$ 4,499	\$ 498,720
Escheat property payable	-	-	-	-	-
Accrued employee benefits	-	-	-	-	-
Interest payable	-	-	-	-	-
Appearance bonds and other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>52,529</u>	<u>41,600</u>	<u>4,499</u>	<u>498,720</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	4,355	-	-
Fund Balance (Deficit)					
Nonspendable	-	-	-	-	-
Restricted	166,694	345,883	400,068	54,307	3,315,340
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance (deficit)	<u>166,694</u>	<u>345,883</u>	<u>400,068</u>	<u>54,307</u>	<u>3,315,340</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 166,694</u>	<u>\$ 398,412</u>	<u>\$ 446,023</u>	<u>\$ 58,806</u>	<u>\$ 3,814,060</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Street Lighting	Park Land	Municipal Court Restitution	
Assets				
Cash and investments	\$ 527,426	\$ 1,957,707	\$ -	\$ 32,270,091
Receivables (Net of allowance for uncollectibles)				
Property taxes	-	-	-	931,850
Accrued interest	-	5,142	-	135,104
Accounts	-	-	-	195,361
Special assessments	6,944	-	-	120,673
Intergovernmental	-	-	-	394,738
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	815,477
Restricted cash and investments	-	-	25,133	21,664,982
	<u>\$ 534,370</u>	<u>\$ 1,962,849</u>	<u>\$ 25,133</u>	<u>\$ 56,528,276</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 29,508	\$ -	\$ -	\$ 6,492,594
Escheat property payable	-	-	25,028	25,028
Accrued employee benefits	-	-	-	1,650
Interest payable	-	-	-	11,173
Appearance bonds and other liabilities	-	-	-	178,903
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	9,100
	<u>29,508</u>	<u>-</u>	<u>25,028</u>	<u>6,718,448</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	77,570
	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,570</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	504,862	1,962,849	105	46,213,690
Committed	-	-	-	603,360
Assigned	-	-	-	2,927,964
Unassigned	-	-	-	(12,756)
	<u>504,862</u>	<u>1,962,849</u>	<u>105</u>	<u>49,732,258</u>
Total fund balance	<u>504,862</u>	<u>1,962,849</u>	<u>105</u>	<u>49,732,258</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 534,370</u>	<u>\$ 1,962,849</u>	<u>\$ 25,133</u>	<u>\$ 56,528,276</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Debt Service Funds			Total Nonmajor Debt Service Funds
	SID Revolving	General Obligation Bonds	TIF Bonds	
Assets				
Cash and investments	\$ 54,728	\$ 5	\$ -	\$ 54,733
Receivables (Net of allowance for uncollectibles)				
Property taxes	-	278,439	-	278,439
Accrued interest	717	-	-	717
Accounts	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Advances to other funds	641,763	-	-	641,763
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	-	-
	<u>\$ 697,208</u>	<u>\$ 278,444</u>	<u>\$ -</u>	<u>\$ 975,652</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Escheat property payable	-	-	-	-
Accrued employee benefits	-	-	-	-
Interest payable	-	-	-	-
Appearance bonds and other liabilities	-	-	-	-
Due to other funds	-	543,293	-	543,293
Unearned revenue	-	-	-	-
	<u>-</u>	<u>543,293</u>	<u>-</u>	<u>543,293</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	25,368	-	25,368
	<u>-</u>	<u>25,368</u>	<u>-</u>	<u>25,368</u>
Fund Balance (Deficit)				
Nonspendable	-	-	-	-
Restricted	697,208	-	-	697,208
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(290,217)	-	(290,217)
	<u>697,208</u>	<u>(290,217)</u>	<u>-</u>	<u>406,991</u>
Total fund balance (deficit)	<u>697,208</u>	<u>(290,217)</u>	<u>-</u>	<u>406,991</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 697,208</u>	<u>\$ 278,444</u>	<u>\$ -</u>	<u>\$ 975,652</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Permanent Fund	Total
	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Assets		
Cash and investments	\$ -	\$ 32,324,824
Receivables (Net of allowance for uncollectibles)		
Property taxes	-	1,210,289
Accrued interest	4,757	140,578
Accounts	9,536	204,897
Special assessments	-	120,673
Intergovernmental	-	394,738
Advances to other funds	-	641,763
Notes receivable	-	815,477
Restricted cash and investments	1,811,056	23,476,038
	<u>1,811,056</u>	<u>23,476,038</u>
Total assets	<u>\$ 1,825,349</u>	<u>\$ 59,329,277</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 6,492,594
Escheat property payable	-	25,028
Accrued employee benefits	-	1,650
Interest payable	-	11,173
Appearance bonds and other liabilities	-	178,903
Due to other funds	-	543,293
Unearned revenue	20,950	30,050
	<u>20,950</u>	<u>30,050</u>
Total liabilities	<u>20,950</u>	<u>7,282,691</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	-	102,938
	<u>-</u>	<u>102,938</u>
Fund Balance (Deficit)		
Nonspendable	1,804,399	1,804,399
Restricted	-	46,910,898
Committed	-	603,360
Assigned	-	2,927,964
Unassigned	-	(302,973)
	<u>-</u>	<u>(302,973)</u>
Total fund balance (deficit)	<u>1,804,399</u>	<u>51,943,648</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,825,349</u>	<u>\$ 59,329,277</u>

City of Bozeman, Montana
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				
	Departmental	Downtown Improvement District	City Planning	Health-Medical Insurance	Gas Tax Apportionment
Revenues					
Taxes	\$ 158,684	\$ 2,240,188	\$ 319,372	\$ 3,390,016	\$ -
Special assessments	-	220,642	-	-	-
Licenses and permits	-	500	65,250	-	-
Intergovernmental	591,564	59,965	181,220	-	788,161
Charges for services	39,685	-	1,275,250	-	-
Fines and forfeits	-	-	-	-	-
Interest on investments	42,389	124,889	9,872	11,552	9,193
Change in fair market value of investments	(9,121)	(77,357)	(49,251)	(13,036)	15,291
Interest on loans receivable	-	-	-	-	-
Miscellaneous	145,227	-	59,771	-	-
Total revenues	<u>968,428</u>	<u>2,568,827</u>	<u>1,861,484</u>	<u>3,388,532</u>	<u>812,645</u>
Expenditures					
Current					
General government	-	-	3,299,875	-	-
Public safety	345,568	-	-	-	-
Public works	-	-	-	-	545,185
Public welfare	62,808	686,511	-	-	-
Other	152,877	-	-	-	-
Capital outlay	392,939	12,590	90,570	-	1,088,063
Debt service					
Principal	67,627	-	32,421	-	-
Interest and fiscal charges	58,168	-	2,915	-	-
Total expenditures	<u>1,079,987</u>	<u>699,101</u>	<u>3,425,781</u>	<u>-</u>	<u>1,633,248</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,559)	1,869,726	(1,564,297)	3,388,532	(820,603)
Other Financing Sources (Uses)					
Transfers in	369,895	-	2,100,028	-	-
Transfers out	(298,872)	(330,150)	-	(3,072,283)	-
Issuance of long-term debt	-	-	89,785	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>71,023</u>	<u>(330,150)</u>	<u>2,189,813</u>	<u>(3,072,283)</u>	<u>-</u>
Net Change in Fund Balances	(40,536)	1,539,576	625,516	316,249	(820,603)
Fund Balance, Beginning of Year	<u>2,351,957</u>	<u>3,775,619</u>	<u>743,027</u>	<u>1,025,294</u>	<u>1,062,125</u>
Fund Balances, End of Year	<u>\$ 2,311,421</u>	<u>\$ 5,315,195</u>	<u>\$ 1,368,543</u>	<u>\$ 1,341,543</u>	<u>\$ 241,522</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				
	Tree Maintenance	Fire Impact Fee	Street Impact Fee	Building Inspection	Pole Yard TIF District
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 187,994
Special assessments	2,090	-	-	-	-
Licenses and permits	-	-	-	3,057,483	-
Intergovernmental	8,422	-	-	159,792	5,897
Charges for services	889,983	522,006	5,205,583	32,400	-
Fines and forfeits	-	-	-	-	-
Interest on investments	14,228	101,857	311,234	25,806	-
Change in fair market value of investments	(4,532)	(38,018)	(91,627)	6,516	-
Interest on loans receivable	-	-	-	-	-
Miscellaneous	26,014	-	2,520	2	-
Total revenues	<u>936,205</u>	<u>585,845</u>	<u>5,427,710</u>	<u>3,281,999</u>	<u>193,891</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	30,279	-	3,530,445	-
Public works	-	-	313,614	-	-
Public welfare	900,976	-	-	-	-
Other	-	-	-	-	-
Capital outlay	84,986	-	4,621,353	421,400	-
Debt service					
Principal	-	-	-	130,576	-
Interest and fiscal charges	-	-	-	9,021	-
Total expenditures	<u>985,962</u>	<u>30,279</u>	<u>4,934,967</u>	<u>4,091,442</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,757)	555,566	492,743	(809,443)	193,891
Other Financing Sources (Uses)					
Transfers in	-	-	199,550	-	-
Transfers out	-	-	-	-	-
Issuance of long-term debt	-	-	-	421,400	-
Sale of capital assets	6,600	-	-	-	-
Total other financing sources (uses)	<u>6,600</u>	<u>-</u>	<u>199,550</u>	<u>421,400</u>	<u>-</u>
Net Change in Fund Balances	(43,157)	555,566	692,293	(388,043)	193,891
Fund Balance, Beginning of Year	<u>660,347</u>	<u>4,287,167</u>	<u>13,218,872</u>	<u>1,409,716</u>	<u>140,996</u>
Fund Balances, End of Year	<u>\$ 617,190</u>	<u>\$ 4,842,733</u>	<u>\$ 13,911,165</u>	<u>\$ 1,021,673</u>	<u>\$ 334,887</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				
	Economic Development Revolving Loans	Community Housing	Street Arterial and Collector District	North 7th Corridor TIF District	Northeast Urban Renewal TIF District
Revenues					
Taxes	\$ -	\$ 1,277,713	\$ -	\$ 1,666,460	\$ 405,388
Special assessments	-	-	3,936	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	1,542	-	47,767	1,802
Charges for services	-	-	1,662,399	-	-
Fines and forfeits	-	-	-	-	-
Interest on investments	802	22,939	85,529	52,288	18,692
Change in fair market value of investments	-	(53,553)	(15,026)	(32,165)	(11,208)
Interest on loans receivable	19,941	-	-	-	-
Miscellaneous	-	134,153	-	-	-
Total revenues	<u>20,743</u>	<u>1,382,794</u>	<u>1,736,838</u>	<u>1,734,350</u>	<u>414,674</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	42,405	-	-
Public welfare	58,523	279,908	-	162,661	57,375
Other	-	-	-	-	-
Capital outlay	-	-	1,140,492	131,766	63,587
Debt service					
Principal	-	-	-	-	41,803
Interest and fiscal charges	-	-	-	-	50,197
Total expenditures	<u>58,523</u>	<u>279,908</u>	<u>1,182,897</u>	<u>294,427</u>	<u>212,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,780)	1,102,886	553,941	1,439,923	201,712
Other Financing Sources (Uses)					
Transfers in	-	1,000,000	-	-	-
Transfers out	-	-	(55,475)	(409,950)	-
Issuance of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,000,000</u>	<u>(55,475)</u>	<u>(409,950)</u>	<u>-</u>
Net Change in Fund Balances	(37,780)	2,102,886	498,466	1,029,973	201,712
Fund Balance, Beginning of Year	<u>1,025,026</u>	<u>237,336</u>	<u>3,852,747</u>	<u>1,912,954</u>	<u>852,958</u>
Fund Balances, End of Year	<u>\$ 987,246</u>	<u>\$ 2,340,222</u>	<u>\$ 4,351,213</u>	<u>\$ 2,942,927</u>	<u>\$ 1,054,670</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				
	Mandeville/ Wheat Drive TIF District	Victim/Witness Advocate	Fire Department Equipment	South Bozeman TIF District	Parks and Trails District
Revenues					
Taxes	\$ 21,643	\$ -	\$ 640,306	\$ 34,690	\$ -
Special assessments	-	-	-	-	13,346
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	22,041
Charges for services	-	-	-	-	5,888,241
Fines and forfeits	-	59,429	-	-	-
Interest on on investments	3,381	8,831	18,926	681	62,884
Change in fair market value of investments	(1,604)	(906)	16,301	-	(49,132)
Interest on loans receivable	-	-	-	-	-
Miscellaneous	-	-	-	-	55,542
Total revenues	<u>23,420</u>	<u>67,354</u>	<u>675,533</u>	<u>35,371</u>	<u>5,992,922</u>
Expenditures					
Current					
General government	-	122,658	-	-	-
Public safety	-	-	98,517	-	-
Public works	-	-	-	-	-
Public welfare	-	-	-	4,803	4,470,034
Other	-	-	-	-	-
Capital outlay	-	-	78,182	-	467,028
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>122,658</u>	<u>176,699</u>	<u>4,803</u>	<u>4,937,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,420	(55,304)	498,834	30,568	1,055,860
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	375,977
Transfers out	-	-	(1,141,038)	-	-
Issuance of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,141,038)</u>	<u>-</u>	<u>375,977</u>
Net Change in Fund Balances	23,420	(55,304)	(642,204)	30,568	1,431,837
Fund Balance, Beginning of Year	<u>143,274</u>	<u>401,187</u>	<u>1,042,272</u>	<u>23,739</u>	<u>1,883,503</u>
Fund Balances, End of Year	<u>\$ 166,694</u>	<u>\$ 345,883</u>	<u>\$ 400,068</u>	<u>\$ 54,307</u>	<u>\$ 3,315,340</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Street Lighting	Park Land	Municipal Court Restitution	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 10,342,454
Special assessments	466,389	-	-	706,403
Licenses and permits	-	-	-	3,123,233
Intergovernmental	-	-	-	1,868,173
Charges for services	-	-	-	15,515,547
Fines and forfeits	-	-	-	59,429
Interest on on investments	10,614	40,848	-	977,435
Change in fair market value of investments	-	(30,028)	-	(438,456)
Interest on loans receivable	-	-	-	19,941
Miscellaneous	-	823,292	-	1,246,521
	<u>477,003</u>	<u>834,112</u>	<u>-</u>	<u>33,420,680</u>
Total revenues				
Expenditures				
Current				
General government	-	-	-	3,422,533
Public safety	-	-	-	4,004,809
Public works	470,532	-	-	1,371,736
Public welfare	-	20,146	-	6,703,745
Other	-	-	-	152,877
Capital outlay	-	3,014	-	8,595,970
Debt service				
Principal	-	100,000	-	372,427
Interest and fiscal charges	-	-	-	120,301
	<u>470,532</u>	<u>123,160</u>	<u>-</u>	<u>24,744,398</u>
Total expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,471	710,952	-	8,676,282
Other Financing Sources (Uses)				
Transfers in	-	-	-	4,045,450
Transfers out	-	-	-	(5,307,768)
Issuance of long-term debt	-	-	-	511,185
Sale of capital assets	-	-	-	6,600
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,533)</u>
Total other financing sources (uses)				
Net Change in Fund Balances	6,471	710,952	-	7,931,749
Fund Balance, Beginning of Year	<u>498,391</u>	<u>1,251,897</u>	<u>105</u>	<u>41,800,509</u>
Fund Balances, End of Year	<u>\$ 504,862</u>	<u>\$ 1,962,849</u>	<u>\$ 105</u>	<u>\$ 49,732,258</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Debt Service Funds			Total Nonmajor Debt Service Funds
	SID Revolving	General Obligation Bonds	TIF Bonds	
Revenues				
Taxes	\$ -	\$ 3,736,221	\$ -	\$ 3,736,221
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest on on investments	11,491	9,183	-	20,674
Change in fair market value of investments	74,123	-	-	74,123
Interest on loans receivable	10,405	-	-	10,405
Miscellaneous	-	-	-	-
Total revenues	<u>96,019</u>	<u>3,745,404</u>	<u>-</u>	<u>3,841,423</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public welfare	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	2,225,000	444,000	2,669,000
Interest and fiscal charges	-	1,730,380	296,100	2,026,480
Total expenditures	<u>-</u>	<u>3,955,380</u>	<u>740,100</u>	<u>4,695,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,019	(209,976)	(740,100)	(854,057)
Other Financing Sources (Uses)				
Transfers in	1,326,665	-	740,100	2,066,765
Transfers out	(2,188,757)	(128,272)	-	(2,317,029)
Issuance of long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(862,092)</u>	<u>(128,272)</u>	<u>740,100</u>	<u>(250,264)</u>
Net Change in Fund Balances	(766,073)	(338,248)	-	(1,104,321)
Fund Balance, Beginning of Year	<u>1,463,281</u>	<u>48,031</u>	<u>-</u>	<u>1,511,312</u>
Fund Balances, End of Year	<u>\$ 697,208</u>	<u>\$ (290,217)</u>	<u>\$ -</u>	<u>\$ 406,991</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	<u>Permanent Fund</u>	Total
	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenues		
Taxes	\$ -	\$ 14,078,675
Special assessments	-	706,403
Licenses and permits	-	3,123,233
Intergovernmental	-	1,868,173
Charges for services	93,173	15,608,720
Fines and forfeits	-	59,429
Interest on on investments	38,711	1,036,820
Change in fair market value of investments	(11,589)	(375,922)
Interest on loans receivable	-	30,346
Miscellaneous	-	1,246,521
Total revenues	<u>120,295</u>	<u>37,382,398</u>
Expenditures		
Current		
General government	-	3,422,533
Public safety	-	4,004,809
Public works	-	1,371,736
Public welfare	-	6,703,745
Other	-	152,877
Capital outlay	-	8,595,970
Debt service		
Principal	-	3,041,427
Interest and fiscal charges	-	2,146,781
Total expenditures	<u>-</u>	<u>29,439,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,295	7,942,520
Other Financing Sources (Uses)		
Transfers in	-	6,112,215
Transfers out	-	(7,624,797)
Issuance of long-term debt	-	511,185
Sale of capital assets	-	6,600
Total other financing sources (uses)	<u>-</u>	<u>(994,797)</u>
Net Change in Fund Balances	120,295	6,947,723
Fund Balance, Beginning of Year	<u>1,684,104</u>	<u>44,995,925</u>
Fund Balances, End of Year	<u>\$ 1,804,399</u>	<u>\$ 51,943,648</u>

City of Bozeman, Montana
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Departmental			Downtown Improvement District			City Planning		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 152,627	\$ 158,684	\$ 6,057	\$ 8,033,278	\$ 2,240,188	\$ (5,793,090)	\$ 305,254	\$ 319,372	\$ 14,118
Special assessments	-	-	-	185,100	220,642	35,542	-	-	-
Licenses and permits	-	-	-	2,000	500	(1,500)	-	65,250	65,250
Intergovernmental	425,000	591,564	166,564	57,059	59,965	2,906	118,081	181,220	63,139
Charges for services	10,000	39,685	29,685	-	-	-	1,642,515	1,275,250	(367,265)
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	21,175	42,389	21,214	20,000	124,889	104,889	10,000	9,872	(128)
Change in fair market value of investments	-	(9,121)	(9,121)	-	(77,357)	(77,357)	-	(49,251)	(49,251)
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	94,000	145,227	51,227	-	-	-	50,000	59,771	9,771
Total revenues	<u>702,802</u>	<u>968,428</u>	<u>265,626</u>	<u>8,297,437</u>	<u>2,568,827</u>	<u>(5,728,610)</u>	<u>2,125,850</u>	<u>1,861,484</u>	<u>(264,366)</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	4,410,310	3,299,875	1,110,435
Public safety	285,961	345,568	(59,607)	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Public welfare	426,600	62,808	363,792	5,165,785	686,511	4,479,274	-	-	-
Other	152,877	152,877	-	-	-	-	-	-	-
Capital outlay	-	392,939	(392,939)	-	12,590	(12,590)	40,000	90,570	(50,570)
Debt service									
Principal	125,795	67,627	58,168	-	-	-	-	32,421	(32,421)
Interest and fiscal charges	-	58,168	(58,168)	-	-	-	-	2,915	(2,915)
Total expenditures	<u>991,233</u>	<u>1,079,987</u>	<u>(88,754)</u>	<u>5,165,785</u>	<u>699,101</u>	<u>4,466,684</u>	<u>4,450,310</u>	<u>3,425,781</u>	<u>1,024,529</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(288,431)	(111,559)	176,872	3,131,652	1,869,726	(1,261,926)	(2,324,460)	(1,564,297)	760,163
Other Financing Sources (Uses)									
Transfers in	20,688	369,895	349,207	-	-	-	245,365	2,100,028	1,854,663
Transfers out	(68,497)	(298,872)	(230,375)	(330,150)	(330,150)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	89,785	89,785
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(47,809)</u>	<u>71,023</u>	<u>118,832</u>	<u>(330,150)</u>	<u>(330,150)</u>	<u>-</u>	<u>245,365</u>	<u>2,189,813</u>	<u>1,944,448</u>
Net Change in Fund Balance	<u>\$ (336,240)</u>	<u>(40,536)</u>	<u>\$ 295,704</u>	<u>\$ 2,801,502</u>	<u>1,539,576</u>	<u>\$ (1,261,926)</u>	<u>\$ (2,079,095)</u>	<u>625,516</u>	<u>\$ 2,704,611</u>
Fund Balance, Beginning of Year		<u>2,351,957</u>			<u>3,775,619</u>			<u>743,027</u>	
Fund Balance, End of Year		<u>\$ 2,311,421</u>			<u>\$ 5,315,195</u>			<u>\$ 1,368,543</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Health-Medical Insurance			Gas Tax Apportionment			Tree Maintenance		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 3,300,689	\$ 3,390,016	\$ 89,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	2,000	2,090	90
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,734,520	788,161	(946,359)	-	8,422	8,422
Charges for services	-	-	-	-	-	-	872,292	889,983	17,691
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	-	11,552	11,552	10,000	9,193	(807)	4,000	14,228	10,228
Change in fair market value of investments	-	(13,036)	(13,036)	-	15,291	15,291	-	(4,532)	(4,532)
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	6,000	26,014	20,014
Total revenues	<u>3,300,689</u>	<u>3,388,532</u>	<u>87,843</u>	<u>1,744,520</u>	<u>812,645</u>	<u>(931,875)</u>	<u>884,292</u>	<u>936,205</u>	<u>51,913</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	1,358,350	545,185	813,165	-	-	-
Public welfare	-	-	-	-	-	-	996,471	900,976	95,495
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	80,000	1,088,063	(1,008,063)	235,000	84,986	150,014
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,350</u>	<u>1,633,248</u>	<u>(194,898)</u>	<u>1,231,471</u>	<u>985,962</u>	<u>245,509</u>
Excess (Deficiency) of Revenues over (under) Expenditures	3,300,689	3,388,532	87,843	306,170	(820,603)	(1,126,773)	(347,179)	(49,757)	297,422
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(3,300,689)	(3,072,283)	228,406	(975,291)	-	975,291	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	6,600	6,600
Total other financing sources (uses)	<u>(3,300,689)</u>	<u>(3,072,283)</u>	<u>228,406</u>	<u>(975,291)</u>	<u>-</u>	<u>975,291</u>	<u>-</u>	<u>6,600</u>	<u>6,600</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>316,249</u>	<u>\$ 316,249</u>	<u>\$ (669,121)</u>	<u>(820,603)</u>	<u>\$ (151,482)</u>	<u>\$ (347,179)</u>	<u>(43,157)</u>	<u>\$ 304,022</u>
Fund Balance, Beginning of Year		<u>1,025,294</u>			<u>1,062,125</u>			<u>660,347</u>	
Fund Balance, End of Year		<u>\$ 1,341,543</u>			<u>\$ 241,522</u>			<u>\$ 617,190</u>	

City of Bozeman, Montana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Fire Impact Fee			Street Impact Fee			Building Inspection		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	2,129,880	3,057,483	927,603
Intergovernmental	-	-	-	-	-	-	-	159,792	159,792
Charges for services	511,181	522,006	10,825	5,727,830	5,205,583	(522,247)	100	32,400	32,300
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	8,800	101,857	93,057	60,000	311,234	251,234	12,000	25,806	13,806
Change in fair market value of investments	-	(38,018)	(38,018)	-	(91,627)	(91,627)	-	6,516	6,516
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	1,000	2,520	1,520	-	2	2
Total revenues	<u>519,981</u>	<u>585,845</u>	<u>65,864</u>	<u>5,788,830</u>	<u>5,427,710</u>	<u>(361,120)</u>	<u>2,141,980</u>	<u>3,281,999</u>	<u>1,140,019</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	25,560	30,279	(4,719)	-	-	-	4,279,526	3,530,445	749,081
Public works	-	-	-	343,392	313,614	29,778	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	1,500,000	-	1,500,000	14,582,746	4,621,353	9,961,393	40,000	421,400	(381,400)
Debt service									
Principal	-	-	-	-	-	-	-	130,576	(130,576)
Interest and fiscal charges	-	-	-	-	-	-	-	9,021	(9,021)
Total expenditures	<u>1,525,560</u>	<u>30,279</u>	<u>1,495,281</u>	<u>14,926,138</u>	<u>4,934,967</u>	<u>9,991,171</u>	<u>4,319,526</u>	<u>4,091,442</u>	<u>228,084</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,005,579)</u>	<u>555,566</u>	<u>1,561,145</u>	<u>(9,137,308)</u>	<u>492,743</u>	<u>9,630,051</u>	<u>(2,177,546)</u>	<u>(809,443)</u>	<u>1,368,103</u>
Other Financing Sources									
Transfers in	-	-	-	-	199,550	199,550	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	421,400	421,400
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,550</u>	<u>199,550</u>	<u>-</u>	<u>421,400</u>	<u>421,400</u>
Net Change in Fund Balance	<u>\$ (1,005,579)</u>	<u>555,566</u>	<u>\$ 1,561,145</u>	<u>\$ (9,137,308)</u>	<u>692,293</u>	<u>\$ 9,829,601</u>	<u>\$ (2,177,546)</u>	<u>(388,043)</u>	<u>\$ 1,789,503</u>
Fund Balance, Beginning of Year		<u>4,287,167</u>			<u>13,218,872</u>			<u>1,409,716</u>	
Fund Balance, End of Year		<u>\$ 4,842,733</u>			<u>\$ 13,911,165</u>			<u>\$ 1,021,673</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Pole Yard TIF District			Economic Development Revolving Loans			Community Housing		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 260,180	\$ 187,994	\$ (72,186)	\$ -	\$ -	\$ -	\$ 1,221,016	\$ 1,277,713	\$ 56,697
Special assessments	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	5,897	5,897	-	-	-	-	1,542	1,542
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	-	-	-	-	802	802	5,000	22,939	17,939
Change in fair market value of investments	-	-	-	-	-	-	-	(53,553)	(53,553)
Interest on loans receivable	-	-	-	25,000	19,941	(5,059)	900	-	(900)
Miscellaneous	-	-	-	-	-	-	-	134,153	134,153
Total revenues	<u>260,180</u>	<u>193,891</u>	<u>(66,289)</u>	<u>25,000</u>	<u>20,743</u>	<u>(4,257)</u>	<u>1,226,916</u>	<u>1,382,794</u>	<u>155,878</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Public welfare	80,000	-	80,000	31,000	58,523	(27,523)	1,228,728	279,908	948,820
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>31,000</u>	<u>58,523</u>	<u>(27,523)</u>	<u>1,228,728</u>	<u>279,908</u>	<u>948,820</u>
Excess (Deficiency) of Revenues over (under) Expenditures	180,180	193,891	13,711	(6,000)	(37,780)	(31,780)	(1,812)	1,102,886	1,104,698
Other Financing Uses									
Transfers in	-	-	-	-	-	-	-	1,000,000	1,000,000
Transfers out	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Net Change in Fund Balance	<u>\$ 180,180</u>	<u>193,891</u>	<u>\$ 13,711</u>	<u>\$ (6,000)</u>	<u>(37,780)</u>	<u>\$ (31,780)</u>	<u>\$ (1,812)</u>	<u>2,102,886</u>	<u>\$ 2,104,698</u>
Fund Balance, Beginning of Year		<u>140,996</u>			<u>1,025,026</u>			<u>237,336</u>	
Fund Balance, End of Year		<u>\$ 334,887</u>			<u>\$ 987,246</u>			<u>\$ 2,340,222</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Street Arterial and Collector District			North 7th Corridor TIF District			Northeast Urban Renewal TIF District		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ 2,635,734	\$ 1,666,460	\$ (969,274)	\$ 647,632	\$ 405,388	\$ (242,244)
Special assessments	3,500	3,936	436	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	37,927	47,767	9,840	1,354	1,802	448
Charges for services	1,654,440	1,662,399	7,959	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	6,472	85,529	79,057	10,000	52,288	42,288	3,000	18,692	15,692
Change in fair market value of investments	-	(15,026)	(15,026)	-	(32,165)	(32,165)	-	(11,208)	(11,208)
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	3,359	-	(3,359)	-	-	-	-	-	-
Total revenues	<u>1,667,771</u>	<u>1,736,838</u>	<u>69,067</u>	<u>2,683,661</u>	<u>1,734,350</u>	<u>(949,311)</u>	<u>651,986</u>	<u>414,674</u>	<u>(237,312)</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	253,000	42,405	210,595	-	-	-	-	-	-
Public welfare	-	-	-	4,239,813	162,661	4,077,152	1,045,624	57,375	988,249
Other	-	-	-	-	-	-	-	-	-
Capital outlay	5,485,000	1,140,492	4,344,508	-	131,766	(131,766)	-	63,587	(63,587)
Debt service									
Principal	-	-	-	-	-	-	92,000	41,803	50,197
Interest and fiscal charges	-	-	-	-	-	-	-	50,197	(50,197)
Total expenditures	<u>5,738,000</u>	<u>1,182,897</u>	<u>4,555,103</u>	<u>4,239,813</u>	<u>294,427</u>	<u>3,945,386</u>	<u>1,137,624</u>	<u>212,962</u>	<u>924,662</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(4,070,229)	553,941	4,624,170	(1,556,152)	1,439,923	2,996,075	(485,638)	201,712	687,350
Other Financing Sources (Uses)									
Transfers in	975,291	-	(975,291)	-	-	-	-	-	-
Transfers out	(1,000,000)	(55,475)	944,525	(409,950)	(409,950)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(24,709)</u>	<u>(55,475)</u>	<u>(30,766)</u>	<u>(409,950)</u>	<u>(409,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (4,094,938)</u>	498,466	<u>\$ 4,593,404</u>	<u>\$ (1,966,102)</u>	1,029,973	<u>\$ 2,996,075</u>	<u>\$ (485,638)</u>	201,712	<u>\$ 687,350</u>
Fund Balance, Beginning of Year		3,852,747			1,912,954			852,958	
Fund Balance, End of Year		<u>\$ 4,351,213</u>			<u>\$ 2,942,927</u>			<u>\$ 1,054,670</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	Mandeville/Wheat Drive TIF District			Victim/Witness Advocate			Fire Department Equipment		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 54,701	\$ 21,643	\$ (33,058)	\$ -	\$ -	\$ -	\$ 610,508	\$ 640,306	\$ 29,798
Special assessments	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	70,000	59,429	(10,571)	-	-	-
Interest on investments	-	3,381	3,381	3,500	8,831	5,331	5,000	18,926	13,926
Change in fair market value of investments	-	(1,604)	(1,604)	-	(906)	(906)	-	16,301	16,301
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>54,701</u>	<u>23,420</u>	<u>(31,281)</u>	<u>73,500</u>	<u>67,354</u>	<u>(6,146)</u>	<u>615,508</u>	<u>675,533</u>	<u>60,025</u>
Expenditures									
Current									
General government	-	-	-	140,000	122,658	17,342	-	-	-
Public safety	-	-	-	-	-	-	-	98,517	(98,517)
Public works	-	-	-	-	-	-	-	-	-
Public welfare	100,000	-	100,000	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	641,750	78,182	563,568
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>140,000</u>	<u>122,658</u>	<u>17,342</u>	<u>641,750</u>	<u>176,699</u>	<u>465,051</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(45,299)	23,420	68,719	(66,500)	(55,304)	11,196	(26,242)	498,834	525,076
Other Financing Uses									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,000,000)	(1,141,038)	(141,038)
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,141,038)</u>	<u>(141,038)</u>
Net Change in Fund Balance	<u>\$ (45,299)</u>	<u>23,420</u>	<u>\$ 68,719</u>	<u>\$ (66,500)</u>	<u>(55,304)</u>	<u>\$ 11,196</u>	<u>\$ (1,026,242)</u>	<u>(642,204)</u>	<u>\$ 384,038</u>
Fund Balance, Beginning of Year		143,274			401,187			1,042,272	
Fund Balance, End of Year		<u>\$ 166,694</u>			<u>\$ 345,883</u>			<u>\$ 400,068</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds								
	South Bozeman TIF District			Parks and Trails District			Street Lighting		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 57,408	\$ 34,690	\$ (22,718)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	13,346	13,346	492,989	466,389	(26,600)
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	22,041	22,041	-	-	-
Charges for services	-	-	-	5,449,453	5,888,241	438,788	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	-	681	681	2,550	62,884	60,334	5,863	10,614	4,751
Change in fair market value of investments	-	-	-	-	(49,132)	(49,132)	-	-	-
Interest on loans receivable	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	55,542	55,542	-	-	-
Total revenues	<u>57,408</u>	<u>35,371</u>	<u>(22,037)</u>	<u>5,452,003</u>	<u>5,992,922</u>	<u>540,919</u>	<u>498,852</u>	<u>477,003</u>	<u>(21,849)</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	546,096	470,532	75,564
Public welfare	10,000	4,803	5,197	5,170,304	4,470,034	700,270	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	873,000	467,028	405,972	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>10,000</u>	<u>4,803</u>	<u>5,197</u>	<u>6,043,304</u>	<u>4,937,062</u>	<u>1,106,242</u>	<u>546,096</u>	<u>470,532</u>	<u>75,564</u>
Excess (Deficiency) of Revenues over (under) Expenditures	47,408	30,568	(16,840)	(591,301)	1,055,860	1,647,161	(47,244)	6,471	53,715
Other Financing Sources									
Transfers in	-	-	-	-	375,977	375,977	-	-	-
Transfers out	-	-	-	-	-	-	(25,520)	-	25,520
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,977</u>	<u>375,977</u>	<u>(25,520)</u>	<u>-</u>	<u>25,520</u>
Net Change in Fund Balance	<u>\$ 47,408</u>	<u>30,568</u>	<u>\$ (16,840)</u>	<u>\$ (591,301)</u>	<u>1,431,837</u>	<u>\$ 2,023,138</u>	<u>\$ (72,764)</u>	<u>6,471</u>	<u>\$ 79,235</u>
Fund Balance, Beginning of Year		<u>23,739</u>			<u>1,883,503</u>			<u>498,391</u>	
Fund Balance, End of Year		<u>\$ 54,307</u>			<u>\$ 3,315,340</u>			<u>\$ 504,862</u>	

City of Bozeman, Montana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

	Special Revenue Funds								
	Park Land			Municipal Court Restitution			Total		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,279,027	\$ 10,342,454	\$ (6,936,573)
Special assessments	-	-	-	-	-	-	683,589	706,403	22,814
Licenses and permits	-	-	-	-	-	-	2,131,880	3,123,233	991,353
Intergovernmental	-	-	-	-	-	-	2,373,941	1,868,173	(505,768)
Charges for services	-	-	-	-	-	-	15,867,811	15,515,547	(352,264)
Fines and forfeitures	-	-	-	-	-	-	70,000	59,429	(10,571)
Interest on investments	5,000	40,848	35,848	-	-	-	192,360	977,435	785,075
Change in fair market value of investments	-	(30,028)	(30,028)	-	-	-	-	(438,456)	(438,456)
Interest on loans receivable	-	-	-	-	-	-	25,900	19,941	(5,959)
Miscellaneous	50,000	823,292	773,292	-	-	-	204,359	1,246,521	1,042,162
Total revenues	55,000	834,112	779,112	-	-	-	38,828,867	33,420,680	(5,408,187)
Expenditures									
Current									
General government	-	-	-	-	-	-	4,550,310	3,422,533	1,127,777
Public safety	-	-	-	-	-	-	4,591,047	4,004,809	586,238
Public works	-	-	-	-	-	-	2,500,838	1,371,736	1,129,102
Public welfare	5,000	20,146	(15,146)	-	-	-	18,499,325	6,703,745	11,795,580
Other	-	-	-	-	-	-	152,877	152,877	-
Capital outlay	192,635	3,014	189,621	-	-	-	23,670,131	8,595,970	15,074,161
Debt service									
Principal	100,000	100,000	-	-	-	-	317,795	372,427	(54,632)
Interest and fiscal charges	-	-	-	-	-	-	-	120,301	(120,301)
Total expenditures	-	123,160	(123,160)	-	-	-	54,282,323	24,744,398	29,537,925
Excess (Deficiency) of Revenues over (under) Expenditures	55,000	710,952	655,952	-	-	-	(15,453,456)	8,676,282	24,129,738
Other Financing Uses									
Transfers in	-	-	-	-	-	-	1,241,344	4,045,450	2,804,106
Transfers out	-	-	-	-	-	-	(7,110,097)	(5,307,768)	1,802,329
Issuance of long-term debt	-	-	-	-	-	-	-	511,185	511,185
Sale of capital assets	-	-	-	-	-	-	-	6,600	6,600
Total other financing uses	-	-	-	-	-	-	(5,868,753)	(744,533)	5,124,220
Net Change in Fund Balance	\$ 55,000	710,952	\$ 655,952	\$ -	-	\$ -	\$ (21,322,209)	7,931,749	\$ 29,253,958
Fund Balance, Beginning of Year		1,251,897			105			41,800,509	
Fund Balance, End of Year		<u>\$ 1,962,849</u>			<u>\$ 105</u>			<u>\$ 49,732,258</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Debt Service Funds								
	SID Revolving			General Obligation Bonds			TIF Bonds		
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ 3,599,755	\$ 3,736,221	\$ 136,466	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest on investments	5,000	11,491	6,491	-	9,183	9,183	-	-	-
Change in fair market value of investments	-	74,123	74,123	-	-	-	-	-	-
Interest on loans receivable	5,000	10,405	5,405	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>10,000</u>	<u>96,019</u>	<u>86,019</u>	<u>3,599,755</u>	<u>3,745,404</u>	<u>145,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	2,375,255	2,225,000	150,255	444,000	444,000	-
Interest and fiscal charges	-	-	-	1,580,125	1,730,380	(150,255)	296,100	296,100	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,955,380</u>	<u>3,955,380</u>	<u>-</u>	<u>740,100</u>	<u>740,100</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	10,000	96,019	86,019	(355,625)	(209,976)	145,649	(740,100)	(740,100)	-
Other Financing Sources (Uses)									
Transfers in	-	1,326,665	1,326,665	-	-	-	740,100	740,100	-
Transfers out	(1,924,207)	(2,188,757)	(264,550)	(128,272)	(128,272)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,924,207)</u>	<u>(862,092)</u>	<u>1,062,115</u>	<u>(128,272)</u>	<u>(128,272)</u>	<u>-</u>	<u>740,100</u>	<u>740,100</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,914,207)</u>	<u>(766,073)</u>	<u>\$ 1,148,134</u>	<u>\$ (483,897)</u>	<u>(338,248)</u>	<u>\$ 145,649</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year		1,463,281			48,031			-	
Fund Balance (Deficit), End of Year		<u>\$ 697,208</u>			<u>\$ (290,217)</u>			<u>\$ -</u>	

City of Bozeman, Montana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Debt Service Funds			Permanent Fund					
	Total			Cemetery Perpetual Care					
	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues									
Taxes	\$ 3,599,755	\$ 3,736,221	\$ 136,466	\$ -	\$ -	\$ -	\$ 20,878,782	\$ 14,078,675	\$ (6,800,107)
Special assessments	-	-	-	-	-	-	683,589	706,403	22,814
Licenses and permits	-	-	-	-	-	-	2,131,880	3,123,233	991,353
Intergovernmental	-	-	-	-	-	-	2,373,941	1,868,173	(505,768)
Charges for services	-	-	-	40,000	93,173	53,173	15,907,811	15,608,720	(299,091)
Fines and forfeitures	-	-	-	-	-	-	70,000	59,429	(10,571)
Interest on investments	5,000	20,674	15,674	20,000	38,711	18,711	217,360	1,036,820	819,460
Change in fair market value of investments	-	74,123	74,123	-	(11,589)	(11,589)	-	(375,922)	(375,922)
Interest on loans receivable	5,000	10,405	5,405	-	-	-	30,900	30,346	(554)
Miscellaneous	-	-	-	-	-	-	204,359	1,246,521	1,042,162
Total revenues	3,609,755	3,841,423	231,668	60,000	120,295	60,295	42,498,622	37,382,398	(5,116,224)
Expenditures									
Current									
General government	-	-	-	-	-	-	4,550,310	3,422,533	1,127,777
Public safety	-	-	-	-	-	-	4,591,047	4,004,809	586,238
Public works	-	-	-	-	-	-	2,500,838	1,371,736	1,129,102
Public welfare	-	-	-	-	-	-	18,499,325	6,703,745	11,795,580
Other	-	-	-	-	-	-	152,877	152,877	-
Capital outlay	-	-	-	-	-	-	23,670,131	8,595,970	15,074,161
Debt service									
Principal	2,819,255	2,669,000	150,255	-	-	-	3,137,050	3,041,427	95,623
Interest and fiscal charges	1,876,225	2,026,480	(150,255)	-	-	-	1,876,225	2,146,781	(270,556)
Total expenditures	4,695,480	4,695,480	-	-	-	-	-	29,439,878	(29,439,878)
Excess (Deficiency) of Revenues over (under) Expenditures	(1,085,725)	(854,057)	231,668	60,000	120,295	60,295	42,498,622	7,942,520	(34,556,102)
Other Financing Sources (Uses)									
Transfers in	740,100	2,066,765	1,326,665	-	-	-	1,981,444	6,112,215	4,130,771
Transfers out	(2,052,479)	(2,317,029)	(264,550)	-	-	-	(9,162,576)	(7,624,797)	1,537,779
Issuance of long-term debt	-	-	-	-	-	-	-	511,185	511,185
Sale of capital assets	-	-	-	-	-	-	-	6,600	6,600
Total other financing sources (uses)	(1,312,379)	(250,264)	1,062,115	-	-	-	(7,181,132)	(994,797)	6,186,335
Net Change in Fund Balance	\$ (2,398,104)	(1,104,321)	\$ 1,293,783	\$ 60,000	120,295	\$ 60,295	\$ 35,317,490	6,947,723	\$ (28,369,767)
Fund Balance, Beginning of Year		1,511,312			1,684,104			44,995,925	
Fund Balance, End of Year		\$ 406,991			\$ 1,804,399			\$ 51,943,648	

The enterprise funds account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City has decided that periodic determination of the revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or for other purposes.

The City operates the following nonmajor enterprise 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.

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Enterprise Funds
June 30, 2023

	<u>Parking</u>	<u>Storm Water</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,286,323	\$ 1,867,728	\$ 3,154,051
Receivables (net of allowance for uncollectibles):			
Interest	5,220	5,190	10,410
Accounts	1,602	183,630	185,232
Special assessments	-	66	66
Total current assets	<u>1,293,145</u>	<u>2,056,614</u>	<u>3,349,759</u>
Noncurrent Assets			
Restricted assets			
Investments	656,242	58,288	714,530
Capital assets			
Land	303,436	-	303,436
Construction in progress	33,000	573,179	606,179
Buildings	11,938,077	24,215	11,962,292
Machinery and equipment	487,170	757,188	1,244,358
Vehicles	187,533	197,137	384,670
Infrastructure	47,058	8,431,088	8,478,146
Less accumulated depreciation	<u>(5,983,217)</u>	<u>(1,359,917)</u>	<u>(7,343,134)</u>
Total capital assets, net of accumulated depreciation	<u>7,013,057</u>	<u>8,622,890</u>	<u>15,635,947</u>
Total noncurrent assets	<u>7,669,299</u>	<u>8,681,178</u>	<u>16,350,477</u>
Total assets	<u>8,962,444</u>	<u>10,737,792</u>	<u>19,700,236</u>
Deferred Outflows of Resources			
OPEB	12,353	14,787	27,140
Pensions	59,326	100,229	159,555
Total deferred outflows of resources	<u>71,679</u>	<u>115,016</u>	<u>186,695</u>

City of Bozeman, Montana
Combining Balance Sheet
Nonmajor Enterprise Funds
June 30, 2023

	<u>Parking</u>	<u>Storm Water</u>	<u>Total</u>
Liabilities			
Current Liabilities			
Accounts payable	80,501	51,536	132,037
Current portion of long-term debt	16,436	142,471	158,907
Total current liabilities	<u>96,937</u>	<u>194,007</u>	<u>290,944</u>
Noncurrent Liabilities			
Long-term debt, net of deferred refundings			
Bonds payable	-	1,109,000	1,109,000
Compensated absences	-	4,169	4,169
Total OPEB liability	58,266	36,179	94,445
Net pension liability	284,536	480,711	765,247
Total noncurrent liabilities	<u>342,802</u>	<u>1,630,059</u>	<u>1,972,861</u>
Total liabilities	<u>439,739</u>	<u>1,824,066</u>	<u>2,263,805</u>
Deferred Inflows of Resources			
OPEB plans	14,512	11,988	26,500
Pension plans	20,831	35,192	56,023
Total deferred inflows resources	<u>35,343</u>	<u>47,180</u>	<u>82,523</u>
Net Position			
Net investment in capital assets	6,996,621	7,429,707	14,426,328
Restricted for:			
Parking capital projects	656,242	-	656,242
Unrestricted	906,178	1,551,855	2,458,033
Total net position	<u>\$ 8,559,041</u>	<u>\$ 8,981,562</u>	<u>\$ 17,540,603</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
June 30, 2023

	Parking	Storm Water	Total
Operating Revenues			
Charges for services	\$ 968,042	\$ 1,883,096	\$ 2,851,138
Operating Expenses			
Salaries and benefits	510,504	860,498	1,371,002
Materials and supplies	27,760	22,673	50,433
Repairs and maintenance	86,907	17,388	104,295
Utilities	43,935	4,679	48,614
Administrative charges	127,499	443,576	571,075
Other expenses	368,066	125,581	493,647
Depreciation/amortization	400,734	205,581	606,315
Total operating expenses	1,565,405	1,679,976	3,245,381
Operating Income (Loss)	(597,363)	203,120	(394,243)
Nonoperating Revenues (Expenses)			
Loss on disposal of assets	(14,013)	-	(14,013)
Interest income	43,718	41,202	84,920
Net decrease in fair market value of investments	(7,757)	(6,281)	(14,038)
Interest expense and bond fees	-	(31,475)	(31,475)
Intergovernmental revenues	7,029	11,876	18,905
Miscellaneous revenue	11,655	-	11,655
Total nonoperating revenues (expenses)	40,632	15,322	55,954
Income (Loss) before Contributions and Transfers	(556,731)	218,442	(338,289)
Transfers in	-	190,784	190,784
Transfers out	-	(40,973)	(40,973)
Capital contributions from other governments	-	1,493,232	1,493,232
Change in Net Position	(556,731)	1,861,485	1,304,754
Total Net Position, Beginning of Year	9,115,772	7,120,077	16,235,849
Total Net Position, End of Year	\$ 8,559,041	\$ 8,981,562	\$ 17,540,603

City of Bozeman, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
June 30, 2023

	Parking	Storm Water	Total
Operating Activities			
Receipts from customers and users	\$ 1,080,116	\$ 1,854,495	\$ 2,934,611
Payments to suppliers	(523,155)	(511,615)	(1,034,770)
Payments to and on behalf of employees	(495,140)	(798,940)	(1,294,080)
Payments to internal service funds and administrat	(127,499)	(443,576)	(571,075)
Net cash from (used for) Operating Activities	(65,678)	100,364	34,686
Noncapital Financing Activities			
Transfers to other funds	-	(40,973)	(40,973)
Transfers from other funds	-	190,784	190,784
Intergovernmental operating grants	7,029	11,876	18,905
Miscellaneous income	11,655	-	11,655
Net Cash from Noncapital Financing Activities	18,684	161,687	180,371
Capital and Related Financing Activities			
Acquisition of capital assets	(119,230)	(373,669)	(492,899)
Debt service			
Principal	-	(84,000)	(84,000)
Interest	-	(31,475)	(31,475)
Net Cash Used for Capital and Related Financing Activities	(119,230)	(489,144)	(608,374)
Investing Activities			
Interest and dividends from investments	33,214	32,236	65,450
Change in Cash and Cash Equivalents	(133,010)	(194,857)	(327,867)
Cash and Cash Equivalents, Beginning of Year	2,075,575	2,120,873	4,196,448
Cash and Cash Equivalents, End of Year	\$ 1,942,565	\$ 1,926,016	\$ 3,868,581

City of Bozeman, Montana
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
June 30, 2023

	Parking	Storm Water	Total
Reconciliation of Operating Income (Loss) to			
Net cash from (used for) Operating Activities			
Operating income (loss)	\$ (597,363)	\$ 203,120	\$ (394,243)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation/amortization	400,734	205,581	606,315
Changes in assets and liabilities			
Accounts receivable	112,074	(28,682)	83,392
Special assessments receivable	-	81	81
Pension related deferred outflows	(9,401)	(21,247)	(30,648)
OPEB related deferred outflows	2,680	4,499	7,179
Vouchers payable	3,513	(341,294)	(337,781)
Compensated absences	(235)	10,138	9,903
Net pension liability	85,895	166,456	252,351
Total OPEB liability	(5,042)	(8,462)	(13,504)
Pension related deferred inflows	(64,110)	(99,187)	(163,297)
OPEB related deferred inflows	5,577	9,361	14,938
Net cash from (used for) Operating Activities	\$ (65,678)	\$ 100,364	\$ 34,686
Supplemental Schedule of Noncash Investing and Financing Activities			
Acquisition of capital assets through capital contributions and donations	\$ -	\$ 1,493,232	\$ 1,493,232

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.

The City operates the following internal service funds:

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 Balance Sheet
Internal Service Funds
June 30, 2023

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 3,142,522	\$ 3,142,522
Receivables (net of allowance for uncollectibles):				
Interest	-	-	9,582	9,582
Accounts	1,912	15,667	-	17,579
Prepaid items	-	525,953	-	525,953
Other assets	-	-	8,657	8,657
Total current assets	1,912	541,620	3,160,761	3,704,293
Noncurrent Assets				
Capital assets				
Buildings	1,424,215	-	121,905	1,546,120
Machinery and equipment	217,315	-	528,721	746,036
Vehicles	88,980	-	124,415	213,395
Infrastructure	-	-	29,314	29,314
Right-of-use lease assets	-	-	423,122	423,122
Less accumulated depreciation/amortization	(873,198)	-	(545,525)	(1,418,723)
Total capital assets, net of accumulated depreciation/amortization	857,312	-	681,952	1,539,264
Total noncurrent assets	857,312	-	681,952	1,539,264
Total assets	859,224	541,620	3,842,713	5,243,557
Deferred Outflows of Resources				
Other postemployment benefits	18,013	-	46,456	64,469
Pension plans	107,432	-	388,562	495,994
Total deferred outflows of resources	125,445	-	435,018	560,463

City of Bozeman, Montana
Combining Balance Sheet
Internal Service Funds
June 30, 2023

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
Liabilities				
Current Liabilities				
Accounts payable	173,915	425	214,935	389,275
Due to other funds	880,942	19,964	-	900,906
Accrued interest payable	-	-	2,152	2,152
Total current liabilities	<u>1,054,857</u>	<u>20,389</u>	<u>217,087</u>	<u>1,292,333</u>
Noncurrent Liabilities				
Long-term debt, net of current portion				
Leases payable	-	-	381,167	381,167
Compensated absences	38,482	-	339,272	377,754
Total OPEB liability	64,711	-	197,523	262,234
Net pension liability	486,803	-	1,924,196	2,410,999
Total noncurrent liabilities	<u>589,996</u>	<u>-</u>	<u>2,842,158</u>	<u>3,432,154</u>
Total liabilities	<u>1,644,853</u>	<u>20,389</u>	<u>3,059,245</u>	<u>4,724,487</u>
Deferred Inflows of Resources				
Other postemployment benefits	16,998	-	65,102	82,100
Pension plans	46,503	-	31,510	78,013
Total deferred inflows resources	<u>63,501</u>	<u>-</u>	<u>96,612</u>	<u>160,113</u>
Net Position				
Net investment in capital assets	857,312	-	300,785	1,158,097
Unrestricted	(1,580,997)	521,231	821,089	(238,677)
Total net position	<u>\$ (723,685)</u>	<u>\$ 521,231</u>	<u>\$ 1,121,874</u>	<u>\$ 919,420</u>

City of Bozeman, Montana
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
June 30, 2023

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
Operating Revenues				
Charges for services	\$ 2,130,913	\$ 5,957,109	\$ 5,668,038	\$ 13,756,060
Operating Expenses				
Salaries and benefits	832,176	-	4,134,873	4,967,049
Materials and supplies	1,174,519	-	36,992	1,211,511
Repairs and maintenance	23,120	-	13,490	36,610
Utilities	32,276	-	8,562	40,838
Administrative charges	211,794	-	627,029	838,823
Other services	49,058	5,920,760	975,524	6,945,342
Depreciation/amortization	65,015	-	170,368	235,383
Total operating expenses	2,387,958	5,920,760	5,966,838	14,275,556
Operating Income (Loss)	(257,045)	36,349	(298,800)	(519,496)
Nonoperating Revenues (Expenses)				
Gain (loss) on disposal of assets	12,134	-	(11,395)	739
Interest income	(13,185)	234	77,836	64,885
Net decrease in fair market value of investments	-	-	(38,460)	(38,460)
Interest expense and bond fees	-	-	(20,864)	(20,864)
Intergovernmental revenues	12,031	-	58,758	70,789
Miscellaneous revenue	380	17,659	53,000	71,039
Total nonoperating revenues (expenses)	11,360	17,893	118,875	148,128
Change in Net Position	(245,685)	54,242	(179,925)	(371,368)
Total Net Position, Beginning of Year	(478,000)	466,989	1,301,799	1,290,788
Total Net Position, End of Year	\$ (723,685)	\$ 521,231	\$ 1,121,874	\$ 919,420

City of Bozeman, Montana
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
Operating Activities				
Receipts from customers and users	\$ 2,129,920	\$ 5,960,833	\$ 5,668,038	\$ 13,758,791
Payments to suppliers	(1,186,744)	(5,980,125)	(982,666)	(8,149,535)
Payments to and on behalf of employees	(787,050)	-	(3,902,218)	(4,689,268)
Payments to internal service funds and administrat	(211,794)	-	(627,029)	(838,823)
Net Cash (Used for) from Operating Activities	(55,668)	(19,292)	156,125	81,165
Noncapital Financing Activities				
Intergovernmental operating grants	12,031	-	58,758	70,789
Miscellaneous income	380	17,659	53,000	71,039
Payments received on interfund borrowing	107,700	1,399	-	109,099
Net Cash from Noncapital Financing Activities	120,111	19,058	111,758	250,927
Capital and Related Financing Activities				
Acquisition of capital assets	(51,258)	-	(54,923)	(106,181)
Debt service				
Principal	-	-	(95,743)	(95,743)
Interest	-	-	(18,712)	(18,712)
Net Cash Used for Capital and Related Financing Activities	(51,258)	-	(169,378)	(220,636)
Investing Activities				
Interest and dividends from investments	(13,185)	234	33,347	20,396
Change in Cash and Cash Equivalents	-	-	131,852	131,852
Cash and Cash Equivalents, Beginning of Year	-	-	3,010,670	3,010,670
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ 3,142,522	\$ 3,142,522

City of Bozeman, Montana
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
Reconciliation of Operating Income (Loss) to				
Net Cash (Used for) from Operating Activities				
Operating income (loss)	\$ (257,045)	\$ 36,349	\$ (298,800)	\$ (519,496)
Adjustments to reconcile operating				
income (loss) to net cash (used for) from				
operating activities				
Depreciation/amortization	65,015	-	170,368	235,383
Changes in assets and liabilities				
Accounts receivable	(993)	3,724	-	2,731
Prepaid expenses	-	(59,417)	-	(59,417)
Other assets	-	-	(8,657)	(8,657)
Pension related deferred outflows	(16,270)	-	(79,460)	(95,730)
OPEB related deferred outflows	4,820	-	21,370	26,190
Vouchers payable	92,229	52	60,559	152,840
Compensated absences	17,313	-	99,422	116,735
Net pension liability	147,724	-	721,474	869,198
Total OPEB liability	(9,066)	-	(40,197)	(49,263)
Pension related deferred inflows	(109,425)	-	(534,421)	(643,846)
OPEB related deferred inflows	10,030	-	44,467	54,497
	<u>\$ (55,668)</u>	<u>\$ (19,292)</u>	<u>\$ 156,125</u>	<u>\$ 81,165</u>
Supplemental Schedule of Noncash				
Investing and Financing Activities				
Acquisition of capital assets through debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,767</u>	<u>\$ 70,767</u>

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. 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.

The City has the following custodial funds:

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

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.

City of Bozeman, Montana
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Municipal Court	Tourism Business Improvement District	Total
Assets			
Cash and investments	\$ 575,276	\$ 50,170	\$ 625,446
Receivables (net of allowance for uncollectibles):			
Accounts	2,692	-	2,692
Total assets	577,968	50,170	628,138
Liabilities			
Deposits payable	580,359	-	580,359
Net Position			
Restricted for			
Other organization or individuals	\$ (2,391)	\$ 50,170	\$ 47,779

City of Bozeman, Montana
 Combining Statement of Changes in Fiduciary Net Position
 Custodial Funds
 June 30, 2023

	Municipal Court	Tourism Business Improvement District	Total
Additions			
Miscellaneous	\$ 572	\$ -	\$ 572
Deductions			
Total deductions	-	-	-
Change in Net Position	572	-	572
Net Position, Beginning	(2,963)	50,170	47,207
Net Position, Ending	<u>\$ (2,391)</u>	<u>\$ 50,170</u>	<u>\$ 47,779</u>

Statistical Section

Year Ended June 30, 2023

City of Bozeman, Montana

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 City's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand and assess how the government’s financial position has changed over time.

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Revenue Capacity – These schedules contain information to assist the reader in understanding and assessing the factors affecting the government’s ability to generate its own-source revenues.

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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.

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Demographic and Economic Information – These schedules offer demographic and economic information to (1) assist the reader in understanding the socioeconomic environment within which a government operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.

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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.

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

City of Bozeman, Montana
Components of Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 89,267,076	\$ 93,409,850	\$ 104,342,191	\$ 115,696,956	\$ 137,058,945	\$ 155,191,911	\$ 118,577,368	\$ 196,931,242	\$ 217,241,690	\$ 236,885,005
Restricted	35,621,803	41,755,126	42,829,320	41,583,992	36,522,195	21,202,050	69,208,376	68,458,112	55,321,501	46,965,688
Unrestricted	12,127,224	(5,137,642)	(3,923,466)	(4,839,467)	(5,514,909)	4,799,426	27,280,681	(31,383,436)	(15,708,281)	7,527,542
Total Governmental Activities Net Position	137,016,103	130,027,334	143,248,045	152,441,481	168,066,231	181,193,387	215,066,425	234,005,918	256,854,910	291,378,235
Business-Type Activities										
Net investment in capital assets	205,501,357	211,419,777	221,385,655	229,372,281	239,254,236	245,190,586	260,124,896	271,812,360	286,461,913	297,691,119
Restricted	3,372,927	4,977,984	4,990,635	8,866,951	13,070,517	12,671,931	12,307,565	14,839,596	29,337,941	31,659,041
Unrestricted	8,723,353	6,619,399	10,582,408	9,154,014	12,923,470	21,053,523	25,801,918	23,152,084	14,910,714	15,428,360
Total Business-Type Activities Net Position	217,597,637	223,017,160	236,958,698	247,393,246	265,248,223	278,916,040	298,234,379	309,804,040	330,710,568	344,778,520
Primary Government										
Net investment in capital assets	294,768,433	304,829,627	325,727,846	345,069,237	376,313,181	400,382,497	378,702,264	468,743,602	503,703,603	534,576,124
Restricted	38,994,730	46,733,110	47,819,955	50,450,943	49,592,712	33,873,981	81,515,941	83,297,708	84,659,442	78,624,729
Unrestricted	20,850,577	1,481,757	6,658,942	4,314,547	7,408,561	25,852,949	53,082,599	(8,231,352)	(797,567)	22,955,902
Total Primary Government Net Position	\$ 354,613,740	\$ 353,044,494	\$ 380,206,743	\$ 399,834,727	\$ 433,314,454	\$ 460,109,427	\$ 513,300,804	\$ 543,809,958	\$ 587,565,478	\$ 636,156,755

City of Bozeman, Montana
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
General government	\$ 6,989,830	\$ 7,417,644	\$ 8,058,925	\$ 9,415,702	\$ 9,896,366	\$ 10,310,075	\$ 9,854,245	\$ 11,517,404	\$ 12,352,494	\$ 17,726,413
Public safety	15,297,088	17,023,578	18,391,357	17,689,004	18,637,422	19,699,377	20,664,687	22,698,030	22,442,450	28,002,592
Public works	6,031,768	6,458,930	6,861,939	7,857,917	8,615,272	9,850,802	9,781,345	11,018,661	12,176,141	14,646,742
Public health and welfare	7,417,158	7,579,653	7,994,697	9,210,264	9,476,010	9,658,817	10,354,632	13,429,890	16,211,729	15,343,285
Interest and fiscal charges	179,280	824,266	893,470	771,714	781,255	786,236	1,763,155	2,105,985	2,051,119	2,070,117
Total governmental activities expenses	<u>35,915,124</u>	<u>39,304,071</u>	<u>42,200,388</u>	<u>44,944,601</u>	<u>47,406,325</u>	<u>50,305,307</u>	<u>52,418,064</u>	<u>60,769,970</u>	<u>65,233,933</u>	<u>77,789,149</u>
Business-Type Activities										
Water	6,869,870	7,995,910	9,273,395	9,740,629	9,832,508	9,984,114	9,807,970	10,687,976	11,604,238	13,882,728
Waste water	8,955,592	6,940,983	8,163,312	8,590,477	8,548,138	9,291,509	9,209,689	10,209,279	10,849,992	11,979,470
Solid waste	6,958,209	3,308,441	4,570,884	4,262,650	4,535,865	4,739,710	4,665,613	4,991,829	5,220,011	7,980,984
Parking	805,274	789,186	830,869	897,278	1,133,777	1,119,466	1,304,465	1,183,693	1,360,611	1,565,405
Stormwater	161,180	309,585	469,743	930,444	878,173	924,282	1,051,497	985,732	1,243,760	1,711,451
Total business-type activities expenses	<u>23,750,125</u>	<u>19,344,105</u>	<u>23,308,203</u>	<u>24,421,478</u>	<u>24,928,461</u>	<u>26,059,081</u>	<u>26,039,234</u>	<u>28,058,509</u>	<u>30,278,612</u>	<u>37,120,038</u>
Total Primary Government Expenses	<u>\$ 59,665,249</u>	<u>\$ 58,648,176</u>	<u>\$ 65,508,591</u>	<u>\$ 69,366,079</u>	<u>\$ 72,334,786</u>	<u>\$ 76,364,388</u>	<u>\$ 78,457,298</u>	<u>\$ 88,828,479</u>	<u>\$ 95,512,545</u>	<u>\$ 114,909,187</u>

City of Bozeman, Montana
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 2,453,015	\$ 1,947,445	\$ 2,530,474	\$ 2,683,016	\$ 3,139,427	\$ 3,777,184	\$ 3,546,689	\$ 4,380,033	\$ 5,472,678	\$ 7,128,575
Public safety	3,290,573	3,211,911	3,347,859	3,175,257	2,234,994	4,158,560	4,020,453	4,260,366	4,317,541	4,942,022
Public works	7,623,178	8,784,447	9,310,147	10,342,921	15,531,304	12,189,258	16,522,229	18,836,107	19,176,512	22,563,519
Public health and welfare	613,322	1,097,845	1,213,526	1,414,394	1,593,025	1,724,864	1,567,557	5,294,909	6,833,910	1,687,204
Operating grants and contributions	457,354	2,254,052	2,494,244	2,715,986	3,021,400	5,419,871	7,622,415	12,156,812	7,707,580	12,843,761
Capital grants and contributions	4,762,416	2,960,051	5,018,559	2,667,352	7,651,008	6,593,221	15,429,642	4,518,830	12,153,695	14,514,120
Total governmental activities program revenues	<u>19,199,858</u>	<u>20,255,751</u>	<u>23,914,809</u>	<u>22,998,926</u>	<u>33,171,158</u>	<u>33,862,958</u>	<u>48,708,985</u>	<u>49,447,057</u>	<u>55,661,916</u>	<u>63,679,201</u>
Business-Type Activities										
Charges for services										
Water	9,842,699	9,969,058	11,935,016	11,166,944	12,915,454	11,438,495	11,913,879	13,970,784	15,431,185	14,886,895
Waste water	8,852,738	9,008,247	9,283,600	9,668,524	10,686,506	10,445,185	10,671,361	11,691,165	12,684,974	12,343,552
Solid waste	2,725,465	2,953,414	2,617,243	3,613,721	3,926,123	4,228,099	4,631,523	4,969,868	5,431,005	5,872,630
Parking	602,838	576,357	597,238	878,458	958,378	958,504	1,028,036	1,005,788	1,062,010	968,042
Stormwater	262,781	304,906	943,621	1,293,941	1,324,461	1,349,678	1,429,449	1,519,994	1,673,866	1,883,096
Operating grants and contributions	9,596	123,439	134,946	169,509	134,523	83,264	104,868	243,536	1,511,436	1,435,529
Capital grants and contributions	5,898,923	6,385,418	11,287,654	7,774,707	9,944,719	8,324,760	13,312,504	5,427,166	13,064,462	11,084,423
Total business-type activities program revenues	<u>28,195,040</u>	<u>29,320,839</u>	<u>36,799,318</u>	<u>34,565,804</u>	<u>39,890,164</u>	<u>36,827,985</u>	<u>43,091,620</u>	<u>38,828,301</u>	<u>50,858,938</u>	<u>48,474,167</u>
Total Primary Government Program Revenues	<u>\$ 47,394,898</u>	<u>\$ 49,576,590</u>	<u>\$ 60,714,127</u>	<u>\$ 57,564,730</u>	<u>\$ 73,061,322</u>	<u>\$ 70,690,943</u>	<u>\$ 91,800,605</u>	<u>\$ 88,275,358</u>	<u>\$ 106,520,854</u>	<u>\$ 112,153,368</u>
Net Revenue (Expense)										
Governmental Activities	\$ (16,715,266)	\$ (19,048,320)	\$ (18,285,579)	\$ (21,945,675)	\$ (14,235,167)	\$ (16,442,349)	\$ (3,709,079)	\$ (11,322,913)	\$ (9,572,017)	\$ (14,109,948)
Business-Type Activities	4,444,915	9,976,734	13,491,115	10,144,326	14,961,703	10,768,904	17,052,386	10,769,792	20,580,326	11,354,129
Total Primary Government Net Revenue (Expense)	<u>\$ (12,270,351)</u>	<u>\$ (9,071,586)</u>	<u>\$ (4,794,464)</u>	<u>\$ (11,801,349)</u>	<u>\$ 726,536</u>	<u>\$ (5,673,445)</u>	<u>\$ 13,343,307</u>	<u>\$ (553,121)</u>	<u>\$ 11,008,309</u>	<u>\$ (2,755,819)</u>

City of Bozeman, Montana
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	\$ 17,561,022	\$ 20,203,718	\$ 21,234,288	\$ 21,708,812	\$ 22,532,724	\$ 23,823,994	\$ 28,308,301	\$ 27,115,391	\$ 29,432,001	\$ 39,860,197
Unrestricted intergovernmental	7,436,419	7,699,711	7,992,180	8,372,625	6,171,297	4,658,177	4,859,238	4,956,187	5,099,529	5,370,015
Unrestricted investment earnings (losses)	355,790	403,152	519,637	554,870	64,058	1,490,286	1,604,365	428,653	(1,685,354)	1,118,619
Miscellaneous	293,884	374,966	418,215	1,317,137	2,320,536	1,009,437	1,128,061	(1,722,976)	520,517	1,225,899
Gain (loss) on disposal of capital asset	236,688	-	123,934	(71,335)	28,861	167,291	16,862	20,072	(15,735)	2,726,201
Transfers	(10,000)	(410,016)	1,218,036	(742,999)	(758,084)	(475,000)	(546,353)	(534,921)	(1,396,976)	(1,667,658)
Total governmental activities	25,873,803	28,271,531	31,506,290	31,139,110	30,359,392	30,674,185	35,370,474	30,262,406	31,953,982	48,633,273
Business-Type Activities										
Unrestricted investment earnings	-	-	-	304,231	3,389	1,010,849	846,331	38,987	(1,291,575)	833,995
Miscellaneous	390,700	-	-	1,256,284	2,529,824	362,631	518,162	233,508	219,770	226,026
(Loss) gain on disposal of capital asset	-	-	-	(2,013,292)	10,005	(172,428)	4,012	17,918	1,031	(13,856)
Transfers	10,000	380,347	(1,218,036)	742,999	758,084	475,000	546,353	534,921	1,396,976	1,667,658
Total business-type activities	400,700	380,347	(1,218,036)	290,222	3,301,302	1,676,052	1,914,858	825,334	326,202	2,713,823
Total Primary Government	\$ 26,274,503	\$ 28,651,878	\$ 30,288,254	\$ 31,429,332	\$ 33,660,694	\$ 32,350,237	\$ 37,285,332	\$ 31,087,740	\$ 32,280,184	\$ 51,347,096
Change in Net Position										
Governmental Activities	\$ 9,158,537	\$ 9,223,211	\$ 13,220,711	\$ 9,193,435	\$ 16,124,225	\$ 14,231,836	\$ 31,661,395	\$ 18,939,493	\$ 22,381,965	\$ 34,523,325
Business-Type Activities	4,845,615	10,357,081	12,273,079	10,434,548	18,263,005	12,444,956	18,967,244	11,595,126	20,906,528	14,067,952
Total Primary Government Change in Net Position	\$ 14,004,152	\$ 19,580,292	\$ 25,493,790	\$ 19,627,983	\$ 34,387,230	\$ 26,676,792	\$ 50,628,639	\$ 30,534,619	\$ 43,288,493	\$ 48,591,277

City of Bozeman, Montana
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,167
Committed	-	-	-	-	-	-	-	-	-	6,087,489
Assigned	6,420,760	6,061,965	5,541,841	6,402,882	7,739,020	7,739,582	8,110,313	9,313,580	8,708,695	-
Unassigned	193,534	-	979,258	87,274	(274,252)	-	1,030,550	(130,315)	(107,076)	8,953,349
Total General Fund	\$ 6,614,294	\$ 6,061,965	\$ 6,521,099	\$ 6,490,156	\$ 7,464,768	\$ 7,739,582	\$ 9,140,863	\$ 9,183,265	\$ 8,601,619	\$ 15,078,005
All Other Governmental Funds										
Nonspendable	\$ 1,269,557	\$ 2,061,790	\$ 1,426,575	\$ 1,533,338	\$ 1,623,816	\$ 1,735,591	\$ 1,796,174	\$ 1,884,479	\$ 1,919,979	\$ 1,804,399
Restricted	19,927,526	12,546,935	39,856,356	38,938,127	34,403,744	23,129,241	65,273,723	61,818,904	55,582,529	60,797,482
Committed	3,075,505	3,088,936	3,528,263	3,901,694	3,856,238	4,279,091	4,328,163	3,621,644	3,168,927	603,360
Assigned	229,602	-	7,425,398	7,259,749	1,868,485	1,293,436	578,852	96,473	134,135	2,927,964
Unassigned	(184,101)	(97,173)	914,535	107,103	(42,648)	8,731,534	(125,584)	662,773	(312,180)	(302,973)
Total All Other Governmental Funds	\$ 24,318,089	\$ 17,600,488	\$ 53,151,127	\$ 51,740,011	\$ 41,709,635	\$ 39,168,893	\$ 71,851,328	\$ 68,084,273	\$ 60,493,390	\$ 65,830,232

City of Bozeman, Montana
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 17,385,371	\$ 20,404,236	\$ 21,303,074	\$ 21,682,667	\$ 22,553,972	\$ 23,788,018	\$ 28,321,349	\$ 26,973,106	\$ 29,607,197	\$ 39,657,027
Special assessments	2,011,944	1,578,855	1,265,954	1,163,275	1,137,103	1,116,925	1,390,355	1,676,909	1,616,318	1,293,350
Licenses and permits	1,784,282	1,827,842	2,112,090	2,092,673	2,541,727	2,392,081	2,524,368	2,902,616	2,850,060	3,542,188
Intergovernmental	8,208,770	8,562,937	8,920,424	8,956,044	9,419,104	10,488,662	12,600,824	15,297,152	12,638,682	18,089,987
Charges for services	9,656,123	10,629,791	12,283,683	13,743,830	17,885,529	16,987,622	20,142,910	24,847,833	30,095,236	30,136,508
Fines and forfeitures	1,411,162	1,305,166	1,253,705	1,256,525	1,240,154	1,234,324	1,199,601	1,168,880	1,053,196	1,069,270
Investment income (losses)	329,086	370,305	479,699	520,690	34,709	1,439,743	1,343,201	155,647	(1,885,520)	1,092,193
Loan repayments	63,980	94,989	38,552	31,837	25,827	31,695	44,930	38,276	53,539	30,346
Miscellaneous	287,089	363,274	415,646	1,307,668	2,313,097	995,553	1,790,144	1,766,620	2,712,894	2,031,152
Total revenues	41,137,807	45,137,395	48,072,827	50,755,209	57,151,222	58,474,623	69,357,682	74,827,039	78,741,602	96,942,021
Expenditures										
General government	6,138,575	6,594,474	7,318,539	7,643,886	8,268,285	8,782,078	9,280,183	10,449,026	11,891,184	15,001,137
Public safety	14,637,886	15,086,695	16,485,549	16,812,131	17,602,966	18,005,944	19,598,592	19,778,375	22,104,511	25,534,451
Public works	3,498,770	3,786,283	3,840,405	4,422,771	4,955,559	5,774,783	5,376,499	5,868,383	6,977,080	8,454,661
Public health & welfare	6,678,347	7,366,955	7,245,425	7,654,059	7,975,354	8,339,885	9,046,331	11,690,142	14,598,944	13,296,225
Other	1,046,712	1,113,340	418,431	506,169	655,532	728,642	665,517	3,500,760	2,204,370	1,836,292
Capital outlay	8,053,456	9,905,333	9,337,470	12,468,020	18,420,501	19,106,110	24,265,809	32,608,736	30,801,575	17,918,459
Debt service										
Principal	1,482,142	1,121,593	1,345,250	1,422,555	1,500,687	1,635,369	6,639,947	3,188,603	2,969,165	3,927,518
Interest and fiscal charges	380,950	824,266	893,470	771,714	718,597	786,238	1,763,155	2,105,985	2,051,119	2,304,135
Total expenditures	41,916,838	45,798,939	46,884,539	51,701,305	60,097,481	63,159,049	76,636,033	89,190,010	93,597,948	88,272,878
Excess (Deficiency) of										
Revenues over (under)										
Expenditures	(779,031)	(661,544)	1,188,288	(946,096)	(2,946,259)	(4,684,426)	(7,278,351)	(14,362,971)	(14,856,346)	8,669,143
Other Financing										
Sources (Uses)										
Transfers in	3,103,787	4,816,671	6,483,413	3,950,059	4,394,277	4,202,825	8,867,568	5,976,400	10,802,182	23,487,954
Transfers out	(3,113,787)	(5,197,018)	(5,496,492)	(4,693,058)	(5,152,361)	(4,677,825)	(9,413,920)	(6,511,321)	(12,199,158)	(25,155,612)
Bonds issued	10,012,647	5,619,361	47,406	234,702	1,103,586	2,859,598	41,878,844	10,501,000	7,045,000	-
Premium (discount) on bonds	-	-	-	-	-	-	-	649,009	515,591	-
Leases and other debt issued	-	-	-	-	-	-	-	-	19,833	2,011,672
Sale of capital assets	243,092	64,855	227,984	43,277	35,144	33,898	29,567	23,744	34,836	2,800,071
Total other financing sources (uses)	10,245,739	5,303,869	1,262,311	(465,020)	380,646	2,418,496	41,362,059	10,638,832	6,218,284	3,144,085
Net Change in										
Fund Balances	\$ 9,466,708	\$ 4,642,325	\$ 2,450,599	\$ (1,411,116)	\$ (2,565,613)	\$ (2,265,930)	\$ 34,083,708	\$ (3,724,139)	\$ (8,638,062)	\$ 11,813,228

City of Bozeman, Montana
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial and 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
2023	\$ 89,925,341	\$ 58,735,884	\$ 11,120,831	\$ 159,782,056	204.50	\$11,021,338,679	1.450%
2022	87,432,389	57,107,580	10,812,534	155,352,503	154.12	10,724,564,866	1.449%
2021	72,903,489	47,617,844	9,015,783	129,537,116	169.48	8,875,762,356	1.459%
2020	70,588,175	46,105,567	8,729,455	125,423,197	188.45	8,596,253,775	1.459%
2019	58,712,093	38,348,553	7,260,771	104,321,417	191.24	6,981,943,409	1.494%
2018	56,952,419	37,199,199	7,043,156	101,194,774	187.33	6,745,351,312	1.500%
2017	52,777,954	30,966,657	6,013,815	89,758,426	205.30	5,870,738,906	1.529%
2016	50,899,738	29,864,642	5,799,800	86,564,180	210.16	5,698,588,679	1.519%
2015	50,978,520	31,641,840	5,273,640	87,894,000	188.76	3,598,269,877	2.443%
2014	47,956,720	32,542,060	5,138,220	85,637,000	173.08	3,386,295,608	2.529%

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.

* Includes tax-exempt property

** Sales price of property is not public record in the State of Montana, so the Total Market Value was used instead

City of Bozeman, Montana
City Taxable Market and Taxable Values
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxable Market Value	Full Taxable Value	Incremental Value for All Tax Increment Districts	Net Taxable Value (Excludes Tax Increment Districts Incremental Values)	Taxable Value for Open Space Purposes
2023	\$ 11,021,338,679	\$ 171,848,662	\$ 12,066,606	\$ 159,782,056	\$ 172,444,905
2022	10,724,564,866	166,838,141	11,485,638	155,352,503	164,979,565
2021	8,875,762,356	137,983,427	8,446,311	129,537,116	137,765,762
2020	8,596,253,775	133,582,036	8,158,839	125,423,197	133,391,037
2019	6,981,943,409	109,713,782	5,392,365	104,321,417	191,152,592
2018	6,745,351,312	106,224,806	5,030,032	101,194,774	105,727,520
2017	5,870,738,906	94,102,761	4,344,335	89,758,426	93,212,816
2016	5,698,588,679	90,787,797	4,223,617	86,564,180	91,973,923
2015	3,598,269,877	92,081,322	4,187,322	87,894,000	90,735,030
2014	3,386,295,608	89,650,917	4,013,917	85,637,000	85,615,328

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
Tax Increment District Taxable Valuation Detail
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Bozeman Downtown			Northeast Renewal District			Bozeman Midtown*		
	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable
2023	\$ 1,328,695	\$ 8,245,319	\$ 9,574,014	\$ 423,054	\$ 660,471	\$ 1,083,525	\$ 3,507,723	\$ 2,751,885	\$ 6,259,608
2022	1,328,695	7,893,562	9,222,257	423,054	636,368	1,059,422	3,507,723	2,589,893	6,097,616
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
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
2019	1,328,695	4,159,996	5,488,691	423,054	229,047	652,101	3,507,723	982,574	4,490,297
2018	1,328,695	3,769,917	5,098,612	423,054	223,765	646,819	3,507,723	948,746	4,456,469
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
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
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
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

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

City of Bozeman, Montana
Tax Increment District Taxable Valuation Detail (continued)
Last Ten Fiscal Years

Fiscal Year Ended June 30,	North Park Urban Renewal**			Bozeman Technology			Pole Yard Urban Renewal***		
	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable
2023	\$ 244,332	\$ 37,133	\$ 281,465	\$ 417	\$ 56,410	\$ 56,827	\$ 1,137,056	\$ 315,388	\$ 1,452,444
2022	244,332	53,750	298,082	417	56,410	56,827	1,137,056	255,655	1,392,711
2021	244,332	13,824	258,156	417	-	417	-	-	-
2020	244,332	-	244,332	417	-	417	-	-	-
2019	244,332	20,749	265,081	417	-	417	-	-	-
2018	-	-	-	417	-	417	-	-	-
2017	-	-	-	417	-	417	-	-	-
2016	-	-	-	417	-	417	-	-	-
2015	-	-	-	417	3	420	-	-	-
2014	-	-	-	417	-	417	-	-	-

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.

**New District created in fiscal year 2019

***New District created in fiscal year 2022

City of Bozeman, Montana
 Tax Increment District Taxable Valuation Detail (continued)
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total		
	Base Taxable	Incremental Taxable	Total Taxable
2023	\$ 6,641,277	\$ 12,066,606	\$ 18,707,883
2022	6,641,277	11,485,638	18,126,915
2021	5,504,221	8,446,310	13,950,531
2020	5,504,221	8,158,839	13,663,060
2019	5,504,221	5,392,366	10,896,587
2018	5,259,889	4,942,428	10,202,317
2017	5,225,293	4,265,729	9,491,022
2016	4,639,163	4,168,406	8,807,569
2015	4,639,163	4,134,406	8,773,569
2014	4,639,163	3,952,868	8,592,031

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
Downtown Bozeman Improvement District & Comparison to City Taxable Value
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Downtown Bozeman Improvement District			City Taxable Value (Excluding ALL Tax Increment District Valuations)	The District's Incremental Taxable Value as a Percentage of the City's Taxable Value
	Taxable Market Value of Property in the District	Taxable Value of Property in the District	Incremental Taxable Value		
2023	\$ 607,434,219	\$ 9,574,014	\$ 8,245,319	\$ 159,782,056	5.16%
2022	580,867,055	9,222,257	7,893,562	155,352,503	5.08%
2021	465,530,358	7,576,358	6,247,663	129,537,116	4.82%
2020	447,565,041	7,316,105	5,987,410	125,423,197	4.77%
2019	319,728,707	5,488,691	4,159,996	104,321,417	3.99%
2018	297,005,720	5,098,612	3,769,917	101,194,774	3.73%
2017	265,793,431	4,397,597	3,068,902	89,758,426	3.42%
2016	259,138,001	4,227,246	2,898,551	86,564,180	3.35%
2015	190,128,511	4,046,915	2,718,220	87,894,000	3.09%
2014	153,063,721	3,915,658	2,586,963	85,637,000	3.02%

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 for Tax Increment/Urban Renewal Districts
Last Ten Fiscal Years

Taxing Entity	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	88.38	89.55	99.77	100.41	91.23	98.87	91.17	99.09	93.48	95.05
Open Space Bond	4.90	4.95	5.03	5.85	5.13	4.69	3.90	4.04	3.74	2.30
County-Wide School	101.28	99.94	106.85	105.39	99.67	102.44	96.45	96.74	91.29	89.58
Bozeman High School Distrct	73.16	72.97	76.76	77.25	73.10	108.95	92.77	97.61	84.86	86.05
Bozeman Elemenatary School District	145.25	143.70	151.15	154.81	146.92	142.63	125.90	121.74	101.99	102.09
City of Bozeman	173.08	188.76	210.16	205.30	187.33	191.24	187.70	163.62	152.12	204.50
Total revenues	626.05	639.87	689.72	689.01	643.38	688.82	637.89	622.84	567.48	619.57
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	0.97	0.95	1.05	1.01	0.89	0.91	0.77	-	-	-
County-Wide Planning	2.39	2.35	2.39	2.39	2.48	2.50	2.22	1.48	2.18	2.23

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
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Bozeman School District	Gallatin County	State of Montana
2023	181.15	23.35	204.50	254.11	179.89	93.48
2022	131.89	22.23	154.12	219.35	195.83	46.00
2021	140.73	28.75	169.48	218.67	191.52	46.00
2020	162.82	25.63	188.45	251.58	206.00	46.00
2019	178.22	13.02	191.24	220.02	223.33	46.00
2018	173.92	13.41	187.33	232.06	241.69	46.00
2017	190.17	15.13	205.30	227.91	241.69	46.00
2016	194.51	15.65	210.16	216.67	215.78	46.00
2015	177.52	11.24	188.76	218.41	221.00	46.00
2014	164.83	8.25	173.08	203.26	215.10	46.00

Source: Based on information provided by Gallatin County and Department of Revenue

City of Bozeman, Montana
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
Northwestern Energy - T & D	\$ 8,620,846	1	5.40%	\$ 3,668,602	1	4.28%
Plato MT I Propco LLC	1,080,146	2	0.68%	-	N/A	N/A
Charter Communications Inc	745,534	3	0.47%	-	N/A	N/A
GKT Bozeman Gateway LLC	623,384	4	0.39%	-	N/A	N/A
Verizon Inc	605,249	5	0.38%	555,252	4	0.65%
Billings Clinic	593,261	6	0.37%	-	N/A	N/A
Cannery District Partners LLC	571,306	7	0.36%	-	N/A	N/A
Bozeman Apartment Group LLC	560,417	8	0.35%	-	N/A	N/A
Springs VII at Bozeman LLC	546,620	9	0.34%	-	N/A	N/A
GKT Gallatin Shopping Center VM LLC	507,025	10	0.32%	-	N/A	N/A
Qwest Corporation	-	N/A	N/A	1,040,298	2	1.21%
Bresnan Communications	-	N/A	N/A	813,246	3	0.95%
Harry Daum - Gallatin Mall	-	N/A	N/A	500,755	5	0.58%
Stone Ridge Partners LLC	-	N/A	N/A	468,297	6	0.55%
J & D Family LLLP	-	N/A	N/A	350,638	7	0.41%
Bridger Peaks Holding LLC	-	N/A	N/A	350,440	8	0.41%
First Security Bank	-	N/A	N/A	349,000	9	0.41%
Wal-Mart Stores Inc	-	N/A	N/A	338,929	10	0.40%
Total attributable to top taxpayers	14,453,788		9.05%	8,435,457		9.85%
Total of all other properties	145,328,268		90.95%	77,201,543		90.15%
	<u>\$ 159,782,056</u>		<u>100.00%</u>	<u>\$ 85,637,000</u>		<u>100.00%</u>

Source: Gallatin County Treasurer

City of Bozeman, Montana
Principal Property Taxpayers in Downtown Bozeman Improvement District
Current Year and Prior Year

Taxpayer	Business	2023			2022		
		Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
ETHA Hotel LLC	Property Investor/Developer	\$ 479,342	1	5.01%	\$ 479,342	1	5.20%
Straight Away Bozeman Investo	Commercial	401,588	2	4.19%	-	N/A	N/A
G25 Holdings LLC	Property Investor/Developer	332,967	3	3.48%	332,967	2	3.61%
First Security Bank	Bank	283,859	4	2.96%	282,549	3	3.06%
106 East Babcock LLC	Multi-Tenant Commercial/Residential Building	216,271	5	2.26%	192,174	4	2.08%
5 West LLC	Multi-Tenant Commercial/Residential Building	185,489	6	1.94%	185,489	5	2.01%
Osborne Building LLC	Multi-Tenant Commercial/Residential Building	166,700	7	1.74%	149,770	8	1.62%
104 East Main LLC	Multi-Tenant Commercial/Residential Building	161,377	8	1.69%	161,377	6	1.75%
Downtowner Group LLC	Business Support Services	150,146	9	1.57%	150,146	7	1.63%
Moose Point LP	Commercial Property Developer	142,399	10	1.49%	142,399	9	1.54%
F&H, LLC	Property Investor/Developer	-	N/A	N/A	136,985	10	1.49%
Total attributable to top taxpayers		2,520,138		26.32%	2,213,198		24.00%
Total of all other properties		7,053,876		73.68%	7,009,059		76.00%
		<u>\$ 9,574,014</u>		<u>100.00%</u>	<u>\$ 9,222,257</u>		<u>100.00%</u>

Source: Gallatin County Treasurer

City of Bozeman, Montana
 Properties in the Bozeman Midtown Urban Renewal District
 Current Year and Prior Year

Property Type/Property Tax Classification	2022/2023		2021/2022	
	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
3 agricultural land	\$ 16,239	\$ 803	\$ 16,897	\$ 903
4 residential	48,687,693	652,961	41,516,680	556,166
4 commercial	290,738,314	5,494,952	286,476,924	5,414,414
5 pollution control, electric and telephone cooperative	4,215	126	-	-
8 business equipment	2,602,716	39,042	3,463,777	51,957
9 pipelines and non-electric generating property of electric utility	411,219	49,346	387,383	46,487
13 electrical generation and telecommunication	372,962	22,378	461,501	27,689
	<u>\$ 342,833,358</u>	<u>\$ 6,259,608</u>	<u>\$ 332,323,162</u>	<u>\$ 6,097,616</u>

Source: Montana Department of Revenue

City of Bozeman, Montana

Principal Property Taxpayers in Downtown Bozeman Midtown Urban Renewal District

Current Year and Prior Year

Taxpayer	2022/2023			2021/2022		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
TCIP Partnership	\$ 264,335	1	4.22%	\$ 264,335	2	4.34%
Walmart Stores Inc.	247,136	2	3.95%	247,136	3	4.05%
Rocky Mountain Retail LLC	220,308	3	3.52%	-	N/A	N/A
Grantree Hotels LP	219,618	4	3.51%	219,618	4	3.60%
Buffalo Ventures LLC	213,835	5	3.42%	213,835	5	3.51%
Westlake, George	187,745	6	3.00%	300,665	1	4.93%
Bozeman Hospitality LLC	167,963	7	2.68%	169,344	6	2.78%
Aspen Land Co LLC	163,602	8	2.61%	-	N/A	N/A
Oak Street Partnership	146,997	9	2.35%	146,997	8	2.41%
RSVP Motel LLC	136,794	10	2.19%	-	N/A	N/A
Murdoch Family LP	-	7	N/A	164,113	7	2.69%
Gallatin Hospitality LLC	-	9	N/A	117,399	9	1.93%
Universal Athletic Services Inc.	-	10	N/A	112,693	10	1.85%
Total attributable to top taxpayers	1,968,333		31.44%	1,956,135		16.58%
Total of all other properties	4,291,275		68.56%	4,141,481		67.92%
	<u>\$ 6,259,608</u>		<u>100.00%</u>	<u>\$ 6,097,616</u>		<u>84.50%</u>

City of Bozeman, Montana
Property Tax Levies and Collections
Last 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
2023	\$ 32,675,419	\$ 32,618,261	99.83%	\$ -	\$ 32,618,261	99.83%
2022	23,793,072	23,777,644	99.94%	37,940	23,815,584	100.09%
2021	21,454,058	21,017,696	97.97%	62,741	21,080,437	98.26%
2020	23,589,506	23,381,671	99.12%	207,835	23,589,506	100.00%
2019	19,950,675	19,940,784	99.95%	9,891	19,950,675	100.00%
2018	18,956,357	18,791,653	99.13%	59,070	18,850,723	99.44%
2017	18,338,501	18,069,230	98.53%	100,003	18,169,233	99.08%
2016	18,191,892	18,009,556	99.00%	74,809	18,084,365	99.41%
2015	16,590,871	16,559,270	99.81%	31,601	16,590,871	100.00%
2014	14,821,724	14,482,502	97.71%	227,481	14,709,983	99.25%

Source: Gallatin County
City Manager's Final Adopted Budget

City of Bozeman, Montana
 Water Sold by Type of Customer
 (in hundreds of cubic feet [HCF])
 Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	1,433,833	1,385,140	1,493,192	1,601,439	1,623,881	1,556,249	1,546,308	1,788,984	1,612,932	1,583,076
Government	52,448	53,165	51,923	56,956	75,001	54,270	103,536	73,416	82,308	110,364
MSU	213,698	210,107	208,618	225,394	217,967	238,968	178,368	171,840	199,080	202,164
Commercial	607,444	599,193	610,741	620,761	618,398	627,116	506,868	590,076	578,688	600,456
Total	2,307,423	2,247,605	2,364,474	2,504,550	2,535,247	2,476,603	2,335,080	2,624,316	2,473,008	2,496,060
Total direct rate per 1,000 HCF	\$ 3,053.40	\$ 3,105.14	\$ 3,175.41	\$ 3,256.72	\$ 3,337.92	\$ 3,508.94	\$ 3,575.07	\$ 3,697.72	\$ 4,001.23	\$ 4,054.42

Source: City of Bozeman Finance Department

City of Bozeman, Montana
Water and Sewer Rates
Last 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
2023	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2022	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2021	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2020	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2019	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45
2018	\$ 15.70	\$ 24.60	\$ 19.01	\$ 31.50
2017	\$ 15.39	\$ 24.11	\$ 18.63	\$ 30.87
2016	\$ 15.02	\$ 23.53	\$ 18.09	\$ 29.98
2015	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10
2014	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10

* 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

City of Bozeman, Montana
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Year	Governmental Activities						Year	Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Tax Increment Financing Bonds	Special Assessment Bonds	Notes Payable	Leases Payable	Unamortized Premium		Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bond	Leases Payable			
2023	\$ 45,765,000	\$ 9,802,767	\$ 3,372,289	\$ 2,045,505	\$ 343,801	\$ 4,230,082	2023	\$ 15,949,000	\$ 25,939,000	\$ 1,196,000	\$ -	\$ 108,641,421	5.56%	\$ 1,936
2022	47,990,000	10,288,570	3,764,217	2,322,582	630,917	4,484,963	2022	17,267,000	27,932,231	1,280,000	-	115,960,480	6.82%	2,126
2021	43,240,000	10,763,655	3,948,216	2,246,694	310,270	4,198,474	2021	18,547,000	24,582,587	1,362,000	434,598	109,633,494	7.87%	2,057
2020	45,445,000	4,733,238	139,500	2,481,079	404,043	3,778,566	2020	19,791,000	14,057,000	1,442,000	363,749	92,635,175	7.24%	1,859
2019	12,940,000	5,338,811	171,500	2,637,009	651,453	208,593	2019	21,001,000	15,229,000	1,520,000	290,538	59,987,904	5.73%	1,236
2018	13,835,000	5,018,931	406,000	763,588	463,535	222,051	2018	19,107,497	16,368,000	1,292,430	214,887	57,691,919	5.80%	1,238
2017	14,710,000	4,425,000	501,000	902,500	270,492	235,509	2017	15,760,000	17,856,000	1,367,430	183,591	56,211,522	6.12%	1,242
2016	15,570,000	4,630,000	662,500	884,844	249,501	248,967	2016	16,567,000	18,930,565	1,440,430	71,077	59,254,884	6.97%	1,365
2015	16,320,000	4,825,000	890,500	963,274	295,912	262,425	2015	17,365,000	19,972,565	229,750	10,585	61,135,011	7.20%	1,467
2014	11,685,000	5,015,000	1,185,500	1,086,396	94,176	-	2014	18,140,000	21,025,565	-	-	58,231,637	6.83%	1,498

Sources: City Manager's Final Adopted Budget
 City of Bozeman Finance Department

City of Bozeman, Montana
 Ratios of General Bonded Debt Outstanding
 Last 10 Fiscal Years

Year	General Obligation Bonds	Tax Increment Financing District Bonds	Total	Percentage of Market Value of Property	Per Capita
2023	\$ 45,765,000	\$ 9,802,767	\$ 55,567,767	34.78%	\$ 990.11
2022	47,990,000	10,288,570	58,278,570	37.51%	\$ 1,068.45
2021	43,240,000	10,763,655	54,003,655	41.69%	\$ 1,013.33
2020	45,445,000	4,733,238	50,178,238	40.01%	\$ 1,006.97
2019	12,940,000	5,338,811	18,278,811	17.52%	\$ 376.63
2018	13,835,000	4,926,931	18,761,931	18.54%	\$ 402.65
2017	14,710,000	4,425,000	19,135,000	21.32%	\$ 422.87
2016	15,570,000	4,630,000	20,200,000	23.34%	\$ 465.38
2015	16,320,000	4,825,000	21,145,000	24.06%	\$ 507.56
2014	11,685,000	5,015,000	16,700,000	19.50%	\$ 429.75

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
 Computation of Direct and Overlapping Debt
 Last Ten Fiscal Years

<u>Taxing Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
City of Bozeman	\$ 67,285,543	100.00%	\$ 67,285,543
Gallatin County	49,080,000	36.98%	18,151,439
Bozeman School District #7	<u>164,724,114</u>	61.81%	<u>101,812,563</u>
Subtotal overlapping debt	<u>213,804,114</u>		<u>119,964,002</u>
Total Direct and Overlapping Debt	<u>\$ 281,089,657</u>		<u>\$ 187,249,545</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
 Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit*	\$ 84,657,000	\$ 84,500,000	\$ 142,464,717	\$ 147,500,000	\$ 168,633,783	\$ 174,548,585	\$ 214,906,344	\$ 221,894,059	\$ 268,114,122	\$ 275,533,467
Total net debt applicable to limit	<u>19,066,072</u>	<u>23,557,111</u>	<u>22,245,812</u>	<u>21,044,501</u>	<u>20,709,105</u>	<u>21,947,366</u>	<u>56,981,426</u>	<u>64,707,309</u>	<u>69,481,249</u>	<u>65,559,444</u>
Legal debt margin	<u>\$ 65,590,928</u>	<u>\$ 60,942,889</u>	<u>\$ 120,218,905</u>	<u>\$ 126,455,499</u>	<u>\$ 147,924,678</u>	<u>\$ 152,601,219</u>	<u>\$ 157,924,918</u>	<u>\$ 157,186,750</u>	<u>\$ 198,632,873</u>	<u>\$ 209,974,023</u>
Total net debt applicable to the limit as a percentage of debt limit	22.52%	27.88%	15.61%	14.27%	12.28%	12.57%	26.51%	29.16%	25.91%	23.79%

*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 – Governmental Activities
Last Ten Fiscal Years

Year	Special Assessment Bonds					Coverage
	Special Assessment Collections	Debt Service		Total		
		Principal	Interest			
2023	\$ 569,231	\$ 391,928	\$ 128,795	\$ 520,723	1.09	
2022	901,483	183,999	135,136	319,135	2.82	
2021	975,387	192,284	135,114	327,398	2.98	
2020	775,230	32,000	26,434	58,434	13.27	
2019	518,351	234,500	18,740	253,240	2.05	
2018	506,819	95,000	23,221	118,221	4.29	
2017	558,988	161,500	30,335	191,835	2.91	
2016	705,143	228,000	39,343	267,343	2.64	
2015	586,116	295,000	50,070	345,070	1.70	
2014	1,054,483	474,000	73,760	547,760	1.93	

City of Bozeman, Montana
Pledged Revenue Coverage – Business-Type Activities
Last Ten Fiscal Years

Year	Water Revenue Bonds						Coverage
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
2023	\$ 12,314,794	\$ 10,150,775	\$ 2,164,019	\$ 1,318,000	\$ 478,523	\$ 1,796,523	1.20
2022	11,613,448	7,868,703	3,744,745	1,280,000	515,842	1,795,842	2.09
2021	11,027,542	6,878,458	4,149,084	1,244,000	552,156	1,796,156	2.31
2020	9,852,377	6,848,489	3,003,888	1,210,000	587,350	1,797,350	1.67
2019	9,396,171	6,525,730	2,870,441	1,176,000	578,954	1,754,954	1.64
2018	10,157,888	6,494,121	3,663,767	1,141,000	530,881	490,890	7.46
2017	9,281,821	6,589,396	2,692,425	822,000	490,890	1,312,890	2.05
2016	8,414,870	6,176,752	2,238,118	798,000	515,010	1,313,010	1.70
2015	7,748,913	4,973,926	2,774,987	775,000	538,425	1,313,425	2.11
2014	7,871,386	4,405,464	3,465,922	751,000	429,438	1,180,438	2.94

Year	Waste Water Revenue Bonds						Coverage
	Water Revenue	Less: Expenditures	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
2023	\$ 10,787,474	\$ 7,621,951	\$ 3,165,523	\$ 1,993,321	733,053	\$ 2,726,374	1.16
2022	10,389,216	6,607,192	3,782,024	1,951,000	729,704	2,680,704	1.41
2021	9,926,730	6,329,624	3,597,106	1,760,000	581,214	2,341,214	1.54
2020	9,441,675	6,592,798	2,848,877	1,172,000	446,064	1,618,064	1.76
2019	9,336,007	6,348,468	2,987,539	1,139,000	479,859	1,618,859	1.85
2018	8,876,017	5,158,989	3,717,028	1,104,000	513,009	1,617,009	2.30
2017	8,566,893	5,496,164	3,070,729	1,074,565	545,267	1,619,832	1.90
2016	7,927,692	5,139,029	2,788,663	1,042,000	552,269	1,594,269	1.75
2015	7,631,117	3,914,454	3,716,663	1,053,000	632,268	1,685,268	2.21
2014	7,204,486	5,895,751	1,308,735	1,084,854	660,771	1,745,625	0.75

City of Bozeman, Montana
Debt Service Requirements and Coverage for Tax Increment Districts
Last Ten Fiscal Years

Year	Downtown Improvement District			Northeast Urban Renewal District*			Midtown Improvement District**		
	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage	Revenues Available for Debt Service	Annual Debt Service Payment	Coverage
2023	\$ 2,347,685	\$ 330,150	7.11	\$ 414,674	\$ 92,000	4.51	\$ 1,734,350	\$ 409,950	4.23
2022	1,483,518	332,372	4.46	397,037	92,000	4.32	1,701,529	408,550	4.16
2021	1,847,752	332,448	5.56	470,096	92,000	5.11	1,118,930	401,893	2.78
2020	1,803,534	447,987	4.03	289,196	92,000	3.14	-	-	N/A
2019	2,150,531	423,573	5.08	164,252	95,000	1.73	-	-	N/A
2018	2,430,377	422,288	5.76	149,580	92,000	1.63	-	-	N/A
2017	2,160,187	425,488	5.08	-	-	N/A	-	-	N/A
2016	2,066,749	423,288	4.88	-	-	N/A	-	-	N/A
2015	1,853,725	425,888	4.35	-	-	N/A	-	-	N/A
2014	1,644,960	423,088	3.89	-	-	N/A	-	-	N/A

*\$863,000 Bond issuance for the Northeast Urban Renew al District on 7/20/2017

**\$6,500,000 Bond issuance for the Northeast Urban Renewal District on 7/9/2020

City of Bozeman, Montana
 Summary of Outstanding SIDs
 Last Ten Fiscal Years

<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	\$ 38,500	\$ 1,185	\$ 24,306	\$ -
SID 747	<u>4,001,000</u>	7/1/2040	<u>3,333,789</u>	<u>4,441</u>	<u>2,781,020</u>	<u>5,420</u>
Total	<u>\$ 4,495,000</u>		<u>\$ 3,372,289</u>	<u>\$ 5,626</u>	<u>\$ 2,805,326</u>	<u>\$ 5,420</u>

City of Bozeman, Montana
Revolving Fund Balance and Bond Secured Thereby
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Revolving Fund Cash Balance</u>	<u>Principal Amount of Debt</u>
2023	\$ 54,728	680,263
2022	766,881	766,510
2021	2,555,927	1,152,898
2020	2,173,692	1,537,286
2019	3,020,315	643,983
2018	2,903,817	916,503
2017	2,874,013	1,040,533
2016	2,924,604	1,120,708
2015	2,948,129	1,295,224
2014	2,474,971	1,317,226

City of Bozeman, Montana
Special Improvement District Assessment Billing and Collections
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Assessment Billing</u>	<u>Total Annual Collections</u>
2023	\$ 567,476	569,230
2022	578,154	599,831
2021	594,719	649,643
2020	642,408	703,796
2019	476,212	518,351
2018	505,481	506,819
2017	528,622	558,988
2016	543,351	705,143
2015	538,697	586,116
2014	676,613	1,054,484

City of Bozeman, Montana
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population	Percentage Change in Estimated Population	Personal Income	Per Capita Personal Income	Median Age	Residents (age 25 and over) with Bachelor's Degree or Higher	Pre K-12 School Enrollment	Unemployment Rate
2023	56,123	2.89%	\$1,952,338,137	\$ 39,939	28.0	63.8%	7,357	1.9%
2022	54,545	2.35%	1,700,066,144	36,526	29.0	63.1%	7,308	2.1%
2021	53,293	6.95%	1,393,673,190	32,865	28.0	58.7%	6,893	3.2%
2020	49,831	2.68%	1,279,025,432	30,268	28.0	56.8%	7,152	4.5%
2019	48,532	4.15%	1,047,804,618	29,097	28.0	56.9%	7,015	3.8%
2018	46,596	2.97%	993,940,022	28,748	27.9	55.6%	6,908	2.8%
2017	45,250	4.25%	918,565,430	26,506	27.7	56.5%	6,770	2.8%
2016	43,405	4.19%	849,682,100	26,350	27.5	54.4%	6,533	2.8%
2015	41,660	7.21%	849,198,410	26,335	27.3	53.6%	6,294	2.9%
2014	38,860	0.30%	852,165,042	26,427	26.8	53.3%	6,216	3.5%

Sources: Bozeman Public Schools
U.S. Bureau of Labor Statistics
U.S. Census Bureau

City of Bozeman, Montana
Principal Employers
Current Year and Nine Years Ago

2023		2014	
Private Employers by Class	Employer Class Size	Private Employers by Class	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	9
Oracle America	7	Oracle America	7
Kenyon Noble Lumber & Hardware	7	Wal Mart	7
Town Pump Convenience Stores	7	Albertson's	6
Wal Mart	7	Bridger Bowl	6
Albertson's	6	Community Food Co-Op	6
Bridger Bowl	6	Costco	6
Community Food Co-Op	6	Federal Premium Ammunition	6
Costco	6	First Security Bank	6
First Student	6	First Student	6
Glacier Bancorp	6	GranTree Inn	6
McDonalds	6	Kenyon Noble Lumber & Hardware	6
Murdoch's Ranch & Home Supply	6	Korman Marketing Group	6
Ressler Motors	6	Martel Construction	6
Rosauers Food & Drug	6	McDonalds	6
Target	6	Murdoch's Ranch & Home Supply	6
Town & Country Foods	6	Ressler Motor	6
UPS	6	Town & Country Foods	6
Williams Plumbing & Heating	6	Town Pump Convenience Stores	6
Zoot Enterprises	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	School District #7	9
Bozeman School District	8	Belgrade School District	8
Gallatin County	8	City of Bozeman	7
City of Bozeman	7	Department of Agriculture	7
		Gallatin County	7

Source: Montana Department of Labor & Industry

Class 6 - 100 to 249 Employees

Class 7 - 250 to 499 Employees

Class 8 - 500 to 999 Employees

Class 9 - 1,000+ Employees

City of Bozeman, Montana
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
City Commission	2.10	2.10	2.10	2.10	0.10	2.10	2.10	2.10	2.10	2.10
City Manager	5.00	5.00	6.00	6.00	9.00	9.00	9.00	9.00	9.00	9.00
Municipal Court	8.50	9.00	8.50	8.50	9.50	9.50	9.60	9.98	11.23	11.23
City Attorney	7.00	9.00	10.20	10.20	10.70	10.70	11.70	12.70	12.70	13.70
Administrative Services *	19.00	21.00	21.50	23.50	-	-	-	-	-	-
Human Resources *	-	-	-	-	4.00	5.00	5.00	5.00	5.00	6.00
Finance *	-	-	-	-	12.50	13.50	13.50	15.00	14.00	14.00
Information Technology *	-	-	-	-	6.00	7.00	7.00	7.00	8.00	8.50
Community Development	8.00	12.60	11.60	13.00	13.00	14.25	15.25	15.25	18.25	19.50
Facilities Management	3.50	3.50	3.50	3.50	4.50	5.00	5.00	6.00	7.00	8.00
Total general government	53.10	62.20	63.40	66.80	69.30	76.05	78.15	82.03	87.28	92.03
Public safety										
Police Department	72.75	72.25	71.70	72.70	72.70	74.55	75.55	76.95	80.95	81.95
Fire Department	45.75	45.00	46.00	46.00	46.00	47.00	50.00	50.00	50.00	57.00
Building Inspection	12.55	14.00	18.50	18.50	19.50	19.75	19.75	19.75	19.75	20.75
Parking	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Total public safety	136.55	137.25	142.20	143.20	144.20	147.30	151.30	152.70	156.70	165.70
Public services										
Public Services Admin/Engineering	12.00	6.58	10.25	11.50	11.50	16.25	18.25	22.25	26.25	29.25
Streets	18.62	16.20	18.85	19.85	21.85	21.35	22.30	22.30	22.30	24.70
Storm Water	1.00	4.00	6.25	6.50	7.50	7.50	8.50	9.50	9.50	10.25
Water Conservation						2.25	3.00	3.00	3.00	3.00
Water Treatment Plant	11.27	12.75	10.50	10.50	10.00	10.00	10.00	10.00	10.00	10.00
Water Operations	15.62	17.33	14.45	14.45	14.50	14.50	15.70	15.65	16.65	17.65
Wastewater Operations	11.25	13.09	13.30	14.05	12.00	12.50	13.55	14.55	14.55	14.55
Wastewater Plant	17.47	15.50	14.75	14.75	15.00	15.00	16.00	16.00	16.00	16.00
Solid Waste Collection/Recycling	15.74	15.90	15.15	16.15	17.15	17.15	18.75	19.75	19.75	20.75
Vehicle Maintenance	5.00	5.00	6.50	6.50	7.50	7.50	8.50	8.50	9.50	10.50
Total public services	107.97	106.35	110.00	114.25	117.00	124.00	134.55	141.50	147.50	156.65
Public Welfare										
Cemetery (numerous short terms)	3.33	4.90	5.04	5.04	4.75	4.25	4.25	4.55	4.55	4.55
Parks (numerous short terms)	11.77	15.40	14.51	14.51	14.90	18.00	18.00	19.75	19.75	29.65
Forestry	4.60	5.95	5.65	6.65	5.20	6.00	6.00	6.65	6.65	6.65
Library	23.11	23.41	26.02	28.02	28.02	28.02	28.02	26.53	26.53	27.53
Recreation (numerous short terms)	16.83	16.83	23.55	24.26	23.41	24.80	24.80	21.90	21.90	23.10
Economic Development	4.00	3.50	3.50	3.50	2.00	2.00	3.00	3.00	3.00	3.00
Sustainability	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	3.00	3.00
Total public services	65.14	71.49	79.77	83.48	79.78	84.57	85.57	83.88	85.38	97.48
Total	362.76	377.29	395.37	407.73	410.28	431.92	449.57	460.11	476.86	511.86

Source: City Manager's Final Adopted Budget

* Administrative Services consists of Finance, Information Technology and Human Resources. Beginning in fiscal year 2018, these programs are reported separately.

City of Bozeman, Montana
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Finance										
SID Statements	16,424	16,506	16,893	17,200	17,463	18,185	18,552	18,895	19,655	20,001
Utility Bills	155,000	162,000	166,000	169,000	172,000	168,280	176,263	180,720	205,092	208,259
Accounts Payable Checks Processed	10,453	11,098	11,000	11,800	12,350	11,762	11,800	12,488	10,543	9,846
Police										
Number of Officers	63	61	60	61	60	60	60	60	60	61
Calls for Service	48,542	46,290	47,400	48,200	47,136	50,548	48,099	48,560	69,857	49,182
Arrests	2,165	2,195	2,078	2,427	2,314	2,618	2,017	2,118	1,936	2,402
Misdemeanor Citations Issued - includes traffic	6,045	6,169	6,390	5,886	4,940	5,430	4,800	4,058	4,012	5,460
Traffic Stops	8,210	7,757	7,482	7,900	7,675	9,600	8,410	8,736	8,062	5,991
Traffic Crashes	1,469	1,601	1,792	1,850	1,958	1,840	1,813	1,351	1,452	1,707
Fire*										
Fires, Hazardous Conditions, Rupture/Explosions	340	296	349	445	564	522	340	304	319	367
Emergency Medical Services/ Rescue	2,051	2,032	2,424	3,062	3,320	3,073	3,154	3,005	2,716	2,714
Service Calls	212	202	244	334	438	406	239	170	311	282
Building Inspection										
Commercial Permits:										
Number	1,165	1,560	1,628	1,731	883	768	702	707	548	1,014
Value (Millions)	\$ 44.50	\$ 98.02	\$ 164.47	\$ 65.00	\$ 216.00	\$ 249.00	\$ 302.00	\$ 237.00	\$ 201.00	\$ 271.00
Residential Permits:										
Number	2,911	2,836	3,937	3,905	3,222	2,307	2,094	2,674	1,947	2,354
Value (Millions)	\$ 130.68	\$ 191.97	\$ 200.00	\$ 130.00	\$ 340.00	\$ 311.00	\$ 176.00	\$ 233.00	\$ 479.00	\$ 444.00
Water										
New Service Main Taps	57	70	60	72	65	101	96	100	60	25
Meter Replacement/ Repair	479	1,006	978	1,500	994	1,042	528	1,273	1,285	645
Water Main Breaks/ Repairs	7	5	7	6	7	5	11	14	9	5
Wastewater										
Main Line Flushing (in Miles)	30.0	90.0	50.0	30.9	50.0	37.5	48.0	33.3	73.7	55.1
New Infrastructure TV (in Miles)	2.00	8.00	2.60	9.90	7.00	2.80	3.30	7.40	6.77	3.70
New Service Taps	37	44	20	30	30	56	25	34	19	19
Solid Waste Collection & Recycling										
Residential Accounts	7,869	8,369	8,878	9,695	10,384	10,884	11,321	11,841	12,317	12,379
Commercial Customers	258	265	461	449	515	573	566	520	612	649
Recycling Customers	1,601	2,100	2,663	3,386	3,854	4,434	4,867	5,526	6,025	6,231
Annual Tonnage Collected: Collections Program	10,960	11,457	11,691	12,490	17,657	18,880	19,815	19,955	21,369	23,530
Vehicle Maintenance										
Work Orders Processed	1,717	1,549	1,453	1,509	2,592	2,392	2,057	3,718	1,802	1,845
Gallons of Oil Disposed	8,740	8,969	7,395	6,475	5,007	5,522	4,900	5,787	2,925	4,676
Parks										
Park Reservations	400	400	400	400	425	493	423	912	1,433	938

Sources: City Manager's Final Adopted Budget, City of Bozeman Finance Department

*Statistics are based on calendar year

City of Bozeman, Montana
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (Cars)*	20	22	21	21	22	21	21	24	20	22
Patrol Units (Motorcycles)	4	2	3	3	3	3	3	3	3	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	7	7	7	7	7	7	7	7	7	9
Streets										
Street & Alley Mileage	259	262	266	267	271	275	280	282	286	297
Lane Miles Painted	35	49	50	50	52	48	53	51	51	53
Number of Signs Installed/Repaired	798	600	600	600	708	394	1,107	1,270	273	467
Water										
Water Mains (Miles)	267.28	268.57	274.89	276.92	283.95	286.68	297.10	299.52	304.53	307.58
Fire Hydrants	2,406	2,419	2,511	2,573	2,618	2,668	2,758	2,782	2,835	3,008
Wastewater										
Sanitary Sewers (Miles)	211.51	212.53	219.14	224.28	234.64	236.04	239.00	242.43	254.14	251.07
Number of Manholes	4,185	4,219	4,360	4,492	4,614	4,677	4,828	5,023	5,051	5,457
Solid Waste										
Number of Collection Vehicles	8	8	8	8	8	8	6	6	8	9
Number of Roll-off Trucks	4	4	4	4	5	5	5	5	5	5
Number of Recycling Trucks	2	2	2	2	2	2	2	2	2	2
Number of Compost Collection Trucks	2	2	2	2	1	1	1	1	1	1
Parks										
Formal Turf Acres	125	126	140	140	172	192	192	192	196	475
Natural Parkland Acres	220	220	220	220	323	343	388	413	413	436
Miles of Trails	61	63	63	63	63	65	65	65	71	79

*Patrol cars determined by Vehicle & Equipment Master List-Fire Extinguishers tab-Total of "Utility" & "Interceptor" vehicles 206

Sources: City Manager's Final Adopted Budget
City of Bozeman Finance Department
City of Bozeman GIS Department
City of Bozeman Police Department

Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

City of Bozeman, Montana



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The City Commission
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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Billings, Montana
December 21, 2023



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The City Commission
City of Bozeman, Montana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Bozeman, Montana’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2023. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

Billings, Montana
December 21, 2023

City of Bozeman, Montana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Agriculture			
Passed through Montana Department of Natural Resources and Conservation:			
Cooperative Forestry Assistance	10.664	FHE-21-101	\$ 3,718
Department of Interior			
Passed through Montana Historical Society:			
Historic Preservation Fund Grants-in-Aid	15.904	P21AF10470	12,400
Department of Justice			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		6,288
Passed through Gallatin County:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2990-000-42-420 142-000-400-790	73,204
Total CFDA 16.738			79,492
Direct Program:			
Bulletproof Vest Partnership Program	16.607		3,294
Total Department of Justice			82,786
Department of Transportation			
Passed through Montana Department of Transportation:			
State and Community Highway Safety	20.600	00-03-09-02	521
National Priority Safety Programs	20.616	00-03-09-02	1,064
Total Department of Transportation			1,585
Department of Treasury			
Direct Program:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		6,751,994
Passed through Montana Department of Natural Resources and Conservation:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Various	1,494,522
Total Department of Treasury			8,246,516
Department of Homeland Security			
Passed through Montana Disaster and Emergency Services:			
Homeland Security Grant Program	97.067	22HSBZMNV	392,939
Total Federal Financial Assistance			\$ 8,739,944

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Bozeman, Montana (the City) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note 2 - Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The City has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses 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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2023-001: Street Impact Fees – Assessment
Significant Deficiency**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring street impact fees are assessed and recorded appropriately is a key component of effective internal control over financial reporting.

Condition: We tested 40 separate street impact fee calculations that were assessed during fiscal year 2023. Through testing these transactions, we noted inconsistencies with assessment practices and rate schedules being applied to various transactions tested, and as a result, we found several discrepancies between our recalculation of fees and the amount that was charged for 16 of the 40 items tested. Total street impact fees charged totaled ~5.2M during the fiscal year, and the errors noted within our sample projected to an overall discrepancy of ~162k. This difference represents an estimated amount that revenue was overstated during the fiscal year as a result of the testing performed. Various differences are the result of information that could not be provided to support various inputs into the calculations as they were not maintained in a manner that would allow us to accurately recalculate the fees charged.

Cause: The City of Bozeman (City) did not have adequate internal controls to ensure impact fees were assessed and recorded consistently and that adequate documentation was maintained to support the amounts that were charged.

Effect: Inconsistent documentation, inability to quickly replicate fee calculations, and possibility that some customers may have been overcharged or undercharged for street impact fees. Testing resulted in an immaterial misstatement in street impact fee revenues.

Recommendation: We recommend the City enhance internal controls to ensure street impact fees are consistently assessed and appropriately recorded and that documentation is maintained to support the inputs into the calculations performed.

Views of Responsible Officials: Management agrees with this finding.

Section III – Federal Award Findings and Questioned Costs

No current year findings reported.