

# BOZEMAN<sup>MT</sup>

CITY OF BOZEMAN, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by the City of Bozeman Finance Department

CITY OF BOZEMAN, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2019

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal.....	1-12
Governmental Financial Officers' Association Certificate of Achievement.....	13
Organizational Chart .....	14
City Elected Officials and Officers .....	15-17

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT .....	18-20
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A. MANAGEMENT'S DISCUSSION AND ANALYSIS.....	21-36
----------------------------------------------	-------

B. BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements	
Statement of Net Position.....	37-38
Statement of Activities .....	39

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet – Governmental Funds.....	40-41
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	43
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to The Statement of Activities – Governmental Funds .....	44

Proprietary Fund Financial Statements

Statement of Net Position – Proprietary Funds .....	45-46
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	47
Statement of Cash Flows – Proprietary Funds .....	48-49

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position – Fiduciary Funds .....	50
-------------------------------------------------------------	----

Notes to Financial Statements .....	51-127
-------------------------------------	--------

CITY OF BOZEMAN, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

C. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

Schedule of Changes in Total OPEB Liability & Related Ratios .....	128
Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions .....	129-131
Notes to Required Supplementary Information – Pension Plan Changes .....	132-137
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund .....	138
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Other Major Funds	
Street Maintenance Special Revenue Fund .....	139
Notes to Required Supplementary Information – Budgetary Information .....	140

D. SUPPLEMENTAL INFORMATION

Combining and Individual Fund Statements – Nonmajor Funds	
Combining Balance Sheet – Nonmajor Governmental Funds .....	141-147
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds .....	148-154
 Budget-to-Actual Statements – Nonmajor Funds	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual	
Nonmajor Governmental Funds .....	155-173
 Combining Nonmajor Proprietary Funds	
Combining Statements of Net Position .....	174-175
Combining Statements of Revenues, Expenses, and Changes in Net Position .....	176
Combining Statements of Cash Flows .....	177-178
 Internal Service Funds Statements	
Combining Statement of Net Position .....	179
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	180
Combining Statements of Cash Flows .....	181-182

CITY OF BOZEMAN, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

D. SUPPLEMENTAL INFORMATION (CONTINUED)

Agency Funds

Combining Statements of Fiduciary Net Position .....	183
Combining Statement of Changes in Assets and Liabilities .....	184

III. STATISTICAL SECTION

Financial Trends Section

Net Position by Component.....	185
Changes in Net Position .....	186-187
Fund Balances of Governmental Funds .....	188
Changes in Fund Balances, Governmental Funds .....	189

Revenue Capacity Section

Assessed value of Taxable Property.....	190
City Taxable Market and Taxable Values .....	191
Tax Increment District Taxable Valuation Detail .....	192
Downtown Bozeman Improvement District & Comparison to City Taxable Value.....	193
Property Tax Levies in the Downtown Bozeman Improvement District .....	194
Direct and Overlapping Property Tax Rates .....	195
Principal Property Tax Payers .....	196
Principal Property Tax Payers in Downtown Bozeman Improvement District .....	197
Property Tax Levies and Collections .....	198
Water Sold by Type of Customer .....	199
Water and Sewer Rates.....	200

Debt Capacity Section

Ratios of Outstanding Debt by Type .....	201
Ratios of General Bonded Debt Outstanding .....	202
Direct and Overlapping Governmental Activities Debt .....	203
Legal Debt Margin Information .....	204
Pledged Revenue Coverage .....	205
Debt Service Requirements and Coverage for Downtown Tax Increment District .....	206
Summary of Outstanding SIDs.....	207
Revolving Fund Balance and Bond Secured Thereby.....	208
Special Improvement District Assessment Billing and Collections.....	209

CITY OF BOZEMAN, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

Demographics and Economic Section	
Demographic and Economic Statistics .....	210
Principal Employers for Gallatin County .....	211
Operating Information	
Full-time Equivalent City Government Employees by Function/Program .....	212
Operating Indicators by Function/Program .....	213
Capital Asset Statistics by Function/Program .....	214

IV. REPORTS OF INDEPENDENT PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Finance Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	215-216
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**PART I**

**INTRODUCTORY SECTION**

# BOZEMAN<sup>MT</sup>

December 16, 2019

To the Citizens of the  
City of Bozeman, Montana

The Comprehensive Annual Financial Report of the **CITY OF BOZEMAN, MONTANA** for the fiscal year ended JUNE 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis written to accompany the basic financial statements and should be read in conjunction with the transmittal letter.

## CITY OF BOZEMAN, MONTANA

**CITY OF BOZEMAN PROFILE**

The City of Bozeman 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. Bozeman encompasses an area over 19 square miles and is located on the eastern slope of the Rocky Mountains. The population of Bozeman in 2018 was estimated to be 48,532 – which is a total increase of 30% from April 2010 – which continues Bozeman’s standing as the fourth largest city in the state. Bozeman is the county seat of Gallatin County and is the home to Montana State University – Bozeman, and the Fighting Bobcats.

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

**BUDGET DEVELOPMENT PROCESS**

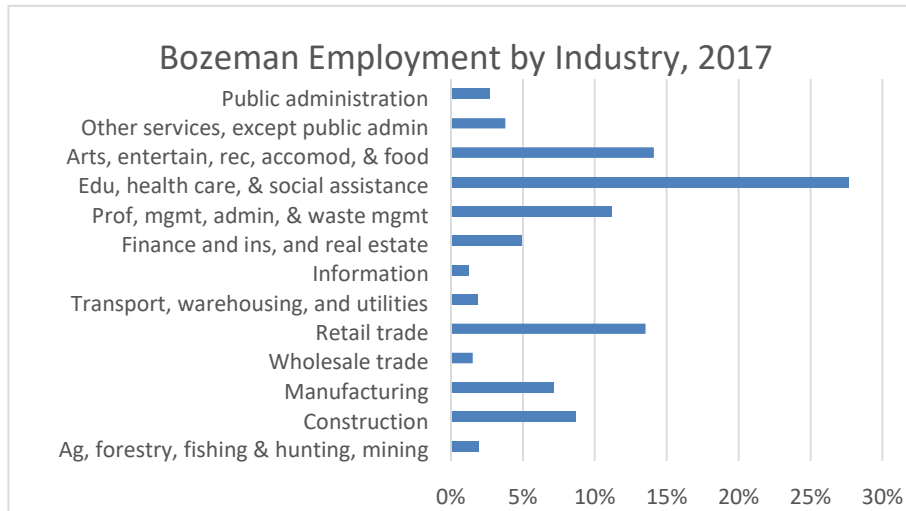
The City of Bozeman budget serves several purposes. For the *citizens of the City of Bozeman*, it presents a picture of the city government operations and intentions for the year. For the *City Commission*, it serves as a policy tool and as an expression of goals and objectives. For *City Management*,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

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



## CITY OF BOZEMAN, MONTANA

Fiscal Year 2019 marked the seventh year in a row where the final budget was adopted before start of the year. It was completed in late April and presented in mid-May with an adoption of a final budget on June 24<sup>th</sup>. This revised budget calendar was developed in Fiscal Year 2013 in an effort to improve understandability of our financial plans and to improve staff and commission efficiency. The overall goal of the City's financial policies is to establish and maintain effective management of the City's financial resources.

**ECONOMIC CONDITION AND OUTLOOK**

The charts contained on this page were developed from information obtained by using the Economic Profile System (EPS), for the City of Bozeman, made available from Headwaters Economics, an independent, nonprofit research group. The statistics are from multiple federal sources – Bureau of Economic Analysis and Bureau of the Census, U.S. Department of Commerce, and Bureau of Labor Statistics, as well as the U.S. Department of Labor. The other source of this information is the Bureau of Business and Economic Research (BBER) a research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting.

## CITY OF BOZEMAN, MONTANA

Regionally, Bozeman is located in southwestern MT in Gallatin County. “Bozeman’s overall cost of living was 1.8 percent above the national average as of August 2018, compared to 259 other urban areas in the U.S. As seen in the following figure, in the second quarter of 2018 the housing index score was 108.2, meaning that area housing was 8.2 percent above the national average for the quarter. The average price of a new 2,400 square foot home on an 8,000 square foot lot that met the index collection specifications was \$373,872. The average monthly rental rate for a 950 square foot apartment in the Bozeman area that met the index collection specifications was \$1,121. Mortgage rates are also taken into consideration when computing the housing index score. For Bozeman residents, all expense categories except for utilities and transportation came in above national averages for the second quarter of 2018. To put Bozeman’s index scores in perspective, the table to the right includes the cities with the most expensive and least expensive composite scores for the quarter—Manhattan, NY and Harlingen, TX, respectively. The table also includes the comparable cities to Bozeman in the Western region that participate in the index, as well as Prospera’s calculation of how much expensive each city is in comparison to Bozeman.”

-As cited by Prospera Business Network, 2019 Economic Profile of Gallatin and Park Counties, Montana.

**2nd Quarter 2018 Cost of Living Index Comparison**  
(from least to most expensive, out of 259 communities.)

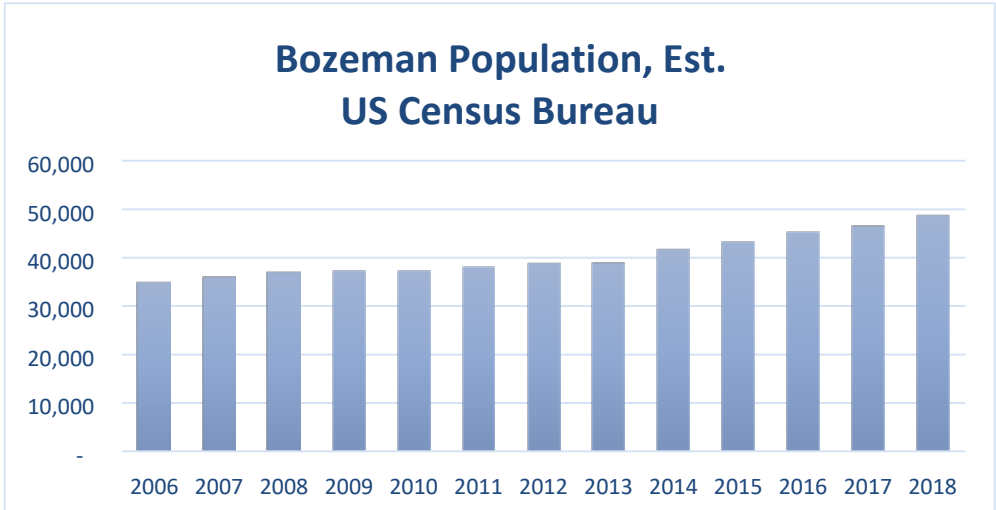
PLACE	COMPOSITE	GROCERIES	HOUSING	UTILITIES	TRANSPORTATION	HEALTH CARE	GOODS & SERVICES	RANK	% MORE/LESS EXPENSIVE (Moving From Bozeman To This City)
Harlingen, TX <i>Least Expensive Q2 2018</i>	75.7	82.9	59.2	97.6	84.5	86.0	76.3	1	-25.64
Cedar City, UT	88.1	92.0	73.9	98.6	107.1	84.8	90.6	46	-13.46
Laramie, WY	90.1	98.4	76.7	87.5	85.1	96.5	98.8	70	-11.49
Boise, ID	97.3	95.5	89.5	87.2	114.8	102.0	102.0	168	-4.42
Pierre, SD	98.5	99.9	114.6	92.0	86.2	97.3	90.1	183	-3.24
<b>Bozeman, MT</b>	<b>101.8</b>	<b>104.5</b>	<b>108.2</b>	<b>85.9</b>	<b>92.8</b>	<b>106.3</b>	<b>101.8</b>	<b>197</b>	<b>n/a</b>
Olympia, WA	105.0	110.3	97.8	93.2	126.4	122.5	104.2	207	3.14
Denver, CO	111.4	100.3	136.9	79.2	105.4	101.4	107.2	216	9.43
Portland, OR	130.1	112.2	179.8	87.4	120.8	109.1	114.1	240	27.80
San Francisco, CA	190.0	130.8	344.6	125.7	135.2	127.3	128.8	258	86.64
Manhattan, NY <i>Most Expensive Q2 2018</i>	238.3	144.0	503.4	119.6	122.8	113.2	140.6	259	134.09

**FOR THE YEAR**

**Significant Developments during the year include:**

**Continued Growth:**

Continued Growth – Bozeman’s most recent evidence of continued growth includes the US Census data showing an estimated population increase of 4.2% this year, on top of the 3.0% increase for last year. The City has experienced strong building permit activity and increased traffic counts and congestion on City streets. Much of this year’s budget was adopted in response to the prolonged growth that Bozeman continues to experience.



**Passage of Bond Resolution for the Bozeman Public Safety Center:** On the November 11<sup>th</sup>, 2018 ballot, the citizens of Bozeman voted to issue \$36,965,000 in General Obligation bonds to fund the building of the Bozeman Public Safety Center, which is to house the Police, City Attorneys, Municipal Court, one Fire Station and public use spaces. Construction efforts began in early 2019, and are estimated to be completed in

2021. The bonds were successfully sold in September of 2019 and will be repaid using the City’s taxing authority.

**Parks and Trails Maintenance District:** In July of 2018, the City Commission voted to adopt the silver level of service for the Staffing and Implementation plan for the Park & Trail District. In March of 2019, the City Commission voted to use a five-year startup period for the district. The



## CITY OF BOZEMAN, MONTANA

challenges of the implementation include an increase in the number of parks that staff needs to maintain, an increase in the level of basic services provided by the City's parks, and an increase in the amount of repair/replacement projects that are undertaken each year. The creation of the district will go on a future ballot to be voted on by the citizens of Bozeman.

### FOR THE FUTURE

**Fiscal Year 2020 Strategic Plan Priorities:** The Bozeman City Commission review the seven priorities from FY19 and removed the Bozeman Public Safety Center, which was supported by City voters. They also removed Partnerships for Education and Learning because in FY19 great strides were made with Montana State University and the Bozeman School District that are continuing in FY20. The remaining five became the priorities for FY20 and the budget. The "Big 5" are: Community Outreach, Affordable Housing, Planning & Land Use Initiatives, Annexation Analysis & Study, and the Parks Maintenance District. In addition to these top five priorities, five new projects are included in the FY20 efforts: 1% for Art Program Establishment, Intersection Level of Service Communication, Sewer Capacity Communication, Street Light Study, and the Vendor Gender Pay project.



**Parks & Trails Maintenance District:** The Parks & Trails Maintenance District will be placed on a ballot to be voted on by the citizens of Bozeman. After initially selecting a protest out method, it was decided to bring the creation to a vote. If the Parks & Trails Maintenance district ballot item passes, the City would be looking to create the district in FY21. This district would remove the parks, recreation and aquatics expenditures out of the general fund, and would levy a special assessment to pay for the personnel, operating and capital expenditures in the future.



### **Planning Processes:**

The City plans for the long-term needs of our community through a number of efforts and studies. These documents are usually developed by consultants and staff, with numerous public hearings and advisory board meetings held prior to their formal adoption by the Commission. Once adopted, City staff works diligently to implement the recommendations and changes outlined in the plans. The primary planning documents are:

### **City Strategic Plan:**

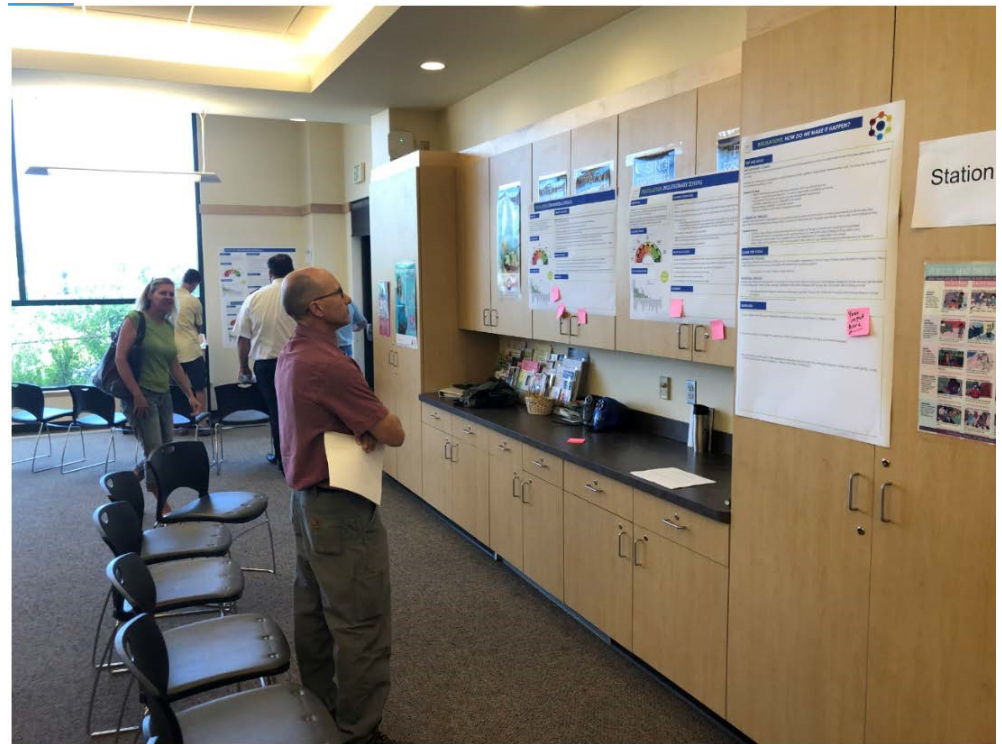
- Adopted April, 2018

### **Plans for Service Provision, Facility Expansion & Maintenance:**

- Bozeman Community Plan—Adopted 2010.
- Bozeman Area Transportation Plan—Adopted 2017.
- Police Services Facility & Staffing Plan—Adopted 2007. Currently being updated.
- Fire Services Master Plan— Adopted 2017.
- Wastewater Facility Plan—Adopted 2015.
- Water Facility Plan—Adopted 2017.
- Stormwater Facility Plan—Presented February 2008.
- Parks, Recreation, Open Space, and Trails Plan— Adopted 2007.
- Municipal Climate Action Plan—Adopted 2008.
- Community Climate Action Plan – Adopted 2011.
- Economic Development Plan—Adopted 2017.
- Downtown Improvement Plan—Adopted 2010.

### **Plans for Facility Maintenance:**

- Downtown Improvement Plan—Adopted 2010. Currently being updated
- Aquatics Facility Survey for Swim Center & Bogert Park Pool— July 2008.
- City-Owned Facility Assessments—2008, with updates ongoing.



**Financial Plans:**

- Downtown Improvement Plan—Adopted 2010.
- Annual Budget—Adopted each June.
- Capital Improvements Plan - Updated & adopted each year; recently for FY20-FY24.
- Water Rate Study (5 Years) – Updated for FY19-FY23.
- Wastewater Rate Study (5 Years) – Updated for FY19-FY23.
- Impact Fee Studies (Water, Sewer, Streets, Fire) – Updated in FY18.

**Strategic Plan**

With the adoption of the Strategic plan, the FY19 budget incorporated efforts to implement each of the vision statements. The highlights of the impact on the budget include:

1. **Engaged Community** – The City’s first Communications Coordinator position, initially funded in FY18, played a key role in our community engagement efforts in FY19. This position significantly advances our work to foster a culture of civic engagement by creating a detailed communication plan for the organization, expand outreach to the community, and oversee a citizen engagement process. Communication and outreach is one of the seven priorities for this fiscal year.
2. **Innovative Economy** – Several Strategic Plan action items, which can also be found in the 2016 Economic Development Strategy, will be implemented through the ongoing work of the Economic Development Department this year.
3. **Safe, Welcoming Community** – The Bozeman Public Safety Facility construction began in FY19 after a voter approved ballot measure to issue bonds to cover the construction costs. The facility is slated to be in use in 2021.





## CITY OF BOZEMAN, MONTANA



4. Well Planned City – To consistently improve our community’s quality of life as it grows, the priorities of *Planning and Land Use Initiatives* and *Annexation Analysis and Study* are included in FY19’s efforts and continued into FY20. Work continues on the *Parks & Trails Maintenance District* with the City Commission adopting a “silver” level of service and a five-year implementation plan. The creation of the district will go on the ballot to vote in the near future.

5. Creative, Learning Culture – We partnered with MSU, utilizing their student and faculty population to accomplish some strategic plan action items through college-level class assignments. This was a new partnership for education and learning between the City and the University that has not existed in the past.

6. Sustainable Environment –

In FY19, the City presented the Climate Action & Resiliency Plan to help guide the City in its sustainability efforts. In September 2019, the Bozeman Climate Team was created to assist with the development of the Bozeman climate plan. The City also established a Drought Reserve and corresponding utility fee for excess water usage to fund the drought reserve in FY20.

7. High Performance Organization – Maintaining the City’s current levels of service and implementing action items in the Strategic Plan requires the additional staff that has been included in the FY20 budget. FY20 focuses on Public Safety, and includes the addition of 3 new Firefighting positions. A total of 15.85 full time equivalents (FTE) were added in the FY20 budget to meet the needs of the growing City.





## 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.

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

- **Restricted** -- Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.



## CITY OF BOZEMAN, MONTANA

- Committed -- Amounts constrained to specific purposes by the City Commission; to be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes action to remove or change the constraint.
- Assigned -- Amounts the City intends to use for a specific purpose; intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority. The City Commission delegates this authority to the City Manager.
- Unassigned -- Amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

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

The City manages and accounts for its financial activity in accordance with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB).

The city maintains its accounting records for general governmental operations on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when services or goods are received and liabilities incurred. Accounting records for proprietary fund types and similar trust funds are maintained on an accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash.

**Internal Controls**

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

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

## CITY OF BOZEMAN, MONTANA

**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 Anderson, ZurMuehlen & Co. P.C., 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 comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 35<sup>th</sup> 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 comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, with a special thanks to Assistant Controller Brandi Higgins. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Sincerely,



Andrea Surratt  
City Manager



Kristin Donald, MBA  
Director of Finance



Brian LaMeres, CPA  
City Controller

CITY OF BOZEMAN, MONTANA

GOVERNMENT FINANCE OFFICERS' ASSOCIATION CERTIFICATE



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Bozeman  
Montana**

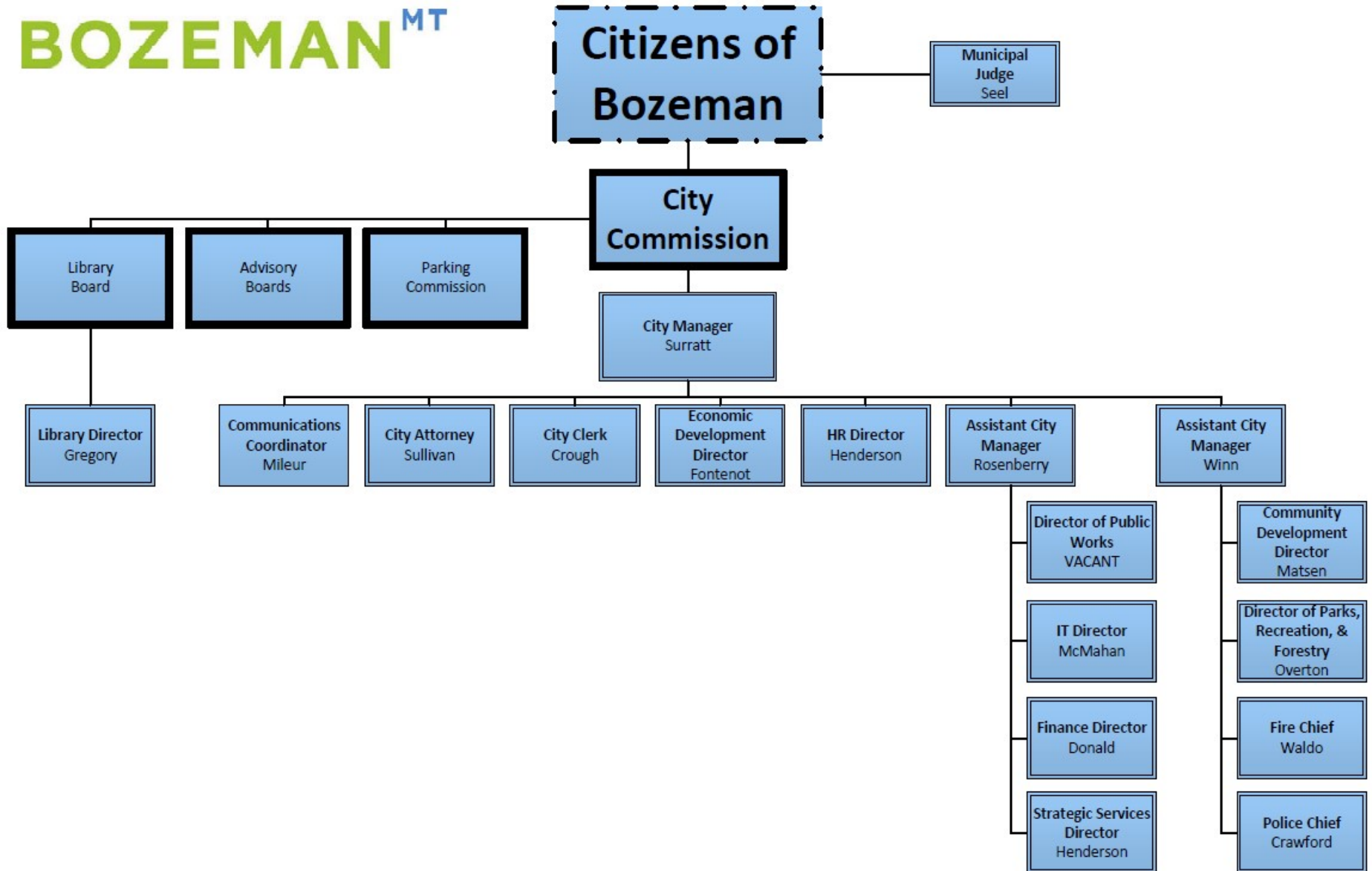
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

CITY OF BOZEMAN, MONTANA  
ORGANIZATIONAL CHART  
Fiscal Year 2019



CITY OF BOZEMAN, MONTANA  
CITY ELECTED OFFICIALS AND OFFICERS  
Fiscal Year 2019

ELECTED OFFICIALS

Legislative

Cynthia Andrus  
Christopher Mehl  
Jeffrey Krauss  
I-Ho Pomeroy  
Terence Cunningham

Mayor  
Deputy Mayor  
Commissioner  
Commissioner  
Commissioner

Judicial

Karl Seel  
Colleen Herrington

Municipal Judge  
Municipal Judge

OFFICERS

Executive

Andrea Surratt  
Chuck Winn  
Anna Rosenberry  
Robin Crough

City Manager  
Assistant City Manager  
Assistant City Manager  
City Clerk

Department of Law

Gregory Sullivan  
Bekki Mclean  
Timothy A. Cooper  
Karen Stambaugh  
Kyla Murray  
Samantha Niesen  
Ed Hirsch

City Attorney  
Chief Prosecutor  
Assistant City Attorney  
Assistant City Attorney  
City Attorney/Prosecutor  
City Attorney/Prosecutor  
City Attorney/Prosecutor

Department of Finance

Kristin Donald, MBA  
Brian LaMeres, CPA  
Laurae Clark

Finance Director  
Controller  
Treasurer

CITY OF BOZEMAN, MONTANA  
CITY ELECTED OFFICIALS AND OFFICERS  
Fiscal Year 2019

OFFICERS (CONTINUED)

<p>Department of Economic Development Brit Fontenot</p>	<p>Director of Economic Development</p>
<p>Department of Information Technology Scott McMahan</p>	<p>Information Technology Director</p>
<p>Department of Human Resources James Henderson</p>	<p>Human Resources Director</p>
<p>Department of Public Safety Steve Crawford James Veltkamp Josh Waldo Michael Maltaverne Scott Mueller</p>	<p>Chief of Police Deputy Chief of Police Fire Chief Deputy Fire Chief of Operations Deputy Fire Chief – Fire Marshal</p>
<p>Department of Public Service Vacant (filled 7/15/19) Shawn Kohtz Jon Henderson John Alston John Van Delinder Kevin Handelin Eric Campbell Thomas Radcliffe Mike Gray</p>	<p>Director of Public Service City Engineer Director of Strategic Services Superintendent of Water and Waste Water Operations Superintendent of Street Operations Superintendent of Sanitation Operations Superintendent of Water Treatment Plant Superintendent of Water Reclamation Facility Superintendent of Facilities</p>
<p>Department of Public Welfare Mitch Overton Thomas White Jamie Saitta Elizabeth Hill Susan Gregory</p>	<p>Director of Parks &amp; Recreation Superintendent of Parks &amp; Cemetery Recreation Program Manager Aquatics Manager Director of Bozeman Public Library</p>

CITY OF BOZEMAN, MONTANA  
CITY ELECTED OFFICIALS AND OFFICERS  
Fiscal Year 2019

OFFICERS (CONTINUED)

Department of Planning and Community Development

Martin Matsen  
Chris Saunders  
Brian Krueger

Director of Planning and Community Development  
Community Development Manager  
Development Review Manager

**PART II**

**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bozeman, Montana (the City), as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bozeman, Montana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Bozeman's basic financial statements. The introductory section, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Anderson Zurmuehlen & Co., P.C.*

Bozeman, Montana  
December 16, 2019

**A. MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

Our discussion and analysis of the City of Bozeman's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter on page 1 and the City's financial statements, which begin on page 37.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 37 thru 39) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 40. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

Our analysis of the City as a whole begins on page 23. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and *changes in net position*. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or financial position. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, 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.
- Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, waste water, storm water, solid waste, and parking systems are reported here.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

## Reporting the City's Most Significant Funds

### Fund Financial Statements

Our analysis of the City's funds begins on page 29. The fund financial statements begin on page 40 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes (like Street Maintenance District Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Office of Violence Against Women). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental funds**--Most of the City's basic services 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. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on pages 42 and 44 of the fund financial statements.

**Proprietary funds**--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 (the other component of proprietary 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 as Trustee

### Reporting the City's Fiduciary Responsibilities

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. All of the City's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 50 and in the Combining Statement of Changes in Assets and Liabilities-Agency Funds on page 184. As the statements reflect, the financial activity during the year for these funds is nominal. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**THE CITY AS A WHOLE**

The City's *combined* net position increased by \$26.7 million this year as compared to a \$34.2 million increase last year. The smaller increase this year was mainly due to expenses increasing more than revenues compared to last year. Total revenues this year decreased by \$3.4 million while total expenses increased by \$4.2 million.

The decrease in total revenues was primarily due to a \$2 million decrease in Charges for Services and a \$2.5 million decrease in Restricted Capital Grants & Contributions, which mainly consists of street, water, wastewater, and stormwater infrastructure provided by private developers. These decreases were partially offset by a \$1.3 million increase in Property Tax revenue. The specific contributing factors are outlined in the following discussion. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The net position of the City's governmental activities increased by \$14.3 million, or 8.5%, from \$166.9 million last year compared to \$181.2 million this year due to revenues exceeding expenses, the details of which are discussed below. *Unrestricted* net position for governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$11.5 million, or 171.7%, from negative (\$6.7) million to a positive \$4.8 million. The reason for this unrestricted net position being negative in prior years was the implementation of GASB Statement 68 "Accounting and Financial Reporting for Pensions", which required the City to record its share of employee retirement for the first time.

The net position of the City's business-type activities increased by \$12.5 million, or 4.7%, from \$266.4 million to \$278.9 million, due primarily to a continuing trend of revenues provided by charges for services exceeding total expenses. This operating surplus combined with a decrease in long-term debt outstanding caused *Unrestricted* Net Position to increase by \$6.6 million, or 45.3%, from \$14.5 to \$21.1 million. This net position cannot be used to make up for deficits reported by governmental activities in the event any such deficits were reported. The City generally can only use the net position of business-type activities to finance the continuing operations of the water, wastewater, solid waste, stormwater, and parking operations.

**Table 1**  
**Net Position**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 58.0	\$ 61.6	\$ 44.8	\$ 40.7	\$ 102.8	\$ 102.4
Capital Assets	177.1	157.4	283.1	274.9	460.3	432.3
Total Assets	<u>\$ 235.2</u>	<u>\$ 219.0</u>	<u>\$ 327.9</u>	<u>\$ 315.7</u>	<u>\$ 563.1</u>	<u>\$ 534.7</u>
Deferred Outflows of Resources	3.0	6.5	0.8	1.8	3.8	8.3
Long-term Debt Outstanding	(43.9)	(46.7)	(43.8)	(48.9)	(87.7)	(95.6)
Other Liabilities	(10.1)	(9.7)	(5.2)	(3.1)	(15.3)	(12.8)
Total Liabilities	<u>\$ (54.0)</u>	<u>\$ (56.4)</u>	<u>\$ (49.0)</u>	<u>\$ (52.0)</u>	<u>\$ (103.0)</u>	<u>\$ (108.4)</u>
Deferred Inflows of Resources	(2.9)	(0.8)	(0.8)	(0.3)	(3.8)	(1.1)
Net Position:						
Net investment in capital assets	\$ 155.2	\$ 137.1	\$ 245.2	\$ 239.3	\$ 400.4	\$ 376.4
Restricted for parking capital projects	-	-	0.1	0.3	0.1	0.3
Restricted for general government	2.5	1.9	-	-	2.5	1.9
Restricted for Public Safety	4.9	4.4	-	-	4.9	4.4
Restricted for Public Service	3.2	13.6	-	-	3.2	13.6
Restricted for Public Welfare	6.6	5.9	-	-	6.6	5.9
Restricted for capital projects	0.7	3.7	9.7	9.3	10.4	13.0
Restricted for debt service	3.3	7.0	2.8	3.1	6.2	10.1
Unrestricted	<u>4.8</u>	<u>(6.7)</u>	<u>21.1</u>	<u>14.5</u>	<u>25.9</u>	<u>7.7</u>
Total Net Position	<u>\$ 181.2</u>	<u>\$ 166.9</u>	<u>\$ 278.9</u>	<u>\$ 266.4</u>	<u>\$ 460.1</u>	<u>\$ 433.38</u>

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

The City's total revenues (excluding special items) decreased by 3.2%, or \$3.4 million, from \$106.5 million to \$103 million, driven primarily by a \$2 million decrease in Charges for Services, (Utility Charges and Street/Tree/Arterial Collector District Assessments) and a \$2.4 million decrease in Restricted Capital Grants & Contributions (which includes water, wastewater, stormwater, road, and park infrastructure provided by private developers).

Property Taxes under General Revenues increased by \$1.3 million, while Unrestricted Operating Grants & Contributions and Other General Revenues decreased by \$1.5 and \$1 million respectively. These will be discussed later in more detail.

The total cost of all programs and services increased by \$4.2 million, or 6%, from \$72.2 million last year to \$76.4 million this year. Public Safety (Police, Fire, and Building Inspection) and Public Service (mainly Street Maintenance) saw increases of \$1.1 and \$1.3 million respectively while General Government increased \$400,000 and Waste water increased \$800,000.

**Table 2**  
**Changes in Net Position**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program revenues:						
Charges for Services	\$ 21.8	\$ 22.5	\$ 28.4	\$ 29.8	\$ 50.3	\$ 52.3
Restricted Operating Grants & Contributions	5.4	3.0	0.1	0.1	5.5	3.2
Restricted Capital Grants & Contributions	6.6	7.7	8.3	9.7	14.9	17.4
General Revenues						
Property Taxes	23.8	22.5	-	-	23.8	22.5
Unrestricted Operating Grants & Contributions	4.7	6.2	-	-	4.7	6.2
Other General Revenues	2.5	2.4	1.4	2.5	3.9	4.9
<b>Total Revenues</b>	<u>64.8</u>	<u>64.3</u>	<u>38.2</u>	<u>42.1</u>	<u>103.1</u>	<u>106.5</u>
<b>Program Expenses</b>						
General Government	10.3	9.9	-	-	10.3	9.9
Public Safety	19.7	18.6	-	-	19.7	18.6
Public Service	9.9	8.6	-	-	9.9	8.6
Public Welfare	9.7	9.5	-	-	9.7	9.5
Interest and Fiscal Fees	0.8	0.8	-	-	0.8	0.8
Water	-	-	10.0	9.8	10.0	9.8
Waste Water	-	-	9.3	8.5	9.3	8.5
Solid waste	-	-	4.7	4.5	4.7	4.5
Non-major activities	-	-	2.0	2.0	2.0	2.0
<b>Total Expenses</b>	<u>50.4</u>	<u>47.4</u>	<u>26.1</u>	<u>24.8</u>	<u>76.4</u>	<u>72.2</u>
Excess (deficiency) before special items and transfers	14.4	16.9	12.1	17.3	26.8	34.3
Sale of Capital Assets	0.2	0.0	(0.2)	-	(0.0)	0.0
Transfers	(0.5)	(0.7)	0.5	0.7	-	-
<b>Increase (decrease) in net position</b>	<u>\$ 14.1</u>	<u>\$ 16.2</u>	<u>\$ 12.4</u>	<u>\$ 18.0</u>	<u>\$ 26.6</u>	<u>\$ 34.2</u>
Net position - beginning	<u>166.9</u>	<u>150.7</u>	<u>266.5</u>	<u>248.5</u>	<u>433.3</u>	<u>399.2</u>
<b>Net position - ending</b>	<u>\$ 181.0</u>	<u>\$ 166.9</u>	<u>\$ 278.9</u>	<u>\$ 266.5</u>	<u>\$ 460.0</u>	<u>\$ 433.4</u>

Our analysis on the following pages separately considers the operations of governmental and business-type activities.



CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**Governmental Activities**

Revenues for the year from governmental activities increased by .9%, or \$500,000, from \$64.3 million to \$64.8 million, while total expenses increased by 6.1%, or \$2.9 million, from \$47.4 million to \$50.4 million. Property Tax revenues increased by \$1.3 million, or 5.7%, from \$22.5 million to \$23.8 million. Charges for services, which include Street Assessments and Fire and Street Impact Fees, realized a net decrease of \$700,000, or 2.9%, from \$22.5 million to \$21.8 million.

Restricted Capital Grants and Contributions (developer-provided infrastructure reported under Program Revenues) decreased by 1.1 million, or 14%, from \$7.7 million to \$6.6 million. These and the other contributing factors listed below are primarily responsible for this year's change in net position.

Charges for services decreased by \$600,000, or 2.9%, from \$22.5 million last year to \$21.8 million this year. Street Impact Fees decreased by \$1.2 million, or 22%, from \$5.5 million last year to \$4.3 million due to a decrease in development requiring expansion of the City's transportation system. Street Maintenance District assessment revenue increased by 5% by \$252,362 from \$5.46 to \$5.7 million due to rate increases approved by the City Commission pursuant to policy adopted to address deferred street infrastructure maintenance and to build a reserve for curb and sidewalk replacement. However, Arterial & Collector District assessment revenue decreased by 28%, or \$506,876, from \$1.8 to \$1.3 million due to a planned reduction in assessments which was offset by an increase in intergovernmental Gas Tax revenue. Fire impact fee revenues also decreased this year, falling 12.3%, or \$73,536, from \$600,000 to \$525,828.

Property Tax collections increased by nearly \$1.3 million, or 5.7%, from \$22.5 million last year to \$23.8 million this year. The number of total property tax mills levied increased by 3.91 mills from 187.33 to 191.24, or 2.1%. The mill value also increased by 3.1%, or \$3,126, from \$89,325 to \$101,195. These two factors combined with new construction and continued growth in the number of taxpayers fueled this year's increase in property tax revenue.

Property Tax revenues in each of the City's Tax Increment Financing (TIF) Districts also increased moderately this year, with the exception of the North Park Urban Renewal District where revenues decreased by \$41,922, or 74.8%, from \$56,062 last year to \$14,140 as the result of the latest property reappraisal continued to take effect after the Montana Department of Revenue changed its appraisal cycle from every 6 years to every 2 years, which also had the effect of shifting the tax burden from commercial to residential property owners.

While property tax revenues did increase City-wide, it is important to note that this year's tax levy was still 15.89 mills, or approximately \$1,657,661, below the statutory maximum allowable tax rate.

Restricted Capital Grants and Contributions (reported under Program Revenues) decreased by \$1.1 million, or 14%, from \$7.7 million to \$6.6 million, due to the dollar amount of general infrastructure provided by developers being lower this year than last. Contributed road/transportation infrastructure did increase by \$857,223, or 21.7%, from \$3.9 million last year to \$4.8 million this year. However, contributed parkland and infrastructure declined by 47.9%, or \$1.2 million, from \$2.6 million last year to \$1.4 million this year, and there was no contributed recreation capital this year compared to the \$1 million Boys & Girls Club building at the Story Mill Community Park which was reported last year.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

Program Expenses increased by 6.1%, or \$3 million, from \$47.4 million to \$50.4 million with Public Safety and Public Service being the primary drivers of the increase at \$1.1 and 1.3 million respectively. Personnel costs for Public Safety accounted for \$723,000 of this increase due to departments being closer to fully-staffed than in previous years, with Police, Fire and Building Inspection increasing 4%, 3%, and 14% respectively. Additional information about Police and Fire is available in the later discussion of the General Fund. Supplies and Contracted Service expenses charged to the Police Department increased by 13%, or \$83,592, from \$660,293 last year to \$743,885 this year due to new mobile computers and accessories in addition to new contracted services this year with Rocky Mountain Security amounting to \$31,257.

Public Service expenses reported under Governmental Activities consist mainly of street maintenance and reconstruction activities. Personnel costs remained fairly steady, so significant increases this year were due to non-personnel operational costs, including supplies and materials and non-construction contracted maintenance services such as seal-coating and pavement marking, which increased by \$862,951, or 26%, from \$3.3 million to \$4.1 million.

The cost of all *governmental activities* this year was \$50.4 million compared to \$47.4 million last year. However, as shown in the Statement of Activities on page 43 under Net (Expense) Revenue for Total governmental activities, the amount that our taxpayers ultimately financed for these activities through City taxes and other general revenues was only \$16,442,349 because some of the cost was paid by those who directly benefited from the programs (\$21,849,866 in Charges for Services) or by other governments, organizations, or developers that subsidized certain programs with operating and capital grants and contributions (\$5,419,750 plus \$6,593,221 = \$12,013,092).

Table 3 presents the cost of each of the City's six largest programs—Police, Fire, Public Service, Library, Parks and Recreation—as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

### Business-type Activities

Total revenues of the City's business-type activities (see Table 2) decreased by \$4.1 million, or 9.4% (\$38.2 million this year compared to \$42.1 million last year) while expenses increased by \$1.3 million, or 4.7% (\$26.1 million compared to \$24.8 million last year).

The decrease in revenues was due in part to a \$1.4 million decrease in Restricted Capital Grants & Contributions, which consisted primarily of privately constructed water, wastewater, and stormwater infrastructure that was contributed to the City by developers. Charges for Services also decreased by \$1.4 million and Other General Revenues decreased by \$1.1 million. The details are explained in the following section.

	<b>Table 3</b>			
	<b>Governmental Activities</b>			
	<b>(in Millions)</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Police	\$ 9.6	\$ 9.1	\$ 8.2	\$ 7.8
Fire	6.9	6.9	5.5	5.6
Public Service	9.9	11.3	(3.7)	(3.4)
Library	2.6	2.5	1.8	1.7
Parks	2.0	2.0	1.7	1.7
Recreation	1.8	1.6	1.2	1.1
All Others	17.5	14.0	1.6	(0.2)
<b>Totals</b>	<b>\$ 50.3</b>	<b>\$ 47.4</b>	<b>\$ 16.3</b>	<b>\$ 14.3</b>

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

The increase in expenses this year was due to overall increased non-personnel operating costs of \$1.4 million including a \$177,459 expense recorded in Solid Waste to account for the updated estimate of the Story Mill Landfill post-closure liability.

Specific factors driving these and other regular operating results include:

**Water** The City's water system operating revenue (charges for services) have steadily increased over the past decade as a result of both an increase in the customer base and due to regular rate increases. However, the City Commission voted to hold water rates steady in fiscal years 2014 and 2015 followed by 2.5% rate increases in each of fiscal years 2016 and 2017 and a 2% increase last year. This year's water rate increase amounted to a 3% increase to flat monthly charges and a 5% increase on actual water usage. These rate increases have allowed the City to continue its water distribution pipe replacement program and replace or rehabilitate aging infrastructure every year instead of every two years.

The City's customer-base growth grew by 410 customers, or 3.2%, from 12,852 average active customer accounts last year to 13,262 this year. This level of growth rate is trending more closely to the 5% growth experienced between 2005-2008.

Four years ago the cost of Public Works Administration was reported in the Water Fund instead of the General Fund as in the past, and the Water Fund's administrative overhead was in turn charged out to the various departments which benefit from Public Works Administration. This resulted in \$1,011,644 of administration reimbursement revenue being recorded as part of the \$1,086,293 reported under "Other income" last year. This year a new Internal Service Fund was created to record and report the cost of Public Works Administration, which decreased the amount of "Other income" reported in the Water Fund for this year by 86.9%, or \$944,086, to \$142,207.

Despite the increase in the water rate and in the number of utility customers, total water operating revenues decreased by \$761,717 or 7.5% from \$10.2 million to \$9.4 million. This is because last year was an exceptionally busy year for development for development requiring the provision of water rights, resulting in higher-than-normal revenues related to construction, such as cash-in-lieu of water right revenue. Contributing projects last year included the South University District mixed-use residential/commercial complex, Bozeman High School stadium improvements, and The Springs Assisted Living Facility. This year saw a sharp decline compared to last year's spike, with revenues decreasing \$766,586, or 65%, decrease in cash-in-lieu-of-water-right revenue from \$1,180,122 to \$413,536.

Additionally, the amount of infrastructure contributed by private developers decreased this year. This amount, reported under Restricted Capital Grants and Contributions, decreased by \$495,000, or 10.2%, from \$4.9 million to \$4.4 million this year. Water impact fee revenues also decreased by \$715,241, or 25.9%, from \$2,757,566 to \$2,042,324 due to a decrease in impact-fee qualifying construction during the year. Major collections included \$280,532 for the Icon Apartments at Ferguson Farm, \$110,883 for the One 11 Lofts downtown residential project, \$147,698 for improvements to the stadium at Bozeman High School.

Total operating expenses increased moderately this year by \$166,557, 1.8%, from \$9,237,639 to \$9,404,196. Amounts spent on major projects undertaken during the year include: \$2.7 million on the Sourdough Storage Reservoir, \$232,341 Pear Street Booster Station, \$265,873 South Tracy Avenue Reconstruction, \$160,339 for the Lyman Creek supply system, and \$110,588 for the lead service water line replacement program.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**Wastewater** Revenues in the Wastewater Fund have generally been increasing over the past 10 years and are estimated at just over \$10 million for the upcoming year. Eight years ago the City borrowed significantly to construct the new Water Reclamation Facility. This debt is being repaid by system users over the subsequent 20 years. Accordingly, the City Commission adopted a two-year rate resolution of a 6% increase for fiscal years 2012 and 2013 and 3% for fiscal years 2014 through fiscal year 2017, a 2% increase last year. This year's water rate increase amounted to a 3% increase to flat monthly charges and a 4% increase on actual wastewater consumption.

Despite the rate increase, combined with the same customer growth experienced in the water system of 410 customers, operating revenues for the year actually decreased by \$459,990, or 4.9%, from \$8,876,017 to \$9,336,007 this year. This is mainly due to last year being an exceptionally busy year with several major projects occurring simultaneously, including the same projects listed under the Water Fund: The South University District, Bozeman High School, and The Springs Assisted Living Facility.

Wastewater impact fee revenues decreased by \$701,309, or 38.7%, from \$1.8 million last year to \$1.1 million this year. Again, the reason for the decrease this year compared to last is mainly because last year was an exceptionally high-volume year. Major wastewater impact fee collections this year included \$109,125 for the Icon Apartments at Ferguson Farm, \$64,865 for the One 11 Lofts downtown residential project, \$43,510 for improvements to the stadium at Bozeman High School.

Wastewater operating expenses increased by \$852,926, or 10.7%, from \$7,958,309 last year to \$8,811,235 driven mainly by a \$181,000 increase in personnel costs and a \$279,300 increase in depreciation expense due to recently-constructed or acquired assets being depreciated for the first time after their first full year of service. Spending on major projects during the year included: \$185,000 for the Peach Street project in the Northeast Urban Renewal Tax Increment Financing District, \$184,000 in planned annual wastewater pipe replacement, \$167,500 for the wastewater infrastructure component of the East Olive Street reconstruction, and \$547,000 in various ongoing "small works" projects to repair and replace equipment at the Water Reclamation Facility in an effort to prevent failure in an emergency situation.

**Solid Waste** Operating revenues in the Solid Waste fund increased by \$301,978, or 7.7%, from \$3,926,123 to \$4,228,101, due mainly to an increase in the customer base because rates for both for both garbage and recycling did not change for this year. The number of garbage collection customers increased by 560, or 5.4%, from 10,308 last year to 10,868 this year. The number of recycling customers increased by 543, or 15.4%, from 3,513 last year to 4,056 this year.

Operating expenses increased by \$203,846, or 4.5%, from \$4.54 million to \$4.74 million driven mainly by a 34.2% increase in non-personnel operating costs, including \$45,075 for a Solid Waste Rate Study, and a \$95,000 increase, or 150% from \$63,402 to \$158,408, in the amount paid to Four Corners Recycling for processing charges.

The expense recorded this year for the change in estimated post-closure costs of the city landfill was \$177,459 compared to a \$256,903 adjustment last year. Additional information is available in Note 21 on page 120 and in Note 12 on page 81. Spending on other major projects during the year included \$40,000 tank hook system for solid waste collection.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**THE CITY'S FUNDS**

As the City completed the year, its governmental funds (as presented in the balance sheet on pages 40-41) reported a *combined* fund balance of \$46,908,475. Included in this year's total change in fund balance is a positive General Fund balance of \$7,739,584, up 3.7% or \$274,816 from \$7,464,768. The following five separate categories of fund balance are recognized, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*. The Government Finance Officers Association's recommends maintaining an *unrestricted general fund balance* of no less than two months of regular general fund operating revenues, or \$5,509,530 for the end of this year. The City's ending general fund balance of \$7,739,584 exceeds this recommendation by \$2,230,054. However, there are other significant assignments detailed below, and these other assignments combined with the minimum reserve requirement leave an Unassigned General Fund Balance of \$-0-. The contributing factors to this year's ending General Fund balance are explained after the table below, followed by an analysis of each of the City's other Major Funds. The general fund balance of \$7,739,584 has been assigned as shown:

<b>FY19 ENDING GENERAL FUND BALANCE - TOTAL:</b>		<b>\$ 7,739,584</b>
<b>ASSIGNMENTS:</b>		
<b>1 CIP / CAPITAL CARRY-OVER BUDGETED IN FY19 BUT NOT TO BE SPENT UNTIL FY20:</b>		
Cemetery: GF231 Cemetery Irrigation Project	\$	195,196
Cemetery: GF268 Southwest Montana Veteran's Cemetery	\$	86,084
Cemetery: GF116 Cemetery Vehicle Replacements	\$	50,000
Facilities: GF199 Professional Building Remodel	\$	37,031
Facilities: GF241 City Hall Air Handler Unit Replacement	\$	50,000
Facilities: GF244 Fiscal Year 2017 Library Site Drainage	\$	11,000
Facilities: GF258 Library Exterior Door ADA Operator Replacement	\$	12,000
Facilities: GF274 City Hall - Bozeman Creek Improvements	\$	16,500
Human Resources: Office Equipment & Furniture	\$	5,000
Information Technology: GF199 Professional Building Remodel	\$	136,186
Parks: GF115 Park Vehicle Replacements	\$	50,000
Police: GF053 Patrol Vehicle Replacement	\$	56,974
Recreation: GF297 Swim Center Roor Replacement	\$	26,000
Sustainability: Climate Action & Resilience Plan	\$	83,957
<b>TOTAL CIP / CAPITAL-CARRY OVER ITEMS:</b>	<b>\$</b>	<b>815,928</b>
<b>2 16.67% MINIMUM RESERVE LEVEL REQUIRED BY CITY CHARTER (2 MONTHS OF REVENUES):</b>	<b>\$</b>	<b>5,509,530</b>
<b>3 FY20 BUDGET: FY19 YEAR-END FUND BALANCE NEEDED TO BALANCE FY20 BUDGET:</b>	<b>\$</b>	<b>1,414,126</b>
<b>TOTAL GENERAL FUND ASSIGNMENTS:</b>		<b>\$ 7,739,584</b>
<b>UNASSIGNED GENERAL FUND BALANCE - FY19:</b>		<b>\$ 0</b>

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**General Fund** The City's general fund balance increased by \$274,816, or 3.7%, from \$7,464,768 last year to \$7,739,584 this year. The City had budgeted for ending fund balance to actually decrease by \$2.1 million, but actual revenues and other financing sources ended up exceeding budgeted expectations by \$251,000 while actual expenditures and other financing uses were under budget by \$2.2 million. Some of this budget savings is reflected in the unspent TOTAL CIP / CAPITAL CARRY-OVER ITEMS listed in the preceding table while other savings were realized through careful and conservative budgetary management practices implemented throughout all City departments.

Property tax revenues increased in the General Fund by \$971,146 or 6.2%, from \$15,689,264 to \$16,660,410, and the number of total property tax mills levied increased by 5.3 mills, or 3.9%, from 134.39 to 139.69. This increase in the number of mills levied and the increase in the value of one mill of \$3,126, or 3.1%, from \$101,195 to \$104,321 drove the increase in General Fund property tax revenues, which was also fueled by continued growth in the number of City taxpayers. This year's results continue the trend reported two years ago, which saw a 3.2% increase in mill value, compared to a 13.3% spike last year due to the timing and nature of the property appraisal cycle change by the State. In 2017, the Montana Department of Revenue accelerated its appraisal cycle from every 6 years to every 2 years.

Intergovernmental revenues increased by \$226,192, or 2.9%, from \$7,686,022 last year to \$7,912,214, compared to a \$292,320, or 4%, increase reported last year. Montana State Entitlement Share revenue accounted for \$91,505, or 40%, of this increase. Entitlement Share began in 2001 as a replacement to the City's dedicated revenue sources from personal property tax reimbursements and taxes on motor vehicles, gaming, alcohol, and banking, among others. After several stagnant years of minimal or no change, Entitlement Share increased steadily over each of the past five years including a 4% increase two years ago. This year's increase from \$4,324,831 to \$4,416,336 amounted to 2.1%, up from only a .01% increase last year.

The State of Montana's share of City employee retirement (recorded as a revenue) increased modestly by \$10,994, or .4%, from \$2,646,501 to \$2,657,495 compared to a 4% increase last year when this intergovernmental revenue increased by \$246,153 from \$2,400,348 to \$2,646,501. The primary reason for the increase last year and the stabilizing trend this year is due to a new revenue source, Coal Severance Tax contributions, to the State of Montana the Public Employee Retirement System (PERS only).

It is important to note that this revenue and all other amounts reported as regular on-behalf State share of retirement contributions are non-cash book-entries made only in the City's accounting ledger (mostly in Public Safety for Police and Fire employees), which are offset by an equivalent expenditure, resulting in no change to ending fund balance reported in the General Fund.

Total general fund expenditures increased by \$1,785,134, or 6.5%, from \$29,503,543 to \$31,414,549. The largest general fund expenditures continued to be in Public safety, with \$9.5 million (30%) spent on Police and \$6.5 million (21%) spent on Fire. Payroll expenditures across all functions (General government, Public safety, Public service, Public welfare) increased by \$842,013, or 3.7% from \$22,531,001 to \$23,373,014. This increase was due in part to positions continuing to be filled pursuant to the public safety mill levy beginning in 2009. As the department moved closer to being fully staffed, police personnel costs (net of State Share of Retirement) increased by \$307,350 or 4.8%, from \$6,342,270 to \$6,649,620. Fire Department personnel costs (net of State Share of Retirement) increased by \$177,904, or 3.8%, from \$4,685,654 to \$4,863,558.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

Other factors contributing to increased expenditures in the General Fund include Public Welfare expenditures (Cemetery, Parks, Recreation, and Library) which increased 227,093, or 3.7% from 6,170,061 to \$6,397,154 and Capital Outlays, which increased by \$750,260 or 107%, from \$704,076 to \$1,454,336. However, while the spending in these categories did increase over last year, expenditures were still under budget. Significant budgeted expenditures which remained unspent at year-end are listed on the previous page under ASSIGNMENTS: CIP / CAPITAL CARRY-OVER.

Notable expenditures in the general fund for the year included a \$546,697 payment to Gallatin County 9-1-1 for the police department's share of the new Motorola radio system, \$168,321 granted to the local Streamline bus system, and a one-time transfer of \$166,188 to the Community Housing Special Revenue Fund.

Also contributing to the strength and relative stability of the General Fund balance is the utilization of conservative budgetary practices. Conservative, yet realistic, revenue estimates, combined with departments operating within their original budgets, naturally has a favorable effect on the bottom line. Maintaining adequate reserves has several internal and external benefits. Internally, reserves can provide for cash flow needs until property tax revenues are received, reducing or eliminating the need for cash flow borrowing; provide funds to leverage state or federal grants; and provide for the unexpected. Externally, reserves tend to be viewed favorably by investors, rating agencies, and local banks with which we do business, thus benefiting rating and the potential need for lines of credit.

The City's General Fund balance was a primary focus of a recent upgrade in the City's General Obligation Bond rating to from Aa2 to Aa1 by Moody's Investor Services. Previously Moody's had assigned a debt rating of Aa3 in November of 2013 and a rating of Aa3 "Positive Outlook" in November of 2015 for the two issuances of Trails, Open Space and Parks general obligation bonds. This affirmed Moody's rating assigned in May, 2012 of Aa3 to the City's General Obligation Refunding Bonds, Series 2012, issued in the amount of \$3.1 million.

At the same time, Moody's also affirmed the Aa3 rating on the city's rated outstanding general obligation debt not being refunded by this issue, which included \$.6 million outstanding for the 2003 refinancing of the City's General Obligation Transportation Bonds and the remaining bonds issued in 2003 for the new Library. In each instance bond analysts looked favorably on the amount and trend of the General Fund balance in determining the City's bond rating. The recent Moody's Credit Rating Action upgrading the City's General Obligation Bond rating to Aa1 is discussed further in the Debt section on page 36.

As shown on page 138, variances in the General Fund between the original budget of \$34,077,187 and the final budget of \$31,086,187 netted to an overall increase of \$9,000, with some functions reporting increases while others reported decreases to their original budget. Most of this was intentional and done in order to avoid confusing the public safety departments during the year by giving the impression that they had excess budget to spend, and it relates to the State's Share of Retirement entry that is booked annually at fiscal year-end. The \$1.9 million increase to the *Public safety* budget (from \$13,494,338 to \$15,385,838) and \$1.9 million of the \$2.1 million decrease to *Other* (from \$3,356,214 to \$1,182,714) both relate to opposite sides of the same budget amendment made for the State of Montana's share of Police officer and Firefighter retirement. By design, the \$1.9 million of appropriation authority ultimately needed for *Public Safety* was initially budgeted under *Other* to avoid confusion throughout the year, and at year-end this amount was shifted to the *Public Safety* budget to cover the increase in reported expenditures required by this book entry. It is important to note that the entire amount of the State Share of Retirement book entry only/non-cash expenditure is offset ("reimbursed") by intergovernmental revenue booked in the same amount.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**Street Maintenance Special Revenue** Continuing to rebound from the \$335,227 decrease reported two years ago followed by a \$89,039 increase last year, fund balance increased this year by \$110,191 or 20.8%, from \$528,761 last year to \$638,951 this year, once again due to due to actual revenues exceeding budgeted revenues and actual expenditures being less than budgeted.

Total revenues increased by \$252,590, or 4.4%, from \$5,757,906 last year to \$6,010,497 this year driven primarily by a 5% increase in street maintenance assessment rates combined with a \$219,861 federal air quality grant for a new street sweeper. Actual street maintenance charges for services increased by \$252,361, or 5%, from \$5,460,337 to \$5,712,698 due to this year's rate increase. The customer base increased by 584 parcels this year, or 584, from 17,774 last year to 18,358. Street maintenance revenues would have actually increased by 5.6% due to this if not for a \$52,300 adjustment made for an overbilled account that was billed on its entire square footage instead of being capped at 15,000 square feet as per City Commission Resolution.

Factors driving this year's rate increase include the continued expansion of the City's Street Maintenance Assessment program to include major street reconstruction projects. The first of these was the reconstruction of South 8<sup>th</sup> Avenue four years ago, followed by Story Street and North Wallace Avenue three years ago, East Olive Street two years ago, and South Tracy Avenue which began last year and continues through this year. Transfers out of the Street Maintenance fund totaled \$695,478 transferred to the Capital Projects Fund to finance the capital expenditures related to the South Tracy Avenue reconstruction project. Debt service payments totaled \$269,723 including \$146,595 for repayment of the State of Montana Intercap loan for the reconstruction of South 8<sup>th</sup> Avenue. These projects demonstrate the City Commission's continued commitment to addressing deferred street and curb maintenance.

Other major expenditures during the year included \$647,258 spent on general street, curb, and sidewalk improvements, \$223,395 booked for a new grader lease, \$177,687 for a new tandem axle dump truck, \$153,045 for a new dump truck with plow and sander, \$122,517 on sidewalk pedestrian ramps, and \$96,189 spent on advertising street construction updates to the public.

As the very minor \$768 variance of budgeted to actual expenditures indicates, most of the budget was spent this year and there were no significant projects budgeted for but not started by the end of the fiscal year.

**Capital Projects Fund** Fund balance decreased by \$3,493,898, or 59.6%, from \$5,863,108 last year to \$2,369,210 due to significant spending this year of revenues accumulated in prior years from the issuance of \$15 million in Trails and Open Space (TOP) General Obligation Bonds. Interest income, mainly on the unspent portion of these bond proceeds, totaled \$427,900 this year. Intergovernmental revenue of \$186,670 included a \$125,000 federal grant for the restroom at the TOP Sports Complex and \$61,670 from the federal highway administration to reimburse right-of-way acquisition costs for the TOP Trail to the M project. Other revenue included a \$25,000 donation from the Kiwanis Club for the pavilion at the TOP Sports Park and \$64,100 for cash-in-lieu of required infrastructure payments made by private developers during the year.

Transfers-in from other funds totaled \$1,037,050 and consisted mainly of \$695,478 from the Street Maintenance special revenue fund as the city-wide (non-local) share of the South Tracy Avenue reconstruction project in addition to \$229,900 transferred from the Northeast Urban tax increment financing district special revenue fund to cover the deficit in that district's capital projects budget.

Debt issuance proceeds amounted to \$2,283,000 and included \$583,000 as the final draw of a \$1.4 million tax increment financing bond issued for the Northeast Urban Renewal District (NEURD) to finance various street and infrastructure projects. The remaining \$1.7 million of long-term debt issuance was a loan for the TOP Sports Park project to finance sports field and infrastructure construction and maintenance. The debt will be repaid by fees assessed to the users of the fields.



CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

Major expenditures for the year included \$3.98 million spent on the TOP Sports Park, \$1.27 million spent on the TOP Story Mill Community Park, and \$930,129 spent on the NEURD projects, mostly on reconstruction of Tamarack and Peach Streets.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** As shown in Table 4, at the end of 2019 the City had \$460.3 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 \$28 million, or 6.5% over last year. Refer to capital assets disclosure Note 7 beginning on page 65 for more information.

**Table 4**  
**Capital Assets at Year-end**  
(in Millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 23.9	\$ 22.5	\$ 2.2	\$ 2.2	\$ 26.2	\$ 24.7
Water Rights	-	-	2.1	2.1	2.1	2.1
Buildings	34.4	34.1	113.6	113.5	148.0	147.6
Other Structures and Improvements	1.1	1.1	30.5	30.5	31.7	31.6
Machinery & Equipment	15.6	13.3	10.3	10.2	26.0	23.5
Property under Capital Lease	0.8	0.8	0.5	0.5	1.3	1.3
Vehicle	3.9	3.8	2.2	2.2	6.1	6.0
Infrastructure	<u>211.1</u>	<u>190.3</u>	<u>324.5</u>	<u>310.0</u>	<u>535.7</u>	<u>500.3</u>
Subtotal	<u>290.8</u>	<u>265.9</u>	<u>485.9</u>	<u>471.2</u>	<u>777.1</u>	<u>737.1</u>
Accumulated Depreciation	<u>(113.9)</u>	<u>(108.5)</u>	<u>(202.8)</u>	<u>(196.3)</u>	<u>(316.7)</u>	<u>(304.8)</u>
<b>Total Capital Assets</b>	<b><u>\$ 176.9</u></b>	<b><u>\$ 157.4</u></b>	<b><u>\$ 283.1</u></b>	<b><u>\$ 274.9</u></b>	<b><u>\$ 460.4</u></b>	<b><u>\$ 432.3</u></b>

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

Major additions and capital projects underway include the following expenditures made during this year:

Trail and Open Space Bond: Sports Complex	\$ 3,981,753
Sourdough Water Storage Reservoir	\$ 2,746,989
Baxter Lane improvements: 7th to 19th Avenue	\$ 2,239,342
Baxter and Davis Lane Intersection	\$ 2,117,348
Baxter Lane improvements: 19th Avenue to Davis	\$ 1,436,649
Trail and Open Space Bond: Story Mill Park	\$ 1,271,281
South Tracy Avenue Reconstruction Special Improvement District	\$ 1,263,549
Public Safety 9-1-1 Radios: Police & Fire	\$ 1,009,999
Northeast Urban Renewal District TIF Improvements: Tamarack Street	\$ 919,356
Front Street Interceptor Wastewater Pipeline	\$ 667,765
Street Improvements - Gas Tax: Chip Seal	\$ 628,775
Baxter Lane construction: Ferguson Avenue to Cottonwood Street	\$ 531,996
Street Improvements - Gas Tax: Mill & Overlay	\$ 524,741
South University District / Cattail Creek Basin wastewater line extension	\$ 492,210
(2) Street Sweepers: Street Maintenance District sweeper replacement program	\$ 476,322

### Debt

At year-end, the City had \$59.6 million in bonds and notes outstanding versus \$57.5 million last year – an increase of \$2.1 million, or 3.7%, as shown in Table 5. This increase was due to new debt issuances (\$6.2 million) exceeding debt repayment for the year (\$4.1 million) during the year.

New debt included additional draws amounting to \$3.1 million for the 5.3 million-gallon Sourdough water storage tank, a \$1.7 million loan for additional turf fields at the TOP Sports Park Complex, \$583,000 for the Northeast Urban Renewal Tax Increment Financing District project improvements, and a \$344,167 Intercap loan for improvements to the Story Mill Park Center and to Bronken Park. Debt repayment included \$1.1 million for the Water Reclamation Facility; \$872,000 for the new Water Plant; \$154,173 for the Stormwater-backed landfill mitigation system loan; \$260,000 for the refinanced transportation General Obligation (GO) Bonds; \$635,000 for the TOP GO Bonds; \$220,000 for the Downtown TIF District Bonds to finance the Parking Facility; and \$234,500 in Special Improvement District debt.

General obligation debt still outstanding, which is reported under Governmental Activities, consists of \$12.4 million for the TOP Bonds along with \$535,000 million in Series 2012 Refunding Bonds issued to refinance both the Series 2003A Transportation Refunding bonds and the Series 2001A / Series 2003B Library Construction Project bonds. Debt reported under Business-Type Activities includes \$21 million of water revenue bonds and \$15.2 million of wastewater revenue bonds issued to finance construction of the new Water Treatment Plant, Water Storage Tank, and Wastewater Reclamation Facility.

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

**Table 5**  
**Outstanding Debt, at Year-end**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds (backed by the City)	\$ 12.9	\$ 13.8	\$ -	\$ -	\$ 12.9	\$ 13.8
Tax Increment Financing District (TIFD) bonds	5.3	5.0	-	-	5.3	5.0
Special Improvement District Debt	0.2	0.4	-	-	0.2	0.4
Notes Payable	2.6	0.8	-	-	2.6	0.8
Lease Payable	0.6	0.5	-	-	0.6	0.5
Water Revenue Bonds (backed by specific fee revenues)	-	-	21.0	19.1	21.0	19.1
Wastewater Revenue Bonds (backed by specific fee revenues)	-	-	15.2	16.4	15.2	16.4
Stormwater Revenue Bonds (backed by specific fee revenues)	-	-	1.5	1.3	1.5	1.3
Stormwater Lease Payable (backed by specific fee revenues)	-	-	0.1	0.2	0.1	0.2
<b>Totals</b>	<u>\$ 21.6</u>	<u>\$ 20.5</u>	<u>\$ 37.8</u>	<u>\$ 37.0</u>	<u>\$ 59.4</u>	<u>\$ 57.5</u>

CITY OF BOZEMAN, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2019

Moody's Investor Services assigned a debt rating of Aa3 in November of 2013 for the first issuance of TOP general obligation bonds. Moody's views the city's financial operations as sound, noting in their report that City officials have delivered operating surpluses in four of the last five audited financial years and that the City has a moderately-sized tax base that did not decline during the recession, in addition to a low debt burden. This affirmed the rating assigned by Moody's in May, 2012 of Aa3 to the City's General Obligation Refunding Bonds, Series 2012, issued in the amount of \$3.1 million. In October of 2016, Moody's upgraded this rating to Aa2 from Aa3, stating in their Credit Opinion "The Aa2 rating reflects the city's fairly large, growing tax base anchored by Montana State University (Aa3/Stable), improved wealth measures, a trend of sound financial operations and healthy reserve levels, and a limited debt burden that is expected to remain at similar levels in the near-term". Most recently Moody's upgrade the City's bond rating to Aa1. Per Moody's, the upgrade reflects the considerable growth and development in the city's tax base and local economy that is expected to continue. Strong financial management will ensure maintenance of the city's healthy reserves and positive operations going forward. In their Summary Rating Rationale, Moody's goes on to say "The city has considerable operating flexibility with substantial capacity and authority to increase taxes, as well as additional funds outside of the general fund that can be used for operations. The Aa1 also takes into consideration the stabilizing presence of Montana State University. Resident wealth measures are improving, but lag Aa1 medians. Pension liabilities and costs are rising, but manageable given modest debt burden and operating flexibility". More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

As expressed in the fiscal year 2020 Approved Budget, City officials expect to end next fiscal year with a general fund balance totaling \$5.6 million, which meets the required minimum reserve. This budget adheres to the minimum level of 16 2/3% of operating revenues required by City Charter, which in May of 2011 was amended to include adoption of GFOA's Best Practice for Unreserved General Fund Balance into the City's Budget Administration Ordinance.

Property taxes continue to be the City's primary general revenue source (73.6%), followed by unrestricted grants and contributions (14.4%), and investment earnings (7.7%).

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when adopting the 2019-2020 budget for next fiscal year's tax rates and for fees that will be charged for the business-type activities. Some of these factors include: capital improvements identified in the City's Capital Improvement Program, inflation rates, the City's collective bargaining units, the local economy, and the citizen's ability to pay.

For the year, inflation rates continued to remain at relatively low yet increasing levels. The Bureau of Labor Statistics of the U.S. Department of Labor reported the Consumer Price Index-Unadjusted for All Items at 1.9% for the last calendar year and over the last 12 months the all items index rose 1.8% (as of this report date and before seasonal adjustment), with the energy index actually declining 4.2% over that same time period although increasing again as of the report date. Inflation rates have historically had a significant impact on the cost of City capital projects.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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. If you have questions about this report or need additional information, contact the City's Controller, Assistant Controller, or Finance Director at the City of Bozeman, 121 North Rouse Avenue, Bozeman, Montana 59715.

**B. BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF BOZEMAN, MONTANA  
STATEMENT OF NET POSITION  
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 35,254,582	\$ 25,716,577	\$ 60,971,159
Restricted cash and investments	15,105,705	16,933,873	32,039,578
Accrued interest	89,969	87,030	176,999
Receivables, net	6,719,086	2,032,875	8,751,961
Notes receivable	556,447	-	556,447
Prepaid expenses	293,250	-	293,250
	<u>58,019,039</u>	<u>44,770,355</u>	<u>102,789,394</u>
Capital assets:			
Non-depreciable land and water rights	23,946,240	4,325,355	28,271,595
Other capital assets, net of depreciation	153,193,037	278,816,847	432,009,884
Total capital assets	<u>177,139,277</u>	<u>283,142,202</u>	<u>460,281,479</u>
Total assets	<u>235,158,316</u>	<u>327,912,557</u>	<u>563,070,873</u>
Deferred outflows of resources:			
Other post-employment benefits	158,456	34,723	193,179
Pension plan contributions	2,860,689	763,564	3,624,253
Total deferred outflows of resources	<u>3,019,145</u>	<u>798,287</u>	<u>3,817,432</u>
 Total assets and deferred outflows of resources	 <u>\$ 238,177,461</u>	 <u>\$ 328,710,844</u>	 <u>\$ 566,888,305</u>

(Continued)

CITY OF BOZEMAN, MONTANA  
STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 6,837,189	\$ 1,965,615	\$ 8,802,804
Unearned revenue	56,343	-	56,343
Current portion of long-term liabilities:			
Compensated absences payable	1,589,571	264,262	1,853,833
Capital leases	254,236	130,541	384,777
Closure and post-closure care costs	-	362,000	362,000
Bonds and notes	1,378,324	2,460,000	3,838,324
Long-term liabilities, due in more than one year:			
Compensated absences	1,059,462	250,315	1,309,777
Capital leases	397,217	71,075	468,292
Closure and post-closure care costs	-	1,745,351	1,745,351
Pollution remediation obligations	-	1,265,323	1,265,323
Other post-employment health benefits - implicit rate subsidy	2,150,377	417,452	2,567,829
Due to other governments and other liabilities	-	702	702
Bonds and notes	19,917,589	35,290,000	55,207,589
Net pension liability	20,406,405	4,740,330	25,146,735
Total liabilities	<u>54,046,713</u>	<u>48,962,966</u>	<u>103,009,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other post-employment health benefits - implicit rate subsidy	809,667	163,733	973,400
Pension deferrals	2,127,694	668,105	2,795,799
Total deferred inflows of resources	<u>2,937,361</u>	<u>831,838</u>	<u>3,769,199</u>
<b>NET POSITION</b>			
Net investment in capital assets	155,191,911	245,190,586	400,382,497
Restricted:			
Restricted for parking capital projects	-	130,316	130,316
Restricted for general government	2,477,876	-	2,477,876
Restricted for public safety	4,925,354	-	4,925,354
Restricted for public service	3,154,745	-	3,154,745
Restricted for public welfare	6,634,127	-	6,634,127
Restricted for capital projects	671,195	9,713,282	10,384,477
Restricted for debt service	3,338,753	2,828,333	6,167,086
Unrestricted	4,799,426	21,053,523	25,852,949
Total net position	<u>\$ 181,193,387</u>	<u>\$ 278,916,040</u>	<u>\$ 460,109,427</u>

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



CITY OF BOZEMAN, MONTANA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 10,310,075	\$ 3,777,184	\$ 151,095	\$ -	\$ (6,381,796)		\$ (6,381,796)
Public safety	19,699,377	4,158,560	2,832,547	-	(12,708,270)		(12,708,270)
Public service	9,850,802	12,189,258	1,319,108	6,372,195	10,029,759		10,029,759
Public welfare	9,658,817	1,724,864	1,117,121	221,026	(6,595,806)		(6,595,806)
Interest and fiscal fees	786,236	-	-	-	(786,236)		(786,236)
Total governmental activities	<u>50,305,307</u>	<u>21,849,866</u>	<u>5,419,871</u>	<u>6,593,221</u>	<u>(16,442,349)</u>		<u>(16,442,349)</u>
Business-type activities:							
Water	9,984,114	11,438,495	25,515	4,379,785		\$ 5,859,681	5,859,681
Waste water	9,291,509	10,445,185	27,723	2,795,394		3,976,793	3,976,793
Solid waste	4,739,710	4,228,099	18,822	-		(492,789)	(492,789)
Parking	1,119,466	958,504	4,674	-		(156,288)	(156,288)
Stormwater	924,282	1,349,678	6,530	1,149,581		1,581,507	1,581,507
Total business-type activities	<u>26,059,081</u>	<u>28,419,961</u>	<u>83,264</u>	<u>8,324,760</u>		<u>10,768,904</u>	<u>10,768,904</u>
Total primary government	<u>\$ 76,364,388</u>	<u>\$ 50,269,827</u>	<u>\$ 5,503,135</u>	<u>\$ 14,917,981</u>	<u>(16,442,349)</u>	<u>10,768,904</u>	<u>(5,673,445)</u>
General revenues							
Property taxes					23,823,994	-	23,823,994
Unrestricted grants and contributions					4,658,177	-	4,658,177
Investment earnings					1,490,286	1,010,849	2,501,135
Miscellaneous					1,009,437	362,631	1,372,068
Gain on sale of assets					167,291	(172,428)	(5,137)
Transfers					(475,000)	475,000	-
Total general revenues and transfers					<u>30,674,185</u>	<u>1,676,052</u>	<u>32,350,237</u>
Change in net position					<u>14,231,836</u>	<u>12,444,956</u>	<u>26,676,792</u>
Net position, beginning of the year					168,066,231	265,248,223	433,314,454
Restatement, other post-employment health benefits and pension					(1,104,680)	1,222,861	118,181
Net position, beginning of the year as restated					<u>166,961,551</u>	<u>266,471,084</u>	<u>433,432,635</u>
Net position, end of the year					<u>\$ 181,193,387</u>	<u>\$ 278,916,040</u>	<u>\$ 460,109,427</u>

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

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

## **MAJOR GOVERNMENTAL FUNDS**

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

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

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

CITY OF BOZEMAN, MONTANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019

	General Fund	Street Maintenance Special Revenue	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 7,990,114	\$ 788,787	1,761,670	\$ 23,691,693	\$ 34,232,264
Receivables:					
Property taxes	1,176,560	-	-	505,649	1,682,209
Accrued interest	10,549	-	43,082	36,338	89,969
Customers, net	2,299,090	2,796	39,223	322,097	2,663,206
Special assessments	120	109,195	-	1,999,318	2,108,633
Other governments	137,458	-	-	95,092	232,550
Due from other city funds	144,193	-	-	-	144,193
Advances to other city funds	-	-	-	472,483	472,483
Prepaid expenditures	-	-	-	293,250	293,250
Notes receivable	-	-	-	556,447	556,447
Restricted cash and investments	-	-	1,215,739	13,889,965	15,105,704
Total assets	<u>\$ 11,758,084</u>	<u>\$ 900,778</u>	<u>\$ 3,059,714</u>	<u>\$ 41,862,332</u>	<u>\$ 57,580,908</u>

(continued)

CITY OF BOZEMAN, MONTANA  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
June 30, 2019

	General Fund	Street Maintenance Special Revenue	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,493,698	\$ 180,769	\$ 412,509	\$ 2,980,994	\$ 6,067,970
Escheat property payable	80,174	678	-	20,048	100,900
Accrued employee benefits	-	-	-	-	-
Appearance bonds and other liabilities	-	-	277,995	217,455	495,450
Advanced from other city funds	-	-	-	480,109	480,109
Total liabilities	<u>2,573,872</u>	<u>181,447</u>	<u>690,504</u>	<u>3,698,606</u>	<u>7,144,429</u>
Deferred inflows of resources					
Unavailable revenue-property taxes	61,922	-	-	42,665	104,587
Unavailable revenue-special assessments	-	80,381	-	1,960,328	2,040,709
Unavailable revenue-court fines	1,382,708	-	-	-	1,382,708
Total deferred inflows of resources	<u>1,444,630</u>	<u>80,381</u>	<u>-</u>	<u>2,002,993</u>	<u>3,528,004</u>
Fund balances					
Nonspendable	-	-	-	1,735,591	1,735,591
Restricted	-	638,950	671,195	21,819,096	23,129,241
Committed	-	-	405,810	3,873,281	4,279,091
Assigned	7,739,582	-	1,292,205	1,231	9,033,018
Unassigned	-	-	-	8,731,534	8,731,534
Total fund balances	<u>7,739,582</u>	<u>638,950</u>	<u>2,369,210</u>	<u>36,160,733</u>	<u>46,908,475</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,758,084</u>	<u>\$ 900,778</u>	<u>\$ 3,059,714</u>	<u>\$ 41,862,332</u>	<u>\$ 57,580,908</u>

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

**CITY OF BOZEMAN, MONTANA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

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

Fund balances - total governmental funds		\$ 46,908,475
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 290,990,411	
Less: accumulated depreciation	<u>(113,851,134)</u>	177,139,277
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net position	79,328	
Less: capital assets included in governmental activities	(2,098,582)	
Plus: accumulated depreciation included in governmental activities	832,752	
Plus: compensated absences included in governmental activities	123,514	
Plus: capital lease obligations included in governmental activities	27,488	
Plus: other post-employment health benefits and related deferred outflows and inflows included in governmental activities	179,755	
Plus: net pension liability and related deferred outflows and inflows included in governmental activities	<u>1,601,111</u>	745,366
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.		3,528,004
Deferred outflows of resources relating to pensions and other liabilities are not payable in the current period and, therefore, are not reported in the governmental funds.		3,019,145
Pension plan deferrals are deferred inflows of resources on the Statement of Net Position.		(2,127,694)
The assumption change gain in the total other post-employment benefits liability (TOL) is a deferred inflow of resources and is amortized over the expected future service life; therefore, the balance is deferred and not reported in governmental funds.		(809,667)
Bond premiums are other financing source revenue in the governmental funds. They are a liability for the statement of net position and amortized over the life of the issuance.		
Bond premium	(269,154)	
Less: amortization	<u>60,561</u>	(208,593)
Impact fee credits do not affect current financial resources and therefore are not reported in the governmental funds.		(56,343)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and notes payable, net of bond premium	(21,087,315)	
Net pension liability	(20,406,405)	
Capital lease obligations	(651,453)	
Post-employment health benefits	(2,150,377)	
Compensated absences	<u>(2,649,033)</u>	<u>(46,944,583)</u>
Net position of governmental activities		<u>\$ 181,193,387</u>

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

CITY OF BOZEMAN, MONTANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2019

	General	Street Maintenance Special Revenue	Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 16,660,409	\$ -	\$ -	\$ 7,127,609	\$ 23,788,018
Special assessments	372	29,796	-	1,086,757	1,116,925
Licenses and permits	383,320	20,311	-	1,988,450	2,392,081
Intergovernmental	7,912,214	241,814	186,670	2,147,964	10,488,662
Charges for services	3,182,506	5,712,696	-	8,092,420	16,987,622
Fines and forfeitures	1,099,673	-	-	134,651	1,234,324
Interest on investments	128,671	17,414	427,900	865,758	1,439,743
Interest on loans receivable	-	-	-	31,695	31,695
Other	189,769	9,250	125,227	671,307	995,553
Total revenues	<u>29,556,934</u>	<u>6,031,281</u>	<u>739,797</u>	<u>22,146,611</u>	<u>58,474,623</u>
<b>EXPENDITURES</b>					
General government	7,322,843	-	5,487	1,453,748	8,782,078
Public safety	15,385,416	-	216	2,620,312	18,005,944
Public service	168,321	3,623,015	305,788	1,677,659	5,774,783
Public welfare	6,447,144	-	21,821	1,870,920	8,339,885
Other	623,028	-	-	105,614	728,642
Capital outlay	1,454,336	1,625,341	7,211,411	8,815,022	19,106,110
Debt service					
Principal payments	12,437	230,312	-	1,392,620	1,635,369
Interest and fiscal fees	1,024	39,411	9,022	736,781	786,238
Total expenditures	<u>31,414,549</u>	<u>5,518,079</u>	<u>7,553,745</u>	<u>18,672,676</u>	<u>63,159,049</u>
Revenues over (under) expenditures	<u>(1,857,615)</u>	<u>513,202</u>	<u>(6,813,948)</u>	<u>3,473,935</u>	<u>(4,684,426)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,385,362	31,900	1,037,050	748,513	4,202,825
Transfers out	(602,863)	(695,478)	-	(3,379,484)	(4,677,825)
Issuance of long term debt	344,167	232,431	2,283,000	-	2,859,598
Sale of capital assets	5,763	28,135	-	-	33,898
Total other financing sources (uses)	<u>2,132,429</u>	<u>(403,012)</u>	<u>3,320,050</u>	<u>(2,630,971)</u>	<u>2,418,496</u>
Net change in fund balances	274,814	110,190	(3,493,898)	842,964	(2,265,930)
FUND BALANCE, beginning of year	<u>7,464,768</u>	<u>528,760</u>	<u>5,863,108</u>	<u>35,317,769</u>	<u>49,174,405</u>
FUND BALANCE, end of year	<u>\$ 7,739,582</u>	<u>\$ 638,950</u>	<u>\$ 2,369,210</u>	<u>\$ 36,160,733</u>	<u>\$ 46,908,475</u>

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



CITY OF BOZEMAN, MONTANA  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds \$ (2,265,930)

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

Expenditures for capital assets	\$ 19,106,110	
Donated infrastructure	6,152,334	
Less: current year depreciation	<u>(5,648,555)</u>	19,609,889

Governmental funds report asset disposals as sale of capital assets for the cash received. In the statement of activities, those gains and losses must be adjusted by the assets basis, net of any depreciation. (33,672)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, unless immaterial. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,210,772)

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds. The change in deferred inflows of resources is presented in the statement of activities. 46,027

Governmental funds do not report a liability for compensated absences. The change in the liability is presented in the statement of activities. (15,428)

Governmental funds do not report a liability for other post-employment health benefits. The change in the liability is presented in the statement of activities. (132,315)

Contributions to the pension plans in the current fiscal year are deferred outflows in the Statement of Net Position. The change in the deferred outflows for pension plan contributions presented in the statement of activities. (2,091,901)

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. 325,938

Change in net position of governmental activities \$ 14,231,836

**PROPRIETARY FUND FINANCIAL STATEMENTS**

## **MAJOR PROPRIETARY FUNDS**

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

### Major Enterprise Funds –

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

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

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

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

CITY OF BOZEMAN, MONTANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2019

	Business-type Activities Enterprise Funds				Total	Governmental Activities
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 17,975,538	\$ 5,638,008	\$ 288,593	\$ 1,814,438	\$ 25,716,577	\$ 1,022,315
Receivables:						
Accrued interest	63,985	23,045	-	-	87,030	-
Customers, net	664,326	751,626	375,922	240,344	2,032,218	32,487
Special assessments	32	-	324	301	657	-
Prepaid expenses	-	-	-	-	-	-
Total current assets	<u>18,703,881</u>	<u>6,412,679</u>	<u>664,839</u>	<u>2,055,083</u>	<u>27,836,482</u>	<u>1,054,802</u>
Non-current assets						
Other assets:						
Notes receivable	-	-	-	-	-	-
Restricted cash and investments	<u>10,913,034</u>	<u>5,483,543</u>	<u>35,367</u>	<u>501,929</u>	<u>16,933,873</u>	<u>-</u>
Total other assets	<u>10,913,034</u>	<u>5,483,543</u>	<u>35,367</u>	<u>501,929</u>	<u>16,933,873</u>	<u>-</u>
Property, plant and equipment						
Nondepreciable:						
Land	573,847	1,099,257	228,673	303,436	2,205,213	-
Water rights	2,120,142	-	-	-	2,120,142	-
Depreciable:						
Buildings	40,566,823	60,358,823	746,509	11,877,855	113,550,010	1,441,395
Other structures and improvements	13,646,910	14,745,401	2,155,300	-	30,547,611	-
Machinery and equipment	1,493,708	3,040,201	5,213,924	587,719	10,335,552	459,831
Vehicles	570,775	755,997	592,580	248,145	2,167,497	197,356
Infrastructure	194,005,185	126,418,555	118,081	4,004,170	324,545,991	-
Property under capital lease	-	-	-	519,943	519,943	-
Accumulated depreciation and amortization	<u>(109,941,793)</u>	<u>(81,132,392)</u>	<u>(6,755,723)</u>	<u>(5,019,849)</u>	<u>(202,849,757)</u>	<u>(832,752)</u>
Net property, plant and equipment	<u>143,035,597</u>	<u>125,285,842</u>	<u>2,299,344</u>	<u>12,521,419</u>	<u>283,142,202</u>	<u>1,265,830</u>
Total non-current assets	153,948,631	130,769,385	2,334,711	13,023,348	300,076,075	1,265,830
Deferred outflows of resources						
Other post-employment benefits	10,397	9,480	9,033	5,813	34,723	11,068
Pension plan contributions	<u>233,983</u>	<u>254,228</u>	<u>172,609</u>	<u>102,744</u>	<u>763,564</u>	<u>256,050</u>
Total deferred outflows of resources	244,380	263,708	181,642	108,557	798,287	267,118
Total assets and deferred outflows of resources	<u>\$ 172,896,892</u>	<u>\$ 137,445,772</u>	<u>\$ 3,181,192</u>	<u>\$ 15,186,988</u>	<u>\$ 328,710,844</u>	<u>\$ 2,587,750</u>

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

CITY OF BOZEMAN, MONTANA  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUNDS  
June 30, 2019

	Business-type Activities Enterprise Funds				Total	Governmental Activities
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 860,499	\$ 620,937	\$ 355,906	\$ 128,273	\$ 1,965,615	\$ 172,869
Compensated absences payable	10,691	156,014	62,689	34,868	264,262	123,514
Due to other city funds	-	-	-	-	-	136,567
Capital lease obligations due in one year	4,248	-	-	126,293	130,541	6,023
Closure and post-closure care costs, current portion	-	-	362,000	-	362,000	-
Bonds, notes, and loans payable	1,210,000	1,172,000	-	78,000	2,460,000	-
Total current liabilities	<u>2,085,438</u>	<u>1,948,951</u>	<u>780,595</u>	<u>367,434</u>	<u>5,182,418</u>	<u>438,973</u>
Noncurrent liabilities						
Closure and post-closure care costs	-	-	1,745,351	-	1,745,351	-
Revenue bonds due after one year	19,791,000	14,057,000	-	1,442,000	35,290,000	-
Compensated absences payable	185,522	-	64,793	-	250,315	-
Capital lease obligations	15,140	-	-	55,935	71,075	21,465
Other post-employment health benefits implicit rate subsidy	115,408	149,233	108,016	44,795	417,452	137,553
Appearance bond and other liabilities	-	-	-	702	702	-
Solvent site remediation liability	-	1,265,323	-	-	1,265,323	-
Net pension liability	1,452,605	1,578,289	1,071,585	637,851	4,740,330	1,616,913
Total noncurrent liabilities	<u>21,559,675</u>	<u>17,049,845</u>	<u>2,989,745</u>	<u>2,181,283</u>	<u>43,780,548</u>	<u>1,775,931</u>
Total liabilities	<u>23,645,113</u>	<u>18,998,796</u>	<u>3,770,340</u>	<u>2,548,717</u>	<u>48,962,966</u>	<u>2,214,904</u>
Deferred inflows of resources						
Other post-employment benefits	46,914	52,995	42,550	21,274	163,733	53,270
Pension deferrals	204,731	222,445	151,030	89,899	668,105	240,248
Total deferred inflows of resources	<u>251,645</u>	<u>275,440</u>	<u>193,580</u>	<u>111,173</u>	<u>831,838</u>	<u>293,518</u>
<b>NET POSITION</b>						
Net investment in capital assets	122,015,209	110,056,842	2,299,344	10,819,191	245,190,586	1,238,342
Restricted for impact capital projects	6,166,158	3,547,124	-	-	9,713,282	-
Restricted for infrastructure capital projects	59,830	-	-	-	59,830	-
Restricted for parking capital projects	-	-	-	130,316	130,316	-
Restricted for debt service	898,929	1,811,286	-	58,288	2,768,503	-
Unrestricted	19,860,008	2,756,284	(3,082,072)	1,519,303	21,053,523	(1,159,014)
Total net position	<u>149,000,134</u>	<u>118,171,536</u>	<u>(782,728)</u>	<u>12,527,098</u>	<u>278,916,040</u>	<u>79,328</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 172,896,892</u>	<u>\$ 137,445,772</u>	<u>\$ 3,181,192</u>	<u>\$ 15,186,988</u>	<u>\$ 328,710,844</u>	<u>\$ 2,587,750</u>

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

CITY OF BOZEMAN, MONTANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2019

	Business-type Activities				Totals	Governmental
	Enterprise Funds			Internal		
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Service Funds
OPERATING REVENUES	\$ 9,396,171	\$ 9,336,005	\$ 4,228,099	\$ 2,308,182	\$ 25,268,457	\$ 8,813,996
OPERATING EXPENSES						
Salaries and benefits	2,144,077	2,168,558	1,511,044	941,088	6,764,767	2,248,918
Materials and supplies	811,019	343,650	419,966	48,849	1,623,484	797,952
Repairs and maintenance	83,962	129,997	284,928	25,895	524,782	11,895
Utilities	265,656	666,614	598,917	36,412	1,567,599	28,027
Administrative charges	1,710,461	1,432,081	712,434	186,678	4,041,654	159,167
Insurance claims	-	-	-	-	-	4,857,152
Other expenses	1,595,039	1,004,207	646,716	271,653	3,517,615	494,267
Depreciation and amortization	2,793,982	3,066,128	388,246	492,611	6,740,967	106,765
Changes in estimated closure and post-closure care costs	-	-	177,459	-	177,459	-
Total operating expenses	9,404,196	8,811,235	4,739,710	2,003,186	24,958,327	8,704,143
Operating income (loss)	(8,025)	524,770	(511,611)	304,996	310,130	109,853
NON-OPERATING REVENUES (EXPENSES)						
Interest income	649,263	298,822	3,352	59,412	1,010,849	7,686
Interest expense	(579,918)	(480,274)	-	(40,562)	(1,100,754)	(2,299)
Other income	142,207	165,966	29,513	24,945	362,631	13,883
Intergovernmental income	25,515	27,723	18,822	11,204	83,264	29,750
Impact fees	2,042,324	1,109,180	-	-	3,151,504	-
Gain (loss) on disposal of assets	(173,743)	(35)	-	1,350	(172,428)	167,065
Total non-operating revenues (expenses)	2,105,648	1,121,382	51,687	56,349	3,335,066	216,085
Income (loss) before contributions and transfers	2,097,623	1,646,152	(459,924)	361,345	3,645,196	325,938
Contributions of infrastructure - developers	4,379,785	2,795,394	-	1,149,581	8,324,760	-
Transfers in	600,000	-	250,000	225,000	1,075,000	-
Transfers out	(600,000)	-	-	-	(600,000)	-
Change in net position	6,477,408	4,441,546	(209,924)	1,735,926	12,444,956	325,938
NET POSITION, beginning of year	141,314,745	113,724,190	(578,328)	10,787,616	265,248,223	948,240
Restatement, other post-employment benefits and pension	1,207,981	5,800	5,524	3,556	1,222,861	(1,194,850)
NET POSITION, beginning of year, restated	142,522,726	113,729,990	(572,804)	10,791,172	266,471,084	(246,610)
NET POSITION, end of year	\$ 149,000,134	\$ 118,171,536	\$ (782,728)	\$ 12,527,098	\$ 278,916,040	\$ 79,328

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

**CITY OF BOZEMAN, MONTANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	Business-type Activities				Total	Governmental
	Enterprise Funds			Internal		
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Funds		Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 9,410,943	\$ 9,759,691	\$ 4,183,197	\$ 2,304,516	\$ 25,658,347	\$ 8,792,709
Receipts from others	142,207	165,966	29,513	24,945	362,631	43,633
Operating loans from other City funds	-	-	-	-	-	68,484
Payments to suppliers	(3,202,274)	(2,367,211)	(2,847,797)	(557,004)	(8,974,286)	33,160
Payments to employees	(2,023,292)	(1,981,076)	(1,408,528)	(868,998)	(6,281,894)	(8,054,936)
Payments to internal service funds and administrative fees	(1,710,461)	(1,432,081)	(712,434)	(186,678)	(4,041,654)	(159,167)
Net cash flows from operating activities	<u>2,617,123</u>	<u>4,145,289</u>	<u>(756,049)</u>	<u>716,781</u>	<u>6,723,144</u>	<u>723,883</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers in	600,000	-	250,000	225,000	1,075,000	-
Transfers out	(600,000)	-	-	-	(600,000)	-
Receipts from grants and intergovernmental sources	25,515	27,688	18,822	11,204	83,229	-
Net cash flows from non-capital financing activities	<u>25,515</u>	<u>27,688</u>	<u>268,822</u>	<u>236,204</u>	<u>558,229</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(3,548,958)	(2,499,155)	(51,663)	(690,378)	(6,790,154)	(129,979)
Principal paid on bonds, interfund loans, loans and leases	(1,179,640)	(1,139,000)	-	(154,173)	(2,472,813)	(5,162)
Interest paid on bonds, interfund loans, loans and leases	(579,918)	(480,274)	-	(40,562)	(1,100,754)	(2,299)
Proceeds from issuance of long-term debt	3,092,531	-	-	349,084	3,441,615	32,649
Impact fees received	2,042,324	1,109,180	-	-	3,151,504	-
Proceeds from sale of property, plant and equipment	2,620	-	-	1,350	3,970	(19)
Net cash flows from capital and related financing activities	<u>(171,041)</u>	<u>(3,009,249)</u>	<u>(51,663)</u>	<u>(534,679)</u>	<u>(3,766,632)</u>	<u>(104,810)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Collections on notes	-	-	-	9,442	9,442	-
Interest on investments	668,958	322,118	3,352	59,412	1,053,840	7,686
Net cash flows from investing activities	<u>668,958</u>	<u>322,118</u>	<u>3,352</u>	<u>68,854</u>	<u>1,063,282</u>	<u>7,686</u>
Net change in cash and investments	3,140,555	1,485,846	(535,538)	487,160	4,578,023	626,759
Cash and investments, beginning of year	<u>25,748,017</u>	<u>9,635,705</u>	<u>859,498</u>	<u>1,829,207</u>	<u>38,072,427</u>	<u>395,556</u>
Cash and investments, end of year	<u>\$ 28,888,572</u>	<u>\$ 11,121,551</u>	<u>\$ 323,960</u>	<u>\$ 2,316,367</u>	<u>\$ 42,650,450</u>	<u>\$ 1,022,315</u>
Classified as:						
Cash and investments	\$ 17,975,538	\$ 5,638,008	\$ 288,593	\$ 1,814,438	\$ 25,716,577	\$ 1,022,315
Restricted cash and investments	10,913,034	5,483,543	35,367	501,929	16,933,873	-
Totals	<u>\$ 28,888,572</u>	<u>\$ 11,121,551</u>	<u>\$ 323,960</u>	<u>\$ 2,316,367</u>	<u>\$ 42,650,450</u>	<u>\$ 1,022,315</u>

(continued)

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

CITY OF BOZEMAN, MONTANA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
Year Ended June 30, 2019

	Business-type Activities				Total	Governmental
	Enterprise Funds					Activities
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Funds		Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>						
<b>TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (8,025)	\$ 524,770	\$ (511,611)	\$ 304,996	\$ 310,130	\$ 109,853
Adjustments to reconcile operating income (loss)						
to net cash flows from operating activities						
Depreciation and amortization	2,793,982	3,066,128	388,247	492,611	6,740,968	106,765
Change in estimated closure and post-closure care costs	-	-	(184,902)	-	(184,902)	-
Change in solvent site remediation obligation	-	(302,678)	-	-	(302,678)	-
Other income	142,207	165,966	29,513	24,945	362,631	43,633
Change in assets and liabilities:						
(Increase) Decrease in:						
Accounts receivable	67,570	476,484	(44,903)	(3,666)	495,485	(21,287)
Prepaid expenses	-	-	-	-	-	-
Increase (Decrease) in:						
Accounts payable	(446,598)	79,935	(534,909)	(174,195)	(1,075,767)	128,197
Due from other city funds	-	-	-	-	-	68,484
Accrued employee benefits payable	987,632	102,556	23,377	13,790	1,127,355	247,758
Deferred inflows - unavailable revenue	(52,798)	(52,798)	-	-	(105,596)	-
Net pension	(866,847)	84,926	79,139	58,300	(644,482)	40,480
Total adjustments	<u>2,625,148</u>	<u>3,620,519</u>	<u>(244,438)</u>	<u>411,785</u>	<u>6,413,014</u>	<u>614,030</u>
Net cash flows from operating activities	<u>\$ 2,617,123</u>	<u>\$ 4,145,289</u>	<u>\$ (756,049)</u>	<u>\$ 716,781</u>	<u>\$ 6,723,144</u>	<u>\$ 723,883</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>						
Noncash transactions:						
Transferred Fixed Assets	\$ (173,743)	\$ -	\$ -	\$ -	\$ -	\$ 167,065
Donated infrastructure	<u>4,379,785</u>	<u>2,795,394</u>	<u>-</u>	<u>1,149,581</u>	<u>8,324,760</u>	<u>-</u>
Total noncash transactions	<u>\$ 4,206,042</u>	<u>\$ 2,795,394</u>	<u>\$ -</u>	<u>\$ 1,149,581</u>	<u>\$ 8,324,760</u>	<u>\$ 167,065</u>

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



**FIDUCIARY FUND FINANCIAL STATEMENTS**

## **FIDUCIARY FUNDS**

### AGENCY FUNDS

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

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

CMC Bozeman Site Remediation – Accounts for pass-through monies provided by the State of Montana Department of Environmental Quality to Olive & Wallace, LLC, to reimburse the cost of work performed as part of the Voluntary Cleanup Plan of the CMC Asbestos Bozeman Facility.

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  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 506,142
Customer receivables	2,524
Special assessments	19,497
Total assets	\$ 528,163
<b>LIABILITIES</b>	
Accounts payable	\$ 528,163
Total liabilities	\$ 528,163

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

**NOTES TO FINANCIAL STATEMENTS**

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2019, and for the year then ended. The more significant accounting policies of the City are described below.

**New Accounting Pronouncement**

The City implemented the provisions of the following GASB pronouncements for the year ended June 30, 2019:

- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for fiscal years beginning after June 15, 2018. Implementing the pronouncement has no effect on the net position as of June 30, 2019.

**Restatement**

The restatement to the beginning net position of the governmental activities, business-type activities, proprietary funds and internal service funds is a result of the following:

*Other Post-Employment Benefits (OPEB)*

The net restatement of beginning net position of \$118,184 is the benefit payment/contribution for the 2018 measurement year which is the expected employer benefit payment in relation to the actuarially determined contribution. No actual benefit payments are made by the City since the retirees are paying 100% of the premium; regardless, the \$118,184 still includes implicit rate subsidy (an inherent subsidy of retiree healthcare costs by active employee healthcare costs when healthcare premiums paid by retirees and actives are the same; in other words, accounting for the active employee premiums subsidizing the retiree premiums which are greater on a stand-alone basis).

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restatement (Continued)**

Therefore, this prior year amount was recorded as a restatement to beginning net position.

*New internal service fund*

In 2019, a new internal service fund, the Public Works Administration fund, was created. As a result of the new fund, the beginning net position of the Public Works Administration fund and the Water fund were restated to reflect the OPEB and pension liability related to employees who were transferred from the Water fund to the new internal service fund. The following is a schedule of restatements:

<b>Fund Statements</b>	<b>Fund transfer</b>			<b>Total</b>
	<b>OPEB</b>	<b>OPEB</b>	<b>Pension</b>	
Water	\$ 6,360	\$ 135,399	\$ 1,066,220	\$ 1,207,979
Waste Water	5,800	-	-	5,800
Solid Waste	5,526	-	-	5,526
Parking	1,641	-	-	1,641
Storm Water	1,915	-	-	1,915
Total proprietary funds	<u>21,242</u>	<u>135,399</u>	<u>1,066,220</u>	<u>1,222,861</u>
Vehicle Maintenance	1,776	-	-	1,776
Public Works Administration	4,993	(135,399)	(1,066,220)	(1,196,626)
Total internal service funds	<u>6,769</u>	<u>(135,399)</u>	<u>(1,066,220)</u>	<u>(1,194,850)</u>
<b>Government-Wide Statements</b>				
Governmental activities	96,939	(135,399)	(1,066,220)	(1,104,680)
Business-type activities	21,242	135,399	1,066,220	1,222,861
Total restatement	<u>\$ 118,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,181</u>

**Reporting Entity**

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

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

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

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

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

**Basis of Accounting/Measurement Focus**

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

**Government-Wide Financial Statements**

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

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

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

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) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

**Governmental Fund Financial Statements**

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

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

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



CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

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.

Fiduciary Fund Financial Statements

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

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

CMC Bozeman Site Remediation Fund – Accounts for pass-through monies provided by the State of Montana Department of Environmental Quality to Olive & Wallace, LLC, to reimburse the cost of work performed as part of the Voluntary Cleanup Plan of the CMC Asbestos Bozeman Facility.

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  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting/Measurement Focus (Continued)**

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.

**Funds**

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

*Governmental Funds*

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

Street Maintenance Special Revenue Fund – Accounts for special assessment revenues levied, received, and expended for street maintenance provided to specific property owners.

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

*Proprietary Funds*

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

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

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Restricted/Unrestricted Net Position**

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

**Cash and Investments**

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

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

**Restricted Cash and Investments**

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

**Use of Estimates**

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

**Investments Fair Value**

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

**Eliminations and Reclassifications**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

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

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

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

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

**Compensated Absences Payable**

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inter-fund Receivables and Payables**

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

**On-Behalf Payments for Fringe Benefits**

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

**Budgets**

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

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

Budgets are legally required for all governmental fund types. These budgets are prepared on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Annual appropriated budgets are adopted for all funds and all appropriations lapse at year-end. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The City Commission may amend the budget during the course of the fiscal year. Montana state statute provides a number of different ways to amend the budget. The first involves a reallocation of existing appropriations among the line items within a specific fund. The second defines a series of scenarios where the governing body has authority to amend the budget without a hearing for donations, land sales, and fee-based budgets. All other increases in appropriation authority that are not specifically permitted by statute must be approved through a public hearing process.

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets (Continued)**

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

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

**Fund Balance**

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

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

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

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

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

On December 2, 2019, the Audit Committee accepted and approved the City Manager's recommendation for the amount of General Fund balance presented on page 30 to be assigned this fiscal year for the specific purposes listed on page 30. 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.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

Similarly, the City Manager exercised her delegated authority to assign the major Capital Projects Fund balances presented on pages 41 and 49 for the specific purposes listed on page 127.

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

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

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

**Minimum General Fund – Fund Balance**

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

**Net Position**

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2. CASH AND INVESTMENTS**

At June 30, 2019, the carrying amount of the City's deposits in local banks and investments is \$93,516,875. 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. The remaining balances are 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:

	Unrestricted	Restricted	Total
Governmental activities	\$ 35,254,579	\$ 15,105,704	\$ 50,360,283
Business-type activities	25,716,577	16,933,873	42,650,450
Fiduciary funds	506,142	-	506,142
	<u>\$ 61,477,298</u>	<u>\$ 32,039,577</u>	<u>\$ 93,516,875</u>

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

On June 30, 2019, the following interest rate risks and valuation inputs were associated with the City's deposits and investments.

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Valuation Inputs</u>
		<u>Rating</u>		
Certificates of deposit	December 2019-April 2021	NA	\$ 3,101,238	Level 2
U.S. Government bonds	September 2018 - June 2022	S&P AA+	60,547,584	Level 2
U.S. Bank Municipal Investment Account	N/A	N/A	3,274,667	Level 2
State of Montana Short Term Investment Pool Account	N/A	N/A	25,000,000	
Demand deposits	N/A	N/A	1,588,023	
Petty cash	N/A	N/A	5,363	
			<u>\$ 93,516,875</u>	



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

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 previous tables are provided by Standard and Poor's Corporation (S&P). The City's investment policy is to hold investments to maturity with the contractual understanding that these investments are low risk, locked in to a guaranteed rate of return, and are, therefore, not impacted significantly by changes in short term interest rates. The City has no formal policy relating to interest risk and no formal policy relating to credit risk.

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

**NOTE 3. PROPERTY TAX AND SPECIAL ASSESSMENTS REVENUE AND RECEIVABLES**

Property Taxes

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

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

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

Property Taxes (Continued)

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

**NOTE 4. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

Deferred inflows of resources in the General Fund represent outstanding general property taxes at June 30, 2019. These amounts are reported as revenue in the Government-Wide Financial Statements in the period in which they are levied. Deferred inflows in Special Revenue Funds represent either revenues received but not considered earned or amounts to be received in the future that are recorded as receivables but not yet earned. The deferred inflows in Debt Service Funds represent future assessments to be received to meet the related debt obligation. Deferred inflows and outflows in the Government-Wide Financial Statements relate to payments made on pension plans after the measurement date for the calculated pension obligations. Deferred inflows and outflows in the Government-Wide Financial Statements also relate to the implicit rate subsidy of post-employment benefits.

**NOTE 5. PREPAID RENT (OPERATING LEASE)**

On October 22, 1992, the City signed a memorandum of understanding with Gallatin County, Montana, in which the City agreed to lease space from the County's Law and Justice Center for the City Police Department and Municipal Court. The City paid to the County \$765,000 during the renovation of the building, which started 1993. The \$765,000 constitutes rent for four rental terms of ten years each. During the term of the lease and renewal of the lease, the principal balance of \$765,000 will be decreased by equal annual rental payments in the amount of \$19,125. If the City and County mutually agree to terminate the lease after the second ten-year term, the County will refund \$369,750, to the City for the unused portion of the rent. The lease began when renovations were complete on November 1, 1994. For the year ended June 30, 2019, rent expenditure was \$19,125 regarding this lease.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 6. NOTES RECEIVABLE**

The City had the following notes receivable:

<u>Special Revenue Funds</u>	
Economic Development Loan Fund	\$ 507,020
Community Housing Fund	49,427

**NOTE 7. CAPITAL ASSETS**

In accordance with GASB 34, the City has reported all capital assets, with the exception of pre-July 1, 2001, infrastructure in the Government-Wide Statement of Net Position. For the year ended June 30, 2019, depreciation expense on capital assets was charged to the functions and programs as follows:

Governmental Activities:	
General Government	\$ 293,533
Public Safety	634,320
Public Services	3,834,880
Public Welfare	992,587
Total depreciation expense - governmental activities	<u>\$ 5,755,320</u>
Business-type Activities:	
Parking	\$ 352,684
Storm Water	139,927
Water	2,793,982
Waste Water	3,066,128
Solid Waste	388,246
Total depreciation expense - business-type activities	<u>\$ 6,740,967</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 7. CAPITAL ASSETS (CONTINUED)**

All capital assets of the City are depreciable with the exception of land, water rights, and construction in process, when applicable. Capital assets activity of the City for the year ended June 30, 2019, consisted of the following:

	June 30, 2018	Additions	Disposals	Transfers	June 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>					
Non-depreciable:					
Land	\$ 22,452,729	\$ 1,493,511	\$ -	\$ -	\$ 23,946,240
Depreciable:					
Buildings	34,078,624	348,932	-	17,180	34,444,736
Other structures and improvements	1,145,214	-	-	-	1,145,214
Machinery and equipment	13,261,998	2,671,830	(556,570)	237,680	15,614,938
Property under capital lease	771,151	-	-	-	771,151
Vehicles	3,782,437	110,898	(63,544)	94,090	3,923,881
Infrastructure	190,380,999	20,763,252	-	-	211,144,251
Total	265,873,152	25,388,423	(620,114)	348,950	290,990,411
Accumulated depreciation	(108,500,388)	(5,755,320)	585,557	(180,983)	(113,851,134)
Total governmental activities	<u>\$ 157,372,764</u>	<u>\$ 19,633,103</u>	<u>\$ (34,557)</u>	<u>\$ 167,967</u>	<u>\$ 177,139,277</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Non-depreciable:					
Land	\$ 2,203,903	\$ 1,310	\$ -	\$ -	\$ 2,205,213
Water rights	2,120,142	-	-	-	2,120,142
Depreciable:					
Buildings	113,501,605	65,585	-	(17,180)	113,550,010
Other structures and improvements	30,547,611	-	-	-	30,547,611
Machinery and equipment	10,240,680	376,114	(43,562)	(237,680)	10,335,552
Property under capital lease	519,943	-	-	-	519,943
Vehicles	2,171,865	112,016	(22,294)	(94,090)	2,167,497
Infrastructure	309,986,102	14,559,889	-	-	324,545,991
Total	471,291,851	15,114,914	(65,856)	(348,950)	485,991,959
Accumulated depreciation	(196,347,229)	(6,740,967)	57,456	180,983	(202,849,757)
Total business-type activities	<u>\$ 274,944,622</u>	<u>\$ 8,373,947</u>	<u>\$ (8,400)</u>	<u>\$ (167,967)</u>	<u>\$ 283,142,202</u>
Total capital assets	<u>\$ 432,317,386</u>	<u>\$ 28,007,050</u>	<u>\$ (42,957)</u>	<u>\$ -</u>	<u>\$ 460,281,479</u>

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 7. CAPITAL ASSETS (CONTINUED)**

Changes in accumulated depreciation are as follows for the year ended June 30, 2019:

	June 30, 2018	Additions	Disposals	Transfers	June 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>					
Buildings	\$ (16,828,397)	\$ (862,461)	\$ -	\$ (644)	\$ (17,691,502)
Other structures and improvements	(1,086,767)	(22,238)	-	-	(1,109,005)
Machinery and equipment	(8,833,782)	(878,256)	522,013	(108,470)	(9,298,495)
Property under capital lease	(174,545)	(67,520)	-	-	(242,065)
Vehicles	(2,830,901)	(245,552)	63,544	(71,869)	(3,084,778)
Infrastructure	(78,745,996)	(3,679,293)	-	-	(82,425,289)
Total governmental activities	<u>\$ (108,500,388)</u>	<u>\$ (5,755,320)</u>	<u>\$ 585,557</u>	<u>\$ (180,983)</u>	<u>\$ (113,851,134)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Buildings	\$ (19,002,101)	\$ (2,676,210)	\$ -	\$ 644	\$ (21,677,667)
Other structures and improvements	(28,416,356)	(451,910)	-	-	(28,868,266)
Machinery and equipment	(7,199,409)	(594,420)	35,162	108,470	(7,650,197)
Property under capital lease	(181,979)	(51,994)	-	-	(233,973)
Vehicles	(1,738,113)	(61,018)	22,294	71,869	(1,704,968)
Infrastructure	(139,809,271)	(2,905,415)	-	-	(142,714,686)
Total business-type activities	<u>(196,347,229)</u>	<u>(6,740,967)</u>	<u>57,456</u>	<u>180,983</u>	<u>(202,849,757)</u>
Total accumulated depreciation	<u>\$ (304,847,617)</u>	<u>\$ (12,496,287)</u>	<u>\$ 643,013</u>	<u>\$ -</u>	<u>\$ (316,700,891)</u>

**NOTE 8. COMPENSATED ABSENCES**

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 8. COMPENSATED ABSENCES (CONTINUED)**

	Balance June 30, 2018	Incurred	Satisfied	Balance June 30, 2019
Compensated absences:				
Governmental activities	\$ 2,510,091	\$ 1,801,412	\$ (1,662,470)	\$ 2,649,033
Business-type activities	590,409	218,960	(294,792)	514,577
Total compensated absences	<u>\$ 3,100,500</u>	<u>\$ 2,020,372</u>	<u>\$ (1,957,262)</u>	<u>\$ 3,163,610</u>
	Due within one year	Due after one year	Total	
Compensated absences:				
Governmental activities	\$ 1,589,571	\$ 1,059,462	\$ 2,649,033	
Business-type activities	264,262	250,315	514,577	
Total compensated absences	<u>\$ 1,853,833</u>	<u>\$ 1,309,777</u>	<u>\$ 3,163,610</u>	

**NOTE 9. LONG-TERM DEBT**

**Governmental Activities Long-Term Debt**

The following is a summary of long-term debt transactions of the City's governmental activities for the year ended June 30, 2019:

	Balance June 30, 2018	Restatement	Issuances and Additions	Repayments and Deletions	Balance June 30, 2019
General obligation bonds	\$ 13,835,000	\$ -	\$ -	\$ (895,000)	\$ 12,940,000
Tax increment financing bonds	5,018,931	-	583,000	(263,120)	5,338,811
Special assessment debt	406,000	-	-	(234,500)	171,500
Note payable	-	-	1,700,000	-	1,700,000
Intercap notes payable	763,588	-	314,560	(141,139)	937,009
Subtotal bonds and notes	20,023,519	-	2,597,560	(1,533,759)	21,087,320
Bond premiums	222,051	-	-	(13,458)	208,593
Compensated absences	2,510,091	-	1,801,412	(1,662,470)	2,649,033
Other post employment benefits liability	2,143,141	111,102	(103,865)	-	2,150,378
Net pension liability	21,421,471	1,429,018	-	(2,444,084)	20,406,405
Totals	<u>\$ 46,320,273</u>	<u>\$ 1,540,120</u>	<u>\$ 4,295,107</u>	<u>\$ (5,653,771)</u>	<u>\$ 46,501,729</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Governmental Activities Long-Term Debt (Continued)**

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

	Current Portion (due within one year)	Long-term Portion (due after one year)	Total Long-Term Debt
General obligation bonds	\$ 910,000	\$ 12,030,000	\$ 12,940,000
Tax increment financing bonds	266,936	5,071,875	5,338,811
Special assessment debt	32,000	139,500	171,500
Note payable	-	1,700,000	1,700,000
Intercap notes payable	155,930	781,079	937,009
Bond premiums	13,458	195,135	208,593
Subtotal bonds and notes	1,378,324	19,917,589	21,295,913
Compensated absences	1,589,571	1,059,462	2,649,033
Other post employment benefits liability	-	2,150,378	2,150,378
Net pension liability	-	20,406,405	20,406,405
Totals	<u>\$ 2,967,895</u>	<u>\$ 43,533,834</u>	<u>\$ 46,501,729</u>

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

	Interest Rate	Amount	Due within one year
General Obligation Refunding Bonds, series 2012 serial maturities through 2021	1.50%	\$ 535,000	\$ 265,000
General Obligation TOP Bonds, Series 2013 serial maturities through 2034	2.00%	8,045,000	430,000
General Obligation TOP Bonds, Series 2014 serial maturities through 2035	1.00%	4,360,000	215,000
Total general obligations bonds		<u>\$ 12,940,000</u>	<u>\$ 910,000</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Governmental Activities Long-Term Debt (Continued)**

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 910,000	\$ 446,138	\$ 1,356,138
2021	925,000	426,863	1,351,863
2022	675,000	406,188	1,081,188
2023	690,000	388,750	1,078,750
2024	710,000	369,200	1,079,200
2025-2029	3,925,000	1,486,700	5,411,700
2030-2034	4,750,000	655,800	5,405,800
2035	355,000	14,200	369,200
	<u>\$ 12,940,000</u>	<u>\$ 4,193,839</u>	<u>\$ 17,133,839</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 266,936	\$ 249,287	\$ 516,223
2021	278,616	237,486	516,102
2022	290,140	225,162	515,302
2023	301,803	212,000	513,803
2024	318,468	198,114	516,582
2025-2029	1,831,320	746,102	2,577,422
2030-2034	1,456,660	275,840	1,732,500
2035-2039	369,529	90,471	460,000
2040-2042	225,339	15,490	240,829
	<u>\$ 5,338,811</u>	<u>\$ 2,249,952</u>	<u>\$ 7,588,763</u>



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Governmental Activities Long-Term Debt (Continued)**

Special Assessment Debt - Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within each special improvement district. To the extent that such special assessment collections are not sufficient to make the required debt service payments, the City is obligated to levy and collect a general property tax on all taxable property in the City to provide additional funding for the debt service payments. The cash balance in the SID Revolving Fund must equal at least 5% of the principal amount of bonds outstanding. If the cash balance is less than 5%, a levy is required to bring the cash balance to the required minimum.

The City has issued various special assessment bonds with various maturities through 2025 at interest rates ranging from 2.5% to 5.75%. In addition, the City has issued two notes payable to finance special assessment projects. The following is a schedule of changes in special assessment debt:

	Balance June 30, 2018	Issuances	Repayments	Balance June 30, 2019
Special assessment bonds	\$ 205,000	\$ -	\$ (205,000)	\$ -
Note Payable to Department of Natural Resources and Conservation, #WRF-05067	48,500	-	(5,500)	43,000
Note Payable to Department of Natural Resources and Conservation, #SRF-05132	152,500	-	(24,000)	128,500
	<u>\$ 406,000</u>	<u>\$ -</u>	<u>\$ (234,500)</u>	<u>\$ 171,500</u>

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

<u>Year ending June 30.</u>	<u>Note Payables</u>
2020	\$ 32,000
2021	32,000
2022	34,000
2023	35,000
2024	38,500
	<u>\$ 171,500</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Governmental Activities Long-Term Debt (Continued)**

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

Intercap Loans - The City entered in a loan agreement with the Montana Board of Investments to partially finance the reconstruction of South Eighth Avenue. This intercap loan payable had a balance outstanding at June 30, 2019, as follows:

	Due within one year	Due after one year	Total
Notes payable to Montana Board of Investments in uneven semi-annual installments including interest at variable rates, currently at 3.370%:			
South 8th Reconstruction, matures in 2022	\$ 129,418	\$ 328,902	\$ 458,320
Upgrade Street Lighting, matures in 2030	13,198	150,932	164,130
Sports Park-Bronken Park improvement, matures in 2029	13,314	301,245	314,559
	\$ 155,930	\$ 781,079	\$ 937,009

The debt service requirements for the intercap loan at June 30, 2019, are as follows:

	Principal	Interest	Total
<u>Year ending June 30.</u>			
2020	\$ 155,930	\$ 27,522	\$ 183,452
2021	171,502	-	171,502
2022	173,945	-	173,945
2023	109,245	-	109,245
2024	44,284	-	44,284
2025-2029	240,760	-	240,760
2030-2031	41,343	-	41,343
	\$ 937,009	\$ 27,522	\$ 964,531

Sports Complex Loan - The City entered in a loan agreement with First Security Bank on July 1, 2018 for \$1,700,000 for continued improvements to the Bozeman Sports Park, one of the projects identified for funding by the Trail and Open Space General Obligation Bond. The general terms of the loan include a 3.74% interest rate, 20-year term maturing on June 30, 2039, no origination fee, semi-annual payments of \$62,911, and interest only payments until June of 2020.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Governmental Activities Long-Term Debt (Continued)**

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

The outstanding balance and debt service requirements for the sports complex loan at June 30, 2019, are as follows:

	Due within one year	Due after one year	Total
Note payable to First Security Bank in semi-annual installments including interest at 3.74% through June of 2039	\$ -	\$ 1,700,000	\$ 1,700,000

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 63,494	\$ 63,494
2021	62,883	62,912	125,795
2022	65,167	60,628	125,795
2023	67,627	58,168	125,795
2024	70,104	55,691	125,795
2025-2029	392,767	236,208	628,975
2030-2034	472,625	156,349	628,974
2035-2039	568,827	60,148	628,975
	\$ 1,700,000	\$ 753,598	\$ 2,453,598

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Business-type Activities Long-Term Debt**

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

*Water Revenue Bonds*

Water revenue bonds outstanding at June 30, 2019, are as follows:

	Balance June 30, 2018	Issuances	Repayments and Settlements	Balance June 30, 2019	Due in One Year	Long-Term Portion
State Revolving Fund Revenue Bond - 12247						
Series 2011A, serial maturities through 2032, 3% interest rate	\$ 7,416,000	\$ -	\$ (453,000)	\$ 6,963,000	\$ 467,000	\$ 6,496,000
State Revolving Fund Revenue Bond - 13291						
Series 2011B, serial maturities through 2033, 3% interest rate	7,482,000	-	(419,000)	7,063,000	431,000	6,632,000
State Revolving Fund Revenue Bond - 17386						
Series 2017, serial maturities through 2037, 2.5% interest rate	4,209,497	3,069,503	(304,000)	6,975,000	312,000	6,663,000
	<u>\$ 19,107,497</u>	<u>\$ 3,069,503</u>	<u>\$ (1,176,000)</u>	<u>\$ 21,001,000</u>	<u>\$ 1,210,000</u>	<u>\$ 19,791,000</u>

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, 2019.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Business-type Activities Long-Term Debt (Continued)**

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,210,000	\$ 414,010	\$ 1,624,010
2021	1,244,000	389,640	1,633,640
2022	1,280,000	364,590	1,644,590
2023	1,318,000	338,800	1,656,800
2024	1,356,000	312,250	1,668,250
2025-2029	7,390,000	1,135,430	8,525,430
2030-2034	5,814,000	390,690	6,204,690
2035-2037	1,389,000	49,140	1,438,140
	<u>\$ 21,001,000</u>	<u>\$ 3,394,550</u>	<u>\$ 24,395,550</u>
Due within one year	\$ 1,210,000		
Due after one year	<u>19,791,000</u>		
	<u>\$ 21,001,000</u>		

The revenue bond ordinance specifies that the City shall establish various restricted asset accounts and distribute the net revenues for the water fund to the restricted asset accounts and set user rates at levels that will generate minimum net revenues, as defined. The revenue bond ordinances specify that City management and/or the City Commission shall take corrective actions to bring the City into compliance with the revenue bond ordinances, if necessary, and that bondholder shall have the right to institute proceedings, judicial or otherwise, to enforce the covenants of the revenue bond ordinances. The City is in compliance with applicable covenants as of June 30, 2019.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Business-type Activities Long-Term Debt (Continued)**

*Waste Water Revenue Bonds*

Waste Water revenue bonds outstanding at June 30, 2019, are as follows:

	Interest Rate	Balance June 30, 2018	Repayments and Settlements	Balance June 30, 2019	Due in One Year	Long-Term Portion
Waste Water State Revolving -10252						
Series 2010B, serial maturities through 2030	1.75%	\$ 221,000	\$ (18,000)	\$ 203,000	\$ 18,000	\$ 185,000
Waste Water Reclamation Facility Revenue Bonds - 10230,						
Series 2010D, serial maturities through 2030	3.00%	6,207,000	(459,000)	5,748,000	473,000	5,275,000
Waste Water Reclamation Facility Revenue Bonds - 10262,						
Series 2010F, serial maturities through 2030	3.00%	551,000	(39,000)	512,000	40,000	472,000
Waste Water Reclamation Facility Revenue Bonds - 11291,						
Series 2010C, serial maturities through 2031	3.00%	678,000	(46,000)	632,000	47,000	585,000
Waste Water Reclamation Facility Revenue Bonds - 11292,						
Series 2010G, serial maturities through 2031	3.00%	2,059,000	(131,000)	1,928,000	135,000	1,793,000
Waste Water Reclamation Facility Revenue Bonds - 11281						
Series 2010H, serial maturities through 2031	3.00%	6,652,000	(446,000)	6,206,000	459,000	5,747,000
		<u>\$ 16,368,000</u>	<u>\$ (1,139,000)</u>	<u>\$ 15,229,000</u>	<u>\$ 1,172,000</u>	<u>\$ 14,057,000</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,172,000	\$ 298,264	\$ 1,470,264
2021	1,209,000	274,689	1,483,689
2022	1,246,000	250,374	1,496,374
2023	1,285,000	225,309	1,510,309
2024	1,329,000	199,445	1,528,445
2025-2029	7,278,000	579,425	7,857,425
2030-2031	1,710,000	30,766	1,740,766
	<u>\$ 15,229,000</u>	<u>\$ 1,858,272</u>	<u>\$ 17,087,272</u>
Due within one year	\$ 1,172,000		
Due after one year	14,057,000		
	<u>\$ 15,229,000</u>		

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Business-type Activities Long-Term Debt (Continued)**

*Stormwater Revenue Bonds*

Waste Water revenue bonds outstanding at June 30, 2019, are as follows. No debt service schedule has been established, as there has only been one draw-down from the total approved amount of \$1,815,000.

	Interest Rate	Balance June 30, 2018	Issuances	Repayments and Settlements	Balance June 30, 2019	Due in One Year	Long-Term Portion
Stormwater System Revenue Bond, Series 2015	2.00%	\$ 1,292,430	\$ 303,570	\$ (76,000)	\$ 1,520,000	\$ 78,000	\$ 1,442,000

**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, 2019, the Revenue Bond outstanding had an aggregate principal amount payable of \$187,596 .

**NOTE 10. CAPITAL LEASE OBLIGATIONS**

In 2014, the City entered into a lease for a motor grader with Caterpillar. The lease term is six years payable in annual installments of \$27,500 at 3.25%. The total amount capitalized of \$234,300 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance fund.

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)**

In 2015, the City entered into a lease for a copier. The lease term is five years payable in monthly installments of \$300. The total amount capitalized of \$15,907 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.

In 2015, the City entered into a lease for an Elgin street sweeper. The lease term is five years payable in annual installments of \$27,525 at 3.25%. The total amount capitalized of \$152,570 represents the present value of the future lease payments. The payments for this obligation are being recorded in the stormwater fund.

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

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

In 2018, the City entered into a lease for a 12M3AWD Motor Grader with Caterpillar. The lease term is six years payable in five annual payments of \$31,023 and one payment of \$127,840 at 4.55%. The total amount capitalized of \$244,531 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance fund.

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

In 2018, the City entered into a lease for a 2018 Toyota Prius Prime vehicle. The lease term is five years payable in monthly installments of \$430.49 at 7.04%. The total amount capitalized of \$16,066.95 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.

In 2018, the City entered into a lease for a 2018 Toyota Highlander. The lease term is three years payable in monthly installments of \$338.61 at 7.04%. The total amount capitalized of \$13,541.35 represents the present value of the future lease payments. The payments for this obligation are being recorded in the general fund.



CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)**

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$301.21 at 7.04%. The total amount capitalized of \$15,197.50 represents the present value of the future lease payments. Half of the payments for this obligation are being recorded in the water fund and half are being recorded in the street maintenance special revenue fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$305.82 at 7.04%. The total amount capitalized of \$15,430 represents the present value of the future lease payments. The payments for this obligation are being recorded in the water fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$345.90 at 7.04%. The total amount capitalized of \$20,753.40 represents the present value of the future lease payments. The payments for this obligation are being recorded in the public administration internal service fund.

In 2018, the City entered into a lease for a used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$301.21 at 7.04%. The total amount capitalized of \$18,072.00 represents the present value of the future lease payments. The payments for this obligation are being recorded in the public administration internal service fund.

In 2019, the City entered into a lease for three used 2015 Toyota Prius vehicle. The lease term is five years payable in monthly installments of \$1,083.68 at 7.04%. The total amount capitalized of \$45,514.41 represents the present value of the future lease payments. The payments for this obligation are being recorded in the parking fund.

In 2019, the City entered into a lease for a 2019 Elgin Broom Bear Street Sweeper Grader with Merchants Bank. The lease term is six years payable in five annual payments of \$41,387.85 at 4.35%. The total amount capitalized of \$223,395 represents the present value of the future lease payments. The payments for this obligation are being recorded in the street maintenance fund.

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)**

The capital lease balance outstanding at June 30, 2019, is as follows:

	Balance June 30, 2018	Issuances	Repayments	Balance June 30, 2019
Governmental Activities:				
Caterpillar 2014	\$ 179,027	\$ -	\$ (13,173)	\$ 165,854
Savin Copier 2015	6,466	-	(3,427)	3,039
Snow Blower 2016	57,217	-	(12,102)	45,115
Caterpillar 2018	213,508	-	(21,309)	192,199
Canon Printer 2018	7,318	-	(1,445)	5,873
Elgin Broom Sweeper	-	223,395	(38,268)	185,127
Highlander	-	11,993	(3,253)	8,740
Prius Sustainability	-	15,935	(4,311)	11,624
Prius Streets	-	7,596	(1,201)	6,395
Prius Engineering	-	15,197	(2,403)	12,794
Prius Engineering 2	-	17,452	(2,759)	14,693
	<u>\$ 463,536</u>	<u>\$ 291,568</u>	<u>\$ (103,651)</u>	<u>\$ 651,453</u>
Business-Type Activities:				
2015 Street Sweeper	\$ 52,460	\$ -	\$ (25,805)	\$ 26,655
2015 Vactor Vacuum Truck	162,427	-	(52,368)	110,059
Prius Water	-	7,601	(1,201)	6,400
Prius Water Conservation	-	15,428	(2,439)	12,989
Prius Parking 2318	-	15,171	-	15,171
Prius Parking 1569	-	15,171	-	15,171
Prius Parking 5748	-	15,171	-	15,171
	<u>\$ 214,887</u>	<u>\$ 68,542</u>	<u>\$ (81,813)</u>	<u>\$ 201,616</u>

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 2019:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 279,122	\$ 136,335
2021	106,425	63,594
2022	100,223	5,477
2023	191,120	5,477
2024	42,185	150
Less amount representing interest	(67,622)	(9,417)
Present value of future minimum lease payments	<u>\$ 651,453</u>	<u>\$ 201,616</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 10. CAPITAL LEASE OBLIGATIONS (CONTINUED)**

The property under capital lease and the corresponding accumulated depreciation at June 30, 2019, is as follows:

	Governmental Activities	Business-Type Activities
Machinery and equipment	\$ 880,308	\$ 605,279
Less: accumulated depreciation	(136,206)	(239,019)
	\$ 744,102	\$ 366,260

**NOTE 11. CLASSIFICATION OF NET POSITION**

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

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

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

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

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

**NOTE 12. DEFICIT FUND BALANCES**

At June 30, 2019, the following funds had a deficit fund balances: Solid Waste fund (\$782,728), TIFD South Bozeman Technology fund (\$7,611), and the Public Works Administration fund (\$699,712).

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 12. DEFICIT FUND BALANCES (CONTINUED)**

The deficit fund balance in the Solid Waste fund is due to the sale of city-owned property known as the Mandeville Farm for a \$2,042,391 loss in fiscal year 2017. Additionally, in fiscal year 2019, there was an unanticipated expense of \$177,459 to adjust the estimate for landfill post-closure costs.

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

The deficit fund balance in the Public Works Administration fund is due to the cumulative effect of the prior period adjustments to net position for both the Pension and the Other Post-Employment Benefit liabilities. Prior to the creation of the Public Works Administration fund this year, these liabilities were reported in the Water fund. Upon creation of this fund, the balances and employee costs were transferred to this fund, and the result was a deficit fund balance, which is expected to be eliminated over time with a financial model designed to recoup all costs through internal user charges.

**NOTE 13. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In accordance with GASB Statement No. 32, the City does not report any balances related to the deferred compensation plan, as these amounts represent neither assets nor liabilities to the City, and the plan is administered by an independent third party.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS**

**Plan Description and Provisions**

All City of Bozeman full-time employees participate in one of three statewide, cost-sharing, multiple-employer, retirement benefit plans administered by the Public Employees Retirement Division (PERD). Contributions to the three plans are as required by State statute. Fiscal years 2019 and 2018 total payroll and covered payroll for all retirement plans were \$24,693,753 and \$23,497,688, respectively. Financial information for all three plans is reported in the Public Employees' Retirement Board's published *Comprehensive Annual Financial Report* for the fiscal year-end. It is available from the PERD at 100 North Park Avenue, Suite 220, P.O. Box 200131, Helena, MT 59620-0131. The authority to establish, amend, and provide cost of living adjustments to all three plans is assigned to the State legislature. The authority to establish and amend contribution rates to all three plans is also assigned to the State legislature.

**Aggregate Pension Totals**

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

	<b>PERS</b>	<b>FURS</b>	<b>MPORS</b>	<b>Total</b>
Pension deferred outflows of resources	\$ 2,802,643	\$ 572,758	\$ 248,852	\$ 3,624,253
Net pension liability	17,399,265	2,725,281	5,022,189	25,146,735
Pension deferred inflows of resources	2,452,266	76,387	267,146	2,795,799
Pension expense	1,909,093	398,316	526,857	2,834,266

**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, 2018 measurement date for the 2019 reporting.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

*Plan Description*

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

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

**Public Employees' Retirement System (PERS) (Continued)**

*Benefits Provided*

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

***Service Retirement***

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; or Any age, 30 years of membership service.
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CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Service Retirement (Continued)*

Hired on or after July 1, 2011: Age 65, 5 years of membership services;  
 Age 70, regardless of membership service.

*Early Retirement*

Early retirement, actuarially reduced:

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

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

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

1. Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
  - a) A refund of member's contributions plus return interest (currently 0.77% effective July 1, 2017);
  - b) No service credit for second employment;
  - c) Start the same benefit amount the month following termination; and
  - d) Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
2. Retire before January 1, 2016 and accumulate at least 2 years of additional service credit;
  - a) A recalculated retirement benefit based on provisions in effect after the initial retirement; and
  - b) GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
3. Retire on or after January 1, 2016 and accumulate 5 or more years of service credit;
  - c) The same retirement as prior to the return to service;
  - d) A second retirement benefit as prior to the second of service based on laws in effect upon the rehire date; and
  - e) GABA starts on both benefits in January after receiving the original and new benefit for 12 months.

*Member's Highest Average Compensation (HAC)*

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

***Compensation Cap***

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of 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 other adjustments to the member's benefit.

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

***Overview of Contributions***

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

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

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



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Overview of Contributions (Continued)*

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

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

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Overview of Contributions (Continued)*

3. Non Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The state contributed a Statutory Appropriation from the General Fund of \$33,454,182.

***Actuarial Assumptions***

The total pension liability (TPL) in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.65%
- Admin expense as a % of payroll 0.26%
- General Wage Growth\* 3.50%
- \*includes Inflation at 2.75%
- Merit Increases 0% to 6.30%
- Postretirement Benefit Increases

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

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Actuarial Assumptions (Continued)*

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, are summarized below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash Equivalents	2.60%	4.00%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.35%
Fixed Income	23.40%	1.00%
Private Equity	12.00%	7.75%
Real Estate	8.00%	4.00%
<b>Total</b>	<b>100.00%</b>	

***Discount Rate***

The discount rate used to measure the TPL was 7.65%. 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 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Sensitivity of the proportionate share of the net pension liability to changes in the discount rate* – The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Reporting Date	1.0% Decrease at 6.65%	Current Discount Rate	1.0% Increase at 8.65%
City of Bozeman Net Pension Liability	\$25,163,366	\$17,399,265	\$11,023,700

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2019, was determined by taking the results of the June 30, 2018, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2019, and 2018, 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 \$17,399,265 and the employer's proportionate share was 0.8336 percent.

As of Reporting Date	Net Pension Liability as of 6/30/19	Net Pension Liability as of 6/30/18	Percent of Collective NPL as of 6/30/19	Percent of Collective NPL as of 6/30/18	Change in Percent of Collective NPL
City of Bozeman Proportionate Share	\$ 17,399,265	\$ 20,291,988	0.8336%	1.0419%	-0.2083%
State of Montana Proportionate Share associated with the City	5,822,595	266,967	1.1196%	1.3606%	-0.2410%
<b>Total</b>	<b>\$ 23,221,860</b>	<b>\$ 20,558,955</b>	<b>1.9532%</b>	<b>2.4025%</b>	<b>-0.4493%</b>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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

*Changes in Actuarial Assumptions and Methods:*

There were no changes in assumptions or other inputs that affected the measurement of the TPL.

*Changes in Benefit Terms:*

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

*Changes in Proportionate Share:*

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

*Pension Expense*

At June 30, 2019, the employer recognized \$1,909,093 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$388,594 for the state of Montana proportionate share of the pension expense associated with the employer. Additionally, the employer recognized grant revenue of \$0 from the State Statutory Appropriation from the General Fund.

As of reporting date	Pension Expense as of 6/30/19	Pension Expense as of 6/30/18
City's Proportionate Share	\$ 1,909,093	\$ 2,719,887
Employer Grant Revenue - State of Montana	388,594	14,233
State of Montana Coal Tax for employer	-	290,280
<b>Total</b>	<b>\$ 2,297,687</b>	<b>\$ 3,024,400</b>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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

*Recognition of Deferred Inflows and Outflows*

At June 30, 2019, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

As of Reporting Date	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected v. actual experience	\$ 1,323,097	\$ -
Projected investment earnings v. actual investment earnings	-	270,210
Changes in assumptions	1,479,546	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,182,056
Employer contributions subsequent to the measurement date	1,218,871	-
<b>Total</b>	<b>\$ 4,021,514</b>	<b>\$ 2,452,266</b>

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

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2020	\$ 971,387
2021	\$ 450,261
2022	\$ (960,243)
2023	\$ (111,028)
2024	\$ -
Thereafter	\$ -

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

**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 reporting period ended June 30, 2019, 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 316 employers that have participants in the PERS-DCRP totaled \$746,144.

*Pension plan fiduciary net position:*

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**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, 2018 measurement date for the 2019 reporting.

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

*Plan Description*

The Firefighters' Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, Montana Code Annotated (MCA). This plan provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature.



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

*Benefits Provided*

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

**Service Retirement and monthly benefit formula**

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

**Second retirement:**

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

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS)**

*Benefits Provided (Continued)*

**Second retirement (Continued):**

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

**Member's Compensation Period used in Benefit Calculation**

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

***Compensation Cap***

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

***Guaranteed Annual Benefit Adjustment (GABA)***

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

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

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

*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 - 2019	9.50%	10.70%	14.36%	32.61%
1997	7.80%		14.36%	32.61%

*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

- Investment Return 7.65%
- Admin expense as a % of payroll 0.23%
- General Wage Growth\* 3.50%  
\*includes Inflation at 2.75%
- Merit Increases 0% to 6.30%
- Postretirement Benefit Increases

○ ***Guaranteed Annual Benefit Adjustment (GABA) each January***

Members hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months, the member's benefit increases by a maximum of 3% each January.

○ ***Minimum Benefit Adjustment (non-GABA)***

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

*Actuarial Assumptions (Continued)*

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries are based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP 2000 Combined Mortality Tables.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, are summarized below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
<b>Cash Equivalents</b>	2.60%	4.00%
<b>Domestic Equity</b>	36.00%	4.55%
<b>Foreign Equity</b>	18.00%	6.35%
<b>Fixed Income</b>	23.40%	1.00%
<b>Private Equity</b>	12.00%	7.75%
<b>Real Estate</b>	8.00%	4.00%
<b>Total</b>	100.00%	

*Discount Rate*

The discount rate used to measure the TPL was 7.65%. 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 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

*Sensitivity of the proportionate share of the net pension liability to changes in the discount rate*

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change the liability. The NPL was calculated using the discount rate of 7.65%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Reporting Date	1.0% Decrease (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
City of Bozeman's Net Pension Liability	\$4,670,984	\$2,725,281	\$1,157,981

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2019, was determined by taking the results of the June 30, 2018, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2019 and 2018, 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 \$2,725,281 and the employer's proportionate share was 2.3663 percent.

As of Reporting Date	NPL as of 6/30/19	NPL as of 6/30/18	Percent of Collective NPL as of 6/30/19	Percent of Collective NPL as of 6/30/18	Change in Percent of Collective NPL
City Proportionate Share	\$ 2,725,281	\$ 2,655,380	2.3663%	2.3492%	0.0171%
State of Montana Proportionate Share associated with Employer	6,231,502	6,030,078	7.9601%	7.8595%	0.1006%
<b>Total</b>	<b>\$ 8,956,783</b>	<b>\$ 8,685,458</b>	<b>10.3264%</b>	<b>10.2087%</b>	<b>0.1177%</b>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

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

*Changes in Actuarial Assumptions and Methods:*

There were no changes in assumptions or other inputs that affected the measurement of the TPL.

*Changes in Benefit Terms:*

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

*Changes in Proportionate Share:*

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

*Pension Expense*

At June 30, 2019 reporting date, the employer recognized its proportionate share of the FURS' pension expense of \$398,316. The employer also recognized grant revenue of \$1,254,217 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer.

As of reporting date	Pension Expense as of 6/30/19	Pension Expense as of 6/30/18
City's Proportionate Share	\$ 398,316	\$ 388,062
Employer Grant Revenue - State of Montana Proportionate Share for Employer	1,254,217	1,145,218
<b>Total</b>	<b>\$ 1,652,533</b>	<b>\$ 1,533,280</b>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Firefighters' Unified Retirement System (FURS) (Continued)**

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

*Recognition of Deferred Inflows and Outflows*

At June 30, 2019, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected v. actual experience	\$ 305,912	\$ 15,013
Projected investment earnings v. actual investment earnings	\$ -	\$ 33,056
Changes in assumptions	\$ 266,846	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 28,318
Employer contributions subsequent to the measurement date	\$ 546,707	\$ -
<b>Total</b>	<b>\$ 1,119,465</b>	<b>\$ 76,387</b>

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

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2020	\$ 172,534
2021	\$ 123,082
2022	\$ 29,904
2023	\$ 109,667
Thereafter	\$ 61,184

*Pension plan fiduciary net position:*

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Municipal Police Officers' Retirement System (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting. Whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2018 measurement date for the 2019 reporting.

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

*Plan Description*

The 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.



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

**General Information about the Pension Plan (Continued)**

*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 x years of service credit

**Second Retirement:**

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

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

*Benefits Provided (Continued)*

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

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

**Member's final average compensation (FAC)**

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

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

**Compensation Cap**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

*Benefits Provided (Continued)*

**Guaranteed Annual Benefit Adjustment (GABA)**

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

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

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

*Contributions*

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

*Special Funding*

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

Fiscal Year	Member				Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA		
2000-2019	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.65%
- Admin Expense as % of Payroll 0.24%
- General Wage Growth\* 3.50%  
\*includes Inflation at 2.75%
- Merit Increases 0% to 6.60%
- Postretirement Benefit Increases
  - i. **Guaranteed Annual Benefit Adjustment (GABA) each January**  
Hired on or after July 1, 1997, or those electing GABA, and has been retired for at least 12 months, a GABA will be made each year in January equal to 3%.
  - ii. **Minimum benefit adjustment (non-GABA)**  
The minimum benefit provided may not be less than 50% of the compensation paid to a newly confirmed police officer of the employer that last employed the member as a police officer in the current fiscal year.
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using scale BB, set back one year for males.
- Mortality assumptions among Disabled Retirees were based on RP 2000 Combined Mortality Tables.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, are summarized on the following page.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

*Actuarial Assumptions (Continued)*

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash Equivalents	2.60%	4.00%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.35%
Fixed Income	23.40%	1.00%
Private Equity	12.00%	7.75%
Real Estate	8.00%	4.00%
<b>Total</b>	<b>100.00%</b>	

*Discount Rate*

The discount rate used to measure the TPL was 7.65%. 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 2132. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

*Sensitivity of the proportionate share of the net pension liability to changes in the discount rate*

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Reporting Date	1.0% Decrease (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
City of Bozeman's Net Pension Liability	\$7,626,984	\$5,022,189	\$2,939,047

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2019, was determined by taking the results of the June 30, 2018, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2019, and 2018, 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 \$5,022,189 and the employer's proportionate share was 2.9325 percent.

As of Reporting Date	NPL as of 6/30/2019	NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2019	Percent of Collective NPL as of 6/30/2018	Change in Percent of Collective NPL
City Proportionate Share	\$ 5,022,189	\$ 5,408,979	2.9325%	3.0402%	-0.1077%
State of Montana Proportionate Share associated with Employer	\$ 10,266,345	\$ 11,024,418	8.9307%	9.2367%	-0.3060%
<b>Total</b>	<b>\$ 15,288,534</b>	<b>\$ 16,433,397</b>	<b>11.8632%</b>	<b>12.2769%</b>	<b>-0.4137%</b>

*Changes in Actuarial Assumptions and Methods*

There were no changes in assumptions or other inputs that affected the measurement of the TPL.

*Changes in Benefit Terms*

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

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

*Changes in Proportionate Share*

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

*Pension Expense*

At June 30, 2019 reporting date, the employer recognized its proportionate share of the Plan's pension expense of \$526,857. The employer also recognized grant revenue of \$1,415,234 for the support provided by the State of Montana for the proportionate share of the pension expense that is associated with the employer.

As of reporting date	Pension Expense as of 6/30/19	Pension Expense as of 6/30/18
City's Proportionate Share	\$ 526,857	\$ 657,460
State of Montana Proportionate Share associated with the City	1,415,234	1,335,293
<b>Total</b>	<b>\$ 1,942,091</b>	<b>\$ 1,992,753</b>

*Recognition of Deferred Inflows and Outflows*

At June 30, 2019, the employer reported its proportionate share of MPORS' deferred outflows of resources and deferred inflows of resources related to MPORS from the following sources:

As of reporting date	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected v. actual experience	\$ 14,078	\$ 100,166
Projected investment earnings v. actual investment earnings	-	38,081
Changes in assumptions	234,774	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	128,899
Employer contributions subsequent to the measurement date	681,583	-
<b>Total</b>	<b>\$ 930,435</b>	<b>\$ 267,146</b>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

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

*Recognition of Deferred Inflows and Outflows (Continued)*

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

For the Reporting Year ended June 30:	Recognition of deferred outflows and deferred inflows in future years as an increase or (decrease) to pension expense
2020	\$ 113,443
2021	\$ 31,490
2022	\$ (140,833)
2023	\$ (22,394)
2024	\$ -
Thereafter	\$ -

*Pension plan fiduciary net position*

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

**NOTE 15. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

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 \$2131 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 \$2,700 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 \$5,400 for non-Medicare-eligible retirees, the plan reimburses 60% to 80% of allowed charges after deductible and up to the out-of-pocket maximum, and then 100%.

***Employees Covered by Benefit Terms***

At June 30, 2019, the following employees were covered by the benefit terms:

<u>Category</u>	<u>Count</u>
Active employees	459
Inactive employees or beneficiaries currently receiving benefit payments	<u>32</u>
Total	<u><u>491</u></u>

***Contributions***

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

***Total OPEB Liability (TOL)***

The City's total OPEB liability of \$2,567,830 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Changes in the TOL for the year ended June 30, 2019 are as follows:

Service cost	\$ 180,183
Interest on OPEB obligation	88,126
Difference between expected & actual expense	(502,125)
Benefits paid	(118,184)
Changes in assumptions	<u>225,375</u>
Changes in OPEB obligation	(126,625)
OPEB obligation - beginning of year	<u>2,694,455</u>
OPEB obligation - end of year	<u><u>\$ 2,567,830</u></u>

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 (2.87%) or one percentage point higher (4.87%) follows:

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Discount Rate</u> <u>(3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Total OPEB liability	<u>\$ 2,856,628</u>	<u>\$ 2,567,830</u>	<u>\$ 2,312,972</u>

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

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Total OPEB liability	<u>\$ 2,242,584</u>	<u>\$ 2,567,830</u>	<u>\$ 2,961,993</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

For the year ended June 30, 2019, the City recognized an OPEB expense of \$126,625. At June 30 2019, 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>
Changes of assumptions	\$ 193,179	\$ (973,400)
Total	<u>\$ 193,179</u>	<u>\$ (973,400)</u>

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

<u>Year Ended June 30:</u>	
2020	\$ (94,888)
2021	(94,888)
2022	(94,888)
2023	(94,888)
2024	(94,888)
Thereafter	<u>(305,781)</u>
Total	<u>\$ (780,221)</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

The June 30, 2019, year-end OPEB cost is reported in the City's funds as follows:

Functions/Programs	Expenses
<b>PRIMARY GOVERNMENT</b>	
Governmental activities:	
General government	\$ (21,324)
Public safety	(39,863)
Public service	(14,831)
Public welfare	(27,846)
Total governmental activities	(103,864)
Business-type activities:	
Water	(6,815)
Waste water	(6,214)
Solid waste	(5,921)
Parking	(1,759)
Storm water	(2,052)
Total business-type activities	(22,761)
Total primary government	\$ (126,625)

***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 2018, with an estimate provided for fiscal year 2019. For fiscal year 2019, an estimated valuation was derived based on the 2018 actual costs and participants. As a result of this biennial valuation, we have marked the fields as "n/a" where actual financial data was not used to generate the estimate. As of July 1, 2018, the most recent valuation date, the City's total OPEB liability was determined using the following actuarial assumptions:

The following key assumptions were chosen by the City:

1. Discount Rate: 3.87% for determining fiscal 2019 disclosure and estimated fiscal 2019 expense; 3.13% for determining fiscal 2018 liability and fiscal 2018 expense.
2. Inflation Rate: 2.5% long-term.
3. Expected Real Rate of Return on Assets: N/A.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

*Actuarial Methods and Assumptions (Continued)*

4. Health Care Claim and Contribution Trend Rates: Updated from 7.5% initial in fiscal 2019 and 4.5% ultimate in fiscal 2039.
5. Average Salary Increase: 3.00%
6. Retirement Rates: Based on actuarial valuation for statewide retirement systems as of June 30, 2018
7. Retiree Participation Rate: 35%
8. Lapse Rate: 25% per year
9. Marriage Assumption: For future retirees, 60% of participants are assumed to be married, with husbands 3 years older than wives.
10. ACA Excise Tax: Results include an estimate of future ACA Excise Tax costs based on upon loading health care trend rates by 5.8% in fiscal years 2046 and beyond. For purposes of the estimated Excise Tax, the tax payer (i.e., health plan) is assumed to be non-taxable.

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 S&P municipal bond 20-year high rate index as of the measurement date.

Mortality rates are based on the RP-2014 Blue Collar Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2018 for MPORS and FURS (Police and Fire, respectively) and RP-2014 Combined Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2018 for PERS (All other employees).

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

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

**NOTE 16. JOINT VENTURE AGREEMENTS**

Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing financial responsibility. As of June 30, 2019, the City has entered into joint venture contractual arrangements, as described on the following page.

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 16. JOINT VENTURE AGREEMENTS (CONTINUED)**

**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.

The City has also entered into an inter-local agreement for the purpose of procuring equipment to upgrade the aforementioned 911 radio system. Under this agreement, the County has entered into a lease-purchase agreement for the system. The inter-local agreement requires the City to make two payments on November 30, 2018 and November 30, 2019 in the amount of \$504,999, plus 2.99% interest from December 31, 2018 through December 31, 2019. The payments have been accrued as a liability and expense in the fund statements as of June 30, 2019.

**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.

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 17. RESTRICTED NET POSITION**

At June 30, 2019, the balances of restricted net position for business-type activities are as follows:

	Business-Type Activities				Total
	Water Fund	Waste Water Fund	Solid Waste Fund	Nonmajor Enterprise	
Restricted by revenue bond covenants:					
For bond reserve	\$ 898,929	\$ 1,811,286	\$ -	\$ 58,288	\$ 2,768,503
Restricted by ordinance:					
Cash in lieu of parking	-	-	-	130,316	130,316
Cash in lieu of infrastructure	59,830	-	-	-	59,830
Impact fees	6,166,158	3,547,124	-	-	9,713,282
	<u>\$ 7,124,917</u>	<u>\$ 5,358,410</u>	<u>\$ -</u>	<u>\$ 188,604</u>	<u>\$ 12,671,931</u>

**NOTE 18. INTERFUND TRANSFERS AND ASSETS/LIABILITIES**

A summary of interfund transfers reported in the fund financial statements for the year ended June 30, 2019, follows:

	Transfers From								Total
	Governmental Funds				Proprietary Funds				
	General Fund	Street Maintenance	Capital Projects	Nonmajor Governmental	Water	Solid Waste	Waste Water	Nonmajor Enterprise	
General Fund	\$ -	\$ -	\$ -	\$ 2,385,362	\$ -	\$ -	\$ -	\$ -	\$ 2,385,362
Street Maintenance	-	-	-	31,900	-	-	-	-	31,900
Capital projects	111,675	695,478	-	229,897	-	-	-	-	1,037,050
Nonmajor Governmental	166,188	-	-	582,325	-	-	-	-	748,513
Water Enterprise	-	-	-	-	600,000	-	-	-	600,000
Solid Waste Enterprise	250,000	-	-	-	-	-	-	-	250,000
Nonmajor Enterprise	75,000	-	-	150,000	-	-	-	-	225,000
Stormwater Enterprise	-	-	-	-	-	-	-	-	-
Nonmajor Enterprise	-	-	-	-	-	-	-	-	-
Total	<u>\$ 602,863</u>	<u>\$ 695,478</u>	<u>\$ -</u>	<u>\$ 3,379,484</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,277,825</u>

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

A summary of advances and due from/to other funds at June 30, 2019, is as follows:

	Advances to other City funds	Advances from other City funds
Non-major Governmental Funds:		
SID Sinking Debt Service	\$ -	\$ 472,483
SID Revolving Debt Service	472,483	-
	\$ 472,483	\$ 472,483
	Due from other City funds	Due to other City funds
Major Funds:		
General fund	\$ 144,193	\$ -
Non-major Governmental Fund:		
TIFD South Bozeman Technology	-	7,626
Internal Service Fund:		
Vehicle Maintenance	-	136,567
	\$ 144,193	\$ 144,193

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

**NOTE 19. RISK MANAGEMENT**

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



CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 19. RISK MANAGEMENT (CONTINUED)**

**Commercial Policies**

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City's Enterprise Funds and the General Fund. Premiums are subsidized through a special purpose property tax levy, based on total appropriations. Settled claims resulting from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2019, 2018, and 2017.

**Public Entity Risk Pools**

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

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

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

**NOTE 20. CONTINGENCIES**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

The City has a municipal solid waste landfill. State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after final closure. The City stopped accepting waste effective June 30, 2008. The final capping of the cells is still pending. The City has accrued a liability for \$2,107,351, which is its estimate of future landfill closure and post-closure care costs as of June 30, 2019. This amount is based on a Corrective Measures Assessment completed in September 2014 by a third party engineering firm, from which a remediation plan has been adopted by the City and has been approved the Montana Department of Environmental Quality. The cost of post closure care is an estimate and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

<u>Condensed Statement of Net Position</u>	
Restricted cash and cash equivalents	\$ 35,367
Capital assets, net of depreciation	<u>870,316</u>
Total assets	<u><u>\$ 905,683</u></u>
Current liabilities	\$ 28,373
Closure and post-closure care cost	<u>2,107,351</u>
Total liabilities	<u><u>2,135,724</u></u>
Restricted for debt service	<u>(1,230,040)</u>
Total net position	<u><u>(1,230,040)</u></u>
Total liabilities and net position	<u><u>\$ 905,684</u></u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues and expenses:

Operating revenues	\$ <u>          -</u>
Operating expenses	
Depreciation	63,520
Change in post closure cost estimate	177,459
Other operating	<u>22,688</u>
Total operating expenses	<u>263,667</u>
Operating loss	<u>(263,667)</u>

Non-operating revenues (expenses):

Interest income	1,699
Transfers	<u>250,000</u>
Total non-operating revenues	<u>251,699</u>

Change in net position (11,968)

Net position, beginning of year (1,218,072)

Net position, end of year \$ (1,230,040)

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 22. SEGMENT INFORMATION FOR WATER ENTERPRISE FUND**

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

<u>Condensed Statement of Net Position</u>	
Current assets	\$ 18,689,615
Capital assets	141,766,244
Other assets	<u>4,991,256</u>
Total assets	<u>\$ 165,447,115</u>
Current liabilities	\$ 1,813,080
Non-current liabilities	<u>22,019,125</u>
Total liabilities	<u>23,832,205</u>
Net investment in capital assets	120,745,856
Restricted for debt service	898,929
Unrestricted	<u>19,970,125</u>
Total net position	<u>141,614,910</u>
Total liabilities and net position	<u>\$ 165,447,115</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

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

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

Operating revenues and expenses:	
Operating revenues	\$ 9,396,171
Operating expenses:	
Depreciation	2,710,049
Other operating	5,959,759
Total operating expenses	<u>8,669,808</u>
Operating loss	<u>726,363</u>
Non-operating revenues (expenses)	
Interest income	522,327
Interest expense	(579,918)
Grant income	25,515
Gain on sale of assets	(173,743)
Contributions of infrastructure	4,379,785
Other income	47,581
Transfers	600,000
Total non-operating revenues	<u>4,821,547</u>
Change in net position	5,547,910
Net position, beginning of year	134,859,019
Restatement	<u>1,207,981</u>
Net position, end of year	<u>\$ 141,614,910</u>

Condensed Statement of Cash Flows

Net cash provided by operating activities	\$ 3,254,809
Net cash flows from capital and related financing activities	(2,089,208)
Net cash flows from noncapital and financing activities	600,000
Net cash flows from investing activities	<u>522,327</u>
Net change in cash flows	2,287,928
Beginning cash and equivalents	<u>20,434,486</u>
Ending cash and equivalents	<u>\$ 22,722,414</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 23. IMPACT FEES**

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

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

An applicant may obtain an Impact Fee Credit by dedication of non-site-related land or construction of non-site-related improvements. Credits must be made before the beginning of improvement construction, must comply with the City's Capital Improvements Program, and must be approved by the City Commission. Credits may be used only for like-type impact fees. The full provisions for impact fee credits are contained in Chapter 3.24 of the Bozeman Municipal Code. For proprietary type funds, the City records a liability for the impact fee credit and capitalizes the underlying asset. For governmental-type funds, the credits are only disclosed in the footnotes. For government-wide financial reporting, the outstanding credits are reported as unearned revenue. The Water Impact Fee Fund, Street Impact Fee Fund, and Waste Water Impact Fee Fund have recorded impact fee credits amounting to \$33,232, \$56,343, and \$129,042, respectively, as of June 30, 2019. The Fire Impact Fee Fund does not have any outstanding credits. The following impact fee revenues were collected and expensed/expended during fiscal year 2019:

	Beginning Balances	Impact Fees	Other Income	Expenses, Expenditures, and Transfers	Ending Balances
Fire	\$ 2,105,132	\$ 525,828	\$ 121,141	\$ (39,279)	\$ 2,712,822
Water	6,455,725	2,042,324	221,563	(1,334,388)	7,385,224
Waste water	4,571,290	1,109,180	192,239	(294,208)	5,578,501
Streets	9,349,247	4,291,396	354,844	(5,216,653)	8,778,834
Total	<u>\$ 22,481,394</u>	<u>\$ 7,968,728</u>	<u>\$ 889,787</u>	<u>\$ (6,884,528)</u>	<u>\$ 24,455,381</u>

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 24. POLLUTION REMEDIATION OBLIGATIONS**

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

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

The Montana Department of Environmental Quality (MDEQ) issued the Record of Decision (ROD) for the Bozeman Solvent Site (BSS) in August 2011. The Administrative Order of Consent (AOC) was finalized in January 2012. The ROD and AOC specifically delineate the remediation to be completed for the BSS. The AOC serves as the legal mechanism for the implementation of the selected remedies identified in the ROD. Though remediation is currently underway and may be completed relatively quickly, monitoring of the site will continue for a period of up to 30 years. Tasman Geosciences, Inc. serves as the contractor for the potentially liable parties (the City of Bozeman and CVS Pharmacy, Inc.). Based on the selected remedies identified in the ROD, Tasman has completed a long-term cost projection for the project in February 2016. The long-term cost projection was reviewed in September 2017 and, at that time, it was determined it was still an accurate projection. This cost projection includes all remediation and monitoring cost, as well as, the MDEQ cost recovery associated with the BSS. The long-term cost projection for the City is \$2,089,997 in remediation costs. Reduced by its insurer's reimbursement, the amount is \$1,700,183. This liability is recorded in the Waste Water Fund, is an estimate, and is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

**CMC Asbestos Bozeman CECRA Facility**

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

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

CITY OF BOZEMAN, MONTANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 24. POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

**CMC Asbestos Bozeman CECRA Facility (Continued)**

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



CITY OF BOZEMAN, MONTANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2019

**NOTE 25. NET POSITION COMPOSITION**

The table presented below displays the City's fund balances by major purpose as displayed on page 41 of the governmental funds balance sheet.

	General Fund	Street Maintenance Special Revenue	Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Prepays	\$ -	\$ -	\$ -	\$ 293,250	\$ 293,250
Cemetery perpetual care	-	-	-	1,442,341	1,442,341
Total nonspendable	-	-	-	1,735,591	1,735,591
<b>Restricted</b>					
General government-Planning	-	-	-	1,874,998	1,874,998
General government-Health Insurance	-	-	-	602,773	602,773
General government-other	-	-	-	105	105
Public safety - Building Inspection	-	-	-	1,737,908	1,737,908
Public safety-Fire Impact	-	-	-	2,712,822	2,712,822
Public safety-Victim Witness	-	-	-	426,598	426,598
Public safety-other	-	-	-	48,026	48,026
Public service	-	638,950	-	184,212	823,162
Public service - Gas Tax	-	-	-	1,783,072	1,783,072
Public service - Community Transportation	-	-	-	20,893	20,893
Public service - Lighting Districts	-	-	-	503,581	503,581
Public welfare - Tax Increment Districts	-	-	-	159,688	159,688
Public welfare - Econ Develop Loan Fund	-	-	-	804,034	804,034
Public welfare - Tree Maint. District	-	-	-	416,700	416,700
Public welfare - other	-	-	-	5,253,705	5,253,705
Capital projects	-	-	671,195	-	671,195
Debt service-SID Sinking	-	-	-	1,700,294	1,700,294
Debt service-SID Revolving Fund	-	-	-	3,499,932	3,499,932
Debt service-GO Bonds	-	-	-	89,755	89,755
Total restricted	-	638,950	671,195	21,819,096	23,129,241
<b>Committed</b>					
Public safety	-	-	-	835,379	835,379
Public welfare	-	-	-	3,037,902	3,037,902
Capital projects	-	-	405,810	-	405,810
Total committed	-	-	405,810	3,873,281	4,279,091
<b>Assigned</b>					
General government	1,414,124	-	-	-	1,414,124
Public welfare	-	-	-	1,231	1,231
Capital projects	815,928	-	1,292,205	-	2,108,133
Budget ordinance minimum 16.67%	5,509,530	-	-	-	5,509,530
Total assigned	7,739,582	-	1,292,205	1,231	9,033,018
<b>Unassigned</b>					
	-	-	-	8,731,534	8,731,534
Total net position	\$ 7,739,582	\$ 638,950	\$ 2,369,210	\$ 36,160,733	\$ 46,908,475

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

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
 Year Ended June 30, 2019

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

Assets are not accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits. The total OPEB liability and ratio of OPEB liability as a percentage of covered-employee payroll as of June 30, 2019 is determined as follows:

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 180,183	\$ 250,168
Interest	88,126	88,342
Assumption changes	225,374	(653,711)
Difference between expected and actual experience	(502,125)	-
Benefit payments	<u>(118,184)</u>	<u>-</u>
Net change in total OPEB liability	(126,626)	(315,201)
Total OPEB liability - beginning of year	<u>2,694,455</u>	<u>3,009,656</u>
Total OPEB liability - ending of year	<u>\$ 2,567,829</u>	<u>\$ 2,694,455</u>
Covered-employee payroll	\$ 23,503,572	\$ 45,345,305
Total OPEB liability as a percentage of covered-employee payroll	10.93%	5.94%

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

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

6/30/2019	3.87%
6/30/2018	3.13%

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 AND SCHEDULE OF CONTRIBUTIONS  
 Year Ended June 30, 2019

Schedule of Proportionate Share of the Net Pension Liability: As of Reporting Date	PERS				
	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	0.8336%	1.0419%	1.0218%	0.9588%	0.91505%
Employer's net pension liability (amount)	\$ 17,399,265	\$ 20,291,988	\$ 17,404,143	\$ 13,403,285	\$ 11,401,613
State's net pension liability (amount)	\$ 5,822,595	\$ 266,967	\$ 212,659	\$ 164,637	\$ 139,231
<b>Total</b>	\$ 23,221,860	\$ 20,558,955	\$ 17,616,802	\$ 13,567,922	\$ 11,540,844
Employer's covered payroll	\$ 13,764,340	\$ 12,924,792	\$ 12,238,920	\$ 11,189,797	\$ 10,479,122
Employer's proportionate share as a percent of covered payroll	126.41%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percent of total pension liability	73.47%	73.75%	74.71%	78.40%	79.9000%

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

Schedule of Contributions: As of Reporting Date	PERS				
	2019	2018	2017	2016	2015
Contractually required DB contributions	\$ 1,218,871	\$ 1,161,210	\$ 1,081,810	\$ 1,022,996	\$ 922,084
Plan choice rate required contributions	\$ -	\$ -	\$ -	\$ 28,892	\$ 52,151
Contributions in relation to the contractually required contributions	\$ 1,218,871	\$ 1,161,210	\$ 1,081,810	\$ 1,051,888	\$ 974,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 14,222,530	\$ 13,764,340	\$ 12,924,792	\$ 12,238,920	\$ 11,189,797
Contributions as a percent of covered payroll	8.57%	8.44%	8.37%	8.59%	8.71%

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

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 AND SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
 Year Ended June 30, 2019

Schedule of Proportionate Share of the Net Pension Liability:	FURS				
As of Reporting Date	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	2.3663%	2.3492%	2.3705%	2.4336%	2.4192%
Employer's net pension liability (amount)	\$ 2,725,281	\$ 2,655,380	\$ 2,707,390	\$ 2,489,054	\$ 2,361,551
State's net pension liability (amount)	\$ 6,231,502	\$ 6,030,078	\$ 6,134,093	\$ 5,543,784	\$ 5,327,544
<b>Total</b>	<b>\$ 8,956,783</b>	<b>\$ 8,685,458</b>	<b>\$ 8,841,483</b>	<b>\$ 8,032,838</b>	<b>\$ 7,689,095</b>
Employer's covered payroll	\$ 3,726,746	\$ 3,511,860	\$ 3,338,041	\$ 3,270,451	\$ 3,142,481
Employer's proportionate share as a percent of covered payroll	73.13%	75.61%	81.11%	76.11%	75.15%
Plan fiduciary net position as a percent of total pension liability	79.03%	77.77%	75.48%	76.90%	76.70%

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

Schedule of Contributions:	FURS				
As of Reporting Date	2019	2018	2017	2016	2015
Contractually required contributions	\$ 546,707	\$ 548,518	\$ 504,303	\$ 477,250	\$ 478,776
Contributions in relation to the contractually required contributions	\$ 546,707	\$ 548,518	\$ 504,303	\$ 477,250	\$ 478,776
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,807,151	\$ 3,726,746	\$ 3,511,860	\$ 3,338,041	\$ 3,270,451
Contributions as a percent of covered payroll	14.36%	14.72%	14.36%	14.03%	14.64%

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

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 AND SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
 Year Ended June 30, 2019

Schedule of Proportionate Share of the Net Pension Liability:	MPORS				
	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (percentage)	2.9325%	3.0402%	3.0842%	2.9746%	3.0209%
Employer's net pension liability (amount)	\$ 5,022,189	\$ 5,408,979	\$ 5,552,007	\$ 4,920,638	\$ 4,746,933
State's net pension liability (amount)	\$ 10,266,345	\$ 11,024,418	\$ 11,020,975	\$ 9,969,680	\$ 9,589,371
<b>Total</b>	\$ 15,288,534	\$ 16,433,397	\$ 16,572,982	\$ 14,890,318	\$ 14,336,304
Employer's covered payroll	\$ 4,628,804	\$ 4,555,121	\$ 4,353,897	\$ 4,116,930	\$ 4,053,265
Employer's proportionate share as a percent of covered payroll	108.50%	118.75%	127.52%	119.52%	117.11%
Plan fiduciary net position as a percent of total pension liability	70.95%	68.34%	65.62%	66.90%	67.01%

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

Schedule of Contributions:	MPORS				
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 681,583	\$ 692,318	\$ 655,143	\$ 637,789	\$ 596,791
Contributions in relation to the contractually required contributions	\$ 681,583	\$ 692,318	\$ 655,143	\$ 637,789	\$ 596,791
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 4,729,931	\$ 4,628,804	\$ 4,555,121	\$ 4,353,897	\$ 4,116,930
Contributions as a percent of covered payroll	14.41%	14.96%	14.38%	14.65%	14.50%

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

CITY OF BOZEMAN, MONTANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES  
Year Ended June 30, 2019

**CHANGE OF BENEFIT TERMS**

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

**2017 Legislative Changes – PERS:**

**Working Retiree Limitations – for PERS**

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

**Refunds**

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

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

**Lump-sum payouts**

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

**Disabled PERS Defined Contribution (DC) Members**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)  
 Year Ended June 30, 2019

**CHANGE OF BENEFIT TERMS (CONTINUED)**

**2017 Legislative Changes – FURS:**

**Working Retiree Limitations – for FURS**

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

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

**Second Retirement Benefit – for FURS**

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

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



CITY OF BOZEMAN, MONTANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)  
 Year Ended June 30, 2019

**CHANGE OF BENEFIT TERMS (CONTINUED)**

**2017 Legislative Changes – FURS (Continued):**

**Working Retiree Limitations – for FURS (Continued)**

**Second Retirement Benefit – for FURS (Continued)**

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

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

**Refunds**

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

**Interest credited to member accounts**

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

**Lump-sum payouts**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)  
 Year Ended June 30, 2019

**CHANGE OF BENEFIT TERMS (CONTINUED)**

**2017 Legislative Changes – MPORS:**

**Working Retiree Limitations – for MPORS**

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

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

**Second Retirement Benefit – for MPORS**

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - a. Is not awarded service credit for the period of reemployment;
  - b. Is refunded the accumulated contributions associated with the period of reemployment;
  - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
  - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement. 2017 Legislative Changes:
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
  - a. Is awarded service credit for the period of reemployment;
  - b. Starting the first month following termination of service, receives:

CITY OF BOZEMAN, MONTANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)  
Year Ended June 30, 2019

**CHANGE OF BENEFIT TERMS (CONTINUED)**

**2017 Legislative Changes – MPORS (Continued):**

**Second Retirement Benefit – for MPORS (Continued)**

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

**Refunds**

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

**Interest credited to member accounts**

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

**Lump-sum payouts**

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

CITY OF BOZEMAN, MONTANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN CHANGES (CONTINUED)  
 Year Ended June 30, 2019

**CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS**

**Method and Assumptions used in Calculations of Actuarially Determined Contributions**

The following Actuarial Assumptions were adopted from the June 30, 2017 actuarial valuation:

	<b>PERS</b>	<b>FURS</b>	<b>MPORS</b>
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 6.30%	0% to 6.30%	0% to 6.60%
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, 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	For Males & Females: RP 2000 Combined Mortality Table	For Males & Females: RP 2000 Combined Mortality Table
Admin Expense as a % of Payroll	0.26%	0.23%	0.24%

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

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET TO ACTUAL – GENERAL FUND  
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ 4,787,641	\$ 4,787,641	\$ 4,787,641	\$ -
Resources (inflows):				
Taxes	16,621,534	16,621,534	16,660,409	38,875
Special assessments	-	-	372	372
Licenses and permits	409,475	409,475	383,320	(26,155)
Intergovernmental	7,642,511	7,642,511	7,912,214	269,703
Charges for services	2,940,941	2,940,941	3,182,506	241,565
Fines and forfeitures	1,131,000	1,131,000	1,099,673	(31,327)
Sale of assets	20,000	20,000	5,763	(14,237)
Interest on investments	75,000	75,000	128,671	53,671
Transfers from other funds	2,560,119	2,560,119	2,385,362	(174,757)
Proceeds of long-term debt	431,500	431,500	344,167	(87,333)
Other	83,450	83,450	189,769	106,319
Amounts available for appropriation	<u>36,703,171</u>	<u>36,703,171</u>	<u>37,079,867</u>	<u>376,696</u>
Charges to appropriations (outflows):				
Current				
General government	7,783,130	7,783,130	7,322,843	460,287
Public safety	13,494,338	15,385,838	15,385,416	422
Public service	-	169,000	168,321	679
Public welfare	7,115,950	7,115,950	6,447,144	668,806
Other	3,356,214	1,182,714	623,028	559,686
Capital outlay	1,832,717	1,832,717	1,454,336	378,381
Debt service	3,650	13,650	13,461	189
Transfers to other funds	491,188	603,188	602,863	325
Total charges to appropriations	<u>34,077,187</u>	<u>34,086,187</u>	<u>32,017,412</u>	<u>2,068,775</u>
Budgetary fund balance, June 30	<u>\$ 2,625,984</u>	<u>\$ 2,616,984</u>	<u>\$ 5,062,455</u>	<u>\$ 2,445,471</u>

CITY OF BOZEMAN, MONTANA  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 OTHER MAJOR FUNDS – CONSTRUCTION CAPITAL PROJECTS  
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ (368,771)	\$ (1,517,193)	\$ 528,760	\$ 2,045,953
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	55,200	55,200	29,796	(25,404)
Licenses and permits	18,000	18,000	20,311	2,311
Intergovernmental	-	-	241,814	241,814
Charges for services	5,730,198	5,730,198	5,712,696	(17,502)
Fines and forfeitures	-	-	-	-
Interest on investments	10,400	10,400	17,414	7,014
Transfers from other funds	-	-	31,900	31,900
Proceeds from long-term debt	-	-	232,431	232,431
Premium on bonds issued	-	-	-	-
Proceeds from the sale of capital assets	-	-	28,135	28,135
Other	10,000	10,000	9,250	(750)
Amounts available for appropriation	<u>5,455,027</u>	<u>4,306,605</u>	<u>6,852,507</u>	<u>2,545,902</u>
Charges to appropriations (outflows):				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public service	3,649,140	3,623,140	3,623,015	125
Public welfare	-	-	-	-
Capital outlay	1,314,500	1,625,500	1,625,341	159
Debt service	315,207	270,207	269,723	484
Transfers to other funds	695,478	695,478	695,478	-
Total charges to appropriations	<u>5,974,325</u>	<u>6,214,325</u>	<u>6,213,557</u>	<u>768</u>
Budgetary fund balance, June 30	<u>\$ (519,298)</u>	<u>\$ (1,907,720)</u>	<u>\$ 638,950</u>	<u>\$ 2,546,670</u>

CITY OF BOZEMAN, MONTANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY INFORMATION  
 Year Ended June 30, 2019

	<u>General Fund</u>	<u>Street Maintenance</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 37,079,867	\$ 6,852,507
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.	(4,787,641)	(528,760)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,385,362)	(31,900)
The proceeds from the issuance of long-term debt are a budgetary resource but are a other financing source for financial reporting purposes	(344,167)	(232,431)
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>(5,763)</u>	<u>(28,135)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 29,556,934</u>	<u>\$ 6,031,281</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 32,017,412	\$ 6,213,557
Differences - budget to GAAP:		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(602,863)</u>	<u>(695,478)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 31,414,549</u>	<u>\$ 5,518,079</u>

## **D. SUPPLEMENTAL INFORMATION**



**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS**

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

Street Impact Fees Special Revenue Fund – This special revenue fund accounts for the collection and expenditures associated with the street impact fees.

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

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

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

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

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

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

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

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

Law and Justice Center – Accounts for the receipt and expenditure of monies earmarked by the City Commission for the City's share of the Law and Justice Center renovation.

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

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

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

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

## **SPECIAL REVENUE FUNDS (CONTINUED)**

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.

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

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

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

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

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

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

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

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

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

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

## **DEBT SERVICE FUNDS**

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

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

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

**DEBT SERVICE FUNDS (CONTINUED)**

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, 2019

	Special Revenue Funds				
	Street Impact Fees	Departmental	City Planning Board	Health-Medical Insurance	Community Transportation
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1,954,854	\$ 1,673,924	\$ 488,424	\$ 61,487
Receivables:					
Property taxes	-	4,975	9,867	125,322	-
Accrued interest	22,125	-	-	-	-
Customers, net	-	10,000	10	-	-
Special assessments	-	-	-	-	-
Other governments	-	87,822	-	-	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	9,380,533	25,000	233,547	-	-
Total assets	<u>\$ 9,402,658</u>	<u>\$ 2,082,651</u>	<u>\$ 1,917,348</u>	<u>\$ 613,746</u>	<u>\$ 61,487</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 491,583	\$ 130,414	\$ 41,482	\$ -	\$ 40,594
Appearance bonds and other liabilities	132,241	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>623,824</u>	<u>130,414</u>	<u>41,482</u>	<u>-</u>	<u>40,594</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	436	868	10,973	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>436</u>	<u>868</u>	<u>10,973</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	159,688	1,874,998	602,773	20,893
Committed	-	1,839,413	-	-	-
Assigned	-	-	-	-	-
Unassigned	8,778,834	(47,300)	-	-	-
Total fund balances	<u>8,778,834</u>	<u>1,951,801</u>	<u>1,874,998</u>	<u>602,773</u>	<u>20,893</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,402,658</u>	<u>\$ 2,082,651</u>	<u>\$ 1,917,348</u>	<u>\$ 613,746</u>	<u>\$ 61,487</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Special Revenue Funds				
	Gas Tax Apportionment	Tree Maintenance	Fire Impact Fees	Downtown Improvement District	Building Inspection Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,784,061	\$ 432,157	\$ -	\$ 3,553,066	\$ 1,860,983
Receivables:					
Property taxes	-	-	-	203,767	-
Accrued interest	-	-	-	7,080	-
Customers, net	-	48	-	-	-
Special assessments	-	12,061	-	1,830	-
Other governments	-	-	-	-	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	2,714,383	-	-
Total assets	<u>\$ 1,784,061</u>	<u>\$ 444,266</u>	<u>\$ 2,714,383</u>	<u>\$ 3,765,743</u>	<u>\$ 1,860,983</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 989	\$ 18,466	\$ 1,561	\$ 1,599,195	\$ 123,075
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>989</u>	<u>18,466</u>	<u>1,561</u>	<u>1,599,195</u>	<u>123,075</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	-	-	-	-
Unavailable revenue-special assessments	-	9,100	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	1,783,072	416,700	2,712,822	2,166,548	1,737,908
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,783,072</u>	<u>416,700</u>	<u>2,712,822</u>	<u>2,166,548</u>	<u>1,737,908</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,784,061</u>	<u>\$ 444,266</u>	<u>\$ 2,714,383</u>	<u>\$ 3,765,743</u>	<u>\$ 1,860,983</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Special Revenue Funds				
	Economic Development Revolving Loan	Community Housing	Housing Revolving Loan Fund	Drug Forfeitures	City-County Drug Forfeitures
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1,160,797	\$ 1,231	\$ 43,444	\$ 133,278
Receivables:					
Property taxes	-	14,710	-	-	-
Accrued interest	-	-	-	-	-
Customers, net	297,014	417	-	4,629	-
Special assessments	-	-	-	-	-
Other governments	-	-	-	7,270	-
Others	-	-	-	-	-
Advances to other city funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Notes receivable	507,020	49,427	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 804,034</u>	<u>\$ 1,225,351</u>	<u>\$ 1,231</u>	<u>\$ 55,343</u>	<u>\$ 133,278</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 25,690	\$ -	\$ 7,317	\$ -
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>25,690</u>	<u>-</u>	<u>7,317</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	1,172	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	804,034	-	-	48,026	-
Committed	-	1,198,489	-	-	133,278
Assigned	-	-	1,231	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>804,034</u>	<u>1,198,489</u>	<u>1,231</u>	<u>48,026</u>	<u>133,278</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 804,034</u>	<u>\$ 1,225,351</u>	<u>\$ 1,231</u>	<u>\$ 55,343</u>	<u>\$ 133,278</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Special Revenue Funds					
	Law and Justice Center	Street Arterial and Collector District	TIF N 7th Corridor	TIF N.E. Urban Renewal	TIF Mandeville/ Wheat Dr.	TIFD South Boz Technology
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 389,757	\$ 1,964,536	\$ 126,073	\$ 65,680	\$ 15
Receivables:						
Property taxes	-	-	50,842	12,170	-	-
Accrued interest	-	-	-	-	-	-
Customers, net	-	-	-	-	-	-
Special assessments	-	22,159	-	-	-	-
Other governments	-	-	-	-	-	-
Others	-	-	-	-	-	-
Advances to other city funds	-	-	-	-	-	-
Prepaid expenditures	293,250	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	92,000	-	-
Total assets	<u>\$ 293,250</u>	<u>\$ 411,916</u>	<u>\$ 2,015,378</u>	<u>\$ 230,243</u>	<u>\$ 65,680</u>	<u>\$ 15</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 142,490	\$ 36,214	\$ 766	\$ -	\$ -
Appearance bonds and other liabilities	-	85,214	-	-	-	-
Escheat property payable	-	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	7,626
Total liabilities	<u>-</u>	<u>227,704</u>	<u>36,214</u>	<u>766</u>	<u>-</u>	<u>7,626</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	-	-	21,854	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>21,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	293,250	-	-	-	-	-
Restricted	-	184,212	1,957,310	229,477	65,680	(7,611)
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>293,250</u>	<u>184,212</u>	<u>1,957,310</u>	<u>229,477</u>	<u>65,680</u>	<u>(7,611)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 293,250</u>	<u>\$ 411,916</u>	<u>\$ 2,015,378</u>	<u>\$ 230,243</u>	<u>\$ 65,680</u>	<u>\$ 15</u>

(continued)



CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Special Revenue Funds					Total
	Victim/Witness Advocate	Fire Department Equipment	Street Lighting	Park Land	Municipal Court Restitution	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 432,101	\$ 947,840	\$ 532,990	\$ 842,301	\$ 21,153	\$ 18,470,152
Receivables:						
Property taxes	-	19,695	-	-	-	441,348
Accrued interest	-	-	-	-	-	29,205
Customers, net	3,982	-	-	-	-	316,100
Special assessments	-	-	8,643	-	-	44,693
Other governments	-	-	-	-	-	95,092
Others	-	-	-	-	-	-
Advances to other city funds	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	293,250
Notes receivable	-	-	-	-	-	556,447
Restricted cash and cash equivalents	-	-	-	-	-	12,445,463
Total assets	<u>\$ 436,083</u>	<u>\$ 967,535</u>	<u>\$ 541,633</u>	<u>\$ 842,301</u>	<u>\$ 21,153</u>	<u>\$ 32,691,750</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 9,485	\$ 263,705	\$ 38,052	\$ -	\$ 1,000	\$ 2,972,078
Appearance bonds and other liabilities	-	-	-	-	-	217,455
Escheat property payable	-	-	-	-	20,048	20,048
Accrued employee benefits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	7,626
Total liabilities	<u>9,485</u>	<u>263,705</u>	<u>38,052</u>	<u>-</u>	<u>21,048</u>	<u>3,217,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	-	1,729	-	-	-	37,032
Unavailable revenue-special assessments	-	-	-	-	-	9,100
Total deferred inflows of resources	<u>-</u>	<u>1,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,132</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	293,250
Restricted	426,598	-	503,581	842,301	105	16,529,115
Committed	-	702,101	-	-	-	3,873,281
Assigned	-	-	-	-	-	1,231
Unassigned	-	-	-	-	-	8,731,534
Total fund balances	<u>426,598</u>	<u>702,101</u>	<u>503,581</u>	<u>842,301</u>	<u>105</u>	<u>29,428,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 436,083</u>	<u>\$ 967,535</u>	<u>\$ 541,633</u>	<u>\$ 842,301</u>	<u>\$ 21,153</u>	<u>\$ 32,691,750</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Debt Service Funds				Total
	SID Revolving	G.O. Bonds	TIF Bonds	SID Debt Service	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,020,316	\$ 31,587	\$ -	\$ 2,169,638	\$ 5,221,541
Receivables:					
Property taxes	-	64,301	-	-	64,301
Accrued interest	7,133	-	-	-	7,133
Customers, net	-	-	-	-	-
Special assessments	-	-	-	1,954,625	1,954,625
Other governments	-	-	-	-	-
Others	-	-	-	-	-
Advances to other city funds	472,483	-	-	-	472,483
Prepaid expenditures	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 3,499,932</u>	<u>\$ 95,888</u>	<u>\$ -</u>	<u>\$ 4,124,263</u>	<u>\$ 7,720,083</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 500	\$ -	\$ 258	\$ 758
Appearance bonds and other liabilities	-	-	-	-	-
Escheat property payable	-	-	-	-	-
Accrued employee benefits payable	-	-	-	-	-
Due to other funds	-	-	-	472,483	472,483
Total liabilities	<u>-</u>	<u>500</u>	<u>-</u>	<u>472,741</u>	<u>473,241</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	5,633	-	-	5,633
Unavailable revenue-special assessments	-	-	-	1,951,228	1,951,228
Total deferred inflows of resources	<u>-</u>	<u>5,633</u>	<u>-</u>	<u>1,951,228</u>	<u>1,956,861</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	3,499,932	89,755	-	1,700,294	5,289,981
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,499,932</u>	<u>89,755</u>	<u>-</u>	<u>1,700,294</u>	<u>5,289,981</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,499,932</u>	<u>\$ 95,888</u>	<u>\$ -</u>	<u>\$ 4,124,263</u>	<u>\$ 7,720,083</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2019

	Permanent Fund Perpetual Cemetery Care	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 23,691,693
Receivables:		
Property taxes	-	505,649
Accrued interest	-	36,338
Customers, net	5,997	322,097
Special assessments	-	1,999,318
Other governments	-	95,092
Others	-	-
Advances to other city funds	-	472,483
Prepaid expenditures	-	293,250
Notes receivable	-	556,447
Restricted cash and cash equivalents	1,444,502	13,889,965
Total assets	\$ 1,450,499	\$ 41,862,332
<b>LIABILITIES</b>		
Accounts payable	\$ 8,158	\$ 2,980,994
Appearance bonds and other liabilities	-	217,455
Escheat property payable	-	20,048
Accrued employee benefits payable	-	-
Due to other funds	-	480,109
Total liabilities	8,158	3,698,606
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue-property taxes	-	42,665
Unavailable revenue-special assessments	-	1,960,328
Total deferred inflows of resources	-	2,002,993
<b>FUND BALANCES</b>		
Nonspendable	1,442,341	1,735,591
Restricted	-	21,819,096
Committed	-	3,873,281
Assigned	-	1,231
Unassigned	-	8,731,534
Total fund balances	1,442,341	36,160,733
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,450,499	\$ 41,862,332

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2019

	Special Revenue Funds				
	City				
	Street Impact Fees	Departmental	Planning Board	Health-Medical Insurance	Community Transportation
REVENUES					
Taxes	\$ -	\$ 104,720	\$ 212,953	\$ 2,652,758	\$ -
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	377,167	137,423	-	-
Charges for services	4,291,395	33,035	1,118,765	-	-
Fines and forfeitures	-	580	-	-	-
Interest on investments	238,874	49,517	38,517	-	1,120
Interest on loans receivable	-	-	-	-	-
Other	115,969	70,929	89,569	-	-
Total revenues	<u>4,646,238</u>	<u>635,948</u>	<u>1,597,227</u>	<u>2,652,758</u>	<u>1,120</u>
EXPENDITURES					
Current:					
General government	-	82,665	1,338,493	-	-
Public safety	-	92,968	-	-	-
Public service	290,687	-	-	-	5,312
Public welfare	-	298,044	-	-	-
Other	-	104,703	-	-	-
Capital outlay	4,925,965	38,718	14,995	-	33,340
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>5,216,652</u>	<u>617,098</u>	<u>1,353,488</u>	<u>-</u>	<u>38,652</u>
Revenues over (under) expenditures	<u>(570,414)</u>	<u>18,850</u>	<u>243,739</u>	<u>2,652,758</u>	<u>(37,532)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	115,529	-	-
Transfers out	-	-	-	(2,461,824)	-
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>115,529</u>	<u>(2,461,824)</u>	<u>-</u>
Net change in fund balance	<u>(570,414)</u>	<u>18,850</u>	<u>359,268</u>	<u>190,934</u>	<u>(37,532)</u>
FUND BALANCES, beginning of year	<u>9,349,248</u>	<u>1,932,951</u>	<u>1,515,730</u>	<u>411,839</u>	<u>58,425</u>
FUND BALANCES, end of year	<u>\$ 8,778,834</u>	<u>\$ 1,951,801</u>	<u>\$ 1,874,998</u>	<u>\$ 602,773</u>	<u>\$ 20,893</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds				
	Gas Tax Apportionment	Tree Maintenance	Fire Impact Fees	Downtown Improvement District	Building Inspection Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 1,270,887	\$ -
Special assessments	-	2,038	-	126,358	-
Licenses and permits	-	-	-	2,750	1,985,700
Intergovernmental	1,297,155	12,183	-	56,050	92,684
Charges for services	-	718,527	525,827	-	487
Fines and forfeitures	-	-	-	-	-
Interest on investments	34,209	5,108	58,971	61,155	49,736
Interest on loans receivable	-	-	-	-	-
Other	-	19,483	62,170	-	101
Total revenues	<u>1,331,364</u>	<u>757,339</u>	<u>646,968</u>	<u>1,517,200</u>	<u>2,128,708</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	39,279	-	2,165,569
Public service	887,733	-	-	-	-
Public welfare	-	625,701	-	472,459	-
Other	-	-	-	-	-
Capital outlay	-	60,522	-	132,504	8,000
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>887,733</u>	<u>686,223</u>	<u>39,279</u>	<u>604,963</u>	<u>2,173,569</u>
Revenues over (under) expenditures	<u>443,631</u>	<u>71,116</u>	<u>607,689</u>	<u>912,237</u>	<u>(44,861)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(597,863)	-
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(597,863)</u>	<u>-</u>
Net change in fund balance	443,631	71,116	607,689	314,374	(44,861)
FUND BALANCES, beginning of year	<u>1,339,441</u>	<u>345,584</u>	<u>2,105,133</u>	<u>1,852,174</u>	<u>1,782,769</u>
FUND BALANCES, end of year	<u>\$ 1,783,072</u>	<u>\$ 416,700</u>	<u>\$ 2,712,822</u>	<u>\$ 2,166,548</u>	<u>\$ 1,737,908</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds				
	Economic Development Revolving Loan	Community Housing	Housing Revolving Loan Fund	Drug Forfeitures	City-County Drug Forfeitures
<b>REVENUES</b>					
Taxes	\$ -	\$ 314,064	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	20,659	-	115,364	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	64,350	-
Interest on investments	1,503	23,572	31	852	1,893
Interest on loans receivable	26,377	299	-	-	-
Other	-	127,467	-	8,332	-
Total revenues	<u>27,880</u>	<u>486,061</u>	<u>31</u>	<u>188,898</u>	<u>1,893</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	270,652	-
Public service	-	-	-	-	-
Public welfare	34,600	214,971	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>34,600</u>	<u>214,971</u>	<u>-</u>	<u>270,652</u>	<u>-</u>
Revenues over (under) expenditures	<u>(6,720)</u>	<u>271,090</u>	<u>31</u>	<u>(81,754)</u>	<u>1,893</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	166,188	-	22,933	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>166,188</u>	<u>-</u>	<u>22,933</u>	<u>-</u>
Net change in fund balance	<u>(6,720)</u>	<u>437,278</u>	<u>31</u>	<u>(58,821)</u>	<u>1,893</u>
FUND BALANCES, beginning of year	<u>810,754</u>	<u>761,211</u>	<u>1,200</u>	<u>106,847</u>	<u>131,385</u>
FUND BALANCES, end of year	<u>\$ 804,034</u>	<u>\$ 1,198,489</u>	<u>\$ 1,231</u>	<u>\$ 48,026</u>	<u>\$ 133,278</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Law and Justice Center	Street Arterial and Collector District	TIF N 7th Corridor	TIF N.E. Urban Renewal	TIF Mandeville/ Wheat Dr.	TIFD South Boz Technology
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 621,223	\$ 158,998	\$ 14,141	\$ 15
Special assessments	-	3,910	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	37,926	1,353	-	-
Charges for services	-	1,314,801	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	34,844	48,224	3,900	795	-
Interest on loans receivable	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,353,555</u>	<u>707,373</u>	<u>164,251</u>	<u>14,936</u>	<u>15</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	19,125	-	-	-	-	-
Public service	-	53,560	-	-	-	-
Public welfare	-	-	213,651	11,494	-	-
Other	-	-	-	-	-	-
Capital outlay	-	2,897,746	80,811	-	-	-
Debt service:						
Principal	-	-	-	43,120	-	-
Interest and fiscal fees	-	-	-	48,880	-	-
Total expenditures	<u>19,125</u>	<u>2,951,306</u>	<u>294,462</u>	<u>103,494</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(19,125)</u>	<u>(1,597,751)</u>	<u>412,911</u>	<u>60,757</u>	<u>14,936</u>	<u>15</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	19,940	-	-	-
Transfers out	-	-	(40,000)	(243,897)	(4,000)	-
Sale of capital assets	-	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,060)</u>	<u>(243,897)</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balance	(19,125)	(1,597,751)	392,851	(183,140)	10,936	15
FUND BALANCES, beginning of year	<u>312,375</u>	<u>1,781,963</u>	<u>1,564,459</u>	<u>412,617</u>	<u>54,744</u>	<u>(7,626)</u>
FUND BALANCES, end of year	<u>\$ 293,250</u>	<u>\$ 184,212</u>	<u>\$ 1,957,310</u>	<u>\$ 229,477</u>	<u>\$ 65,680</u>	<u>\$ (7,611)</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					Totals
	Victim/Witness Advocate	Fire Department Equipment	Street Lighting	Park Land	Municipal Court Restitution	
REVENUES						
Taxes	\$ -	\$ 416,794	\$ -	\$ -	\$ -	\$ 5,766,553
Special assessments	-	-	436,099	-	-	568,405
Licenses and permits	-	-	-	-	-	1,988,450
Intergovernmental	-	-	-	-	-	2,147,964
Charges for services	-	-	-	-	-	8,002,837
Fines and forfeitures	69,721	-	-	-	-	134,651
Interest on investments	5,921	26,337	7,681	22,714	-	715,474
Interest on loans receivable	-	-	-	-	-	26,676
Other	-	-	-	177,287	-	671,307
Total revenues	<u>75,642</u>	<u>443,131</u>	<u>443,780</u>	<u>200,001</u>	<u>-</u>	<u>20,022,317</u>
EXPENDITURES						
Current:						
General government	32,590	-	-	-	-	1,453,748
Public safety	-	32,719	-	-	-	2,620,312
Public service	-	-	440,367	-	-	1,677,659
Public welfare	-	-	-	-	-	1,870,920
Other	-	-	-	-	-	104,703
Capital outlay	-	547,735	-	74,686	-	8,815,022
Debt service:						
Principal	-	-	-	-	-	43,120
Interest and fiscal fees	-	-	-	-	-	48,880
Total expenditures	<u>32,590</u>	<u>580,454</u>	<u>440,367</u>	<u>74,686</u>	<u>-</u>	<u>16,634,364</u>
Revenues over (under) expenditures	<u>43,052</u>	<u>(137,323)</u>	<u>3,413</u>	<u>125,315</u>	<u>-</u>	<u>3,387,953</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	324,590
Transfers out	-	-	(31,900)	-	-	(3,379,484)
Sale of capital assets	-	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,900)</u>	<u>-</u>	<u>-</u>	<u>(3,054,894)</u>
Net change in fund balance	43,052	(137,323)	(28,487)	125,315	-	333,059
FUND BALANCES, beginning of year	<u>383,546</u>	<u>839,424</u>	<u>532,068</u>	<u>716,986</u>	<u>105</u>	<u>29,095,352</u>
FUND BALANCES, end of year	<u>\$ 426,598</u>	<u>\$ 702,101</u>	<u>\$ 503,581</u>	<u>\$ 842,301</u>	<u>\$ 105</u>	<u>\$ 29,428,411</u>

(continued)



CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Debt Service Funds				Totals
	SID Revolving	G.O. Bonds	TIF Bonds	SID Debt Service	
<b>REVENUES</b>					
Taxes	\$ -	\$ 1,361,056	\$ -	\$ -	\$ 1,361,056
Special assessments	-	-	-	518,352	518,352
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest on investments	72,143	1,089	-	35,736	108,968
Interest on loans receivable	5,019	-	-	-	5,019
Other	-	-	-	-	-
Total revenues	<u>77,162</u>	<u>1,362,145</u>	<u>-</u>	<u>554,088</u>	<u>1,993,395</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public service	-	-	-	-	-
Public welfare	-	-	-	-	-
Other	911	-	-	-	911
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	895,000	220,000	234,500	1,349,500
Interest and fiscal fees	-	465,238	203,923	18,740	687,901
Total expenditures	<u>911</u>	<u>1,360,238</u>	<u>423,923</u>	<u>253,240</u>	<u>2,038,312</u>
Revenues over (under) expenditures	<u>76,251</u>	<u>1,907</u>	<u>(423,923)</u>	<u>300,848</u>	<u>(44,917)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	423,923	-	423,923
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>423,923</u>	<u>-</u>	<u>423,923</u>
Net change in fund balance	76,251	1,907	-	300,848	379,006
FUND BALANCES, beginning of year	<u>3,423,681</u>	<u>87,848</u>	<u>-</u>	<u>1,399,446</u>	<u>4,910,975</u>
FUND BALANCES, end of year	<u>\$ 3,499,932</u>	<u>\$ 89,755</u>	<u>\$ -</u>	<u>\$ 1,700,294</u>	<u>\$ 5,289,981</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
REVENUES		
Taxes	\$ -	\$ 7,127,609
Special assessments	-	1,086,757
Licenses and permits	-	1,988,450
Intergovernmental	-	2,147,964
Charges for services	89,583	8,092,420
Fines and forfeitures	-	134,651
Interest on investments	41,316	865,758
Interest on loans receivable	-	31,695
Other	-	671,307
Total revenues	130,899	22,146,611
EXPENDITURES		
Current:		
General government	-	1,453,748
Public safety	-	2,620,312
Public service	-	1,677,659
Public welfare	-	1,870,920
Other	-	105,614
Capital outlay	-	8,815,022
Debt service:		
Principal	-	1,392,620
Interest and fiscal fees	-	736,781
Total expenditures	-	18,672,676
Revenues over (under) expenditures	130,899	3,473,935
OTHER FINANCING SOURCES (USES)		
Transfers in	-	748,513
Transfers out	-	(3,379,484)
Sale of capital assets	-	-
Issuance of long term debt	-	-
Total other financing sources (uses)	-	(2,630,971)
Net change in fund balance	130,899	842,964
FUND BALANCES, beginning of year	1,311,442	35,317,769
FUND BALANCES, end of year	\$ 1,442,341	\$ 36,160,733

**BUDGET TO ACTUAL SCHEDULES – NONMAJOR FUNDS**

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Street Impact Fees			Departmental Special Revenues		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 105,244	\$ 104,720	\$ (524)
Special assessments	-	-	-	2,334	-	2,334
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	328,000	377,167	49,167
Charges for services	4,226,250	4,291,395	65,145	22,000	33,035	11,035
Fines and forfeitures	-	-	-	7,000	580	(6,420)
Interest on investments	115,000	238,874	123,874	37,568	49,517	11,949
Loan repayment	-	-	-	-	-	-
Other	1,000	115,969	114,969	479,888	70,929	(408,959)
Total revenues	4,342,250	4,646,238	303,988	982,034	635,948	(346,086)
EXPENDITURES - BUDGET UNIT	6,418,000	5,216,652	1,201,348	652,502	617,098	35,404
Revenues over (under) expenditures	(2,075,750)	(570,414)	(897,360)	329,532	18,850	(310,682)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ (2,075,750)</u>	(570,414)	<u>\$ (897,360)</u>	<u>\$ 329,532</u>	18,850	<u>\$ (310,682)</u>
FUND BALANCES, beginning of year		9,349,248			1,932,951	
FUND BALANCES, end of year		<u>\$ 8,778,834</u>			<u>\$ 1,951,801</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	City Planning Board			Health-Medical Insurance		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 210,488	\$ 212,953	\$ 2,465	\$ 2,654,566	\$ 2,652,758	\$ (1,808)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	110,733	137,423	26,690	-	-	-
Charges for services	785,500	1,118,765	333,265	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	6,500	38,517	32,017	-	-	-
Loan repayment	-	-	-	-	-	-
Other	53,400	89,569	36,169	-	-	-
Total revenues	<u>1,166,621</u>	<u>1,597,227</u>	<u>430,606</u>	<u>2,654,566</u>	<u>2,652,758</u>	<u>(1,808)</u>
EXPENDITURES - BUDGET UNIT	<u>1,661,194</u>	<u>1,353,488</u>	<u>307,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(494,573)</u>	<u>243,739</u>	<u>738,312</u>	<u>2,654,566</u>	<u>2,652,758</u>	<u>(1,808)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	127,575	115,529	(12,046)	-	-	-
Transfers out	-	-	-	(2,654,566)	(2,461,824)	192,742
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>127,575</u>	<u>115,529</u>	<u>(12,046)</u>	<u>(2,654,566)</u>	<u>(2,461,824)</u>	<u>192,742</u>
Revenues and other sources over (under) expenditures	<u>\$ (366,998)</u>	<u>359,268</u>	<u>\$ 726,266</u>	<u>\$ -</u>	<u>190,934</u>	<u>\$ 190,934</u>
FUND BALANCES, beginning of year		<u>1,515,730</u>			<u>411,839</u>	
FUND BALANCES, end of year		<u>\$ 1,874,998</u>			<u>\$ 602,773</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Community Transportation			Gas Tax Apportionment		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	1,402,031	1,297,155	(104,876)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	1,200	1,120	(80)	9,000	34,209	25,209
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,200</u>	<u>1,120</u>	<u>(80)</u>	<u>1,411,031</u>	<u>1,331,364</u>	<u>(79,667)</u>
EXPENDITURES - BUDGET UNIT	<u>39,000</u>	<u>38,652</u>	<u>348</u>	<u>1,171,500</u>	<u>887,733</u>	<u>283,767</u>
Revenues over (under) expenditures	<u>(37,800)</u>	<u>(37,532)</u>	<u>268</u>	<u>239,531</u>	<u>443,631</u>	<u>204,100</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (37,800)</u>	<u>(37,532)</u>	<u>\$ 268</u>	<u>\$ 239,531</u>	<u>443,631</u>	<u>\$ 204,100</u>
FUND BALANCES, beginning of year		<u>58,425</u>			<u>1,339,441</u>	
FUND BALANCES, end of year		<u>\$ 20,893</u>			<u>\$ 1,783,072</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Tree Maintenance			Fire Impact Fees Special Revenue		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	1,200	2,038	838	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	12,183	12,183	-	-	-
Charges for services	730,821	718,527	(12,294)	380,363	525,827	145,464
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	2,200	5,108	2,908	12,000	58,971	46,971
Loan repayment	-	-	-	-	-	-
Other	3,000	19,483	16,483	-	62,170	62,170
Total revenues	<u>737,221</u>	<u>757,339</u>	<u>20,118</u>	<u>392,363</u>	<u>646,968</u>	<u>254,605</u>
EXPENDITURES - BUDGET UNIT	<u>825,577</u>	<u>686,223</u>	<u>139,354</u>	<u>39,500</u>	<u>39,279</u>	<u>221</u>
Revenues over (under) expenditures	<u>(88,356)</u>	<u>71,116</u>	<u>159,472</u>	<u>352,863</u>	<u>607,689</u>	<u>254,826</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (88,356)</u>	<u>71,116</u>	<u>\$ 159,472</u>	<u>\$ 352,863</u>	<u>607,689</u>	<u>\$ 254,826</u>
FUND BALANCES, beginning of year		<u>345,584</u>			<u>2,105,133</u>	
FUND BALANCES, end of year		<u>\$ 416,700</u>			<u>\$ 2,712,822</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Downtown Improvement District			Building Inspection Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 1,820,000	\$ 1,270,887	\$ (549,113)	\$ -	\$ -	\$ -
Special assessments	143,200	126,358	(16,842)	-	-	-
Licenses and permits	-	2,750	2,750	1,783,700	1,985,700	202,000
Intergovernmental	45,000	56,050	11,050	-	92,684	92,684
Charges for services	-	-	-	1,500	487	(1,013)
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	10,000	61,155	51,155	15,000	49,736	34,736
Loan repayment	-	-	-	-	-	-
Other	19,500	-	(19,500)	-	101	101
Total revenues	<u>2,037,700</u>	<u>1,517,200</u>	<u>(520,500)</u>	<u>1,800,200</u>	<u>2,128,708</u>	<u>328,508</u>
EXPENDITURES - BUDGET UNIT	<u>1,616,675</u>	<u>604,963</u>	<u>1,011,712</u>	<u>2,660,416</u>	<u>2,173,569</u>	<u>486,847</u>
Revenues over (under) expenditures	<u>421,025</u>	<u>912,237</u>	<u>491,212</u>	<u>(860,216)</u>	<u>(44,861)</u>	<u>815,355</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(598,000)	(597,863)	137	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(598,000)</u>	<u>(597,863)</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (176,975)</u>	<u>314,374</u>	<u>\$ 491,349</u>	<u>\$ (860,216)</u>	<u>(44,861)</u>	<u>\$ 815,355</u>
FUND BALANCES, beginning of year		<u>1,852,174</u>			<u>1,782,769</u>	
FUND BALANCES, end of year		<u>\$ 2,166,548</u>			<u>\$ 1,737,908</u>	

(continued)



CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Economic Development Revolving Loan Fund			Community Housing		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 315,732	\$ 314,064	\$ (1,668)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	20,659	20,659
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	1,503	1,503	4,000	23,572	19,572
Loan repayment	50,000	26,377	(23,623)	9,500	299	(9,201)
Other	-	-	-	-	127,467	127,467
Total revenues	<u>50,000</u>	<u>27,880</u>	<u>(22,120)</u>	<u>329,232</u>	<u>486,061</u>	<u>156,829</u>
EXPENDITURES - BUDGET UNIT	<u>35,000</u>	<u>34,600</u>	<u>400</u>	<u>371,858</u>	<u>214,971</u>	<u>156,887</u>
Revenues over (under) expenditures	<u>15,000</u>	<u>(6,720)</u>	<u>(21,720)</u>	<u>(42,626)</u>	<u>271,090</u>	<u>313,716</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	166,188	166,188	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,188</u>	<u>166,188</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 15,000</u>	<u>(6,720)</u>	<u>\$ (21,720)</u>	<u>\$ 123,562</u>	<u>437,278</u>	<u>\$ 313,716</u>
FUND BALANCES, beginning of year		<u>810,754</u>			<u>761,211</u>	
FUND BALANCES, end of year		<u>\$ 804,034</u>			<u>\$ 1,198,489</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Housing Revolving Loan Fund			Drug Forfeitures		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	75,000	115,364	40,364
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	54,000	64,350	10,350
Interest on investments	10	31	21	70	852	782
Loan repayment	1,275	-	(1,275)	-	-	-
Other	-	-	-	-	8,332	8,332
Total revenues	<u>1,285</u>	<u>31</u>	<u>(1,254)</u>	<u>129,070</u>	<u>188,898</u>	<u>59,828</u>
EXPENDITURES - BUDGET UNIT	-	-	-	271,210	270,652	558
Revenues over (under) expenditures	<u>1,285</u>	<u>31</u>	<u>(1,254)</u>	<u>(142,140)</u>	<u>(81,754)</u>	<u>60,386</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	28,872	22,933	(5,939)
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,872</u>	<u>22,933</u>	<u>(5,939)</u>
Revenues and other sources over (under) expenditures	<u>\$ 1,285</u>	<u>31</u>	<u>\$ (1,254)</u>	<u>\$ (113,268)</u>	<u>(58,821)</u>	<u>\$ 54,447</u>
FUND BALANCES, beginning of year		<u>1,200</u>			<u>106,847</u>	
FUND BALANCES, end of year		<u>\$ 1,231</u>			<u>\$ 48,026</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	City-County Drug Forfeitures			Law and Justice Center		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	500	-	(500)	-	-	-
Interest on investments	1,100	1,893	793	-	-	-
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,600</u>	<u>1,893</u>	<u>293</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,125</u>	<u>19,125</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,600</u>	<u>1,893</u>	<u>293</u>	<u>(19,125)</u>	<u>(19,125)</u>	<u>-</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 1,600</u>	<u>1,893</u>	<u>\$ 293</u>	<u>\$ (19,125)</u>	<u>(19,125)</u>	<u>\$ -</u>
FUND BALANCES, beginning of year		<u>131,385</u>			<u>312,375</u>	
FUND BALANCES, end of year		<u>\$ 133,278</u>			<u>\$ 293,250</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Street Arterial and Collector District			TIF N 7th Corridor		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 651,949	\$ 621,223	\$ (30,726)
Special assessments	2,334	3,910	1,576	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	37,926	37,926
Charges for services	1,333,854	1,314,801	(19,053)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	20,031	34,844	14,813	9,500	48,224	38,724
Loan repayment	-	-	-	-	-	-
Other	378,688	-	(378,688)	-	-	-
Total revenues	<u>1,734,907</u>	<u>1,353,555</u>	<u>(381,352)</u>	<u>661,449</u>	<u>707,373</u>	<u>45,924</u>
EXPENDITURES - BUDGET UNIT	<u>3,568,000</u>	<u>2,951,306</u>	<u>616,694</u>	<u>1,491,900</u>	<u>294,462</u>	<u>1,197,438</u>
Revenues over (under) expenditures	<u>(1,833,093)</u>	<u>(1,597,751)</u>	<u>235,342</u>	<u>(830,451)</u>	<u>412,911</u>	<u>1,243,362</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	19,940	19,940
Transfers out	-	-	-	(40,000)	(40,000)	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(20,060)</u>	<u>19,940</u>
Revenues and other sources over (under) expenditures	<u>\$ (1,833,093)</u>	<u>(1,597,751)</u>	<u>\$ 235,342</u>	<u>\$ (870,451)</u>	<u>392,851</u>	<u>\$ 1,263,302</u>
FUND BALANCES, beginning of year		<u>1,781,963</u>			<u>1,564,459</u>	
FUND BALANCES, end of year		<u>\$ 184,212</u>			<u>\$ 1,957,310</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	TIF N.E. Urban Renewal			TIF Mandeville/Wheat Dr.		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 139,500	\$ 158,998	\$ 19,498	\$ 25,000	\$ 14,141	\$ (10,859)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,353	1,353	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	1,500	3,900	2,400	-	795	795
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>141,000</u>	<u>164,251</u>	<u>23,251</u>	<u>25,000</u>	<u>14,936</u>	<u>(10,064)</u>
EXPENDITURES - BUDGET UNIT	<u>190,100</u>	<u>103,494</u>	<u>86,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(49,100)</u>	<u>60,757</u>	<u>109,857</u>	<u>25,000</u>	<u>14,936</u>	<u>(10,064)</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	(244,000)	(243,897)	103	(4,000)	(4,000)	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(244,000)</u>	<u>(243,897)</u>	<u>103</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (293,100)</u>	<u>(183,140)</u>	<u>\$ 109,960</u>	<u>\$ 21,000</u>	<u>10,936</u>	<u>\$ (10,064)</u>
FUND BALANCES, beginning of year		<u>412,617</u>			<u>54,744</u>	
FUND BALANCES, end of year		<u>\$ 229,477</u>			<u>\$ 65,680</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	TIFD South Boz Technology			Victim/Witness Advocate		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes	\$ -	\$ 15	\$ 15	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	63,000	69,721	6,721
Interest on investments	-	-	-	3,100	5,921	2,821
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	15	15	66,100	75,642	9,542
<b>EXPENDITURES - BUDGET UNIT</b>						
	-	-	-	150,000	32,590	117,410
Revenues over (under) expenditures	-	15	15	(83,900)	43,052	126,952
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>15</u>	<u>\$ 15</u>	<u>\$ (83,900)</u>	<u>43,052</u>	<u>\$ 126,952</u>
FUND BALANCES, beginning of year		<u>(7,626)</u>			<u>383,546</u>	
FUND BALANCES, end of year		<u>\$ (7,611)</u>			<u>\$ 426,598</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Fire Department Equipment			Street Lighting		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 420,976	\$ 416,794	\$ (4,182)	\$ -	\$ -	\$ -
Special assessments	-	-	-	426,675	436,099	9,424
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	2,500	26,337	23,837	4,925	7,681	2,756
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>423,476</u>	<u>443,131</u>	<u>19,655</u>	<u>431,600</u>	<u>443,780</u>	<u>12,180</u>
EXPENDITURES - BUDGET UNIT	<u>606,000</u>	<u>580,454</u>	<u>25,546</u>	<u>440,617</u>	<u>440,367</u>	<u>250</u>
Revenues over (under) expenditures	<u>(182,524)</u>	<u>(137,323)</u>	<u>45,201</u>	<u>(9,017)</u>	<u>3,413</u>	<u>12,430</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(31,900)	(31,900)	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,900)</u>	<u>(31,900)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (182,524)</u>	<u>(137,323)</u>	<u>\$ 45,201</u>	<u>\$ (40,917)</u>	<u>(28,487)</u>	<u>\$ 12,430</u>
FUND BALANCES, beginning of year		<u>839,424</u>			<u>532,068</u>	
FUND BALANCES, end of year		<u>\$ 702,101</u>			<u>\$ 503,581</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds					
	Park Land			Municipal Court Restitution		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	4,500	22,714	18,214	-	-	-
Loan repayment	-	-	-	-	-	-
Other	-	177,287	177,287	-	-	-
Total revenues	<u>4,500</u>	<u>200,001</u>	<u>195,501</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES - BUDGET UNIT	<u>75,000</u>	<u>74,686</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(70,500)</u>	<u>125,315</u>	<u>195,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (70,500)</u>	<u>125,315</u>	<u>\$ 195,815</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, beginning of year		<u>716,986</u>			<u>105</u>	
FUND BALANCES, end of year		<u>\$ 842,301</u>			<u>\$ 105</u>	

(continued)



CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Special Revenue Funds		
	Total		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 6,343,455	\$ 5,766,553	\$ (576,902)
Special assessments	575,743	568,405	(7,338)
Licenses and permits	1,783,700	1,988,450	204,750
Intergovernmental	1,960,764	2,147,964	187,200
Charges for services	7,480,288	8,002,837	522,549
Fines and forfeitures	124,500	134,651	10,151
Interest on investments	383,578	715,474	331,896
Loan repayment	60,775	26,676	(34,099)
Other	935,476	671,307	(264,169)
Total revenues	<u>19,648,279</u>	<u>20,022,317</u>	<u>374,038</u>
EXPENDITURES - BUDGET UNIT	<u>22,303,174</u>	<u>16,634,364</u>	<u>5,668,810</u>
Revenues over (under) expenditures	<u>(2,654,895)</u>	<u>3,387,953</u>	<u>6,042,848</u>
OTHER FINANCING SOURCES			
Transfers in	322,635	324,590	1,955
Transfers out	(3,572,466)	(3,379,484)	192,982
Long-term debt issued	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(3,249,831)</u>	<u>(3,054,894)</u>	<u>194,937</u>
Revenues and other sources over (under) expenditures	<u>\$ (5,904,726)</u>	<u>333,059</u>	<u>\$ 6,237,785</u>
FUND BALANCES, beginning of year		<u>29,095,352</u>	
FUND BALANCES, end of year		<u>\$ 29,428,411</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Debt Service Funds					
	SID Revolving			G.O. Bonds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	1,359,036	\$ 1,361,056	\$ 2,020
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	26,500	72,143	45,643	-	1,089	1,089
Loan repayment	3,500	5,019	1,519	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>30,000</u>	<u>77,162</u>	<u>47,162</u>	<u>1,359,036</u>	<u>1,362,145</u>	<u>3,109</u>
EXPENDITURES						
Other	1,000	911	89	-	-	-
Debt service:						
Principal	-	-	-	895,000	895,000	-
Interest and fiscal fees	-	-	-	470,038	465,238	4,800
Total expenditures	<u>1,000</u>	<u>911</u>	<u>89</u>	<u>1,365,038</u>	<u>1,360,238</u>	<u>4,800</u>
Revenues over (under) expenditures	<u>29,000</u>	<u>76,251</u>	<u>47,251</u>	<u>(6,002)</u>	<u>1,907</u>	<u>7,909</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(223,011)	-	223,011	-	-	-
Total other financing sources (uses)	<u>(223,011)</u>	<u>-</u>	<u>223,011</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (194,011)</u>	<u>76,251</u>	<u>\$ 270,262</u>	<u>\$ (6,002)</u>	<u>1,907</u>	<u>\$ 7,909</u>
FUND BALANCES, beginning of year		<u>3,423,681</u>			<u>87,848</u>	
FUND BALANCES, end of year		<u>\$ 3,499,932</u>			<u>\$ 89,755</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Debt Service Funds					
	TIF Bonds			SID Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	579,974	518,352	(61,622)
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	-	-	13,340	35,736	22,396
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,314</u>	<u>554,088</u>	<u>(39,226)</u>
EXPENDITURES						
Other	-	-	-	-	-	-
Debt service:						
Principal	220,000	220,000	-	276,000	234,500	41,500
Interest and fiscal fees	203,923	203,923	-	109,800	18,740	91,060
Total expenditures	<u>423,923</u>	<u>423,923</u>	<u>-</u>	<u>385,800</u>	<u>253,240</u>	<u>132,560</u>
Revenues over (under) expenditures	<u>(423,923)</u>	<u>(423,923)</u>	<u>-</u>	<u>207,514</u>	<u>300,848</u>	<u>93,334</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	423,673	423,923	250	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>423,673</u>	<u>423,923</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ (250)</u>	<u>-</u>	<u>\$ 250</u>	<u>\$ 207,514</u>	<u>300,848</u>	<u>\$ 93,334</u>
FUND BALANCES, beginning of year		<u>-</u>			<u>1,399,446</u>	
FUND BALANCES, end of year		<u>\$ -</u>			<u>\$ 1,700,294</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Debt Service Funds		
	Total		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,359,036	\$ 1,361,056	\$ 2,020
Special assessments	579,974	518,352	(61,622)
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest on investments	39,840	108,968	69,128
Loan repayment	3,500	5,019	1,519
Other	-	-	-
Total revenue	<u>1,982,350</u>	<u>1,993,395</u>	<u>11,045</u>
EXPENDITURES			
Other	1,000	911	89
Debt service:			
Principal	1,391,000	1,349,500	41,500
Interest and fiscal fees	783,761	687,901	95,860
Total expenditures	<u>2,175,761</u>	<u>2,038,312</u>	<u>137,449</u>
Revenues over (under) expenditures	<u>(193,411)</u>	<u>(44,917)</u>	<u>148,494</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	423,673	423,923	250
Transfers out	(223,011)	-	223,011
Total other financing sources (uses)	<u>200,662</u>	<u>423,923</u>	<u>223,261</u>
Revenues and other sources over (under) expenditures	<u>\$ 7,251</u>	379,006	<u>\$ 371,755</u>
FUND BALANCES, beginning of year		<u>4,910,975</u>	
FUND BALANCES, end of year		<u>\$ 5,289,981</u>	

(continued)

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Permanent Fund		
	Cemetery Perpetual Care		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	75,000	89,583	14,583
Interest on investments	13,500	41,316	27,816
Total revenues	<u>88,500</u>	<u>130,899</u>	<u>42,399</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>88,500</u>	<u>130,899</u>	<u>42,399</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 88,500</u>	<u>130,899</u>	<u>\$ 42,399</u>
FUND BALANCES, beginning of year		<u>1,311,442</u>	
FUND BALANCES, end of year		<u>\$ 1,442,341</u>	

CITY OF BOZEMAN, MONTANA  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Permanent Fund		
	Cemetery Perpetual Care		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	75,000	89,583	14,583
Interest on investments	13,500	41,316	27,816
Total revenues	<u>88,500</u>	<u>130,899</u>	<u>42,399</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>88,500</u>	<u>130,899</u>	<u>42,399</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ 88,500</u>	130,899	<u>\$ 42,399</u>
FUND BALANCES, beginning of year		<u>1,311,442</u>	
FUND BALANCES, end of year		<u>\$ 1,442,341</u>	

**COMBINING NONMAJOR PROPRIETARY FUNDS**

## **NONMAJOR PROPRIETARY FUNDS**

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

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



CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 June 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Parking Fund	Stormwater Fund	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 1,070,213	\$ 744,225	\$ 1,814,438
Receivables:			
Customers, net	112,877	127,467	240,344
Special assessments	-	301	301
Total current assets	<u>1,183,090</u>	<u>871,993</u>	<u>2,055,083</u>
Non-current assets			
Other assets:			
Notes receivable	-	-	-
Restricted cash and investments	443,641	58,288	501,929
Total other assets	<u>443,641</u>	<u>58,288</u>	<u>501,929</u>
Property, plant and equipment, net			
Nondepreciable:			
Land	303,436	-	303,436
Depreciable:			
Buildings	11,877,855	-	11,877,855
Other structures and improvements	-	-	-
Machinery and equipment	356,088	231,631	587,719
Vehicles	66,205	181,940	248,145
Infrastructure	47,058	3,957,112	4,004,170
Property under capital lease	-	519,943	519,943
Accumulated depreciation and amortization	(4,395,486)	(624,363)	(5,019,849)
Net property, plant and equipment	<u>8,255,156</u>	<u>4,266,263</u>	<u>12,521,419</u>
Total non current assets	<u>8,698,797</u>	<u>4,324,551</u>	<u>13,023,348</u>
Deferred outflows of resources			
Other post-employment benefits	2,683	3,130	5,813
Pension plan contributions	42,863	59,881	102,744
Total deferred outflows of resources	<u>45,546</u>	<u>63,011</u>	<u>108,557</u>
Total assets	<u>\$ 9,927,433</u>	<u>\$ 5,259,555</u>	<u>\$ 15,186,988</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
 June 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Parking Fund	Stormwater Fund	Total
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 40,135	\$ 88,138	\$ 128,273
Compensated absences payable	14,356	20,512	34,868
Due to other city funds	-	-	-
Capital lease obligations payable in one year	45,514	80,779	126,293
Closure and post-closure care costs, current portion	-	-	-
Bonds and leases payable in one year	-	78,000	78,000
Total current liabilities	<u>100,005</u>	<u>267,429</u>	<u>367,434</u>
Noncurrent liabilities			
Capital lease obligations	-	55,935	55,935
Revenue bonds due after one year	-	1,442,000	1,442,000
Other post-employment health benefits	35,288	9,507	44,795
Appearance bond and other liabilities	-	702	702
Net pension liability	<u>266,101</u>	<u>371,750</u>	<u>637,851</u>
Total noncurrent liabilities	<u>301,389</u>	<u>1,879,894</u>	<u>2,181,283</u>
Total liabilities	<u>401,394</u>	<u>2,147,323</u>	<u>2,548,717</u>
Deferred inflows of resources			
Other post-employment benefits	13,446	7,828	21,274
Pension deferrals	<u>37,504</u>	<u>52,395</u>	<u>89,899</u>
Total deferred inflows of resources	<u>50,950</u>	<u>60,223</u>	<u>111,173</u>
<b>NET POSITION</b>			
Net Investment in capital assets	8,209,642	2,609,549	10,819,191
Restricted for impact capital projects	-	-	-
Restricted for parking capital projects	130,316	-	130,316
Restricted for debt service	-	58,288	58,288
Unrestricted	<u>1,135,131</u>	<u>384,172</u>	<u>1,519,303</u>
Total net position	<u>9,475,089</u>	<u>3,052,009</u>	<u>12,527,098</u>
Total liabilities, deferred inflows and net position	<u>\$ 9,927,433</u>	<u>\$ 5,259,555</u>	<u>\$ 15,186,988</u>

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 Year Ended June 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Parking Fund	Stormwater Fund	Totals
OPERATING REVENUES	\$ 958,504	\$ 1,349,678	\$ 2,308,182
OPERATING EXPENSES			
Salaries and benefits	404,707	536,381	941,088
Materials and supplies	28,883	19,966	48,849
Repairs and maintenance	14,628	11,267	25,895
Utilities	31,259	5,153	36,412
Administrative charges	69,978	116,700	186,678
Other expenses	217,327	54,326	271,653
Depreciation and amortization	352,684	139,927	492,611
Changes in estimated closure and post-closure care costs	-	-	-
Total operating expenses	1,119,466	883,720	2,003,186
Operating income (loss)	(160,962)	465,958	304,996
NON-OPERATING REVENUES (EXPENSES)			
Interest income	42,409	17,003	59,412
Interest expense	-	(40,562)	(40,562)
Other income	24,945	-	24,945
Intergovernmental income	4,674	6,530	11,204
Gain (loss) on sale of assets	1,350	-	1,350
Total non-operating revenues (expenses)	73,378	(17,029)	56,349
Income (loss) before contributions and transfers	(87,584)	448,929	361,345
Contributions of infrastructure - developers	-	1,149,581	1,149,581
Transfers in	150,000	75,000	225,000
Transfers out	-	-	-
Change in net position	62,416	1,673,510	1,735,926
NET POSITION, beginning of year	9,411,032	1,376,584	10,787,616
Restatement	1,641	1,915	3,556
NET POSITION, beginning of year, restated	9,412,673	1,378,499	10,791,172
NET POSITION, end of year	\$ 9,475,089	\$ 3,052,009	\$ 12,527,098

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF CASH FLOWS -  
 NONMAJOR PROPRIETARY FUNDS  
 Year Ended June 30, 2019

	Parking Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 959,411	\$ 1,345,105	\$ 2,304,516
Receipts from others	24,945	-	24,945
Payments to suppliers	(335,581)	(221,423)	(557,004)
Payments to employees	(373,951)	(495,047)	(868,998)
Payments to internal service funds and administrative fees	(69,978)	(116,700)	(186,678)
Net cash flows from operating activities	<u>204,846</u>	<u>511,935</u>	<u>716,781</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	150,000	75,000	225,000
Receipts from grants and intergovernmental sources	4,674	6,530	11,204
Net cash flows from non-capital financing activities	<u>154,674</u>	<u>81,530</u>	<u>236,204</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(324,448)	(365,930)	(690,378)
Principal paid on bonds, interfund loans, loans and leases	-	(154,173)	(154,173)
Interest paid on bonds, interfund loans, loans and leases	-	(40,562)	(40,562)
Proceeds from issuance of long-term debt	45,514	303,570	349,084
Proceeds from sale of property, plant and equipment	1,350	-	1,350
Net cash flows from capital and related financing activities	<u>(277,584)</u>	<u>(257,095)</u>	<u>(534,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collections on notes	9,442	-	9,442
Interest on investments	42,409	17,003	59,412
Net cash flows from investing activities	<u>51,851</u>	<u>17,003</u>	<u>68,854</u>
Net change in cash and investments	133,787	353,373	487,160
Cash and investments, beginning of year	<u>1,380,067</u>	<u>449,140</u>	<u>1,829,207</u>
Cash and investments, end of year	<u>\$ 1,513,854</u>	<u>\$ 802,513</u>	<u>\$ 2,316,367</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF CASH FLOWS -  
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Parking Fund	Stormwater Fund	Total
Cash and investments classified as:			
Cash and investments	\$ 1,070,213	\$ 744,225	\$ 1,814,438
Restricted cash and investments	443,641	58,288	501,929
Totals	\$ 1,513,854	\$ 802,513	\$ 2,316,367
Noncash transactions: donated infrastructure	\$ -	\$ 1,149,581	\$ 1,149,581
RECONCILIATION OF OPERATING LOSS			
TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (160,962)	\$ 465,958	\$ 304,996
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	352,684	139,927	492,611
Change in estimated closure costs	-	-	-
Other income	24,945	-	24,945
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	907	(4,573)	(3,666)
Increase (decrease) in:			
Accounts payable	(43,484)	(130,711)	(174,195)
Accrued employee benefits payable	12,301	1,489	13,790
Net pension liabilities	18,455	39,845	58,300
Total adjustments	365,808	45,977	411,785
Net cash from operating activities	\$ 204,846	\$ 511,935	\$ 716,781

**INTERNAL SERVICE FUND STATEMENTS**

## INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF NET POSITION -  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2019

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ -	\$ 389,027	\$ 633,288	\$ 1,022,315
Customer receivables, net	1,836	30,651	-	32,487
Prepaid expenses	-	-	-	-
Total current assets	<u>1,836</u>	<u>419,678</u>	<u>633,288</u>	<u>1,054,802</u>
Property, plant, and equipment				
Machinery and equipment	179,994	-	279,837	459,831
Vehicles	85,283	-	112,073	197,356
Buildings	1,424,215	-	17,180	1,441,395
Less: accumulated depreciation	<u>(670,701)</u>	<u>-</u>	<u>(162,051)</u>	<u>(832,752)</u>
Net property, plant, and equipment	<u>1,018,791</u>	<u>-</u>	<u>247,039</u>	<u>1,265,830</u>
Deferred outflows of resources				
Other post-employment benefits	2,907	-	8,161	11,068
Pension plan contributions	<u>69,012</u>	<u>-</u>	<u>187,038</u>	<u>256,050</u>
Total deferred outflows of resources	71,919	-	195,199	267,118
Total assets and deferred outflows of resources	<u>\$ 1,092,546</u>	<u>\$ 419,678</u>	<u>\$ 1,075,526</u>	<u>\$ 2,587,750</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 69,168	\$ 399	\$ 103,302	\$ 172,869
Compensated absences payable	17,270	-	106,244	123,514
Current portion of capital lease obligations	-	-	6,023	6,023
Due to other city funds	<u>136,567</u>	<u>-</u>	<u>-</u>	<u>136,567</u>
Total current liabilities	<u>223,005</u>	<u>399</u>	<u>215,569</u>	<u>438,973</u>
Non-current liabilities				
Other post-employment health benefits	31,802	-	105,751	137,553
Capital lease obligations	-	-	21,465	21,465
Net pension liability	<u>409,778</u>	<u>-</u>	<u>1,207,135</u>	<u>1,616,913</u>
Total non-current liabilities	<u>441,580</u>	<u>-</u>	<u>1,334,351</u>	<u>1,775,931</u>
Total liabilities	<u>664,585</u>	<u>399</u>	<u>1,549,920</u>	<u>2,214,904</u>
Deferred inflows of resources				
Other post-employment health benefits	13,129	-	40,141	53,270
Pension deferrals	<u>55,071</u>	<u>-</u>	<u>185,177</u>	<u>240,248</u>
Total deferred inflows of resources	<u>68,200</u>	<u>-</u>	<u>225,318</u>	<u>293,518</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,018,791	-	219,551	1,238,342
Unrestricted	<u>(659,030)</u>	<u>419,279</u>	<u>(919,263)</u>	<u>(1,159,014)</u>
Total net position	<u>359,761</u>	<u>419,279</u>	<u>(699,712)</u>	<u>79,328</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,092,546</u>	<u>\$ 419,678</u>	<u>\$ 1,075,526</u>	<u>\$ 2,587,750</u>



CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2019

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
OPERATING REVENUES	\$ 1,354,012	\$ 4,945,714	\$ 2,514,270	\$ 8,813,996
OPERATING EXPENSES				
Salaries and benefits	507,716	-	1,741,202	2,248,918
Materials and supplies	756,015	-	41,937	797,952
Repairs and maintenance	8,661	-	3,234	11,895
Utilities	24,656	-	3,371	28,027
Administrative charges	156,271	-	2,896	159,167
Insurance claims	-	4,857,152	-	4,857,152
Other expenses	36,539	92,088	365,640	494,267
Depreciation	56,743	-	50,022	106,765
Total operating expenses	<u>1,546,601</u>	<u>4,949,240</u>	<u>2,208,302</u>	<u>8,704,143</u>
Operating income (loss)	<u>(192,589)</u>	<u>(3,526)</u>	<u>305,968</u>	<u>109,853</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	5,122	2,564	7,686
Interest expense	(343)	-	(1,956)	(2,299)
Other income	1,428	12,393	62	13,883
Intergovernmental income	6,557	-	23,193	29,750
Gain (Loss) on sale of assets	(19)	-	167,084	167,065
Total non-operating revenue (expenses)	<u>7,623</u>	<u>17,515</u>	<u>190,947</u>	<u>216,085</u>
Income before transfers	<u>(184,966)</u>	<u>13,989</u>	<u>496,915</u>	<u>325,938</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(184,966)</u>	<u>13,989</u>	<u>496,915</u>	<u>325,938</u>
NET POSITION, beginning of year	542,950	405,290	-	948,240
Restatement, other post-employment benefits and pension	<u>1,777</u>	<u>-</u>	<u>(1,196,627)</u>	<u>(1,194,850)</u>
NET POSITION, beginning of year, restated	<u>544,727</u>	<u>405,290</u>	<u>(1,196,627)</u>	<u>(246,610)</u>
NET POSITION, end of year	<u>\$ 359,761</u>	<u>\$ 419,279</u>	<u>\$ (699,712)</u>	<u>\$ 79,328</u>

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF CASH FLOWS -  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2019

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
<b>CASH FLOWS FROM OPERATIONS</b>				
Receipts from customers	\$ 1,352,267	\$ 4,926,172	\$ 2,514,270	\$ 8,792,709
Receipts from others	7,985	12,393	23,255	43,633
Operating loans from other City funds	68,484	-	-	68,484
Payments to suppliers	(768,170)	(93,064)	894,394	33,160
Payments to employees	(503,933)	(4,857,152)	(2,693,851)	(8,054,936)
Payments to Internal Service Funds and administrative fees	(156,271)	-	(2,896)	(159,167)
Net cash flows from operating activities	<u>362</u>	<u>(11,651)</u>	<u>735,172</u>	<u>723,883</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Additions to property, plant and equipment	-	-	(129,979)	(129,979)
Proceeds from sale of capital assets	(19)	-	-	(19)
Proceeds from issuance of long-term debt	-	-	32,649	32,649
Principal paid on bonds, interfund loans, loans and leases	-	-	(5,162)	(5,162)
Interest paid on bonds, interfund loans, loans and leases	(343)	-	(1,956)	(2,299)
Net cash flows from capital and related financing activities	<u>(362)</u>	<u>-</u>	<u>(104,448)</u>	<u>(104,810)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	5,122	2,564	7,686
Net increase (decrease) in cash and cash equivalents	-	(6,529)	633,288	626,759
CASH AND EQUIVALENTS, beginning of year	-	395,556	-	395,556
CASH AND EQUIVALENTS, end of year	<u>\$ -</u>	<u>\$ 389,027</u>	<u>\$ 633,288</u>	<u>\$ 1,022,315</u>

(continued)

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF CASH FLOWS -  
 INTERNAL SERVICE FUNDS (CONTINUED)  
 Year Ended June 30, 2019

	Vehicle Maintenance Shop	Medical Health Insurance	Public Works Administration	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (192,589)	\$ (3,526)	\$ 305,968	\$ 109,853
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	56,743	-	50,022	106,765
Other income	7,985	12,393	23,255	43,633
Changes in assets and liabilities:				
(Increase) decrease in:				
Customer receivables	(1,745)	(19,542)	-	(21,287)
Increase (decrease) in:				
Accounts payable	25,871	(976)	103,302	128,197
Due to other city funds	68,484	-	-	68,484
Compensated absences payable	(6,311)	-	106,244	99,933
Other post-employment health benefits	10,094	-	137,731	147,825
Net pension	31,830	-	8,650	40,480
Total adjustments	<u>192,951</u>	<u>(8,125)</u>	<u>429,204</u>	<u>614,030</u>
Net cash from operating activities	<u>\$ 362</u>	<u>\$ (11,651)</u>	<u>\$ 735,172</u>	<u>\$ 723,883</u>

**AGENCY FUNDS STATEMENTS**

## AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments.

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

CMC Bozeman Site Remediation Fund – Accounts for pass-through monies provided by the State of Montana Department of Environmental Quality to Olive & Wallace, LLC, to reimburse the cost of work performed as part of the Voluntary Cleanup Plan of the CMC Asbestos Bozeman Facility.

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 –  
 AGENCY FUNDS  
 June 30, 2019

	Municipal Court	CMC Bozeman Site Remediation	Tourism Business Improvement	Total Agency Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 506,142	\$ -	\$ -	\$ 506,142
Customer receivables	2,524	-	-	2,524
Special assessments	-	-	19,497	19,497
Total assets	<u>\$ 508,666</u>	<u>\$ -</u>	<u>\$ 19,497</u>	<u>\$ 528,163</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 508,666	\$ -	\$ 19,497	\$ 528,163
Total liabilities	<u>\$ 508,666</u>	<u>\$ -</u>	<u>\$ 19,497</u>	<u>\$ 528,163</u>

CITY OF BOZEMAN, MONTANA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –  
 AGENCY FUNDS  
 Year Ended June 30, 2019

	Court			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ 413,967	\$ 92,175	\$ -	\$ 506,142
Customer receivables	1,253	1,271	-	2,524
Interfund receivable	-	-	-	-
Total assets	<u>\$ 415,220</u>	<u>\$ 93,446</u>	<u>\$ -</u>	<u>\$ 508,666</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 415,220	\$ 93,446	\$ -	\$ 508,666
Total liabilities	<u>\$ 415,220</u>	<u>\$ 93,446</u>	<u>\$ -</u>	<u>\$ 508,666</u>
	CMC Bozeman Site Remediation			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Customer receivables	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Tourism Business Improvement District			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ 476,697	\$ -	\$ (476,697)	\$ -
Special Assessments	9,541	1,087,916	(1,077,960)	19,497
Total assets	<u>\$ 486,238</u>	<u>\$ 1,087,916</u>	<u>\$ (1,554,657)</u>	<u>\$ 19,497</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 486,238	\$ 1,087,916	\$ (1,554,657)	\$ 19,497
Total liabilities	<u>\$ 486,238</u>	<u>\$ 1,087,916</u>	<u>\$ (1,554,657)</u>	<u>\$ 19,497</u>

**PART III**

**STATISTICAL SECTION**



## Statistical Section

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	185
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	190
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.	201
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	210
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.	212

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

**FINANCIAL TRENDS SECTION**

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

	<b>Fiscal Years</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Governmental activities</b>										
Net investment in capital assets	84,113,904	88,844,404	88,500,437	89,081,484	89,267,076	93,409,850	104,342,191	115,696,956.00	137,058,945.00	155,191,911.00
Restricted	8,082,181	20,962,038	20,797,365	27,255,029	35,621,803	41,755,126	42,829,320	41,583,992.00	36,522,195.00	21,202,050.00
Unrestricted	25,076,908	16,049,044	15,470,543	11,521,053	12,127,224	(5,137,642)	(3,923,466)	(4,839,467.00)	(5,514,909.00)	4,799,426.00
<b>Total governmental activities</b>	<b>\$ 117,272,993</b>	<b>\$ 125,855,486</b>	<b>\$ 124,768,345</b>	<b>\$ 127,857,566</b>	<b>\$ 137,016,103</b>	<b>\$ 130,027,334</b>	<b>\$ 143,248,045</b>	<b>\$ 152,441,481</b>	<b>\$ 168,066,231</b>	<b>\$ 181,193,387</b>
<b>Business-type activities</b>										
Net investment in capital assets	189,965,189	188,180,889	192,485,459	199,394,551	205,501,357	211,419,777	221,385,655	229,372,281.00	239,254,236.00	245,190,586.00
Restricted	9,044,280	12,660,466	11,446,886	3,098,125	3,372,927	4,977,984	4,990,635	8,866,951.00	13,070,517.00	12,671,931.00
Unrestricted	16,069,597	12,382,018	2,809,558	10,643,337	8,723,353	6,619,399	10,582,408	9,154,014.00	12,923,470.00	21,053,523.00
<b>Total business-type activities</b>	<b>\$ 215,079,066</b>	<b>\$ 213,223,373</b>	<b>\$ 206,741,903</b>	<b>\$ 213,136,013</b>	<b>\$ 217,597,637</b>	<b>\$ 223,017,160</b>	<b>\$ 236,958,698</b>	<b>\$ 247,393,246</b>	<b>\$ 265,248,223</b>	<b>\$ 278,916,040</b>
<b>Primary government</b>										
Net investment in capital assets	274,079,093	277,025,293	280,985,896	288,476,035	294,768,433	304,829,627	325,727,846	345,069,237.00	376,313,181.00	400,382,497.00
Restricted	17,126,461	33,622,504	32,244,251	30,353,154	38,994,730	46,733,110	47,819,955	50,450,943.00	49,592,712.00	33,873,981.00
Unrestricted	41,146,505	28,431,062	18,280,101	22,164,390	20,850,577	1,481,757	6,658,942	4,314,547.00	7,408,561.00	25,852,949.00
<b>Total primary government net position</b>	<b>\$ 332,352,059</b>	<b>\$ 339,078,859</b>	<b>\$ 331,510,248</b>	<b>\$ 340,993,579</b>	<b>\$ 354,613,740</b>	<b>\$ 353,044,494</b>	<b>\$ 380,206,743</b>	<b>\$ 399,834,727</b>	<b>\$ 433,314,454</b>	<b>\$ 460,109,427</b>

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

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Expenses</b>										
Governmental Activities:										
General Government	6,299,831	6,122,190	8,706,665	7,373,368	6,989,830	7,417,644	8,058,925	9,415,702	9,896,366	10,310,075
Public Safety	12,382,157	12,859,702	13,215,680	14,340,301	15,297,088	17,023,578	18,391,357	17,689,004	18,637,422	19,699,377
Public Service	9,703,594	9,190,515	8,174,461	3,939,061	6,031,768	6,458,930	6,861,939	7,857,917	8,615,272	9,850,802
Public Welfare	6,915,557	7,500,727	7,249,008	6,518,822	7,417,158	7,579,653	7,994,697	9,210,264	9,476,010	9,658,817
Other	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Fees	714,714	679,652	636,478	433,766	179,280	824,266	893,470	771,714	781,255	786,236
Total Governmental Activities Expenses	\$ 36,015,853	\$ 36,352,786	\$ 37,982,292	\$ 32,605,318	\$ 35,915,124	\$ 39,304,071	\$ 42,200,388	\$ 44,944,601	\$ 47,406,325	\$ 50,305,307
Business-Type Activities:										
Water	12,016,149	11,649,639	11,674,222	6,154,746	6,869,870	7,995,910	9,273,395	9,740,629	9,832,508	9,984,114
Waste Water	9,143,077	10,128,397	10,203,165	6,121,663	8,955,592	6,940,983	8,163,312	8,590,477	8,548,138	9,291,509
Solid Waste	2,561,124	2,578,109	2,584,899	2,475,680	6,958,209	3,308,441	4,570,884	4,262,650	4,535,865	4,739,710
Non-Major Activities	967,077	991,712	990,229	852,561	966,454	1,098,771	1,300,612	1,827,722	2,011,950	2,043,748
Total Business-Type Activities Expenses	24,687,427	25,347,857	25,452,515	15,604,650	23,750,125	19,344,105	23,308,203	24,421,478	24,928,461	26,059,081
Total Primary Government Expenses	60,703,280	61,700,643	63,434,807	48,209,968	59,665,249	58,648,176	65,508,591	69,366,079	72,334,786	76,364,388
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	2,774,869	2,870,443	1,949,125	1,966,966	2,453,015	1,947,445	2,530,474	2,683,016	3,139,427	3,777,184
Public Safety	2,414,893	2,684,724	2,638,811	3,219,231	3,290,573	3,211,911	3,347,859	3,175,257	2,234,994	4,158,560
Public Service	3,742,856	4,454,492	4,983,420	6,655,604	7,623,178	8,784,447	9,310,147	10,342,921	15,531,304	12,189,258
Public Welfare	399,280	451,960	1,102,896	1,593,212	613,322	1,097,845	1,213,526	1,414,394	1,593,025	1,724,864
Operating Grants and Contributions	693,342	1,114,835	566,586	406,239	457,354	2,254,052	2,494,244	2,715,986	3,021,400	5,419,871
Capital Grants and Contributions	5,307,118	7,867,093	635,758	844,935	4,762,416	2,960,051	5,018,559	2,667,352	7,651,008	6,593,221
Total Governmental Activities Program Revenues	\$ 15,332,358	\$ 19,443,547	\$ 11,876,596	\$ 14,686,187	\$ 19,199,858	\$ 20,255,751	\$ 23,914,809	\$ 22,998,926	\$ 33,171,158	\$ 33,862,958
Business-Type Activities										
Charges for Services:										
Water	6,986,247	7,064,571	7,921,483	9,585,939	9,842,699	9,969,058	11,935,016	11,166,944	12,915,454	11,438,495
Waste Water	6,505,119	6,930,036	7,488,473	8,560,438	8,852,738	9,008,247	9,283,600	9,668,524	10,686,506	10,445,185
Solid Waste	2,716,981	2,569,607	2,570,644	2,532,676	2,725,465	2,953,414	2,617,243	3,613,721	3,926,123	4,228,099
Non-Major Activities	326,820	417,114	382,968	644,672	872,325	891,379	3,207,605	2,172,399	2,282,839	2,308,182
Operating Grants and Contributions	-	-	-	-	9,596	123,439	134,946	169,509	134,523	83,264
Capital Grants and Contributions:	3,621,051	6,589,612	566,138	156,123	5,898,923	6,385,418	11,287,654	7,774,707	9,944,719	8,324,760
Total Business-Type Activities Program Revenues	20,156,218	23,570,940	18,929,706	21,479,848	28,201,746	29,330,955	38,466,064	34,565,804	39,890,164	36,827,985
Total Primary Government Program Revenues	35,488,576	43,014,487	30,806,302	36,166,035	47,401,604	49,586,706	62,380,873	57,564,730	73,061,322	70,690,943

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

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Net (Expense) / Revenue</b>										
Governmental Activities	(20,683,495)	(16,909,239)	(26,105,696)	(17,919,131)	(16,715,266)	(19,048,320)	(18,285,579)	(21,945,675)	(14,235,167)	(16,442,349)
Business-Type Activities	(4,531,209)	(1,776,917)	(6,522,809)	5,875,198	4,060,921	9,986,850	15,157,861	10,144,326	14,961,703	10,768,904
Total Primary Government Net Expense	\$ (25,214,704)	\$ (18,686,156)	\$ (32,628,505)	\$ (12,043,933)	\$ (12,654,345)	\$ (9,061,470)	\$ (3,127,718)	\$ (11,801,349)	\$ 726,536	\$ (5,673,445)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	15,501,316	16,342,053	15,716,055	16,429,959	17,561,022	20,203,718	21,234,288	21,708,812	22,532,724	23,823,994
Unrestricted Grants and Contributions	6,284,467	6,782,383	6,898,717	6,342,884	7,436,419	7,699,711	7,992,180	8,372,625	6,171,297	4,658,177
Investment Earnings	352,378	301,424	283,090	243,744	355,790	403,152	519,637	554,870	64,058	1,490,286
Miscellaneous	2,256,071	1,556,790	155,484	-	293,884	374,966	418,215	1,317,137	2,320,536	1,009,437
Sale of Capital Assets	761,952	(8,168)	4,414	1,765	236,688	-	123,934	(71,335)	28,861	167,291
Transfers of Capital Assets	-	-	(2,088)	-	-	-	-	-	-	-
Transfers	521,863	517,250	(37,136)	(10,000)	(10,000)	(410,016)	1,218,036	(742,999)	(758,084)	(475,000)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 25,678,047	\$ 25,491,732	\$ 23,018,536	\$ 23,008,352	\$ 25,873,803	\$ 28,271,531	\$ 31,506,290	\$ 31,139,110	\$ 30,359,392	\$ 30,674,185
Business-Type Activities:										
Unrestricted Grants and Contributions	342,653	438,475	2,115	508,912	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	304,231	3,389	1,010,849
Transfers of Capital Assets	-	-	2,088	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	1,256,284	2,529,824	362,631
ARRA Debt Forgiveness	-	-	-	-	390,700	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-	(2,013,292)	10,005	(172,428)
Transfers	(521,863)	(517,251)	37,136	10,000	10,000	380,347	(1,218,036)	742,999	758,084	475,000
Total Business-Type Activities	(179,210)	(78,776)	41,339	518,912	400,700	380,347	(1,218,036)	290,222	3,301,302	1,676,052
Total Primary Government	25,498,837	25,412,956	23,059,875	23,527,264	26,274,503	28,651,878	30,288,254	31,429,332	33,660,694	32,350,237
<b>Restatement of Beginning Net Position</b>										
Governmental Activities	-	-	-	-	-	-	-	-	-	(1,104,680)
Business-Type Activities	-	-	-	-	-	-	-	-	-	1,222,861
Total Primary Government	-	-	-	-	-	-	-	-	-	118,181
<b>Change in Net Position</b>										
Governmental Activities	4,994,552	8,582,493	(3,087,160)	5,089,221	9,158,537	9,223,211	13,220,711	9,193,435	16,124,225	13,127,156
Business-Type Activities	(4,710,419)	(1,855,693)	(6,481,470)	6,394,110	4,461,621	10,367,197	13,939,825	10,434,548	18,263,005	13,667,817
Total Primary Government	\$ 284,133	\$ 6,726,800	\$ (9,568,630)	\$ 11,483,331	\$ 13,620,158	\$ 19,590,408	\$ 27,160,536	\$ 19,627,983	\$ 34,387,230	\$ 26,794,973

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

	<b>Fiscal Year</b>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,119,400	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	5,991,388	7,062,964	7,327,375	6,420,760	6,061,965	5,541,841	6,402,882	7,739,020	7,739,582
Unassigned	-	905,862	264,091	-	193,534	-	979,258	87,274	(274,252)	-
<b>Total general fund</b>	<b>5,119,400</b>	<b>6,897,250</b>	<b>7,327,055</b>	<b>7,327,375</b>	<b>6,614,294</b>	<b>6,061,965</b>	<b>6,521,099</b>	<b>6,490,156</b>	<b>7,464,768</b>	<b>7,739,582</b>
<b>All Other Governmental</b>										
Reserved	6,597,569	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	14,916,152	-	-	-	-	-	-	-	-	-
Capital projects funds	1,793,287	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	999,464	1,113,484	1,193,530	1,269,557	2,061,790	1,426,575	1,533,338	1,623,816	1,735,591
Restricted	-	19,962,574	19,683,881	26,061,499	19,927,526	12,546,935	39,856,356	38,938,127	34,403,744	23,129,241
Committed	-	3,278,422	3,463,714	851,322	3,075,505	3,088,936	3,528,263	3,901,694	3,856,238	4,279,091
Assigned	-	58,419	-	-	229,602	-	7,425,398	7,259,749	1,868,485	1,293,436
Unassigned	-	-	(51,586)	456,669	(184,101)	(97,173)	914,535	107,103	(42,648)	8,731,534
<b>Total all other governmental funds</b>	<b>\$ 23,307,008</b>	<b>\$ 24,298,879</b>	<b>\$ 24,209,493</b>	<b>\$ 28,563,020</b>	<b>\$ 24,318,089</b>	<b>\$ 17,600,488</b>	<b>\$ 53,151,127</b>	<b>\$ 51,740,011</b>	<b>\$ 41,709,635</b>	<b>\$ 39,168,893</b>

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

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

	<b>Fiscal Year</b>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>										
Taxes	\$ 15,055,844	\$ 16,634,924	\$ 16,057,318	\$ 16,540,972	\$ 17,385,371	\$ 20,404,236	\$ 21,303,074	\$ 21,682,667	\$ 22,553,972	\$ 23,788,018
Special assessments	1,643,500	1,866,272	1,898,007	1,752,615	2,011,944	1,578,855	1,265,954	1,163,275	1,137,103	1,116,925
Licenses and permits	958,590	1,308,378	1,214,705	1,629,744	1,784,282	1,827,842	2,112,090	2,092,673	2,541,727	2,392,081
Intergovernmental	7,900,176	8,299,803	7,697,637	7,586,007	8,208,770	8,562,937	8,920,424	8,956,044	9,419,104	10,488,662
Charges for service	5,790,382	6,629,507	6,891,594	8,806,969	9,656,123	10,629,791	12,283,683	13,743,830	17,885,529	16,987,622
Fines and forfeitures	1,518,481	1,441,383	1,364,617	1,394,652	1,411,162	1,305,166	1,253,705	1,256,525	1,240,154	1,234,324
Interest on investments	352,378	300,516	281,239	239,778	329,086	370,305	479,699	520,690	34,709	1,439,743
Loan repayment	10,401	193,302	306,385	157,069	63,980	94,989	38,552	31,837	25,827	31,695
Other	2,256,071	1,556,790	155,484	394,677	287,089	363,274	415,646	1,307,668	2,313,097	995,553
Total revenues	35,485,823	38,230,875	35,866,986	38,502,483	41,137,807	45,137,395	48,072,827	50,755,209	57,151,222	58,474,623
<b>Expenditures</b>										
General government	5,690,488	5,939,771	6,266,566	7,276,839	6,138,575	6,594,474	7,318,539	7,643,886	8,268,285	8,782,078
Public safety	11,709,170	12,137,616	12,513,270	13,822,691	14,637,886	15,086,695	16,485,549	16,812,131	17,602,966	18,005,944
Public service	2,702,510	3,002,021	2,738,066	2,805,612	3,498,770	3,786,283	3,840,405	4,422,771	4,955,559	5,774,783
Public welfare	4,916,828	6,435,916	6,184,073	6,216,387	6,678,347	7,366,955	7,245,425	7,654,059	7,975,354	8,339,885
Other	-	-	-	15,776	1,046,712	1,113,340	418,431	506,169	655,532	728,642
Capital outlay	4,248,758	3,299,017	3,881,388	2,782,435	8,053,456	9,905,333	9,337,470	12,468,020	18,420,501	19,106,110
Debt service										
Principal	1,194,819	1,611,087	3,235,664	1,826,126	1,482,142	1,121,593	1,345,250	1,422,555	1,500,687	1,635,369
Interest & Fiscal Fees	715,150	680,088	666,082	445,736	380,950	824,266	893,470	771,714	718,597	786,238
Total expenditures	31,177,723	33,105,516	35,485,109	35,191,602	41,916,838	45,798,939	46,884,539	51,701,305	60,097,481	63,159,049
Excess of revenues over (under) expenditures	4,308,100	5,125,359	381,877	3,310,881	(779,031)	(661,544)	1,188,288	(946,096)	(2,946,259)	(4,684,426)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Transfers in	10,857,332	6,985,734	3,482,550	4,291,417	3,103,787	4,816,671	6,483,413	3,950,059	4,394,277	4,202,825
Transfers out	(11,033,925)	(7,255,505)	(3,821,010)	(4,454,505)	(3,113,787)	(5,197,018)	(5,496,492)	(4,693,058)	(5,152,361)	(4,677,825)
Issuance of debt	890,000	-	3,357,798	1,203,279	10,012,647	5,619,361	47,406	234,702	1,103,586	2,859,598
Premium on Bonds Issued	-	-	-	-	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	(3,120,000)	-	-	-	-	-	-	-
Sales of capital assets	766,922	10,555	59,204	2,775	243,092	64,855	227,984	43,277	35,144	33,898
Total other financing sources (uses)	1,480,329	(259,216)	(41,458)	1,042,966	10,245,739	5,303,869	1,262,311	(465,020)	380,646	2,418,496
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 5,788,429	\$ 4,866,143	\$ 340,419	\$ 4,353,847	\$ 9,466,708	\$ 4,642,325	\$ 2,450,599	\$ (1,411,116)	\$ (2,565,613)	\$ (2,265,930)
Debt service as a percentage of noncapital expenditures	7.1%	7.7%	12.3%	7.0%	5.5%	5.4%	6.0%	5.6%	5.3%	5.5%

**REVENUE CAPACITY SECTION**



CITY OF BOZEMAN, MONTANA  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 Past Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Residential Property</u>	<u>Commercial &amp; Industrial Property</u>	<u>Other Property</u>	<u>Total Taxable Assessed Value **</u>	<u>Total Direct Tax Rate</u>	<u>Total Market Value *</u>	<u>Assessed Taxable Value ** as a Percentage of Total Market Value</u>
2010	\$ 43,842,400	\$ 29,750,200	\$ 4,697,400	\$ 78,290,000	170.19	\$ 2,655,766,251	2.948%
2011	45,023,440	30,551,620	4,823,940	80,399,000	168.75	2,827,548,097	2.843%
2012	45,954,720	31,183,560	4,923,720	82,062,000	166.75	2,994,740,226	2.740%
2013	46,606,560	31,625,880	4,993,560	83,226,000	166.75	3,176,282,865	2.620%
2014	47,956,720	32,542,060	5,138,220	85,637,000	173.08	3,386,295,608	2.529%
2015	50,978,520	31,641,840	5,273,640	87,894,000	188.76	3,598,269,877	2.443%
2016	50,899,738	29,864,642	5,799,800	86,564,180	210.16	5,698,588,679	1.519%
2017	52,777,954	30,966,657	6,013,815	89,758,426	205.30	5,870,738,906	1.529%
2018	56,952,419	37,199,199	7,043,156	101,194,775	187.33	6,745,351,312	1.500%
2019	58,712,093	38,348,553	7,260,771	104,321,416	191.24	6,981,943,409	1.494%

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

Note: Property in Gallatin County is reassessed by the State Department of Revenue every two years.

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

\*\* Includes tax-exempt property.

CITY OF BOZEMAN, MONTANA  
CITY TAXABLE MARKET AND TAXABLE VALUES  
Past Ten Fiscal Years

Fiscal Year Ended June 30,	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
2010	2,655,766,251	80,850,582	2,560,601	78,289,981	n/a *
2011	2,827,058,097	83,309,165	2,910,650	80,398,515	n/a *
2012	2,994,740,226	85,345,227	3,282,766	82,062,461	n/a *
2013	3,176,282,865	86,934,533	3,708,138	83,226,395	n/a *
2014	3,386,295,608	89,650,917	4,013,561	85,637,356	85,615,328
2015	3,598,269,877	92,081,322	4,186,781	87,894,541	90,735,030
2016	5,698,588,679	90,787,797	4,223,617	86,564,180	91,973,923
2017	5,870,738,906	94,102,761	4,344,335	89,758,426	93,212,816
2018	6,745,351,312	106,224,806	5,030,031	101,194,775	105,727,520
2019	6,981,943,409	109,713,782	5,392,366	104,321,416	191,152,592

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

Note: Property is assessed by the State Department of Revenue every two years.

\* No certified value available, first certification available for FY2014.

CITY OF BOZEMAN, MONTANA  
TAX INCREMENT DISTRICT TAXABLE VALUATION DETAIL  
Past Ten Fiscal Years

Fiscal Year Ended June 30,	BOZEMAN DOWNTOWN			NORTHEAST URBAN RENEWAL DISTRICT			BOZEMAN MIDTOWN*		
	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable
2010	1,328,695	1,947,249	3,275,944	423,054	104,987	528,041	2,886,997	450,625	3,337,622
2011	1,328,695	2,060,807	3,389,502	423,054	135,162	558,216	2,886,997	664,127	3,551,124
2012	1,328,695	2,251,286	3,579,981	423,054	133,197	556,251	2,886,997	840,137	3,727,134
2013	1,328,695	2,396,293	3,724,988	423,054	150,217	573,271	2,886,997	1,084,216	3,971,213
2014	1,328,695	2,586,963	3,915,658	423,054	172,608	595,662	2,886,997	1,193,297	4,080,294
2015	1,328,695	2,718,220	4,046,915	423,054	190,579	613,633	2,886,997	1,225,604	4,112,601
2016	1,328,695	2,898,551	4,227,246	423,054	214,470	637,524	2,886,997	1,055,385	3,942,382
2017	1,328,695	3,068,902	4,397,597	423,054	193,281	616,335	3,473,127	1,003,546	4,476,673
2018	1,328,695	3,769,917	5,098,612	423,054	223,765	646,819	3,507,723	948,746	4,456,469
2019	1,328,695	4,159,996	5,488,691	423,054	229,047	652,101	3,507,723	982,574	4,490,297
Fiscal Year Ended June 30,	NORTH PARK URBAN RENEWAL**			BOZEMAN TECHNOLOGY			TOTAL		
	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable	Base Taxable	Incremental Taxable	Total Taxable
2010	-	-	-	-	-	-	4,638,746	2,502,861	7,141,607
2011	-	-	-	-	-	-	4,638,746	2,860,096	7,498,842
2012	-	-	-	-	-	-	4,638,746	3,224,620	7,863,366
2013	-	-	-	-	-	-	4,638,746	3,630,726	8,269,472
2014	-	-	-	417	-	417	4,639,163	3,952,868	8,592,031
2015	-	-	-	417	3	420	4,639,163	4,134,406	8,773,569
2016	-	-	-	417	-	417	4,639,163	4,168,406	8,807,569
2017	-	-	-	417	-	283	5,225,293	4,265,729	9,491,022
2018	-	-	-	417	-	305	5,259,889	4,942,428	10,202,317
2019	244,332	20,749	265,081	417	-	305	5,504,221	5,392,366	10,896,587

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

Note: Property is assessed by the State Department of Revenue every two years.

\*Previously North 7th Corridor.

\*New district created in FY19.

CITY OF BOZEMAN, MONTANA  
DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT &  
COMPARISON TO CITY TAXABLE VALUE  
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Downtown Bozeman Improvement District			City Taxable Value (Excluding ALL tax increment district valuations)	The District's Incremental Taxable Value as Percentage of City's Taxable Value
	Taxable Market Value of Property in the District	Taxable Value of Property in the District	Incremental Taxable Value		
2010	110,487,369	3,275,944	1,947,249	78,289,981	2.49%
2011	119,431,550	3,389,502	2,060,807	80,398,515	2.56%
2012	129,285,686	3,579,981	2,251,286	82,062,461	2.74%
2013	142,099,662	3,724,988	2,396,293	83,226,395	2.88%
2014	153,063,721	3,915,658	2,586,963	85,367,356	3.03%
2015	190,128,511	4,046,915	2,718,220	87,894,541	3.09%
2016	259,138,001	4,227,246	2,898,551	86,564,180	3.35%
2017	265,793,431	4,397,597	3,068,902	89,758,426	3.42%
2018	297,005,720	5,098,612	3,769,917	101,194,775	3.73%
2019	319,728,707	5,488,691	4,159,996	104,321,416	3.99%

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

Note: Property is assessed by the State Department of Revenue every two years.

CITY OF BOZEMAN, MONTANA  
PROPERTY TAX LEVIES IN THE DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT  
Past Ten Fiscal Years

<b>Taxing Entity</b>	<b>Fiscal Year</b>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	85.19	89.94	88.69	87.40	88.38	89.55	99.77	100.41	91.23	98.87
Open Space Bond	5.81	6.14	5.99	4.89	4.90	4.95	5.03	5.85	5.13	4.69
County-Wide School	94.02	95.74	95.61	96.47	101.28	99.94	106.85	105.39	99.67	102.44
Bozeman High School District	69.05	75.34	73.48	71.81	73.16	72.97	76.76	77.25	73.10	108.95
Bozeman Elementary School District	130.49	121.55	123.38	131.45	145.25	143.70	151.15	154.81	146.92	142.63
City of Bozeman	170.19	168.75	166.75	166.75	173.08	188.76	210.16	205.30	187.33	191.24
<b>TOTAL</b>	<u>594.75</u>	<u>597.46</u>	<u>593.90</u>	<u>598.77</u>	<u>626.05</u>	<u>639.87</u>	<u>689.72</u>	<u>689.01</u>	<u>643.38</u>	<u>688.82</u>
<b>Exempt from Tax Increment</b>										
University Millage	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Gallatin Conservation District	1.01	0.99	1.00	0.98	0.97	0.95	1.05	1.01	0.89	0.91
County-Wide Planning	2.50	2.40	2.40	2.39	2.39	2.35	2.39	2.39	2.48	2.50

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

Note: Property is assessed by the State Department of Revenue every six years and beginning in 2017 every two years.

CITY OF BOZEMAN, MONTANA  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 Past Ten Fiscal Years  
*(rate per \$1,000 of assessed value)*

Fiscal Year Ended <u>June 30,</u>	Basic <u>Rate</u>	General Obligation Debt <u>Service</u>	Total Direct Tax <u>Rate</u>	Bozeman School <u>District</u>	Gallatin <u>County</u>	State of <u>Montana</u>
2010	160.18	10.01	170.19	199.54	210.25	46.00
2011	158.96	9.79	168.75	196.89	217.21	46.00
2012	157.19	9.56	166.75	196.86	215.77	46.00
2013	158.38	8.37	166.75	203.26	215.10	46.00
2014	164.83	8.25	173.08	218.41	221.00	46.00
2015	177.52	11.24	188.76	216.67	215.78	46.00
2016	194.51	15.65	210.16	227.91	241.69	46.00
2017	190.17	15.13	205.30	232.06	241.69	46.00
2018	173.92	13.41	187.33	220.02	223.33	46.00
2019	178.22	13.02	191.24	251.58	206.00	46.00

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

Instructions

General Obligation Debt Service & Total Direct Tax Rate - Final mill levy passed by Commission.

Basic Rate auto calculates.

Bozeman School District & Gallatin County, Use cells in Prop Tax Levies in BID.

CITY OF BOZEMAN, MONTANA  
 PRINCIPAL PROPERTY TAX PAYERS  
 Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Total Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northwestern Energy - Transmission & Distribution	\$ 3,870,184	1	3.71%	\$ 3,126,536	1	3.99%
Verizon Wireless	374,861	2	0.36%			
Harry Daum - Gallatin Mall	344,005	3	0.33%	533,461	3	0.68%
Mitchell Development & Investment LLC	320,473	4	0.31%	326,043	10	0.42%
NB Stadium View District	312,170	5	0.30%			
Stone Ridge Partners LLC	298,223	6	0.29%	357,325	7	0.46%
CCC Bozeman LLC	292,641	7	0.28%			
Bridger Peaks Holding LLC	259,668	8	0.25%			
First Security Bank	257,102	9	0.25%			
SNH/LTA Properties Trust	248,664	10	0.24%			
Centurylink, Inc. (Qwest)				1,138,418	2	1.45%
Bozeman Deaconness Foundation				504,584	4	0.64%
BVI/HJSI Bozeman LLC				402,806	5	0.51%
Wal-Mart Stores				377,391	6	0.48%
Celloco Partnership				344,823	8	0.44%
Lowes HIW Inc.				340,678	9	0.44%
Total	\$ 6,577,991		6.31%	\$ 7,452,065		9.52%
 Total City Taxable Assessed Value	\$ 104,321,416			\$ 78,290,000		

CITY OF BOZEMAN, MONTANA  
 PRINCIPAL PROPERTY TAX PAYERS IN  
 DOWNTOWN BOZEMAN IMPROVEMENT DISTRICT  
 Current Year and Prior Year

		2018			2017		
		Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>	<u>Business</u>						
G25 HOLDINGS LLC	Property Investor/Developer	\$ 329,206	1	6.00%	\$ 278,567	1	5.46%
First Security Bank	Bank	258,837	2	4.72%	220,843	2	4.33%
5 West LLC	Multi Tennant Commercial/Residential Building	167,052	3	3.04%	132,329	3	2.60%
F&H, LLC	Property Investor/Developer	141,830	4	2.58%	126,764	4	2.49%
Moose Point LP	Commercial Property Developer	127,363	5	2.32%	124,225	5	2.44%
Atlantic Financial Group Ltd.	Bank	124,416	6	2.27%	92,786	8	1.82%
777 Building	Multi Tennant Office Retail Building	121,198	7	2.21%	115,658	6	2.27%
M & J Cowdrey LLC	Property Investor/Developer	110,165	8	2.01%	83,944	9	1.65%
Downtowner Group LLC	Business Support Services	108,936	9	1.98%	96,034	7	1.88%
Masonic Temple Inc.	Event Space	100,428	10	1.83%			
702 LLC	Property Investor/Developer				80,750	10	1.58%
	Total	<u>\$ 1,589,431</u>		<u>23.14%</u>	<u>\$ 1,351,900</u>		<u>26.52%</u>
Total Downtown BID Taxable Assessed Value		<u>\$ 5,488,691</u>			<u>\$ 5,098,612</u>		



CITY OF BOZEMAN, MONTANA  
PROPERTY TAX LEVIES AND COLLECTIONS  
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 13,324,175	\$ 12,415,922	93.18%	\$ 898,596	\$ 13,314,518	99.93%
2011	13,567,611	13,001,537	95.83%	530,923	13,532,460	99.74%
2012	13,683,839	13,108,003	95.79%	413,436	13,521,439	98.81%
2013	13,878,293	13,633,347	98.24%	186,641	13,819,988	99.58%
2014	14,821,724	14,482,502	97.71%	183,330	14,665,832	98.95%
2015	16,590,871	16,559,270	99.81%	31,601	16,590,871	100.00%
2016	18,191,892	18,009,556	99.00%	28,972	18,038,528	99.16%
2017	18,338,501	18,069,230	98.53%	49,084	18,118,314	98.80%
2018	18,956,357	18,791,653	99.13%	21,722	18,813,376	99.25%
2019	19,950,675	19,940,784	99.95%	-	19,940,784	99.95%

Source: Gallatin County.  
City Manager's Final Adopted Budget.

CITY OF BOZEMAN, MONTANA  
 WATER SOLD BY TYPE OF CUSTOMER  
 Past Ten Fiscal Years  
*(in hundreds of cubic feet "HCF")*

Type of Customer	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$ 1,224,164	\$ 1,181,195	\$ 1,323,816	\$ 1,513,986	\$ 1,433,833	\$ 1,385,140	\$ 1,493,192	\$ 1,601,439	\$ 1,623,881	\$ 1,556,249
Government	51,168	48,228	49,349	59,589	52,448	53,165	51,923	56,956	75,001	54,270
MSU	228,789	227,019	235,965	233,484	213,698	210,107	208,618	225,394	217,967	238,968
Commercial	571,223	568,474	602,352	638,337	607,444	599,193	610,741	620,761	618,398	627,116
Total	<u>\$ 2,075,343</u>	<u>\$ 2,024,916</u>	<u>\$ 2,211,481</u>	<u>\$ 2,445,396</u>	<u>\$ 2,307,423</u>	<u>\$ 2,247,605</u>	<u>\$ 2,364,473</u>	<u>\$ 2,504,550</u>	<u>\$ 2,535,247</u>	<u>\$ 2,476,603</u>
Total direct rate per 1,000 HCF	\$ 2,679.44	\$ 2,787.06	\$ 2,887.40	\$ 2,955.66	\$ 3,053.40	\$ 3,105.14	\$ 3,175.41	\$ 3,256.72	\$ 3,337.92	\$ 3,508.94

Source: City of Bozeman Finance Department.

CITY OF BOZEMAN, MONTANA  
 WATER AND SEWER RATES  
 Past Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Water</b>		<b>Sewer</b>	
	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
2010	\$ 13.00	\$ 20.37	\$ 13.37	\$ 22.15
2011	\$ 13.42	\$ 21.02	\$ 14.73	\$ 24.41
2012	\$ 14.02	\$ 21.96	\$ 15.61	\$ 25.87
2013	\$ 14.65	\$ 22.95	\$ 16.55	\$ 27.42
2014	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10
2015	\$ 14.65	\$ 22.95	\$ 17.56	\$ 29.10
2016	\$ 15.02	\$ 23.53	\$ 18.09	\$ 29.98
2017	\$ 15.39	\$ 24.11	\$ 18.63	\$ 30.87
2018	\$ 15.70	\$ 24.60	\$ 19.01	\$ 31.50
2019	\$ 16.17	\$ 25.33	\$ 19.58	\$ 32.45

\* 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.

## **DEBT CAPACITY**

**CITY OF BOZEMAN, MONTANA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Past Ten Fiscal Years**

Fiscal Year Ended <u>June 30,</u>	Governmental Activities							Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Premiums	Notes Payable	Capital Leases	Sports Park Loan Payable	Special Assessment Bonds	Tax Increment Financing Bonds	Water Revenue Bonds	Wastewater State of MT RLF Loans	Stormwater Revenue Bond	Capital Leases				
2010	4,275,000	-	851,071	291,237	-	4,819,000	5,695,000	28,992	7,902,127	-	-	23,862,428	2.75%	\$ 640.09	
2011	3,710,000	-	509,705	214,016	-	4,351,500	5,535,000	-	24,017,080	-	-	38,337,301	4.68%	\$ 1,027.42	
2012	3,080,000	-	306,727	203,860	-	2,269,500	5,370,000	182,577	23,853,427	-	-	35,266,091	4.39%	\$ 925.23	
2013	2,445,000	-	1,198,823	149,892	-	1,659,500	5,195,000	13,751,878	22,501,119	-	-	46,901,212	5.56%	\$ 1,210.26	
2014	11,685,000	-	1,086,396	94,176	-	1,185,500	5,015,000	18,140,000	21,025,565	-	-	58,231,637	6.83%	\$ 1,498.50	
2015	16,320,000	262,425	963,274	295,912	-	890,500	4,825,000	17,365,000	19,972,565	229,750	434,598	61,559,024	7.25%	\$ 1,477.65	
2016	15,570,000	248,967	884,844	249,501	-	662,500	4,630,000	16,567,000	18,930,565	1,440,430	363,749	59,547,556	7.01%	\$ 1,371.91	
2017	14,710,000	235,509	902,500	270,492	-	501,000	4,425,000	15,760,000	17,856,000	1,367,430	290,538	56,318,469	6.13%	\$ 1,244.61	
2018	13,835,000	222,051	763,588	463,535	-	406,000	5,018,931	19,107,497	16,368,000	1,292,430	214,887	57,691,920	5.80%	\$ 1,238.13	
2019	12,940,000	208,593	937,009	651,453	1,700,000	171,500	5,338,811	21,001,000	15,229,000	1,520,000	183,591	59,880,957	5.71%	\$ 1,233.84	

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

CITY OF BOZEMAN, MONTANA  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of	
	General Obligation Bonds	Bond Premiums	Tax Increment Financing District Bonds	Total	Actual Taxable Value of Property	Per Capita
2010	4,275,000	-	5,695,000	9,970,000	12.7%	\$ 267.44
2011	3,710,000	-	5,535,000	9,245,000	11.5%	\$ 247.76
2012	3,080,000	-	5,370,000	8,450,000	10.3%	\$ 221.69
2013	2,445,000	-	5,195,000	7,640,000	9.2%	\$ 197.15
2014	11,685,000	-	5,015,000	16,700,000	19.5%	\$ 429.75
2015	16,320,000	262,425	4,825,000	21,145,000	24.1%	\$ 507.56
2016	15,570,000	428,967	4,630,000	20,200,000	23.3%	\$ 465.38
2017	14,710,000	235,509	4,425,000	19,135,000	21.3%	\$ 422.87
2018	13,835,000	222,051	4,926,931	18,761,931	18.5%	\$ 402.65
2019	12,940,000	208,593	5,338,811	18,278,811	17.5%	\$ 376.63

Source: City Manager's Final Adopted Budget.

Debt Outstanding is reduced by cash held for bond reserves for the purposes of this table.

CITY OF BOZEMAN, MONTANA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

	Debt Outstanding as of June 30, 2019	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<u>Overlapping Bonded Indebtedness</u>			
Gallatin County:			
Various issues outstanding	\$ 30,275,000	36%	\$ 10,847,350
Bozeman School District #7:			
Various issues outstanding	<u>185,828,020</u>	<u>31%</u>	<u>57,405,499</u>
Subtotal overlapping debt			68,252,849
<u>City of Bozeman, Montana</u>			
Direct Debt	<u>\$ 21,947,366</u>	<u>100%</u>	<u>21,947,366</u>
Total Direct & Overlapping Debt			<u>\$ 90,200,215</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bozeman. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each entity's total taxable assessed value.

Sources:

City of Bozeman Finance Department.  
Gallatin County Assessor's Office.  
Bozeman School District #7.

CITY OF BOZEMAN, MONTANA  
 LEGAL DEBT MARGIN INFORMATION  
 Past Ten Fiscal Years

	<b>Fiscal Years</b>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit*	\$ 66,375,000	\$ 70,688,000	\$ 74,875,000	\$ 76,450,000	\$ 84,657,000	\$ 84,500,000	\$ 142,464,717	\$ 147,500,000	\$ 168,633,783	\$ 174,548,585
Total net debt applicable to limit	(15,931,308)	(14,320,221)	(11,230,087)	(10,648,215)	(19,066,072)	(23,557,111)	(22,245,812)	(21,044,501)	(20,709,106)	(21,947,366)
Legal debt margin	<u>\$ 50,443,692</u>	<u>\$ 56,367,779</u>	<u>\$ 63,644,913</u>	<u>\$ 65,801,785</u>	<u>\$ 65,590,928</u>	<u>\$ 60,942,889</u>	<u>\$ 120,218,905</u>	<u>\$ 126,455,499</u>	<u>\$ 147,924,677</u>	<u>\$ 152,601,219</u>
Total net debt applicable to the limit as a percentage of debt limit	24.0%	20.3%	15.0%	13.9%	22.5%	27.9%	15.6%	14.3%	12.3%	12.6%

\*2.5% of total market value of taxable property of \$6.7 Billion.

Source: City Manager's Final Adopted Budget.



**CITY OF BOZEMAN, MONTANA**  
**PLEGDED REVENUE COVERAGE**  
 Past Ten Fiscal Years

Fiscal Year Ended June 30,	Water Revenue Bonds					Special Assessment Bonds				
	Utility Service Charges	Less: Operating Expenses	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
			Principal	Interest			Principal	Interest		
2010	\$ 5,860,144	\$ (3,950,566)	\$ (27,622)	\$ (2,440)	\$ 1,879,516	\$ 989,977	\$ (392,000)	\$ (223,763)	\$ 374,214	
2011	6,013,211	(3,869,048)	(28,992)	(1,070)	2,114,101	1,134,049	(467,500)	(211,204)	455,345	
2012	6,814,990	(4,063,529)	(159,000)	(6,405)	2,586,056	858,699	(2,082,000)	(192,320)	(1,415,621)	
2013	7,806,922	(4,364,506)	(502,000)	(163,250)	2,777,166	820,090	(650,975)	(103,198)	65,917	
2014	7,871,386	(4,405,464)	(751,000)	(429,438)	2,285,484	1,054,483	(474,000)	(73,760)	506,723	
2015	7,748,913	(4,973,926)	(775,000)	(538,425)	1,461,562	586,116	(295,000)	(50,070)	241,046	
2016	8,414,870	(6,176,752)	(798,000)	(515,010)	925,108	705,143	(228,000)	(39,343)	437,800	
2017	9,281,821	(6,589,396)	(822,000)	(490,890)	1,379,535	558,988	(161,500)	(30,335)	367,153	
2018	10,157,888	(6,494,121)	(1,141,000)	(530,881)	1,991,886	506,819	(95,000)	(23,221)	388,598	
2019	9,396,171	(6,610,215)	(1,176,000)	(578,954)	1,031,002	518,351	(234,500)	(19,536)	264,315	

Fiscal Year Ended June 30,	Waste Water Revenue Bonds				
	Utility Service Charges	Less: Operating Expenses	Debt Service		Coverage
			Principal	Interest	
2010	\$ 5,389,070	\$ (3,468,705)	\$ (166,300)	\$ (69,470)	\$ 1,684,594
2011	5,939,996	(4,183,596)	(606,000)	(494,298)	656,102
2012	6,385,404	(3,784,420)	(883,000)	(857,842)	860,141
2013	6,916,226	(3,947,821)	(1,465,227)	(847,778)	655,400
2014	7,204,486	(5,895,751)	(1,084,854)	(660,771)	(436,891)
2015	7,631,117	(3,914,454)	(1,053,000)	(632,268)	2,031,395
2016	7,927,692	(5,139,029)	(1,042,000)	(552,269)	1,194,394
2017	8,566,893	(5,496,164)	(1,074,565)	(545,267)	1,450,897
2018	8,876,017	(5,158,989)	(1,104,000)	(513,009)	2,100,019
2019	9,336,007	(5,745,107)	(1,139,000)	(479,859)	1,972,041

CITY OF BOZEMAN, MONTANA  
DEBT SERVICE REQUIREMENTS AND COVERAGE  
FOR TAX INCREMENT DISTRICTS  
Past Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>DOWNTOWN IMPROVEMENT DISTRICT</u>			<u>NORTHEAST URBAN RENEWAL DISTRICT</u>		
	<u>Revenues Available for Debt Service</u>	<u>Annual Debt Service Payment</u>	<u>Coverage</u>	<u>Revenues Available for Debt Service</u>	<u>Annual Debt Service Payment</u>	<u>Coverage</u>
2010	\$ 1,209,378	\$ 424,288	2.85	\$ -	\$ -	\$ -
2011	1,135,166	423,088	2.68	-	-	-
2012	1,266,104	421,688	3.00	-	-	-
2013	1,497,572	425,088	3.52	-	-	-
2014	1,644,960	423,088	3.89	-	-	-
2015	1,853,725	425,888	4.35	-	-	-
2016	2,066,749	423,288	4.88	-	-	-
2017	2,160,187	425,488	5.08	-	-	-
2018	2,430,377	422,288	5.76	149,580	92,000	1.63
2019	2,150,531	423,573	5.08	164,252	95,000	1.73

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

CITY OF BOZEMAN, MONTANA  
SUMMARY OF OUTSTANDING SIDs  
Current Fiscal Year

As of June 30, 2019

<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 669	\$ 1,160,000	7/1/2020	\$ -	\$ 41,174	\$ 47,843	\$ 924
SID 674	494,000	7/1/2024	171,500	40,422	121,531	-
SID 683	1,372,000	7/1/2024	-	102,869	271,164	729
TOTAL	<u>\$ 3,026,000</u>		<u>\$ 171,500</u>	<u>\$ 184,465</u>	<u>\$ 440,538</u>	<u>\$ 1,653</u>

CITY OF BOZEMAN, MONTANA  
 REVOLVING FUND BALANCE AND BOND SECURED THEREBY  
 Past Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Revolving Fund Cash Balance</b>	<b>Principal Amount of Debt</b>
2010	\$ 1,228,197	\$ 4,819,000
2011	3,160,685	4,351,500
2012	3,190,244	2,269,500
2013	2,443,769	1,803,029
2014	2,474,971	1,317,226
2015	2,948,129	1,295,224
2016	2,924,604	1,120,708
2017	2,874,013	1,040,533
2018	2,903,817	916,503
2019	3,020,315	643,983

CITY OF BOZEMAN, MONTANA  
SPECIAL IMPROVEMENT DISTRICT ASSESSMENT BILLING AND COLLECTIONS  
Past Ten Fiscal Years

<u>Fiscal Year</u>	<u>Assessment Billing</u>	<u>Total Annual Collections</u>
2010	\$ 915,398	\$ 989,977
2011	871,180	1,134,049
2012	750,418	858,699
2013	741,886	820,090
2014	676,613	1,054,484
2015	538,697	586,116
2016	543,351	705,143
2017	528,622	558,988
2018	505,481	506,819
2019	476,212	518,351

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

CITY OF BOZEMAN, MONTANA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Past Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Estimated Annual % Change in Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age (years)</b>	<b>Residents with Bachelors Degree or Higher Schooling</b>	<b>K-12 School Enrollment</b>	<b>Unemployment Rate</b>
2010	37,280	0.9%	\$ 866,396,960	\$ 25,909	26.0	50.6%	5,509	5.8%
2011	37,314	0.1%	\$ 819,014,169	\$ 25,611	27.2	50.1%	5,679	5.6%
2012	38,116	2.1%	\$ 803,487,262	\$ 24,709	27.2	53.9%	5,810	5.2%
2013	38,753	1.6%	\$ 843,399,480	\$ 25,608	27.1	55.4%	5,994	4.3%
2014	38,860	0.3%	\$ 852,165,042	\$ 26,427	26.8	53.3%	6,216	3.5%
2015	41,660	6.7%	\$ 849,198,410	\$ 26,335	27.3	53.6%	6,294	2.9%
2016	43,405	4.0%	\$ 849,682,100	\$ 26,350	27.5	54.4%	6,533	2.8%
2017	45,250	4.1%	\$ 918,565,430	\$ 26,506	27.7	56.5%	6,770	2.8%
2018	46,596	2.9%	\$ 993,940,022	\$ 28,748	27.9	55.6%	6,908	2.8%
2019	48,532	4.0%	\$ 1,047,804,618	\$ 29,097	28	56.9%	7,015	3.8%

## Sources:

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

CITY OF BOZEMAN, MONTANA  
 PRINCIPAL EMPLOYERS FOR GALLATIN COUNTY  
 Current Year and Ten Years Ago

June 2019		June 2010	
Private Employers By Class	Employer Class Size	Private Employers By Class	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	9
Oracle America	8	Right Now Technologies	7
Kenyon Noble Lumber & Hardware	7	Wal-Mart	7
Town Pump Convenience Stores	7	Albertsons	6
Wal Mart	7	Bozeman Daily Chronicle	6
Zoot Enterprises	7	Community Food Coop	6
Albertson's	6	Costco	6
Target	6	First Security Bank	6
Bridger Bowl	6	First Student Management	6
Community Food Co-Op	6	Grantree Inn	6
Costco	6	JTL Group	6
First Security Bank	6	Kenyon Noble Lumber & Hardware	6
First Student	6	Korman Marketing Group	6
Reach Inc.	6	Lowes	6
McDonalds	6	McDonald's	6
Murdoch's Ranch & Home Supply	6	Murdoch's Ranch & Home Supply	6
Ressler Motor	6	Ressler Chevrolet Cadillac & Toyota	6
Simms Fishing Products	6	Town & Country Foods	6
Town & Country Foods	6	Town Pump	6
Williams Plumbing & Heating	6	Zoot Enterprises	6
Public Employers By Class	Employer Class Size	Public Employers By Class	Employer Class Size
Montana State University	9	Montana State University	9
Belgrade School District	8	Bozeman School District	8
Bozeman School District	8	City of Bozeman	7
Gallatin County	8	Gallatin County	7
City of Bozeman	7		

Class 6 - 100 to 249 Employees  
 Class 7 - 250 to 499 Employees  
 Class 8 - 500 to 999 Employees  
 Class 9 - 1,000+ Employees

Source: Montana Department of Labor & Industry.



## **OPERATING INFORMATION**

CITY OF BOZEMAN, MONTANA  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
 BY FUNCTION / PROGRAM  
 Past Ten Fiscal Years

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City Commission	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	0.10	2.10
City Manager	11.50	11.50	8.00	8.00	5.00	5.00	6.00	6.00	9.00	12.50
Municipal Court	7.50	8.50	8.50	8.50	8.50	9.00	8.50	8.50	9.50	9.50
City Attorney	11.50	7.00	7.00	7.00	7.00	9.00	10.20	10.20	10.70	12.00
Administrative Services	-	-	-	-	19.00	21.00	21.50	23.50	-	-
Human Resources									4.00	5.00
Finance *	8.75	8.75	10.00	11.00	-	-	-	-	14.00	14.00
Information Technology *	5.88	5.88	6.00	6.00	-	-	-	-	8.00	8.00
Community Development	12.20	12.20	8.75	9.00	8.00	12.60	11.60	13.00	13.00	17.00
Building Maintenance	<u>3.55</u>	<u>3.55</u>	<u>3.00</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>4.50</u>	<u>5.00</u>
Total General Government	<u>62.98</u>	<u>59.48</u>	<u>53.35</u>	<u>55.10</u>	<u>53.10</u>	<u>62.20</u>	<u>63.40</u>	<u>66.80</u>	<u>72.80</u>	<u>85.10</u>
Public Safety										
Police Department	71.75	71.75	71.25	72.75	72.75	72.25	71.70	72.70	72.70	76.25
Fire Department	41.75	41.75	41.75	43.75	45.75	45.00	46.00	46.00	46.00	50.00
Building Inspection	9.55	10.55	10.55	10.55	12.55	14.00	18.50	18.50	19.50	17.00
Parking	<u>4.75</u>	<u>4.75</u>	<u>4.50</u>	<u>4.50</u>	<u>5.50</u>	<u>6.00</u>	<u>6.00</u>	6.00	6.00	5.00
Total Public Safety	<u>127.80</u>	<u>128.80</u>	<u>128.05</u>	<u>131.55</u>	<u>136.55</u>	<u>137.25</u>	<u>142.20</u>	<u>143.20</u>	<u>144.20</u>	<u>148.25</u>
Public Services										
Public Services Administration / Engineering	8.15	8.15	10.00	10.00	12.00	6.58	10.25	11.50	11.50	13.00
Streets	17.62	17.62	17.62	17.62	18.62	16.20	18.85	19.85	21.85	26.75
Storm Water	-	-	-	1.00	1.00	4.00	6.25	6.50	7.50	4.00
Water Conservation										2.25
Water Treatment Plant	9.27	9.27	9.77	9.77	11.27	12.75	10.50	10.50	10.00	10.00
Water Operations	15.62	15.62	15.62	15.62	15.62	17.33	14.45	14.45	12.00	12.50
Wastewater Operations	10.25	10.25	10.25	10.25	11.25	13.09	13.30	14.05	12.00	12.50
Wastewater Plant	15.87	15.87	15.87	16.37	17.47	15.50	14.75	14.75	15.00	15.00
Solid Waste Collection/Recycling	15.74	15.74	15.74	15.74	15.74	15.90	15.15	16.15	17.15	19.00
Vehicle Maintenance	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>6.50</u>	6.50	7.50	8.00
Total Public Services	<u>97.52</u>	<u>97.52</u>	<u>99.87</u>	<u>101.37</u>	<u>107.97</u>	<u>106.35</u>	<u>110.00</u>	<u>114.25</u>	<u>114.50</u>	<u>123.00</u>
Public Welfare										
Cemetery (numerous short terms)	5.75	5.75	3.33	3.33	3.33	4.90	5.04	5.04	4.75	4.25
Parks (numerous short terms)	13.45	13.45	11.77	11.77	11.77	15.40	14.51	14.51	14.90	18.00
Forestry	4.60	4.60	4.60	4.60	4.60	5.95	5.65	6.65	5.20	6.00
Library	21.66	21.66	21.66	21.56	23.11	23.41	26.02	28.02	28.02	24.75
Recreation (numerous short terms)	15.00	15.00	15.83	15.83	16.83	16.83	23.55	24.26	23.41	24.80
Community Services	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>4.00</u>	<u>3.50</u>	<u>3.50</u>	3.50	2.00	2.00
Total Public Welfare	<u>62.46</u>	<u>62.46</u>	<u>59.19</u>	<u>59.09</u>	<u>63.64</u>	<u>69.99</u>	<u>78.27</u>	<u>81.98</u>	<u>78.28</u>	<u>79.80</u>
Total of all Funds	<u>350.76</u>	<u>348.26</u>	<u>340.46</u>	<u>347.11</u>	<u>361.26</u>	<u>375.79</u>	<u>393.87</u>	<u>406.23</u>	<u>409.78</u>	<u>436.15</u>

Source: City Manager's Final Adopted Budget.

\* Administrative Services was created in fiscal year 2014 and consists of Finance, Information Technology and Human Resources.

**CITY OF BOZEMAN, MONTANA**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**Past Ten Fiscal Years**

	<b>Fiscal Year Ended June 30,</b>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Finance</b>										
SID Statements	15,816	16,000	16,000	16,200	16,424	16,506	16,893	17,200	17,463	18,185
Utility Bills	135,000	135,000	135,000	138,000	155,000	162,000	166,000	169,000	172,000	168,280
Accounts Payable Checks Processed	12,076	12,122	11,962	12,519	10,453	11,098	11,000	11,800	12,350	11,762
<b>Police*</b>										
Number of Officers	55	56	60	63	63	61	60	61	60	60
Calls for Service	43,385	45,131	45,358	47,361	48,542	46,290	47,400	48,200	47,136	50,548
Arrests	2,338	2,325	2,152	2,096	2,165	2,195	2,078	2,427	2,314	2,618
Misdemeanor Citations Issued - includes traffic	3,311	4,504	5,234	5,205	6,045	6,169	6,390	5,886	4,940	5,430
Traffic Stops	10,702	10,036	9,358	10,629	8,210	7,757	7,482	7,900	7,675	9,600
Traffic Crashes	1,194	1,486	1,264	1,320	1,469	1,601	1,792	1,850	1,958	1,840
<b>Fire</b>										
Fires, Hazardous Conditions & Rupture/Explosions	248	278	278	309	340	296	349	445	564	522
Emergency Medical Services/Rescue	1,441	1,483	1,483	1,941	2,051	2,032	2,424	3,062	3,320	3,073
Service Calls	145	187	187	145	212	202	244	334	438	406
<b>Building Inspection</b>										
Commercial Permits:										
Number	961	1,535	1,420	1,305	1,165	1,560	1,628	1,731	883	768
Value (Millions)	70.41	106.90	95.03	69.64	\$44.50	\$98.02	\$164.47	\$65	\$216	\$249
Residential Permits:										
Number	1,543	3,613	2,421	2,338	2,911	2,836	3,937	3,905	3,222	2,307
Value (Millions)	67.02	72.57	89.74	146.32	\$130.68	\$191.97	\$200	\$130	\$340	\$311
<b>Water</b>										
New Service Main Taps	16	3	20	41	57	70	60	72	65	101
Meter Replacement/Repair	650	467	279	113	479	1006	978	1500	994	1042
Water Main Breaks/Repairs	4	1	6	4	7	5	7	6	7	5
<b>Wastewater</b>										
Main Line Flushing (in Miles)	81	78.26	90	47	30	90	50	30.9	50	37.5
New Infrastructure TV (in Miles)	1	1	1	2.6	2	8	2.6	9.9	7	2.8
New Service Taps	5	4	4	17	37	44	20	30	30	56
<b>Solid Waste Collection &amp; Recycling</b>										
Residential Accounts	7,130	7,092	7,240	7,470	7,869	8,369	8,878	9,378	9,843	10,372
Commercial Customers	268	271	281	265	258	265	461	516	506	551
Recycling Customers	965	970	1,000	1,135	1,601	2,100	2,663	3,300	3,700	4,164
Annual Tonnage Collected: Collections Program	10,657	10,920	11,248	10,695	10,960	11,457	11,691	12,490	13,600	19,122
<b>Vehicle Maintenance</b>										
Work Orders Processed	1,005	1,435	1,473	1,646	1,717	1,549	1,453	1,509	2,592	2,392
Gallons of Oil Disposed	9,175	9,445	8,751	8,640	8,740	8,969	7,395	6,475	5,007	5,522
<b>Parks</b>										
Park Reservations	280	319	320	350	400	400	400	400	425	493

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

\*Police statistics are based on calendar year.

CITY OF BOZEMAN, MONTANA  
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
 Past Ten Fiscal Years

	<b>Fiscal Year Ended June 30,</b>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (Cars)	20	20	20	20	20	22	21	21	22	21
Patrol Units (Motorcycles)	4	4	4	4	4	2	3	3	3	3
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	6	6	6	6	7	7	7	7	7	7
<b>Streets</b>										
Street & Alley Mileage	246.951	254.565	254.957	255.769	252	253	254	274	280	284
Lane Miles Painted	40.0	40.3	41.0	37.0	34.6	49.2	50.0	50.0	52.0	48.0
Number of Signs Installed/Repaired	750	722	1120	669	798	600	600	600	708	394
<b>Water</b>										
Water Mains (Miles)	256.32	257.51	261.33	264.61	267.28	268.57	274.89	276.92	283.95	286.68
Fire Hydrants	2,308	2,324	2,351	2,388	2,406	2,419	2,511	2,573	2,618	2,668
<b>Wastewater</b>										
Sanitary Sewers (Miles)	205.00	205.00	207.56	210.22	211.51	212.53	219.14	224.28	234.64	236.04
Number of Manholes	4,034	4,080	4,084	4,154	4,185	4,219	4,360	4,492	4,614	4,677
<b>Solid Waste</b>										
Number of Collection Vehicles	8	8	8	8	8	8	8	8	8	8
Number of Roll-off Trucks	4	4	4	4	4	4	4	4	5	5
Number of Recycling Trucks	1	1	1	1	2	2	2	2	2	2
Number of Compost Collection Trucks	2	2	2	2	2	2	2	2	1	1
<b>Parks</b>										
Formal Turf Acres	120	125	125	125	125	126	140	140	172	192
Natural Parkland Acres	205	210	220	220	220	220	220	220	323	343
Miles of Trails	54	55	55	55	61	63	63	63	63	65

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

**PART IV**

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS – GOVERNMENT AUDITING STANDARDS**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bozeman, Montana (the City), as of and for the year ended June 30, 2019, which collectively comprise the City's basic financial statements and have issued our report thereon, dated December 16, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bozeman's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bozeman's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bozeman's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson Zurmuehlen & Co., P.C.*

Bozeman, Montana  
December 16, 2019