



CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by the City of Livingston Finance Department

CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal	I-1
Government Finance Officers Association Certificate of Achievement	I-4
Organizational Chart	I-5
City Elected Officials and Officers	I-6

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	II-1
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A. MANAGEMENT'S DISCUSSION AND ANALYSIS	II-4
---	------

B. BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements	
Statement of Net Position	II-11
Statement of Activities	II-12

Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	II-13
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	II-15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	II-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Funds	II-17
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds	II-18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	II-20
Statement of Cash Flows – Proprietary Funds	II-21
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position – Fiduciary Funds	II-23

Notes to Financial Statements	II-24
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CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS (CONTINUED)

C. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS

Other Post-Employment Healthcare Benefits	
Schedule of Changes in Total OPEB Liability and Related Ratios	II-80
Note to Required Supplementary Information: OPEB	II-81
Net Pension Liability	
Schedule of Proportionate Share of the Net Pension Liability - PERS.....	II-84
Schedule of Contributions - PERS.....	II-84
Note to Required Supplementary Information - PERS	II-85
Schedule of Proportionate Share of the Net Pension Liability - MPORS.....	II-87
Schedule of Contributions - MPORS.....	II-87
Note to Required Supplementary Information - MPORS.....	II-88
Schedule of Proportionate Share of the Net Pension Liability - FURS	II-90
Schedule of Contributions - FURS	II-90
Note to Required Supplementary Information - FURS	II-91
Budgetary Comparison Schedule	
General Fund	II-93
Street Maintenance Special Revenue Fund.....	II-94
Note to Required Supplementary Information Other Than Management’s Discussion and Analysis.....	II-95

D. SUPPLEMENTAL INFORMATION

Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	II-96
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	II-105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	
Nonmajor Governmental Funds	II-114
Cemetery Perpetual Care Permanent Fund.....	II-133
Agency Funds	
Combining Statement of Fiduciary Net Position	II-134
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	II-135

CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS (CONTINUED)

III. STATISTICAL SECTION

Financial Trends Section	
Net Position by Component	III-1
Changes in Net Position	III-2
Fund Balances of Governmental Funds	III-4
Changes in Fund Balances, Governmental Funds	III-5
Revenue Capacity Section	
Assessed Value of Taxable Property	III-6
Direct and Overlapping Property Tax Rates	III-7
Principal Property Tax Payers	III-8
Property Tax Levies and Collections	III-9
Utility Accounts by Customers	III-10
Water Sold by Type of Customer	III-11
Water and Sewer Rates	III-12
Debt Capacity Section	
Ratios of Outstanding Debt by Type	III-13
Ratios of Net General Bonded Debt	III-14
Direct and Overlapping General Bonded Debt Outstanding	III-15
Legal Debt Margin Information	III-16
Pledged Revenue Coverage	III-17
Demographics and Economic Section	
Demographic and Economic Statistics	III-18
Principal Employers	III-19
Operating Section	
Full-time Equivalent City Government Employees by Fund/Program	III-20
Operating Indicators by Function/Program	III-21
Capital Assets Statistics by Function/Program	III-22

IV. SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		IV-1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		IV-6
Schedule of Expenditures of Federal Awards		IV-8
Notes to Schedule of Expenditures of Federal Awards		IV-9
Schedule of Findings and Questioned Costs		IV-10
Summary Schedule of Prior Audit Findings		IV-10

PART I

INTRODUCTORY SECTION

City Manager
Michael Kardoes

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(406) 222-6823 fax

citymanager@livingstonmontana.org
www.livingstonmontana.org



Chairperson
Dorel Hoglund

Vice Chairperson
Quentin Schwartz

Commissioners
Mel Friedman
Warren Mabie
Melissa Nootz

November 14, 2018

To the Citizens of the
City of Livingston, Montana

The Comprehensive Annual Financial Report of the City of Livingston, Montana, for the fiscal year ended June 30, 2018 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.

PROFILE OF GOVERNMENT

The City of Livingston is the county seat of Park County, Montana and was incorporated in 1889. The City is bordered by the Yellowstone River and is just north of Yellowstone National Park. With a population of 7,529 as of the 2017 census estimate, it is the 12th largest city in the state.

The City of Livingston is governed by a commission-manager form of government. The City Commission is composed of five non-partisan commissioners, elected at large by the voters of the City. The Commission elects a Chairperson and Vice Chairperson annually. The Livingston City Commission is the legislative and policy-making body of the City and is responsible for the performance of all duties and obligations imposed upon the City by state law. The City Manager is appointed by, and serves at the pleasure of, the City Commission. The City Manager's primary duty is to ensure that policies and guidelines adopted by the City Commission are executed as efficiently, fairly, and effectively as possible.

Comprehensive Annual Financial Report (CAFR)
Transmittal Letter

The government provides a full range of services including police and fire protection; city court; the construction and maintenance of streets and infrastructure; recreational activities; cultural events; planning and zoning; water, wastewater and solid waste utilities; and general administrative services. The main source of income for the City of Livingston is property tax revenue. State law limits the amount of taxes a municipality may levy making cities heavily dependent on new construction to increase their property tax base. Other major sources of revenue are charge for services for utilities provided to residents within the city, however, these funds are not available for the general operation of the government. 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 Livingston.

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 Amatics CPA Group has been included in this report.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit budget proposals to the Finance Department in February/March of each year. The Finance Department uses these requests as the starting point for the development of the next fiscal year's budget. The City Commission is required to hold public hearings on the proposed budget with the final budget approved and adopted by resolution by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving the certified taxable values from the Montana Department of Revenue. Although the legal level of budget appropriations is the fund level, a management plan is prepared by fund, department, division and line item. The City maintains budgetary controls whose objective is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the City Commission.

ECONOMIC CONDITION AND OUTLOOK

The City of Livingston has recorded steady growth over the last 7 years, however due to its proximity to Bozeman it is starting to see an acceleration in that growth. The high cost of living in the Gallatin Valley has resulted in more people moving to Livingston. In fiscal year 2018 the city issued 146 building permits, 44 of which were for residential units. In addition, they city has seen an increased interest from developers for residential construction.

As of July 2018, Montana's unemployment rate was 3.7% and Park County had a rate of 2.8%, compared to the national rate of 3.9%. Average salaries for the state were \$40,943, 24.0% lower than the national average of \$53,870, and only \$33,241 for Park County. In Livingston, specifically, this can be attributed to accommodation and food service as the primary industry where wages are generally low. This has created a need for more low income housing as a high demand for rental units has resulted in an increase in the cost of housing. Currently Homewood and HRDC are working to transform the old Livingston Memorial Hospital into 35-units of low income housing. In addition, developers in the area are looking towards more high density housing options including an HRDC development of small manufactured homes.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

In August 2017, the City of Livingston began construction of a new wastewater treatment facility. The total cost of the project is estimated to be \$19.5 million and is slated for completion in Feb 2019. To fund the facility, the City used a combination of loans, impact fees, and grants provided by various funding agencies. For a City that has, in the past, only completed projects as funds were available, this was a new strategy. A significant amount of work was invested by the employees of the city as well as the various funding agencies to ensure this project could be completed and the city would be able to service the debt.

The City began improving the infrastructure in the downtown area in the spring of 2018 as part of a multiyear project. This is a project that has been years in the making and will include new streets, sidewalks, and other infrastructure. The City plans to continue with the next two phases of this project in the spring of 2019.

In August 2017 the city began to develop a transportation infrastructure plan to meet the needs of a growing population on the North side of Livingston. The centerpiece of this plan is an extension of Front St to the West to act as a collector for traffic leaving established, new, and planned subdivisions. Once complete, this extension would intersect a North/South collector and provide access to a proposed separated grade crossing to Highway 10. The City is currently acquiring the first engineering studies of traffic and topography to inform the plan moving forward.

AWARDS

The Government Finance Officers' Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Livingston for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the seventh year the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City. Each CAFR is judged by an impartial panel to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story and motivate potential users to read the CAFR.

ACKNOWLEDGEMENTS

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

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

Sincerely,



Michael Kardoes
City Manager



Paige Fetterhoff
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

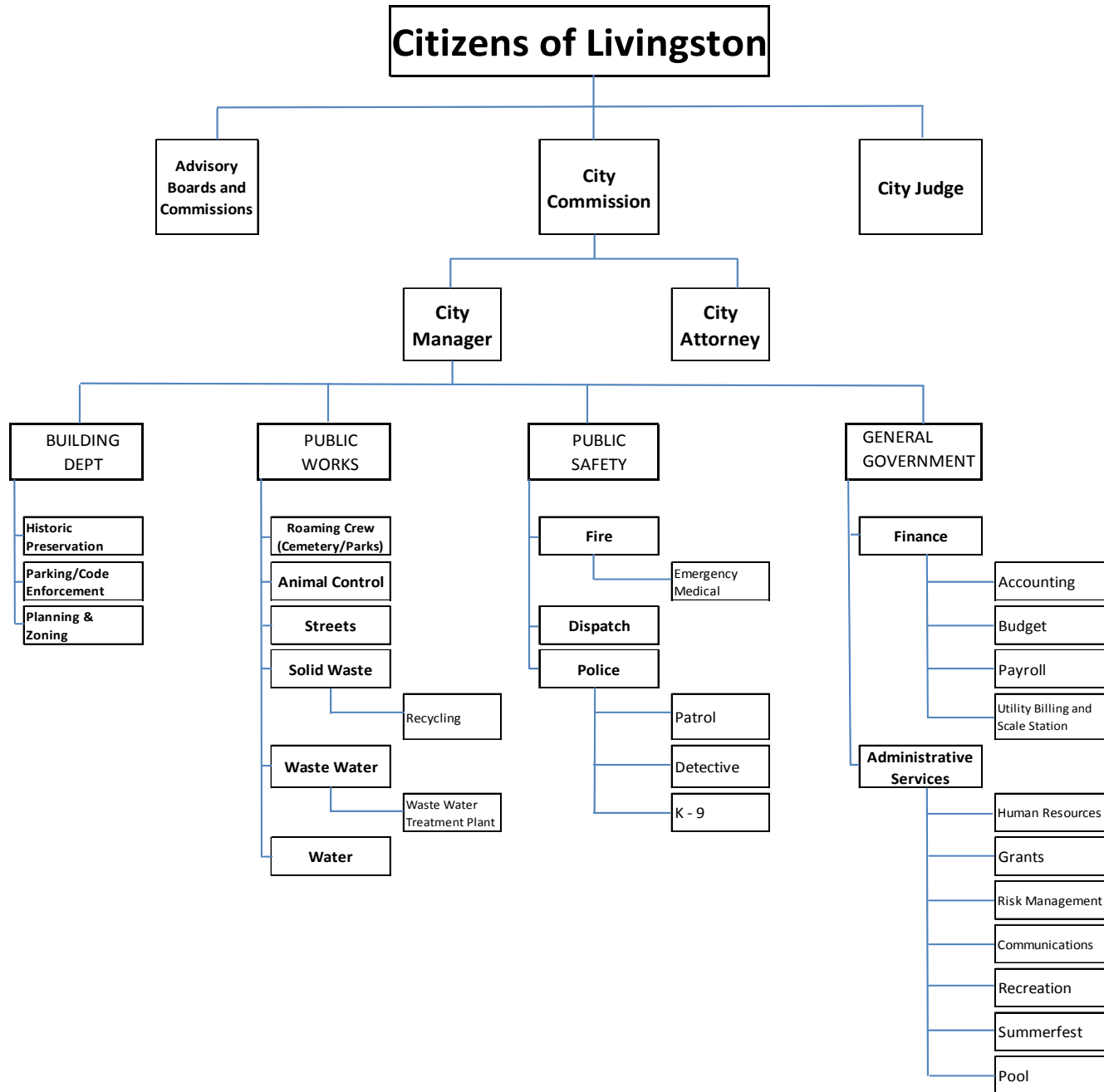
**City of Livingston
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



CITY OF LIVINGSTON, MONTANA
CITY ELECTED OFFICIALS AND OFFICERS

ELECTED OFFICIALS

Legislative

Dorel Hoglund
Quentin Schwarz
Mel Friedman
Sarah Sandberg
Warren Mabie

Commission Chairperson
Commission Vice Chairperson
Commissioner
Commissioner
Commissioner

Judicial

Holly Happe

City Judge

OFFICERS

Executive

Michael Kardoes

City Manager

Department of Law

Jay Porteen

City Attorney

Department of Finance

Paige Fetterhoff

Finance Director

Department of Public Safety

Dale Johnson
Ken MacInnes

Police Chief
Fire Chief

Department of Public Service

Shannon Holmes
Matthew Whitman

Public Works Director
Public Works Project Manager

Department of Public Welfare

Jim Woodhull

Director of Planning and Building

PART II

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Commissioners and City Manager
City of Livingston, 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 the City of Livingston, Montana (the City), as of and for the year ended June 30, 2018, and the 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.

Auditors' Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, Montana, as of June 30, 2018, 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, schedules of funding progress – other post-employment healthcare benefits, schedules of proportionate share of the City's net pension liability and schedules of the City's contributions for PERS, MPORS, and FURS pension plans, and budgetary comparison information for the general fund and major special revenue funds, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Livingston, Montana's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget to actual schedule – other major funds, budget and actual schedules – nonmajor funds, and statistical section, listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018, on our consideration of the City of Livingston, Montana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Amatics CPA Group

Bozeman, Montana

November 14, 2018

A. MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

As management of the City of Livingston (the City), Montana, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

Financial Highlights

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30 by \$33,526,290 (net position). Of this amount, \$833,465 is unrestricted. This was an increase of \$3,826,896 in total net position (\$4,505,157 from current year activities less \$678,261 prior period adjustment).

- Total net position increased by \$3,826,896 from the prior fiscal year. This is a result of an increase of \$3,624,128 from the City's fiscal year 2017 net investment in capital assets, an increase of \$281,136 in restricted net position, and a decrease of \$78,368 in unrestricted net position.
- As of June 30, the City's governmental funds reported combined ending fund balances of \$3,655,310, a decrease of \$81,597 from the prior year. Of this amount, \$2,367,538 is available for spending at the government's discretion (committed, assigned, or unassigned fund balances).

Overview of the Financial Statements

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

1. Government-Wide Financial Statements;
2. Fund Financial Statements;
3. Notes to Financial Statements.

Required supplementary information is also included.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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 the question, "Is the City's financial position getting better or worse?"

The Statement of Net Position includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position. The Statement of Activities presents revenue and expense information showing how the net position changed during the year. Over time, increases or decreases to the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating.

All changes to net position are reported using the accrual basis of accounting, which is the method of accounting used by most private-sector businesses. Under the accrual basis of accounting, all of the reported year's revenues and expenses are taken into account regardless of when the related cash is received or paid. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The Statement of Net Position and the Statement of Activities distinguish between the following activities:

- **Governmental Activities** - much of the City's basic services are reported here, including general administration, public safety, public works, culture and recreation and community development. Property taxes, state entitlement distributions, property assessments and state and federal grants finance most of the costs of these activities.
- **Business-type Activities** - the City charges a fee to customers to recover the cost of certain services provided. The City's water, wastewater, solid waste, and ambulance are reported here.

The government-wide statements can be found beginning on page II-11 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for use. These funds use the modified accrual method of 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. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City adopts an annual appropriated budget for all funds. Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary information be shown for the General fund and each major special revenue fund. The basic governmental fund financial statements can be found beginning on page II-13 of this report.

Proprietary Funds. The City maintains one type of proprietary funds (enterprise). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Wastewater, Solid Waste, and Ambulance operations.

Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, but provide more detail and additional information, such as cash flows. The basic proprietary fund financial statements can be found beginning on page II-18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund categorized as an agency fund (perpetual cemetery fund).

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page II-24 of this report.

Other Information. All required supplementary information is included beginning on page II-80 of this report.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,526,290 at June 30, 2018.

The largest portion of the City's net position (\$30,950,464 or 92%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of the statement of net position is shown in the following table.

City of Livingston
Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 4,329,946	\$ 5,129,625	\$ 3,841,498	\$ 6,885,003	\$ 8,171,444	\$ 12,014,628
Capital assets	13,526,300	14,283,835	18,928,576	30,068,131	32,454,876	44,351,966
Total assets	17,856,246	19,413,460	22,770,074	36,953,134	40,626,320	56,366,594
Deferred outflows of resources	705,038	846,997	227,132	431,604	932,170	1,278,601
Long-term liabilities outstanding	6,144,415	6,115,567	4,770,416	13,613,062	10,914,831	19,728,629
Other liabilities	419,956	1,210,758	280,838	2,668,904	700,794	3,879,662
Total liabilities	6,564,371	7,326,325	5,051,254	16,281,966	11,615,625	23,608,291
Deferred inflows of resources	184,295	301,106	59,176	209,508	243,471	510,614
Net position:						
Net investment in capital assets	11,464,716	12,465,450	15,861,620	18,485,014	27,326,336	30,950,464
Restricted	1,221,687	1,220,265	239,538	522,096	1,461,225	1,742,361
Unrestricted	(873,785)	(1,052,689)	1,785,618	1,886,154	911,833	833,465
Total net position	\$ 11,812,618	\$ 12,633,026	\$ 17,886,776	\$ 20,893,264	\$ 29,699,394	\$ 33,526,290

An additional portion of the City's net position (\$1,742,361 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$833,465 or 3%) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2018, the City reported overall positive net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Overall, the City's net position increased during the current fiscal year by \$4,505,157.

City of Livingston
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program Revenues						
Charges for Services	\$ 2,034,788	\$ 2,126,919	\$ 6,710,507	\$ 7,335,371	\$ 8,745,295	\$ 9,462,290
Operating Grants and Contributions	720,953	1,132,352	96,147	116,601	817,100	1,248,953
Capital Grants and Contributions	419,466	149,873	-	2,040,135	419,466	2,190,008
General Revenues						
Property Taxes	3,023,214	3,198,931	22,153	23,352	3,045,367	3,222,283
Grants and Contributions	1,114,846	1,118,777	-	-	1,114,846	1,118,777
Other General Revenues	312,400	457,649	14,202	18,930	326,602	476,579
Total Revenues	<u>7,625,667</u>	<u>8,184,501</u>	<u>6,843,009</u>	<u>9,534,389</u>	<u>14,468,676</u>	<u>17,718,890</u>
Program Expenses						
General Government	1,802,374	1,440,282	-	-	1,802,374	1,440,282
Public Safety	3,370,409	3,562,091	-	-	3,370,409	3,562,091
Public Works	1,586,810	1,580,013	-	-	1,586,810	1,580,013
Public Health	131,346	118,479	-	-	131,346	118,479
Culture and Recreation	1,155,098	1,054,015	-	-	1,155,098	1,054,015
Interest and Fiscal Fees	71,621	61,644	-	-	71,621	61,644
Water	-	-	1,004,783	1,187,183	1,004,783	1,187,183
Sewer	-	-	1,431,250	1,381,741	1,431,250	1,381,741
Solid Waste	-	-	1,601,584	1,689,300	1,601,584	1,689,300
Ambulance	-	-	956,312	1,138,985	956,312	1,138,985
Total Expenses	<u>8,117,658</u>	<u>7,816,524</u>	<u>4,993,929</u>	<u>5,397,209</u>	<u>13,111,587</u>	<u>13,213,733</u>
Excess before special items and transfers	(491,991)	367,977	1,849,080	4,137,180	1,357,089	4,505,157
Transfers	640,012	636,750	(640,012)	(636,750)	-	-
Increase in net position	<u>148,021</u>	<u>1,004,727</u>	<u>1,209,068</u>	<u>3,500,430</u>	<u>1,357,089</u>	<u>4,505,157</u>
Net position-beginning	11,664,597	11,812,618	16,677,708	17,886,776	28,342,305	29,699,394
Prior period adjustment	-	(184,319)	-	(493,942)	-	(678,261)
Net position-ending	<u>\$ 11,812,618</u>	<u>\$ 12,633,026</u>	<u>\$ 17,886,776</u>	<u>\$ 20,893,264</u>	<u>\$ 29,699,394</u>	<u>\$ 33,526,290</u>

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Governmental Activities. Governmental activities in fiscal year 2018 increased the City's net position by \$1,004,727. The key element of this increase is due to an increase in other Operating Grants and Contributions within the City's governmental funds and a decrease in General Government expenses. The remaining portion of the increase represents a normal variation in revenues and expenditures.

Business-Type Activities. Business-type activities increased the City's net position by \$3,500,430. The key element of the increase is due to an increase in Capital Grants and Contributions within the City's enterprise funds.

Financial Analysis of the City's Funds

Governmental Funds. As of June 30, the City's governmental funds reported combined fund balances of \$3,655,310, a decrease of \$81,597 in comparison with the prior year. Of this amount, \$1,287,772 or 35% is restricted to indicate that it is not available for new spending. \$2,367,538 is available for spending at the government's discretion.

The General fund is the chief operating fund of the City. At June 30, 2018, total fund balance was \$743,980, of which \$676,473 was unassigned and \$67,507 was non-spendable. This fund balance represents 17.4% of the general fund expenditures and transfers out. The fund balance increased \$261,492 during the current fiscal year as a result of additional tax collections and a decrease in certain expenditures, such as Culture and Recreation and Capital Outlay.

The Street Maintenance District fund had an ending fund balance of \$195,556, a decrease of \$172,653 from the prior year. The change was due to capital projects budgeted in previous years and completed in FY 2018.

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

General Fund Budgetary Highlights

Actual expenditures (other than transfers) in the General fund were \$4,274,611, while appropriations were \$4,304,191, resulting an unexpended balance of \$29,580.

Initial General Fund Budgetary appropriations were \$4,304,191 and remained unchanged for the fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City of Livingston's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30 was \$44,351,966. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, construction in progress and infrastructure. More detailed information on capital assets can be found beginning on page II-34 of this report.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Major capital asset additions during the current fiscal year include the following:

Governmental

- Downtown Capital Improvements - \$800,789
- O Street Trail Connector - \$7,876
- North Side Park Soccer Fields - \$1,500
- Building Improvements - City/County Complex - \$11,647
- Vault Toilet - Katie Bonnell Park - \$10,477
- McNair Skate park - \$368,929
- Dispatch Radios - \$26,742
- City/County Complex Generator - \$22,145
- City/County Video System - \$9,828
- Book Mobile - \$24,781
- John Deere Mower - \$7,678
- Phone System - \$5,847
- 2018 Dodge Durango - Police - \$45,047
- Winter Weather Beacon - \$5,000
- 2016 CIP Project - \$669
- North Hill Microwave - \$8,640
- Light Poles - \$19,703

Proprietary

- Downtown Capital Improvements - \$777,551
- Phone System - \$2,614
- Clarence Street Well Rehab - \$8,192
- Pressure Reducing Valve - \$10,902
- 2016 CIP Project - \$2,240
- 9th & 10th Sewer - \$3,505
- Waste Water Reclamation Facility \$10,885,924
- 2009 Sewer Jet - \$178,000
- Sewage Pump - \$5,262
- Air handler for Headworks - \$31,625
- Solid Waster Perimeter Fencing - \$10,445
- Water/Sewer Extension - \$27,563
- John Deere Backhoe - \$108,687
- Roll Off Bins - \$12,250
- Yard Dog - \$23,500
- Training Center Insulation - \$11,301

City of Livingston
Capital Assets (net of accumulated depreciation)

	Governmental Activities	Business-type Activities	Total
Non-depreciable assets:			
Land	\$ 285,226	\$ 52,980	\$ 338,206
Construction in progress	2,681,974	13,200,092	\$ 15,882,066
	<u>2,967,200</u>	<u>13,253,072</u>	<u>16,220,272</u>
Depreciable assets:			
Buildings	2,336,509	15,772,210	18,108,719
Improvements other than buildings	1,106,088	-	1,106,088
Machinery and equipment	1,967,309	1,042,849	3,010,158
Infrastructure	5,906,729	-	5,906,729
	<u>11,316,635</u>	<u>16,815,059</u>	<u>28,131,694</u>
Total capital assets	<u>\$ 14,283,835</u>	<u>\$ 30,068,131</u>	<u>\$ 44,351,966</u>

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Long-Term Debt. As of June 30, the City had total debt outstanding of \$13,401,502. Of this amount \$788,728 comprises debt backed by the full faith and credit of the government; \$658,000 is special assessment and tax increment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$11,552,528 is bonds secured solely by specified revenue sources of the water and wastewater funds net of amortization of issuance costs and premiums or discounts amortized over the life of the bonds; and the remaining \$402,246 is loans payable. Additional information on long-term debt can be found in the notes of the basic financial statements. More detailed information on Long-Term Debt can be found beginning on page II-38 of this report.

City of Livingston
Outstanding Debt as of June 30, 2018

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 788,728	\$ -	\$ 788,728
Notes payable	371,657	30,589	402,246
Special assessment debt with government commitment	201,000	-	201,000
Tax increment	457,000	-	457,000
Revenue bonds	-	11,552,528	11,552,528
Total	<u>\$ 1,818,385</u>	<u>\$ 11,583,117</u>	<u>\$ 13,401,502</u>

Economic Factors and Next Year's Budgets and Rates

The City changed various rates for fiscal year 2018 as follows:

- The City Commission approved rate increases in several funds to maintain or increase reserves to finance their respective Comprehensive Capital Improvement Program. The approximate increase for each service is:

	<u>Average Rate Increase</u>
Governmental:	
Street Maintenance District	2%
Proprietary:	
Water	2%
Wastewater	2%
Solid Waste	0%

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Livingston, Finance Department, 110 South B Street, Livingston, MT 59047.

B. BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF LIVINGSTON, MONTANA
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,756,624	\$ 3,994,367	\$ 6,750,991
Restricted cash and investments	164,418	523,096	687,514
Receivables, net	1,968,877	2,466,935	4,435,812
Internal balances	99,395	(99,395)	-
Notes receivable	140,311	-	140,311
Capital assets			
Nondepreciable land	285,226	52,980	338,206
Construction in progress	2,681,974	13,200,092	15,882,066
Other capital assets, net of depreciation	11,316,635	16,815,059	28,131,694
Total capital assets	<u>14,283,835</u>	<u>30,068,131</u>	<u>44,351,966</u>
Total assets	<u>19,413,460</u>	<u>36,953,134</u>	<u>56,366,594</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	<u>846,997</u>	<u>431,604</u>	<u>1,278,601</u>
LIABILITIES			
Accounts payable and accrued expenses	888,928	2,156,733	3,045,661
Compensated absences payable	90,000	40,000	130,000
Current portion long-term debt	231,830	472,171	704,001
Long-term liabilities			
Compensated absences	395,913	220,637	616,550
Legal settlement payable	-	-	-
Other post-employment health benefits	473,883	452,754	926,637
Net pension liability	3,659,216	1,828,725	5,487,941
Long-term debt due in more than one year	1,586,555	11,110,946	12,697,501
Total liabilities	<u>7,326,325</u>	<u>16,281,966</u>	<u>23,608,291</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	138,023	53,697	191,720
Deferred inflows - other post-employment health benefits	163,083	155,811	318,894
Total deferred inflows of resources	<u>301,106</u>	<u>209,508</u>	<u>510,614</u>
NET POSITION			
Net investment in capital assets	12,465,450	18,485,014	30,950,464
Restricted - expendable	-	-	-
Restricted - nonexpendable	240,415	-	240,415
Restricted for public safety	-	-	-
Restricted for public works	328,874	-	328,874
Restricted for culture and recreation	-	-	-
Restricted for debt service	650,976	522,096	1,173,072
Unrestricted	<u>(1,052,689)</u>	<u>1,886,154</u>	<u>833,465</u>
Total net position	<u>\$ 12,633,026</u>	<u>\$ 20,893,264</u>	<u>\$ 33,526,290</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 1,440,282	\$ 193,042	\$ 2,906	\$ -	\$ (1,244,334)	\$ -	\$ (1,244,334)
Public safety	3,562,091	430,449	433,950	40,967	(2,656,725)	-	(2,656,725)
Public works	1,580,013	1,387,620	202,313	108,906	118,826	-	118,826
Public health	118,479	-	-	-	(118,479)	-	(118,479)
Culture and recreation	1,054,015	115,808	493,183	-	(445,024)	-	(445,024)
Interest, fiscal fees, and debt costs	61,644	-	-	-	(61,644)	-	(61,644)
Total governmental activities	<u>7,816,524</u>	<u>2,126,919</u>	<u>1,132,352</u>	<u>149,873</u>	<u>(4,407,380)</u>		<u>(4,407,380)</u>
Business-type activities:							
Water	1,187,183	1,626,986	-	7,132	-	446,935	446,935
Sewer	1,381,741	2,385,843	-	2,025,561	-	3,029,663	3,029,663
Solid Waste	1,689,300	2,102,620	-	7,442	-	420,762	420,762
Ambulance	1,138,985	1,219,922	116,601	-	-	197,538	197,538
Total business-type activities	<u>5,397,209</u>	<u>7,335,371</u>	<u>116,601</u>	<u>2,040,135</u>	<u>-</u>	<u>4,094,898</u>	<u>4,094,898</u>
Total primary government	<u>\$ 13,213,733</u>	<u>\$ 9,462,290</u>	<u>\$ 1,248,953</u>	<u>\$ 2,190,008</u>	<u>(4,407,380)</u>	<u>4,094,898</u>	<u>(312,482)</u>
General revenues:							
Property taxes, levied for general purposes					3,108,751	23,352	3,132,103
Property taxes, levied for debt service					90,180	-	90,180
Grants and contributions not restricted to specific programs					1,118,777	-	1,118,777
Unrestricted investment earnings					16,510	18,930	35,440
Miscellaneous					441,139	-	441,139
Total general revenues					<u>4,775,357</u>	<u>42,282</u>	<u>4,817,639</u>
Transfers					636,750	(636,750)	-
					<u>5,412,107</u>	<u>(594,468)</u>	<u>4,817,639</u>
Change in net position					1,004,727	3,500,430	4,505,157
Net position-beginning					11,812,618	17,886,776	29,699,394
Prior period adjustment					(184,319)	(493,942)	(678,261)
Net position-ending					<u>\$ 12,633,026</u>	<u>\$ 20,893,264</u>	<u>\$ 33,526,290</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

General Fund: The General Fund is the primary operating unit of the City. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Street Maintenance Fund: Accounts for the resources accumulated and payments made for maintenance and repairs of city-owned streets.

CITY OF LIVINGSTON, MONTANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 394,265	\$ 552,393	\$ 1,809,966	\$ 2,756,624
Receivables:				
Property taxes	34,787	-	27,879	62,666
Customers, net	82,849	-	-	82,849
Other	48,828	4,007	685,100	737,935
Special assessments	-	12,159	287,403	299,562
Other governments	280,392	104,569	400,904	785,865
Due from other City funds	16,566	-	111,238	127,804
Notes receivable	-	-	140,311	140,311
Restricted cash and cash equivalents	65,751	-	98,667	164,418
Due from other City funds	67,507	-	33,131	100,638
Total assets	<u><u>\$ 990,945</u></u>	<u><u>\$ 673,128</u></u>	<u><u>\$ 3,594,599</u></u>	<u><u>\$ 5,258,672</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS				
OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 74,632	\$ 465,413	\$ 294,187	\$ 834,232
Court bonds payable	54,696	-	-	54,696
Advances	-	-	140,311	140,311
Due to other City funds	-	-	129,047	129,047
Total liabilities	<u>129,328</u>	<u>465,413</u>	<u>563,545</u>	<u>1,158,286</u>
Deferred inflows of resources:				
Deferred inflows - tax revenues	34,788	-	27,877	62,665
Deferred inflows - special assessments	-	12,159	287,403	299,562
Deferred inflows - court fines	82,849	-	-	82,849
Total deferred inflows of resources	<u>117,637</u>	<u>12,159</u>	<u>315,280</u>	<u>445,076</u>
Fund balances:				
Nonspendable	67,507	-	240,415	307,922
Restricted	-	-	979,850	979,850
Committed	-	195,556	1,565,856	1,761,412
Unassigned	676,473	-	(70,347)	606,126
Total fund balances	<u>743,980</u>	<u>195,556</u>	<u>2,715,774</u>	<u>3,655,310</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 990,945</u>	<u>\$ 673,128</u>	<u>\$ 3,594,599</u>	<u>\$ 5,258,672</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
June 30, 2018

Fund balances - total governmental funds		\$ 3,655,310
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 19,947,153	
Less: accumulated depreciation	<u>(5,663,318)</u>	
		14,283,835
Advances and deferred inflows in the governmental funds are reported on the full accrual basis in the entity-wide statements.		585,387
Deferred outflows related to pensions are not receivable in the current period and therefore are not reported in the governmental funds.		846,997
Deferred inflows related to pensions and other post-employment health benefits are not payable in the current period and therefore are not reported in the governmental funds.		(301,106)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(1,784,657)	
Unamortized bond issuance premium	(33,728)	
Net pension liability	(3,659,216)	
Other post-employment health benefits	(473,883)	
Compensated absences	<u>(485,913)</u>	
		<u>(6,437,397)</u>
Net position of governmental activities		<u><u>\$ 12,633,026</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	<u>General</u>	<u>Street Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 1,975,959	\$ -	\$ 1,213,904	\$ 3,189,863
Special assessments	-	967,324	235,472	1,202,796
Licenses and permits	335,453	13,346	-	348,799
Intergovernmental	1,243,416	-	1,157,586	2,401,002
Charges for services	135,181	-	337,204	472,385
Fines and forfeitures	119,497	-	3,100	122,597
Interest on investments	2,082	1,618	12,810	16,510
Loan repayment	-	-	59,651	59,651
Other	58,899	1,061	381,179	441,139
Total revenues	<u>3,870,487</u>	<u>983,349</u>	<u>3,400,906</u>	<u>8,254,742</u>
EXPENDITURES				
Current				
General government	1,099,640	-	449,995	1,549,635
Public safety	1,837,573	-	1,527,677	3,365,250
Public works	381,511	498,930	440,251	1,320,692
Public health	103,081	-	7,816	110,897
Culture and recreation	378,989	-	548,498	927,487
Capital outlay	142,124	493,465	741,709	1,377,298
Debt service				
Principal payments	44,053	39,731	176,402	260,186
Interest and fiscal fees	3,129	5,892	52,623	61,644
Total expenditures	<u>3,990,100</u>	<u>1,038,018</u>	<u>3,944,971</u>	<u>8,973,089</u>
Excess (deficiency) of revenues over expenditures	<u>(119,613)</u>	<u>(54,669)</u>	<u>(544,065)</u>	<u>(718,347)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	665,617	-	487,870	1,153,487
Transfers out	(284,512)	(117,984)	(114,241)	(516,737)
Total other financing sources (uses)	<u>381,105</u>	<u>(117,984)</u>	<u>373,629</u>	<u>636,750</u>
Net change in fund balances	261,492	(172,653)	(170,436)	(81,597)
FUND BALANCE - beginning of year	<u>482,488</u>	<u>368,209</u>	<u>2,886,210</u>	<u>3,736,907</u>
FUND BALANCE - end of year	<u>\$ 743,980</u>	<u>\$ 195,556</u>	<u>\$ 2,715,774</u>	<u>\$ 3,655,310</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$	(81,597)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is depreciated over the assets' useful lives.

Expenditures for capital assets	\$	1,377,298	
Less: current year depreciation		<u>(619,763)</u>	
			757,535

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

Principal payments			260,186
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Governmental funds do not report a liability for other post-employment health benefits and net pension liabilities.

17,669

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues and expenses in the governmental funds.

(70,241)

Some expenditures reported in governmental funds are to be collected on a long-term basis and therefore are not reported as expenses in the statement of activities.

Accrued compensated absences		(16,184)	
CDBG loan		<u>137,359</u>	
			<u>121,175</u>

Change in net position of governmental activities	\$	<u><u>1,004,727</u></u>
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The accompanying notes are an integral part of the financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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 activities of the City's water services.

Sewer Fund: Accounts for the activities of the City's wastewater services.

Solid Waste Fund: Accounts for the activities of the City's sanitation services.

Ambulance Fund: Accounts for the activities of the City's ambulance services.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,131,925	\$ 2,714,678	\$ 901	\$ 146,863	\$ 3,994,367
Receivables:					
Taxes	-	-	-	633	633
Customers receivables, net	154,640	274,822	245,421	188,754	863,637
Other	6,562	-	664	-	7,226
Special assessments	376	288	705	-	1,369
Other governments	-	1,495,109	-	98,961	1,594,070
Due from other City funds	-	224,079	-	-	224,079
Total current assets	1,293,503	4,708,976	247,691	435,211	6,685,381
Noncurrent assets					
Due from other City funds	-	33,618	-	-	33,618
Restricted cash and investments	68,794	453,302	-	1,000	523,096
Total other assets	68,794	486,920	-	1,000	556,714
Property, plant and equipment					
Nondepreciable:					
Land	52,980	-	-	-	52,980
Construction work in process	368,820	12,831,272	-	-	13,200,092
Depreciable:					
Buildings	645,920	4,307,845	958,814	165,261	6,077,840
Machinery and equipment	786,072	1,100,377	1,435,315	741,143	4,062,907
Source of supply	1,228,040	-	-	-	1,228,040
Transmission and distribution	8,893,910	7,778,526	-	-	16,672,436
General plant	48,164	4,711,642	-	-	4,759,806
Accumulated depreciation and amortization	(5,018,334)	(9,151,934)	(1,102,604)	(713,098)	(15,985,970)
Net property, plant and equipment	7,005,572	21,577,728	1,291,525	193,306	30,068,131
Total assets	8,367,869	26,773,624	1,539,216	629,517	37,310,226
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	110,574	127,302	115,379	78,349	431,604

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
LIABILITIES					
Current liabilities					
Accounts payable	\$ 161,584	\$ 1,863,254	\$ 118,771	\$ 13,124	\$ 2,156,733
Due to other City funds	-	-	256,236	-	256,236
Compensated absences	9,000	13,000	8,000	10,000	40,000
Bonds, notes, and loans payable	85,294	386,877	-	-	472,171
Total current liabilities	255,878	2,263,131	383,007	23,124	2,925,140
Noncurrent liabilities					
Compensated absences	47,869	65,013	74,864	32,891	220,637
Other post-employment health benefits	97,386	164,110	115,090	76,168	452,754
Net pension liability	498,561	573,986	520,224	235,954	1,828,725
Due to other City funds	-	-	100,856	-	100,856
Bonds, notes, and loans payable	85,295	11,025,651	-	-	11,110,946
Total noncurrent liabilities	729,111	11,828,760	811,034	345,013	13,713,918
Total liabilities	984,989	14,091,891	1,194,041	368,137	16,639,058
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	13,207	15,205	13,780	11,505	53,697
Deferred inflows - other post-employment health benefits	33,515	56,477	39,607	26,212	155,811
	46,722	71,682	53,387	37,717	209,508
NET POSITION					
Net investment in capital assets	6,834,983	10,165,200	1,291,525	193,306	18,485,014
Restricted for debt service	68,794	453,302	-	-	522,096
Unrestricted	542,955	2,118,851	(884,358)	108,706	1,886,154
Total net position	\$ 7,446,732	\$ 12,737,353	\$ 407,167	\$ 302,012	\$ 20,893,264

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,626,591	\$ 2,385,413	\$ 2,101,095	\$ 1,219,922	\$ 7,333,021
Special assessments	395	430	1,525	-	2,350
Total operating revenues	<u>1,626,986</u>	<u>2,385,843</u>	<u>2,102,620</u>	<u>1,219,922</u>	<u>7,335,371</u>
OPERATING EXPENSES					
Personal services	554,076	600,752	560,606	922,356	2,637,790
Depreciation and amortization	290,870	498,542	108,944	61,294	959,650
Supplies, service, materials	<u>337,126</u>	<u>207,039</u>	<u>1,013,872</u>	<u>154,103</u>	<u>1,712,140</u>
Total operating expenses	<u>1,182,072</u>	<u>1,306,333</u>	<u>1,683,422</u>	<u>1,137,753</u>	<u>5,309,580</u>
Operating income	<u>444,914</u>	<u>1,079,510</u>	<u>419,198</u>	<u>82,169</u>	<u>2,025,791</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	4,847	14,590	(1,129)	622	18,930
Interest expense	(5,111)	(75,408)	(5,878)	(1,232)	(87,629)
Intergovernmental revenue	7,132	2,025,561	7,442	116,601	2,156,736
Tax revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,352</u>	<u>23,352</u>
Total non-operating revenues (expenses)	<u>6,868</u>	<u>1,964,743</u>	<u>435</u>	<u>139,343</u>	<u>2,111,389</u>
Income before contributions and transfers	451,782	3,044,253	419,633	221,512	4,137,180
Transfers out	<u>(146,070)</u>	<u>(199,860)</u>	<u>(190,884)</u>	<u>(99,936)</u>	<u>(636,750)</u>
Change in net position	305,712	2,844,393	228,749	121,576	3,500,430
NET POSITION,					
beginning of year	7,212,303	10,013,082	262,659	398,732	17,886,776
prior period adjustment	<u>(71,283)</u>	<u>(120,122)</u>	<u>(84,241)</u>	<u>(218,296)</u>	<u>(493,942)</u>
NET POSITION,					
end of year	<u><u>\$ 7,446,732</u></u>	<u><u>\$ 12,737,353</u></u>	<u><u>\$ 407,167</u></u>	<u><u>\$ 302,012</u></u>	<u><u>\$ 20,893,264</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities				
	Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operations:					
Receipts from customers	\$ 1,659,788	\$ 2,388,879	\$ 2,066,935	\$ 1,093,162	\$ 7,208,764
Receipts from (payments to) others	(6,099)	339,640	(450)	-	333,091
Operating loans from (to) other funds	-	226,242	(257,463)	-	(31,221)
Payments to suppliers	(175,542)	(292,575)	(895,101)	(140,979)	(1,504,197)
Payments to employees	(514,078)	(577,326)	(539,221)	(910,751)	(2,541,376)
Net Cash Provided by Operating Activities	<u>964,069</u>	<u>2,084,860</u>	<u>374,700</u>	<u>41,432</u>	<u>3,465,061</u>
Cash Flows from Noncapital Financing Activities:					
Cash receipts from property taxes	-	-	-	23,311	23,311
Receipts from grants	7,132	530,452	7,442	116,601	661,627
Transfers out	(146,070)	(199,860)	(190,884)	(99,936)	(636,750)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(138,938)</u>	<u>330,592</u>	<u>(183,442)</u>	<u>39,976</u>	<u>48,188</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of property, plant and equipment	(386,227)	(9,655,430)	(183,350)	(11,301)	(10,236,308)
Principal paid on bonds, interfund loans, loans, and leases	(85,294)	(1,480,414)	-	(16,987)	(1,582,695)
Proceeds from issuance of bonds, loans, and leases	-	10,098,856	-	-	10,098,856
Interest paid on bonds, interfund loans, loans and leases	(5,111)	(75,408)	(5,878)	(1,232)	(87,629)
Net Cash Flows Used by Capital and Related Financing Activities	<u>(476,632)</u>	<u>(1,112,396)</u>	<u>(189,228)</u>	<u>(29,520)</u>	<u>(1,807,776)</u>
Cash Flows from Investing Activities					
Interest received on investments	5,090	14,590	(1,129)	622	19,173
Net Cash Flows Provided (Used) by Investing Activities	<u>5,090</u>	<u>14,590</u>	<u>(1,129)</u>	<u>622</u>	<u>19,173</u>
Net Increase (Decrease) in Cash and Cash Equivalents	353,589	1,317,646	901	52,510	1,724,646
Cash and Cash Equivalents at Beginning of Year	847,130	1,850,334	-	95,353	2,792,817
Cash and Cash Equivalents at End of Year	<u>\$ 1,200,719</u>	<u>\$ 3,167,980</u>	<u>\$ 901</u>	<u>\$ 147,863</u>	<u>\$ 4,517,463</u>
Classified As:					
Current Assets	\$ 1,131,925	\$ 2,714,678	\$ 901	\$ 146,863	\$ 3,994,367
Restricted Assets	68,794	453,302	-	1,000	523,096
Totals	<u>\$ 1,200,719</u>	<u>\$ 3,167,980</u>	<u>\$ 901</u>	<u>\$ 147,863</u>	<u>\$ 4,517,463</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Ambulance</u>	<u>Total</u>
Operating income	<u>\$ 444,914</u>	<u>\$ 1,079,510</u>	<u>\$ 419,198</u>	<u>\$ 82,169</u>	<u>\$ 2,025,791</u>
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	290,870	498,542	108,944	61,294	959,650
Change in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) Decrease in:					
Accounts receivable	32,802	3,036	(35,685)	(29,134)	(28,981)
Other receivables	(6,099)	339,640	(450)	(97,626)	235,465
Deferred outflows of resources	(41,921)	(44,461)	(39,741)	(16,090)	(142,213)
Increase (Decrease) in:					
Accounts payable	161,584	(85,536)	118,771	13,124	207,943
Other post-employment benefits	34,908	59,034	40,863	27,527	162,332
Net pension liability	87,923	78,490	67,812	18,346	252,571
Deferred inflows of resources	(42,448)	(70,023)	(50,560)	(25,230)	(188,261)
Loans from other City funds	-	226,242	(257,463)	-	(31,221)
Accrued employee benefits payable	1,536	386	3,011	7,052	11,985
Total adjustments	<u>519,155</u>	<u>1,005,350</u>	<u>(44,498)</u>	<u>(40,737)</u>	<u>1,439,270</u>
Net cash provided by operating activities	<u><u>\$ 964,069</u></u>	<u><u>\$ 2,084,860</u></u>	<u><u>\$ 374,700</u></u>	<u><u>\$ 41,432</u></u>	<u><u>\$ 3,465,061</u></u>

The accompanying notes are an integral part of the financial statements.

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.

Payroll Agency Fund: Accounts for payment of payroll liabilities and health insurance premiums.

CITY OF LIVINGSTON, MONTANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 52,298
Prepaid health insurance	<u>67,302</u>
Total assets	<u><u>\$ 119,600</u></u>
LIABILITIES	
Accounts payable	<u>\$ 119,600</u>
Total liabilities	<u><u>\$ 119,600</u></u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Livingston, Montana (the City), is an independent political entity established under Montana Law. The City is governed by an appointed City Manager and elected City Commission. The City Commission, by law, has the authority to adopt budgets, appropriate funds, levy taxes, employ personnel and pass ordinances. The Park County Treasurer's office functions in a fiduciary capacity to the extent that it bills and collects taxes and receives certain intergovernmental revenue for the City; however, Park County does not function in an oversight capacity with regard to the City.

The accompanying financial statements of the City have been prepared in accordance 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 No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. It requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The City adopted the provisions of GASB 34 during the fiscal year ending June 30, 2004. With the implementation of GASB 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis* which precedes the basic financial statements. Other GASB statements were required to be implemented in conjunction with GASB 34. Therefore, the City also implemented the following GASB statements in the year ended June 30, 2004: Statement 33 *Accounting and Financial Reporting for Nonexchange Transactions*, Statement 36 *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement 37 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and Statement 38 *Certain Financial Statement Note Disclosures*.

For the year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This Statement replaces the requirements of GASB Statements No. 45 and 57 related to OPEB. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

For the year ended June 30, 2018, the City implemented GASB Statements that had no impact on the City's financial statements: GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

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, 2018, and for the year then ended.

The more significant accounting policies of the City are described below.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also 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. 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 benefits to, or impose specific financial burdens, on the City.

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 balance, 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) report information of all the nonfiduciary activities of the government. 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 did not retroactively include infrastructure in its assets.

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

Certain eliminations have been made as prescribed by GASB 34 with regard to interfund 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. There are no internal service fund transactions to be eliminated.

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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, current deferred outflows of resources, current liabilities, and current deferred inflows of resources 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 assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements, but the revenue is not available, the City reports a deferred inflow of resources until such time as the revenue becomes available. 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 tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund. There is no column representing internal service funds presented in the statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents 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, the 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:

Payroll Agency Fund: Accounts for payment of payroll liabilities and health insurance premiums.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

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

Governmental Funds

1. General Fund: The General Fund is the primary operating unit of the City. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
2. Street Maintenance Fund: This fund accounts for the resources accumulated and payments made for maintenance and repairs of city-owned streets. Special assessments make up the majority of this fund's revenue.

Proprietary Funds

1. Water Fund: Accounts for the activities of the City's water services.
2. Sewer Fund: Accounts for the activities of the City's wastewater services.
3. Solid Waste Fund: Accounts for the activities of the City's sanitation services.
4. Ambulance Fund: Accounts for the activities of the City's ambulance services.

Budgets and Budgetary Accounting

An annual appropriated operating budget is adopted each fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds on the modified accrual basis. An annual appropriated operating budget is adopted each fiscal year for the Proprietary Funds on the accrual basis.

The final budget is legally enacted by the City Commission by the later of the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the Department of Revenue, as required by State statutes.

The operating budgets cannot be increased except through a public hearing or for a public emergency, which could not have been reasonably foreseen at the time of adoption of the budget. Budget appropriation transfers may be made between the general classifications of salaries and wages, maintenance and operation and capital outlay.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF 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. Gifts or contributions of capital assets are recorded at fair market value when received. Donated capital assets, donated works of art and similar items are reported at acquisition value rather than fair 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 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:

Building and structures	10 to 100 years
Improvements	5 to 30 years
Machinery and equipment	5 to 30 years
Infrastructure	40 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. According to GASB 34, the City must record infrastructure assets prospectively from the date of implementation.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets to be recorded will include the street system, water purification and distribution system, sewer collection treatment system; park and recreation lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas; and streets, sidewalks, curbs, and street lights.

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.

Enterprise Accounts Receivable

Ambulance receivables are shown net of an allowance for uncollectible accounts. Ambulance receivables in excess of 90 days comprise the allowance for uncollectible accounts, which was \$212,336 at June 30, 2018. Other enterprise receivable bad debts are written-off using the direct write-off method. Use of this method does not result in a material difference from the allowance method required by generally accepted accounting principles.

Inventories

Inventories of materials and supplies are expensed at the time of purchase. Inventories of materials and supplies on hand are not maintained. Inventories were not, however, considered material.

Prepaid Items

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

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 contributions are recorded as intergovernmental revenue with offsetting expenditures in the PERS, Police Pension, Fire Pension, and Ambulance funds.

Compensated Absences Payable

Earned but unpaid vacation and sick pay is included as a liability in the proprietary funds and Government-Wide Financial Statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under Montana statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all investments with original maturities of three months or less to be highly liquid investments and, therefore, cash equivalents.

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.

Interfund Transactions

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 interfund loans (noncurrent portion) are reported as "advances to and from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Fund Balance/Net Position

Fund Balance

Per GASB Statement No. 54, fund balance in the governmental funds is reported 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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. A resolution by the City Commission is required 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. Assignments of fund balance are created by an official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The governing body (City Commission) has delegated this authority to the City Manager. The policy used by the governing body to authorize the assignment of fund balance came in the form of a resolution, which gave the authority to assign fund balance to the City Manager. In governmental funds other than the general fund, assigned fund balance also represents the remaining amount that is not restricted or committed. Also 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 in the next fiscal year.

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 in a fund, the assumed order of spending is restricted first, next committed, next assigned, and finally unassigned.

Minimum General Fund – Fund Balance

The City does not maintain a stabilization fund.

Net Position

In funds other than governmental, net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. 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 are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Certain proceeds of the water and sewer revenue bonds and tax increment bonds are classified as restricted assets because their use is limited by applicable bond restrictions.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined deferred outflows of resources as a consumption of net position by the government that is applicable to a future reporting period, and defined deferred inflows of resources as an acquisition of net position by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in the statement of financial position.

Deferred inflows of resources in the governmental fund financial statements represent outstanding property taxes, special assessments, and court revenues. These amounts are reported as revenue in the government-wide financial statements in the period in which they are levied/assessed. Deferred inflows and outflows of resources in the government-wide financial statements relate to pension plan and OPEB calculations.

Pension Plans

The Montana Public Employees Retirement Administration (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).

2. CASH AND INVESTMENTS

Cash and investments may include cash, demand, time, savings, and fiscal agent deposits; investments in the State Short-Term Investment Pool (STIP); direct obligations of the United States government and securities issued by agencies of the United States; repurchase agreements; and registered warrants. The City's cash, cash equivalents and investments as of year end are reported as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ 2,756,624	\$ 164,418	\$ 2,921,042
Business-type activities	3,994,367	523,096	4,517,463
Fiduciary funds	<u>52,298</u>	<u>-</u>	<u>52,298</u>
	<u>\$ 6,803,289</u>	<u>\$ 687,514</u>	<u>\$ 7,490,803</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk—Deposits. 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 does not have a deposit policy for custodial credit risk. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The uninsured portion of the bank balance (\$5,164,059) was fully secured by pledged securities held by the financial institutions or by their trust departments or agents.

The City minimizes custodial credit risk by restrictions set forth in City policy and state law. The City's policy requires deposits to be 102 percent secured by collateral valued at market value. The City Finance Director 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.

Montana statutes require that the City obtain securities for the uninsured portion of the deposits as follows: 1) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2) securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of less than 6%. The state statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for City deposits at year end exceeds the amount required by state statutes.

Credit Risk. As noted above, statutes authorize the City to invest in direct obligations of the United States Government and securities issued by agencies of the United States, repurchase agreements, and the State Short-Term Investment Pool (STIP). The City has no investment policy that would further limit its investment choices. The City's investments primarily consist almost entirely of certificates of deposit with effective interest rates of 1.35% to 1.7%. The investments are recorded at cost, which materially approximates fair value.

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

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>.

U.S. Government bonds are valued using quoted market prices and certificates of deposit are valued using quoted prices in markets that are not active. These investments are recorded using recurring fair value measurements.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. CASH AND INVESTMENTS (Continued)

The following table provides information about the City's deposits and investments.

	Cash/Cash Equivalents	Investments	Total Fair Value	Maturities	Credit Risk Rating	Fair Value Hierarchy
Petty cash	\$ 840	\$ -	\$ 840	N/A	N/A	N/A
Demand deposits	4,884,643	-	4,884,643	N/A	FDIC	N/A
Certificate of deposits	-	1,408,823	1,408,823	N/A	FDIC	Level 2
STIP	-	646,497	646,497	N/A	N/A	N/A
U.S. Government bonds	-	550,000	550,000	1-5 years	S&P AA+	Level 2
	<u>\$ 4,885,483</u>	<u>\$ 2,605,320</u>	<u>\$ 7,490,803</u>			

3. TAXES AND ASSESSMENTS RECEIVABLE

Property tax levies are set in August in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the City's jurisdiction. Taxable values are established by the Montana Department of Revenue based on market values. A re-evaluation of all property is required to be completed on a periodic basis. Taxable value is defined by state statute as a fixed percentage of market value.

Real property taxes and special assessments are generally billed as of November 1 and are payable 50% by November 30 and 50% by May 31. After these dates, taxes and assessments become delinquent and the City may file a lien on the related property. Most personal property taxes are due and payable on January 1 and become delinquent 30 days after billing. Personal property taxes are based on levies set during the prior September. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

Taxes and assessments that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. Real property on which taxes and assessments remain delinquent and unpaid may be seized and sold at tax sales. In the case of personal property, the property may be seized and sold after the taxes become delinquent. The City is permitted by state statutes to levy taxes up to certain fixed limits for various purposes. The taxes levied by the City for the year were within legal limits. The tax levies for the fiscal year ended June 30, 2018, were based upon a taxable valuation of \$12,254,304.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. CAPITAL ASSETS

All capital assets of the City are depreciable with the exceptions of land and construction in progress. Capital assets of the City consisted of the following:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2018</u>
Governmental activities:					
Non-depreciable					
Land	\$ 285,226	\$ -	\$ -	\$ -	\$ 285,226
Construction in progress	<u>1,873,425</u>	<u>808,665</u>	<u>-</u>	<u>(116)</u>	<u>2,681,974</u>
Total non-depreciable	<u>2,158,651</u>	<u>808,665</u>	<u>-</u>	<u>(116)</u>	<u>2,967,200</u>
Depreciable					
Buildings/improvements	3,487,047	23,624	-	-	3,510,671
Improvements other than buildings	1,333,984	368,929	-	-	1,702,913
Machinery and equipment	4,222,074	147,068	-	-	4,369,142
Infrastructure	<u>7,368,099</u>	<u>29,012</u>	<u>-</u>	<u>116</u>	<u>7,397,227</u>
Total depreciable	<u>16,411,204</u>	<u>568,633</u>	<u>-</u>	<u>116</u>	<u>16,979,953</u>
Less accumulated depreciation					
Buildings/improvements	(1,077,153)	(97,009)	-	-	(1,174,162)
Improvements other than buildings	(506,274)	(90,551)	-	-	(596,825)
Machinery and equipment	(2,153,976)	(247,857)	-	-	(2,401,833)
Infrastructure	<u>(1,306,152)</u>	<u>(184,346)</u>	<u>-</u>	<u>-</u>	<u>(1,490,498)</u>
Total accumulated depreciation	<u>(5,043,555)</u>	<u>(619,763)</u>	<u>-</u>	<u>-</u>	<u>(5,663,318)</u>
Total governmental activities	<u><u>\$ 13,526,300</u></u>	<u><u>\$ 757,535</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,283,835</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. CAPITAL ASSETS (Continued)

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers/ Adjustments</u>	<u>June 30, 2018</u>
Business-type activities:					
Non-depreciable					
Land	\$ 52,980	\$ -	\$ -	\$ -	\$ 52,980
Construction in progress	<u>1,547,890</u>	<u>11,666,981</u>	<u>-</u>	<u>(14,779)</u>	<u>13,200,092</u>
Total non-depreciable	<u>1,600,870</u>	<u>11,666,981</u>	<u>-</u>	<u>(14,779)</u>	<u>13,253,072</u>
Depreciable					
Buildings and systems	28,615,813	107,530	-	14,779	28,738,122
Machinery and equipment	<u>3,737,856</u>	<u>325,051</u>	<u>-</u>	<u>-</u>	<u>4,062,907</u>
Total depreciable	<u>32,353,669</u>	<u>432,581</u>	<u>-</u>	<u>14,779</u>	<u>32,801,029</u>
Less accumulated depreciation					
Buildings/improvements	(12,212,287)	(753,625)	-	-	(12,965,912)
Machinery and equipment	<u>(2,814,033)</u>	<u>(206,025)</u>	<u>-</u>	<u>-</u>	<u>(3,020,058)</u>
Total accumulated depreciation	<u>(15,026,320)</u>	<u>(959,650)</u>	<u>-</u>	<u>-</u>	<u>(15,985,970)</u>
Total business-type activities	<u><u>\$ 18,928,219</u></u>	<u><u>\$ 11,139,912</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,068,131</u></u>

In accordance with GASB 34, the City has reported all capital assets, with the exception of pre-July 1, 2003 infrastructure in the Government-Wide Statement of Net Position. The assets are reported whereby accumulated depreciation and depreciation expense have been recorded.

For the year ended June 30, 2018, depreciation expense on capital assets was charged to the functions/programs as follows:

Governmental activities:	
General government	\$ 28,030
Public safety	192,823
Public works	261,101
Public health	7,754
Culture and recreation	<u>130,055</u>
Total depreciation expense - governmental activities	<u><u>\$ 619,763</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. CAPITAL ASSETS (Continued)

Business-type activities:

Water	\$ 290,870
Sewer	498,542
Solid Waste	108,944
Ambulance	<u>61,294</u>
Total depreciation expense - business-type activities	<u><u>\$ 959,650</u></u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of June 30, 2018, consisted of the following:

	<u>Due To</u>	<u>Due From</u>	<u>Internal Balances</u>
Governmental activities:			
General	\$ -	\$ 84,073	\$ 84,073
Nonmajor governmental funds	<u>(129,047)</u>	<u>144,369</u>	<u>15,322</u>
Total governmental activities	<u>\$ (129,047)</u>	<u>\$ 228,442</u>	<u>\$ 99,395</u>
Business-type activities			
Water	\$ -	\$ -	\$ -
Sewer	-	257,697	257,697
Solid waste	(357,092)	-	(357,092)
Ambulance	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ (357,092)</u>	<u>\$ 257,697</u>	<u>\$ (99,395)</u>
Total	<u>\$ (486,139)</u>	<u>\$ 486,139</u>	<u>\$ -</u>

The balance of \$149,092 due to the General, Perpetual Cemetery, and Sewer funds resulted in loans made to provide funding for a new solid waste transfer station. \$48,236 of the balance is scheduled to be collected in the subsequent year. Additionally, the S.I.D Revolving Fund loaned \$12,800 to S.I.D. 180 fund to provide funding. The balance is expected to be repaid in 2018. To cover cash deficits various funds loaned amounts which are expected to be repaid during the fiscal year ending June 30, 2019, excluding the transfer station payable which will be repaid over a longer term.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers consisted of the following for the year:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
Governmental activities:			
General	\$ 665,617	\$ (284,512)	\$ 381,105
Street maintenance	-	(117,984)	(117,984)
Nonmajor governmental funds	<u>487,870</u>	<u>(114,241)</u>	<u>373,629</u>
Total governmental activities	<u>\$ 1,153,487</u>	<u>\$ (516,737)</u>	<u>\$ 636,750</u>
Business-type activities			
Water	\$ -	\$ (146,070)	\$ (146,070)
Sewer	-	(199,860)	(199,860)
Solid waste	-	(190,884)	(190,884)
Ambulance	<u>-</u>	<u>(99,936)</u>	<u>(99,936)</u>
Total business-type activities	<u>\$ -</u>	<u>\$ (636,750)</u>	<u>\$ (636,750)</u>
Total	<u>\$ 1,153,487</u>	<u>\$ (1,153,487)</u>	<u>\$ -</u>

Transfers are used to finance various programs accounted for in individual funds in accordance with budgetary authorizations.

6. COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of the debt, amounting to \$395,913 for governmental activities and \$226,466 for business-type activities at June 30, 2018, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds.

	<u>Balance June 30, 2017</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2018</u>
Compensated absences				
Governmental activities	\$ 469,729	\$ 106,326	\$ (90,142)	\$ 485,913
Business-type activities	<u>248,652</u>	<u>51,853</u>	<u>(39,868)</u>	<u>260,637</u>
Total compensated absences	<u>\$ 718,381</u>	<u>\$ 158,179</u>	<u>\$ (130,010)</u>	<u>\$ 746,550</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. COMPENSATED ABSENCES (Continued)

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Compensated absences			
Governmental activities	\$ 90,000	\$ 395,913	\$ 485,913
Business-type activities	<u>40,000</u>	<u>220,637</u>	<u>260,637</u>
Total compensated absences	<u>\$ 130,000</u>	<u>\$ 616,550</u>	<u>\$ 746,550</u>

7. LONG-TERM DEBT

Governmental Activities Long-Term Debt

The following is a summary of long-term debt transactions of the City's governmental activities:

	<u>Balance June 30, 2017</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2018</u>
General obligation bonds	\$ 855,503	\$ -	\$ (66,775)	\$ 788,728
Notes payable	468,081	-	(96,424)	371,657
Special improvement	225,000	-	(24,000)	201,000
Tax increment	<u>513,000</u>	<u>-</u>	<u>(56,000)</u>	<u>457,000</u>
Totals	<u>\$ 2,061,584</u>	<u>\$ -</u>	<u>\$ (243,199)</u>	<u>\$ 1,818,385</u>

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

	<u>Current Portion (Due within one year)</u>	<u>Long-term Portion (Due after one year)</u>	<u>Total Long Term Debt</u>
General obligation bonds	\$ 71,775	\$ 716,953	\$ 788,728
Notes payable	78,055	293,602	371,657
Special improvement	25,000	176,000	201,000
Tax increment	<u>57,000</u>	<u>400,000</u>	<u>457,000</u>
	<u>\$ 231,830</u>	<u>\$ 1,586,555</u>	<u>\$ 1,818,385</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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:

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Due within one year</u>
Refunding bonds - 2011	\$ 250,000	8 yr	2.0%	\$ 70,000	\$ 35,000
2016 Fire Truck GO Bonds	\$ 750,000	20 yr	1.5% - 4.0%	685,000	35,000
Unamortized bond issuance premium	\$ 35,503	20 yr	1.5% - 4.0%	33,728	1,775
				<u>\$ 788,728</u>	<u>\$ 71,775</u>

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>
2019	\$ 71,775	\$ 22,818	\$ 94,593
2020	66,775	21,594	88,369
2021	36,775	20,294	57,069
2022	36,775	19,594	56,369
2023	31,775	18,894	50,669
2024-2028	178,875	83,054	261,929
2029-2033	213,878	50,440	264,318
2034-2038	152,100	9,498	161,598
	<u>\$ 788,728</u>	<u>\$ 246,186</u>	<u>\$ 1,034,914</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

Notes Payable

The City has notes payable outstanding with the Montana Board of Investments. Principal and interest are due in semi-annual payments. The notes bear interest at a rate which is adjusted each August. Outstanding notes payable are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2018	Due within one year
Street maintenance	\$ 400,000	10 yr	1.00%	\$ 205,920	\$ 40,229
Railroad underpass	\$ 150,000	5 yr	0.00%	90,987	29,998
Dispatch remodel	\$ 75,000	10 yr	2.50%	68,013	6,865
DOT Aeronatics - Airport	\$ 9,625	10 yr	1.625%	6,737	963
				<u>\$ 371,657</u>	<u>\$ 78,055</u>

Notes payable debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 78,055	\$ 5,018	\$ 83,073
2020	79,109	3,960	83,069
2021	80,038	2,893	82,931
2022	50,122	1,922	52,044
2023	50,497	1,301	51,798
2024-2028	<u>33,836</u>	<u>1,852</u>	<u>35,688</u>
	<u>\$ 371,657</u>	<u>\$ 16,946</u>	<u>\$ 388,603</u>

Special Improvement (SID) Bonds

The City issues special improvement (SID) bonds to provide funds for improvements. SID bonds outstanding are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2018	Due within one year
SID No. 179 No. 1-2006	\$ 322,088	20 yr	3.75%	\$ 133,000	\$ 17,000
SID No. 179 No. 2-2006	\$ 158,500	20 yr	3.75%	68,000	8,000
				<u>\$ 201,000</u>	<u>\$ 25,000</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

Special improvement (SID) bond debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 25,000	\$ 3,900	\$ 28,900
2020	26,000	3,390	29,390
2021	27,000	2,870	29,870
2022	29,000	2,320	31,320
2023	30,000	1,730	31,730
2024-2028	64,000	1,630	65,630
	<u>\$ 201,000</u>	<u>\$ 15,840</u>	<u>\$ 216,840</u>

Tax Increment Bonds

The City issues tax increment bonds to provide funds for water and sewer line extensions within the west end tax increment district. The bonds are repaid from the tax dollars received by the City from its west end tax increment area. Tax increment bonds outstanding are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2018	Due within one year
Tax increment bonds-2006	\$ 1,009,825	20 yr	3.75%	<u>\$ 457,000</u>	<u>\$ 57,000</u>

Tax increment bond debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 57,000	\$ 8,860	\$ 65,860
2020	60,000	7,700	67,700
2021	62,000	6,490	68,490
2022	66,000	5,230	71,230
2023	69,000	3,900	72,900
2024-2028	143,000	3,590	146,590
	<u>\$ 457,000</u>	<u>\$ 35,770</u>	<u>\$ 492,770</u>

Compliance requirements for the tax increment and SID No. 179 bonds consist of establishing and funding reserve and capitalized interest accounts. Further, the SID bonds require a reserve of 5% of the outstanding bonds be established in the debt service revolving fund. The government is in substantial compliance.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

Business-type Activities Long Term Debt

The following is a summary of long-term debt transactions of the City's business-type activities:

	Balance June 30, 2017	Issuances	Repayments	Balance June 30, 2018
Revenue bonds	\$ 3,004,086	\$ 10,098,856	\$ (1,550,414)	\$ 11,552,528
Notes payable	45,883	-	(15,294)	30,589
Totals	<u>\$ 3,049,969</u>	<u>\$ 10,098,856</u>	<u>\$ (1,565,708)</u>	<u>\$ 11,583,117</u>

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

	Current Portion (Due within one year)	Long-term Portion (Due after one year)	Total Long Term Debt
Revenue bonds	\$ 456,877	\$ 11,095,651	\$ 11,552,528
Notes payable	15,294	15,295	30,589
	<u>\$ 472,171</u>	<u>\$ 11,110,946</u>	<u>\$ 11,583,117</u>

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The SRF-18429 note will be forgiven upon completion of the program requirements. Revenue bonds outstanding are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2018	Due within one year
Wastewater improvement - ARRA B	\$ 359,300	20 yr	1.75%	\$ 220,000	\$ 18,000
Water system refunding - 2012 series	\$ 535,000	8 yr	0.40% - 2.05%	140,000	70,000
Sewer system refunding - 2012 series	\$ 1,825,000	15 yr	0.75% - 3.20%	1,125,000	125,000
USDA-RD WRF Note	\$ 5,000,000	40 yr	1.375%	4,968,672	94,877
SRF-18429 Forgivable Note	\$ 400,000	N/A	N/A	400,000	-
SRF-18430 WTP	\$ 6,500,000	40 yr	2.50%	4,698,856	149,000
				<u>\$ 11,552,528</u>	<u>\$ 456,877</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2019	\$ 456,877	\$ 222,102	\$ 678,979
2020	462,190	213,573	675,763
2021	402,521	203,712	606,233
2022	407,871	195,055	602,926
2023	413,239	185,949	599,188
2024-2028	1,997,386	779,136	2,776,522
2029-2033	1,597,541	581,299	2,178,840
2034-2038	1,741,339	405,669	2,147,008
2039-2043	1,515,824	215,450	1,731,274
2044-2048	687,629	125,371	813,000
2049-2053	736,537	76,463	813,000
2054-2058	<u>1,133,574</u>	<u>24,174</u>	<u>1,157,748</u>
	<u>\$ 11,552,528</u>	<u>\$ 3,227,953</u>	<u>\$ 14,780,481</u>

The significant compliance provisions of the water and sewer system revenue bonds require 1) a debt service account will be established and credited monthly with one-sixth of the interest and principal due within the next six months with respect to all outstanding bonds payable from that account, 2) establish a reserve account equal to the maximum principal and interest due in any fiscal year; this account will be established from net revenues and 3) produce net revenues not less than 110%-125% of maximum principal and interest due in any subsequent fiscal year. The City is in substantial compliance with the provisions of the water and sewer system revenue bonds.

Notes Payable

The City has notes payable outstanding with the Montana Board of Investments. Principal and interest are due in semi-annual payments through February 15, 2020. The notes bear interest at a rate which is adjusted each February. Outstanding notes payable are as follows:

	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Due within one year</u>
Water main replacement	1.95%	<u>\$ 30,589</u>	<u>\$ 15,294</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. LONG-TERM DEBT (Continued)

Notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2019	\$ 15,294	\$ 268	\$ 15,562
2020	<u>15,295</u>	<u>114</u>	<u>15,409</u>
	<u><u>\$ 30,589</u></u>	<u><u>\$ 382</u></u>	<u><u>\$ 30,971</u></u>

Long-term liability activity for the year was as follows:

	<u>Balance June 30, 2017</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 855,503	\$ -	\$ (66,775)	\$ 788,728	\$ 71,775
Notes payable	468,081	-	(96,424)	371,657	78,055
Special improvement	225,000	-	(24,000)	201,000	25,000
Tax increment	<u>513,000</u>	<u>-</u>	<u>(56,000)</u>	<u>457,000</u>	<u>57,000</u>
	2,061,584	-	(243,199)	1,818,385	231,830
Capital leases	16,987	-	(16,987)	-	-
Compensated absences	<u>469,729</u>	<u>106,326</u>	<u>(90,142)</u>	<u>485,913</u>	<u>90,000</u>
Total governmental activities	<u><u>\$ 2,548,300</u></u>	<u><u>\$ 106,326</u></u>	<u><u>\$ (350,328)</u></u>	<u><u>\$ 2,304,298</u></u>	<u><u>\$ 321,830</u></u>
Business-type activities:					
Revenue bonds	\$ 3,004,086	\$ 10,098,856	\$ (1,550,414)	\$ 11,552,528	\$ 456,877
Capital leases	16,987	-	(16,987)	-	-
Notes payable	<u>45,883</u>	<u>-</u>	<u>(15,294)</u>	<u>30,589</u>	<u>15,294</u>
	3,066,956	10,098,856	(1,582,695)	11,583,117	472,171
Compensated absences	<u>248,652</u>	<u>51,853</u>	<u>(39,868)</u>	<u>260,637</u>	<u>40,000</u>
Total business-type activities	<u><u>\$ 3,315,608</u></u>	<u><u>\$ 10,150,709</u></u>	<u><u>\$ (1,622,563)</u></u>	<u><u>\$ 11,843,754</u></u>	<u><u>\$ 512,171</u></u>

For the governmental activities, bonds payable are liquidated by the debt service funds. Compensated absences are paid from the fund which the employee is assigned.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. CAPITAL LEASE OBLIGATIONS

On December 13, 2016, the City entered into a capital lease for two vehicles (one in the governmental fixed asset account group, one in the ambulance fund). The lease was to be paid in two annual installments of \$36,437, half being paid from the general fund and half from the ambulance fund. The balance of the lease payable was paid off in fiscal year 2018.

Assets acquired under this capital lease totaled \$70,410, less accumulated depreciation of \$21,760, split 50/50 between the general fund/governmental activities and the ambulance fund.

9. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is 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 has removed the balances from their financial statements 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.

10. DEFICIT FUND EQUITY

At June 30, 2018, the funds listed below had fund balance deficits. The deficit balances do not represent any type of legal violation, and it is the City management's opinion that the deficits will be eliminated by additional grant funding, collection of long-term receivables, or transfers from other funds.

Special Revenue Funds		
Comprehensive Liability Insurance	\$	5,676
Soccer Fields	\$	397
Emergency/Disaster	\$	21,016
Summerfest	\$	733
Sidewalks	\$	29,731
Debt Service Funds		
S.I.D. No. 180	\$	12,794

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Because the City's enterprise funds are reported as major funds in the fund financial statements, segment disclosures herein are not required.

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

As required by State law (MCA 2-18-704), the City allows its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participation in the City's group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit other post-employment benefits plan (OPEB), since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City covers OPEB costs when they come due, on a pay-as-you-go basis.

Benefits Provided

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents, as defined in MCA 2-18-704. Eligible retirees are required to pay the full amount of their health insurance premiums.

Employees Covered by Benefit Terms

As of June 30, 2018, the following employees were covered by the benefit terms:

Inactive members currently receiving benefits	9
Inactive members entitled to but not yet receiving benefits	0
Active members	<u>90</u>
Total	<u><u>99</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Present Value of Future Benefits	
Retired - Employees	\$ 212,045
Retired - Spouses/Dependents	51,798
Actives - Employees	1,079,164
Actives - Spouses/Dependents	<u>310,481</u>
	<u>\$ 1,653,488</u>
Total OPEB Liability	
Retired - Employees	\$ 212,045
Retired - Spouses/Dependents	51,798
Actives - Employees	512,343
Actives - Spouses/Dependents	<u>150,451</u>
	<u>\$ 926,637</u>

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, so the Net Fiduciary Position is \$0 and the Net OPEB Liability would be equal to the Total OPEB Liability.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	3.00% per year
Discount rate	3.87% *
Healthcare cost trend rates	5.00% all years

*As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Mortality rates were based on the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to April 30, 2016.

Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 1,178,212
Service cost	82,832
Interest	49,743
Changes in benefit terms	-
Difference between expected and actual experience	(178,090)
Changes of assumptions	(171,175)
Benefit payments	(34,885)
Net change in OPEB liability	<u>(251,575)</u>
Total OPEB liability - end of year	<u><u>\$ 926,637</u></u>
Covered-employee payroll	\$ 4,062,517
Total OPEB liability as a percentage of covered-employee payroll	22.81%

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower (4.0%) or 1-percentage point higher (6.0%) than the current rate:

	1.0% Decrease (4.0%)	Current Healthcare Cost Trend Rate (5.0%)	1.0% Increase (6.0%)
Total OPEB Liability	\$ 840,572	\$ 926,637	\$ 1,028,581

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using the current discount rate of 3.87%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB Liability	\$ 1,006,322	\$ 926,637	\$ 855,690

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$102,204. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (162,604)	\$ -
Changes in assumptions or other inputs	(156,290)	-
	<u>\$ (318,894)</u>	<u>\$ -</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

Year ending June 30	Amount
2019	\$ (30,371)
2020	\$ (30,371)
2021	\$ (30,371)
2022	\$ (30,371)
2023	\$ (30,371)
Thereafter	\$ (167,039)

13. NET PENSION LIABILITY AND RELATED AMOUNTS

The City's employees participate in pension plans administered by the Montana Public Employee Retirement Administration (MPERA), Public Employees' Retirement System (PERS), Municipal Police Officers' Retirement System (MPORS) and Firefighters' Unified Retirement System (FURS). Information on these plans is disclosed in Notes 14, 15, and 16.

Aggregate pension liability and related deferred inflows of resources and outflows of resources as of June 30, 2018, are disclosed below.

Plan	Net Pension Liability	Deferred Inflows of Resources	Deferred Outflows of Resources
PERS	\$ 4,070,772	\$ 107,832	\$ 902,842
MPORS	743,016	51,013	151,907
FURS	674,153	32,875	223,852
	<u>\$ 5,487,941</u>	<u>\$ 191,720</u>	<u>\$ 1,278,601</u>
Governmental activities	\$ 3,659,216	\$ 138,023	\$ 846,997
Business-type activities	1,828,725	53,697	431,604
	<u>\$ 5,487,941</u>	<u>\$ 191,720</u>	<u>\$ 1,278,601</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – 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). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. The following information for reporting as of June 30, 2018, is based on a June 30, 2017 measurement date.

Pension Amount Totals

Employers are provided guidance in GASB Statement 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employees are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As 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, 2017, was determined by taking the results of the June 30, 2016, 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 update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

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 counties; cities & towns; school districts & high schools; and other governmental agencies.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. These employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions. The state of Montana, as the non-employer contributing entity, also paid to the Plan coal tax contributions that are not accounted for as special funding for all participating employers.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

The proportionate shares of the employer’s and the state of Montana’s NPL for June 30, 2018 and 2017, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$4,070,772 and the employer’s proportionate share was 0.2090 percent.

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 4,070,772	\$ 3,547,026	0.2090%	0.2082%	0.0008%
State of Montana Proportionate Share associated with Employer	54,255	43,341	0.2765%	0.0025%	0.2740%
Total	<u>\$ 4,125,027</u>	<u>\$ 3,590,367</u>	<u>0.4855%</u>	<u>0.2107%</u>	<u>0.2748%</u>

Changes in actuarial assumptions and methods:

Effective July 1, 2017, the following assumption changes were used:

- Lowered the interest rate from 7.75% to 7.65%.
- Lowered the inflation rate from 3.00% to 2.75%.
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year.
- Increased rates of withdrawal.
- Lowered the merit component of the total salary increase.
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%.
- Decreased the administrative expense load from 0.27% to 0.26%.

Effective July 1, 2017, the following method changes were used:

- Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount will vary from year to year based on the prior year's actual administrative expenses.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization as a level percent of pay was reduced from 4.00% to 3.50%.

Changes in benefit terms:

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportionate share that would have an effect on the employer's proportionate share of the collective NPL.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

Pension Expense

	Pension Expense as of 6/30/2018
Employer Proportionate Share of PERS	\$ 390,261
Employer Grant Revenue - State of Montana Proportionate Share for employer	2,892
Employer Grant Revenue - State of Montana Coal Tax for employer	58,233
Total	<u>\$ 451,386</u>

At June 30, 2018, the employer recognized \$390,261 for its proportionate share of the Plan’s pension expense and recognized grant revenue of \$2,892 for the state of Montana proportionate share of the pension expense associated with the employer. Additionally, the employer recognized grant revenue of \$58,233 from the Coal Severance Tax fund.

Recognition of Deferred Inflows and Outflows

At June 30, 2018, the employer reported its proportionate share of PERS’ deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. Expected Experience	\$ 100,250	\$ 5,892
Projected vs. Actual Investment Earnings	-	27,340
Changes in Assumptions	556,432	-
Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	74,600
Employer Contributions Subsequent to the Measurement Date	246,160	-
Total	<u>\$ 902,842</u>	<u>\$ 107,832</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

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

Year ended June 30:	Recognition of Deferred Outflows and Inflows in future years as an increase or (decrease) to Pension Expense
2019	\$ 315,757
2020	318,317
2021	247,581
2022	(86,645)
2023	-
Thereafter	-
	<u><u>\$ 795,010</u></u>

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, 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.

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature.

Summary of Benefits

Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011

Age 60, 5 years of membership service;
Age 65, regardless of membership service; or
Any age, 30 years of membership service.

Hired on or after July 1, 2011

Age 65, 5 years of membership service;
Age 70, regardless of membership service.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

Eligibility for benefit (continued)

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 .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:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting

5 years of membership service

Member's highest average compensation (HAC)

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

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

Compensation Cap

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

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

*Guaranteed Annual Benefit Adjustment (GABA)**

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

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

Overview of Contributions

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 Montana Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		State & University	Local Governments		School Districts	
	Hired < 7/1/11	Hired > 7/1/11	Employer	Employer	State	Employer	State
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including 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 contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees’ compensation. Member contributions for working retirees are not required.
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.
 - b. Not Special Funding
 - i. The State contributes a portion of Coal Severance Tax income and earnings from the Coal Severance Tax Fund.

In accordance with GASB Statement No. 24, on-behalf payments of fringe benefits and salaries for the City are recognized as revenues and expenditures in the fund financial statements. The covered payroll and contributions to the plan for the current year and two previous years are presented in the following table. The amounts contributed for those years were equal to the required contributions for each year.

Year Ended June 30	Covered Payroll	Employee Contributions	Employer Contributions	State Contributions
2018	\$ 2,905,799	\$ 229,594	\$ 246,160	\$ 2,906
2017	\$ 2,870,022	\$ 226,688	\$ 240,175	\$ 2,870
2016	\$ 2,799,784	\$ 221,183	\$ 231,660	\$ 2,796

Stand-Alone Statements

The 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 the MPERA website at <http://mpera.mt.gov>.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2016, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2017. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of the last actuarial experience study, dated May 2017, for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

- Investment Return (net of admin expense): 7.65%
- Admin Expense as a % of Payroll: 0.26%
- General Wage Growth (includes inflation at 2.75%): 3.50%
- Merit Increases: 0% to 6.3%
- Postretirement Benefit Increases:

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections.

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 0.1% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. 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 LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, was outlined in a report dated May 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, 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, 2017, are summarized below.

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total			4.37%
Inflation			2.75%
Portfolio Return Expectation			7.12%

The long-term expected nominal rate of return above of 7.12% is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of a 2.75% inflation rate and a real rate of return of 4.90%.

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, 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.

	1.0% Decrease (6.65%)	Current Discount Rate 7.65%	1.0% Increase (8.65%)
Net Pension Liability	\$ 5,928,732	\$ 4,070,772	\$ 2,511,156

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

13. PENSION PLANS – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) (Continued)

Defined Contribution Plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2017, 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 300 employers that have participants in the PERS-DCRP totaled \$396,650.

14. PENSION PLANS – 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 MPORS (the Plan). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. The following information for reporting as of June 30, 2018, is based on a June 30, 2017 measurement date.

Pension Amount Totals

Employers are provided guidance in GASB Statement 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employees are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As 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, 2017, was determined by taking the results of the June 30, 2016, 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 update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The Plan has a special funding situation in which the state of Montana is legally responsible for making contributions directly to the Plan on behalf of the employers. Due to the existence of this 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 proportionate shares of the employer’s and the state of Montana’s NPL for June 30, 2018 and 2017, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$743,016 and the employer’s proportionate share was 0.4176 percent.

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 743,016	\$ 745,225	0.4176%	0.4140%	0.0036%
State of Montana Proportionate Share associated with Employer	1,514,389	1,479,303	0.8512%	0.8218%	0.0294%
Total	<u>\$ 2,257,405</u>	<u>\$ 2,224,528</u>	<u>1.2688%</u>	<u>1.2358%</u>	<u>0.0330%</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Changes in actuarial assumptions and methods:

Effective July 1, 2017, the following assumption changes were used:

- Lowered the interest rate from 7.75% to 7.65%.
- Lowered the inflation rate from 3.00% to 2.75%.
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year.
- Increased the rates of withdrawal.
- Lowered the merit component of the total salary increase.
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%.
- Increased the administrative expense load from 0.20% to 0.24%.

Effective July 1, 2017, the following method changes were used:

- 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.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization as a level percent of pay was reduced from 4.00% to 3.50%.

Changes in benefit terms:

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Working Retiree Limitations applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- Second Retirement Benefit applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have an effect on the employer's proportionate share of the collective NPL.

Pension Expense

	Pension Expense as of 6/30/2018
Employer Proportionate Share of MPORS	\$ 70,565
Employer Grant Revenue - State of Montana Proportionate Share for employer	183,425
Total	<u>\$ 253,990</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

At June 30, 2018, the employer recognized its proportionate share of the Plan’s pension expense of \$70,565. The employer also recognized grant revenue of \$183,425 for the support provided by the state of Montana for the proportionate share of the pension expense that is associated with the employer.

Recognition of Deferred Inflows and Outflows

At June 30, 2018, 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
Actual vs. Expected Experience	\$ -	\$ 25,352
Projected vs. Actual Investment Earnings	646	-
Changes in Assumptions	50,152	-
Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	25,661
Employer Contributions Subsequent to the Measurement Date	101,109	-
Total	<u>\$ 151,907</u>	<u>\$ 51,013</u>

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

Year ended June 30:	Recognition of Deferred Outflows and Inflows in future years as an increase or (decrease) to Pension Expense
2019	\$ 74,391
2020	21,188
2021	16,273
2022	(10,958)
2023	-
Thereafter	-
	<u>\$ 100,894</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

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, 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. The MPORS provides retirement, disability, and death benefits to plan members and their beneficiaries.

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.

Summary of Benefits

Eligibility for benefit and benefit formulas

Service retirement:

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

Second retirement (applies to members re-employed in a MPORS position 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;
 - 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 re-employment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Summary of Benefits (Continued)

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

Vesting

Death and disability rights are vested immediately
5 years of membership service for all other rights

Member's final average compensation (FAC)

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

Compensation Cap

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

Monthly benefit formula

2.5% of FAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the minimum benefit adjustment provided is equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Overview of Contributions

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 Montana Legislature has the authority to establish and amend contribution rates. Member and employer 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		
2000-2018	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%

In accordance with GASB Statement No. 24, on-behalf payments of fringe benefits and salaries for the City are recognized as revenues and expenditures in the fund financial statements. The covered payroll and contributions to the plan for the current year and two previous years are presented in the following table. The amounts contributed for those years were equal to the required contributions for each year.

Year Ended June 30	Covered Payroll	Employee Contributions	Employer Contributions	State Contributions
2018	\$ 701,658	\$ 63,149	\$ 101,109	\$ 206,077
2017	\$ 625,010	\$ 56,208	\$ 89,995	\$ 183,566
2016	\$ 588,237	\$ 52,942	\$ 84,765	\$ 169,478

Stand-Alone Statements

The 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 the MPERA website at <http://mpera.mt.gov>.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2016, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2017. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of the last actuarial experience study, dated May 2017, for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

- Investment Return (net of admin expense): 7.65%
- Admin Expense as a % of Payroll: 0.24%
- General Wage Growth (includes inflation at 2.75%): 3.50%
- Merit Increases: 0% to 6.6%
- Postretirement Benefit Increases:

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum Benefit Adjustment (non-GABA)

- If hired before July 1, 1997 and member did not elect GABA, the minimum benefit adjustment provided is equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.
- 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 are based on RP 2000 Combined Employee and Annuitant Mortality Tables.

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 2124. 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 LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

14. PENSION PLANS – MUNICIPAL POLICE OFFICERS’ RETIREMENT SYSTEM (MPORS) (Continued)

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, is outlined in a report dated May 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, 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, 2017, are summarized below.

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total			4.37%
Inflation			3.00%
Portfolio Return Expectation			7.37%

The long-term expected nominal rate of return above of 7.12% is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of a 2.75% inflation rate and a real rate of return of 4.90%.

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change the liability. The NPL was calculated using the discount rate of 7.76%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.65%)	Current Discount Rate 7.65%	1.0% Increase (8.65%)
Employer's Net Pension Liability	\$ 1,081,860	\$ 743,016	\$ 471,335

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – 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 FURS (the Plan). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. The following information for reporting as of June 30, 2018, is based on a June 30, 2017 measurement date.

Pension Amount Totals

Employers are provided guidance in GASB Statement 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employees are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As 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, 2017, was determined by taking the results of the June 30, 2016, 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 update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The Plan has a special funding situation in which the state of Montana is legally responsible for making contributions directly to the Plan on behalf of the employers. Due to the existence of this 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 proportionate shares of the employer’s and the state of Montana’s NPL for June 30, 2018 and 2017, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$674,153 and the employer’s proportionate share was 0.5964 percent.

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 674,153	\$ 701,961	0.5964%	0.6146%	-0.0182%
State of Montana Proportionate Share associated with Employer	1,530,932	1,590,422	1.3544%	1.3925%	-0.0381%
Total	<u>\$ 2,205,085</u>	<u>\$ 2,292,383</u>	<u>1.9508%</u>	<u>2.0071%</u>	<u>-0.0563%</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Changes in actuarial assumptions and methods:

Effective July 1, 2017, the following assumption changes were used:

- Lowered the interest rate from 7.75% to 7.65%.
- Lowered the inflation rate from 3.00% to 2.75%.
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year.
- Increased the rates of withdrawal.
- Lowered the merit component of the total salary increase.
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%.
- Increased the administrative expense load from 0.20% to 0.24%.

Effective July 1, 2017, the following method changes were used:

- 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.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization as a level percent of pay was reduced from 4.00% to 3.50%.

Changes in benefit terms:

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Working Retiree Limitations applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- Second Retirement Benefit applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have an effect on the employer's proportionate share of the collective NPL.

Pension Expense

	Pension Expense as of 6/30/2018
Employer Proportionate Share of MPORS	\$ 94,306
Employer Grant Revenue - State of Montana Proportionate Share for employer	<u>290,751</u>
Total	<u><u>\$ 385,057</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

At June 30, 2018, the employer recognized its proportionate share of the Plan’s pension expense of \$94,306. The employer also recognized grant revenue of \$290,751 for the support provided by the state of Montana for the proportionate share of the pension expense that is associated with the employer.

Recognition of Deferred Inflows and Outflows

At June 30, 2018, 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
Actual vs. Expected Experience	\$ 4,441	\$ 5,098
Projected vs. Actual Investment Earnings	556	-
Changes in Assumptions	84,072	-
Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	27,777
Employer Contributions Subsequent to the Measurement Date	134,783	-
Total	<u>\$ 223,852</u>	<u>\$ 32,875</u>

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

Year ended June 30:	Recognition of Deferred Outflows and Inflows in future years as an increase or (decrease) to Pension Expense
2019	\$ 113,817
2020	35,721
2021	23,256
2022	480
2023	17,703
Thereafter	-
	<u>\$ 190,977</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Plan Description

The Firefighters’ Unified Retirement System (FURS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This 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. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries.

Summary of Benefits

Eligibility for benefit and benefit formulas

Service retirement:

- Hired on or after July 1, 1981, or has elected to be covered by GABA:
 - 20 years of service membership
 - 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
 - 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, 5 years of membership service

Vesting

5 years of membership service

Member’s highest average compensation (HAC)

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

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum Benefit Adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA – the minimum benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter

Overview of Contributions

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 Montana Legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		Employer	State
	Non-GABA	GABA		
1998-2018	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%

In accordance with GASB Statement No. 24, on-behalf payments of fringe benefits and salaries for the City are recognized as revenues and expenditures in the fund financial statements. The covered payroll and contributions to the plan for the current year and two previous years are presented in the following table. The amounts contributed for those years were equal to the required contributions for each year.

Year Ended June 30	Covered Payroll	Employee Contributions	Employer Contributions	State Contributions
2018	\$ 938,602	\$ 100,431	\$ 134,783	\$ 306,078
2017	\$ 857,810	\$ 94,890	\$ 127,348	\$ 279,732
2016	\$ 856,785	\$ 91,676	\$ 123,034	\$ 279,552

Stand-Alone Statements

The 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 the MPERA website at <http://mpera.mt.gov>.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2016, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2017. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of the last actuarial experience study, dated May 2017, for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

- Investment Return (net of admin expense): 7.65%
- Admin Expense as a % of Payroll: 0.23%
- General Wage Growth (includes inflation at 2.75%): 3.50%
- Merit Increases: 0% to 6.3%
- Postretirement Benefit Increases:

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum Benefit Adjustment (non-GABA)

- Hired before July 1, 1997 and member did not elect GABA – the minimum benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter
- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries 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 Retirees are based on RP 2000 Combined Mortality Tables.

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 2124. 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 LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, was outlined in a report dated May 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, 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, 2017, are summarized below.

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total			4.37%
Inflation			2.75%
Portfolio Return Expectation			7.12%

The long-term expected nominal rate of return above of 7.12% is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of a 2.75% inflation rate and a real rate of return of 4.90%.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

15. PENSION PLANS – FIREFIGHTERS’ UNIFIED RETIREMENT SYSTEM (FURS) (Continued)

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, 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.

	1.0% Decrease	Current Discount	1.0% Increase
	(6.65%)	Rate	(8.65%)
	7.65%		
Employer's Net Pension Liability	\$ 1,120,273	\$ 674,153	\$ 313,712

16. INTERLOCAL AGREEMENTS

The City and Park County entered into an agreement to fund a library for City and County residents. The City maintains the library accounting records and includes the financial activities of the library in its financial statements. The County contributed \$428,141 during fiscal year 2018.

The City and Park County entered into agreements for the City-County Law Enforcement Dispatch Center and ambulance services. The City provides dispatch and ambulance services to the County. During the fiscal year, the County contributed \$317,731 for ambulance and \$248,490 for dispatch services.

The City-County airport is owned and operated jointly by the City and Park County. The operation of the airport is accounted for by the County. The airport is administered by a five-member board, consisting of two City-appointed members, two County-Appointed members and one member at-large appointed by the Airport Board. The budgeted is approved by the controlling members. The Airport Board exercises control over the airport’s normal operations.

17. CLASSIFICATION OF NET POSITION

In the Government-Wide Financial Statements, net position is 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 – This category presents 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. Restricted net position is presented restricted by major purpose.

Unrestricted – This category represents the net position of the City which is 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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

18. 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 losses, except for relatively small deductible amounts, are purchased for property and content damage, employee medical costs, 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 coverage. And, given the lack of coverage available, the City has no coverage for potential losses from environmental damages.

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 an Insurance (Special Revenue) Fund based on total appropriations. The Insurance Fund has a special-purpose property tax levy for this purpose. Settled claims resulting from these risks did not exceed commercial insurance coverage during this fiscal year.

In 1986, the City joined together with other Montana cities to form the Montana Municipal Interlocal Authority (MMIA), 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 government 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 a \$1,500 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 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 \$1,000 deductible per occurrence. MMIA reinsures their property insurance with a national municipal pool, Public Entities' Property Insurance.

19. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which required restatement of the beginning OPEB liability balance in accordance with the required actuarial method for projecting benefit payments to periods of employee service. For governmental activities, this decreased net position and increased other post-employment health benefits liabilities by \$346,863. For business-type activities, this decreased net position and increased other post-employment health benefits liabilities by \$331,398. See Note 12 for more information.

During the year ended June 30, 2018, the City revised the allocation of its net pension liability and related amounts between governmental activities and the ambulance fund. For governmental activities, this increased net position by \$162,544, decreased net pension liability by \$217,608, decreased deferred outflows related to pensions by \$62,259, and decreased deferred inflows related to pensions by \$7,195. For business-type activities (ambulance fund), this decreased net position by \$162,544, increased net pension liability by \$217,608, increased deferred outflows related to pensions by \$62,259, and increased deferred inflows related to pensions by \$7,195.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

20. MAJOR PURPOSE PRESENTATION

The table presented below displays the City's fund balances by major purpose as displayed on page II-14 of the governmental funds balance sheet. Statement 54 requires the disclosure of the purpose of each Major Special Revenue Fund.

	General Fund	Street Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Long-term interfund receivable	\$ 67,507	\$ -	\$ -	\$ 67,507
Cemetery perpetual care	-	-	240,415	240,415
Total nonspendable	<u>67,507</u>	<u>-</u>	<u>240,415</u>	<u>307,922</u>
Restricted				
Public works	-	-	328,874	328,874
Debt service	-	-	650,976	650,976
Total restricted	<u>-</u>	<u>-</u>	<u>979,850</u>	<u>979,850</u>
Committed				
General government	-	-	901,717	901,717
Public safety	-	-	203,505	203,505
Public works	-	195,556	34,205	229,761
Public health	-	-	1,018	1,018
Culture and recreation	-	-	285,003	285,003
Capital projects	-	-	117,810	117,810
Debt service	-	-	22,598	22,598
Total committed	<u>-</u>	<u>195,556</u>	<u>1,565,856</u>	<u>1,761,412</u>
Unassigned	<u>676,473</u>	<u>-</u>	<u>(70,347)</u>	<u>606,126</u>
Total fund balances	<u>\$ 743,980</u>	<u>\$ 195,556</u>	<u>\$ 2,715,774</u>	<u>\$ 3,655,310</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

21. COMMITMENTS AND CONTINGENCIES

At year-end, the City had commitments outstanding, in the form of contracts of \$5,342,890 for construction of the Water Reclamation Facility, \$597,575 for construction engineering services for the Water Reclamation Facility, and \$1,060,157 for the Phases I and II of the Downtown Capital Improvement Plan. The City is also jointly named with Park County on a loan for Mission Field with a principal balance outstanding of \$23,250. This debt is being serviced in-full by Park County.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determine at this time, although the City expects such amounts, if any, to be immaterial.

Livingston Healthcare v. City of Livingston

Livingston Healthcare filed suit against the City alleging a) negligent misrepresentation; b) constructive fraud; c) deceit; d) unjust enrichment; e) coercion; and f) negligence, stemming from Livingston Healthcare (LHC) building their new hospital. LHC is alleging that the City imposed additional, changing, and arbitrary requirements on LC regarding the infrastructure improvements for the hospital. The City is vigorously defending this suit and has obtained outside counsel Chris Nygren of Berg Lilly, PC. The current procedural schedule is for mediation in December 2018, with trial in 2019.

Carlin and Wulf v. City of Livingston et al

Nathan Wulf and Kristen Carlin have filed claims with the Montana Human Rights Bureau alleging discrimination and retaliation. Mike Lilly of Berg Lilly, PC represents the City in these cases. The actions were tried before a hearings examiner in May 2015. The hearings examiners ruled against the City on several claims and the City has appealed those rulings. In November 2017, oral arguments were held before the District Court on the appeal. There have been no rulings by the Judge at this time.

The City is involved with numerous other 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. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

22. SUBSEQUENT EVENTS

In October 2018, the City placed \$1,140,472 in an irrevocable trust with an escrow agent to provide for the payment of remaining principal and interest due on the 2012 Series Sewer system refunding bond. This defeasance will result in reducing the City's principal and interest payments by \$1,282,000 over the next 9 years in the Sewer Fund.

Management has evaluated subsequent events through November 14, 2018, the date on which the financial statements were available to be issued.

C. REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS

CITY OF LIVINGSTON, MONTANA
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
Year Ended June 30, 2018

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	
	2018
Total OPEB Liability	
Service cost	\$ 82,832
Interest	49,743
Changes in benefit terms	-
Differences between expected and actual experience	(178,090)
Changes of assumptions or other inputs	(171,175)
Benefit payments	(34,885)
Net change in total OPEB liability	(251,575)
Total OPEB liability - beginning	1,178,212
Total OPEB liability - ending	\$ 926,637
Covered-employee payroll	\$ 4,062,517
Total OPEB liability as a percentage of covered-employee payroll	22.81%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LIVINGSTON, MONTANA

NOTE TO RSI

**Notes to Required Supplementary Information - OPEB (Other Post-Employment Healthcare Benefits)
Year Ended June 30, 2018**

Measurement Date June 30, 2018
Valuation Date June 30, 2018
Reporting Date June 30, 2018
Measurement Period July 1, 2017 to June 30, 2018

Discount Rate 3.87% per year
 As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

General Inflation 3.0% per year

Salary Increases 3.0% per year

Initial Health Coverage Claims Cost
 (including administrative expenses)

<u>Age</u>	<u>Per Participant</u>
Under age 65:	
Bridger Plan at age 60	\$ 10,786
Madison Plan at age 60	\$ 11,865
Mission plan at age 60	\$ 11,004
HDHP at age 60	\$ 12,105

Age 65 and over: Assumed to be equal to the post-65 medical premiums

The assumed claim costs were determined from the fully-pooled premiums and underlying claim experience of the OPEB Plans and actuarial age adjustment factors.

Age Based Morbidity

The assumed claim costs are assumed to increase related to age as follows:

<u>Ages</u>	<u>Rate</u>
18-29	1.00%
30-39	2.50%
40-49	3.00%
50-54	3.30%
55-59	3.60%
60-64	4.20%

Health Care Cost Trend Rates

<u>Year</u>	<u>Rate</u>
All years	5.00%

Mortality RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement

See Independent Auditors' Report

CITY OF LIVINGSTON, MONTANA

NOTE TO RSI (Continued)

Notes to Required Supplementary Information - OPEB (Other Post-Employment Healthcare Benefits)

Year Ended June 30, 2018

Future Retiree Participation Rate 90% for participants not yet eligible for Medicare. Upon Medicare eligibility, participation is expected to reduce by 50%. It is assumed that life insurance benefits will only be retained by retirees that elect to continue health insurance benefits with the City.

Initial Spouse Participation Rate Male Employees: 25.0%
Female Employees: 25.0%
Husbands are assumed to be three years older than wives.

Turnover Rates based on Fiscal Year 2011 Actuarial Valuation for statewide retirement systems:

Service	PERS	MPORS	FURS
0	25%	15%	4%
1	20%	10%	4%
2	15%	10%	2%
3	10%	10%	2%
4	10%	5%	2%
5-9	5%	5%	2%
10-14	5%	2%	2%
15 and over	2%	1%	1%

Disability None

Retirement Rates based on Fiscal Year 2011 Actuarial Valuation for statewide retirement systems:

Age	PERS:	
	Under 30 Years	30 Years or More
Under 50	0%	10%
50-54	3%	10%
55	3%	15%
56	4%	15%
57-58	5%	15%
59	6%	15%
60	8%	15%
61	15%	15%
62	25%	25%
63-64	15%	15%
65-66	30%	30%
67-69	25%	25%
70 and over	100%	100%

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - OPEB (Other Post-Employment Healthcare Benefits)
Year Ended June 30, 2018

Retirement (Continued)

Fire and Police:			
Age	Under 20 Years	20 Years or More	
		MPORS	FURS
Under 50	0%	12%	5%
50-54	3%	15%	10%
55	3%	20%	25%
56	4%	20%	25%
57-58	5%	20%	25%
59	6%	20%	25%
60	8%	20%	50%
61	15%	20%	50%
62	25%	100%	50%
63-64	15%	100%	100%
65-66	30%	100%	100%
67-69	25%	100%	100%
70 and over	100%	100%	100%

Expected Remaining Service Lives

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

The amortization period for the July 1, 2017 to June 30, 2018 measurement period was determined as follows:

	Number of members as of July 1, 2017	Expected remaining service lives
Active Members	90	12.69
Inactive Members	9	-
Weighted average rounded to nearest tenth		11.5

NET PENSION LIABILITY

CITY OF LIVINGSTON, MONTANA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
Last Five Fiscal Years

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY					
	2018	2017	2016	2015	2014
Employer's proportionate share of the net pension liability associated with the employer	0.20900%	0.20820%	0.21487%	0.22315%	0.23150%
Employer's proportionate share of the net pension liability	\$ 4,070,772	\$ 3,547,026	\$ 3,003,553	\$ 2,780,478	\$ 3,578,048
State of MT proportionate share of the net pension liability associated with the employer	54,255	43,341	36,894	33,954	43,693
Total	\$ 4,125,027	\$ 3,590,367	\$ 3,040,447	\$ 2,814,432	\$ 3,621,741
Employer's covered payroll	\$ 2,592,832	\$ 2,494,335	\$ 2,507,530	\$ 2,526,058	Not available
Employer's proportionate share of the net pension liability as of its covered payroll	157.00%	142.20%	119.78%	110.07%	Not available
Plan fiduciary net position as a percent of the total pension liability	73.75%	74.71%	78.40%	79.87%	Not available

SCHEDULE OF CONTRIBUTIONS					
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 207,662	\$ 217,022	\$ 215,355	\$ 213,108	\$ 212,294
Contributions in relation to the contractually required contributions	\$ 207,662	\$ 217,022	\$ 215,355	\$ 213,108	\$ 212,294
Contribution deficiency (excess)	-	-	-	-	-
Employer's covered payroll	\$ 2,450,831	\$ 2,592,832	\$ 2,494,335	\$ 2,507,530	\$ 2,526,058
Contributions of covered payroll	8.47%	8.37%	8.63%	8.50%	8.40%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI
Notes to Required Supplementary Information - Public Employees' Retirement System (PERS)
Year Ended June 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- 1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment,
 - Refund of member's contributions from second employment plus regular interest (currently 1.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again the January immediately following second retirement.
- 1) For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second
 - GABA starts the January after receiving recalculated benefit for 12 months.
- 2) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again;
 - Refund of member's contributions from second employment plus regular interest (currently 1.25%)
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again the January immediately following second retirement.
- 3) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - Member receives the same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member received original and new benefit for 12 months.

Revised DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan - for PERS and MUS-RP

The PCR was paid off effective March 2016 and the contributions of 2.37%, 0.47% and 1.00% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes:

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - for PERS

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.

Terminating Employers - Recovery of actuary costs - for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - Public Employees' Retirement System (PERS)
Year Ended June 30, 2018

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.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

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.

PERS Statutory Appropriation - House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to the PERS defined benefit trust fund will be

- 1) FY2018 - \$31.386 million
- 2) FY2019 - \$31.958 million
- 3) Beginning July 1, 2019 through at least June 30, 2025, 101% of contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.6 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million
 - e. FY2024 - \$33.588 million
 - f. FY2025 - \$33.924 million

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from June 30, 2017 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increased	0% to 6.30%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy Members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.26%

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 LIVINGSTON, MONTANA
MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM (MPORS)
Last Five Fiscal Years

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY					
	2018	2017	2016	2015	2014
Employer's proportionate share of the net pension liability associated with the employer	0.41760%	0.41400%	0.43748%	0.46022%	0.46022%
Employer's proportionate share of the net pension liability	\$ 743,016	\$ 745,225	\$ 723,685	\$ 723,175	\$ 823,956
State of MT proportionate share of the net pension liability associated with the employer	1,514,389	\$ 1,479,303	\$ 1,466,255	\$ 1,460,901	\$ 1,664,490
Total	\$ 2,257,405	\$ 2,224,528	\$ 2,189,940	\$ 2,184,076	\$ 2,488,446
Employer's covered payroll	\$ 624,530	\$ 584,407	\$ 605,483	\$ 617,498	Not available
Employer's proportionate share of the net pension liability as of its covered payroll	118.97%	127.52%	119.52%	117.11%	Not available
Plan fiduciary net position as a percent of the total pension liability	68.34%	65.62%	66.90%	67.00%	Not available

SCHEDULE OF CONTRIBUTIONS					
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 101,109	\$ 89,995	\$ 85,713	\$ 85,344	\$ 89,782
Contributions in relation to the contractually required contributions	\$ 101,109	\$ 89,995	\$ 85,713	\$ 85,344	\$ 89,782
Contribution deficiency (excess)	-	-	-	-	-
Employer's covered payroll	\$ 701,658	\$ 624,530	\$ 584,407	\$ 605,483	\$ 617,498
Contributions of covered payroll	14.41%	14.41%	14.67%	14.10%	14.54%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI
Notes to Required Supplementary Information - Municipal Police Officers' Retirement System (MPORS)
Year Ended June 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016

MPORS DROP Survivor Benefits - for MPORS

Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment. 19-9-1206(1), MCA.

2017 Legislative Changes:

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - for MPORS

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

Second Retirement Benefit - for MPORS

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

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - Municipal Police Officers' Retirement System (MPORS)
Year Ended June 30, 2018

Terminating Employers - Recovery of actuarial costs - for MPORS

Employers who terminate participation in MPORS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

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, estate, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned

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:

General Wage Growth*	3.50%
Investment Rate of Return	7.65%
*Includes inflation at	2.75%
Merit increase	0% to 6.60%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality (Health members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.24%

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 LIVINGSTON, MONTANA
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS)
Last Five Fiscal Years

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY					
	2018	2017	2016	2015	2014
Employer's proportionate share of the net pension liability associated with the employer	0.5964%	0.6146%	0.6135%	0.6361%	0.6361%
Employer's proportionate share of the net pension liability	\$ 674,153	\$ 701,961	\$ 627,422	\$ 620,913	\$ 794,731
State of MT proportionate share of the net pension liability associated with the employer	1,530,932	\$ 1,590,422	\$ 1,397,436	\$ 1,400,749	\$ 1,792,875
Total	\$ 2,205,085	\$ 2,292,383	\$ 2,024,858	\$ 2,021,662	\$ 2,587,606
Employer's covered payroll	\$ 886,694	\$ 865,474	\$ 824,391	\$ 826,239	Not available
Employer's proportionate share of the net pension liability as of its covered payroll	75.12%	81.11%	76.11%	75.15%	Not available
Plan fiduciary net position as a percent of the total pension liability	77.77%	75.48%	76.90%	76.70%	Not available

SCHEDULE OF CONTRIBUTIONS					
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 134,962	\$ 127,129	\$ 123,740	\$ 120,686	\$ 119,419
Contributions in relation to the contractually required contributions	\$ 134,962	\$ 127,129	\$ 123,740	\$ 120,686	\$ 119,419
Contribution deficiency (excess)	-	-	-	-	-
Employer's covered payroll	\$ 939,843	\$ 886,694	\$ 865,474	\$ 824,391	\$ 826,239
Contributions of covered payroll	14.36%	14.34%	14.30%	14.64%	14.45%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI
Notes to Required Supplementary Information - Firefighters' Unified Retirement System (FURS)
Year Ended June 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016

If a PERS member transfers employment to a FURS covered position and fails to elect FURS membership within 90 days, the default is PERS membership.

2017 Legislative Changes:

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - For FURS

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

Second Retirement Benefit - for FURS

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

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - Firefighters' Unified Retirement System (FURS)
Year Ended June 30, 2018

Terminating Employers - Recovery of actuary costs - for FURS

Employers who terminate participation in FURS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contribution 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 intitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Eligibility to Participate - for FURS Part-Paid Firefighters

Part-Paid firefighters become eligible to participate in FURS once they have earned \$300 in a fiscal year.

Previously, statute was unclear on whether the limit applied to a calendar year or a fiscal year.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions are adopted from the June 30, 2017 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 6.3%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality (Health members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year.
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.23%

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.

BUDGETARY COMPARISON SCHEDULES

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Budgetary fund balance, July 1	\$ 482,488	\$ 482,488	\$ 482,488	\$ -
Resources (inflows):				
Taxes	1,952,741	1,952,741	1,975,959	23,218
Special assessments	-	-	-	-
Licenses and permits	269,200	269,200	335,453	66,253
Intergovernmental	1,230,352	1,230,352	1,243,416	13,064
Charges for services	57,950	57,950	135,181	77,231
Fines and forfeitures	117,500	117,500	119,497	1,997
Proceeds from long-term debt	-	-	-	-
Sale of assets	-	-	-	-
Interest on investments	3,000	3,000	2,082	(918)
Loan repayment	-	-	-	-
Transfers from other funds	648,269	648,269	665,617	17,348
Other	79,000	79,000	58,899	(20,101)
Amounts available for appropriation	4,840,500	4,840,500	5,018,592	178,092
Charges to appropriations (outflows):				
Current				
General government	1,075,732	1,075,732	1,099,640	(23,908)
Public safety	1,839,758	1,839,758	1,837,573	2,185
Public works	391,123	391,123	381,511	9,612
Public health	112,612	112,612	103,081	9,531
Culture and recreation	339,994	339,994	378,989	(38,995)
Other	1,000	1,000	-	1,000
Capital outlay	119,025	119,025	142,124	(23,099)
Debt service	28,553	28,553	47,182	(18,629)
Transfers to other funds	396,394	396,394	284,512	111,882
Total charges to appropriations	4,304,191	4,304,191	4,274,612	29,579
Budgetary fund balance, June 30	\$ 536,309	\$ 536,309	\$ 743,980	\$ 207,671

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - STREET MAINTENANCE SPECIAL REVENUE FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Budgetary fund balance, July 1	\$ 368,209	\$ 368,209	\$ 368,209	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	980,230	980,230	967,324	(12,906)
Licenses and permits	15,000	15,000	13,346	(1,654)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of assets	-	-	-	-
Interest on investments	400	400	1,618	1,218
Loan repayment	-	-	-	-
Transfers from other funds	-	-	-	-
Other	-	-	1,061	1,061
	<u>1,363,839</u>	<u>1,363,839</u>	<u>1,351,558</u>	<u>(12,281)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	504,309	504,309	498,930	5,379
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	639,282	639,282	493,465	145,817
Debt service	43,390	43,390	45,623	(2,233)
Transfers to other funds	117,983	117,983	117,984	(1)
	<u>1,304,964</u>	<u>1,304,964</u>	<u>1,156,002</u>	<u>148,962</u>
Total charges to appropriations				
Budgetary fund balance, June 30	<u>\$ 58,875</u>	<u>\$ 58,875</u>	<u>\$ 195,556</u>	<u>\$ 136,681</u>

See the Independent Auditors' Report.

**CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI**

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures
Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Street Maintenance</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,018,592	\$ 1,351,558
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.	(482,488)	(368,209)
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	<u>(665,617)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,870,487</u></u>	<u><u>\$ 983,349</u></u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,274,612	\$ 1,156,002
Differences - budget to GAAP:		
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	<u>(284,512)</u>	<u>(117,984)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,990,100</u></u>	<u><u>\$ 1,038,018</u></u>

See the Independent Auditors' Report.

D. SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Comprehensive Liability Insurance: Subject to MCA 15-10-420, the City may levy an annual property tax in the amount necessary to fund the contribution for insurance. The insurance premiums are for the entire City and include Liability Insurance, Insurance on buildings, vehicles, equipment, boiler insurance, and surety bonds. Deductibles are paid within the function that incurred the claim.

Soccer Fields: This fund was created to facilitate the construction of the North-side Park and Soccer Complex. This project is a partnership between the City and the Livingston Youth Soccer Association (LYSA). Funding for this project comes from donations collected by the LYSA and forwarded to the City of Livingston.

Library: The Livingston-Park County Public Library is governed by a board of trustees composed of five appointed volunteers, who may each serve two consecutive five-year terms. Two trustees are appointed by the City Commission, two by the County Commissioners, and one at-large trustee is appointed by the four city and county trustees. The library is supported jointly by the City and the County. The City of Livingston levies a property tax to support the library function.

Emergency/Disaster: On June 10, 1996 the City of Livingston declared a State of Emergency as a result of a flood of the Yellowstone River. This emergency disaster fund was created to account for the assessment of the initial emergency millage of 2 mills to cover the expenditures incurred as a result of this flood as authorized by MCA 10-3-405. In total 8.1 emergency mills were assessed on the property tax payers of Livingston over 4 fiscal years to cover the expenditures relating to the 1996 and 1997 floods of the Yellowstone River. The remaining funds shall be used only for expenditures arising from future emergencies.

Health – Sanitarian: This fund accounts for the Health/Sanitarian levy the City assesses for support of the County Sanitarian. Per MCA, if a city-county board is created, each participating city's part of the total expenses may be financed by a levy on the taxable value of all taxable property within the incorporated limits of the city after approval of a budget in the way provided for other city offices and departments under Title 7, Chapter 6, Part 40.

Dispatch/Communication: The communications department functions as the central emergency services and 911 center for Park County; receiving all calls for service and dispatching for the Livingston Police Department, Park County Sheriff's Office, Livingston Fire and Rescue, several Park County rural fire departments and many other local, state, and federal entities as needed. The communications department also maintains law enforcement and court related records and routinely retrieves NCIC/CJIN data for local law enforcement purposes. The support of the dispatch is split equally between the City of Livingston and Park County. The City of Livingston support is in the form of a transfer from the General Fund.

Tax Increment District – Downtown: The Downtown Tax Increment District was created in December of 2003 after the adoption of the Livingston Urban Renewal Agency Plan by the City Commission. The primary purpose of this District is to rehabilitate and develop identified blighted areas within the City of Livingston's Downtown area. This district measures approximately 143 acres. The sunset date for the Downtown TIF is anticipated as being December of 2018.

PERD: Pursuant to MCA 19-3-204 the City levies a tax to provide for the retirement costs of those employees enrolled in the Public Employers Retirement System (PERS). PERS, managed by the Montana Public Employees Retirement Administration, provides retirement, disability and death benefits to the State of Montana, the university system, local governments and certain school district employees.

Health Insurance: The City of Livingston's employee benefits plan is through the Montana Municipal Inter-local Authority (MMIA), managed by Allegiance Benefit Plan Management. Between this and the Permissive Medical Levy funds, these account for all costs associated with the health insurance for all employees in governmental funds. This fund is also known as the Aggregate Health Insurance Levy and is subject to the City's Mill Levy Cap.

Permissive Medical Levy: According to MCA 2-9-212, the amount of City contribution in excess of the base contribution (the level of contribution in 2000) is not subject to the mill levy cap. Levies implemented under this section must be calculated separately and are not subject to an inflation factor.

Police Pension: Similar to the PERD, the City Levies a tax to provide for the retirement cost of those employees enrolled in the Municipal Police Officers Retirement System (MPORS). MPORS provides retirement, disability and death benefits to municipal police officers employed by first- and second-class cities in Montana. MPORS is managed by the Montana Public Employees Retirement Administration.

Fire Pension: Similar to the PERD, the City Levies a tax to provide for the retirement cost of those employees enrolled in the Firefighters' Unified Retirement System (FURS). FURS retirement system provides retirement benefits to firefighters employed by first and second-class cities in Montana. FURS is also managed by the Montana Public Employees Retirement Administration.

CDBG Economic Development Revolving Fund: This fund accounts for the City's revolving loan program. The revenue source is proceeds from CDBG loan repayments.

Livingston Fire Dept/Park County Rural Fire District Training Center: This fund was established to account for the revenues generated by, and the expenditures for, the operation of the Fire Training Center, a jointly operated training facility between the City of Livingston's Fire Department and the Park County Rural Fire District.

Impact Fees: MCA 7-6-1604 provides the authority to local governments to impose impact fees on new development to fund all or a portion of the public facility capital improvements affected by the new development. In 2006 the City of Livingston adopted an ordinance which established the City's Impact Fee Policy. Expenditure out of this fund must be for capacity expanding improvements and cannot be used for the normal maintenance and operations of current facilities. The cash balance in this fund is split into four designations; Fire/EMS, Transportation, Police, and Parks/Recreation.

S.I.D. Lighting: SID Lighting, or the Light Maintenance District Fund, is a city-wide assessment whose boundaries include the entire existing town and any annexations that may occur in the future. These assessments cover the energy costs of the public lighting as well as the replacement and maintenance of those lights.

Parks Department: This fund is comprised of a number of cash accounts which support various functions of the park system. The designated cash accounts are for the Sacajawea Park, The McNair Skate Park, The Sacajawea Statue, Trees, and the Skillman Trust. This money is to be used for recreation activities that otherwise would not have been funded.

Law Enforcement: This fund was established to accommodate donations from citizens or civic groups that are intended to be used exclusively for police services, as well as court ordered assessments. In an agreement with Park County, the City maintains the Joint Equipment Fund while Park County maintains a similar fund for training. These funds may be used by both the City and County law enforcement agencies, with the expenditures being informally agreed upon.

Gas Tax Apportionment: The state collects and distributes gas tax funds to cities, towns, counties, and consolidated city-county governments. These funds are allocated based on our population. Expenditures from this fund, in excess of \$80,000 must follow applicable bidding procedures and may not be used for the purchase of capital equipment (MCA 15-7-101).

Summerfest: Summerfest is Livingston's annual outdoor music festival held the third weekend in July in Livingston with proceeds going back to the community in the form of an expanded recreation department.

Sidewalks: The mission of the District is to aid in facilitation and strengthening of commerce, provide maintenance assistance, beautify and enhance streetscapes, improve security and safety, and stimulate development and vitality in Livingston's historic downtown district. Funding is provided through an assessment on each business within the district, on a per square foot basis.

Business Improvement District: Assessments from past year's sidewalk replacements are deposited within this fund. When enough cash is accumulated, additional sidewalk replacements will be made out of this fund, generating more interest revenue.

DEBT SERVICE FUNDS

2016 Fire Truck GO Bonds: In November of 2015, the voters approved a bond election to acquire firefighting apparatus and equipment. This fund has been established to accumulate tax revenue and pay the bond payers.

2000 Fire Truck GO Bonds: In November of 1999, the voters approved a bond election to acquire firefighting equipment consisting of a 75 foot ladder truck and related equipment and a quint (fire truck) for the city. The pay off date for these bonds is July 2020.

West End Tax Increment District: This fund accounts for the financial activity of the West End Tax Increment District. The payoff date on these bonds is July of 2025.

S.I.D. Revolving: The City has established a Special Improvement District Revolving Fund to secure the payment of its special improvement district bonds. At the time of issuance, state law allows the City to deposit at least 5%, but no more than 10% into this fund. This fund is used to secure prompt payment of any special improvement district bonds should there not be a sufficient balance in the Special Improvement District Funds.

S.I.D. 178: The City Commission created Special Improvement District 178 in July 1999. The improvements consisted of asphalt pavement, concrete curbs and gutters and drainage improvements to the streets in the area of North N Street. Final payments for the S.I.D. bonds in this district will be made in August of 2014 and final property owner assessments will be collected in fiscal year 2015.

S.I.D. 179: Accounts for the resources accumulated and payments made for principal and interest on special improvement debt.

S.I.D. 180: SID 180 was created in April of 2008 for the purpose of installing Sewer Mains in the area of Carol Lane. The final property owner assessments will be collected in June of 2023. This special improvement district was financed by an inter-fund loan from the Park Improvement Special Revenue fund.

CAPITAL PROJECT FUNDS

Capital Improvements: This fund is used for capital purchases for non-enterprise functions. The cash balance in this fund is comprised of designated cash for the improvements to the Civic Center, Sidewalks, Dispatch, Land Lease Revenue, Fire vehicles or equipment, and for general capital improvement projects. State law requires purchases from this fund to be in excess of \$5,000 and have a life expectancy of at least 5 years.

Library Extension: This fund is for the replacement and acquisition of property, capital improvements, and equipment necessary to maintain and improve the Livingston-Park County Library.

Railroad Underpass: In September of 2008, the citizens of Livingston approved a ballot measure allowing the City to levy a maximum of 11.25 mills for 5 years for the creation of a Railroad Underpass on the West side of Livingston. This levy will allow the City to complete the preliminary engineering known as Phase One.

Fire Truck Bond Proceeds: In November of 2015, the voters approved a bond election to acquire firefighting apparatus and equipment. This fund has been established to accumulate those costs for equipment as well as the bond proceeds. Once debt service has begun, a debt service fund will be utilized to accumulate tax revenue and pay the bond holders.

PERMANENT FUNDS

Perpetual Cemetery Care: The Perpetual Cemetery Card fund is used to account for 50% of cemetery plot sales which are dedicated to the perpetual care of the cemetery. The interest income from the trust is transferred to the general fund for use in maintaining the City's cemetery.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds					
	Comprehensive Liability Insurance	Soccer Fields	Library	Emergency/ Disaster	Health- Sanitarian	Dispatch/ Communication
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ 3	\$ 88,258	\$ (21,016)	\$ 38	\$ 14
Receivables						
Property taxes	1,215	-	2,058	54	289	-
Other	-	-	-	-	-	1,450
Special assessments	-	-	-	-	-	-
Other governments	3,223	-	144,825	-	6	62,123
Due from other City funds	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Total current assets	<u>4,438</u>	<u>3</u>	<u>235,141</u>	<u>(20,962)</u>	<u>333</u>	<u>63,587</u>
Other assets						
Due from other City funds	-	-	-	-	-	-
Total assets	<u>\$ 4,438</u>	<u>\$ 3</u>	<u>\$ 235,141</u>	<u>\$ (20,962)</u>	<u>\$ 333</u>	<u>\$ 63,587</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 28,036	\$ -	\$ -	\$ 1,187
Advances	-	-	-	-	-	-
Due to other City funds	<u>8,900</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,350</u>
Total liabilities	<u>8,900</u>	<u>400</u>	<u>28,036</u>	<u>-</u>	<u>-</u>	<u>25,537</u>
Deferred inflows of resources:						
Deferred inflows of tax revenues	1,214	-	2,057	54	289	-
Deferred inflows of special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>1,214</u>	<u>-</u>	<u>2,057</u>	<u>54</u>	<u>289</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	205,048	-	44	38,050
Unassigned	<u>(5,676)</u>	<u>(397)</u>	<u>-</u>	<u>(21,016)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(5,676)</u>	<u>(397)</u>	<u>205,048</u>	<u>(21,016)</u>	<u>44</u>	<u>38,050</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,438</u>	<u>\$ 3</u>	<u>\$ 235,141</u>	<u>\$ (20,962)</u>	<u>\$ 333</u>	<u>\$ 63,587</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds				
	Tax Increment District - Downtown	PERD	Health Insurance	Permissive Medical Levy	Police Pension
ASSETS					
Current assets					
Cash and cash equivalents	\$ 299,461	\$ 3,401	\$ 22,663	\$ -	\$ 54
Receivables					
Property taxes	7,796	1,210	9,142	-	2,008
Other	-	-	-	-	-
Special assessments	17,157	-	-	-	-
Other governments	22,458	8,905	15,998	50,909	12,683
Due from other City funds	19,425	-	50,877	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total current assets	<u>366,297</u>	<u>13,516</u>	<u>98,680</u>	<u>50,909</u>	<u>14,745</u>
Other assets					
Due from other City funds	-	-	-	-	-
Total assets	<u>\$ 366,297</u>	<u>\$ 13,516</u>	<u>\$ 98,680</u>	<u>\$ 50,909</u>	<u>\$ 14,745</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 50,108	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-	-
Due to other City funds	-	-	-	50,877	4,000
Total liabilities	<u>50,108</u>	<u>-</u>	<u>-</u>	<u>50,877</u>	<u>4,000</u>
Deferred inflows of resources:					
Deferred inflows of tax revenues	7,796	1,210	9,142	-	2,008
Deferred inflows of special assessments	17,157	-	-	-	-
Total deferred inflows of resources	<u>24,953</u>	<u>1,210</u>	<u>9,142</u>	<u>-</u>	<u>2,008</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	291,236	12,306	89,538	32	8,737
Unassigned	-	-	-	-	-
Total fund balances	<u>291,236</u>	<u>12,306</u>	<u>89,538</u>	<u>32</u>	<u>8,737</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 366,297</u>	<u>\$ 13,516</u>	<u>\$ 98,680</u>	<u>\$ 50,909</u>	<u>\$ 14,745</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds			
	Fire Pension	CDBG Economic Development Revolving	Livingston Fire Dept/ Park County Rural Fire District Training Center	Impact Fees
ASSETS				
Current assets				
Cash and cash equivalents	\$ 28,407	\$ 895	\$ -	\$ 264,057
Receivables				
Property taxes	1,850	-	-	-
Other	-	591,512	-	-
Special assessments	-	-	-	-
Other governments	12,675	-	-	-
Due from other City funds	4,000	-	-	-
Notes receivable	-	140,311	-	-
Restricted cash and cash equivalents	-	-	-	-
Total current assets	<u>46,932</u>	<u>732,718</u>	<u>-</u>	<u>264,057</u>
Other assets				
Due from other City funds	-	-	-	-
Total assets	<u><u>\$ 46,932</u></u>	<u><u>\$ 732,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 264,057</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 18,464
Advances	-	140,311	-	-
Due to other City funds	-	-	-	-
Total liabilities	<u>-</u>	<u>140,311</u>	<u>-</u>	<u>18,464</u>
Deferred inflows of resources:				
Deferred inflows of tax revenues	1,850	-	-	-
Deferred inflows of special assessments	-	-	-	-
Total deferred inflows of resources	<u>1,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	245,593
Committed	45,082	592,407	-	-
Unassigned	-	-	-	-
Total fund balances	<u>45,082</u>	<u>592,407</u>	<u>-</u>	<u>245,593</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 46,932</u></u>	<u><u>\$ 732,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 264,057</u></u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds				
	S.I.D. Lighting	Parks Department	Law Enforcement	Gas Tax Apportionment	Summerfest
ASSETS					
Current assets					
Cash and cash equivalents	\$ 123,140	\$ 14	\$ 6,447	\$ 133,751	\$ 3
Receivables					
Property taxes	-	-	-	-	-
Other	2,138	90,000	-	-	-
Special assessments	1,771	-	-	-	-
Other governments	14,666	-	-	-	-
Due from other City funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total current assets	<u>141,715</u>	<u>90,014</u>	<u>6,447</u>	<u>133,751</u>	<u>3</u>
Other assets					
Due from other City funds	-	-	-	-	-
Total assets	<u>\$ 141,715</u>	<u>\$ 90,014</u>	<u>\$ 6,447</u>	<u>\$ 133,751</u>	<u>\$ 3</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 76,480	\$ 1,648	\$ -	\$ 50,470	\$ 11
Advances	-	-	-	-	-
Due to other City funds	-	19,425	-	-	725
Total liabilities	<u>76,480</u>	<u>21,073</u>	<u>-</u>	<u>50,470</u>	<u>736</u>
Deferred inflows of resources:					
Deferred inflows of tax revenues	-	-	-	-	-
Deferred inflows of special assessments	1,771	-	-	-	-
Total deferred inflows of resources	<u>1,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	83,281	-
Committed	63,464	68,941	6,447	-	-
Unassigned	-	-	-	-	(733)
Total fund balances	<u>63,464</u>	<u>68,941</u>	<u>6,447</u>	<u>83,281</u>	<u>(733)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 141,715</u>	<u>\$ 90,014</u>	<u>\$ 6,447</u>	<u>\$ 133,751</u>	<u>\$ 3</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Special Revenue Funds</u>		
	<u>Sidewalks</u>	<u>Business Improvement District</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 15,990	\$ 13,608	\$ 979,188
Receivables			
Property taxes	-	-	25,622
Other	-	-	685,100
Special assessments	10,139	1,166	30,233
Other governments	948	3,508	352,927
Due from other City funds	-	-	74,302
Notes receivable	-	-	140,311
Restricted cash and cash equivalents	-	-	-
Total current assets	<u>27,077</u>	<u>18,282</u>	<u>2,287,683</u>
Other assets			
Due from other City funds	-	-	-
Total assets	<u>\$ 27,077</u>	<u>\$ 18,282</u>	<u>\$ 2,287,683</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 46,669	\$ 13,000	\$ 286,073
Advances	-	-	140,311
Due to other City funds	-	-	108,677
Total liabilities	<u>46,669</u>	<u>13,000</u>	<u>535,061</u>
Deferred inflows of resources:			
Deferred inflows of tax revenues	-	-	25,620
Deferred inflows of special assessments	10,139	1,166	30,233
Total deferred inflows of resources	<u>10,139</u>	<u>1,166</u>	<u>55,853</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	328,874
Committed	-	4,116	1,425,448
Unassigned	(29,731)	-	(57,553)
Total fund balances	<u>(29,731)</u>	<u>4,116</u>	<u>1,696,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,077</u>	<u>\$ 18,282</u>	<u>\$ 2,287,683</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

Debt Service Funds				
	2016	2000	West End	
	Fire Truck	Fire Truck	Tax Increment	S.I.D.
	GO Bonds	GO Bonds	District	Revolving
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1	\$ 4,449	\$ 479,787	\$ 11,187
Receivables				
Property taxes	878	825	-	-
Other	-	-	-	-
Special assessments	-	-	-	-
Other governments	7,698	4,499	35,775	-
Due from other City funds	-	7,570	-	12,800
Notes receivable	-	-	-	-
Restricted cash and cash equivalents	-	-	98,667	-
Total current assets	<u>8,577</u>	<u>17,343</u>	<u>614,229</u>	<u>23,987</u>
Other assets				
Due from other City funds	-	-	-	-
Total assets	<u>\$ 8,577</u>	<u>17,343</u>	<u>\$ 614,229</u>	<u>\$ 23,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-
Due to other City funds	<u>7,570</u>	-	-	-
Total liabilities	<u>7,570</u>	-	-	-
Deferred inflows of resources:				
Deferred inflows of tax revenues	878	825	-	-
Deferred inflows of special assessments	-	-	-	-
Total deferred inflows of resources	<u>878</u>	<u>825</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	129	16,518	614,229	20,100
Committed	-	-	-	3,887
Unassigned	-	-	-	-
Total fund balances	<u>129</u>	<u>16,518</u>	<u>614,229</u>	<u>23,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,577</u>	<u>\$ 17,343</u>	<u>\$ 614,229</u>	<u>\$ 23,987</u>

(continued)

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

Debt Service Funds				
	S.I.D. 178	S.I.D. 179	S.I.D. 180	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	18,711	\$ 6	\$ 514,141
Receivables				
Property taxes	-	-	-	1,703
Other	-	-	-	-
Special assessments	-	239,356	17,814	257,170
Other governments	-	-	-	47,972
Due from other City funds	-	-	-	20,370
Notes receivable	-	-	-	-
Restricted cash and cash equivalents	-	-	-	98,667
Total current assets	-	258,067	17,820	940,023
Other assets				
Due from other City funds	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 258,067</u>	<u>\$ 17,820</u>	<u>\$ 940,023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-
Due to other City funds	-	-	12,800	20,370
Total liabilities	-	-	12,800	20,370
Deferred inflows of resources:				
Deferred inflows of tax revenues	-	-	-	1,703
Deferred inflows of special assessments	-	239,356	17,814	257,170
Total deferred inflows of resources	-	239,356	17,814	258,873
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	650,976
Committed	-	18,711	-	22,598
Unassigned	-	-	(12,794)	(12,794)
Total fund balances	-	18,711	(12,794)	660,780
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 258,067</u>	<u>\$ 17,820</u>	<u>\$ 940,023</u>

(continued)

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

Capital Project Funds					
	Capital Improvements	Library Extension	Railroad Underpass	Fire Truck Bond Proceeds	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 8,390	\$ 33,054	\$ 74,286	\$ 10,189	\$ 125,919
Receivables					
Property taxes	-	-	554	-	554
Other	-	-	-	-	-
Special assessments	-	-	-	-	-
Other governments	-	-	5	-	5
Due from other City funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total current assets	<u>8,390</u>	<u>33,054</u>	<u>74,845</u>	<u>10,189</u>	<u>126,478</u>
Other assets					
Due from other City funds	-	-	-	-	-
Total assets	<u>\$ 8,390</u>	<u>\$ 33,054</u>	<u>\$ 74,845</u>	<u>\$ 10,189</u>	<u>\$ 126,478</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,114	\$ -	\$ -	\$ 8,114
Advances	-	-	-	-	-
Due to other City funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,114</u>	<u>-</u>	<u>-</u>	<u>8,114</u>
Deferred inflows of resources:					
Deferred inflows of tax revenues	-	-	554	-	554
Deferred inflows of special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>554</u>	<u>-</u>	<u>554</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	8,390	24,940	74,291	10,189	117,810
Unassigned	-	-	-	-	-
Total fund balances	<u>8,390</u>	<u>24,940</u>	<u>74,291</u>	<u>10,189</u>	<u>117,810</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,390</u>	<u>\$ 33,054</u>	<u>\$ 74,845</u>	<u>\$ 10,189</u>	<u>\$ 126,478</u>

(continued)

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Perpetual Cemetery Care</u>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 190,718	\$ 1,809,966
Receivables		
Property taxes	-	27,879
Other	-	685,100
Special assessments	-	287,403
Other governments	-	400,904
Due from other City funds	16,566	111,238
Notes receivable	-	140,311
Restricted cash and cash equivalents	-	98,667
	<u>207,284</u>	<u>3,561,468</u>
Other assets		
Due from other City funds	<u>33,131</u>	<u>33,131</u>
Total assets	<u>\$ 240,415</u>	<u>\$ 3,594,599</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 294,187
Advances	-	140,311
Due to other City funds	-	129,047
	<u>-</u>	<u>563,545</u>
Total liabilities	-	563,545
Deferred inflows of resources:		
Deferred inflows of tax revenues	-	27,877
Deferred inflows of special assessments	-	287,403
	<u>-</u>	<u>315,280</u>
Total deferred inflows of resources	-	315,280
Fund balances:		
Nonspendable	240,415	240,415
Restricted	-	979,850
Committed	-	1,565,856
Unassigned	-	(70,347)
	<u>240,415</u>	<u>2,715,774</u>
Total fund balances	240,415	2,715,774
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 240,415</u>	<u>\$ 3,594,599</u>

CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	Comprehensive Liability Insurance	Soccer Fields	Library	Emergency/ Disaster	Health- Sanitarian	Dispatch/ Communication
REVENUES						
Taxes	\$ 23,697	\$ -	\$ 83,241	\$ -	\$ 15	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	493,183	-	-	-
Charges for services	-	-	5,289	-	-	250,715
Fines and forfeitures	-	-	3,100	-	-	-
Interest on investments	(470)	(5)	363	(102)	-	90
Loan repayment	-	-	-	-	-	-
Other	-	2,500	3,047	-	-	-
Total revenues	<u>23,227</u>	<u>2,495</u>	<u>588,223</u>	<u>(102)</u>	<u>15</u>	<u>250,805</u>
EXPENDITURES						
Current						
General government	28,597	-	-	-	-	-
Public safety	102,432	-	-	-	-	498,631
Public works	79,461	-	-	-	-	-
Public health	1,875	-	-	-	-	-
Culture and recreation	22,033	-	446,257	-	-	-
Capital outlay	-	1,500	16,667	-	-	35,382
Debt service						
Principal payments	-	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-
Total expenditures	<u>234,398</u>	<u>1,500</u>	<u>462,924</u>	<u>-</u>	<u>-</u>	<u>534,013</u>
Revenues over (under) expenditures	<u>(211,171)</u>	<u>995</u>	<u>125,299</u>	<u>(102)</u>	<u>15</u>	<u>(283,208)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	144,252	-	-	-	-	266,202
Transfers out	-	-	(34,236)	-	-	(50,304)
Premium on issuance of debt	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>144,252</u>	<u>-</u>	<u>(34,236)</u>	<u>-</u>	<u>-</u>	<u>215,898</u>
Net change in fund balance	(66,919)	995	91,063	(102)	15	(67,310)
FUND BALANCES - beginning of year	<u>61,243</u>	<u>(1,392)</u>	<u>113,985</u>	<u>(20,914)</u>	<u>29</u>	<u>105,360</u>
FUND BALANCES - end of year	<u>\$ (5,676)</u>	<u>\$ (397)</u>	<u>\$ 205,048</u>	<u>\$ (21,016)</u>	<u>\$ 44</u>	<u>\$ 38,050</u>

See the Independent Auditors' Report.

(continued)

CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	Tax Increment District - Downtown	PERD	Health Insurance	Permissive Medical Levy	Police Pension
REVENUES					
Taxes	\$ 160,308	\$ 65,944	\$ 118,094	\$ 376,830	\$ 93,853
Special assessments	11,400	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	40,967	2,906	-	-	206,077
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest on investments	1,026	(15)	(141)	(137)	(28)
Loan repayment	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>213,701</u>	<u>68,835</u>	<u>117,953</u>	<u>376,693</u>	<u>299,902</u>
EXPENDITURES					
Current					
General government	159,287	21,580	16,317	45,954	-
Public safety	-	18,663	58,447	164,616	307,304
Public works	-	27,684	45,340	127,700	-
Public health	-	1,857	1,070	3,014	-
Culture and recreation	-	18,663	12,572	35,409	-
Capital outlay	85,107	-	-	-	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Issuance costs	-	-	-	-	-
Total expenditures	<u>244,394</u>	<u>88,447</u>	<u>133,746</u>	<u>376,693</u>	<u>307,304</u>
Revenues over (under) expenditures	<u>(30,693)</u>	<u>(19,612)</u>	<u>(15,793)</u>	<u>-</u>	<u>(7,402)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	21,672	35,688	-	-
Transfers out	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>21,672</u>	<u>35,688</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(30,693)	2,060	19,895	-	(7,402)
FUND BALANCES - end of year	<u>321,929</u>	<u>10,246</u>	<u>69,643</u>	<u>32</u>	<u>16,139</u>
FUND BALANCES - end of year	<u>\$ 291,236</u>	<u>\$ 12,306</u>	<u>\$ 89,538</u>	<u>\$ 32</u>	<u>\$ 8,737</u>

See the Independent Auditors' Report.

(continued)

CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>Fire Pension</u>	<u>CDBG Economic Development Revolving</u>	<u>Livingston Fire Dept/ Park County Rural Fire District Training Center</u>	<u>Impact Fees</u>
REVENUES				
Taxes	\$ 93,670	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	198,951	-	-	-
Charges for services	-	-	-	63,468
Fines and forfeitures	-	-	-	-
Interest on investments	116	3,142	-	1,212
Loan repayment	-	59,651	-	-
Other	-	-	-	-
Total revenues	<u>292,737</u>	<u>62,793</u>	<u>-</u>	<u>64,680</u>
EXPENDITURES				
Current				
General government	-	136,255	-	-
Public safety	289,660	-	-	-
Public works	-	-	-	41,618
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	7,876
Debt service				
Principal payments	-	-	-	-
Interest and fiscal fees	-	-	-	-
Issuance costs	-	-	-	-
Total expenditures	<u>289,660</u>	<u>136,255</u>	<u>-</u>	<u>49,494</u>
Revenues over (under) expenditures	<u>3,077</u>	<u>(73,462)</u>	<u>-</u>	<u>15,186</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(283)	-
Premium on issuance of debt	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(283)</u>	<u>-</u>
Net change in fund balance	3,077	(73,462)	(283)	15,186
FUND BALANCES -				
end of year	<u>42,005</u>	<u>665,869</u>	<u>283</u>	<u>230,407</u>
FUND BALANCES -				
end of year	<u>\$ 45,082</u>	<u>\$ 592,407</u>	<u>\$ -</u>	<u>\$ 245,593</u>

See the Independent Auditors' Report.

(continued)

CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>S.I.D. Lighting</u>	<u>Parks Department</u>	<u>Law Enforcement</u>	<u>Gas Tax Apportionment</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	135,273	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	202,313
Charges for services	-	-	-	200
Fines and forfeitures	-	-	-	-
Interest on investments	506	605	32	536
Loan repayment	-	-	-	-
Other	-	375,632	-	-
Total revenues	<u>135,779</u>	<u>376,237</u>	<u>32</u>	<u>203,049</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	74,965	-	-	-
Public works	-	-	-	118,448
Public health	-	-	-	-
Culture and recreation	-	5,884	-	-
Capital outlay	89,251	363,336	-	87,807
Debt service				
Principal payments	-	-	-	-
Interest and fiscal fees	-	-	-	-
Issuance costs	-	-	-	-
Total expenditures	<u>164,216</u>	<u>369,220</u>	<u>-</u>	<u>206,255</u>
Revenues over (under) expenditures	<u>(28,437)</u>	<u>7,017</u>	<u>32</u>	<u>(3,206)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Premium on issuance of debt	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(28,437)</u>	<u>7,017</u>	<u>32</u>	<u>(3,206)</u>
FUND BALANCES - end of year	<u>91,901</u>	<u>61,924</u>	<u>6,415</u>	<u>86,487</u>
FUND BALANCES - end of year	<u>\$ 63,464</u>	<u>\$ 68,941</u>	<u>\$ 6,447</u>	<u>\$ 83,281</u>

See the Independent Auditors' Report.

(continued)

CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>Summerfest</u>	<u>Sidewalks</u>	<u>Business Improvement District</u>	<u>Special Revenue Totals</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,015,652
Special assessments	-	9,282	42,890	198,845
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	1,144,397
Charges for services	15,832	-	-	335,504
Fines and forfeitures	-	-	-	3,100
Interest on investments	(18)	67	79	6,858
Loan repayment	-	-	-	59,651
Other	-	-	-	381,179
Total revenues	<u>15,814</u>	<u>9,349</u>	<u>42,969</u>	<u>3,145,186</u>
EXPENDITURES				
Current				
General government	-	-	41,850	449,840
Public safety	-	-	-	1,514,718
Public works	-	-	-	440,251
Public health	-	-	-	7,816
Culture and recreation	7,680	-	-	548,498
Capital outlay	-	46,669	-	733,595
Debt service				
Principal payments	-	-	-	-
Interest and fiscal fees	-	-	-	-
Issuance costs	-	-	-	-
Total expenditures	<u>7,680</u>	<u>46,669</u>	<u>41,850</u>	<u>3,694,718</u>
Revenues over (under) expenditures	<u>8,134</u>	<u>(37,320)</u>	<u>1,119</u>	<u>(549,532)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	467,814
Transfers out	-	-	-	(84,823)
Premium on issuance of debt	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,991</u>
Net change in fund balance	8,134	(37,320)	1,119	(166,541)
FUND BALANCES -				
end of year	<u>(8,867)</u>	<u>7,589</u>	<u>2,997</u>	<u>1,863,310</u>
FUND BALANCES -				
end of year	<u>\$ (733)</u>	<u>\$ (29,731)</u>	<u>\$ 4,116</u>	<u>\$ 1,696,769</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	2016 Fire Truck GO Bonds	2000 Fire Truck GO Bonds	West End Tax Increment District	S.I.D. Revolving
REVENUES				
Taxes	\$ 56,883	\$ 33,297	\$ 108,044	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	13,189	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	52	120	2,219	158
Loan repayment	-	-	-	-
Other	-	-	-	-
Total revenues	<u>56,935</u>	<u>33,417</u>	<u>123,452</u>	<u>158</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal payments	36,775	30,000	56,000	-
Interest and fiscal fees	20,519	2,350	18,713	-
Issuance costs	-	-	-	-
Total expenditures	<u>57,294</u>	<u>32,350</u>	<u>74,713</u>	<u>-</u>
Revenues over (under) expenditures	<u>(359)</u>	<u>1,067</u>	<u>48,739</u>	<u>158</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	12,056
Transfers out	-	-	-	(14,556)
Premium on issuance of debt	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Net change in fund balance	(359)	1,067	48,739	(2,342)
FUND BALANCES - beginning of year	<u>488</u>	<u>15,451</u>	<u>565,490</u>	<u>26,329</u>
FUND BALANCES - end of year	<u>\$ 129</u>	<u>\$ 16,518</u>	<u>\$ 614,229</u>	<u>\$ 23,987</u>

See the Independent Auditors' Report.

(continued)

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>S.I.D. 178</u>	<u>S.I.D. 179</u>	<u>S.I.D. 180</u>	<u>Debt Service Totals</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 198,224
Special assessments	-	32,513	4,114	36,627
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	13,189
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	-	115	(77)	2,587
Loan repayment	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>32,628</u>	<u>4,037</u>	<u>250,627</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal payments	-	24,000	-	146,775
Interest and fiscal fees	-	8,213	-	49,795
Issuance costs	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>32,213</u>	<u>-</u>	<u>196,570</u>
Revenues over (under) expenditures	<u>-</u>	<u>415</u>	<u>4,037</u>	<u>54,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	12,056
Transfers out	(12,056)	-	-	(26,612)
Premium on issuance of debt	-	-	-	-
Issuance of debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,056)</u>	<u>-</u>	<u>-</u>	<u>(14,556)</u>
Net change in fund balance	(12,056)	415	4,037	39,501
FUND BALANCES -				
end of year	<u>12,056</u>	<u>18,296</u>	<u>(16,831)</u>	<u>621,279</u>
FUND BALANCES -				
end of year	<u>\$ -</u>	<u>\$ 18,711</u>	<u>\$ (12,794)</u>	<u>\$ 660,780</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>Capital Improvements</u>	<u>Library Extension</u>	<u>Railroad Underpass</u>	<u>Fire Truck Bond Proceeds</u>	<u>Capital Projects Totals</u>
REVENUES					
Taxes	\$ -	\$ -	\$ 28	\$ -	\$ 28
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest on investments	40	159	361	-	560
Loan repayment	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>40</u>	<u>159</u>	<u>389</u>	<u>-</u>	<u>588</u>
EXPENDITURES					
Current					
General government	-	-	155	-	155
Public safety	-	-	-	12,959	12,959
Public works	-	-	-	-	-
Public health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	8,114	-	-	8,114
Debt service					
Principal payments	-	-	29,627	-	29,627
Interest and fiscal fees	-	-	2,828	-	2,828
Issuance costs	-	-	-	-	-
Total expenditures	<u>-</u>	<u>8,114</u>	<u>32,610</u>	<u>12,959</u>	<u>53,683</u>
Revenues over (under) expenditures	<u>40</u>	<u>(7,955)</u>	<u>(32,221)</u>	<u>(12,959)</u>	<u>(53,095)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	8,000	-	8,000
Transfers out	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Net change in fund balance	40	(7,955)	(24,221)	(12,959)	(45,095)
FUND BALANCES, beginning of year	<u>8,350</u>	<u>32,895</u>	<u>98,512</u>	<u>23,148</u>	<u>162,905</u>
FUND BALANCES, end of year	<u>\$ 8,390</u>	<u>\$ 24,940</u>	<u>\$ 74,291</u>	<u>\$ 10,189</u>	<u>\$ 117,810</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	<u>Perpetual Cemetery Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Taxes	\$ -	\$ 1,213,904
Special assessments	-	235,472
Licenses and permits	-	-
Intergovernmental	-	1,157,586
Charges for services	1,700	337,204
Fines and forfeitures	-	3,100
Interest on investments	2,805	12,810
Loan repayment	-	59,651
Other	-	381,179
	<u>-</u>	<u>381,179</u>
Total revenues	<u>4,505</u>	<u>3,400,906</u>
EXPENDITURES		
Current		
General government	-	449,995
Public safety	-	1,527,677
Public works	-	440,251
Public health	-	7,816
Culture and recreation	-	548,498
Capital outlay	-	741,709
Debt service		
Principal payments	-	176,402
Interest and fiscal fees	-	52,623
Issuance costs	-	-
	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>3,944,971</u>
Revenues over (under) expenditures	<u>4,505</u>	<u>(544,065)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	487,870
Transfers out	(2,806)	(114,241)
Premium on issuance of debt	-	-
Issuance of debt	-	-
	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,806)</u>	<u>373,629</u>
Net change in fund balance	1,699	(170,436)
FUND BALANCES -		
beginning of year	<u>238,716</u>	<u>2,886,210</u>
FUND BALANCES -		
end of year	<u>\$ 240,415</u>	<u>\$ 2,715,774</u>

See the Independent Auditors' Report.

BUDGET (GAAP BASIS) TO ACTUAL SCHEDULES – NONMAJOR FUNDS

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Comprehensive Liability Insurance			Soccer Fields		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 23,786	23,697	(89)	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	(470)	(470)	-	(5)	(5)
Other	-	-	-	3,888	2,500	(1,388)
Total revenues	<u>23,786</u>	<u>23,227</u>	<u>(559)</u>	<u>3,888</u>	<u>2,495</u>	<u>(1,393)</u>
EXPENDITURES - BUDGET UNIT	<u>234,650</u>	<u>234,398</u>	<u>252</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Revenues over (under) expenditures	<u>(210,864)</u>	<u>(211,171)</u>	<u>(307)</u>	<u>2,388</u>	<u>995</u>	<u>(1,393)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	151,711	144,252	(7,459)	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>151,711</u>	<u>144,252</u>	<u>(7,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(59,153)</u>	<u>(66,919)</u>	<u>(7,766)</u>	<u>2,388</u>	<u>995</u>	<u>(1,393)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>61,243</u>			<u>(1,392)</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ (5,676)</u>			<u>\$ (397)</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Library			Emergency/Disaster		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 77,677	83,241	5,564	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	422,903	493,183	70,280	-	-	-
Charges for services	5,550	5,289	(261)	-	-	-
Fines and forfeitures	3,500	3,100	(400)	-	-	-
Interest on investments	400	363	(37)	-	(102)	(102)
Other	5,250	3,047	(2,203)	-	-	-
Total revenues	515,280	588,223	72,943	-	(102)	(102)
EXPENDITURES - BUDGET UNIT	495,900	462,924	32,976	-	-	-
Revenues over (under) expenditures	19,380	125,299	105,919	-	(102)	(102)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(34,241)	(34,236)	5	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	(34,241)	(34,236)	5	-	-	-
Revenues and other sources over (under) expenditures	<u>(14,861)</u>	91,063	<u>105,924</u>	<u>-</u>	(102)	<u>(102)</u>
FUND BALANCE (DEFICIT), beginning of year		113,985			(20,914)	
FUND BALANCE (DEFICIT), end of year		<u>\$ 205,048</u>			<u>\$ (21,016)</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Health-Sanitarian			Dispatch/Communication		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	15	15	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	266,552	250,715	(15,837)
Fines and forfeitures	-	-	-	300	-	(300)
Interest on investments	-	-	-	400	90	(310)
Other	-	-	-	-	-	-
Total revenues	-	15	15	267,252	250,805	(16,447)
EXPENDITURES - BUDGET UNIT	-	-	-	536,136	534,013	2,123
Revenues over (under) expenditures	-	15	15	(268,884)	(283,208)	(14,324)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	266,202	266,202	-
Transfers out	-	-	-	(50,301)	(50,304)	(3)
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	215,901	215,898	(3)
Revenues and other sources over (under) expenditures	-	15	15	(52,983)	(67,310)	(14,327)
FUND BALANCE (DEFICIT), beginning of year		29			105,360	
FUND BALANCE (DEFICIT), end of year		\$ 44			\$ 38,050	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Tax Increment District - Downtown			PERD		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 132,500	160,308	27,808	\$ 66,516	65,944	(572)
Special assessments	13,000	11,400	(1,600)	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	40,967	40,967	-	2,750	2,906	156
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	2,000	1,026	(974)	-	(15)	(15)
Other	-	-	-	-	-	-
Total revenues	<u>188,467</u>	<u>213,701</u>	<u>25,234</u>	<u>69,266</u>	<u>68,835</u>	<u>(431)</u>
EXPENDITURES - BUDGET UNIT	<u>468,674</u>	<u>244,394</u>	<u>224,280</u>	<u>88,475</u>	<u>88,447</u>	<u>28</u>
Revenues over (under) expenditures	<u>(280,207)</u>	<u>(30,693)</u>	<u>249,514</u>	<u>(19,209)</u>	<u>(19,612)</u>	<u>(403)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	21,670	21,672	2
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,670</u>	<u>21,672</u>	<u>2</u>
Revenues and other sources over (under) expenditures	<u>(280,207)</u>	<u>(30,693)</u>	<u>249,514</u>	<u>2,461</u>	<u>2,060</u>	<u>(401)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>321,929</u>			<u>10,246</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 291,236</u>			<u>\$ 12,306</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Health Insurance			Permissive Medical Levy		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 105,667	118,094	12,427	\$ 376,665	376,830	165
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	(141)	(141)	-	(137)	(137)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	105,667	117,953	12,286	376,665	376,693	28
EXPENDITURES - BUDGET UNIT	179,556	133,746	45,810	376,795	376,693	102
Revenues over (under) expenditures	(73,889)	(15,793)	58,096	(130)	-	130
OTHER FINANCING SOURCES						
Transfers in	35,688	35,688	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	35,688	35,688	-	-	-	-
Revenues and other sources over (under) expenditures	<u>(38,201)</u>	19,895	<u>58,096</u>	<u>(130)</u>	-	<u>130</u>
FUND BALANCE (DEFICIT), beginning of year		69,643			32	
FUND BALANCE (DEFICIT), end of year		<u>\$ 89,538</u>			<u>\$ 32</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Police Pension			Fire Pension		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 94,306	93,853	(453)	\$ 94,031	93,670	(361)
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	218,728	206,077	(12,651)	200,453	198,951	(1,502)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	(28)	(28)	100	116	16
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>313,034</u>	<u>299,902</u>	<u>(13,132)</u>	<u>294,584</u>	<u>292,737</u>	<u>(1,847)</u>
EXPENDITURES - BUDGET UNIT	<u>318,998</u>	<u>307,304</u>	<u>11,694</u>	<u>308,999</u>	<u>289,660</u>	<u>19,339</u>
Revenues over (under) expenditures	<u>(5,964)</u>	<u>(7,402)</u>	<u>(1,438)</u>	<u>(14,415)</u>	<u>3,077</u>	<u>17,492</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(5,964)</u>	<u>(7,402)</u>	<u>(1,438)</u>	<u>(14,415)</u>	<u>3,077</u>	<u>17,492</u>
FUND BALANCE (DEFICIT), beginning of year		<u>16,139</u>			<u>42,005</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 8,737</u>			<u>\$ 45,082</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	CDBG Economic Development Revolving			Livingston Fire Dept/Park County Rural Fire District Training 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	-	-	-	-	-	-
Interest on investments	-	3,142	3,142	-	-	-
Loan repayment	55,000	59,651	4,651	-	-	-
Other	-	-	-	-	-	-
Total revenues	55,000	62,793	7,793	-	-	-
EXPENDITURES - BUDGET UNIT	723,947	136,255	587,692	1	-	1
Revenues over (under) expenditures	(668,947)	(73,462)	595,485	(1)	-	1
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(285)	(283)	2
Issuance of debt	-	-	-	-	-	-
Total other financing sources	-	-	-	(285)	(283)	2
Revenues and other sources over (under) expenditures	(668,947)	(73,462)	595,485	(286)	(283)	3
FUND BALANCE (DEFICIT), beginning of year		665,869			283	
FUND BALANCE (DEFICIT), end of year		\$ 592,407			\$ -	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Impact Fees			S.I.D. Lighting		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	136,450	135,273	(1,177)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	60,900	63,468	2,568	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	1,212	1,212	100	506	406
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	60,900	64,680	3,780	136,550	135,779	(771)
EXPENDITURES - BUDGET UNIT	129,500	49,494	80,006	179,250	164,216	15,034
Revenues over (under) expenditures	(68,600)	15,186	83,786	(42,700)	(28,437)	14,263
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	(68,600)	15,186	83,786	(42,700)	(28,437)	14,263
FUND BALANCE (DEFICIT), beginning of year		230,407			91,901	
FUND BALANCE (DEFICIT), end of year		\$ 245,593			\$ 63,464	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Parks Department			Law Enforcement		
	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	500	605	105	25	32	7
Loan repayment	-	-	-	-	-	-
Other	316,780	375,632	58,852	100	-	(100)
Total revenues	317,280	376,237	58,957	125	32	(93)
EXPENDITURES - BUDGET UNIT	369,500	369,220	280	5,000	-	5,000
Revenues over (under) expenditures	(52,220)	7,017	59,237	(4,875)	32	4,907
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>(52,220)</u>	7,017	<u>59,237</u>	<u>(4,875)</u>	32	<u>4,907</u>
FUND BALANCE (DEFICIT), beginning of year		61,924			6,415	
FUND BALANCE (DEFICIT), end of year		<u>\$ 68,941</u>			<u>\$ 6,447</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Gas Tax Apportionment			Summerfest		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	203,567	202,313	(1,254)	-	-	-
Charges for services	150	200	50	18,000	15,832	(2,168)
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	100	536	436	-	(18)	(18)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>203,817</u>	<u>203,049</u>	<u>(768)</u>	<u>18,000</u>	<u>15,814</u>	<u>(2,186)</u>
EXPENDITURES - BUDGET						
UNIT	<u>243,000</u>	<u>206,255</u>	<u>36,745</u>	<u>15,447</u>	<u>7,680</u>	<u>7,767</u>
Revenues over (under) expenditures	<u>(39,183)</u>	<u>(3,206)</u>	<u>35,977</u>	<u>2,553</u>	<u>8,134</u>	<u>5,581</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u><u>(39,183)</u></u>	<u><u>(3,206)</u></u>	<u><u>35,977</u></u>	<u><u>2,553</u></u>	<u><u>8,134</u></u>	<u><u>5,581</u></u>
FUND BALANCE (DEFICIT), beginning of year		<u>86,487</u>			<u>(8,867)</u>	
FUND BALANCE (DEFICIT), end of year		<u><u>\$ 83,281</u></u>			<u><u>\$ (733)</u></u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Sidewalks			Business Improvement District		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	9,545	9,282	(263)	45,200	42,890	(2,310)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	67	67	-	79	79
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	9,545	9,349	(196)	45,200	42,969	(2,231)
EXPENDITURES - BUDGET UNIT	47,500	46,669	831	45,200	41,850	3,350
Revenues over (under) expenditures	(37,955)	(37,320)	635	-	1,119	1,119
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>(37,955)</u>	<u>(37,320)</u>	<u>635</u>	<u>-</u>	<u>1,119</u>	<u>1,119</u>
FUND BALANCE (DEFICIT), beginning of year		7,589			2,997	
FUND BALANCE (DEFICIT), end of year		<u>\$ (29,731)</u>			<u>\$ 4,116</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Total		Variance
	Budget	Actual	Positive (Negative)
REVENUES			
Taxes	\$ 971,148	1,015,652	44,504
Special assessments	204,195	198,845	(5,350)
Licenses and permits	-	-	-
Intergovernmental	1,089,368	1,144,397	55,029
Charges for services	351,152	335,504	(15,648)
Fines and forfeitures	3,800	3,100	(700)
Interest on investments	3,625	6,858	3,233
Loan repayment	55,000	59,651	4,651
Other	326,018	381,179	55,161
Total revenues	<u>3,004,306</u>	<u>3,145,186</u>	<u>140,880</u>
EXPENDITURES - BUDGET			
UNIT	<u>4,768,028</u>	<u>3,694,718</u>	<u>1,073,310</u>
Revenues over (under) expenditures	<u>(1,763,722)</u>	<u>(549,532)</u>	<u>1,214,190</u>
OTHER FINANCING SOURCES			
Transfers in	475,271	467,814	(7,457)
Transfers out	(84,827)	(84,823)	4
Issuance of debt	-	-	-
Total other financing sources	<u>390,444</u>	<u>382,991</u>	<u>(7,453)</u>
Revenues and other sources over (under) expenditures	<u>(1,373,278)</u>	<u>(166,541)</u>	<u>1,206,737</u>
FUND BALANCE (DEFICIT), beginning of year		<u>1,863,310</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 1,696,769</u>	

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	2016 Fire Truck GO Bonds			2000 Fire Truck GO Bonds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 49,437	56,883	7,446	\$ 33,333	33,297	(36)
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	52	52	100	120	20
Other	-	-	-	-	-	-
Total revenue	<u>49,437</u>	<u>56,935</u>	<u>7,498</u>	<u>33,433</u>	<u>33,417</u>	<u>(16)</u>
EXPENDITURES						
Current - General Government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	35,000	36,775	(1,775)	30,000	30,000	-
Interest and fiscal fees	<u>22,295</u>	<u>20,519</u>	<u>1,776</u>	<u>2,350</u>	<u>2,350</u>	<u>-</u>
Total expenditures	<u>57,295</u>	<u>57,294</u>	<u>1</u>	<u>32,350</u>	<u>32,350</u>	<u>-</u>
Revenues over (under) expenditures	<u>(7,858)</u>	<u>(359)</u>	<u>7,499</u>	<u>1,083</u>	<u>1,067</u>	<u>(16)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>(7,858)</u>	<u>(359)</u>	<u>7,499</u>	<u>1,083</u>	<u>1,067</u>	<u>(16)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>488</u>			<u>15,451</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 129</u>			<u>\$ 16,518</u>	

(continued)

CITY OF LIVINGSTON, MONTANA
DEBT SERVICE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	West End Tax Increment District			S.I.D. Revolving		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 110,000	108,044	(1,956)	\$ -	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	13,189	13,189	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	1,000	2,219	1,219	75	158	83
Other	-	-	-	-	-	-
Total revenue	<u>124,189</u>	<u>123,452</u>	<u>(737)</u>	<u>75</u>	<u>158</u>	<u>83</u>
EXPENDITURES						
Current - General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	56,000	56,000	-	-	-	-
Interest and fiscal fees	<u>18,715</u>	<u>18,713</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>74,715</u>	<u>74,713</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>49,474</u>	<u>48,739</u>	<u>(735)</u>	<u>75</u>	<u>158</u>	<u>83</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	12,000	12,056	56
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,556)</u>	<u>(14,556)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,556)</u>	<u>(2,500)</u>	<u>56</u>
Revenues and other sources over (under) expenditures and other uses	<u>49,474</u>	<u>48,739</u>	<u>(735)</u>	<u>(2,481)</u>	<u>(2,342)</u>	<u>139</u>
FUND BALANCE (DEFICIT), beginning of year		<u>565,490</u>			<u>26,329</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 614,229</u>			<u>\$ 23,987</u>	

(continued)

CITY OF LIVINGSTON, MONTANA
DEBT SERVICE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	S.I.D. 178			S.I.D. 179		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	32,515	32,513	(2)
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	-	-	50	115	65
Other	-	-	-	-	-	-
Total revenue	-	-	-	32,565	32,628	63
EXPENDITURES						
Current - General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	24,000	24,000	-
Interest and fiscal fees	-	-	-	8,215	8,213	2
Total expenditures	-	-	-	32,215	32,213	2
Revenues over (under) expenditures	-	-	-	350	415	65
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(12,056)	(12,056)	-	-	-	-
Total other financing sources (uses)	(12,056)	(12,056)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(12,056)	(12,056)	-	350	415	65
FUND BALANCE (DEFICIT), beginning of year		12,056			18,296	
FUND BALANCE (DEFICIT), end of year		\$ -			\$ 18,711	

(continued)

CITY OF LIVINGSTON, MONTANA
DEBT SERVICE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	S.I.D. 180			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ 192,770	198,224	5,454
Special assessments	4,113	4,114	1	36,628	36,627	(1)
Intergovernmental	-	-	-	13,189	13,189	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	(77)	(77)	1,225	2,587	1,362
Other	-	-	-	-	-	-
Total revenue	<u>4,113</u>	<u>4,037</u>	<u>(76)</u>	<u>243,812</u>	<u>250,627</u>	<u>6,815</u>
EXPENDITURES						
Current - General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	145,000	146,775	(1,775)
Interest and fiscal fees	-	-	-	51,575	49,795	1,780
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,575</u>	<u>196,570</u>	<u>5</u>
Revenues over (under) expenditures	<u>4,113</u>	<u>4,037</u>	<u>(76)</u>	<u>47,237</u>	<u>54,057</u>	<u>6,820</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	12,000	12,056	56
Transfers out	-	-	-	(26,612)	(26,612)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,612)</u>	<u>(14,556)</u>	<u>56</u>
Revenues and other sources over (under) expenditures and other uses	<u>4,113</u>	<u>4,037</u>	<u>(76)</u>	<u>32,625</u>	<u>39,501</u>	<u>6,876</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(16,831)</u>			<u>621,279</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ (12,794)</u>			<u>\$ 660,780</u>	

CITY OF LIVINGSTON, MONTANA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Capital Improvements			Library Extension		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	40	40	100	159	59
Other	-	-	-	-	-	-
Total revenue	-	40	40	100	159	59
EXPENDITURES						
Current - General Government	-	-	-	-	-	-
Capital outlay	8,561	-	8,561	30,000	8,114	21,886
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-
Total expenditures	8,561	-	8,561	30,000	8,114	21,886
Revenues over (under) expenditures	(8,561)	40	8,601	(29,900)	(7,955)	21,945
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(8,561)	40	8,601	(29,900)	(7,955)	21,945
FUND BALANCE (DEFICIT), beginning of year		8,350			32,895	
FUND BALANCE (DEFICIT), end of year		<u>\$ 8,390</u>			<u>\$ 24,940</u>	

(continued)

CITY OF LIVINGSTON, MONTANA
CAPITAL PROJECT FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Railroad Underpass			Fire Truck Bond Proceeds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Favorable (Negative)
REVENUES						
Taxes	\$ -	28	28	\$ -	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	400	361	(39)	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>400</u>	<u>389</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current - General government	-	155	(155)	13,000	12,959	41
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	32,611	29,627	2,984	-	-	-
Interest and fiscal fees	-	2,828	(2,828)	-	-	-
Issuance costs	-	-	-	-	-	-
Total expenditures	<u>32,611</u>	<u>32,610</u>	<u>1</u>	<u>13,000</u>	<u>12,959</u>	<u>41</u>
Revenues over (under) expenditures	<u>(32,211)</u>	<u>(32,221)</u>	<u>(10)</u>	<u>(13,000)</u>	<u>(12,959)</u>	<u>41</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,000	8,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>(24,211)</u>	<u>(24,221)</u>	<u>(10)</u>	<u>(13,000)</u>	<u>(12,959)</u>	<u>41</u>
FUND BALANCE (DEFICIT), beginning of year		<u>98,512</u>			<u>23,148</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 74,291</u>			<u>\$ 10,189</u>	

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
CAPITAL PROJECT FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Total		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	28	28
Special assessments	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest on investments	500	560	60
Other	-	-	-
Total revenue	<u>500</u>	<u>588</u>	<u>88</u>
EXPENDITURES			
Current	-	13,114	(13,114)
Capital outlay	38,561	8,114	30,447
Debt service			
Principal	32,611	29,627	2,984
Interest and fiscal fees	-	2,828	(2,828)
Issuance costs	-	-	-
Total expenditures	<u>71,172</u>	<u>53,683</u>	<u>17,489</u>
Revenues over (under) expenditures	<u>(70,672)</u>	<u>(53,095)</u>	<u>17,577</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	8,000	8,000	-
Operating transfers out	-	-	-
Premium on issuance of debt	-	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>(62,672)</u>	<u>(45,095)</u>	<u>17,577</u>
FUND EQUITY, beginning of year		<u>162,905</u>	
FUND EQUITY, end of year		<u>\$ 117,810</u>	

CITY OF LIVINGSTON, MONTANA
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	Cemetery Perpetual Care		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	-	-
Special assessments	-	-	-
Intergovernmental	-	-	-
Charges for services	1,700	1,700	-
Interest on investments	2,900	2,805	(95)
Other	-	-	-
Total revenue	<u>4,600</u>	<u>4,505</u>	<u>(95)</u>
EXPENDITURES			
Current - General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>4,600</u>	<u>4,505</u>	<u>(95)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(2,900)</u>	<u>(2,806)</u>	<u>94</u>
Total other financing sources (uses)	<u>(2,900)</u>	<u>(2,806)</u>	<u>94</u>
Revenues and other sources over (under) expenditures and other uses	<u>1,700</u>	1,699	<u>(1)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>238,716</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 240,415</u>	

See Independent Auditors' Report.

AGENCY FUNDS STATEMENTS

CITY OF LIVINGSTON, MONTANA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

	<u>Payroll Agency</u>
ASSETS	
Cash and cash equivalents	\$ 52,298
Prepaid health insurance	<u>67,302</u>
Total assets	<u><u>\$ 119,600</u></u>
LIABILITIES	
Accounts payable	\$ 119,600
Other	<u>-</u>
Total liabilities	<u><u>\$ 119,600</u></u>

See Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2018

	Payroll Agency			
	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 39,095	\$ 13,203	\$ -	\$ 52,298
Prepaid health insurance	67,302	-	-	67,302
Total assets	<u>\$ 106,397</u>	<u>\$ 13,203</u>	<u>\$ -</u>	<u>\$ 119,600</u>
LIABILITIES				
Accounts payable	\$ 106,397	\$ -	\$ 13,203	119,600
Other	-	-	-	-
Total liabilities	<u>\$ 106,397</u>	<u>\$ -</u>	<u>\$ 13,203</u>	<u>\$ 119,600</u>

See Independent Auditors' Report.

PART III

STATISTICAL SECTION

Statistical Section

This part of the City of Livingston'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.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time	III-1
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	III-6
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.	III-13
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.	III-18
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.	III-20

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

Financial Trends Section

The best predictor of the future is often the past. Therefore, the financial trends section offers selected information from previous years' financial statements to allow users to assess trends.

CITY OF LIVINGSTON
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2009</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 4,791,902	\$ 5,250,251	\$ 6,078,018	\$ 6,345,938	\$ 7,055,867	\$ 7,917,516	\$ 8,612,168	\$ 10,404,137	\$ 11,464,716	\$ 12,465,450
Restricted - Nonexpendable	240,728	242,403	213,093	223,302	219,534	222,258	232,837	235,763	238,636	240,415
Restricted - Expendable	-	-	-	-	-	-	131	80	80	-
Restricted for General Government	-	-	257,535	-	-	-	-	-	-	-
Restricted for Public Works	20,867	27,409	169,005	195,117	203,686	274,167	384,746	289,583	316,894	328,874
Restricted for Public Safety	-	-	-	-	7,753	280	281	282	283	-
Restricted for Culture and Recreation	-	-	-	-	129,183	137,058	128,044	118,125	61,865	-
Restricted for Debt Service	98,667	119,647	147,350	185,384	227,928	111,547	563,178	606,564	603,929	650,976
Unrestricted - Long-term Receivable	-	-	131,465	131,465	123,333	109,463	-	-	-	-
Unrestricted	2,779,245	3,345,619	3,150,717	3,798,037	3,848,976	3,944,824	117,488	10,063	(873,785)	(1,052,689)
Total governmental activities	<u>\$ 7,931,409</u>	<u>\$ 8,985,329</u>	<u>\$ 10,147,183</u>	<u>\$ 10,879,243</u>	<u>\$ 11,816,260</u>	<u>\$ 12,717,113</u>	<u>\$ 10,038,873</u>	<u>\$ 11,664,597</u>	<u>\$ 11,812,618</u>	<u>\$ 12,633,026</u>
Business-type activities										
Net investment in capital assets	12,763,957	13,569,445	13,516,375	14,152,599	14,659,760	15,199,573	15,737,528	16,103,349	15,861,620	18,485,014
Restricted for Debt Service	244,469	275,302	-	264,538	264,538	297,373	297,373	239,538	239,538	522,096
Unrestricted	507,647	615,639	1,030,158	663,525	558,508	274,064	(726,022)	334,821	1,785,618	1,916,154
Total business-type activities	<u>\$ 13,516,073</u>	<u>\$ 14,460,386</u>	<u>\$ 14,546,533</u>	<u>\$ 15,080,662</u>	<u>\$ 15,482,806</u>	<u>\$ 15,771,010</u>	<u>\$ 15,308,879</u>	<u>\$ 16,677,708</u>	<u>\$ 17,886,776</u>	<u>\$ 20,923,264</u>
Primary government										
Net investment in capital assets	17,555,859	18,819,696	19,594,393	20,498,537	21,715,627	23,117,089	24,349,696	26,507,486	27,326,336	30,950,464
Restricted - Nonexpendable	240,728	242,403	213,093	223,302	219,534	222,258	232,837	235,763	238,636	240,415
Restricted - Expendable	-	-	-	-	-	-	131	80	80	-
Restricted for General Government	-	-	257,535	-	-	-	-	-	-	-
Restricted for Public Works	20,867	27,409	169,005	195,117	203,686	274,167	384,746	289,583	316,894	328,874
Restricted for Public Safety	-	-	-	-	7,753	280	281	282	283	-
Restricted for Culture and Recreation	-	-	-	-	129,183	137,058	128,044	118,125	61,865	-
Restricted for Debt Service	343,136	394,949	147,350	449,922	492,466	408,920	860,551	846,102	843,467	1,173,072
Unrestricted - Long-term Receivable	-	-	131,465	131,465	123,333	109,463	-	-	-	-
Unrestricted	3,286,892	3,961,258	4,180,875	4,461,562	4,407,484	4,218,888	(608,534)	344,884	911,833	863,465
Total primary government net position	<u>\$ 21,447,482</u>	<u>\$ 23,445,715</u>	<u>\$ 24,693,716</u>	<u>\$ 25,959,905</u>	<u>\$ 27,299,066</u>	<u>\$ 28,488,123</u>	<u>\$ 25,347,752</u>	<u>\$ 28,342,305</u>	<u>\$ 29,699,394</u>	<u>\$ 33,556,290</u>

CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years

	<u>2009</u>	<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>
EXPENSES										
Governmental activities:										
General government	\$ 746,860	\$ 749,152	\$ 1,031,773	\$ 1,122,470	\$ 1,135,135	\$ 1,193,800	\$ 1,766,027	\$ 1,323,636	\$ 1,802,374	\$ 1,440,282
Public Safety	2,753,670	2,944,873	3,098,097	3,015,754	3,152,724	3,322,504	3,171,975	3,078,142	3,370,409	3,562,091
Public Works	956,690	763,844	941,905	1,089,382	1,021,021	1,075,975	1,445,836	1,504,248	1,586,810	1,580,013
Public Health	33,215	80,401	96,381	98,443	116,736	112,524	108,937	126,097	131,346	118,479
Social and economic services	10,010	-	-	-	-	-	-	-	-	-
Culture and recreation	890,856	953,065	976,499	965,639	996,843	970,960	1,069,027	1,042,414	1,155,098	1,054,015
Housing and community development	86,383	-	-	-	-	-	-	-	-	-
Other current charges	14,689	-	-	-	-	-	-	-	-	-
Interest on long-term debt	101,882	85,257	71,427	77,361	50,831	49,771	45,618	42,674	71,621	61,644
Total governmental activities expenses	<u>\$ 5,594,255</u>	<u>\$ 5,576,592</u>	<u>\$ 6,216,082</u>	<u>\$ 6,369,049</u>	<u>\$ 6,473,290</u>	<u>\$ 6,725,534</u>	<u>\$ 7,607,420</u>	<u>\$ 7,117,211</u>	<u>\$ 8,117,658</u>	<u>\$ 7,816,524</u>
Business-type activities:										
Water	1,009,865	962,942	1,009,560	1,049,151	1,075,920	1,181,411	1,065,013	1,038,601	1,004,783	1,187,183
Wastewater	1,320,939	1,348,657	1,425,800	1,521,606	1,477,751	1,663,023	1,394,283	1,448,739	1,431,250	1,381,741
Solid waste	1,135,456	1,057,280	947,897	1,039,317	1,320,116	1,641,254	1,472,662	1,501,176	1,601,584	1,689,300
Ambulance	571,103	623,264	1,059,037	613,363	636,765	660,829	661,904	813,205	956,312	1,138,985
Total business-type activities expenses	<u>4,037,363</u>	<u>3,992,143</u>	<u>4,442,294</u>	<u>4,223,437</u>	<u>4,510,552</u>	<u>5,146,517</u>	<u>4,593,862</u>	<u>4,801,721</u>	<u>4,993,929</u>	<u>5,397,209</u>
Total primary government net assets	<u>\$ 9,631,618</u>	<u>\$ 9,568,735</u>	<u>\$ 10,658,376</u>	<u>\$ 10,592,486</u>	<u>\$ 10,983,842</u>	<u>\$ 11,872,051</u>	<u>\$ 12,201,282</u>	<u>\$ 11,918,932</u>	<u>\$ 13,111,587</u>	<u>\$ 13,213,733</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
General government	266,869	156,540	161,749	161,870	165,481	188,666	195,798	192,165	171,750	193,042
Public Safety	327,994	367,608	390,667	434,824	418,833	396,905	471,018	452,286	432,552	430,449
Public Works	861,023	979,448	1,517,435	941,032	1,181,471	1,278,691	1,404,223	1,356,289	1,365,404	1,387,620
Social and economic services	10,021	-	-	-	-	-	-	-	-	-
Culture and recreation	90,190	100,514	105,748	116,791	113,506	104,158	96,009	77,683	138,428	115,808
Operating Grants and Contributions	838,060	758,947	782,756	831,849	799,383	832,410	1,324,873	704,709	720,953	1,132,352
Capital Grants and Contributions	2,054	310,688	396,285	165,707	174,399	258,531	181,879	565,561	419,466	149,873
Total governmental activities program revenues	<u>\$ 2,396,211</u>	<u>\$ 2,673,745</u>	<u>\$ 3,354,640</u>	<u>\$ 2,652,073</u>	<u>\$ 2,853,073</u>	<u>\$ 3,059,361</u>	<u>\$ 3,673,800</u>	<u>\$ 3,348,693</u>	<u>\$ 3,248,553</u>	<u>\$ 3,409,144</u>

CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years

	<u>2009</u>	<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>
Business-type activities:										
Charges for Services:										
Water	1,141,988	1,205,136	1,288,684	1,419,677	1,580,576	1,451,627	1,422,929	1,448,689	1,574,394	1,626,986
Sewer	1,223,776	1,419,446	1,570,532	1,670,015	1,733,664	1,958,761	2,103,694	2,205,523	2,330,645	2,385,843
Solid Waste	982,850	986,786	1,019,435	1,159,736	1,385,507	1,686,513	1,776,060	1,783,275	1,930,808	2,102,620
Ambulance	657,604	699,426	1,130,187	603,331	591,979	782,272	677,065	760,768	874,660	1,219,922
Operating Grants and Contributions	-	-	-	-	-	8,558	23,925	114,922	96,147	116,601
Capital Grants and Contributions	187,023	674,974	252,281	-	23,118	-	-	-	-	2,040,135
Total business-type activities program revenues	<u>4,193,241</u>	<u>4,985,768</u>	<u>5,261,119</u>	<u>4,852,759</u>	<u>5,314,844</u>	<u>5,887,731</u>	<u>6,003,673</u>	<u>6,313,177</u>	<u>6,806,654</u>	<u>9,492,107</u>
Total Primary government program revenues	<u>\$ 6,589,452</u>	<u>\$ 7,659,513</u>	<u>\$ 8,615,759</u>	<u>\$ 7,504,832</u>	<u>\$ 8,167,917</u>	<u>\$ 8,947,092</u>	<u>\$ 9,677,473</u>	<u>\$ 9,661,870</u>	<u>\$ 10,055,207</u>	<u>\$ 12,901,251</u>
Net (Expense) / Revenue										
Governmental activities	(3,198,044)	(2,902,847)	(2,861,442)	(3,716,976)	(3,620,217)	(3,666,173)	(3,933,620)	(3,768,518)	(4,869,105)	(4,407,380)
Business-type activities	155,878	993,625	818,825	629,322	804,292	741,214	1,409,811	1,511,456	1,812,725	4,094,898
Total primary government net position	<u>\$ (3,042,166)</u>	<u>\$ (1,909,222)</u>	<u>\$ (2,042,617)</u>	<u>\$ (3,087,654)</u>	<u>\$ (2,815,925)</u>	<u>\$ (2,924,959)</u>	<u>\$ (2,523,809)</u>	<u>\$ (2,257,062)</u>	<u>\$ (3,056,380)</u>	<u>\$ (312,482)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	2,109,361	2,406,495	2,654,856	2,666,168	2,847,654	2,802,705	2,787,519	2,819,689	3,023,214	3,108,751
Property taxes, levied for debt service	261,922	-	-	-	-	-	-	-	-	90,180
Licenses and permits	58,735	-	-	-	-	-	-	-	-	-
Miscellaneous	56,425	499,027	62,957	341,391	256,361	217,778	250,435	882,894	220,956	441,139
Gain on disposal of capital assets	700	-	-	-	-	-	-	-	-	-
Transfers	57,750	103,124	485,431	453,586	472,154	488,809	571,733	592,249	640,012	636,750
Unrestricted investment earnings	95,852	35,869	32,261	23,249	15,378	27,218	19,747	13,761	18,098	16,510
Intergovernmental	918,204	912,252	947,400	964,641	965,687	1,030,516	1,061,296	1,085,649	1,114,846	1,118,777
Total governmental activities	<u>\$ 3,558,949</u>	<u>\$ 3,956,767</u>	<u>\$ 4,182,905</u>	<u>\$ 4,449,035</u>	<u>\$ 4,557,234</u>	<u>\$ 4,567,026</u>	<u>\$ 4,690,730</u>	<u>\$ 5,394,242</u>	<u>\$ 5,017,126</u>	<u>\$ 5,412,107</u>
Business-type activities:										
Property taxes levied	32,920	34,171	34,864	34,543	37,074	25,999	33,379	20,730	22,153	23,352
Miscellaneous	7,270	-	-	14,895	25,000	-	-	-	-	-
Gain on disposal of capital assets	33,195	-	-	-	-	-	-	-	-	-
Transfers	2,929	(103,124)	(485,431)	(453,586)	(472,154)	(488,809)	(571,733)	(592,249)	(640,012)	(636,750)
Unrestricted investment earnings	-	19,641	18,266	8,578	7,932	9,800	7,313	5,660	14,202	18,930
Intergovernmental	(57,750)	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>18,564</u>	<u>(49,312)</u>	<u>(432,301)</u>	<u>(395,570)</u>	<u>(402,148)</u>	<u>(453,010)</u>	<u>(531,041)</u>	<u>(565,859)</u>	<u>(603,657)</u>	<u>(594,468)</u>
Total primary government	<u>\$ 3,577,513</u>	<u>\$ 3,907,455</u>	<u>\$ 3,750,604</u>	<u>\$ 4,053,465</u>	<u>\$ 4,155,086</u>	<u>\$ 4,114,016</u>	<u>\$ 4,159,689</u>	<u>\$ 4,828,383</u>	<u>\$ 4,413,469</u>	<u>\$ 4,817,639</u>
Change in Net Position										
Governmental Activities	360,905	1,053,920	1,321,463	732,059	937,017	900,853	757,110	1,625,724	148,021	1,004,727
Business-type activities	174,442	944,313	386,524	233,752	402,144	288,204	878,770	945,597	1,209,068	3,500,430
Total primary government	<u>\$ 535,347</u>	<u>\$ 1,998,233</u>	<u>\$ 1,707,987</u>	<u>\$ 965,811</u>	<u>\$ 1,339,161</u>	<u>\$ 1,189,057</u>	<u>\$ 1,635,880</u>	<u>\$ 2,571,321</u>	<u>\$ 1,357,089</u>	<u>\$ 4,505,157</u>

Unaudited statistical section.

CITY OF LIVINGSTON
FUND BALANCES OF GOVERNMENTAL FUNDS
Past Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<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>
General Fund										
Nondisposable	\$ -	\$ -	\$ 131,465	\$ 136,799	\$ 123,333	\$ 95,177	\$ 80,464	\$ 65,307	\$ 49,698	\$ 67,507
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	7,122	-	-	-	-	-
Unassigned	437,380	479,799	298,274	341,903	345,096	562,948	509,161	451,551	432,790	676,473
Total general fund	<u>\$ 437,380</u>	<u>\$ 479,799</u>	<u>\$ 429,739</u>	<u>\$ 478,702</u>	<u>\$ 475,551</u>	<u>\$ 658,125</u>	<u>\$ 589,625</u>	<u>\$ 516,858</u>	<u>\$ 482,488</u>	<u>\$ 743,980</u>
All Other Governmental										
Nondisposable	240,728	242,403	213,093	217,968	219,534	222,258	229,168	235,843	238,716	240,415
Restricted	259,991	119,647	573,890	498,239	568,550	915,801	1,076,249	1,014,554	982,971	979,850
Committed	-	-	2,131,645	2,458,633	2,904,486	3,040,800	2,892,921	2,816,991	2,080,736	1,761,412
Assigned	-	-	32,985	31,785	4,433	4,410	3,800	-	-	-
Unassigned	1,236,806	2,093,076	(70,794)	(36,430)	(144,799)	(49,179)	(51,604)	(136,214)	(48,004)	(70,347)
Total all other governmental funds	<u>\$ 1,737,525</u>	<u>\$ 2,455,126</u>	<u>\$ 2,880,819</u>	<u>\$ 3,170,195</u>	<u>\$ 3,552,204</u>	<u>\$ 4,134,090</u>	<u>\$ 4,150,534</u>	<u>\$ 3,931,174</u>	<u>\$ 3,254,419</u>	<u>\$ 2,911,330</u>

Unaudited statistical section.

CITY OF LIVINGSTON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	\$ 3,200,968	\$ 3,571,464	\$ 3,488,511	\$ 3,460,223	\$ 3,922,915	\$ 3,992,291	\$ 4,004,482	\$ 4,004,779	\$ 4,217,890	\$ 4,392,659
Licenses and permits	222,884	215,015	256,846	246,605	247,882	313,561	375,851	274,795	316,643	348,799
Intergovernmental	1,726,827	1,981,887	2,126,441	1,962,197	1,939,469	2,121,457	2,568,048	2,355,919	2,255,265	2,401,002
Charges for service	420,970	338,247	388,664	423,153	411,730	547,724	566,565	458,354	587,935	472,385
Fines and forfeitures	134,484	152,248	137,846	149,204	157,247	118,987	117,487	103,740	116,958	122,597
Interest on investments	73,084	35,869	32,261	23,249	15,378	27,218	19,747	13,761	18,098	16,510
Loan repayment	-	-	222,542	66,244	167,132	282,641	40,503	52,564	101,631	59,651
Other	85,862	496,574	62,957	341,391	256,361	217,778	250,435	882,894	220,956	441,139
Total revenues	<u>\$ 5,865,079</u>	<u>\$ 6,791,304</u>	<u>\$ 6,716,068</u>	<u>\$ 6,672,266</u>	<u>\$ 7,118,114</u>	<u>\$ 7,621,657</u>	<u>\$ 7,943,118</u>	<u>\$ 8,146,806</u>	<u>\$ 7,835,376</u>	<u>\$ 8,254,742</u>
EXPENDITURES										
General Government	\$ 714,389	\$ 700,194	\$ 1,035,575	\$ 1,256,770	\$ 1,150,212	\$ 1,243,719	\$ 1,806,128	\$ 1,291,589	\$ 1,830,225	\$ 1,549,635
Public safety	2,641,006	2,842,541	2,994,803	2,906,514	3,210,364	3,071,872	3,287,313	3,140,222	3,219,713	3,365,250
Public works	795,390	590,826	765,986	896,448	672,562	837,353	1,219,943	1,252,125	1,320,004	1,320,692
Public health	27,299	74,486	90,465	91,967	110,944	107,870	104,189	118,289	124,219	110,897
Culture and recreation	852,761	904,128	928,701	888,476	909,444	907,607	989,419	927,342	1,043,002	927,487
Housing and community development	86,383	-	-	-	-	-	-	-	-	-
Other Current charges	14,689	-	-	-	-	-	-	-	-	-
Capital outlay	1,109,453	756,343	978,324	580,357	1,412,053	1,099,251	940,300	2,236,199	2,209,602	1,377,298
Debt service										
Principal	232,357	183,950	206,019	348,000	95,000	142,084	173,997	182,367	263,835	260,186
Interest and other charges	99,532	85,257	71,427	77,361	50,831	49,771	45,618	42,674	71,621	61,644
Total expenditures	<u>\$ 6,573,259</u>	<u>\$ 6,137,725</u>	<u>\$ 7,071,300</u>	<u>\$ 7,045,893</u>	<u>\$ 7,611,410</u>	<u>\$ 7,459,527</u>	<u>\$ 8,566,907</u>	<u>\$ 9,190,807</u>	<u>\$ 10,082,221</u>	<u>\$ 8,973,089</u>
Excess (deficiency) of revenues over expenditures	(708,180)	653,579	(355,232)	(373,627)	(493,296)	162,130	(623,789)	(1,044,001)	(2,246,845)	(718,347)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowing	-	-	-	-	400,000	113,521	-	159,625	825,000	-
Transfers in	312,372	454,260	1,014,266	1,113,209	1,064,525	1,302,386	1,175,661	1,369,426	1,101,806	1,153,487
Transfers out	(254,622)	(351,136)	(528,835)	(659,623)	(592,371)	(813,577)	(603,928)	(777,177)	(461,794)	(516,737)
Increase in capital lease obligations	-	-	-	-	-	-	-	-	35,205	-
Refunding Bonds Issued	-	-	-	250,000	-	-	-	-	-	-
Premium on Issuance of Debt	-	-	-	8,379	-	-	-	-	35,503	-
Sales of capital assets	-	3,317	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 57,750</u>	<u>\$ 106,441</u>	<u>\$ 485,431</u>	<u>\$ 711,965</u>	<u>\$ 872,154</u>	<u>\$ 602,330</u>	<u>\$ 571,733</u>	<u>\$ 751,874</u>	<u>\$ 1,535,720</u>	<u>\$ 636,750</u>
EXTRAORDINARY ITEMS										
Net change in fund balances	<u>\$ (650,430)</u>	<u>\$ 760,020</u>	<u>\$ 375,633</u>	<u>\$ 338,338</u>	<u>\$ 378,858</u>	<u>\$ 764,460</u>	<u>\$ (52,056)</u>	<u>\$ (292,127)</u>	<u>\$ (711,125)</u>	<u>\$ (81,597)</u>
Debt service as a percentage of noncapital expenditures	6.1%	5.0%	4.6%	6.6%	2.4%	3.0%	2.9%	3.2%	4.3%	4.2%

Unaudited statistical section.

Revenue Capacity Section

Governments do not have unlimited access to resources. It is important to be able to assess a government's capacity to raise revenue as needed. Therefore, the statistical section provides information useful in assessing a government's ability to raise own-source revenue.

CITY OF LIVINGSTON
 ASSESSED VALUE OF TAXABLE PROPERTY
 Past Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>Residential Property</u>	<u>Commercial & Industrial Property</u>	<u>Agricultural Property</u>	<u>Total Taxable Value</u>	<u>Total Direct Tax Rate</u>
2009	6,092,969	4,009,854	25,366	10,128,189	198.12
2010	6,270,020	4,126,374	26,103	10,422,497	209.01
2011	6,557,908	4,315,836	27,302	10,901,046	210.83
2012	6,639,931	4,369,816	27,643	11,037,390	209.06
2013	6,738,708	4,434,823	28,054	11,201,585	217.13
2014	6,956,582	4,578,208	28,961	11,563,751	209.53
2015	6,854,973	4,511,338	28,538	11,394,849	210.45
2016	6,566,915	4,321,764	27,339	10,916,018	225.80
2017	8,009,595	3,156,268	48,298	11,214,161	237.81
2018	8,770,902	3,448,491	34,911	12,254,304	226.86

Source: City of Livingston Finance Department
 Department of Revenue

Note: Property is assessed by the State Department of Revenue every six years.

Unaudited statistical section.

CITY OF LIVINGSTON
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Past Ten Fiscal Years
(rate per \$1,000 of assessed value)

<u>Fiscal Year Ended June 30,</u>	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Tax Rate</u>	<u>Livingston School District</u>	<u>Park County</u>	<u>State of Montana</u>
2009	195.25	2.87	198.12	294.90	97.73	46.00
2010	202.94	6.07	209.01	275.88	97.58	46.00
2011	204.69	6.14	210.83	310.22	102.28	46.00
2012	202.42	6.64	209.06	304.72	111.82	46.00
2013	213.95	3.18	217.13	290.59	108.31	46.00
2014	206.35	3.18	209.53	292.06	109.80	46.00
2015	207.45	3.00	210.45	314.01	109.60	46.00
2016	223.05	2.75	225.80	323.44	113.79	46.00
2017	230.06	7.75	237.81	328.59	115.00	46.00
2018	219.26	7.60	226.86	387.35	143.62	46.00

Source: Based on information provided by the Montana Tax Foundation

CITY OF LIVINGSTON
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago

	Tax Year			Tax Year		
	2017			2008		
			Percentage of Total City			Percentage of Total City
	Taxable Assessed	Rank	Taxable Assessed Value	Taxable Assessed	Rank	Taxable Assessed Value
Northwestern Energy Transmission & Distribution	\$ 1,263,267	1	11.57%	\$ 824,129	1	8.14%
Montana Rail Link, Inc	542,843	2	4.97%	402,979	2	3.98%
Printingforless.com Inc.	157,490	3	1.44%	112,906	4	1.11%
CenturyLink, Inc.	118,667	4	1.09%			
Charter Communications, Inc.	82,453	5	0.76%			
MAA Best Yellowstone Hospitality, LLC	75,468	6	0.69%			
ABS MT-O, LLC	62,218	7	0.57%			
First Interstate Bank	60,901	8	0.56%	60,770	7	0.60%
Osterman, Sylvia	58,879	9	0.54%	60,116	8	0.59%
Midstates Development, Inc.	54,880	10	0.50%	56,949	10	0.56%
New Albertson's Inc.				112,380	5	1.11%
Printingforless				69,457	6	0.69%
Qwest Corporation				243,135	3	2.40%
Iret Properties				57,946	9	0.57%
Total	<u>\$ 2,477,066</u>		<u>22.69%</u>	<u>\$ 2,000,767</u>		<u>11.62%</u>
Total City Taxable Assessed Value	<u>\$ 12,254,304</u>			<u>\$ 10,128,189</u>		

Source: State of Montana Assessor's Office

Unaudited statistical section.

CITY OF LIVINGSTON
PROPERTY TAX LEVIES AND COLLECTIONS
Past Twenty Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
1999	1,171,992	1,105,971	94.37%	64,114	1,170,085	99.84%
2000	1,179,024	1,169,221	99.17%	8,657	1,177,878	99.90%
2001	1,255,193	1,150,601	91.67%	104,231	1,254,833	99.97%
2002	1,278,373	1,167,664	91.34%	110,384	1,278,048	99.97%
2003	1,296,817	1,125,851	86.82%	170,424	1,296,275	99.96%
2004	1,382,219	1,248,813	90.35%	132,230	1,381,044	99.91%
2005	1,493,289	1,349,363	90.36%	143,040	1,492,403	99.94%
2006	1,535,648	1,336,189	87.01%	198,550	1,534,739	99.94%
2007	1,821,767	1,672,805	91.82%	148,388	1,821,193	99.97%
2008	1,944,748	1,689,591	86.88%	254,348	1,943,939	99.96%
2009	2,006,597	1,761,566	87.79%	244,520	2,006,086	99.97%
2010	2,197,531	2,109,410	95.99%	85,134	2,194,544	99.86%
2011	2,298,258	2,185,537	95.10%	109,614	2,295,151	99.86%
2012	2,307,395	2,148,330	93.11%	156,708	2,305,038	99.90%
2013	2,432,200	2,327,030	95.68%	102,720	2,429,750	99.90%
2014	2,423,005	2,366,838	97.68%	55,729	2,422,567	99.98%
2015	2,310,320	2,288,995	99.08%	18,631	2,307,625	99.88%
2016	2,384,900	2,356,272	98.80%	27,042	2,383,314	99.93%
2017	2,586,897	2,560,382	98.98%	25,422	2,585,804	99.96%
2018	2,636,567	2,599,166	98.58%	-	2,599,166	98.58%

Unaudited statistical section.

CITY OF LIVINGSTON
UTILITY ACCOUNTS BY CUSTOMERS
Past Ten Fiscal Years
(as of June 30th)

	Fiscal Year									
	<u>2009</u>	<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>
Water										
Residential	3,057	3,059	3,058	3,064	3,065	3,091	3,126	3,306	3,269	3,357
Commercial	361	354	344	361	363	361	368	377	375	345
Industrial	4	4	3	3	3	3	3	3	3	3
Total Water	3,422	3,417	3,405	3,428	3,431	3,455	3,497	3,686	3,647	3,705
Sewer										
Residential	2,921	2,924	2,925	2,931	2,934	2,963	2,995	3,172	3,134	3,192
Commercial	329	328	323	325	328	330	335	342	336	341
Industrial	2	2	1	1	1	1	1	1	1	2
Total Sewer	3,252	3,254	3,249	3,257	3,263	3,294	3,331	3,515	3,471	3,535
Solid Waste										
Residential	2,970	2,999	3,018	3,019	3,020	3,041	3,062	3,210	3,167	3,184
Commercial	305	301	298	315	316	314	309	312	344	330
Industrial	-	-	-	-	-	-	-	-	-	-
Total Solid Waste	3,275	3,300	3,316	3,334	3,336	3,355	3,371	3,522	3,511	3,514

Source: City of Livingston Utility Department

CITY OF LIVINGSTON
WATER SOLD BY TYPE OF CUSTOMER
Past Ten Fiscal Years
(in Thousands of Gallons)

	Fiscal Year									
	<u>2009</u>	<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>
Type of Customer										
Residential	271,085	242,379	229,267	250,284	279,511	252,688	229,636	286,325	267,087	254,728
Commercial	88,960	82,031	78,684	83,381	84,794	80,654	84,003	86,673	91,729	84,591
Industrial	4,073	2,637	3,443	3,227	3,904	5,786	966	1,652	4,889	8,945
Total	364,118	327,047	311,394	336,892	368,209	339,128	314,605	374,650	363,705	348,264

Source: City of Livingston Utility Department

CITY OF LIVINGSTON
WATER AND SEWER RATES
Past Ten Fiscal Years

Water				Sewer		
<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>nth</u> <u>imu</u> <u>ate</u>	<u>Monthly</u> <u>Base</u> <u>Rate</u>	<u>Rate per</u> <u>1,000</u> <u>Gallons</u>	<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Monthly</u> <u>Base</u> <u>Rate</u>	<u>Rate per</u> <u>1,000</u> <u>Gallons</u>
2009		7.98	1.78	2009	9.52	3.88
2010		9.10	2.03	2010	11.32	4.60
2011		10.38	2.32	2011	13.47	5.48
2012		10.38	2.32	2012	13.47	5.48
2013		10.79	2.41	2013	14.00	5.69
2014		11.00	2.45	2014	15.54	6.31
2015		11.22	2.50	2015	17.41	7.07
2016		11.56	2.58	2016	17.76	7.22
2017		11.91	2.66	2017	18.12	7.36
2018		12.15	2.71	2018	18.48	7.51

Sources:

City of Livingston, Montana Commission Resolution 3953
City of Livingston, Montana Commission Resolution 4033
City of Livingston, Montana Commission Resolution 4141
City of Livingston, Montana Commission Resolution 4237
City of Livingston, Montana Commission Resolution 4277
City of Livingston, Montana Commission Resolution 4387
City of Livingston, Montana Commission Resolution 4459
City of Livingston, Montana Commission Resolution 4578
City of Livingston, Montana Commission Resolution 4691
City of Livingston, Montana Commission Resolution 4741

City of Livingston, Montana Commission Resolution 3954
City of Livingston, Montana Commission Resolution 4033
City of Livingston, Montana Commission Resolution 4142
City of Livingston, Montana Commission Resolution 4236
City of Livingston, Montana Commission Resolution 4278
City of Livingston, Montana Commission Resolution 4388
City of Livingston, Montana Commission Resolution 4460
City of Livingston, Montana Commission Resolution 4577
City of Livingston, Montana Commission Resolution 4692
City of Livingston, Montana Commission Resolution 4742

City of Livingston, Montana Commission Resolution 2230
City of Livingston, Montana Commission Resolution 2337
City of Livingston, Montana Commission Resolution 2586
City of Livingston, Montana Commission Resolution 2692
City of Livingston, Montana Commission Resolution 2931
City of Livingston, Montana Commission Resolution 3176

Unaudited statistical section.

Debt Capacity Section

Debt can be an extremely useful tool for financing capital acquisition and construction and for meeting other long-term financing needs. Consequently, the statistical section offers information useful in assessing a government's ability to issue new debt.

CITY OF LIVINGSTON
RATIOS OF OUTSTANDING DEBT BY TYPE
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities						
	General		Special	Tax Increment			Bond			Total	Percentage	
	Obligation	Notes	Assessment	Revenue	Capital	Revenue	Anticipation	Notes	Capital	Primary	of Personal	Per
	Bonds	Payable	Bonds	Bonds	Leases	Bonds	Notes	Payable	Leases	Government	Income¹	Capita¹
2009	365,000	-	535,000	891,000	63,969	2,348,533	-	112,482	104,143	4,420,127	12.73%	616.48
2010	325,000	-	468,000	849,000	29,019	2,591,062	-	382,166	35,929	4,680,176	11.11%	659.74
2011	285,000	-	435,000	805,000	-	2,437,609	-	327,698	-	4,290,307	12.46%	612.73
2012	250,000	-	356,000	761,000	-	2,679,000	-	273,230	-	4,319,230	13.89%	618.36
2013	220,000	400,000	336,000	716,000	-	2,488,000	-	218,762	-	4,378,762	14.35%	622.43
2014	190,000	475,437	310,000	668,000	-	2,292,000	-	176,812	-	4,112,249	15.49%	580.42
2015	160,000	418,440	273,000	618,000	-	2,091,000	-	147,344	-	3,707,784	18.11%	523.33
2016	130,000	500,698	249,000	567,000	-	1,895,000	-	117,876	-	3,459,574	20.57%	473.78
2017	855,503	468,081	225,000	513,000	16,987	1,693,000	1,311,086	45,883	16,987	5,145,527	14.30%	695.25
2018	788,728	371,657	201,000	457,000	-	11,552,528	-	30,589	-	13,401,502	5.73%	1,779.98

Sources: City of Livingston Finance Department

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

¹ See the Schedule of Demographic and Economic Statistics on Page III-17 for personal income and population data.

Unaudited statistical section.

CITY OF LIVINGSTON
RATIOS OF NET GENERAL BONDED DEBT
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	General Obligation <u>Bonds</u>	Less: Amounts Available in Debt <u>Service Fund</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value¹ of <u>Property</u>	<u>Per Capita</u>²
2009	365,000	4,666	360,334	3.56%	50.26
2010	325,000	5,362	319,638	3.07%	45.06
2011	285,000	11,183	273,817	2.51%	39.11
2012	250,000	25,957	224,043	2.03%	32.07
2013	220,000	16,641	203,359	1.82%	28.91
2014	190,000	20,034	169,966	1.47%	23.99
2015	160,000	19,599	140,401	1.23%	19.82
2016	130,000	12,689	117,311	1.07%	16.07
2017	855,503	15,940	839,563	7.49%	113.44
2018	788,728	16,647	772,081	6.30%	102.55

Sources: City of Livingston Finance Department

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

¹ See the Schedule of Assessed Value on Page III-6 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistic on Page III-17.

Unaudited statistical section.

CITY OF LIVINGSTON
DIRECT AND OVERLAPPING GENERAL BONDED DEBT OUTSTANDING
Past Two Fiscal Years

	As of June 30, 2018	Applicable to the City of Livingston	As of June 30, 2017	Applicable to the City of Livingston
<u>City of Livingston, Montana</u>				
General obligation debt	\$ 788,728		\$ 855,503	
b Special Assessment Bond	201,000		225,000	
a Tax Increment Revenue Bonds	457,000		513,000	
Capital Leases	-		16,987	
Notes Payable	371,657		451,094	
	<hr/>		<hr/>	
Net general obligation debt	\$ 1,818,385	100%	\$ 2,061,584	100%
	<hr/>		<hr/>	
<u>Overlapping Bonded Indebtedness</u>				
Park County	996,208	46.0%	827,103	45.9%
Livingston School District				
Elementary District	812,339	73.1%	848,880	71.8%
High School District	13,265,000	59.3%	13,495,000	58.3%
	<hr/>		<hr/>	
Total overlapping bond indebtedness	\$ 15,073,547		\$ 15,170,983	
	<hr/>		<hr/>	
Total direct and overlapping debt	\$ 16,891,932		\$ 17,232,567	
	<hr/>		<hr/>	

Sources:

City of Livingston, Finance Department
Park County, Finance Department
Livingston Public Schools, Finance Department

¹ Based on the percentage of Park County's population within the City Limits.

² Based on the percentage of the School District's population within the City Limits.

CITY OF LIVINGSTON
LEGAL DEBT MARGIN INFORMATION
Past Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Market Value</u>	\$ 310,180,729	\$ 346,653,498	\$ 372,719,664	\$ 377,761,961	\$ 396,161,276	\$ 423,354,775	\$ 434,670,370	\$ 672,756,494	\$ 684,291,493	\$ 758,381,947
<u>Limit %</u>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Debt Limit	\$ 7,754,518	\$ 8,666,337	\$ 9,317,992	\$ 9,444,049	\$ 9,904,032	\$ 10,583,869	\$ 10,866,759	\$ 16,818,912	\$ 17,107,287	\$ 18,959,549
Total net debt applicable to limit	(360,334)	(319,638)	(273,817)	(224,043)	(203,359)	(169,966)	(140,401)	(117,311)	(839,563)	(772,081)
Legal debt margin	<u>\$ 7,394,185</u>	<u>\$ 8,346,700</u>	<u>\$ 9,044,175</u>	<u>\$ 9,220,006</u>	<u>\$ 9,700,673</u>	<u>\$ 10,413,904</u>	<u>\$ 10,726,358</u>	<u>\$ 16,701,601</u>	<u>\$ 16,267,724</u>	<u>\$ 18,187,468</u>
Total net debt applicable to the limit as a percentage of debt limit	5%	4%	3%	2%	2%	2%	1%	1%	5%	4%

Legal Debt Margin Calculation for Fiscal Year 2015

Total Assessed Value	\$758,381,947
Debt Limit (2.5% of total assessed (market) value)	18,959,549
Debt Applicable to Limit:	
General Obligation Bonds	130,000
Less: Amount set aside for repayment of general obligation debt	12,689
Total net debt applicable to limit	<u>117,311</u>
Legal debt margin	<u>\$ 18,842,237</u>

Note: Under Montana State Law, the City of Livingston's outstanding general obligation debt shall not exceed 2.5% percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. This law was changed from 1.51% to 2.5% in 2007.

Source: City Manager's Recommended Budget

CITY OF LIVINGSTON
PLEDGED REVENUE COVERAGE
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Water Revenue Bonds						Sewer Revenue Bonds					
	Metered Water Sales	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2009	1,141,988	776,683	365,305	52,000	27,975	4.57	1,223,776	914,126	309,650	71,000	65,513	2.27
2010	1,201,731	740,110	461,621	53,000	27,921	5.70	1,420,363	912,419	507,944	121,545	68,988	2.67
2011	1,285,521	778,285	507,236	70,294	27,256	5.20	1,569,639	954,297	615,342	156,948	78,144	2.62
2012	1,417,738	804,714	613,024	43,294	23,132	9.23	1,669,440	960,571	708,869	75,174	75,555	4.70
2013	1,579,321	819,182	760,139	80,294	9,350	8.48	1,733,664	957,532	776,132	140,174	49,289	4.10
2014	1,444,460	913,542	530,918	80,294	8,691	5.97	1,958,055	1,031,970	926,085	145,174	46,443	4.83
2015	1,329,743	791,041	538,702	80,294	6,507	6.21	2,099,888	906,381	1,193,506	150,174	46,443	5.03
2016	1,407,922	753,833	654,089	80,294	6,048	7.58	2,174,197	910,076	1,264,121	145,174	39,679	6.84
2017	1,511,884	703,774	808,110	80,294	5,729	9.39	2,279,457	894,587	1,384,870	193,699	38,353	5.97
2018	1,626,591	891,202	735,389	85,294	4,761	8.17	2,385,413	807,791	1,577,622	242,328	75,058	4.97

Fiscal Year Ended June 30,	Special Assessment Bonds				Tax Increment District Revenue Bonds			
	Special Assessment Collections	Debt Service		Coverage	Tax Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2009	97,202	70,000	30,134	0.97	127,249	41,000	34,575	1.68
2010	70,957	67,000	24,348	0.78	104,001	42,000	33,019	1.39
2011	66,974	93,000	19,485	0.60	121,900	44,000	31,552	1.61
2012	68,029	19,000	16,312	1.93	121,527	44,000	29,897	1.64
2013	53,354	20,000	12,413	1.65	120,710	45,000	28,445	1.64
2014	49,925	26,000	14,124	1.24	122,374	48,000	26,400	1.64
2015	41,254	37,000	12,485	0.83	138,647	50,000	26,400	1.37
2016	38,831	24,000	10,013	1.14	114,643	51,000	22,706	1.17
2017	38,728	24,000	9,252	1.16	112,018	54,000	20,756	1.13
2018	36,626	24,000	8,213	1.14	108,044	56,000	18,713	1.09

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating Expenses do not include depreciation.

Demographics and Economic Section

A government does not exist in a vacuum. Its finances inevitably are affected by its socio-economic environment. Accordingly, the statistical section offers information designed to help users better understand that environment.

CITY OF LIVINGSTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Past Ten Fiscal Years

Fiscal Year Ended June 30,	City Population¹	County Population¹	County Personal Income²	County Per Capita Personal Income	State Median Age¹	K-12 School Enrollment⁴	Unemployment Rate⁴
2009	7,170	15,896	\$ 562,493	\$ 35,386	40.3	1,437	6.9%
2010	7,094	15,738	\$ 520,086	\$ 33,047	39.9	1,414	7.2%
2011	7,002	15,587	\$ 534,749	\$ 34,307	40.0	1,371	7.0%
2012	6,985	15,509	\$ 600,048	\$ 38,690	40.1	1,402	6.0%
2013	7,035	15,587	\$ 628,181	\$ 40,302	39.9	1,473	5.4%
2014	7,085	15,658	\$ 636,786	\$ 40,668	39.8	1,491	4.6%
2015	7,214	15,877	\$ 671,376	\$ 42,286	39.7	1,493	4.1%
2016	7,302	15,981	\$ 711,674	\$ 44,533	39.8	1,478	4.1%
2017	7,401	16,114	\$ 735,561	\$ 45,647	39.7	1,442	3.9%
2018	7,529	16,353	\$ 768,483	\$ 46,993 *	39.8	1,437	4.0%

Data Sources:

¹ US Census Bureau, Population Division

² US Bureau of Economic Analysis, in \$1,000

³ Livingston School District Administrative Offices- Enrollment as of October 31st, 2016

⁴ US Bureau of Labor Statistics (As of July of that year)

* Estimate based on average annual increases of past years ten years

Unaudited statistical section.

CITY OF LIVINGSTON
PRINCIPAL EMPLOYERS
Current and Nine Years Ago

2018			2009		
Private Employers By Class	Employer Class Size	% of Total Labor Force	Private Employers By Class	Employer Class Size	% of Total Labor Force
Livingston Healthcare	7	6%	Livingston Healthcare	7	6%
Chico Hot Springs	6	3%	Chico Hot Springs	6	3%
Church Universal & Triumphant	6	3%	Church Universal & Triumphant	6	3%
Printingforless.com	6	3%	PrintingForLess.com	6	3%
Albertson's	5	1%	Albertson's	5	1%
Montana's Rib & Chop House	5	1%	Best Western Mammoth Hot Springs	5	1%
R-Y Timber	5	1%	Community Health Partners	5	1%
The Murray Hotel	5	1%	Livingston Health & Rehab	5	1%
Town & Country Foods	5	1%	Town & Country Foods	5	1%
Community Health Partners	5	1%	Livingston Enterprise	4	1%

Total Labor Force: 8,631 for Park County

Total Labor Force: 9,032 for Park County

Class 3 - 10 to 19 Employees
Class 4 - 20 to 49 Employees
Class 5 - 50 to 99 Employees
Class 6 - 100 to 249 Employees
Class 7 - 250 to 499 Employees
Class 8 - 500 to 999 Employees
Class 9 - 1000+ Employees

Unaudited statistical section.

Operating Section

It is hard to assess the adequacy of a government's resources without first understanding the size and nature of its operations. Thus, this section provides information on the size of the City's workforce, the level of services that it provides, and its capital assets.

CITY OF LIVINGSTON
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUND/PROGRAM
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
City Commission	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Judicial	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	0.99	1.01	2.20	2.20	2.20	2.20	1.00	1.00	1.00	1.00
Finance	0.46	0.19	0.46	0.46	0.46	1.00	1.00	1.00	1.00	1.00
Accounting	1.30	1.30	2.76	2.76	2.76	2.80	2.00	2.00	2.00	1.60
Planner	1.15	1.15	1.15	1.15	1.15	1.15	2.15	2.15	2.15	2.15
City Attorney	1.00	1.00	1.00	1.00	1.61	1.61	2.00	2.00	2.00	2.00
Law Enforcement	13.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	13.00	14.00
Parking Attendant	0.60	0.60	0.60	0.60	0.60	0.00	0.00	0.00	0.00	0.00
Firefighters	11.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.50	8.50
Building Code Enforcement	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Public Services	0.55	0.05	0.55	0.05	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery Department	2.19	1.69	1.72	1.72	1.72	1.72	0.00	0.00	0.00	0.00
Parks Department	3.38	3.34	3.44	2.98	2.98	1.52	0.00	0.00	0.00	0.00
Roaming Crew	0.00	0.00	0.00	0.00	0.00	0.00	5.74	6.60	6.60	6.36
Recreation	1.50	1.50	2.00	2.00	1.84	1.84	1.00	1.00	1.35	0.00
Administrative Services	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.35
Swimming Pool	1.68	1.68	1.68	1.68	1.68	1.51	1.51	1.51	1.51	1.51
Animal Control	0.00	0.50	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.80
Sub-Total General Fund	<u>41.62</u>	<u>39.86</u>	<u>44.13</u>	<u>43.17</u>	<u>43.57</u>	<u>41.92</u>	<u>45.97</u>	<u>46.83</u>	<u>45.68</u>	<u>45.12</u>
Special Revenue Funds										
Summerfest	0.00	0.00	0.00	0.46	0.16	0.16	0.00	0.00	0.00	0.00
Library	8.35	7.92	7.90	7.27	7.72	7.85	7.59	7.62	7.22	6.74
Senior Transportation Services	2.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dispatch	8.09	8.09	8.00	8.00	8.00	8.60	8.60	8.60	8.60	9.00
Building Code Enforcement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street Maintenance District	3.14	3.66	3.70	3.70	3.70	4.20	5.58	5.78	5.78	5.90
Sub-Total Special Revenue Funds	<u>21.79</u>	<u>19.66</u>	<u>19.60</u>	<u>19.43</u>	<u>19.58</u>	<u>20.81</u>	<u>21.77</u>	<u>22.00</u>	<u>21.60</u>	<u>21.64</u>
Enterprise Funds										
Water Department	9.31	9.23	8.47	8.47	8.47	8.09	7.47	7.74	7.40	7.12
Sewer Department	10.07	9.99	8.49	8.48	8.48	9.09	7.43	7.71	6.88	7.27
Solid Waste Department	10.37	9.78	9.16	9.16	9.16	10.27	7.03	7.93	7.60	7.61
Ambulance Service	5.65	6.62	6.00	6.00	6.00	6.00	6.00	6.00	6.50	6.50
Sub-Total Enterprise Funds	<u>35.41</u>	<u>35.62</u>	<u>32.12</u>	<u>32.11</u>	<u>32.11</u>	<u>33.45</u>	<u>27.93</u>	<u>29.38</u>	<u>28.38</u>	<u>28.50</u>
Total all funds	<u>98.82</u>	<u>95.14</u>	<u>95.85</u>	<u>94.71</u>	<u>95.26</u>	<u>96.18</u>	<u>95.67</u>	<u>98.21</u>	<u>95.66</u>	<u>95.26</u>

Source: City Manager's Recommended Budget

CITY OF LIVINGSTON
OPERATING INDICATORS BY FUNCTION/PROGRAM
Past Ten Fiscal Years

		Fiscal Year Ended June 30,									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund											
Finance/Accounting											
Claim Checks Processed		2541	2807	2936	2889	2864	2892	3047	2893	2762	2423
W-2's Processed		142	144	153	147	152	158	151	161	147	152
Payroll Checks Processed		3102	3111	3116	3220	3271	3404	3293	3199	3238	3257
1099's Processed		20	25	18	23	18	27	22	30	24	25
Business Licenses Processed		641	605	673	672	667	658	720	762	762	858
City Attorney											
Resolutions		81	92	83	85	89	85	105	85	66	53
Ordinances		10	6	11	7	3	7	8	4	3	6
Police Department *											
Number of Officers		13	14	14	14	13	14	14	12	14	14
Calls for Service		6603	6592	6335	6458	6220	7684	7849	8355	9544	*
Incident Reports		953	864	912	992	1116	858	1033	983	1053	*
Traffic Citations		521	489	555	580	285	273	354	401	556	*
Vehicle Accident Reports		160	162	168	152	163	160	157	176	226	*
Adult Arrests		409	308	404	452	210	255	297	293	365	*
Juvenile Arrests		126	65	82	112	66	45	56	58	50	*
DUI Arrests		73	64	65	56	14	31	40	33	75	*
Domestic Disturbance Reports		54	75	66	65	75	64	96	78	72	*
Domestic Violence Arrests		35	24	35	46	24	32	69	22	32	*
Sex Offense Investigations		12	3	15	22	19	15	23	29	22	*
Drug Charges		38	44	92	182	39	39	31	74	41	*
Theft Reports		257	243	225	259	238	124	290	320	290	*
Burglary Reports		19	26	17	15	26	5	23	28	32	*
Vandalism Reports		172	201	155	158	133	71	149	140	185	*

Source: City Manager's Recommended Budget

* Statistics are on a calendar year basis.

Note: ¹ 1099 are processed on a calendar year basis. Each Fiscal year includes 1099 processed within that fiscal year.

N/A: Data Not Available.

Unaudited statistical section.

CITY OF LIVINGSTON
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Past Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	8	8	8	8	8	8	8	8	8	8
Fire										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Apparatus	3	2	2	2	2	2	2	2	5	5
Ambulance	4	4	4	4	4	4	4	4	4	4
Public Works										
Solid Waste										
Collections Trucks	5	5	5	5	5	5	5	5	6	6
Streets										
Sweeper Trucks	1	1	1	1	1	1	1	1	1	1
Streets (Miles)	39.414	39.414	41.070	41.070	41.070	39.525	40.598	46.752	46.752	43.866
Alleys (Miles)	14.413	14.413	18.942	18.942	18.942	18.942	18.942	18.942	18.942	18.942
Secondary Urban Streets (Miles)	9.724	9.724	11.145	11.145	11.145	12.676	12.676	12.676	12.676	15.610
Culture and Recreation										
Parks										
Number of Parks	6	6	7	8	8	13	13	13	13	13
Acres of Parks	40.23	40.23	59.067	100.571	100.571	150	150	150	150	150
Number of Swimming/Splash Parks	1	1	1	1	1	1	2	2	2	2

Source: City Manager's Recommended Budget

PART IV

SINGLE AUDIT SECTION



AMATICS
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

City Commissioners and City Manager
City of Livingston, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, Montana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Livingston, Montana's basic financial statements and have issued our report thereon dated November 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting 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 the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (2018-C-1).

City's Response to Findings

The City of Livingston, Montana's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the 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.

Amatics CPA Group

Bozeman, Montana

November 14, 2018

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018

The results of our tests disclosed one instance of noncompliance with certain provisions of laws, regulations, contracts and grant agreements and other matters and no internal control deficiencies required to be reported under *Government Auditing Standards* as of June 30, 2018.

2018-C-1 Criteria: According to MCA 7-6-4030, the governing body's final budget must be balanced so that appropriations do not exceed the projected beginning balance plus the estimated revenue of each fund for the fiscal year.

Condition: Multiple City funds were budgeted for deficit spending (appropriations in excess of the projected beginning balance plus the estimated revenue of the fund for the fiscal year). The funds with significant budgeted deficits were as follows: Emergency Disaster SRF \$20,914, Sidewalks SRF \$30,366, SID 180 DSF \$12,718.

Effect: The City is out of compliance with MCA budget requirements.

Cause: In some cases, the City has future bond proceeds that will offset the budgeted current year deficits. In other funds, the City did not amend the formal adopted budget to balance the funds' budgets.

Recommendation: The City's governing body should review budgeted deficit spending in funds and should limit appropriations to the projected beginning balance plus the estimated revenue of the fund for the fiscal year.

Response: The City has incurred costs related to certain infrastructure projects that are the responsibility of the benefitting property owners. To assist with this cost, the City provides financing, when needed, and collects the property owners portion through special assessments. As a result, expenditures are often made prior to the revenue being collected. The deficit fund balance will be eliminated once all assessments have been collected from property owners.

**CITY OF LIVINGSTON
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2018**

The results of our tests disclosed two instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements and other matters and two internal control deficiencies considered to be a significant deficiency, which were required to be reported under *Government Auditing Standards* as of June 30, 2017.

2017-I-1 Criteria: There should be adequate oversight and accurate, timely recordkeeping and reporting for court revenues and receivable balances.

Condition: The court is not providing timely reporting to the City finance department related to the tracking of outstanding balances on individual accounts. Additionally, the financial reporting provided by the court is not reconciled to the revenues received by the City.

Effect: There is a significant deficiency in internal control over court revenues and receivables.

Cause: The subsidiary ledger for court receivables is not being provided to the City finance department on a regular basis. The City is not reconciling the Full Court monthly financial report to the court revenues received by the City.

Recommendation: The court should provide reporting of court receivables to the finance department on a monthly basis, so the City can appropriately monitor receivable balances and payments. The finance department should reconcile the Full Court monthly financial report with the revenues it received.

Status: Resolved. The City court now provides timely monthly financial reporting to the finance department.

2017-I-2 Criteria: There should be adequate segregation of duties with regard to utility receivables and cash receipts.

Condition: The same employees who receive and record utility payments have the ability to make adjustments and write-offs to utility accounts receivable balances.

Effect: There is a significant deficiency in internal control over cash receipts for utility payments.

Cause: Utility employees have the ability to receive payments and to adjust utility accounts so would have the opportunity to collect payment and write off the receivable rather than depositing the funds. Adjustments/write-offs to utility balances are not reviewed on a regular basis.

Recommendation: The ability to adjust or write-off accounts should be limited to employees who do not collect payments, and/or utility billing write-offs should be reviewed by the finance department on a regular basis to ensure that all write-offs are appropriate.

Status: Resolved. Employees in the finance office now have unique login credentials and the Director of Finance now reviews adjustment reports generated in the utility billing software.

CITY OF LIVINGSTON
STATUS OF PRIOR YEAR FINDINGS (Continued)
JUNE 30, 2018

2017-C-1 Criteria: According to MCA 7-6-4030, the governing body's final budget must be balanced so that appropriations do not exceed the projected beginning balance plus the estimated revenue of each fund for the fiscal year.

Condition: Multiple City funds were budgeted for deficit spending (appropriations in excess of the projected beginning balance plus the estimated revenue of the fund for the fiscal year). The funds with significant budgeted deficits were as follows: Emergency Disaster SRF \$20,796, Sidewalks SRF \$30,665, SID 180 DSF \$21,844, Fire Truck Bond Proceeds CPF \$18,862.

Effect: The City is out of compliance with MCA budget requirements.

Cause: In some cases, the City has future bond proceeds that will offset the budgeted current year deficits. In other funds, the City did not amend the formal adopted budget to balance the funds' budgets.

Recommendation: The City's governing body should closely monitor budgets to make the appropriate amendments so appropriations are limited to the projected beginning balance plus the estimated revenue of the fund for the fiscal year.

Status: See current year finding 2018-C-1.

2017-C-2 Criteria: In accordance with Montana Code Annotated (MCA) 7-6-207(2), the governing body shall accept and approve and make a complete minute entry of the acceptance and approval of pledged securities at least quarterly.

Condition: With finance department staffing changes, the approval of pledged securities was inadvertently missed in 2017.

Effect: The City is out of compliance with MCA pledged securities requirements.

Cause: City finance staff were unaware of this requirement.

Recommendation: The City Commission should record a complete minute entry of the acceptance and approval of the pledged securities at least quarterly.

Status: Resolved.



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

City Commissioners and City Manager
City of Livingston, Montana

Report on Compliance for Each Major Federal Program

We have audited the City of Livingston, Montana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. City of Livingston, Montana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Livingston, Montana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Livingston, Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Livingston, Montana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Livingston, Montana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



Report on Internal Control over Compliance

Management of the City of Livingston, Montana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Livingston, Montana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Livingston, Montana's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Amatics CPA Group
Bozeman, Montana
November 14, 2018

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

	CFDA #	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF AGRICULTURE			
Water and Waste Disposal Systems for Rural Communities Revenue Bond, Series 2018A	10.760		5,000,000
Water and Waste Disposal Systems for Rural Communities	10.760		<u>1,292,350</u>
Total United States Department of Agriculture			6,292,350
ENVIRONMENTAL PROTECTION AGENCY			
Capitalization Grants for Clean Water State Revolving Funds Passed through the State of Montana	66.458	SRF-18429	<u>400,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,692,350</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes federal loans and federal grant activity of the City and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City has not elected to use the de minimis ten percent indirect cost rate.

2. Loan Balances Involving Federal Funds

During fiscal year 2018, the City was awarded \$5,000,000 in loan proceeds from the United States Department of Agriculture (USDA), Sewer Improvement Revenue Bond , Series 2018A, for the upgrading of the City's water reclamation facility under the Water and Waste Disposal Systems for Rural Communities (CFDA #10.760). This loan was fully drawn down and expenditures in the amount of \$5,000,000 are reflected on the schedule of expenditures of federal awards. The loan balance at June 30, 2018 was \$4,968,663.

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Summary of Auditors' Results

Financial Statements

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Livingston, Montana.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* . No material weaknesses are reported.
3. One instance of noncompliance material to the financial statements of the City of Livingston, Montana was disclosed during the audit.

Federal Awards

4. No significant deficiencies relating to the audit of major federal award programs are reported in the independent auditors' report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City of Livingston, Montana expresses an unmodified opinion.
6. There were no audit findings relating to major programs that we are required to report in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program includes: Water and Waste Disposal Systems for Rural Communities CFDA #10.760.
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The City of Livingston, Montana did not qualify as a low-risk auditee.

PRIOR AUDIT FINDINGS

None reported.